

# We need both traditional and new solutions to fight poverty

MERCY TEMBON *and* CAROLINA SÁNCHEZ-PÁRAMO

BA<sup>N</sup>GLADESH has done remarkably well in reducing poverty and improving living conditions. The country halved poverty rates in a decade and a half, lifting more than 25 million people out of poverty. Between 2010 and 2016, about eight million Bangladeshi people exited poverty.

This was accompanied by increases in life expectancy, access to education and electricity, and other human development indicators. Bangladesh has also embarked on a rapid transformation of its economy, boosting manufacturing and services as the country rapidly urbanises.

This progress speaks to government policies and also reflects the hard work and commitment of the Bangladeshi people.

Bangladesh is now a lower middle-income country and economic growth has accelerated. However, for many on the streets of Dhaka or living in the remoteness of a Rangpur village, this progress is less evident. Bangladesh's remarkable development story presents a far from unified picture. It is a story of old and emerging challenges to eradicate poverty for future generations.

The World Bank's recent Poverty Assessment highlights Bangladesh's remarkable sustained story of progress but also some key and emerging features of poverty reduction that demand attention.

First, robust economic growth continued driving poverty reduction, but not as effectively as before. The pace of progress in poverty reduction has slowed down. In contrast, the pace of economic growth increased since 2010.

Second, there was little progress in poverty reduction in urban areas. Rural



PHOTO: SK ENAMUL HAQ

**Bangladesh is now a lower middle-income country and economic growth has accelerated. However, for many on the streets of Dhaka or living in the remoteness of a Rangpur village, this progress is less evident.**

Bangladesh accounted for about 90 percent of the poverty decline between 2010 and 2016. Even though the poverty rate fell in urban Bangladesh, the rate of reduction was much slower than in previous periods. In fact, the share of urban people living in extreme poverty remained the same. Cities are becoming the frontier in poverty reduction. At current trends, more than half of Bangladesh's poor households will live in urban areas by 2030.

Third, in rural Bangladesh average progress was strong. Yet Western divisions did not see the same gains as the Eastern divisions. Poverty increased in Rangpur division and stagnated in Rajshahi and Khulna divisions. The welfare differences between the historically poorer West and the richer

East have re-emerged.

What lies behind these trends? To a large extent, families' labour incomes. In rural areas, poverty reduction was not led by agriculture but by industry and services. This meant that rural areas of Dhaka division, where families derive a larger share of incomes from non-agricultural activities, did well, but households in villages in Rangpur or Rajshahi, where large part of income still comes from agriculture, did not fare so well. The days of high cereal prices and strong agricultural growth that had closed the East-West divide in 2010 have passed, revealing structural gaps in assets and market access in the West that require attention.

In urban areas, manufacturing led poverty reduction. However, job

creation in manufacturing has slowed, limiting the number of families that were able to benefit. Poverty rates among those self-employed in the service sector increased. This is concerning, given that around 4 in 10 of the urban poor live in families gaining income from services.

Overall, this poverty assessment shows that there is much to be proud of, but also no room for complacency. The job of ending extreme poverty is not complete and hinges on reducing the vulnerability of millions of households. About 1 in 4 Bangladeshis still live in poverty. In addition, more than half of the population can be considered vulnerable to falling back into poverty.

Many of the traditional drivers

of poverty reduction in Bangladesh will continue to play a role. Gains in educational attainment, lower fertility rates, agricultural growth, and international migration will continue to be important to reduce poverty in rural areas. Growth in rural services and manufacturing are emerging as important drivers of progress. In urban areas, lower fertility rates and welfare gains among manufacturing employees will continue to be important.

However, as access to services and education expands, improving the targeting and quality of service delivery will become more important. A balanced strategy in rural areas that boosts agricultural growth and supports the development of off-farm activities will be also central. Finding ways to expand female labour force participation and better jobs in the service sector also arise as priorities.

As the country is facing new and re-emerging frontiers of poverty reduction, namely tackling urban poverty and poverty in the West, approaches need to be embraced that uncover effective traditional and new solutions. Policies to reduce poverty when poverty is high are different from those when poverty is lower.

The country is at a juncture where more sophisticated policies are needed to reduce poverty over a sustained period and in a middle-income economy. Continuing Bangladesh's practices of innovative policy experimentation, as well as learning from experiences of similar economic and development transformation of other countries, will be important to tackle some of the challenges presented in this poverty assessment.

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## The new challenges for our NGOs



NAZBUL H KHAN

BE<sup>C</sup>AUSE of the decline in donor financed projects, opportunities for NGOs are dwindling gradually. In the present day context NGOs should play multi-dimensional roles instead of just carrying out their daily tasks. NGOs also exist in the distant parts of Bangladesh and they are proving their worthiness as leaders. They are in the right position to expand the opportunities of growth in these remote areas, while being engaged in stiff competition with private sector and complementing each other's roles. Therefore, it is absolutely immaterial if the approach is for-profit or not-for-profit. It is possible to use the achievements of NGOs in a business model, provided NGOs show their proclivity to change their mindset. In that case, it is possible for Bangladesh to attain self-reliance before 2030 and it will not be required for an NGO to seek subsidies from donors when it becomes abundantly clear that this industry is saturated.

Brac, which has emerged as the number one NGO in the world, is inseparably linked with the development story of Bangladesh. This organisation has not only helped the people of Bangladesh but has attained capability to address many problems confronted by other communities beyond Bangladesh's border. Sir Fazle Hasan Abed quit his job from

Chevron to build up a war-torn nation from devastation. He launched relief, rehabilitation and development activities in Bangladesh soon after the liberation. To safeguard development activities run by Brac and protect the interest of producers and consumers of this country, Brac established several enterprises over the period and intensified its efforts for human development.

Sir Abed concentrated on entrepreneurial solutions. Brac has set a shining example of how social capital can be converted into entrepreneurial solution. It is anticipated that Bangladesh will be the 26th largest economy in the world by 2030. Hence, focus should be on growth as it will



*It is time-consuming to strike at the bottom of the pyramid in a densely populated country like Bangladesh and the threat of increasing discrimination between rich and poor looms large.*

be able to effectively alleviate poverty and enable the marginalised people to seize the opportunity to participate in the mainstream economy. But it is time-consuming to strike at the bottom

of the pyramid in a densely populated country like Bangladesh and the threat of increasing discrimination between rich and poor looms large. To deal with these two issues, not-for-profit organisations namely NGOs can play a significant role by re-examining their role and changing their business modality. To do this, NGOs will have to identify potential growth sectors which should be a part of a different supply chain. As Bangladesh is a homogenous market with a population of over 160 million, domestic demand-led market should be the prime focus of NGOs. In this context NGOs can achieve expected outcome by replicating the model of any large-scale private sector corporations. Undoubtedly, this strategy will pave the way to establish supply chain models, minimum relocation of workforce, minimum investment and low distribution cost.

Any for-profit initiative where social capital is a prime factor can be the best model in this connection and the activism of this type of NGO can be interlinked to achieve the primary objective of profit making. This for-profit company will work as a platform or networking company which will perform capacity assessment identifying competitiveness, geographic location, size, ability to invest, provide legal aid and settle ownership issues.

Previously donors were indifferent about the survival of NGOs funded by them. Rather too many consulting firms entered in the market limiting the NGOs' opportunities. Thus the market has become saturated. At this stage NGOs should make a consistent endeavour to re-examine their strength and connect with private sector growth, the main development driver of Bangladesh. NGOs must change

their business modalities in a coherent manner and on a right platform to work with policy makers for growth.

NGOs are preoccupied with issues relating to governance or ownership but no regulation has been outlined. Also, most NGOs are segregated and have not built any robust platform with specific vision and mission. NGOs are proactively working with issues of livelihood, health, education, women empowerment, sanitation, climate, youth skills, gender and so on maintaining relationship with local administration, local businessmen and different service providers. Such intimate connection has facilitated NGOs to collect a lot of data. This data serve as capital for NGOs to venture into large business. But still NGOs seem indecisive about the future and they will be in jeopardy if not guided in an organised manner.

Private sector actors have to be sensitive to the growth of the NGOs and acknowledge their role in the progress of Bangladesh. It deserves mention that small and medium NGOs are likely to enter into the growing market of agriculture, non-agriculture, community tourism, health education, renewable energy, retailing, ICT sectors or so on within the next five years. To sum up, a win-win situation can be ensured and the growth can be accelerated only when it will be acknowledged by the business enterprises that NGOs being equipped with sophisticated data have the capacity to invest resources in private ventures and are acutely aware of consumers' behavioural traits.

Nazbul H Khan is Founder and CEO of PART II.

QUOTABLE  
Quote

**MAHATMA GANDHI**  
(1869-1948)  
Indian lawyer, politician, social activist, and writer

*Gentleness, self-sacrifice and generosity are the exclusive possession of no one race or religion.*

CROSSWORD BY THOMAS JOSEPH

ACROSS

1 Game with rooks

6 Armada makeup

11 Tax cheat's worry

12 Mission man

13 With, over, or by

15 Harry's friend

16 DVR button letters

17 Valuable rock

18 Fit

20 Luggage ID

21 Representative: Abbr.

22 Singer Coolidge

23 Beetle's boss

26 Model art

27 Sighing cry

28 Nap site

29 Lab animal

30 Get by

34 French friend

35 Historic stretch

36 Bee follower

37 But, if, or and

40 Borders

41 Lucy's brother

42 High homes

43 National symbol

DOWN

1 Island off Naples

2 One of the Great Lakes

3 Perfect places

4 Try the tea

5 Closet use

6 Nutmeg, for one

7 Derby or boater

8 Foolish

9 In fair shares

10 Mali neighbor

14 Fall mo.

19 Crones

22 Cincinnati team

23 Arabian nomad

24 Fashionable

25 G and R

26 Spectacular failure

28 Scorch

30 Story-telling Dr.

31 Cake coating

32 Korean city

33 High-strung

38 Airport sight

39 Aunt, in Aca-pulco

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YESTERDAY'S ANSWERS

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BEETLE BAILEY

by Mort Walker

BABY BLUES

by Kirkman & Scott