

INTERNATIONAL DAY FOR THE ERADICATION OF POVERTY

# Reducing poverty demands fairer wealth distribution



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The International Day for the Eradication of Poverty is observed every year on October 17. It reminds us that, despite significant progress over the years, many people still live in poverty. For Bangladesh, the day resonates deeply. This is a country that once symbolised the triumph of human resilience over adversity, where poverty rates fell sharply and growth stories dazzled. But today, a sobering truth has come to light: poverty is not just persisting, it is reversing.

Recent data and analyses show that more than one in four Bangladeshis now live below the national poverty line. This is not a statistical hiccup but a signal that millions who had once climbed out of poverty are slipping back in. What used to be a story of weak progress. In fact, the progress in reducing poverty has slowed down over the past decade. Recent data also suggest a risk of a rise in poverty. To put it another way, the gains that once seemed secure are now in danger.

**It is time we acknowledged that poverty in Bangladesh has changed its face. It is no longer confined only to rural isolation or food scarcity. It now hides in the urban slums of Dhaka and Chattogram, in underpaid service work, and in the vulnerabilities of the climate frontier.**

#### The fragility of progress

Bangladesh's success in reducing poverty since the 1990s was a global case study. The combination of a booming garment industry, remittance flows, microfinance, rural infrastructural development, and rural nonfarm growth lifted millions from destitution. Evidently, this success was built on shaky ground.

The decade-long phase of "jobless growth," weak structural transformation, dominance



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of crony capitalism, widening inequality, the pandemic, inflationary shocks, and climate change exposed the fragility of Bangladesh's success. Many households that managed to rise above the poverty line did so only slightly. One illness, flood, or job loss could easily push them back into hardship, implying that Bangladesh's challenge today is not simply about reducing poverty but preventing its return. Growth has not been inclusive enough, wages have not kept pace with prices, and new forms of vulnerability—especially urban and climate-induced—are reshaping the map of deprivation.

The ready-made garment industry is the backbone of the economy. It hires more than four million people, most of whom are women. But, even after the most recent pay raises, many workers' monthly income is barely enough to stay above the poverty line in an economy with high inflation. This shows that there is a bigger problem with the economy's structure: it creates jobs but not necessarily ways to make a living. From this perspective, Bangladesh's poverty reversal is

without income: they are also those without protection, digital access, and a voice.

This necessitates a comprehensive understanding of poverty. Income alone cannot fully reflect deprivation in education, health, sanitation, housing, and resilience. Using a Multidimensional Poverty Index (MPI) at the district or subdistrict level could help figure out who the poor are and what is keeping them from getting ahead. A woman could have a job but not have childcare or social insurance. A family could at least manage food, but not have safe water or proper education, or healthcare. Policies will stay blind to the new face of poverty until they take these differences into account.

**Empowerment through social protection**  
Bangladesh spends less than 2.5 percent of its GDP on social protection, excluding pensions—one of the lowest in South Asia. That number must be increased, but efficiency also needs to be ensured by streamlining overlapping programmes, digitising databases, and linking funds to

measurable results.

Over the years, Bangladesh's social protection system has expanded to include cash transfers, food-for-work programmes, and old-age allowances, preventing a good number of people from becoming impoverished and helping them weather shocks. The next generation of social protection must move beyond handouts to empowerment.

This means introducing universal social insurance systems, so that workers, even in informal sectors, are protected from job loss, illness, or workplace injury. The pilot programme for Employment Injury Insurance (EII) in the garment industry is a good start. If expanded nationwide, such schemes could redefine resilience in Bangladesh's labour market. In short, social protection should not only help poor people get by; it should also help them get out of poverty permanently.

**Revitalising rural transformation**  
Agriculture has long been the backbone of Bangladesh's poverty reduction. But small farmers now face a triple threat: climate stress, shrinking landholdings, and market volatility. Subsidies and short-term relief can't solve these problems. Small farmers need effective access to land through land reform and a climate smart rural transformation, a strategy that integrates technology, green finance, and rural industrialisation.

Solar powered irrigation, digital extension services, and e-commerce platforms that connect farms to markets can help the environment while increasing farm productivity. At the same time, processing plants and storage systems in villages can add more value, creating jobs that keep young people from having to leave. In other words, the economy in rural areas needs to change from survival farming to opportunity farming.

**Addressing the urban blind spot**  
Urban poverty is the silent crisis of Bangladesh's development story. Millions live in informal settlements without secure tenure, health coverage, or social services. Yet, policy remains overwhelmingly rural-focused. Cities need a dedicated poverty strategy with affordable housing, health insurance for informal workers, public childcare for working women, and skill-linked employment programmes.

Upgrading slums is not just a matter of infrastructure; it's about restoring dignity and belonging. Secure land rights, participatory urban planning, and better access to municipal services can transform these settlements from zones of exclusion into hubs of opportunity.

#### Lessons from global models

Around the world, countries have experimented with various models to reduce poverty, all of which were adapted to the national political economy and institutional capacity. Three key models have emerged. The first is growth-led industrialisation and export expansion, which pulled hundreds of millions of people out of poverty, as illustrated by China in the 1980s and early 1990s. The second model is the redistribution of wealth through welfare, for example, in the form of conditional cash transfers. The model has been used in Latin America, such as Bolsa Familia in Brazil or Prospera in Mexico. The third model, now receiving more attention, is shared growth—fast economic development fuelled by significant investment in health, education, and social protection and skills.

Vietnam, Thailand, and Malaysia are among the countries that have implemented this method. For instance, Vietnam's success wasn't just because of growth. It was also because of agricultural reform, industrialisation in rural areas, universal education, and a strong commitment to fairness.

For Bangladesh, the lesson is clear: growth alone is not enough. It needs policies that support equitable access to education, healthcare, and technology, as well as policies that create more decent jobs and strengthen social insurance. Additionally, addressing serious governance failures that exacerbate crony capitalism and perpetuate inequality is crucial. In other words, the next phase of poverty reduction must focus not only on how fast the economy grows but also on how fairly its benefits are shared.

#### A moral and political calling

Ending poverty isn't just an economic goal; it's also a moral and political one. Justice and dignity were the founding ideals of Bangladesh. From this perspective, the fight against poverty is a fight to keep that promise.

The recent rise in poverty is both a warning and a chance. It reminds us that progress can go wrong if it's not fair, long-lasting, and open to everyone. It asks politicians, businesses, and regular people to look beyond quick fixes and work toward long-term change.

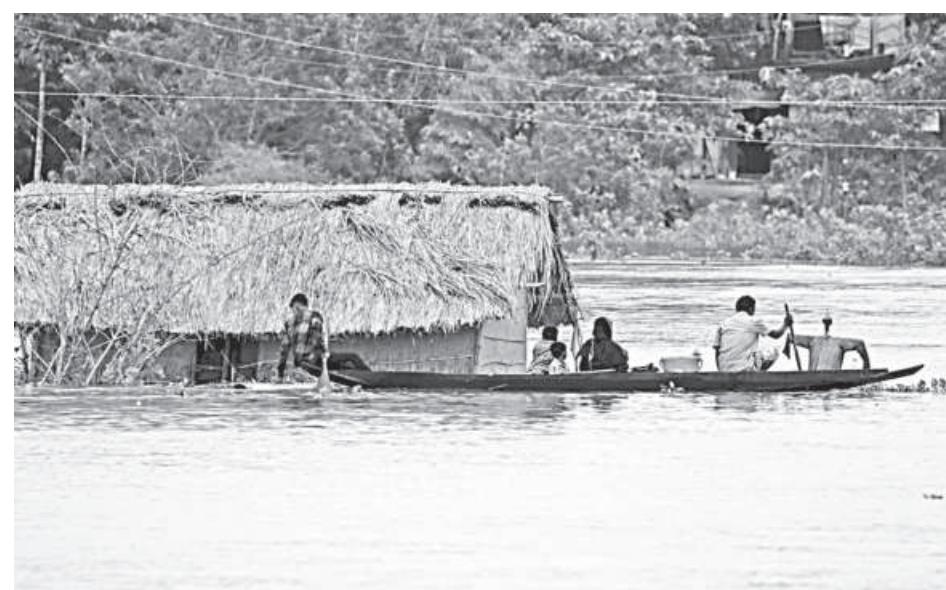
Bangladesh must face an uncomfortable truth on the International Day for the Eradication of Poverty: old strategies are no longer enough. The next frontier of poverty reduction lies not in charity, but in creativity; not in slogans, but in systems that protect, empower, and include. Bangladesh can only turn things around again if this is done. Poverty will then be not just rarer, but impossible to return to.

# Gaps in Bangladesh's latest Nationally Determined Contribution



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**The new NDC is not only about mitigation; it also underscores adaptation. Therefore, Bangladesh should look into global and national conservation funding opportunities.**

By recently endorsing Bangladesh's Third Nationally Determined Contribution (NDC 3.0) on time, the interim government continues the country's climate commitments. The NDCs are periodically prepared by the countries that are parties to the United Nations Framework Convention on Climate Change (UNFCCC) to declare their carbon/greenhouse gas emission reduction plans. Previously, Bangladesh submitted its Intended NDC in 2015, and the updated NDC (NDC 2.0) in 2021.

The latest NDC expects that, by 2035, Bangladesh's carbon emissions will be 418.40 million tonnes of CO<sub>2</sub> equivalent, which is 1.66 times more than 2022's emissions. Based on this projection, by 2035, Bangladesh aims to reduce its emissions—from the energy, industry, agriculture, forestry, and waste sectors—by 6.39 percent, spending its own \$25.95 billion. If it receives another \$90.23 billion internationally, an additional 13.92 percent of emissions will be reduced. Despite the commendable climate commitments during this current political transition, four opportunities were missed in NDC 3.0.

**As with NDC 2.0 (2021), there is no clear evidence in NDC 3.0 that youth and other communities, such as professionals and workers in the energy and industrial sectors, and farmers—who will be significantly affected by the mitigation measures—were consulted. It is disappointing that the latest NDC failed to continue the legacy of participatory planning of the National Adaptation Plan (NAP, 2022-2050), which, despite the Covid pandemic, managed to consult 5,000 people in 2021-2022.**

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who will be significantly affected by the mitigation measures—were consulted. It is disappointing that the latest NDC failed to continue the legacy of participatory planning of the National Adaptation Plan (NAP, 2022-2050), which, despite the Covid pandemic, managed to consult 5,000 people in 2021-2022.

The second issue is about the "Just Transition" chapter. It is an exciting addition to NDC 3.0 because just transition ensures that, when we take climate actions or make our economy greener, we "create decent work, reduce poverty, protect vulnerable groups, and leave no communities behind." In the Cross-Cutting Issues chapter, the NDC elaborately describes how gender equality, disability, and social inclusion in all major carbon-emitting sectors will be ensured. So, a separate section on "Just Transition" may seem redundant. Nevertheless, this chapter appears useful since it describes, albeit

in bullet points, the transition measures different sectors should take and the support to be provided to workers and communities. The biggest gap in the Just Transition discussion is probably the overlooking of Bangladesh's climate prosperity plan (2022-2041), which elaborated how just transition, as its second key priority area, would take place in Bangladesh by 2030. It would have been more logical and effective to build on this plan while describing just transition in the new NDC.

The third issue is regarding loss and damage. Climate change-induced "loss and damage" has, for the first time, found its way into NDC 3.0. A list of 43 short, medium, and long-term activities arranged under nine strategic pillars is apparently the first "loss and damage action plan" by Bangladesh. It is, however, mentioned that these will only be implemented with "grant-based finance" from the "polluter countries" responsible for

climate change. This approach of playing the victim card is, however, tricky, because many of the NDC's priority adaptation interventions—for example, migration, insurance, health, safe drinking water, sanitation and hygiene (WASH), and protective infrastructure—are the same as the NDC's loss and damage actions. Also, the NDC does not clarify the link between "adaptation" and "loss and damage;" the latter can occur after failed adaptation attempts or in situations where adaptation is not possible. Thus, the inclusion of loss and damage in the NDC seems weak.

The fourth issue is related to financing, a crucial part of implementing NDC 3.0. A staggering 89 percent funding gap exists against an annual need of \$9 billion for mitigation. But the new NDC is not only about mitigation; it also underscores adaptation. The new NDC prioritises 65 such interventions for adaptation, belonging to sectors such as water, disaster management, agriculture, biodiversity, and urban development. These were extracted from 113 interventions originally proposed in the NAP (2022-2050). Of these 65 interventions, 22 either have direct or indirect reference to nature-based solutions (NBS). Despite that, the new NDC overlooked global and national conservation funding opportunities. On the one hand, it does not consider the Global Biodiversity Framework Fund to invest in conservation actions with direct climate benefits. On the other hand, it fails to capitalise on conservation funds provisioned in Bangladesh's "Ecologically Critical Area Management Rules, 2016;" "Protected Area Management Rules, 2017;" and "Bangladesh Biodiversity Act, 2017."

Bangladesh should now prepare the NDC 3.0 Implementation Plan, considering the gaps and realities mentioned above. Speaking of reality, the new NDC covers a period (2026-2035) when the world transitions from the SDG era to the post-SDG era. The NDC implementation, therefore, carries an additional responsibility.