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## **DEVELOPMENT CHALLENGES IN THE NINETIES : POVERTY ALLEVIATION IN BANGLADESH**

### **1. Introduction**

The phenomenon of poverty is all pervasive in Bangladesh, specially in its rural areas. Thus, according to World Bank (1991), in 1986, there were 51.2 million Bangladeshi people who were below the poverty line, whereas the United Nations Development Programme's (UNDP's) Human Development Report (HDR) of 1991 indicates that in 1990, there were 99.4 million poor people in this country. Whatever be the numbers, the fundamental fact remains that a vast majority of people of this land is coping daily without the most rudimentary human needs and the situation is deteriorating day-by-day.

Under such circumstances, the basic development challenge that this country will face in the 1990s is the elimination, or at least the reduction, of the incidence of poverty. Development in the Bangladesh context must mean an overall better life for every citizen of this land. Therefore, in the 1990s, all our development efforts—whether by the government or the non-government organizations (NGOs) or the donor community – must be geared to this end.

The objective of the present paper is to identify the issues of development challenges that Bangladesh will be facing in the

1990s in the area of poverty alleviation and to suggest ways to meet those challenges. In order to achieve this basic goal, the article has been divided into four sections - in the first section, the concept, magnitude and the trends of poverty will be analyzed in the Bangladesh context. The second section will be devoted to different approaches to poverty alleviation with a comparison of their relative efficacy. The agenda for poverty alleviation programmes in Bangladesh in the 1990s will be presented in the following section. In section four, the issue of sustainability of such programmes both in terms of financing as well as institutional framework will be discussed. The paper will come to an end with some concluding remarks.

## **2. Poverty in Bangladesh : Concept, Magnitude and Trends**

The conventional wisdom on poverty treats it as a unidimensional problem, which views poverty simply as an issue of nutritional or income deprivation. But in a broader perspective, the phenomenon of poverty represents a complex multidimensional problem which indicates a lack of certain basic capabilities of human beings - the capability to live a healthy active life, the capability to meet fundamental human needs, the capability to enjoy dignity and human freedom.

This shift in premises has significant implications for poverty alleviation programmes. When the broader definition of poverty is taken, then the alleviation of poverty does not remain to be a simple matter of augmenting employment and income of the poor; rather it encompasses a wide range of quality of life variables such as nutrition, health and sanitation, clothing, shelter, security and freedom, access to and participation in decision-making etc. One can make two observations in this regard-first, it should be recognized that employment and income are no doubt important elements of any anti-poverty programme and that they are the means rather than the end and second, various dimensions

of poverty are by no means reducible to any single indicator of it.

The main source of information for estimating the incidence of poverty is provided by the Household Expenditure Surveys (HES), periodically carried out by the Bangladesh Bureau of Statistics (BBS). The most commonly used measure of poverty known as the head count ratio relates available income to the cost of a minimum diet necessary to maintain health and the normal activity level. A normative minimum food consumption bundle which gives a per capita daily intake of 2112 calories and 58 grammes of protein is valued at retail prices to estimate the minimum expenditure on food. A normative 30 percent allowance for non-food basic needs is then added to the minimum expenditure on food and this forms the basis for estimating the poverty line. Table 1 provides the details of this computation. The proportion of the people below the poverty line is then estimated from the income distribution data available from the HES.

At different points of time, there have been several studies on poverty in Bangladesh. Though most of these studies have used the head count ratio as a measure of poverty, yet there have been substantial discrepancies in poverty measures of different studies even for the same year (Table 2). The variations in the estimates are attributable to the minimum calorie requirement for physical survival, items to be included in the minimum diet, prices to be used for costing the minimum diet etc.<sup>1</sup> It may be argued that it is the trend in poverty which is important and to that extent, discrepancies in estimates do not matter. But in the first place, there is no single continuous study for each time-point starting with 1973/74 and ending with 1988/89, the last year for which a HES has been carried out.<sup>1</sup> Thus it becomes imperative to have inter-study comparisons—a task rendered difficult due to

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1. Task Force Report (1991, p. 40)

**Table 1. Estimation of the Rural Poverty Line**

	Per Capita Minimum Daily Requirements		Rural Consumer Prices (Tk/Kg)				
	(Calorie)	(gm)	1973/ 74	1981/ 82	1983/ 84	1985/ 86	1988/ 89
Rice	1386	397	2.82	5.29	7.52	8.00	10.01
Wheat	139	40	1.64	3.77	5.42	6.11	7.36
Pulses	153	40	3.55	9.48	7.48	13.11	16.62
Milk (Cow)	39	58	1.72	4.70	6.66	8.92	9.95
Oil (Mustard)	180	20	16.72	29.20	37.08	41.71	40.30
Meat (Beef)	14	12	5.88	16.93	23.88	34.97	36.44
Fish	51	48	5.18	9.88	18.31	22.74	23.21
Potato	26	27	2.58	2.61	3.27	4.17	6.69
Other Vegetables	36	150	1.11	1.53	3.04	3.34	4.33
Sugar (Gur)	82	20	3.76	7.23	9.71	11.57	14.73
Fruits (Banana)	6	20	1.57	3.98	5.42	7.40	9.21
Total (Calorie/gm)	2112	832					
Poverty line expenditure on food (Taka per day)			2.42	4.69	6.64	7.80	9.15
Basic non-food needs (at 30% of expenditures on food) (Taka per day)			0.73	1.41	1.99	2.34	2.74
Poverty line (Taka per day)			3.15	6.10	8.63	10.14	11.89
Poverty line (Taka/Year)			1150	2227	3150	3701	4340

Source : Task Force Report (1991)

conflicting findings related to movements in the poverty measures.

**Table 2. Variations in the Rural Count Ratios amongst the Previous Studies**

Year	Ahmad and Hossain (1984)	Islam and Khan (1986)	Muqtada Rahman (1986)	Rahman and Haque (1988)	Hossain (1989)	Official Estimates by the BBS
1973/74	55.7	47.7	55.	65.27	77.3	82.9
1976/77	61.1	62.3	68.2	—	—	—
1977/78	67.9	—	—	—	—	—
1978/79	—	—	68.7	—	—	—
1981/82	—	—	—	79.12	77.8	73.8
1983/84	—	—	—	49.81	52.1	57.0
1985/86	—	—	—	47.08	49.9	51.0

Note : 1. All the estimates pertaining to head count measures are carried out on the basis of the HES data generated by BBS.

2. 'Official estimates' of head count ratios have been compiled from various HESs of the BBS.

A closer look at differences in assumptions underlying the various studies on poverty reveals that the set of prices to be used for costing of the minimum diet constitutes the major source of discrepancy among various head count estimates.

All previous studies on poverty used retail prices from separate sources to estimate the poverty line which was then applied to measure the level of poverty. This problem is exacerbated by the fact that certain portion of the consumption bundle is met from household production. In setting the prices for

the costing of the minimum diet, what prices should be imputed to such cost-saving scopes remain a methodological problem.

As indicated in Table 2, all the efforts which compared the poverty situation in the 1970s with that of the 1980s reported spectacular improvement in it between 1981/82 and 1983/94 or between 1981/82 and 1985/86. It not only appears to be inconsistent with the downward trend in the performance of the economy shown by the BBS national accounts data, but it raises the issue of methodological flaws, mentioned earlier, which might have characterized these estimates. One can argue that the improvement in the poverty situation in the early eighties as revealed by the HES data could be due to a rapid expansion of the targeted anti-poverty programme, both by the government and NGOs, which now cover more than 2.5 million families, about one-third of the landless households in the country and/or due to a relative decline in foodgrain prices which might have benefitted the poor more.

A legitimate question in this regard is whether this declining trend is a phenomenon entirely to be explained in terms of the situational context in the mid-1980s or can it be dated back even to the late 1970s. The per capita real income growth as per HES data is higher than the matched figure calculated on the basis of National Income Accounts data (Table 3). Thus, per capita national\* income grew in real terms at about 2.2 percent per annum during 1973/74-1988/89 according to the HES data, while the corresponding figure as per National Accounts is 1.6 percent. The difference has been attributed to an underestimation of non-agricultural income, specially in the rural areas.<sup>2</sup> But a look at Table 2 indicates that all the three efforts which tried to compare the poverty situation between the 1980s and the 1970s suggest that absolute poverty has increased between the mid 1970s and the early 1980s. Under such circumstances, the sharp decline

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2. *Ibid*, p. 3.

in poverty over a period of two years between 1981/82 and 1983/84 has raised many controversies.

Since the major source of discrepancy among the poverty estimates of various studies has been identified to be the use of prices from different sources for calculating costs of a minimum diet, the Bangladesh Institute of Development Studies (BIDS), in order to remove such discrepancies, has recently attempted to derive prices straight from the HES reports to estimate the poverty line. The provisional findings of this exercise regarding the trend and the magnitude of poverty have been presented in the Task Force Report (1991). Table 4 reports changes in the level of head count ratio due to the use of this new set of prices. From the HES data, both expenditure and income classifications have been used to focus on underlying changes in poverty since the mid 1970s. This exercise apparently seems to support the two general conclusion of the previous studies—first, poverty situation deteriorated between the mid 1970s and the early 1980s and second, there have been significant improvements 1981/82 and 1983/84. But there is a need to read between the lines.

The BIDS exercise does not support the thesis of any sharp increase in absolute poverty in 1981/82 compared to 1973/74. More importantly, it stresses the need for generating more observations between these two border points in order to form concrete ideas about the continuum. With regard to the second point, BIDS has generated observations for three years—1976/77, 1977/78 and 1978//79—for which BBS documented some evidence on the distribution of the rural population stratified according to income as well as expenditure. One problem was that the BBS data were on a 'per household' basis. For the sake of comparison with the HES data, those were transformed to a 'per capita' classification. Further modifications were also done.<sup>3</sup> The

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3. For a detailed description of those modifications, one can contact Binayak Sen of BIDS.

**Table 3. A Comparison of Incomes Estimates from the National Accounts and the HES**

(Figures in Tk crores)

Sectors 1988/89	HES			Estimates for 1981/82 Rate of			Estimates for 1981/82 growth at cons- (percent tant per 1988/89 year) prices	
	HES	NA	Differ- ence	HES	NA	Differ- ence		
Agricul- ture	11,118	12,184	-8.7	28,573	28,806	-0.8	21,382	4.2
Non-agri- culture	12,565	14,330	-12.3	47,204	36,238	30.2	24,165	10.0
Rural	17,342	n.a.	—	52,304	n.a.	—	33,352	6.6
Urban	6,341	n.a.	—	23,473	n.a.	—	12,195	9.8
Total Income	23,683	26,514	-11.3	75,777	65,044	16.5	45,547	7.5
Per capita Income	2571	2,879	-11.3	6,952	5,967	16.5	4,945	5.0

Note : Figures from HES 1988/89 are provisional. For deriving estimates from the HES reports, population is assumed as follows : for 1981/82 - Rural 76.7 million, Urban 15.4 million; for 1988.89 - Rural 109.0, Urban 25.0 million.



Figure 1

Trend in Absolute poverty and per capita incomes

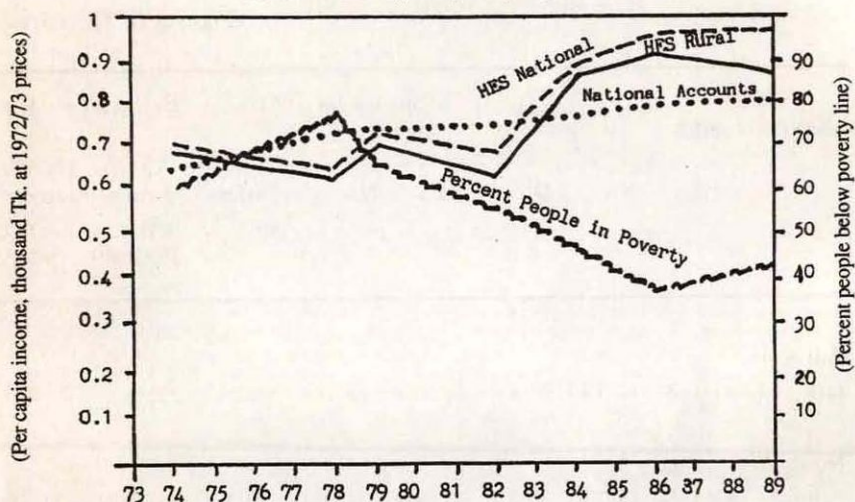


Table 4. Trends in Rural Absolute Poverty

1973/74 (HES)	Percentage of Rural Population in Poverty				
	1981/82 (HES)	1983/84 (HES)	1985/86 (HES)	1988/89 (HES)	
1. Per Capita Expenditure Classification	71.31	85.36	50.03	41.26	43.77
2. Per Capita Income Classification	n. a.	60.01	42.82	38.90	38.72

Notes : The HES for 1988/89 is not yet published. The figures should be treated as provisional and should not be quoted.

**Table 5. Head Count Ratios for Rural Areas according to 'Per Household' Classification**

		Percentage of Rural Population in Poverty						
1973/ 74 (HES)	1976/ (HES)	1977/ (HES)	1978/ (HES)	1981/ (HES)	1983/ (HES)	1985/ (HES)	1988/ (HES)	
Per Household Expenditure Classification	60.35	78.91	77.45	65.87	55.34	46.29	37.27	43.41
Per Household Income Classification	n. a.	73.12	72.9	60.8	51.34	39.85	35.99	39.95

Source : Task Force Report (1991)

new series of head count ratios are presented in Table 5. It indicates that a decline in poverty in the 1980s cannot be treated as an exclusive phenomenon of the mid-decade, its origin clearly dates back to the late 1970s thus demanding a fresh look at the debate centering around poverty in the recent years. This conclusion is also supported by World Bank (1990).<sup>4</sup> Bringing in such concepts as Lorenz Curve, Gini Coefficient, Theil's Index and Sen Index, it attempted to analyse the pattern of income distribution and inequity prevailing in Bangladesh during 1981/82 and 1985/86.<sup>4</sup> It reached the general consensus that 'although poverty remains overwhelming, it is not possible to draw from the available data the extent of poverty improvement during 1981/82 - 1985/86'.<sup>5</sup> Thus the report emphasizes the need to have a fresh look at the whole issue.

4. World Bank (1991b, p. 57).

5. For definitions of such concepts, see World Bank (1990, p. 12).

But even with the existence of all these theoretical controversies, the basic fact remains that the incidence of poverty in Bangladesh is alarming. It is much higher compared to our South Asian neighbours, not to speak of the fast growing East-Asian countries. The recent estimate of the 'head count' ratio is 23 percent for Pakistan, 27 percent in Sri Lanka and 35 percent in India. With similar land endowments and total population, Indonesia reduced poverty from 58 to 17 percent over the period 1970-87.<sup>6</sup> Under such circumstances, for a country like Bangladesh, the primary objective of our development efforts must be poverty alleviation on a sustained basis.

### **3. Approaches to Poverty Alleviation and Their Relative Efficacies**

In the literature, three general approaches to poverty alleviation have been identified : a) enforcing larger investments in social sectors, b) fostering a higher growth process and c) promoting targetted employment and income generating programmes.<sup>7</sup> All these three different approaches have differences in their philosophies and modalities.

The first set of programmes emphasizes higher investment in such sectors as health and education resulting in enhanced human capabilities and improved living standard. The basic idea here is to directly improve the basic capabilities of the poor without going through the intermediation of employment and income. The tragedy in this respect is that these sectors are often treated as mere social services and as a result, bear the major brunt of cuts in the event of resource shortages on the ground that resources must be channelised to 'much needed development efforts'. Since the ultimate goal of development is to enhance human capabilities, the

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6. *Ibid.*

7. Hossain, Rashid and Jahan (1986, p. 36).

absurdity and pervasivity of this line of thinking needs to be exposed once and for all. (Task Force, 1991, p. 4)

The second set of programmes aims at poverty alleviation through fostering a higher growth process through complex interactions of macroeconomic policy instruments suitably attuned to sustain a reasonable growth in incomes of the rural poor. In most circumstances, economic growth may bring about some reduction in poverty through the trickle down mechanism. But whether that mechanism would work or not in a significant way depends on the nature of the growth process as well as on the content and composition of growth-oriented policies. Thus in any poverty alleviation programme, it is of utmost importance to identify and emphasize those elements of growth policy which are likely to have the strongest and the most immediate favourable impact on poverty.

The third set of programmes is designed to provide the 'safety net' to the vulnerable segment of the rural poor who may otherwise have been left out from the mainstream of the market-based normal development process. About 25 percent of the rural households fall into the category of the hardcore poor who lack land as well as non-land assets.<sup>8</sup> A large number of these households will remain outside the purview of any growth-oriented programme and they must be supported through various special wage and self-employment schemes.

All these three sets of anti-poverty programmes have strong inter-linkages. For example, the directly capability-raising programmes cannot be sustained in the long-run unless those are supplemented with growth-oriented programmes. Even though these two categories are prime components of any drive towards poverty alleviation in Bangladesh, some programmes specifically targeted to the poor must support them. A part of the households under targeted programmes could also be benefitted by the

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8. World Bank (1990a, p. 113).

trickle-down effects ensuing from the general growth-oriented programmes.

In the area of growth-oriented anti-poverty programmes, one growth policy with significant potentials is the spread of irrigation along with minor flood control and drainage. It has by now been well documented how irrigation encourages the adoption of superior technology in agriculture and how this in turn leads to a rapid and widespread improvement in the condition of the poor by opening up various direct and indirect avenues of employment and income. About half of the land presently under cultivation is potentially irrigable. The realization of this potential by providing the poor with the ownership of newly installed irrigation equipments can significantly contribute to the reduction of poverty in Bangladesh.

Given the three facts that labour is the main resource and the source of earnings for low income households, the labour force is expected to grow quite rapidly during the next decade and the absorptive capacity of the economy is going to be low, the directly targetted programme for the generation of employment and income for the poverty stricken population stands out as an important means. The Task Force Report (1991) has made some projections of the growth of labour force and its absorption in the Bangladesh economy for the period 1990-2000. Table 6 presents the projection of the growth of the labour force with its male-female as well as rural-urban composition on the basis of certain assumptions.<sup>9</sup> The labour force is expected to grow at an annual rate of 2.8 percent, due largely to a rapid growth of the female labour force, as against the population growth rate of 2.0 percent. In rural areas, the labour force may grow at 1.5 percent per year, while the corresponding urban figure is 5.7 percent. These labour force growth projections are similar to those made by Jahan (1986). The Task Force Report (1991) made projections about

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9. For a detailed account of those assumptions, see the Technical Annex-3 of the Task Force Report (1991).

labour absorption in the Bangladesh economy for the period 1990-2000 on the basis of two scenarios regarding the growth of income, a) a 'business as usual' (BAU) case, which assumes a rate of growth of national income of 3.8 percent per year, historical rate achieved during the 1976-90 period, and b) an 'optimistic case', which assumes a rate of growth 5.0 percent per annum as targetted in the Fourth Five Year Plan. The prospects for labour absorption during 1990-2000 are presented in Table 7 on the basis of several sectoral assumptions, which have been detailed out in Technical Annex-3 of the Task Force Report (1991). In 1999/2000, under the BAU scenario, out of a labour force of 45.6 million, 34.9 million will be absorbed in the economy, whereas the corresponding figure of labour absorption under the optimistic scenario is 39.5 million.

**Table 6. Labour Force Projection 1985-2000**

	(In million persons)		
	1985/86 (Actual)	1989/90 (Bench-mark)	1999/2000 (Projection)
Population	101.6	111.7	136.7
Male	51.6	56.7	69.4
Female	50.0	55.0	67.3
Labour Force	30.9	34.5	45.6
Male	27.7	30.5	39.1
Female <sup>a</sup>	3.2	4.0	6.5
Rural Labour Force	24.1	25.5	29.6
Male	21.7	22.9	26.1
Female <sup>a</sup>	2.4	2.6	3.5
Urban Labour Force	6.8	9.0	15.7
Male	6.0	7.6	12.7
Female <sup>a</sup>	0.8	1.4	3.0

<sup>a</sup> A larger number of women participate in economic activities than that indicated by these figures. These include women who devote the major portion of their working hours for income earning activities.

Source : Estimated by the Task Force (1991)

It should be remembered that as long as there is surplus labour, the prevailing wage rates may not provide poverty level income even under full-employment situation. A six member household with two earning members working full time gets an annual income of Tk. 21,840 in agriculture and Tk. 26,400 in industry. This does not compare favourably with the poverty income estimated at Tk. 27,700 for a six member rural household

**Table 7. Prospects for Labour Absorption in 1990-2000**

Variables	1989/90 (Bench- mark)	1999/2000		Annual rate of growth		Additional employment as percent of incremental labour force	
		BAU scena- rio	Opti- mistic scena- rio	BAU scena- rio	Opti- mistic scena- rio	BAU scena- rio	Opti- mistic scena- rio
Labour force (million workers)	34.5	45.6	45.6	2.8	2.8	100	100
Employment : (million person-years)							
Crop	7.96	9.29	9.62	1.6	1.9	12	15
Livestock	4.49	5.85	7.58	2.7	5.4	12	2
Fisheries	1.31	1.90	2.13	3.8	5.0	5	7
Forestry	0.32	0.44	0.47	3.2	3.9	1	1
Industry	3.8	6.51	7.02	6.2	7.0	26	31
Trade	2.75	3.94	4.38	3.7	4.8	11	15
Transport	1.55	2.30	2.63	4.0	5.4	7	10
Construction	0.79	1.32	1.63	5.3	7.5	5	8
Finance	0.35	0.56	0.68	4.	6.8	2	3
Personal and social services	1.74	2.	3.36	4.9	6.8	10	15
Residual employment	9.66	10.69	6.10			9	-32

Source : Estimates by the Task Force (1991)

and nearly Tk. 33,000 for an urban one. Thus unless there is an upward rise in wage rates, there may not be full employment by 'poverty criterion', in the absence of which it may be impossible to bring down poverty to a tolerable level by the turn of the century.

The direct provisioning of health, shelter and education to the poor people is one possibility which is emphasized a great deal by different quarters to achieve the goal of poverty alleviation. The good thing about this means is not merely that it is direct, but that it is a more immediate, and perhaps a more cost-effective, way of improving capabilities than going through the intermediation of employment and income. The nutritional situation in Bangladesh supports this proposition. It has been found that in this country, there was no appreciable difference between the poorest three classes in the incidence of undernourished children; only the richest group had a significantly lower incidence.<sup>10</sup> It implies that it would take a very large increase in household income to improve nutritional capabilities of the poor and even then the incidence of undernutrition will remain unacceptably large. Similarly, studies have indicated that there is very little difference in the incidence of low-birth weight (LBW) babies born to mothers of different socio economic classes.<sup>11</sup> It means that under the present situation, larger household incomes on its own would be able to do very little to tackle the most endemic source of malnutrition in Bangladesh.

Unfortunately, in the process of poverty alleviation, the importance of education is not properly recognized. We look at it as a means to form human capital, which, through better employment and higher productivity, definitely has a bearing on poverty alleviation. But the most important role of education is to make the people conscious of their rights and embolden them to

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10. Chowdhury (1989).

11. Osmani (1990).



assert themselves for securing their rights. Without this consciousness and assertiveness, the poor can neither hope to be able to divert resources for their benefit nor can make the best possible use of resources made available to them. The general point here is that 'one cannot wait for a mythical benevolent state to come forward on its own to help the poor. The poor must actively engage in pressure group politics in order to tilt the state's allocative decisions in their favour.'<sup>12</sup> To be an effective player in this game, the poor must be conscious and assertive about their rights and needs and education is an essential means of creating an assertive and conscious population.

Thus the lesson is clear. While efforts should indeed be made to augment the household income of the poor, to depend exclusively or even primarily on employment and income-augmenting policies would be incompatible with the objective of eliminating poverty in the shortest possible time. For a quick and effective assault on poverty, the leading role must be assigned to direct provisioning of health care, hygienic environment and universal education.

#### **4. Poverty Alleviation Programmes in Bangladesh—The Agenda for 1990s**

Theoretically, the target-fixing approach to poverty alleviation starts with a given target of poverty reduction. But the problem with this approach is that it needs a fully worked out plan for the economy as a whole while designing an integrated package of anti-poverty programmes. The absence of an empirically validated model which takes into account the impact of economywide policies on poverty makes the implementation of the target-fixing approach virtually impossible. Under such circumstances, the most one can look for is a set of direct anti-

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12. Task Force Report (1991, p. 32).

poverty programmes to be developed on the basis of past experience or a priori reasoning. Obviously, there is no meaningful way of linking these programmes to the target-fixing approach. The quantitative impact of direct anti-poverty programmes can be determined only ex-post.

*Enhancing capabilities of the poor through health and education.*

If the target of 'health for all by the year 2000' in the sense of expanding primary health care facilities to everybody by the turn of the century is to be achieved, there is still a long way to go. The official statistics of 40 to 50 per cent of the rural population being covered by primary health care is overestimated. Several BIDS studies have established that only 12 percent of sicknesses are treated by government health centres and only 56 per cent of rural households have access to sanitary toilet facilities. It is only access to safe drinking water, which has registered significant improvements over time. The incidence of crisis relating to health hazards represents about 35 percent of the total member of various types of crises experienced by the rural households, right next to ecological vulnerability. Both the private sector and the NGOs can be encouraged to produce more latrine components and the government may establish a production centre in every union. The financial allocation to primary health care must be increased. Over the last decade, the government expenditure on all health services was around 3.3 percent of the total government expenditure. The impressive performance of the Extended Programme of Immunization in recent years is indicative of what adequate resources can accomplish even within existing institutional constraints. The immediate task is, therefore, to do a total costing of targets under 'health for all by 2000' and commit necessary resources as a binding constraint in the next two five-year plans.

The government must provide the necessary physical and manpower resources required to achieve the target of universal free primary education for children by 1995. There should be an element of compulsion in this approach. The official enrolment ratio of 78 percent is doubtful and there is also the problem of very high drop-out, believed to be about 80 percent. Currently, there is on the average one primary school per 3.2 square kilometer (sq. km). The immediate objective should be to have one school per 2 sq. km. by 1995. The NGOs can also be mobilized in effecting a rapid expansion of primary education facilities. The BRAC's experimentation with non-formal primary education can be an effective model for achieving the programme objective.

Secondary education imparts necessary skill and training to a person for productive employment. As of June 1990, on average, there was one secondary school for every 4.4 primary schools. The target of universal free secondary education by the year 2000 requires this ratio to be brought down to unity during the next ten years. The government should fix a target at a level of one secondary school for every 4 sq. km. by the year 1995 and one for every 2 sq. km. by the year 2000.

#### *Asset redistribution and access to capital*

With all kinds of permutations and combinations of total availability of land and the number of farmers, the scope for poverty alleviation through land-redistribution seems to be extremely limited in the present agrarian context. Access to irrigation will certainly reduce the severity of the land scarcity problem, but for the landless and the functionally landless groups, the emphasis should be given to activities which promote their greater access to the non-farm income-earning activities.

As a follow-up there should be programmes which provide access to capital to the poor for organizing self-employed economic activities. These programmes should be expanded spatially to areas which have not yet been covered, as opposed to intensive expansion of targetted credit programmes. Thus the guiding principle will not be targets but commitments that loans will be made available as and when the clients and credit-institution-workers together come up with potentially viable projects. This is because lending operations in these types of programmes are determined on the basis of entrepreneurial ability on the part of the prospective borrowers to float viable income generating projects, which in turn critically depend on the development of the local economy and the perception of the borrower about the evolution of market conditions. Although both government organizations (GOs) and NGOs are involved in such schemes, the government has a key role to play because the high start-up cost may constrain their expansion at the desired pace.

As far as small farmers are concerned, about 55 percent of their total income comes from the crop sector. Even though small farmers have higher rates of adoption of modern HYV technology, their limited access to the credit market undermines the full potential of small farmers in reaping the full advantage of the green revolution. For the promotion of small farmers-oriented special agricultural credit schemes, existing rural bank branch facilities can be used. Through the introduction of a credit card system, the current lending procedures can be simplified. In order to stimulate the bank branches in such lendings, a separate credit window should be created within the existing nationalized commercial banks (NCBs).

For land-poor households, the income from kitchen gardens accounts for 13-16 percent of their annual income. There is a considerable scope for optimum utilization of potentials existing

in the spheres of homestead farming, livestock, fisheries and forestry. In this regard, lessons can be drawn from homestead utilization projects of the Rangpur Dinajpur Rural Service (RDRS) and those sponsored by the Grameen Bank.

The task of enhancing the crisis-coping capacity of the land-poor groups, the concept of 'land bank' can be effectively used. The motive here is to reduce distress sales of land and/or usufructuary mortgage of land. In the crisis year, the bank would accept land as 'mortgage' and provide credit to the mortgager. The loanee would cultivate the land under the sharecropping arrangement and return a part to the bank as instalments of repayment of the loan.

A unique opportunity of linking growth with equity is provided through incorporating landless groups in the management and ownership of irrigation schemes. In this regard, the institutional models offered by NGOs like BRAC and PROSHIKA have been quite successful in effectively promoting landless-managed irrigation schemes.

#### *Directly targetted employment generation schemes and transfers*

In spite of their shortcomings, programmes like the Food for Work (FFW), the Road Maintenance Project (RMP) have helped overcome the worst effects of unemployment in the rural areas, particularly in the slack season. But suggestions have been made that there should be employment guarantee schemes for the most vulnerable bottom 10 per cent of the upazilas in the model currently being practised in Maharashtra, India. The fact about the Maharashtra scheme is that while it does create a much larger volume of employment than any other programme of its kind, the element of guarantee has remained elusive even after two decades of its operation because of non-availability of sufficient number

of suitable projects. The same situation may prevail in Bangladesh. Thus the aim should be to increase the allocation for employment-generation works without going to the extreme of offering a guarantee of employment which is bound to prove spurious in any case. Furthermore, the expansion should be spatial rather than creating more artificial employment in already served areas.

The destitute female-headed households belong to the most vulnerable poor group. At present, about 23 percent of our households are female-headed and the increasing trend in the incidence of female-headed households has led to a feminisation of poverty. About 0.48 million households of the total 3.45 million female-headed households in the country are under the Vulnerable Group Development (VGD) programme. The Task Force Report (1991) recommended an extension of the present VGD programme to cover all the destitute female-headed households by 1995. But the realization of this recommendation is critically dependent on the increased flow of food aid. Questions can be raised as to whether this programme should essentially be seen as a social security measure or it should be linked to productive enterprises or development efforts. Furthermore, if the logistics of food distribution becomes formidable as a consequence of expanding the programme, food should be replaced by cash as a mode of payment.

Almost 1.5 million rural households are either without any homestead or are living in utterly dilapidated conditions. All such households must be provided with shelter by 1995. In guiding this programme, several principles may be followed. First, there should not be any idea for community housing as it ultimately creates problem for maintenance-responsibility. Second, to the maximum extent, these houses should be built on khas land and if not, the government should purchase the needed lands from large

landowners. Third, the beneficiaries will not be paid in cash; the NGOs may help build modest houses under the community supervision and hand them over to individual households with full ownership rights.

Women will benefit from some of the programmes discussed so far. As for example, women will be the target group in the programme for extension services for optimum utilization of the homestead land, and also in the VGD programme. But they should be given priority in the access to capital and the destitute women should form the core group in the distribution of khas land and in the programme of housing for the homeless. In the process of expanding primary school facilities, educated women in the village can be appointed as teachers.

In measuring the incidence of poverty, the HES is the major source. But surveys are carried out by BBS at irregular intervals and the results are published with a significant lag of two to four years. The BBS should carry out the income module—a small component—of the survey every year.

## **5. Sustainability of Poverty Alleviation Programmes**

The issue of sustainability of anti-poverty programmes can be looked at from two angles—financing and institutional framework. It does not, however, preclude other aspects of sustainability, but these two issues are of significant importance.

Given the intensity of poverty in Bangladesh, the degree of coverage and structure of government revenues and expenditures are important if one is concerned with the impact of government intervention. It is not primarily resource constraints which limit the magnitude of government efforts, rather the composition of expenditures and revenues, even if broadly consistent with the government's poverty alleviation objectives, does not have a significant anti-poverty bias. Thus during 1982-88, 10 percent of

the total public expenditures went to education, 4.8 percent to health and related activities and 1.9 percent to housing, water and sanitation in contrast to 20.6 percent to physical infrastructures and 16.5 percent to administrative services.<sup>13</sup> The evaluation of anti-poverty programmes of the government indicates that the poor did not benefit as much as intended. Whether it is education, health or income transfers, the programmes benefitted the richer class more compared to the poor one.<sup>14</sup>

The benefits of government expenditures on human resource programmes largely favoured the well-to-do. Thus in 1985/86, out of the current expenditure of the government on such programmes, while households with a monthly income of more than Tk. 2000 received benefits of worth Tk. 783 per household, the corresponding figure for households with a monthly income of less than Tk. 1500 was only Tk. 190. On the tax side, however, in 1985/86, the tax burden reflected some progressivity over the range of income brackets.<sup>15</sup>

There are two other issues of government expenditures which have implications for poverty alleviation in Bangladesh. First, one of the main sectors affected by the contraction in both current and capital expenditures was economic services, which included expenditures on agriculture, which could have negative implications for future employment generation in both farm and non-farm activities and poverty alleviation. Second, in the name of poverty alleviation, expenditures on relief expanded rapidly as its percentage share in current expenditures increased from 5.8 percent in 1982/83 to 11 percent in 1987/88. But relief is only an

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13. For details of computation, see Technical Annex-5 of the Task Force Report (1991).

14. World Bank (1989, p. 7).

15. World Bank (1990, p. 137).



ad hoc emergency measure and it does not create the basis for a sustained process of poverty alleviation.

The Task Force Report (1991) has calculated the financial implications of the proposed poverty alleviating measures discussed in the preceding section. The cost estimates based on the assumption that those programmes are to be implemented in two phases, phase I (1990-95) and phase II (1995-2000), are presented in Table 8. At 1989-90 prices, the aggregate annual cost of implementing programmes turns out to be Tk. 18.07 billion during 1990-95 and about Tk. 23.72 during 1995-2000.<sup>16</sup> It implies that about 15 to 20 percent of the current size of the public expenditure is to be allocated annually to these programmes. It is definitely a feasible target. The basic issue here is what modalities and options are available to mobilize resources for these programmes.

The food aid can be a source of counterpart funds for anti-poverty programmes. If the current amount of food aid is converted into counterpart funds by open market sales, then about 50 percent of the total cost of the afore-mentioned programmes during 1990-95 could be financed by this source alone. Conversion of food aid into counterpart funds would lead to the introduction of the cash payment system instead of the current system of payments in food in rural works programmes. In addition to the obvious advantages of the cash payment system, one of its major merits is that it not only broadens the scope for financing the anti-poverty programmes, but also may be used as an alternative means of redistribution in favour of the poor. Once the limit set by the size of the food aid is removed, a better use of food aid as a more versatile form of financing e.g. from credit programmes to health care and not just FFW-type projects can be made. The Task Force Report (1991) suggested that about 20

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16. Ibid, p. 138.

**Table 8. Financial Implications for Implementing Proposed Poverty Alleviating Programmes (1990-2000)**

(in 1989/90 prices)

Programme Heads	Target period	Cost of the Programmes (in crore taka)	
		Total	Annual
1. Universal Primary School Facilities	1990-1995		
Development		675	135
Recurring		810	162
2. Universal Secondary School Facilities			
Phase-I	1990-1995		
Development		1284	257
Recurring		2000	400
Phase-II	(1995-2000)		
Development		(1800)	(360)
Recurring		(6314)	(1263)
3. Primary Health Care Facilities	1990-2000	1267	127
4. Income Support for Destitute Female-headed Households (VGD)	1990 on wards	—	242 (0.30 mln MT)
5. Housing Programme for the Homeless Destitutes	1990-1995	1200	240
6. Targetted Bank Branches at All-union Level	1990-1995	132	26

Contd. Table 8.

Programme Heads	Target period	Cost of the Programmes (in crore taka)	
		Total	Annual
7. Employment Gurantee Schemes in Bottom 10% of the Upazilas	1990 on wards	—	218 (0.30 mln MT)
8. Total Annual			
Phase-I	1990-1995		1807 (1607)*
Phase-II	1995-2000		2372 (1740)*

\* If 50% of the recurrent cost for running the secondary schools are recovered from the parents.

percent of the total food aid should be earmarked for the proposed employment guarantee schemes, 20 percent for the destitute female-headed previously carried out under FFW programmes while the remainder 40 percent can be used for financing 'other' anti-poverty programmes. Forty percent of food aid amount to about Tk. 4.5 billion in value terms. The cost of financing 'other' anti-poverty programmes is about Tk. 13.47 billion during 1990-95. Table 8 implies that even after allowing for allocations to be earmarked for employment guarantee schemes, destitute female headed households, VGD and FFW-type routine rural works programmes, counterpart funds generated by the food aid release can finance about 30 percent cost of 'other' anti-poverty programmes proposed earlier. The residual 70 percent must come from the reallocation of the existing sectoral budgets and the matching grant from the locality.

The projected annual allocation for primary health care represents only 13 percent of the current public expenditures on health, while the corresponding figures for the education sector is 24 to 26 percent. In a number of cases, it would be possible to earmark resources for the proposed anti-poverty programmes within the framework of the current sectoral budget. Another important source would be to reduce the size of non-development expenditures in order to release funds for the proposed anti-poverty programmes.

If both the size of counterpart funds generated by the food aid and the reallocation of sectoral budgets become insufficient to meet the total resource requirement for the proposed programmes, attempts should be made to raise matching grants in the form of labour and other local resources from the locality for particular types of programmes such as expansion of school and hospital facilities. The issue of matching grants is important not only from the financial perspective, but also from the point of a sense of participation and belonging by the local people to these programmes.

The imposition of taxes on incremental income derived by rural inhabitants from major public sector projects, e.g. large-scale irrigation and drainage, roads, bridges etc. in the relevant area can be another source of mobilizing resources for poverty alleviation.

Two major goals of the country's Fourth Five Year Plan (1991-95) are economic growth and poverty alleviation and the government has expressed its determination to mobilize all resources, human and non-human, to achieve these goals. For the upliftment of the people, it has introduced many programmes, which involve significant amounts of resources in terms of money, manpower and physical infrastructures. But the services, scarce in many cases, are not reaching the poor though these are meant for them. On the other hand, the work of several NGOs in the area of

poverty alleviation over the last two decades has produced significant positive and meaningful results.

Under such circumstances, it is absolutely necessary at least for four reasons to have a GO and NGO cooperation with regard to poverty alleviation. First, participation of the poor in their development, their mobilization and institution building are integral parts of a poverty alleviation intervention. It requires awareness development, consciousness raising, functional education of the poor and their capacity building. Only then they may become a strong pressure group to exert their rights and to have access to resources and different services. The NGOs have been able to demonstrate how the capacity of the poor can be developed. The greater the cooperation between GOs and NGOs, greater will be the accessibility of the poor to public services. Second, in the area of poverty alleviation, through a number of highly successful programmes, NGOs have acquired rich experiences and meaningful insights in programme planning and implementation, training, monitoring and evaluation. The experiences can be used for large-scale application by GOs. Third, many of the government programmes, e.g., immunization, vaccines for poultry, certain seeds, etc. are supply-oriented. By organizing the poor, developing their awareness and creating income for them through various income-generating programmes, the NGOs can help create effective demand for those services as well as prepare the people for their proper use. Fourth, at present, NGO programmes are confined to specific programme the areas. Through government support and cooperation, they can expand their activities as well as widen the scope of better utilization of their existing services.

Cooperation between GOs and NGOs can take place in various ways, through some meaningful steps. The BRAC's experiences are illustrative in this regard. It has learnt that it is not only desirable but also necessary to cooperate with GOs to serve the poor better. As a result, the organization has initiated some

concrete measures of facilitation which aim at better implementation and performances of several government programmes.<sup>17</sup> In the area of GO/NGO collaboration, certain guiding principles must be followed. First, both the parties must work in a spirit of partnership and GOs must not act as regulatory entities. Second, initially, they should focus on some well-selected programmes that have passed the test of time and then replicate them on a wider scale. Third, duplication of services must be avoided. Fourth, they should pay more attention to viability of projects and should come up with integrated packages of services for their clients. For example, package offer of inputs is almost a rarity in most of the targetted self-employment programmes. The GOs and NGOs can be complementary to each other in providing the full package. Fifth, the GO/NGO collaboration should promote collective ventures by beneficiaries through formation of groups and co-operatives.

In the domain of the state, the poor in Bangladesh hardly constitute a regular and active pressure group, rather they are passive recipients at the bottom. Education as a means of conscientisation is of course an essential ingredient, but it is not a sufficient condition for transforming the poor into an active pressure group. They need institutions, forums through which they can engage in pressure group politics to influence the state's allocative decisions to their favour.

The Task Force Report (1991) proposed a forum of this kind and called it the 'Gram Sangathan'. It is expected to serve as an institutional mechanism for generating demand from below for public resources, as an arena where the poor can fight a democratic struggle to minimize the incidence of misallocation of

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17. For the nature of collaboration between BRAC and GOs, see the Technical Annex-4 of the Task Force Report (1991).

resources and as an organizer of community-level development initiatives for ensuring better and fuller utilization of state resources. It can be an effective forum for overseeing and assisting the implementation process of many government programmes.

Even though its exponents have said that the Gram Sangathan should not be viewed either as an extension of the executive arm of the central government or as a negation of the authority of the existing Union Parishads, the Task Force Report (1991) did not clearly spell out the type of the legal and administrative framework of its proposed organization, how it would fit into the structure of the rural society, what would be its mandate and its *modus operandi* etc. The only thing the Report stated in this regard is that all previous governments indeed felt the need for an organization at the village level (village agricultural cooperatives during Awami League, Gram Sarkar during BNP and Palli Parishad during JP regime).<sup>18</sup> It, however, stressed the necessity of a significant role on the part of NGOs, mass organizations of political parties. But because of the lack of sufficient clarity on the issue, the idea of Gram Sangathan raises more questions than it answers.

On the issue of sustainability of poverty alleviation programmes in Bangladesh, the donor community has an important role to play. During all these years, this particular problem has ranked high, even though with varying degrees, in the agenda for actions of donors. But when it comes to actual fund allocations to social sectors, their records, with few exceptions, are not impressive. Furthermore, whatever resources they have channelized to poverty alleviation programmes, they have not meticulously monitored them or their impacts or the role

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18. Task Force Report (1991, p. 27).

and the performance of the government in executing some of these programmes. In addition, some of the donors were more interested in emergency relief-type programmes of poverty alleviation, because those produce quick, tangible but ad hoc results.

In the 1990s, the donor community must take a more constructive role in the process of poverty alleviation in Bangladesh. The donors must act as partners in the drive for poverty alleviation along with the Government and NGOs. They must assist the administration develop more innovative and more importantly, sustainable anti-poverty programmes, mobilize resources to this effect, restructure the budget and build the necessary institutional framework. Last but not the least, they must evolve a better monitoring and evaluation system and effectively implement it. The donor community must remember that the issue of poverty alleviation in Bangladesh in the 1990s is a challenge to them as well.

## 6. Conclusions

The present poverty situation in Bangladesh is alarming by any standard and worse is the fact that its current trend does not reveal a positive improvement in it. More importantly, the true nature of real poverty is absolutely shocking and is not disclosed in numbers. Under such circumstances, it is posing itself not only to be an economic problem, but more of a socio-political problem.

Therefore, during the 1990s, the issue of poverty alleviation is not only a development constraint, but also a socio-political challenge. Whether we shall be able to meet this challenge successfully will depend on the sincere, committed and meaningful efforts of all concerned—the government, the donors, the NGOs and last but not the least, the well-to-do section of the society.



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