

Resources for the Ultra Poor in the National Budget

How Much? How Effective?

Centre for Policy Dialogue (CPD) jointly with BRAC organised a dialogue titled *Resources for the Ultra Poor in the National Budget: How Much? How Effective?* on 23 March 2011, at the BRAC Centre Inn Auditorium, Dhaka. The meeting was chaired by *Professor Rehman Sobhan*, Chairman, CPD. Hon'ble Minister for Food, Disaster Management and Relief *Dr Muhammad Abdur Razzaque, MP* was present as the Chief Guest at the event. The keynote presentation was made by *Dr Fahmida Khatun*, Head, Research Division, CPD. The Research Team also included *Mr Towfiqul Islam Khan*, Senior Research Associate, CPD; and *Mr Ashiqun Nabi*, Research Associate, CPD. Professor of Economics, University of Dhaka *Dr M M Akash*, and Director General of the Bangladesh Institute of Development Studies (BIDS) *Dr Mustafa K Mujeri* were present as Designated Discussants. The keynote paper was based on a study titled *An Analysis of the National Budget: Allocation for the Ultra Poor*, conducted by CPD in collaboration with BRAC Advocacy Unit.

Key Issues Discussed

- Poverty in Bangladesh has many dimensions and these continue to persist. Spatial dimensions include rural-urban poverty, regional disparity (an emerging East-West Divide), and extreme poverty pockets such as *monga*-prone areas, *haor-baor*, *char* areas.
- Poverty-reducing expenditures, as percentage of total expenditure and GDP, remained more or less stagnant since FY2007 (estimates of the Ministry of Finance).
- It is difficult to come up with a number a quantitative estimate of resources being allocated particularly for the group of extreme poor. The only specific allocation for the poor is the budgetary allocation for the social safety net programmes (SSNPs).
- At present, 84 different SSNPs are in operation under four categories, namely employment generation, conditional transfers, transfers and emergency relief.
- Budgetary allocation for SSNPs as a share of total budget increased from 8.4 per cent in FY2007 to 14.8 per cent in FY2011. As a share of GDP, allocation for SSNPs also doubled over the last five years, reaching 2.5 per cent in FY2011 compared to FY2007. However, Bangladesh spends far less on SSNPs compared to some of the other regional countries.
- The planning and budgetary processes of the country are mostly top-down, centralised and bureaucratic in nature, which in turn works against the empowerment of the poor.
- Under the current study, six focus group discussions (FGDs) were held in two districts – Kurigram and Sirajganj, covering three programmes: *Employment Generation Programmes for the Poorest (EGPP)*; *Stipend Project for Primary School Students*; and *Maternity Allowance for the Poor Mothers*.
- A general observation of the study was that SSNPs, although recognised as a major source of support for the poor and the extreme poor, are measures of temporary nature. These programmes are treated as 'relief' initiatives rather than as 'right' of the poor.
- Ensuring participation of all relevant stakeholders, including the political parties, in the budget making process is vital for transparency and accountability.
- Outreach network of NGOs should be used for local resource mapping and poverty mapping.
- Indices for identifying and distinguishing the 'poor,' 'extreme poor,' 'hardcore poor,' and 'ultra poor' are needed to have an understanding about the actual budgetary allocation for the respective groups.
- Education is the key factor in empowering the poor and help make sustainable changes in their lives. The Education Policy needs to be more vocational and rural area-oriented so that human resources can be trained in a manner that enhances productivity.
- More resources should be used for building infrastructure that would ultimately result into employment generation and increased income for the poor.
- Some of the ongoing programmes (for the same target area and group(s)) should be consolidated and merged to reduce administrative leakages, duplication, pilferage and spill over transfers (monetary or non-monetary) to the beneficiaries.
- An institutional mechanism involving the local people needs to be developed for participatory targeting and validating the existing list of beneficiaries.
- Participation of the beneficiaries and local representative bodies in the budgeting and related decision making processes should be ensured. However, creating space for citizen's participation directly or indirectly is a challenge as experience regarding this is rather contradictory.
- Delivery mechanism needs to be decentralised to ensure accountability in the implementation process of the SSNPs. Appropriate funds need to be allocated for this purpose to meet the administrative requirements, particularly in the extreme poverty pocket zones of the country.
- While designing poverty alleviation programmes for a certain region, factors such as seasonal variation, geographical features and local needs should be taken into account.
- For broad-based sustainable improvement in the poverty situation, investment in agriculture and technological advancement should be increased.
- Injustices arising from the social structure that are identified as the root causes of poverty, have to be addressed adequately. For this, poor's access to the value addition chain of their primary produces, and support to help them build productive assets ought to be seen as key policy interventions.
- Instead of allocating funds for SSNPs in a generalised manner, more targeted allocation will make these programmes more effective.

Suggested Recommendations

- Correct targeting, proper groundwork and adequate time for preparation are crucial for designing and implementation of the poverty-reducing programmes.
- A centralised database for SSNPs and their beneficiaries is essential to eliminate mistargeting, reduce overlapping of coverage, and maximise the utilisation of resources. This will enhance the efficacy of the implementation and monitoring process of these programmes.



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