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**POLICY BRIEF ON “POVERTY ERADICATION
AND EMPLOYMENT GENERATION”
CPD TASK FORCE REPORT**



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POVERTY ERADICATION AND EMPLOYMENT GENERATION

I. New Perspectives on Poverty

The Task Force Report of 1991 prepared during the first non-party caretaker government contained the germs of many ideas that influenced the policies and programs of poverty reduction undertaken over the last decade. The report rested on four pillars, namely, (a) pro-poor economic growth, (b) capability raising interventions in education, health and nutrition, (c) social safety net programs, and (d) developing institutional capability of the poor (see, Box 1). The first component emphasized those elements in the growth process which have maximum potential for reducing poverty such as irrigation, roads, electricity, flood control, microcredit, agricultural diversification and exports. The second component put greater reliance on direct provisioning of education, health, and nutrition. The third component gave emphasis on targeted employment, housing, and income transfer schemes. The fourth component emphasized the idea of building grassroots organizations of the poor and strengthening the “voice” of the local community to foster a demand-driven mechanism from below. The current Task Force Report advances further the ideas and options laid down in the 1991 Report to address the contemporary concerns relating to poverty. The present Report seeks to spell out an anti-poverty strategy for the medium-term, reflecting the priorities facing the country in the next five years. It advances the idea of graduating the policy agenda towards a “macro-perspective on poverty” as distinct from the prevalent micro-approach to poverty reduction through individual projects and programs.

The central idea that underlies the present report is captured by the concept of “*democratisation of the market-based economy*” where the distributional balance in the allocation of market and non-market resources is tilted in favour of the poor. What follows in the rest of the report is an attempt to elaborate the broad contours of this new approach, based on the principle of empowering the poor, by increasing their resource access via market and non-market channels.

The need for rethinking poverty and anti-poverty strategies stems from seven considerations. *First*, The rapid pace with which globalisation is progressing provides the broader context for rethinking poverty and anti-poverty strategies. Globalisation is unavoidable as it is already unfolding before our eyes. The debate is not between “globalisation” and “no globalisation”, but between globalisation which is friendly or inimical to the concerns of poor countries and deprived peoples and a process which further marginalizes the poor and accentuates global inequalities. While globalisation offers enormous potential for accelerating economic and social progress, its advantages can be reaped only if a country such as Bangladesh equips itself to face its challenges. Time is an important factor for Bangladesh: delay in ore preparation would make a large difference to the extent of the benefits we can derive as a nation from the process of globalisation. From the perspective of poverty reduction the central consideration would be to undertake policies and institutional actions for enhancing the competitive capacity of the poor to participate in the process of globalisation whilst reducing their vulnerability to its adverse effects.

Second, there has been a considerable evolution in thinking on poverty. The literature on poverty has progressed from its exclusive focus on lack of income in the seventies to lack of income plus lack of human development (education, health and nutrition) in the late eighties. By the end of the nineties the concept of poverty has expanded to include dimensions such as lack of security against risks, lack of empowerment and lack of participation. This re-defining of the poverty concept needs to be factored into the strategy for poverty eradication in Bangladesh.

Third, what has been singularly missing in the global development discourse is the need for *developing a macro-perspective on poverty reduction*, with active use of macro policy instruments to support the developmental needs of the poor. The macro policies traditionally aimed at influencing the formal sectors of the economy, while the poor remained largely locked into the informal sector bound by poor infrastructure, technology and skill levels as well as underdeveloped or disintegrated markets. It is important to visibilise the poor and restore their due place in the macro arena, so that the conventional macro instruments—fiscal, monetary, financial, external sector policies—can be used pro-actively to service their needs. Since it is the macro-policy regime which provides the dynamic of economic development it is the absence of such a macro perspective on poverty reduction which has disconnected poverty policies from development policies. This disconnect between poverty policies from development policies has been one of the major reasons for the slow pace of poverty reduction in the past, not just in Bangladesh but in most least developed countries.

Fourth, the consensus view on the overall policy and institutional context has also changed significantly over the past decade from *more governmentalisation* to *less governmentalisation* of poverty projects and programs. This can be judged from the growing recognition of the NGOs as alternative delivery agents, the increased role of market forces, greater emphasis on local governance, decentralisation and community participation as well as the rising importance of sub-regional, regional, and global factors in influencing the process of poverty reduction.

Fifth, given the past experience of government and market failures in the area of poverty policies there is a strategic need for fostering *social entrepreneurialism* along the entire spectrum of development interventions. There is a need for incorporating NGOs/CBOs into a permanent collaborative framework with government in all the relevant spheres of poverty and vulnerability reduction. NGOs/CBOs constitute an integral part of public social action function of the state, and as such, they need to be included, as far as possible, in the task of providing all public and social goods. Such a strategy is premised on ensuring accountability of the social entrepreneurs to the poor.

Sixth, the past experience shows that the faster pace of poverty reduction cannot be achieved (a) without the *agency role* of the poor with emphasis on restructuring available institutions or developing new institutions for promoting their collective empowerment, and (b) without making *development agencies accountable to the poor*. Thus, the new generation of policies for poverty eradication needs to prioritise pro-poor institutional reforms in each area of development intervention as well as develop organisations of the poor at the sectoral, sub-national, and national levels. This is needed not just for catalysing the active pressure group function of the poor themselves in the formulation of anti-poverty policies and their implementation, but also for increasing their aggregate claims on the distribution of overall benefits of economic growth and social progress.

Seventh, the well-being of the poor (defined multidimensionally) did not improve at an acceptable pace over the last two decades. Both quantitative and qualitative considerations point to this conclusion. Thus, judged purely in quantitative terms, the overall *income-poverty reduction rate* (defined in conventional fixed-bundle terms) has been quite modest, notwithstanding the plethora of anti-poverty programs and policies carried out by government and NGO agencies.¹ The comparable effects of these anti-poverty programs on the *non-income indicators of poverty* were appreciably higher during the same period. There is universal

¹ During the period between 1983/84 and 1995/96 the head-count index of poverty in rural areas, according to the consumption measure, declined from 53.8 to 51.1 per cent, i.e., registered an average annual decrease of 0.4 per cent per year. These data as well as the remaining statistics are taken from the *Fighting Human Poverty: Bangladesh Human Development Report 2000* prepared by BIDS.

recognition that the *quality of overall progress* recorded in respect of most of the non-income indicators of the poor has been rather weak. In some cases, such as immunisation and population control, there has been a worrying slippage. In some other aspects of non-income poverty, such as maternal health care and nutrition, as well as vulnerabilities to violence and corruption, the overall progress has been extremely dissatisfactory. The rather mixed developments on the poverty front provides a compelling case for re-considering the current official programmes for poverty reduction.

Eighth, Bangladesh is committed, on the basis of the SAARC Summit declaration made in Dhaka in 1993, to eradicate poverty by 2003. In practice neither Bangladesh nor any other SAARC country has honoured this public commitment made at the highest level of government. The GoB is also committed to the international development community to prepare a *Poverty Reduction Strategy Paper* (PRSP), through indigenous effort and public consultation, to guide its entire development strategy. Bangladesh is, therefore, internationally obligated to put in place a concensually designed and credible agenda for eradicating poverty.

The challenges before Bangladesh remain very much the same as they were perceived in the aftermath of Independence and as they are enshrined in our Constitution. However both the urgency as well as the magnitude of such challenges has changed, while various new problems have appeared, demanding additional actions. In order to design a credible strategy for meeting the contemporary challenges in poverty eradication six critical issues need to be addressed:

- To *support* the livelihood strategy of the poor
- To *accelerate* the rate of income-poverty reduction
- To *improve* the quality of human development
- To *democratize* development and make it more *equitable*
- To *strengthen* social capital
- To *achieve* sustained social and political peace

It is sensible to start from the given level of achievements, to consolidate what has been found to be time-tested, progressive, and replicable in our development experience. The past record of achieving higher social, human development and environmental outcomes, even at a lower level of national income, has to be recognised as an effective strategy for reducing vulnerability and protecting the realised gains, especially in the face of a rapidly changing local and global economic scenario. While all emphasis must be placed on accelerating the pace of economic growth and attendant modernisation, we must not abdicate the wider social goals and the philosophy of pro-poor public action in order to achieve such goals.

Box 1: Summary of the Recommendations of the Task Force Report 1991

Poverty Reduction: The Key Avenues

(A) Empowering the Poor through Education and Better Health

- Expansion of Primary School Facilities by the Year 1995
- Expansion of Secondary School Facilities by the Year 2000
- Expansion of Primary Health Care Facilities by the year 2000

(B) Redistribution of Assets and Providing Access to Capital

- The Declining Importance of Land Reform
- Expansion of Grameen Bank-type Branches at All-union Level
- Provisioning of Agricultural Credit for the Small Farmers
- Extension Services for Optimum Utilization of the Homestead Land
- Promoting Credit Against Land Mortgage for the Marginal and the Small Farmers
- Expansion of Landless-managed Irrigation Schemes

(C) Directly Targeted Employment Generation Schemes and Transfers

- Employment Guarantee Schemes for the Most Vulnerable Bottom 10 percent of the Upazilas
- Income Support for Destitute Female-headed Households
- Shelter for the Destitute
- Anti-poverty Programs for Women
- Installing a System for Regular Monitoring of Poverty

(D) Empowering the Poor and Local Community

- Developing Institutional Capability of the Poor: The Need for Developing a 'Gram Sangathan'

Financing of the Anti-Poverty Programs : Modalities and Options

- Food Aid as a Source of Counterpart Funds for the Anti-Poverty Programs
- Mobilizing Anti-poverty Funds through Intra-sectoral Readjustment
- Raising Matching Grants from the Locality
- Recovery of the Costs of Existing Public Sector Projects

II. Statistics of Hope

The past decade has been a time of hope and a time of despair. In this section we summarise the positive moments.

Fertility

- Impressive success has been achieved in the area of population control over the last two decades. Total fertility rate (TFR) has declined from 6.3 in 1975 to 4.3 in 1991, dropping further to 3.3 in 1997-99. Accordingly, population growth rate has come down from 2.9 per cent per annum in the mid-1970s to 1.5 per cent in the late-1990s. The remarkable feature of this decline in fertility and population growth was that it has been achieved in the context of low levels of income and low levels of literacy.

Infant and child mortality

- Mortality is often considered as the criterion for judging economic success and failure of nations. Infant and child mortality rates have declined substantially since the mid-eighties. Infant mortality rate (IMR) has gone down from 104.6 in 1985/89 to 92.8 in 1990/94, declining further to 66.3 in 1995/99. Similarly, under-five mortality has dropped from 151.5 to 94 during the same period.

Longevity

- Life expectancy at birth is an integral component of the *human development index* (HDI). Longevity has increased considerably in the nineties mainly as a result of the drop in infant and child mortality. Longevity hovered around 55/56 years in the 1980s, increased to 57.7 years in 1993 and to 60 years in 1999/00.

Child malnutrition

- The nutritional situation has improved considerably in the nineties. The rate of stunting among children under-five years, which was assessed at 70 percent in the mid-eighties, has sharply declined in recent years. It dropped from 54.6 per cent in 1996/97 to 44.8 per cent in 1999/2000. The percentage of underweight children has dropped from 56.3 per cent to 47.8 per cent during the same period.

Primary education

- Impressive progress has been achieved in expanding basic and elementary education in the nineties. The overall adult literacy rate, which was 29 per cent in 1981 and 39 per cent in 1991, crossed 60 per cent by 1999. The gender gap in basic education is closing over time. In 1974, the gender gap in adult literacy was 35 per cent; it declined to 26 per cent in 1999. Underlying the progress in basic education is the rapid expansion of school enrollments at the primary level. Thus, the gross enrollment in primary schools has increased from just 59 per cent in 1982 to 96 per cent in 1999. The level of net enrollment is, however, lower (75%).

Women's empowerment

- Women's empowerment can be captured through various indicators which represent their growing influence on the command over resources, voices and agencies. These indicators usually involve access to human capital (education, health, and nutrition), financial capital (credit), property rights over land and non-land assets, access to gainful

employment, greater voice in the decision-making at household level, increased political awareness and pronounced involvement in public affairs. While many obstacles still persist there is little doubt that some progress has been made in respect of each of these indicators. Bangladeshi women have overcome the negative social labeling of the West, of being trapped in *purdah* and severe destitution. They played a major role in some of the most commendable successes of the post-Independence period, ranging from microcredit to ready-made garments, expansion of elementary education, child health and nutrition. Recently women appear to have been politically conscientised to the point where, in the last general election in 1996, a much larger proportion of women exercised the right to vote which raised the proportion of those who voted to 75% in 1996.

Disaster coping capacity

- Although the rate of poverty still remains high, Bangladesh has been able to maintain a reasonable level of food security even in the face of an unanticipated natural disaster of the scale of the 1998 flood. Major risks of entitlement failure could be averted largely because of an effective combination of public action, NGO efforts, and community awareness. Committed public policy, with emphasis on targeted food distribution, followed up by post-flood rehabilitation support, played a major role in preventing entitlement failure. Private import of foodgrain—including the use of cross-border trade—played an important role in ensuring adequate market supply. Private trader's potential speculative behavior was moderated to the minimum by a credible policy that announced a large-scale import program. Development of roads and communication also indirectly helped in the market integration process, preventing local disruptions in supply. NGOs played an important role during the relief phase of the immediate post-flood months by helping in the distribution of food and other forms of assistance to the affected areas. Finally, a major effort by the government, to underwrite the enormous resilience of the farmers to expand crop-production in the post-flood, period led to a record *boro* crop, which ensured an unprecedented positive growth in agricultural output, even in a flood year. The successful handling of the 1998 crisis indirectly showed two related, but separate, aspects of progressive achievements, often glossed over by many observers. The first one relates to the increased crisis-coping capacity of the poor (the resilience factor). The second one relates to the enhanced governance capacity of the state when it comes to confronting a national calamity (the crisis management factor).

Social Safety Net Programs

- Greater attention is now paid to the problem of differentiation within the poor which cuts across all the major development initiatives such as microcredit, disaster-mitigation, agricultural extension, education and health services, supply of inputs, local public goods access, etc. A number of welfare-enhancing programs, designed mainly for the extreme poor, are now in place, ranging from VGF, FFW, housing for the shelterless, grant for female destitutes and among old-age population. These programs, considered together, have possibly led to some easing of distress, while some programs, such as VGD and FFW, indicate that they have been fairly successful in mitigating such (seasonal) distress.

Human Development Index

- The *Human development index* (HDI) is an integral measure of the country's progress in respect of national income per capita, literacy (education) and health (longevity). Bangladesh's HDI value has increased from just 0.234 in 1980 to 0.309 and 0.368 in 1992 and 1994, thereby sharply rising to 0.426 in 1995/97. The most recent HDI measure for

Bangladesh in 1998/99 comes to 0.485.² Although the level of “human underdevelopment” is still very high in Bangladesh, the level is declining at a quite impressive rate.

Human Poverty Index

- The *Human poverty index* (HPI) relates to HDI much the same way that economic growth relates to income-poverty. As the aggregate deprivational measure, HPI shows considerable progress in the nineties. The incidence of human poverty has declined from 61.3 per cent in 1981-83 to 47.2 per cent in 1993-94 and 41.6 per cent in 1995-97, declining further to 34.8 per cent in 1998/00. A comparison for the period mapping the early eighties and mid-nineties for which matched data are available for both the human poverty index and income-poverty shows that the progress was faster for human poverty than it was for income-poverty.

III. What do we learn from the “Success” Stories?

Reviewing these success stories some general patterns emerge. *First*, for a long time Bangladesh was seen as a case of stagnant development. It was labeled in donor-circles as the “test case of development”. Its success in the areas mentioned above provided yet another confirmation that *impressive social gains can be achieved through social/public action, even at a low levels of income*, which can then contribute to higher economic growth and yet higher levels of social progress. *Second*, these successes cannot be claimed to be the exclusive privilege of any particular stakeholder--state, market, NGO or private sector. They were achieved through the combined—often loosely integrated--efforts of many actors, government and non-government institutions as well as through an evolutionary process of social diffusion involving market, media, local community, formal and informal private sectors. Ultimately it is the creative capacity of the poor that made the difference, manifested in the way they responded pro-actively to the policies, programs and incentives that were made available to them. *Third*, these successes cannot be apportioned to successive political regimes. Continuity played an important role in the overall success: this applies to all areas whether it pertains to fertility, mortality, malnutrition, or disaster management.

IV. Anti-Poverty: Questions and Concerns

Notwithstanding some notable successes registered in the broad area of development there are hardly any grounds for complacency. A large gap in social and economic indicators still persisting between the group of LDCs and the rest of the developing world, between the North and the South, between the rich and the poor within each social and institutional context. From this angle our goal is to consolidate and build on the past record of success, replicate them for all groups of the poor, be open to innovative and fresh approaches and ideas that are emerging from within Bangladesh as well as from global development experiences. It is also important to take lessons from past mistakes and avoid becoming captives of conservative thinking, with the resilience to respond to innovative ideas and to replicate success stories.

² Global *Human Development Report* (HDR) published by UNDP still uses numbers relating to early nineties for constructing HDI for Bangladesh. As a result, the achievements of Bangladesh in social sectors recorded during the nineties have not been adequately reflected in global HDRs of recent years. The same applies to the 2000 HDR published this year. In view of this it is not difficult to explain the rather unexpected result of the 2000 HDR regarding Bangladesh’s position on account of HDI ranking being worse than in Nepal!

In this section we list the current concerns in each of the major areas demanding address for sustaining poverty reduction and human development.

Concerns in Income-Poverty Reduction: The Issue of the Macro-Micro Mismatch

Key Questions: Why has the rate of income-poverty reduction at the macro-level remained quite modest over the last two decades despite the plethora of anti-poverty programs at the micro-level? How to overcome this micro-macro mismatch in poverty reduction strategies? Can higher levels of national human development be achieved in the future without faster reduction in income-poverty?

- The very slow progress in income-poverty reduction since the early eighties stands out as one of the most challenging features of Bangladesh's development. While the per capita income growth accelerated during the nineties it did not result in a significant dent in the levels of poverty.
- The key factor underlying the slow progress in income-poverty is linked with the sharply rising trend in economic (and not just income) inequality. *Without addressing the issue of economic inequality in Bangladesh society, the goal of faster poverty reduction cannot be achieved.*
- There is a need for developing a *macro-perspective* on poverty reduction. Most of the conventional macro policies are geared to serve the formal/organised sectors of the economy. It is important to use the instruments of macro policy for supporting the livelihood strategy of the poor, not just indirectly, as in the case of moderate inflation and maintaining macro-stability. Macro-policy instruments need to be used in a pro-active manner. Poverty reduction needs to be made the primary objective of the entire range of macro policies involving the fiscal, monetary and external sectors. In the absence of such a re-orientation in the macro policy framework, the poor would be trapped in the informal sector, ghettoized in the micro-economy of traditional microcredit, locked in "poor markets" where both producers and consumers happen to be poor. This is not to undermine the potentials of the informal and microcredit sectors. But, simply expanding these activities without any upscaling and integration with the larger macro policy would not produce a desired acceleration in the poverty reduction rate.

Concerns in Human Development: Education, Health, and Nutrition

Key questions: How to improve the quality of "human development" and hence, the quality of "human poverty reduction"? How to reduce the social and regional imbalances in human development, between the extreme poor and moderate poor, between the poor and the non-poor, between advanced and backward areas in both the rural and urban sectors?

Education

- The aggregate performance assessed on account of HDI or HPI is a quantitative measure and hence, says very little about the quality of the indicators that enter into such an index. Thus, success in expanding literacy or enrolment at the primary level does not convey the *alarming message of general deterioration in the quality of primary, secondary and higher secondary education* in the country. Achievement tests show that only 8th graders attain the level of knowledge that is supposed to be acquired by the 5th graders. The remedies in improving the quality lies in allocating more resources to the education budget needed for improving the school structure, library and lab facility, salary of the teachers, more teachers, more classrooms, construction of new schools, etc. This is over and above the general issue of improving local level school governance.

- *The deteriorating quality of education is not just an issue of poor human capital, but also needs to be reckoned with as a growing social problem.* The recent dismally poor graduation-rate (around 50%) in the secondary and higher secondary certificate examination also remains a pointer to the very poor quality of schooling. At the moment there is little scope in the system for upward mobility, via technical and vocational education, for those who fail at the SSC and HSC level. This remain an ailing sub-sector within national education because of years of neglect and lack of calibration to the needs of the market. The poor graduation rate at the SSC and HSC has significant social implications in terms of unemployment, a rising crime rate, and violence among the youth, especially in the age group of 16-25 years.
- *Unequal access to education has become an increasingly important source of income inequality.* Access to education is now considered as important as the access to land in rural areas. The pre-existing “education divide” between the rich and the poor has been further aggravated by the lack of a uniform system of primary and secondary education in the country. Lack of uniformity in the study curricula and methods of teaching, as observed between the English-medium and Bengali-medium schools, is striking and serves as an increasingly important source of accentuating *social dualism* in the coming decades.
- Unequal access to education would also act as a *serious impediment for the children of the poor families to take advantages of globalisation.*

Health and Nutrition

- Bangladesh ranks very high in the World Table on maternal mortality with estimates varying from 4.8 to 4.4. A major factor contributing to such a high rate of maternal mortality in Bangladesh is the prevalence of childbirth at home, largely outside the purview of the formal system of health care, with very little assistance even from the trained birth assistants (TBAs). The poor health care for mothers also leads to a very high incidence of low birth-weight babies in Bangladesh (exceeding over 50%).
- Underutilisation of the government facilities at the *Union* and *Thana* levels, with lack of a referral system, compounded by the problem of doctor’s absenteeism, remains to date, a major hindrance to the improvement of curative health care for the poor. There has also been a reported slippage in preventive health care as well. The rate of immunization in recent years has dropped in some areas, leading to partial vaccination, undercoverage, and deteriorating efficiency of the implementation of agencies.
- A more disturbing tendency is the stagnation (at around 3.3) in the estimated fertility rate over the last three Demographic and Health Surveys. Although the contraceptive prevalence rate is increasing it is not accompanied by a commensurate drop in fertility.
- Although the gender gap in mortality has come down, it is still persisting, as reflected in the persistence of higher male life expectancy over female life expectancy (59.1 vs. 58.6 years in 1996), although women have a natural biological propensity to live (about five years) longer than men do.
- Special attention needs to be given to reproductive health concerns since they constitute an important cause of illnesses amongst women of reproductive ages. These concerns account for 18 per cent of acute illnesses among women, 24 per cent of their repeat illnesses, and as high as 35 per cent of the major illnesses.
- The burden of morbidity and coping costs with ill-health falls disproportionately on the

poor and particularly the poorest. The children of the poorest income groups carry twice the magnitude of mortality risk than those belonging to households in the top income bracket. The access of the poorest of the poor to health care services remains a critical issue of health care reforms.

- The deteriorating quality of the performance of the ailing health sector is a source of major concern, with a very high degree of client dissatisfaction, poor output, and rising costs.
- *Government response to major public health problems such as arsenic contamination and dengue has been deeply unsatisfactory.* The growing menace of arsenic affecting potentially about a third of the country (especially in the North-Western and South-Western regions) has effectively eroded the basis of past claims of success in the area of “safe drinking water”. Much of the ground water extracted through tubewells in arsenic-affected districts needs to be regarded as “unsafe”. As yet there has not been any concrete steps undertaken by the government to provide support for the treatment of those who have already become the victims of arsenic contamination. The current focus of public policy targets the “treating of tubewells” rather than “treating people”, in the arsenic-contaminated areas.
- Bangladesh is characterized by a very high incidence of low birth-weight babies (about 50%). This is mainly due to the poor nutritional care of mothers, an area much in need of improvement. The high incidence of low birth-weight babies is an important determinant of child malnutrition, especially during the first two years of their life. As a result, the incidence of malnourished children still remains very high, notwithstanding some signs of progress in the nineties.
- A sizeable gender gap persists in the area of nutritional status, reflective of considerable gender-based intra-household inequality in health care and nutritional support, which needs to be addressed socially and via appropriate empowerment supporting policies, strengthening the status of women.

Concerns in Regional Imbalances in Poverty

Key Questions: Although Bangladesh is claimed to be a reasonably “homogeneous country” there are striking regional differences in income and non-income dimensions of poverty. To what extent are the stark regional imbalances the results of public policy? To what extent are they derivative of underlying ecological and cultural factors? How to increase the “regional” focus of anti-poverty policies?

- The rather modest progress in poverty removal was not uniform throughout the country. Within urban areas, the poverty rate is higher in non-metropolitan municipality areas compared with metropolitan areas. Within the rural areas, the most prominent differentiating factor appears to be associated with ecological vulnerability.
- The superior levels of the social indicators, on average, for over the rural urban areas, conceals significant variations in poverty status. In many non-income respects, the situation of the urban poor may be worse than their rural counterparts. This is because there is a visible lack of social sector (including safety net) programs targeted to the urban poor and the poorest. For instance, many of the targeted education and health programs are in operation in the rural areas but remain largely absent in the urban areas.
- Human development tends to be specially lagging behind in infrastructurally poor areas. There is a persistent gap between infrastructurally advanced and backward areas, within both the rural and urban sectors. Of particular importance is the gap observed between the

metropolitan and non-metropolitan (municipality) areas, as well as between large and small towns. Policies and incentive structures should be put in place to encourage decentralized urbanization and for empowering local government, backed by adequate investments in the social and physical infrastructures of smaller agglomerations.

Concerns over Social Safety Net Measures

Key Questions: A variety of small, medium and large-scale social safety net programs are currently in operation under GO and NGO programs. They range from shelter for the homeless, food-assisted employment via VGD and RD, pensions for the elderly and female destitute population, food-for-education and targeted stipend programs, national nutrition programs (NNP), IG-VGD and other hardcore poor oriented programs. Are these programs reaching the poorest of the poor? Are they targeted to the poor areas? Should we replicate these programs nationally? Are there any hard trade-offs between the growing claims of safety nets vs. pro-poor growth and human development concerns?

- Many of the social safety net programs undertaken during the recent decade have not been assessed as to their intrinsic worth. Such assessments are necessary before deciding on their replication or abandonment.
- Hardcore poor are also Hard-to-reach poor. Available assessments of IG-VGD and FFE shows the exclusion of the “untrainable” and “unreachable”. The low coverage of the hardcore poor, both regionally and socially, under these programs suggests that targeting is a major issue.
- Social safety net programs are allocated limited funds and are often undertaken in an ad-hoc manner without coherent planning.

Concerns relating to Violence: Relevance of Social Peace for Faster Poverty Reduction

Key Questions: Growing violence in the nineties in the backdrop of a democratic transition as well as improved economic growth and higher human development, remains a puzzling question. Why has Bangladesh become an increasingly violent and intolerant society in the backdrop of democracy and modernisation? What are the principal factors behind growing social violence—criminalisation of politics and corruption? How far is the rise to the numbers of educated unemployed, or some other factors relating to social discontent and its pathologies during this tendency? Whatever the causes of violence the outcomes have adverse implications for poverty reduction.

- Initially, statistics on rising violence were thought to be an outcome of a reporting bias. As many of these episodes were in the nature of domestic violence, inflicted on women and children, they previously tended to be underreported in the press and the media, especially in the context of low “voice” and “empowerment” of women. The decade of the nineties witnessed considerable improvement in the “voice” and human rights dimension, thanks to the efforts of human rights and social activists, NGOs and the changing attitude of the media itself. As a result, the reporting of such episodes has significantly increased. This claim is only partially true, as there has been a tremendous escalation of violence even if the recorded episodes are set against a benchmark as recent as 1994. The type of violence is also no less worrying than the aggregate magnitude.³

³ The statistics on this score mapping the change over 1994-99 are telling. The number of dacoities has increased from 834 in 1994 to 1018 in 1999, robbery from 1118 to 1959, murder from 2567 to 3710, common theft from 13590 to 15246. The highest quantum jump has been registered in case of violence against women whereby the matched figure has increased from 1705 to 8710 over the same period. It is quite possible that there has been a tendency of underreporting in the earlier years, which may explain part of the dramatic rise in the reported cases of violence against women. However, even controlling for that, a substantial part of it is in the nature of net addition.

- Violence against women has particularly increased in recent years, directly affecting the freedom and human rights of women in general and poor women in particular who are more subject to such oppression. A more disturbing feature emerges when types of violence against women are considered. The number of rape cases increased from 499 to 3504, acid-throwing from 65 to 122, serious physical assaults from 153 to 239, and “other assaults” from 1206 to 4845 over 1994-99. The overwhelming share of rape as the dominant form of assault against women is amply borne out by these numbers.

Concerns relating to Institutionalisation of Poverty Concerns: The Need for a Focal Point within Government

Key Questions: Should there be a focal point within the Government for monitoring poverty and for coordinating anti-poverty policies? Why did past efforts to create such a focal point within the administration not succeed? What can civil society do to act as a pressure mechanism from outside as well as provide an alternative check on monitoring poverty and anti-poverty policies? How to reduce the risks of "politicisation" of poverty and macro statistics in future?

- There has been an increasing tendency for *politicisation of statistics* in the nineties. This relates to information on poverty and inequality trends, growth rates, inflation, illegal trade, corruption, violence, foreign investment, etc. The quality of government statistics is also not uniform across the surveys, as in the case of the poor quality of the *Poverty Monitoring Survey* (PMS) as opposed to the *Household Expenditure Survey* (HES).
- A plethora of anti-poverty programmes are being implemented by the government (or in active collaboration with NGOs). However, the institutional absence of poverty monitoring mechanisms as well as for coordinating various anti-poverty policies within the government is particularly striking. This lack of information and coordination has encouraged duplication of effort, wastage of resources, high transaction costs, poor accountability and corruption, leading to weaker outcomes from the anti-poverty programmes than might have been possible with better governance.

Box 2: Major Goals and Policy Targets for the Medium-Term Action Plan

Goals

Goal 1: To reduce the incidence of national *extreme* poverty by half and eradicate its presence completely by 2010 (from the estimated current level of 20 per cent)

Goal 2: To reduce the incidence of overall national poverty by half by 2010 to 20% and reduce further to 10% by 2015 (from the estimated current level of 40 per cent)

Goal 3: To increase the level of aggregate human development to the level of countries with medium HDI ranking (from the current estimated level of 0.4853)

Goal 4: To reduce the level of aggregate human poverty by half by 2010 and reduce it to 15% and further to 10% by 2015 (from the current level of 34.8).

Targets

Education

- To attain a literacy rate of 70 per cent by 2002, and 100 per cent by 2007.
- To bring all children of the age group, 6-10 years, under the formal primary education system.
- To close the remaining gender gap in primary and secondary education, and promote participation of women in every sphere of education.
- To expand vocational, technical, specialized and professional education and training facilities.

Health

- To bring down the level of infant mortality below 35 deaths per 1000 livebirths by 2005 and to 20 deaths by 2010.
- To reduce maternal mortality to a level of 2.4 per 1000 livebirths by 2005 and to 1.4 by 2010.
- To increase life expectancy at birth to 65 years by 2005 and 70 years by 2010.
- To achieve the demographic goal of net replacement rate (NRR-1) by the year 2005.

Nutrition

- To eradicate acute malnutrition (percentage below -3 SD) among pregnant and lactating mothers and among children under 2 years of age by 2005.
- To reduce the "percentage of underweight" to 35 per cent by 2005, and to 25 per cent by 2010 (from the current level of 48 per cent).

Regional Imbalances

- To remove rural-urban disparity in primary and secondary enrollments, basic health indicators such as infant and child mortality, life expectancy at birth, access to safe drinking, and sanitation by 2005.
- To reduce the regional dispersions in these indicators by prioritizing physical and human investments to the poor areas, with special focus on environmentally fragile areas (char and haor areas, river-erosion areas, drought-and flood-prone settings, areas located in hill-tracts and inhabited by marginalized communities and ethnicities). To this at least 30 per cent of the resources must be earmarked for the development of these areas.

V. Major Thrust Areas for the Medium-Term Action Plan

Since poverty is multidimensional in nature, the strategy of its eradication must involve multiple routes and multiple institutional actors. This key objective can be expressed in terms of broad goals and sector targets (see Box 2). In this section an attempt has been made to highlight the major thrust areas and initiatives that are needed to achieve these goals and targets. Annex 1 provide a checklist of policy suggestions. In this section we highlight the major recommendations set for the medium-term. These recommendations revolve around the central idea of “*democratisation of the market-based economy*”. This idea has two basic ingredients. *First*, given the widespread government and market failures in the areas of pro-poor interventions there is a strategic need for incorporating NGOs/CBOs into a permanent collaborative framework with government in all the relevant spheres of poverty and vulnerability reduction. NGOs/CBOs constitute an integral part of the public social action function of the state, and as such, they need to be included, as far as possible, in the task of providing all public and social goods. *Second*, a faster pace of poverty reduction cannot be achieved without the agency role of the poor. There is a strong need to support the organisations of the poor at the sectoral, sub-national, and national levels so that they can act as active pressure groups in anti-poverty policy formulation and the implementation process. Finding suitable ways for catalysing the pressure group function of the poor poses the most important institutional challenge.

Macro-Perspective on Poverty Reduction

- Poverty can be reduced in different ways. This is because poverty is caused by many factors. Despite the diverse nature of the causes of poverty, one can group them into some broad policy-relevant categories. Poverty can be influenced via six channels, namely, macro-stability, growth projects, human development, microcredit-based self-employment, income transfer programs (often known as "safety nets"), and social mobilization (empowerment at the gender, income category, and institutional levels). Identification of the channels of intervention is a necessary but not sufficient condition for faster poverty reduction.
- Development of a *macro perspective on poverty reduction* is crucial to achieving the target of eradicating poverty in the shortest possible time. To this end policy interventions are needed at the macro-level (for details of the measure see, Box 3). These may include:
 - (i). Expanding the ownership and control of the poor over productive assets
 - (ii). Enhancing their access to a knowledge-based society (including access to information technology)
 - (iii). Strengthening the capacity of the poor to compete in the market place
 - (iv). Redesigning budgetary policy to reach public resources to the poor
 - (v). Restructuring monetary policy to deliver credit and design savings instruments for the poor
 - (vi). Building institutions for empowering the poor to participate in the market

Creating Environment for Encouraging Social Entrepreneurialism

- The category of “social entrepreneurs” can include a range of actors—including NGOs/CBOs, corporate bodies and trusts for social charity as well as philanthropic initiatives, individuals. This will also include a socially motivated class of managers specialising in serving the organisations of the poor that have dared to venture into the market place. From this perspective the Task Force recommends that given the past experience of widespread government and market failures in channeling resources to the

poor there is a strategic need for encouraging *social entrepreneurialism* along the entire spectrum of development interventions for poverty reduction.

- NGOs/CBOs should be allowed to work in all the relevant spheres of poverty and vulnerability reduction, i.e., not just limited to the traditional roles of delivery agents in the sphere of microcredit and safety nets. The main focus of their expanded function would be to channel more resources to the poor, empower the poor, and link the poor with the broader macro-economy by taking them out of the ghetto of the micro-economy.
- A strategy for fostering social entrepreneurialism is premised on increased accountability of the social entrepreneurs to the poor. The Task Force Report would like to emphasize the strategic need for making *development agencies accountable to the poor*. All pro-poor agencies, including large and small NGOs/ CBOs, must be accountable to the poor much the same way as corporate bodies are accountable to their shareholders. An appropriate legal framework must be put in place so that NGOs/CBOs can be corporatised and made directly accountable to their members.
- Creating a favourable legal/institutional framework for encouraging social entrepreneurialism should not be at the expense of other players. The proposed framework will take into account the issue of a level playing field with the private sector. Growth of social enterprises—activities undertaken by social entrepreneurs—would generate healthy competition while reducing the scope for *anti-social entrepreneurs* (those who derive their private economic power from illegal sources of income).
- Social entrepreneurs will ensure that the savings of the poor be invested in profitable ventures/activities. Social enterprises will be run on a for-profit basis as any other commercial enterprises but its profits would be re-cycled into activities that benefit the poor. Thus, profits of these enterprises may be re-cycled into social development activities (such as education and health) where foreign aid may dry up in the future as well as expanding their areas of commercial activity.
- These entrepreneurs need to be supported by macro-policy instruments as well as special funding arrangements. The idea of a *Social Development Foundation (SDF)*—modeled on the idea of PKSF-- to support social entrepreneurs needs to be actively supported.
- If NGOs convert into for-profit corporate bodies they may not be eligible for donor's grants that are currently coming for financing social development activities. Hence, allowance should be made for NGOs to have two separate wings, one functioning as for-profit corporate enterprises, and the other as not-for-profit corporate bodies.

Developing the Institutional Capability of the Poor

- Unleashing the potential of social entrepreneurialism is an important avenue for empowering the poor since this is a force which will act on behalf of the poor. However, for ensuring a greater agency role for the poor, there is a need for building institutions for the poor at the sectoral, sub-national, and national levels with emphasis on developing new institutional modalities for institutionalising their collective empowerment. This is needed not just for catalysing the active pressure group functions of the poor but for also increasing their aggregate claims on the distribution of the overall benefits of economic growth and social progress. To this end one needs to support *market based institutions for the poor*. Investment in institutions, whether sponsored by NGOs or representing collective action by the poor, in the form of marketing cooperatives, or corporate bodies of the poor, thus, remain crucial interventions.

Removing Legal and Institutional Barriers for Higher Economic Empowerment of the Poor

- The key to the success of the idea of social entrepreneurialism and institutions for the poor lies in enacting the necessary legal and institutional reforms. A range of appropriate legal and institutional interventions needs to be designed to remove barriers for putting these ideas into practice. To this end, legal provisions need to be made so that NGOs/CBOs can function as corporate entities with shareholder participation by the poor and ensuring their accountability to the poor. Legal provisions also need to be made to allow NGOs to function in the market as well as compete with private enterprises as social entrepreneurs. The hallmark of these social enterprises would be (a) the poor will be equity owners, (b) the management of the enterprises will be run commercially, and (c) profits will be used for anti-poverty and social development purposes. The current legal framework regulating the NGOs/CBOs does not allow these possibilities (see, Box 4) and hence, a change in the rules and procedures governing NGOs is an essential precondition for operationalising the ideas laid out in the “macro-perspectives on poverty reduction”.
- The current allowance for tax-breaks for philanthropic activities in Bangladesh is very limited and far less in both magnitude and coverage compared to the fiscal incentives on offer in the developed countries. Tax-breaks for encouraging philanthropic activities need to be expanded. Non-resident Bangladeshis need to be encouraged to come forward for the cause of poverty reduction. Social entrepreneurs can, thereby, move to mobilise funds from expatriate Bangladeshis invest in anti-poverty entrepreneurial activities.
- An appropriate legal and institutional framework needs to be put in place for removing all legal barriers to creating market institutions for the poor including marketing cooperatives with sub-contracting links to the private corporate sector.

Access to Assets

- The standard argument is that distributive land reform is not feasible in the context of Bangladesh because of limited availability of cultivated land per capita. While this may well be true in the aggregate sense, there is considerable scope for physical asset reform even now. Indeed, the argument of limited availability of land per capita has served to de-emphasise the need for taking a second-look at the question by reviewing the current pattern of operational use of the entire *khas* resources (such as agricultural land, ponds, forests) held under government ownership. While precise estimates are difficult to come by—there is significant informational rents associated with such statistics—it is widely held that the amount of actual *khas* lands and ponds is much higher than what is reported by official statistics. These *khas* resources are used inequitably, often inefficiently and mostly illegitimately. The present Task Force, therefore, recommends the distribution of all *khas* lands and ponds to the poor and the poorest on a priority basis by evicting their illegal owners both in the rural and urban areas.
- Apart from the access to physical assets, it is important to provide the poor with access to corporate assets. The following institutional measures may be considered;
 - (a) Setting up “corporations of the poor” where the equity is entirely owned by the poor.
 - (b) Setting up “mutual funds” owned by the poor that can mobilize and invest the savings of the poor people to buy corporate assets, by acquisition state in corporate enterprises.

(c) Opportunities for democratising ownership of corporate wealth can also be extended to workers, to own shares in the enterprises where they work. For example, workers in the ready-made garment industry may be funded to acquire an equity stake in the respective factories where they work. This step would be beneficial even from the perspective of maintaining wage competitiveness in the face of fierce competition in the global export market for textiles, especially after the withdrawal of MFA. This would reencourage to such enterprises, where workers have an equity stake be more sensitive to concerns over labour standards. Developed countries can be requested to provide special incentives to those Bangladeshi exporters who would give their workers such an equity stake since the issue of market access could be linked with their proclaimed commitment to poverty reduction. The same principle of equitisation of a stake for workers and groups of the poor can be extended to the entire range of export products and services.

Fostering Human Development

- Concerted efforts are needed in all three important areas of human development, namely, health, nutrition, and education (as discussed in more detail below). More attentions needs to be given to aspects of misgovernance as well as to issues of quality and equity in provision of social services.
- A faster reduction in human poverty would require an accelerated pace of income-poverty reduction as well (see discussion below).

Box 3: Policy Interventions from the Macro-Perspectives on Poverty Reduction:Some Selected Examples

Restructuring Monetary Policy as a case study

-Allowing MFIs, of the maturity of Grameen Bank, *to graduate into the macro-finance system* by accessing the deposits of the public in the rural as well as the urban areas.

-*Restructuring financial services to serve the poor.* Commercial banks have to adjust their perspective as well as portfolios to the market opportunities provided by the poor.

-*Mutual funds for the poor.* The monetary system needs to design special financial instruments to attract the micro-savings of the poor into the corporate sector, particularly where it can be structured to serve the poor. Mutual fund managers can invest the savings of the poor into buying stocks, thus facilitating the new role of the poor as equity partners in the business concerns of modern sector.

- Commercial banks should become more active in channeling urban savings into the rural areas, particularly to social enterprises or organizations of the poor.

-*Create the possibilities for the poor to own corporate assets.* Monetary and fiscal policy can provide incentives to encourage the corporatisation of private wealth along with the reservation of space for equity ownership of this wealth by the poor. Apart from the mutual fund instrument, this will require conversion of private limited companies into public limited companies.

Strengthening the Market Power of the Poor

-*Support market based institutions for the poor.* Investment in institutions, whether sponsored by NGOs or representing collective action by the poor, in the form of marketing cooperatives, or corporate bodies of the poor, remain crucial interventions. MFIs should support the growth of these organisations.

-*Link the poor producers with rich markets via sub-contracting linkages with social entrepreneurs.* The pioneering role of Amul Dairy in India and BRAC in Bangladesh provide examples of how the poor can share value addition to their primary product, milk through selling pasteurized milk or cheese in the metropolitan market. Organizations such as Aarong Dairy should be equilised by offering ownership to the original livestock owners whose milk they purchase who can thereby share in the profile of value addition. Grameen Bank's initiative to support rural handloom weavers to upgrade their product to provide Grameencheck fabrics, as inputs to Bangladesh's leading export industry of readymade garments, provides another example of adding value to the labour of the poor. The next step would be to finance the acquisition of an equity stake by the handloom weavers in the spinning mills selling them yarn and in the RMG enterprises which buy their finish product.

- Given the increasing recognition of the rights-based approach for accelerating poverty reduction, greater attention needs to be paid to issues of women's empowerment, personal security, human rights, "voice" of the poor and the marginalized as active agents of development.

Ensuring Universal Primary and Secondary Education

- The focus on non-formal education needs to be pursued vigorously. Currently, it is implemented through three delivery modes: (a) center-based NGO programs, (b) district/*upazila* based *Total Literacy Movement* (TLM) and (c) centers run by voluntary organizations. Government should support these programs in order to sustain and improve basic literacy skills acquired by male and female neo-literates.
- The further expansion of Food-for-Education programs needs to be linked with the issue of capacity building (both hardware and software). More schools are necessary in the backward areas where poverty is concentrated.
- The current practice of distributing FFE wheat through dealers needs to be abolished because of widespread corruption and leakage.
- The idea of FFE needs to be combined with the *School Feeding Program*. FFE has been successful in reaching out to the poor, but its nutritional impact on the children has been found to be minimal. The *School Feeding Program*, providing early snacks in the morning, can be better used to improve the nutritional status of the children as well as enhance the cognitive ability of the children.
- Given the fast expansion of primary education, the demand for secondary education is expected to increase at a rapid pace in the near future. This should be taken into consideration in making sub-sector allocations within the broad education sector.
- Policies and institutional measures need to be undertaken for *reducing the quality gap* contributing to the widening of the "education divide" between the rich and the poor. These involve a multidimensional action program involving the provisions of uniform study curricula at the primary and secondary levels, increased teacher-student contact hours, lowering the size of the student-classroom ratio, ensuring supply of trained Science, Mathematics, and English language teachers, periodic teachers training and quality inspection, adequate lab facilities, playground and extra-curricular activities, accountability to the local community and to parents. For better incentives to the teachers, the salary of the teachers should be increased, with possible matching funds from the community.
- Adequate scholarships for the meritorious students coming from the poor families, covering tuition and hostel fees with scope for on-campus work, may be given to encourage their entry at the level of higher (University) education.
- Private donations, especially by the Bangladeshis living abroad, to construct quality schools and colleges at the village level may be encouraged by simplifying the procedure for setting up of such schools, particularly in the ancestral villages of the *Probashis*.

Improving Health

- The concept of "pro-poor health care" is vaguely defined in the national health policy as well as in the HPSP. Without ensuring that, adequate health care services reach the poor, the goal of "Health for All" by the year 2004, will not be realised. The provisioning of the

Essential Service Package (ESP) is a step in the right direction, but the poor's health concerns go beyond just the current package of ESP. The poor suffer from both communicable and non-communicable diseases, with the rise in the proportion of the latter in recent years. The scope and coverage of ESP needs to be increased to include not only the reproductive health care and child health care components (which is the present emphasis), but also curative health services for the poorest and the most vulnerable.

- Given the rising importance of non-communicable diseases for the poor (such as road injuries, violence, diabetic, and heart attack) future health strategies need to give due attention to addressing these problems.
- Government has a primary responsibility in addressing major public health problems facing the country. At the moment there is no special cell within the health ministry dealing with the growing menace of arsenic-contamination, dengue fever, re-appearance of malaria, and TB. These problems need to be prioritised in the entire gamut of activities of the government in the health sector. Government can play the lead role in addressing the major public health problems while the other health issues such as routine curative and preventive care can be addressed jointly by both state and non-state providers.
- Health education, BCC, women's empowerment, development of health insurance schemes are some of the important avenues for influencing health outcomes apart from the traditional health sector based interventions.
- A greater utilisation of the existing *Union Health and Family Planning Centres (UHFPC)* and *THCs* is the most urgent imperative. *Every union should have a functioning UHFPC* and every *thana* an effective *THC* for greater impact on curative health of the rural population. To this end every effort should be made to set up such centres for each *Union* in the country.
- There is a need for *re-inventing the idea of the Community Health Clinic (CHC)* at the village level. While this needs to be seen as a step in the right direction for at least two reasons, such an ambitious plan cannot be achieved through government initiative alone. First, government resources are limited for financing all the CHCs (each CHC costs about Taka 3 lakh excluding the value of land which is usually donated by the local community). There is a need for involving NGOs and the local community as potential sources of finance in order to ensure the successful implementation of the CHC program across the country. Thus, about half of the CHCs can be built with the financial support of the NGOs, while the rest can be the responsibility of the government. *Second*, experience shows that without active involvement of NGOs in defining the "community" via group/social mobilization, the CHCs run the risks of being a largely inoperative idea. Thus, both as a source of alternative finance and as a mobilising agent, NGOs must play a key role in the implementation of the CHC program.
- The government health sector alone cannot make the difference. Training and mainstreaming of non-government (formal and informal) health providers, within an appropriate regulatory framework, are an absolute necessity for effective coverage for both preventive and curative care. NGOs/CBOs can be encouraged to be actively involved in providing community-level primary health services while *THCs* can provide higher-order curative and emergency services.
- Emphasis should be given to the adequate supply of mid-level health workers (such as paramedics and nurses) to increase the access of the poor to public health services.

- Given the intersectoral impact on health outcomes, improvement in health status would be increasingly dependent on possible health consequences of development projects in the non-health sectors. Health concerns need to be built into the design and implementation of non-health projects and programs, ranging from manufacturing to transportation, housing to agriculture.
- There is an urgent need for setting up the basic primary health infrastructure (with a provision for referrals) in the urban areas especially designed to cater to the services of the urban poor.
- Awareness about the possible adverse consequences of arsenicosis is still low, while the current technology for treating arsenic contaminated tubewells is both costly and unsustainable. There is a serious need for rethinking the past strategy of ground water use for safe drinking purposes with possible emphasis on surface water use (and the procedures for its easy purification), retention of rain water, repair of wells, etc. Existing tubewells should be periodically checked for possible contamination and de-contaminated with the active involvement of NGOs and the local community. Such a role on the part of the local community and NGOs is absolutely critical in confronting the threats of the dengue fever, malaria, and tuberculosis.
- An active research program on arsenicosis and dengue fever needs to be supported by the government.
- A health compact between consumers of health services and civil rights activists needs to be developed to combat the harm caused by the health providers, particularly to the poor through malpractices, inadequate attention to patients, inadequate care, etc.

Box 4: Legal Barriers to Building “Corporations of the Poor People”

The NGOs/CBOs cannot be converted into corporate bodies with the poor transformed into equity holders without substantial change in the existing legal and institutional framework.

Under existing laws NGOs/ civil society organisations are registered under the following Acts:

- (i) Voluntary Societies Act (Ministry of Social Welfare)
- (ii) Societies Registration Act (Registrar of Joint Stock Companies)
- (iii) Trust Act (Ministry of Law)
- (iv) Foreign Donation Act (NGO Bureau)

Under these acts, the concept of shareholders, share sales, and ownership of shareholders cannot be incorporated. Companies Act 1994 can allow such a conversion, but NGOs/ Voluntary Societies presently cannot register themselves under the Companies Act. The Corporation Act, of course, has provision for ownership/ share sale but it is too complicated, and rules are cumbersome. Hence, we need to amend laws to form “Corporations of the Poor People” (corporate entities that are owned by the poor).

An appropriate legal framework is required for promoting the following institutional initiatives:

- (i) savings mobilisation
- (ii) creation of non-dividend companies
- (iii) financial services and financial product innovations to serve the poor

The urgency of legal reforms needs to be viewed in the light of evolving reality. Legal reforms have lagged behind the actual progress of events on the ground. An enabling and promoting legal framework, to incorporate innovations, is an absolute necessity for fostering social entrepreneurialism and enhancing the institutional capability of the poor without which the goal of faster poverty reduction cannot be achieved.

Improving Nutritional Status of Mother and Children

- Priority attention must be given to maternal health care and mother's nutrition to ensure better nutritional status of children and hence, to protect and enhance productivity of future generations. Since a mother's well-being cannot be seen in isolation from the issue of ensuring the well-being of women (and the girl child) in general, the approach calls for eliminating all forms of female disadvantages in nutrition, health care and schooling. Caring for women while important in its own right thus becomes also an issue of policy choice, an instrumental means, for promoting economic growth and broad-based social development. To this end support should be provided to the further expansion of the *National Nutrition Program* (NNP) which targets pregnant and lactating mothers, and children under 2 years of age. The implementation of NNP in all *Upazillas* of the country by the year 2010 must be viewed as one of the most important social targets.

Creating Well-Functioning Local Government

- In order to ensure the efficient use of scarce public resources it is important to make the allocation of these resources "contestable". This is linked with the broader issue of "who is making 'social choices'"—central government bureaucrats, politicians, policy intellectuals, development partners? Experience shows that a functioning local level democracy and accountable local government, with appropriately delineated financial powers, can improve the allocative efficiency (because of lower information costs and better assessment of needs), of anti-poverty program. This is one strategic area where past experience has been dismal. There has been very little progress in creating an effective (well-functioning) local government structure in the country. The recommendations of the *Local Government Commission* have not been put into practice. The present Task Force Report strongly recommends the speedy implementation of measures that will lead to the functioning of a *well-functioning local self-government*. Once in place local government can play a much-needed overseeing function over the development activities in the area.
- Local government has special relevance for improving the performance of public education and health sectors in rural areas. Education and health delivery at the primary and secondary levels should be local subjects, entirely under the control of a well-functioning local government, backed up by the "voice" of the local community (parents, consumer of health services, etc.).

Addressing Regional Imbalances

- Not all differentials are imbalances—some are. Public policy can play a critically needed *equalizing* (re-distributive) role in reducing further the observed rural-urban gap in human development. A strategy for accelerated rural growth and social development must include a combination of elements of advanced technology (including bio-technology, medical technology, information technology), public investments in physical infrastructure, institutions for good governance, and social mobilization of the poor (including the women and the marginalized social and ethnic groups). NGOs can play a crucial role in the process as a catalyser of new development initiatives from below. The rich experience of Bangladesh in the area of grassroots mobilization through external agencies, such as NGOs, has been an important part of the new development initiatives of the nineties. However, that is not enough to expedite the process initiated so far.
- Spatial dimensions of economic and social well-being should be given due attention in resource allocations, project selections, and program implementation.

Universalising the IG-VGD Approach

- Through the innovative IG-VGD approach, hardcore poor members of the VGD program have been linked with the regular microcredit program of BRAC. Such a principle needs to be replicated for targeting the hardcore poor and for upgrading of the existing programs for the hardcore poor.

Reaching out to the Left-Outs in Microcredit

- All ineligible poor borrowers should be provided access to microcredit as a way of climbing out of poverty. Large and small NGOs should come together to develop a common strategy to cover all the segments of the poor who have been left-out from the MFI operations. Umbrella organisations such as PKSF can play a key role in the process bringing the MFIs together behind a unified micro-credit strategy, such a strategy designed to:
 - Achieve universal coverage of the target group.
 - The coverage of the MFIs and locate of their client base throughout Bangladesh,
 - Identification of the left-outs and addressing the constraints of reaching the entire target group.
 - Providing training and support service facilities among the NGOs at the local level.
 - Encourage innovative approaches for bringing the left-outs into the orbit of the MFI market.
 - Identify ways of upscaling MFIs into commercial organisations

Spreading the Reach of the Social Safety Nets

- Given the encouraging results of the early assessments of the Old Age Allowance Programme for the Elderly Poor and the Allowance Scheme for Widowed and Husband Deserted Distressed Women these social security programs merit further support. Further expansion of these programs through budgetary support needs to be encouraged. To this end a strategy to achieve universal coverage of these programmes within 2010 should be worked out along with its budgetary arrangements.

Institutional Mechanism for Monitoring

- Create a *Poverty Focal Point* within the Government for effective oversight, poverty-monitoring and tracking progress in implementing anti-poverty policies and programs of the government. This focal point should be headed by a peruse of Ministerial state and should assume change of the completion and oversight of the PRSP .
- The focal point should support a consultative process with civil society at suitable levels of social and regional disaggregation in preparing a pro-poor national poverty eradication plan
- Create an independent institution supported by a *Concerned Group of Citizens and Institutions for Attacking Poverty and Vulnerability* in the civil society—similar to the *Social Weather Stations* programmes in the Philippines--to provide an independent assessment of trends in poverty as well as poverty reduction policies. This group should aim to bring together all NGOs, social enterprises research, advocacy, and civil society bodies under one institutional umbrella. This body should focus on the strategic areas of action for faster eradication of poverty and vulnerability. Such a group of concerned citizens can act not just as a *poverty-monitoring* group for the country, but also as a big *advocacy group* for influencing policy and institutional measures. Such a body may seek to coordinate anti-poverty strategies of the NGO's and social enterprises and also interact with the governments focal point. The activities of this group are expected to trigger collective action in the respective sectors for reducing poverty and vulnerability.

Check-List of Issues for Faster Eradication of Poverty

Inequality-Avoiding Growth

Increasing Asset-Access to the Poor
 Enhancing the Market Power of the Poor
 “Pro-Poor” Macro Policy
 Creating Environment to Encourage Social Entrepreneurialism
 Developing Institutional Capability of the Poor
 Removing Legal and Institutional Barriers

Economic Opportunities

Decentralized Urbanization
 New Technology for the poor
 Diversifying Microcredit
 Agricultural Diversification
 Regional and Sub-regional Solutions
 Investment in Physical Infrastructures with Focus on Quality
 Support Migration as a Livelihood Strategy

Human Development and Human Rights

Remove Child and Maternal Malnutrition
 Access of the Poor to Improved Health Care
 Improve the Quality of Education
 Increase the Social Sector Access for the Urban Poor
 Increase Client’s Satisfaction for Public/ Social Services
 Right to Information

Security against Shocks

Social Security for the Female Destitute and the Elderly
 Policies for Coping with Disaster
 Measures against Major Public Health Risks
 Credit Access as Insurance against Risks

Participatory Governance

Empowered Local (and Regional) Self-Governments
 Engendering Development
 Protecting the Interests of the Marginalized and Socially Excluded
 Encouraging Social Mobilization
 Increasing Voices and Choices at the Macro and Sectoral Levels
 Promoting Social Capital

Sustainable Environment

Major Environmental Issues with Interfaces with Poverty
 Achieving Better Social and Environmental Outcomes at Lower Level of National income

Institutional Mechanism for Monitoring

Creation of a *Poverty Focal Point* within Government
 Support consultative process with civil society
 Creation of a civic forum *Concerned Group of Citizens for Monitoring Poverty and Influencing Anti-Poverty Policy*