

National Policy Review Forum Task Force on
POVERTY ERADICATION AND EMPLOYMENT GENERATION

Members of the Task Force

Chair

Professor Mohammad Yunus

Managing Director
Grameen Bank Ltd

Co-Chair

Professor Rehman Sobhan

Chairman, CPD

Member-Secretary

Dr Imran Matin

Senior Economist
Research and Evaluation Division, BRAC

Members

Dr Rushidan Islam Rahman

Research Director, BIDS

Dr M Asaduzzaman

Research Director, BIDS

Dr Salehuddin Ahmed

Managing Director, PKSF

Dr Salehuddin Ahmed

Deputy Executive Director, BRAC

Dr Atiur Rahman

Senior Research Fellow, BIDS

Dr Binayak Sen

Senior Research Fellow, BIDS

Dr Kazi Ali Toufique

Research Fellow, BIDS

POVERTY ERADICATION AND EMPLOYMENT GENERATION

Background to Policy making on Poverty

Between the presentation of the Task Forces Report on *Poverty Eradication and Employment* in June 2001 and today, the most significant intervention by the Government of Bangladesh (GOB) to address the problem of poverty has been the preparation of the *National Strategy Document for Economic Growth, Poverty Reduction and Social Development* (National Strategy Document (NSD) for short). The NSD document did not emerge out of a felt need of the government to eradicate poverty but originated through the pressure of the aid donors led by the World Bank and the IMF who have insisted that a **Poverty Reduction Strategy Paper** (PRSP) should be prepared by the government to keep them eligible for further aid. This task of preparing the PRSP was not assumed by the government but was delegated to a team of reputed Bangladeshi consultants during the concluding phase of the Awami League regime. However, the substantive work on the PRSP was taken up under the incumbent regime, after it assumed office in October 2001.

The first draft of the PRSP was exposed to some public discussion where it came in for public criticism both for the content as well as the process of its preparation. As a result the initial PRSP drafts have been revised and the current NSD has now been presented before the recently concluded aid group meeting in Dhaka as the Interim Poverty Reduction Strategy Paper (I-PRSP). The NSD thus constitutes the most complete manifestation of the GOB's policy towards poverty reduction.

For the purposes of assessing the actions of the GOB in responding to the recommendations of the Task Force report on poverty the NSD will have to serve as a statement of intention rather than as a measure of their actions. This is not to say that this or previous governments did nothing to address poverty till the preparation and the NSD. In practice the Annual Development Plan (ADP) was permeated with a plethora of projects, mostly aid funded located in various ministries, which were targeted to reduce poverty. But all such projects or programmes were not located within an overarching policy agenda, which specified specific targets for the reduction of poverty. The NSD is the first such attempt by the GOB to develop a holistic pan for reducing poverty. It is therefore the NSD, which will provide the yardstick for comparison with the recommendations of the Task Force Report on Poverty.

Comparing the NSD and the Task Force Report

In the present document the Task Force has set out to compare the intent and contents of the NSD with the original recommendations of the Task Force. The CPD Task Force Report on *Poverty Eradication and Employment Generation* (Task Force Report hereafter) challenges us to rethink the *institutional basis of implementing* anti-poverty policies. The main idea behind this rethinking is to argue for a wider, more

multi-actor oriented institutional space, drawing upon the energy, agency, voice and initiatives of the poor themselves, for attacking poverty in Bangladesh. This is also alluded to in several sections of the text of the *National Strategy Document*, but in the final analysis, provides no directions for advancing action in mobilising the poor in the task of poverty eradication.

Both the *National Strategy Document* and the *Task Force Report* echo a similar intent for achieving a faster pace of poverty reduction and realization of human rights. The *National Strategy Document* states three issues that will be central to this goal:

- (1) *Consolidating the Success*, which require identification of new hitherto untapped sources of economic growth, poverty reduction, and social development arguing that business as usual will not do;
- (2) *Avoiding the Pitfalls*, which is a list of wider environmental factors, such as law and order, economic misgovernance, policy inconsistency, etc., within which anti-poverty actions function and which in the final analysis determine their success; and
- (3) *Facing New Challenges*, which outlines the importance of managing the new risks and uncertainties associated with changing the global economic environment.

The *National Strategy Document* provides very little detail in the text for an agenda for action in the *Medium Term Policy Matrix* with respect to points 2 and 3 above, though the public consultations under the PRSP process expressed these concerns quite strongly. With regard to point 1 above, the text of the Document makes reference to some new ideas and approaches, which fail to feature in the *Medium Term Policy Matrix*.

The *Task Force Report* provided a checklist of issues for faster eradication of poverty organized around seven themes. These were derived from questions and concerns over existing poverty alleviation approaches and initiatives. The point of departure in the Task Force report was its identification of structural injustice as the source of poverty and the need for structural interventions to redirect the agenda for poverty eradication. We reviewed the *National Strategy Document* to examine the extent to which the Task Force Report checklist got reflected in it. In doing this, we distinguished between reflections in the text of the Document and the *Medium Term Policy Matrix*, which is a more concrete expression of the actual intentions of the PRSP. The details of this exercise are provided in the annex.

The general conclusion is that though the text of the *National Strategy Document* largely reflects the ideas of the *Task Force Report*, these ideas are at times not carried forward to the *Medium Term Policy Matrix*, and in cases where they are, the activities mentioned remain vague, broad, and undefined. There is thus very little indication of addressing issues of structural change in the actual policy matrix even though its need

may be recognised in part of the NSD text. With such an open-ended and astructural *policy matrix*, the various Ministries may feel free to continue to operate with business as usual. Such an approach may fail to deliver on the meeting the basic goals of the *National Strategy Document* of increasing the pace of poverty reduction since it does not come to groups with the sources of poverty creation. Such an astructural approach remains far removed from the assumptions and strategy underlying the *Task Force Report*.

Delivering on the NSD

A good work plan has to involve a framework of continuous monitoring and its institutionalisation. The *National Strategy Document* includes a range of monitoring indicators, a large component of which remains to be developed. These indicators will have to be concretised as targets with a clear poverty focus and time-lined milestones for its progressive realization. More importantly, these targets will have to be institutionalised, as an enforceable contract between the State, the civil society and the citizens where any deviations will have to be accounted for.

The failure to breathe life and operationalize the idea of a wider and multi-actor oriented institutional space for attacking poverty is not the only weaknesses in the document that claims to be a *national* strategy. More importantly, the document in the final analysis does not change or challenge the ‘business as usual’ approach for the government. We do not get any clear sense of what the promises are, who is responsible for what, how the various line ministries would be coordinated to deliver on the promises, what the role of the local government will be, and how being out of step will be monitored and sanctioned.

A strong executive authority having cross-ministry support, which is backed up by a competent and professional base, is key to carrying such a national strategy forward. There are very important concerns both on the strength and the capacity of the executive arrangement that is currently in place. The *National Strategy Document* mentions civic initiatives that will provide for monitoring of progress over targets. But if the process of consultations and civic engagements that preceded the preparation of the *National Strategy Document* is any guide, significant improvements will have to be made in the processes of consultation during the preparation of the full strategy for implementing the document.

Owning the Document-

At the core of the PRSP document lies the macro-economic policy agenda of the World Bank and IMF, which has been imposed on successive government as part of a programme of *Structural Adjustment Reforms* (SAR). The SAR has been designed as a growth- oriented strategy but it has failed to establish any causal linkage between the reforms and the goal of poverty reduction. The assumption behind the SAR

remains that higher growth will eventually reduce poverty. It does not indicate why or how the touchstones of the SAR process: import liberalisation, desubsidisation, privatisation or financial sector liberalisation will, in practise, contribute to reducing poverty. Since most of the public consultations organised around the PRSP neither asked for nor endorsed the macro-economic policy framework which underlies the *National Strategy* it is not clear how the document can claim to be consistent with the concerns of the citizen's of Bangladesh, even those consulted in this exercise.

If it is thus evident that a consultative process, based on an authentic process of democratic consultation, is yet to take place. The PRSP, in its present form, was designed as an expedient exercise to enable Bangladesh to qualify for aid from the World Bank and IMF. If such a process is to move beyond its short-term instrumental goal, to provide a genuine basis for redirecting the development strategy of the government of Bangladesh, it will have to work towards developing a much more democratic basis of consultation.

The PRSP, as has been argued by one critic of the process, could thus provide an important strategic opportunity and entry point to reorder the political economy of policy making in Bangladesh. With all its limitations, we now have a document around which we can engage in dialogues, and around which we can hang our thoughts leading to a preparation of an authentic strategic document. The legitimate logic of such a national document will entail a wider level of consultation involving an integrated partnership with a whole range of actors to strategize on approaches, actions, and targets, with a clear focus on synergies, role and responsibilities of the various actors involved. Such a consultation would particularly need to involve parliament and the opposition political parties.

All stakeholders in the PRSP process should bring to the table an action plan on how they will contribute and what support they will need from others for building a poverty free Bangladesh in the shortest possible time frame. In such an exercise the agenda for structural change built into the Task force Report could serve as an important source of ideas and action in preparing the final document.

The challenge of increasing the pace of overcoming poverty and social injustices is one where all the actors will have to not only do more, but do things differently. The first task will be the recognition that the institutional landscape of actions against poverty is a multi dimensional and a multi acted one. This recognition will have to move beyond rhetoric to formulation of an effective joint action plan. In doing this, all parties will have to deliver concrete monitorable actions that leverages the energies and initiatives of the poor themselves in ways that transforms the structural forces that reproduces poverty and ghettoises the poverty reduction agenda. Such an approach would have to rethink the underlying macro-economic policy agenda carried over from the SAR process into the NSD and design a new macro-economic policy agenda where poverty eradication is established as the primary goal of national policy.

Annex

Past experiences show that none of the anti poverty interventions included in the conventional menu of poverty reduction can be made effective without rethinking the institutional basis of their implementation.

(CPD Task Force Report—Poverty: 2)

In short, sustainability and consolidation require identification of the new sources of economic growth, poverty reduction, and social development which have not been tapped so far.

(IPRSP: vii)

CTFRP	IPRSP Text	IPRSP Medium term Policy Matrix
Increasing asset access to the poor	<p>Section G of Chapter 5 reflects CTFRP. Emphasis access to various assets (physical, financial, social, and political).</p> <p><u>Physical assets:</u> (1) improved distribution of khas land and water bodies, (2) pro-poor housing policies, (3) reviewing urban land use policy, (4) ensuring tenurial security, (5) improving land administration</p> <p><u>Financial assets:</u> (1) microcredit</p> <p><u>Social assets:</u> Building grassroots orgs of the poor</p>	<ul style="list-style-type: none"> • Pillar 4, ‘Social protection for reducing vulnerabilities and improving income generating opportunities’ of the MTPM includes ‘Policies and Institutions for reducing inequality’ as a strategic goal/policy objective. However, under ‘actions already taken’, it mentions only microcredit. • The actions planned for July 03 to June 04 include all mentioned in the IPRSP text except (1) pro-poor rural housing policy, (2) urban land use policy, (3) improve land administration, and (4) building grassroots orgs of the poor. SDF activities mentioned. These are included as activities to be undertaken during July 04 to June 06. Ensuring tenurial security is not mentioned.
Enhancing the market power of the poor	<p>Focus on employment generation rather than increasing the market power of the activities that the poor are involved in.</p>	<ul style="list-style-type: none"> • No explicit mention. Pillar 3, ‘Investing in human development to enhance human capabilities’ includes a very inadequately developed strategic goal to ‘formulate sectoral policies in support of growth and poverty reduction agenda’. • In the section on ‘Sectoral Reforms: Selected Examples’, ‘increasing entitlements of women to labour and capital markets’ is mentioned as one of the goals under ‘Rural Development’. Actions taken column includes VGD, FFW, and microcredit programmes. In the ‘mid term agenda’ part pertaining to this theme, relevant actions include, (1) provision of public supports and incentives to private sector to create a favourable environment for women so that they can get access to high growth and return potential of labour market, (2) Women’s producers marketing centre from grassroots to national level, (3) Establishing linkages an enhancing capacity of women entrepreneurs for export market.

CTFRP	IPRSP Text	IPRSP Medium term Policy Matrix
Pro-poor macro policy	Traditional focus on indirect use of instruments of macro policy	
Creating environment to encourage social entrepreneurialism	Section G of Chapter 5 reflects CTFRP.	
Regional and Sub regional solutions	No specific focus. Regional communication on disaster.	
Investment in physical infrastructure with focus on quality	Areas covered include, road, power, rural infrastructure, port, and telecommunication A proper decentralization of design, implementation and management of rural infrastructure programmes emphasized. Provision of basic economic and social services in collaboration with different local agencies, NGOs and the private sector.	No focus on quality of infrastructure
Migration as a livelihood strategy	No mention	
Eliminate child and maternal malnutrition	Section C of Chapter 5. NNP to be strengthened institutionally with special focus on poor areas and communities. Nutrition support package with VGD and RMP will also be used.	
Access of the poor to improved health care	Section C of Chapter 5: 'Developing a pro poor agenda within the rubric of a sector wide approach to health represents the biggest institutional challenge'. Implementation and access of ESP has to have special focus on the poorest and the most vulnerable. ESP should be expanded to cover some key NCDs as well. Resource implications of wider coverage of the poorest and broadening of the scope of ESP. Improving governance vitally important. NGOs may play an important role in the primary and secondary level of service delivery.	Action already undertaken: <ul style="list-style-type: none"> • HPSP review. • Health sector allocation increased. • Commitment towards sector wide health sector reform. July 03-June 04 • Vacant position of doctors and nurses filled and required number of additional posts will be created. • Operational and maintenance budget of the sector increased. July 04-June 06 • Expenditure tracking studies

CTFRP	IPRSP Text	IPRSP Medium term Policy Matrix
Improve the quality of education	Existing incentives for enrollment of the children from poor households as well as for girls' education will be strengthened. Special emphasis to be given to vocational education for women and at the secondary level. Public spending on education recommended to be increased to 4.5% by 2010. Emphasis on radically improved system of governance and reform of examination systems. Widening quality divide in education between the rich and the poor will have to be addressed. Education seen as both a process and systems with poor quality feeding through the system. NGOs can play an important role.	<p>Actions taken:</p> <ul style="list-style-type: none"> • CFE introduced. • Female stipend programme at secondary and higher secondary level introduced. • Community participation • More classrooms and physical facilities enhancement programme • Vocational courses introduced in selected secondary schools and VTIs.
Increased the social sector access for the urban poor	Urban land use policy No separate focus on the urban poor though urban poverty emphasized in Diagnostics Section.	<p>Monitoring and evaluation indicators to be disaggregated by rural and urban.</p> <p>Proposed poverty reduction indicators matrix includes "Housing for rural shelter less and urban slum dwellers" as a theme though the indicator itself is on low cost housing.</p>
Increased client satisfaction for public/social services	Effective local government seen as key to ensuring quality services. The local bodies will be given budget allocations on a matching grant basis keeping in view the poverty ranking of the area.	<p>Pillar 2: Improving governance for sustaining growth and poverty reduction. (MTPM)</p> <ul style="list-style-type: none"> • Encourage building of the poor's institutional capability by promoting CBOs, CSOs and NGOs to ensure equitable access to public services and strengthen ability to influence policy. • Ensure independent role of mass media as well as civic human rights organizations as independent monitoring institutions for ensuring transparency and accountability.
Rights to information	Promises a rights based approach: " Progressive realization of right in the shortest possible time" (chapter 4: major milestones) though this is not specifically focused. Technocratic approach taken: ICT under Technology Policy	

CTFRP	IPRSP Text	IPRSP Medium term Policy Matrix
Social security for female destitute and the elderly	Section on 'Strengthening Social Protection' Works and income transfer programmes Critical need to address the specific problems of chronic poverty, and other socially excluded groups (street children, elderly, the disabled, etc.) Address the vulnerability of the new poor (retrenched workers) Programmes to improve social cohesiveness and social solidarity	Actions already taken: <ul style="list-style-type: none"> • FFW, VGD, TR, etc. get priority in budgetary allocations • Some progs being monetised to prevent leakage • A system of progs for mitigating sudden eco shocks and for acid burn and physically handicapped adopted. • Allocation for distressed an widowed women and old age people increased. June 03-July 04 <ul style="list-style-type: none"> • Address vulnerabilities of the new poor July 04-June 06 <ul style="list-style-type: none"> • Develop comprehensive progs using social risk management framework
New Technology for the Poor	ICT and biotechnology	Actions already taken <ul style="list-style-type: none"> • A Task Force report on ICT has been set up. June 03- July 04 <ul style="list-style-type: none"> • Adopt on comprehensive technology policy
Diversify micro credit	<ul style="list-style-type: none"> - Credit up scaling - Vertical integration - insurance 	