

Report No. 69

**Mapping Poverty for Rural Bangladesh:  
Implications for Pro-poor Development**

Price Tk. 30.00

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July 2004

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*In support of the dialogue process the Centre is engaged in research programmes which are both serviced by and are intended to serve as inputs for particular dialogues organised by the Centre throughout the year. Some of the major research programmes of the CPD include **The Independent Review of Bangladesh's Development (IRBD), Trade Policy Analysis and Multilateral Trading System (TPA), Governance and Policy Reforms, Regional Cooperation and Integration, Investment Promotion and Enterprise Development, Agriculture and Rural Development, Ecosystems, Environmental Studies and Social Sectors and Youth Development Programme.** The CPD also conducts periodic public perception surveys on policy issues and issues of developmental concerns.*

*As part of CPD's publication activities, a CPD Dialogue Report series is brought out in order to widely disseminate the summary of the discussions organised by the Centre. The present report contains the highlights of the dialogue on **Mapping Poverty for Rural Bangladesh: Implications for Pro-poor Development** organised as part of its ongoing agricultural policy research and advocacy activities with the International Rice Research Institute (IRRI) under the Poverty Elimination Through Rice Research Assistance (PETRRA) project. The dialogue was held at **CIRDAP Auditorium, Dhaka on May 26, 2004.***

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*Dialogue on*

**Mapping Poverty for Rural Bangladesh:  
Implications for Pro-poor Development**

**The Dialogue**

The Centre for Policy Dialogue (CPD) in collaboration with International Rice Research Institute (IRRI) organised a dialogue on *Mapping Poverty for Rural Bangladesh: Implications for Pro-poor Development* on May 26, 2004, at the CIRDAP auditorium in Dhaka. Dr. Mahabub Hossain, Head of the Social Sciences Division of IRRI, Manila, Philippines presented the keynote paper titled “Geographical Concentration of Rural Poverty in Bangladesh.”

Mr. Mushfiqur Rahman, MP, and Chairman of Parliamentary Standing Committee on Ministry of Finance, was present as the Chief Guest and Dr Mohammad Abdur Razzaque, MP was the Special Guest at the dialogue. Professor Rehman Sobhan, Chairman of the CPD, chaired the dialogue. The presentation was followed by an open floor discussion. Participants of the dialogue included high-level policy makers, political leaders, agribusiness leaders, academicians, development activists, and members of the diplomatic missions. This report provides highlights from the keynote presentation and documents important points discussed during the open floor discussion.

**Introductory Remarks by Dr. Noel P. Magor**

Dr. Noel P. Magor, Manager of PETRRA, IRRI, Dhaka, opened the discussion with a brief introductory speech. He asserted that agriculture has a major role to play in the elimination of poverty. He felt that agriculture technology has the power of changing livelihood and so, there is a need for continued investment from government and donors in its innovation.

**Keynote Presentation by Dr. Mahabub Hossain**

Dr. Mahabub Hossain began by explaining the methodology applied in mapping poverty and described the two sets of data that had been used. The first set of data was household level survey, providing information on the basis of which the determinants of poverty were estimated. Then those estimated parameters were used in conjunction with household level data from the Bangladesh population census to predict income for households and measure poverty at desired geographical locations.

The sample survey and the population census were scrutinised to identify common variables that helped explain income. Then the survey data was used to estimate the statistical model that relates income to those common variables. The predicted model was then used to estimate income at the household level, because the population census does not provide income data. Using the predicted income at household levels, enough samples at the upazila level were derived to estimate poverty at that level.

Explaining the scope of the survey, Dr Hossain said 62 random villages were used for the population census and 5 percent of the random sample of the enumerated area within the upazilas was used. The study was done for rural households because the sample survey for urban households was not available. This study covers 225 upazilas but some upazilas with overly small sample sizes were excluded.

### ***Accuracy of the Study and Its Findings***

Explaining how the poor were detected in the study, Dr Hossain said on the headcount index, 43 percent of households were found living below the poverty line. The estimate from household income and expenditure data is 43.6 percent, showing a close similarity.

He said the study shows the northeast part of the country starting from Nilphamari, Kurigram to Sherpur and Jamalpur and going towards east to Sunamganj are areas of concentrated poverty. The other areas of extreme poverty are the char areas along the coasts.

### ***Crop Diversification and Food Supply for the Impoverished***

Dr. Hossain went on to stress increasing food supply as a means to go for high-value crop diversification. He observed that it is a challenge to increase food supply at least at the demand rate. Rice production needs to be increased so that more land can be released for diversification of crops for higher value produces. He said agriculture scientists will have to think of how to help farmers escape flash floods that damage boro crops.

He pointed out that developing cold-resistant and shorter-duration varieties will help farmers harvest crop before floods. In lowland areas where poverty is higher, the focus can be on fish culture since these areas have plenty of water. He suggested that since poverty is not as strong in the upland areas, farmers there should have more scopes for crop diversification.

### ***The Role of Non-Farm Activities***

Talking on the role of non-farm activities, Dr Hossain said the study figures show such activities are pushing up income in rural areas and non-farm capital infrastructure variables like electricity are having a very significant impact on the overall income. He

pointed out that roads also contribute to occupational mobility from agriculture to non-farm activities.

### ***Education and Poverty***

Hossain found education as an important factor in poverty eradication and explained that education was used as an interaction variable with some of the factors to capture the absence of size of land and capital.

Years of schooling were used as a major variable in income prediction. But since education does not have a sort of continuous effect, if people have college level education their return from education will be significantly higher than if the people had attended primary and secondary schooling.

Dr Hossain further noted that education is becoming an important issue for human resource development to move to high-income activities and that education is highly co-related with poverty.

He felt that the focus could be on human resource development and helping low-income households generate human capital in order to help them increase income.

Dr Hossain wanted a look into primary and secondary school participation to know what type of human resources the country is going to have in 10-15 years from now. Participation in secondary school is very low and varies from 6 percent to 75 percent across the country. Low-participation areas are those with high concentrations of poverty.

He observed that despite the government's focus on education, the progress in this field remains slow. If Bangladesh has to meet the millennium development goal in education, much more must be done.

He said many children attend primary schools at a late age, 10-30 percent are never to go to school, and there is a large dropout between the age of one and 15.

Hossain felt that there is a need to encourage households to keep their children in school. This not only involves providing school facilities, but imparting quality education so that parents get a return on their investment.

He also advocated more incentives for children to attend school. In this regard, he pointed out that after the government gave incentives to secondary education for girls, more girls than boys are now attending classes. It proves that incentives really do work.

### ***Electricity and Poverty***

Like education, electricity increases household income, he noted. Interaction of electricity with business gives a significant result. It shows productivity of business is higher if the area has access to electricity. Hossain said if a household has access to electricity, its income increases by \$413.

He stressed that investment on roads and electricity affect income and the government has a role in this regard.

### ***Gauging the Variables of Poverty***

Dr Hossain said, statistically, the proportion of irrigated area and electricity connections to households reduce poverty. Better soil quality leads to higher income and reduction of poverty by reducing the need for irrigated water.

But he said the key variable in poverty is the education of members. That is why education and electricity have been separated to measure the contribution of other factors.

### ***Programmes for the Poor***

Dwelling on a targeted programme for the ultra-poor, Dr Hossain said poverty programmes are taken up randomly in all upazilas. He said the areas having higher incidences of poverty should be targeted with safety-net programmes. In support of his view, he pointed out that if the limited resources of safety-net programmes are distributed all over the country, it will spread thinly. The WFP has been using wage rates to decide where the food-for-work programmes have to be targeted. Hossain said if one looks at the agriculture wage rate and extent of poverty, then no very close correspondence is found. This is surprising as wage rate is related to poverty.

### ***Land Ownership and Poverty***

Turning to land redistribution, Dr Hossain pointed out that landlessness and income inequality contribute to higher poverty. Low and very low lands have a higher incidence of poverty. Redistribution of assets among the poor would obviously contribute to reduction of poverty but the issue is how important is this in comparison to other policy variables, he said. He identified two variables of income distribution -- landlessness and tenancy. There are some upazilas in the coastal areas where 85 percent are landless. According to Dr Hossain, landlessness is not very closely related to poverty.

He said only 10 percent of households do not own any land at all. But 56 percent own land up to half an acre and they are functionally landless. If any land reforms take place, these functionally landless who are large in size would get the redistributed land. On the other end, only 8.8 percent own over 5 acres, and only 0.4 percent own

over 15 acres. Bangladesh has a land owning ceiling of 33 acres, but any such further distributive land reforms would not be effective at all, Hossain observed.

If the maximum ceiling of landholding is reduced to 7.5 acres, only 1.7 million acres of land would be available, which if distributed among the 56 percent, each beneficiary would get 0.18 acre which is very little. So, Hossain said it should be discussed whether the government should spend efforts on such a politically difficult reform agenda.

Hossain further pointed out that the tenancy market is becoming very active because of rural-urban migration. People going to urban areas rent land to others. In rural areas, large households are taking up non-farm activities by giving the land to tenancy market.

In 2000-2001, it was found that the land under tenancy has increased to 33 percent of rented land compared to 20 percent in 1983-84. Hossain said the issue of security of tenancy should be considered as fixed-rent contract terms are changed after a certain time. Landowners used to take three maunds of rice per bigha as rent, but now they are charging 5-6 maunds.

Dr Hossain expressed that the terms of tenancy are being dictated by landowners. So the more important land reform issue is whether the government should control tenancy terms. Security of land titles is a major issue for litigation and another serious concern is computerising land records.

### ***Food Prices and the Poor***

Dr Hossain stated that poverty depends on keeping food grain prices at least at par with other prices. If food prices go up, people will have to spend a much larger proportion of their income on food leaving less money available for health, education etc.

### ***Roads and Electricity***

Highlighting the importance of communication, Mahabub Hossain said roads have developed well in Bangladesh and 66 percent of households are within 1 km of roads. It takes about 25 minutes to access the key service facilities like health centres and markets, which is fairly satisfactory. Between roads and electricity, Hossain said the latter makes a much larger impact on poverty. The 1991 census shows only 19 percent of households have electricity connections. This is an area that needs fast development, he urged. Road accessibility to service facilities does not have strong connection with poverty.

### ***Findings of the study***

- Income inequality and entitlement to land (land ownership and tenancy) are major determinants of poverty. Given the same level of income, the higher the inequality in the distribution of income then the higher the incidence of poverty.
- While asset redistribution of land through land reforms is highly desirable, its feasibility is questionable given the already high population density in most areas of Bangladesh.
- The government should take a programme for redistributing *khas* land for homestead to those who do not own even homestead land.
- There is a close association of high incidence of poverty with low educational attainment of the working age population.
- Improving human capital through providing education and training remains the most fundamental intervention to benefit the poorest of the rural poor in the medium and long term.
- The school participation rate is significantly higher in upazilas with lower incidence of poverty. Thus the government needs to provide special incentives to poor households to persuade them to send their children to schools and to keep them there until the secondary level in order to improve the human capital content.
- Extreme poor families living in depression areas and facing flood-related risks need to be engaged in non-farm, income-generating activities and/or seeking alternative land uses that turn the constraints into opportunities, such as fisheries.
- Agricultural interventions are still important, not only for increasing the productivity of rice as the dominant crop, but also for diversifying production systems appropriate to the natural ecology of the area.
- Food for work, food for education, VGD, etc., should be targeted to upazilas with higher intensity of poverty.
- There is a weak correspondence between wage rates and intensity of poverty.
- Development of physical infrastructure improves productivity of assets and encourages private sector investment.
- The government must allocate more resources for faster expansion of rural electrification and transport infrastructure.

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### **Open Floor Discussion**

#### ***Agricultural technology can help cut poverty***

Hasanul Haque Inu, President of Jatiya Samajtantrik Dal, said agriculture productivity has been falling because of decline in soil fertility and deceleration in expansion of HYV technology. He proposed an agricultural commission to look into these issues immediately.

#### ***Suggestion to make the methodology of study wider in scope***

The methodology of the study was debated to a great length during the discussion when experts felt that a number of variables could have been used to make the study more comprehensive.

Binayek Sen, Senior Research Fellow of Bangladesh Institute of Development Studies, felt that the explanatory power of the model is a source of concern because this particular model, which has been estimated from a small survey, can explain only 55 percent of variations in the income rates.

This particular model has been applied to the census data to predict income of the census households and estimate poverty of the census households. Then the regressions were done on that predicted value of poverty. This, according to Sen, is the cause for his concern about the explanatory power of the model.

Sen added that the scope of the model might be increased by combing other available data. For example, he said, adding from agriculture census data, certain thana-level factors like average land ownership, average land and tenancy or maybe a detailed age profile could improve the mapping.

He advocated a look into how far the WFP and IRRI estimates of the highest poverty prone upazilas overlap. This can help identify some common upazilas for targeted intervention.

Another area worth investigating is if there has been any change in the profile of the poorest upazilas as identified by the 1991 taskforce.

Dr Rushidan Islam Rahman, Research Director of Bangladesh Institute of Development Studies, pointed out that the regression analysis assumes that travel time to service facilities has a positive impact on poverty. She asked if it means closeness to these facilities increases poverty. She said the coefficient should be rechecked as it goes against logic.

Abu Ahmed Abdullah, Research Director of Bangladesh Institute of Development Studies, said the mechanisms to measure poverty over space are migration and other changes in the structure in activities.

### ***Electricity key to fighting poverty***

Talking about the impact of electricity, Binayek Sen said rural electrification is a lacuna in infrastructure investment in the 1990s and it would have a dragging effect on poverty rates in the next decade.

He felt that rural electricity is a shame in Bangladesh as the West Bengal has already covered 45 percent of its area with electricity and Bangladesh is only covered by 23 percent . He stressed that this situation needs to be improved.

Agreeing to what Sen said, Towfique Elahi, former energy secretary, said rural electrification is an important driver for development, but he pointed out that rural electrification itself suffers from selectivity bias. Electricity is extended to areas which are already better off. So, the notion that rural electrification has positive correlation with income is an erroneous assumption.

Highlighting the importance of electricity, Hossain Zillur Rahman pointed out that a fifth of the expenditure on children's education goes to lighting, so alternative energy sources like solar energy should be considered seriously for the poor households.

Expressing similar views, Atiur Rahman, Chairman of Unnayan Shamunnay, said a part of income is pent on lighting. He felt that farmers should get support in electricity as it not only raises income, but also broadens the world of the poor and leads to attitude change which in turn contributes to poverty eradication. He wanted more public investment should go into electricity.

Highlighting the role of electricity in income increase, Dr Zafarullah Chowdhury, Project Coordinator of Gono Shashthya Kendra, said the government should give the handful of ultra-poor light for three hours. He calculated that such a measure would cost only Tk 18 a month for a family.

Mohammad Faruk Khan, *MP* of Awami League, said the Awami League government had initiated setting up of small 10MW power plants, which proved very successful. Ten such plants have been set up but the rest of the 47 are yet to be established. He said these need to be set up to improve electricity availability.

***Pinpointing poverty-stricken areas is important***

To pinpoint the poor for more effective measures, Binayek Sen pointed out that it is important to identify the hungry households at the village level.

Supporting his view, Dr. Zafarullah Chowdhury clarified that poverty mapping should be done at the union level to identify the destitute. He also stated that the nutritional level to measure poverty is not correct as a Bangladeshi does not need 2200 calories a day and only 1800 calories are sufficient for them.

To make a point that poverty areas remain the same over decades, Dr Hossain Zillur Rahman, Executive Chairman of the Power and Participation Research Centre, maintained that the areas mapped as poverty stricken areas were roughly the same in the 1970s and these are ecologically vulnerable areas.

Dr. A.M. Muazzam Hussain, Professor and Chairman of the Department of Economics and Social Sciences of BRAC University, said mapping of poverty is important because it is a big challenge to identify poverty concentration areas. Mapping will reduce the cost of interventions by the NGOs.

***Targeted Safety-Net programmes needed to address the ultra poor***

To railroad the need for specific safety-net programmes to uplift the poor, Binayek Sen advocated that such a targeted approach needs to have a balance because even in the rich areas there are pockets of extreme poverty. Earlier, old age pension was for rural areas, but now it includes the municipalities too.

To show that the fate of the extreme poor areas has not changed over years, Sen said if Mahabub Hossain's map is compared with the 1991 list of poor upazilas, it would be apparent that some areas are in a persistent poverty trap and need much greater attention.

He suggested that the depressed upazilas should be covered first and only then can your token old age population in advanced municipalities be addressed. This also needs taking into cognizance of the political economy of resource distribution.

Towfique Elahi pointed out that even in the very prosperous areas there will be some extremely poor people. The proportion to be served with targeted programmes should be higher in poverty stricken areas. But the prosperous areas should also be under the safety-net programme, he felt.

Expanding on the ideas, A. M. A. Muhith, former finance minister, said the safety net has to be spread all over the country rather than in the targeted areas only. But there should be a greater flow of resources to the affected areas.

Depicting the necessity of mapping poverty areas, Dr Rushidan maintained that such an exercise showing the areas most vulnerable to disaster will help target special programmes for these areas to reduce vulnerability. She suggested taking up pilot projects in some of these areas to provide total social protection, which would include not only doles but also employment. Factors which augment poverty can then be monitored in order to provide future protections from them. She said the poor can cushion themselves during the leaner seasons if they are provided jobs during the good seasons.

### ***Land ownership vital for land reforms***

Speaking about the role land reforms would have on poverty, Hossain Zillur Rahman said because of the low availability of land, it is difficult to explore redistributive land reforms. Security of land ownership has become very important now, he stressed.

Supporting the view, Muhith stated that the most important thing in land reforms is the security of ownership. Saying that tenancy arrangement lacks documentation, he supported documentation of land to solve the problem of absentee land ownership.

At this stage of discussion, Professor Rehman Sobhan, Chairman of the CPD, raised the vital question that if the tenancy market is large and growing, can land not be converted into a situation with permanent tenancy rights to people? Rather than looking at aggregates, one should look at the land ownership profile of the extremely poor areas. He questioned if some targeted land reforms using khas land can be initiated in these areas.

Taking the cue, Professor Muazzam Husain said an increase in tenancy is neither good for productivity nor beneficial for the tenants. A restriction on transfer of land to absentee landowners should be placed.

Attaching the utmost importance to the issue of land reforms, Hasanul Haque Inu asserted that it is a must to restore justice. Arranging permanent tenancy or transforming tenancy rights into ownership right has to be looked into, he stated. He said correcting injustice in financial systems for new savings and credit instruments in order to give more funds to the rural economy is also needed.

***Stipends to help educate children***

As the discussion turned to how incentives pay off when educating children, Binayek Sen showed that the education outlay is not equally distributed over regions. The Sylhet region has a much lower per capita expenditure on education which was Tk 60 in 1999-2000 in comparison to Chittagong which has Tk 200. So the fiscal allocation variable is probably a great driver of inequality, he said.

He also pointed out that only 20 percent of extreme poor households actually get the benefit of girls' scholarship in secondary level, as the extreme poor cannot send girls to school. Moreover, girls' enrollment numbers shown by schools are often exaggerated to get incentives. This calls for improved governance in the education sector, Sen stated.

Dr Rushidan said other than poverty, households may have other factors affecting schooling. There is some positive impact of education on income and poverty. But the other way causality may also work, she suggested.

She called for a balance between participation in school education, especially secondary school education, and the employability of the secondary-educated girls and boys. This is important because one cannot continue with the success of school enrollment without link to employability.

Explaining the reason for high enrolment in primary level, Towfique Elahi observed that primary education is taken care of by the state and primary enrollment is quite high because it is free and compulsory. But the poverty-stricken areas have low enrolment rate, particularly in the secondary level. In this stage, the opportunity cost of education is also high because of child labour involvement, he pointed out.

For primary students, the government has come up with programmes like food for work and stipend to tackle child labour. But there are no such programmes for secondary school goers excepting for girls, who now have a higher enrolment in the secondary level, Elahi added. Boys become child labourers because of the high cost of living and schooling, showing that child labour and poverty are interlinked. Child laborers, when they grow up, become unskilled workers with low wages and cannot send their children to school, too. So, he pointed out, child labour is a vicious cycle and education should be made compulsory and universal up to class eight.

He also stressed that the quality of education has to improve so that students can enter the job market with better productivity.

Speaking on the quality of education, Hossain Zillur Rahman opined that it is not just a question of school facilities but also of the quality of teachers. He said the poor have interest in education as it is found that a poor household spends as much on children's education as the state does.

Mr. Muhith focused on the state of education in Sylhet and said getting good teachers are a great problem. He added that lack of education and lack of attention to education contribute to the region's poverty.

Advocating for stipend programme, Dr Zafarullah said despite leakage, scholarship for girls is effective. In his view, the main problem is the absentee teachers. He said education should be relegated to the local government as it is not possible to control village teachers from Dhaka.

Saying that corruption is a major and pervasive problem, Noor Alam Ziku, President of Jatiya Samajtantrik Dal, stated that teachers have to pay bribes to get jobs, which is a reason that they do not care to teach in schools. Corruption is also pervasive in food-for-work and food-for-education programmes and 70 percent of the funds are misused there, he alleged.

### ***New challenge for road building***

The crucial question of the role of roads in poverty eradication was raised by Hossain Zillur Rahman who pointed out that after the 1988 floods, policy focus fell on road infrastructure through the LGED. But now a third generation infrastructure challenge is opening up – building roads that fall under the union parishads. He said it would be worth investing in this area.

### ***Low rice price a fillip to crop diversification***

Another important area, that of crop price, came up for discussion and Binayek Sen nullified the notion that cheap rice price is bad since a large portion of the population is still hungry and about 19 percent of the rural population cannot have three meals a day. For them, there is still a need for food production. Moreover, long-term decline in rice price is the mechanism to induce farmers to go for diversification, he felt. The failure of the policy mechanism is the inability to provide necessary infrastructure and support services in terms of facilities and price signals to aspirant farmers who want diversification, he felt.

Lamenting that farmers have no say over the prices of their produces, Ziku said they cannot directly bring their produces to market because of lack of roads.

Hossain Zillur Rahman observed that over the 1990s, a certain policy interest in agriculture has developed to ensure cheap rice so that urban and rural poor are happy. This has led to a situation where farmers have bumper crop and are in distress because of income erosion. He said the urgent focus should now be on the profitability of farmers.

### ***Urban poverty***

Urban areas have been excluded from the poverty estimation, but it does not mean that the concentration of poverty in urban areas has been reduced, Rashidan pointed out.

### ***Women are poorer***

Speaking about gender and poverty, Rashidan noted that none of the gender-related questions have been included in the regression analysis to map poverty. She agreed that gender desegregated data may not be available in the census but some factors like education and employment can be desegregated by gender.

Her view was seconded by Dr Maleka Banu, Assistant General Secretary of Bangladesh Mahila Parishad, who felt that women and poverty are interlinked. Women are poorer in health, education, resources and employment.

### ***Unemployment contributes to poverty***

Unemployment and underemployment have roles to play in poverty, Rashidan said. She found the linkage between wage variation and special variation of poverty appears to be small because agriculture activities as a major occupation is taken up by only 15-20 percent of households. Among these households about half of their time is spent on waged employment. Other working days are spent on other activities including self-employment.

She also pointed out that wage rate cannot drop beyond a certain level in poorer areas as wage at that level would not bear any meaning. And this may not have relevance for the policy conclusion that wage rates do not have a linkage with poverty. It is rather the underemployment rate that explains poverty to a larger extent.

A. M. A. Muhith also supported this view and said unemployment is much more important than wage rate in a poverty situation.

### ***Ethnic groups missing out from anti-poverty action***

Hossain Zillur Rahman brought up another dimension of poverty, which is looking at the situation of various specialised groups. He expressed that after 2-3 decades of various anti-poverty programmes, geographical mapping is one of the dimensions of trying to capture those who should get more attention. According to him, an equally

important dimension of poverty mapping is social profiling. Because certain social categories like ethnic groups and various traditional occupational groups who may not be located in the ecologically vulnerable areas are missing out from anti-poverty programmes.

***Health linked to poverty***

A. M. A. Muhith said health should be an important variable in poverty. This view was supported by Moazzem Hossain who said morbidity is a vital factor for income erosion.

***Remittance can also increase poverty***

What role does remittance play in poverty? According to Atiur Rahman, remittance has always been concentrated in specific areas, spent on unproductive areas and has also been contributing to poverty in the sense that its flow to an area hikes wage rate. As a result, smaller farmers find it difficult to hire workers. Remittance can be an inequality enhancing factor, he said.

***Squeezed farm land leads to poverty***

Ecological factors are also contributing to poverty, according to Atiur Rahman. Land is lost because of river erosion and human settlement, leading to a dip in farm productivity.

Because of such consequences, Binayek Sen said early warnings can be given to households susceptible to ecological problems like river erosion.

Mushfiqur Rahman, MP, and chairman of Parliamentary Standing Committee on Ministry of Finance, also felt that agricultural land is getting squeezed due to population pressure and real estate development, which need to be addressed seriously.

***Farmers need marketing facility***

Atiur Rahman raised the issue of agriculture produce marketing and stated that if this can be addressed it can play an important role in poverty reduction. He demanded public investment particularly in cold storages and agriculture processing plants.

His opinion was echoed by Ziku who said farmers have no say over the prices of their produces. They cannot directly bring their produces to market because of a lack of roads. Farmers have to unite to change their fate.

Faruk Khan also supported the previous statements and observed that as farmers have to pay the middlemen, a portion of their income goes to someone else.

### ***Seeds and credit vital for farmers***

Farm credit became an issue in the discussion as Atiur Rahman demanded policy action as microfinance institutions are not assisting agriculture at all. He proposed earmarking a portion of the funds of microcredit foundations for agriculture credit.

Stressing the importance of seeds, he said farmers need to get quality seeds at the right prices. State support for seeds is eroding because of the winding up of the BADC. There should be incentives for seed development and marketing, Atiur observed.

Inu expounded on the idea by saying that a corporate body for the poor can be set up with the NGOs or community-based organisations to help create a cooperative of producers' market produces.

### ***Need for people's organisation***

Dr. Maksud Ali focused on organising the poor as he felt that the organised groups working with NGOs have higher savings, investment and income. Their other social indicators like health, empowerment and education are also better. A large number of villages, about one third of all, are being organised like this.

He posed a couple of questions about such organisations:

- 1) Should these organisational dynamics be left only to the NGOs or to a few financial institutions like Grameen Bank and PKSF?
- 2) Can the community be involved in such organisations? How can more organisations be encouraged? What will be the role of community?

### ***United NGO effort needed to fight seasonal distress***

Muazzam Husain demanded measures to provide easy finance to ultra-poor farmers who are not covered by the conventional microcredit programme. He observed that although the NGOs play a vital role in poverty alleviation, the government's role towards them is not healthy. He stressed collaboration between the NGOs and the government.

In his support, Mujibul Huq, former cabinet secretary, felt the need for a structured NGO policy formulated by donors, government and the NGOs under which the donor fund would be accepted.

Stressing the combined power of NGOs in tackling emergency situations, Binayek Sen said it is possible for all the NGOs working in a locality to help government address seasonal distress. He pointed out that this year's Monga showed none of the NGOs acted to address hunger.

Ziku spoke about the difficulties the microcredit borrowers face and said the borrowers have to start paying installments right after they take credit. But the system should be that the borrowers pay only after their project starts yielding profits. He also advocated lowered microcredit interest rates.

***Strong local government key to grassroots' uplift***

The need for a stronger local government came up for discussion as Mujibul Huq said the traditional way of attacking poverty through a central planning approach will never be successful. He stressed the need for a highly decentralized local government to fight corruption. Non-economic activities like strengthening the law and order will also depend on a strong local government, Huq expressed.

Highlighting the plight of the local governments, Salahuddin Ahmed, Honorary Secretary General of Swanirvar Bangladesh, pointed out that local governments are starved of resources and funds are allocated according to the importance of ministers and MPs, not according to the need of the areas.

Ziku also expressed similar views and said power has to be decentralised to eliminate poverty and the functions of the local government have to be clearly defined.

Local governments need to have more political and economic power, Inu stressed. He suggested amending the constitution to stop intervention of the central government on local government.

Faruk Khan said the local government has to be strengthened to improve law and order.

Stronger union parishads would solve the difficulties of delivering services to the grassroots, Mushfiqur Rahman added. He felt that one of the reasons for poverty is that implementation of policies has not boiled down to grassroots level and the people for whom policies are developed do not get the benefit. He also felt only the local bodies can monitor education and health programmes in the rural areas.

***Pressure groups foil development efforts***

Mushfiqur Rahman raised the issue of different pressure groups, which foil the development approach, and maintained that teachers resist coming under the local bodies by dint of their combined pressure.

***Bad politics breed poverty***

Faruk Khan blamed politics for poverty and said when politicians are fighting among themselves, they do not have time to look at the real issues affecting the people. He felt that parliament has to be made a centre where all crucial issues are discussed.

### **Remarks by the Special Guest**

Speaking as Special Guest of the dialogue, Dr Mohammad Abdur Razzaque maintained that the country needs at least 8-9 percent growth rate if it has to cut poverty by half. Unfortunately, growth for the last 5-6 years had never gone beyond 6 percent. With the present trend, he observed, the goal cannot be achieved. He also pointed out that the Poverty Reduction Strategy Paper designed to fight poverty has never been discussed in parliament.

Supporting his view, Mushfiqur Rahman said the current rate of poverty reduction – one percent annually -- will take a long time to really dent the situation.

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