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Policy Brief 8: Eradicating Extreme Poverty: Emerging Lessons & Approaches



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This policy brief summarizes the discussion and recommendations from the webinar titled 'Eradicating Extreme Poverty: Emerging Lessons & Approaches.' The webinar is part of the integrated development dialogue campaign 'Bangladesh Miracle' organized by Innovision Consulting in association with The Department of Economics North South University and The Financial Express along with mPower as ICT partner and Windmill Advertising, Printagraphy, Sarabangla, Colors Fm 101.6 and Young Economists' Forum (YEF) as event partners. Care is the exclusive thematic partner for eradicating extreme poverty for Bangladesh Miracle.

CONTEXT

Innovision Consulting Private Limited in collaboration with CARE Bangladesh, Department of Economics, North South University, and The Financial Express organized the eighth webinar of the “Bangladesh Miracle” campaign on the 26th of August, 2021.

The eighth webinar’s focal point was “Eradicating Extreme Poverty,” a fitting theme as the poverty rate in Bangladesh has been continually diminishing since independence in 1971.

Other partners in the “Bangladesh Miracle” campaign are; Windmill Advertising, Sarabangla.net, Colours 101.6 FM, YEF (Young Economist Forum) from North South University, GAIN Bangladesh, ICCO Bangladesh, Pathao, Simprints Technology, mPower (ICT Partner), BIID, NextgenEdu, and Printagraphy.

Syeda Saima Ahmed, Elected Local Government Representative, London Borough of Redbridge, UK, moderated the webinar. Ramesh Singh, Country Director, CARE Bangladesh, made the opening remarks, and Rubaiyath Sarwar, Managing Director, Innovision Consulting Ltd., delivered the keynote speech. The eminent panelists include; Dr. Mehrul Islam, Senior Director - Program Evidence, Advocacy, Research, and Learning (PEARL) Unit, CARE Bangladesh; Md. Rejaul Karim Siddiquee, Advocate, Supreme Court of Bangladesh; Dr. Sayema Haque Bidisha, Professor, Department of Economics, University of Dhaka; Masing Newar, Programme and Policy Officer (Safety net Reform), Social Safety net Policies and Programmes Unit, WFP Bangladesh Country Office; Dr. A K M Atiqur Rahman, Professor, Department of Economics, School of Business and Economics, North South University; Humaira Aziz, Director -Women and Girls Empowerment Program, CARE Bangladesh; Anowarul Haq, Social Development Adviser, British High Commission, Dhaka, Bangladesh; Dr. M. A. Baqui Khalily, Department of Business Administration, University of Asia Pacific; and Fatima Jahan Seema, Social Research Coordinator, Program Evidence, Advocacy, Research, and Learning (PEARL) Unit, CARE Bangladesh.

CRITICAL SUCCESSES

As we celebrate the victories of the past, we must acknowledge that it is indispensable for the Bangladesh healthcare sector to refine its policies and systems in order to achieve the SDG targets. During the webinar, the speakers called for incentive-based policies for the private sector in the healthcare industry. They also emphasized the importance of improved mental health treatments, usage of health technologies, and better relationships among the stakeholders. The speakers were asked questions regarding the SDG targets for health and the way forward for achieving them. The webinar integrated speakers from all concerning sectors so that they can hear each other’s perspectives, and the future is planned in collaboration.

Md. Rubaiyath Sarwar, Managing Director, Innovision Consulting Private Limited, was the moderator of the webinar. Dr. Kaosar Afsana, Professor, James P Grant School of Public Health, BRAC University, Bangladesh, delivered the keynote speech. The acclaimed panelists included: Md. Asad-Ur-Rahman Nile, Country Director, Simprints Technology Ltd; Dr. Taufique Joardar, Vice-Chairperson, Public Health Foundation, Bangladesh; Dr. Rumana Huque, Professor, Department of Economics, Faculty of Social Sciences, University of Dhaka, Executive Director, ARK Foundation; Dr. Gour Gobinda Goswami, Professor, Department of Economics, School of Business and Economics, North South University; Dr. Senjuti Saha, Scientist & Director, Child Health Research Foundation, Bangladesh; Dr. Hasan Mahmud Reza, Professor & Dean, School of Health & Life Sciences, North South University; Dr. Firdausi Qadri, Emeritus Scientist, Infectious Disease Division, International Centre for Diarrheal Disease Research Bangladesh (ICDDRDB).

CRITICAL SUCCESSES

Eradication of Poverty in the Face of Unique and Dynamic Challenges: Bangladesh is ranked 7th in the Long Term Climate Risk Index (CRI) according to the Global Climate Risk Index 2021, and has the second-highest population density in South Asia, with 1230 people per square km. The country has 0.05 Ha per capita, the second-lowest arable land per capita in South Asia. Bangladesh has a unique topography, alongside a scattered indigenous population. All these contribute to a very diverse economic system and heterogeneous makeup of poverty where there is no one solution. Nonetheless, poverty has decreased in commendable amounts; from 1991 to 2016, economic and trade reforms slashed the poverty rate from 44.2% to 13.8%.

Symbiotic Public-Private Mix in Successfully Eradicating Extreme Poverty: The Multidimensional challenges regarding poverty in Bangladesh led to the development of poverty eradicating problems symbiotically involving a public-private mix with households, NGOs, CBOs, the private sector, and the government responding to the needs of the poor.

Extreme Poverty is a challenge of multidimensional nature, it has prolonged social, economic, and representational effects on the victims. Even with the symbiosis of the public sector and private sector, eradication of extreme poverty will take time.

High Inflow of Remittance Through the Formerly Poor Labor Forces: Bangladesh receives large sums of remittance from its emigrant workers. In 2020, a record \$21.75 billion was sent back home, making Bangladesh the 11th largest earner of remittance. Foreign remittance had been a significant source of income for the economy and a pivotal contributor to fighting poverty.

Over 10 Million Bangladeshi workers are employed in 173 countries around the world. They have remitted around \$18.35 billion in the year 2019, which was 40% of the country's total foreign exchange reserves.

Increase in Literacy Rate Contributing to Poverty Eradication: Adult literacy for Bangladeshi people aged 15-24 is 93.30%, and overall adult literacy has increased from 47.49% to 74.68% between 2001 and 2019. Increase in literacy rate has helped a significant number of people graduate from poverty, and also indicates the declining rate of poverty in Bangladesh as many children are having access to education at present compared to a decade ago.

Successful Implementation of Anti-Poverty Programs & strategies: Targeted Poverty interventions use policy instruments to course resources to targeted groups below the national poverty line. In 2016, 28% of the population was benefiting from the social safety net. The success and accuracy of targeted interventions are evident as the poverty rate stood at 20.5% of the population in 2019.

Increase in Female Labor force Participation Rate: Growth in female labor force participation rate has pushed the frontier for women's economic engagement and contribution to poverty reduction. In 2019, the female labor force participation rate was 36.3%.

Between 2000 and 2016-2017, Industrial sector employment grew from 4.0 to 12.4 million. The services sector employment grew from 9.2 million to 23.7 million in the same time frame.

Agricultural development resulting in increased farm income: Agricultural development has played a pivotal role in poverty reduction in Bangladesh. Agricultural development has become more resilient and consistent since the late 2000s. According to the Borgen Project, keeping all other factors constant, a 1% increase in agricultural income may reduce poverty by 0.39%. In 2017, 48% of the Bangladeshi workforce was involved in the agricultural sector, from 2000 to 2005 increase in farm income contributed to about 21% of poverty reduction.

[1] "Bangladesh: Reducing Poverty and Sharing Prosperity," World Bank, accessed August 31, 2021

[2] Mehedi Hasan, "Remittance Inflow to Bangladesh Accounted for 6.6% of GDP in 2020," DhakaTribune, May 18, 2021.

[3] Rashad Ahamad, "Four Lakh People Working Abroad Return to Bangladesh amid Pandemic Fallout," *Newagebd*, January 5, 2021.

[4] "Literacy Rate, Youth Total (% of People AGES 15-24) - BANGLADESH," Data, accessed August 31, 2021

Technological Development contributing to e-education, resulting in poverty alleviation: The government and other stakeholders have successfully made connectivity and technology much more accessible throughout Bangladesh. The Access to Information Project (a2i) has set up over 5,000 digital centers throughout the country to give all Bangladeshi citizens equal access to vital information and services, alongside making significant advances in e-education, which have made their mark in poverty alleviation.

[5] "[Bangladesh Poverty Assessment](#)" (World Bank Group, n.d.),

[6] "Bangladesh Female Labor Force Participation - DATA, Chart," TheGlobalEconomy.com, accessed August 31, 2021,

[7] Khondaker Golam Moazzem and Md Minhaz M Reza, "[Growth of Employment in the Manufacturing Sector Impact of Trade and Trade-Related Policies](#)," Centre for Policy Dialogue (CPD) (Centre for Policy Dialogue (CPD), August 2018),

[8] "About," a2i, accessed August 31, 2021, <https://a2i.gov.bd/about/>.

CHALLENGES

Extreme Poverty remains a fuel to create more inequalities in the population: Although the country has made advancements in reducing extreme poverty rate, the issue is still persistent. In 2020, 14.8% of the population were living in poverty, making the poverty rate the second highest in Bangladesh, among all Saarc nations.

Even after the anti-poverty programs implementation, around 1 out four Bangladeshis were living in poverty in 2019, where half of them are living in extreme poverty. The population living in extreme poverty are unable to afford even a basic food consumption basket.

Expected Increase in the Number of Urban Poor: The World Bank's report 'Bangladesh Poverty Assessment: Facing Old and New Frontiers in Poverty Reduction' forecasts that over half of Bangladesh's poor households will be living in the urban areas by 2030. Last year, 8 out of 10 poor were living in rural areas. The report findings further says that poverty reduction in urban areas between the years 2010-2016 was very little, and the share of people living in extreme poverty stayed the same.

Increase in extreme poverty rate during the pandemic: in 2020, extreme poverty in Bangladesh rose to 28.5% and poverty rate rose to 42% because of the COVID-19 pandemic. The extreme poverty rate was only 9.4% even two years ago, in 2018. Bangladesh has the burden of 24.5 million new poor in Covid-19 pandemic.

Increase in income inequality: Income inequality has been a problem in Bangladesh since its independence. A small section of the population enjoys a majority share of the country's wealth, depriving the larger section of the population. Income share held by the highest 10% increased from 21% to 27% from 1984-2010.

On the other hand, the income share held by the lowest 10% decreased from 4.13% to 3.99% in the same time frame.

A report on the Bangladesh Household Income and Expenditure Survey-2017 shows that the Gini coefficient increased to 0.483 at national level in 2016 from 0.458 in 2010. The Gini coefficient is used to measure income inequality. The numbers mean that the rich become richer and the poor become poorer during this period.

Lack of connection among economic growth, wage growth, and job creation: GDP Growth has accelerated in recent years, there has been less job growth in the country, regardless of success in industry and the service sector. This indicates that the high GDP growth was unable to create sufficient jobs, and the country is witnessing jobless growth, leaving poor people behind in getting enough scope for productive income generating employment opportunities.

Low investment in Education and Healthcare is creating barriers to ultra-poor graduation: Bangladesh's government allocation on education for FY 2020-2021 was only 2.09% of the GDP, one of the lowest among all South Asian Countries. UNESCO recommends allocating at least 4-6% of GDP for the education sector; the country has failed to do so for several years. Poor quality of education remains a huge contributing factor to extreme poverty in Bangladesh.

The Healthcare sector of Bangladesh also remains ignored, which is reflected by the sectors' shortage of equipment and staff, high out-of-pocket payments, and poor services. According to World Bank data, per capita government expenditure in the health sector in 2018 was USD 63 in Pakistan, USD 256 in Bhutan, USD 74 in India, USD 1019 in the Maldives, and USD 212 in Sri Lanka, based on purchasing power parity (PPP) exchange rate; whereas the Bangladesh government spent USD 19 per capita.

Lack of investment in these two areas are contributing to poverty by creating a cycle of high expenses for poor people.

[9] Shahiduzzaman Khan, "Freeing Urban Poor from Extreme Poverty," *Thefinancialexpress*, December 9, 2020.

[10] Staff Correspondent, "More Poor in Urban Areas by 2030," *TheDailyStar*, October 8, 2019.

[11] Shahiduzzaman Khan, "Freeing Urban Poor from Extreme Poverty," *Thefinancialexpress*, December 9, 2020.

[12] Tribune Report, "Extreme Poverty Trebled in 2020," *Dhakatribune*, January 24, 2021.

[13] Power and Participation Research Centre (PPRC) and Brac Institute of Governance and Development (BIGD), 2021

Threat of post pandemic backsliding: The pandemic is looming over Bangladesh, threatening to revert its successes in several sectors including extreme poverty.

On the eve of the COVID-19 pandemic, Bangladesh was making steady progress in poverty eradication with the national poverty rate dropping to 20.5% in 2019.

But, the COVID-crisis has caused massive disruption of livelihoods, driving millions to multidimensional poverty, malnutrition, and food insecurity.

According to a BIDS study, 16.4 million new poor may arrive in 2020, and the pandemic may result in entry/re-entry of as many as 42mn people into poverty.

Poverty is multifaceted in Bangladesh: Various social structures, demographics, and other factors contribute to poverty in Bangladesh. For example, there are not many disable friendly job opportunities in Bangladesh, especially in the manual labor sector.

There are also issues of feminization of poverty along with social discriminations of culturally marginalized population (sex workers).

[14] Sahiduzzaman Khan , "Rich-Poor Gap Must Be Reduced," *Thefinancialexpress*, September 12, 2018.

[15] Sahiduzzaman Khan , "Rich-Poor Gap Must Be Reduced," *Thefinancialexpress*, September 12, 2018.

[16]Mohiuddin Alamgir, "Budget for Coronavirus-Battered Education Sector Unchanged," *TheDailyStar*, June 11, 2020.

[17] Farzin Mumtahena and Narayan Das, "Ensuring Quality Education and Healthcare," *Thefinancialexpress*, April 21, 2021.

[18] "BGD_Socioeconomic-Response-Plan_2020." UN Bangladesh, August 31, 2020.

POLICY RECOMMENDATIONS

The distinguished panelists provided insightful policy recommendations and strategies to target and eliminate extreme poverty.

A Multi-pronged approach towards extreme poverty eradication: Policies should be designed to improve the consumption, income, education, and health of beneficiaries living in extreme poverty. As every aspect is related to the other one, the solutions should be holistic.

Extreme poverty, health and human services are in despair while addressing and building their confidence along with inspiring new hope and aspirations. Better strategies will help them as well

Extending the Social Safety Net Coverage: Social safety nets such as cash transfers, public works, and incentive schemes are instruments the government uses to target poverty. Nearly BDT 642 billion, 2.5% of GDP, was pledged towards social safety nets in 2019. Bangladesh should expand this program to include basic education and provide skill training alongside necessities to its recipients. The relevant authorities should introduce NID cards non-discriminately to ensure everyone eligible is covered by the social safety net. Social actors must also address the difference between vulnerability and poverty, and local representatives and NGOs should be integrated into the system to target poverty efficiently.

The social safety net should cover the new, urban, and occupation-based poor, migrant workers, especially vulnerable groups and ethnic minorities. Per-capita-based household allocation and female-targeted small-scale loan schemes should be introduced to help those affected.

Evidence-based Decision Making: Although the under-five mortality rate in Bangladesh has improved, it has reached a plateau and is not improving any further. Speakers emphasized the fact that an evidence-based and data-driven decision-making process is required to improve these further. We need to have a focused target approach in different aspects to be ready as things change.

Incentive-based policies: The speakers highlighted the fact that SDGs are about quality and not quantity. Although the Bangladesh healthcare industry cannot operate without the private sector, there can be better policies for regulating them. Speakers recommended formulating incentive-based policies where the private sector will be rewarded for their research, innovation, equity, and good services. The speakers also said that the private sector should come forward in cases of primary health services rather than being a last resort. One example was provided as a policy recommendation: the private sector could be incentivized to give primary care in exchange for a tax rebate.

Enriching the quality of Manpower and using them properly: Bangladesh is exporting medicine to 144 countries worldwide, and the country's population is getting medicines at affordable prices. Since pharmaceutical companies of Bangladesh have been focused on producing generic drugs, this is affecting the research and development of new medicines. If the pharmaceutical market thinks about the possibilities seriously and starts development, we will have our own researched products available for production in the next 10-15 years.

Increasing scopes of employment: People in extreme poverty from ethnic and marginalized groups have low employment opportunities and prefer to work rather than receive aid. Providing job opportunities to these people would not only benefit their socio-economic status but also benefit the economy.

Linking LED Based Livelihoods with Formal Market System: To make sustainable economic impacts, LED based livelihoods should be linked with a formal market system focusing on ensuring equity.

Political Representation of women: Political representation of women in meso and macro level will influence the communities greatly and improve women's livelihood.

Implementing Effective strategies to ensure targeting and inclusion in poverty: Accurate targeting can vastly increase the effectiveness and inclusion in eradicating poverty. Some methods that can make programs more effective are:

1. **Categorical selection:** Targeting households with chronically ill and destitute members and those who depend on children for income.
2. **Geographic selection:** concentrating programs in the poorest regions in the country.
3. **Engaging multiple stakeholders:** Engaging local, religious, and community leaders and NGOs to identify the population's poorest and most vulnerable strata.
4. **Household means-testing:** A set of criteria such as yearly income and food consumption should be set and tested on households to understand what kind of assistance the members would find most beneficial.
5. **Gendered Targeting:** Inclusion of women health and human services stakeholders and actors will trigger positive growth in education and food security.
6. **Community verification:** engaging community members to help us accurately determine which households suffer from extreme poverty.

Forming a supportive, engaged, and enabling community can determine the program's outcomes by engaging on multiple levels.

Update existing laws to be more inclusive: Even though there are existing laws such as "Rights and Protection of Persons with Disabilities Act 2013." that intend to promote employability and extend employment services towards those with disabilities (ilo.org). However, these laws are not properly implemented, leaving 6.94% of the population disproportionately unaffected by current policies.

Amending existing laws to be more effective, meaningfully engaging representatives for special-needs people during policymaking, and keeping CRPD (Convention on the Rights of Persons with Disabilities) mandates at the core of inclusive development. Reducing bias against those with disabilities in the labor market, monitoring stakeholders to ensure inclusion of people with disabilities, and giving them access to the social safety net will help reduce the poverty rate in people with disabilities.

Building resilience through adaptive social protection strategies: The social safety net should implement nutrition-sensitive and shock-responsive policies. Bangladesh has seen great success in alleviating chronic malnutrition stunting, falling from 42% in 2013 to 28% in 2019 (unicef.org). However, mother and child diversity consumption and micronutrient deficiency remain prevalent. Shock responsive policies would ensure beneficiaries would be given additional assistance in response to climate and environmental shocks, as well as pandemics. These protection strategies would make the vulnerable more resilient in coping with stressors.

Building resilience through bringing systematic changes is important to retain the gains of development interventions

Creating development pathways for women, adolescent girls, and marginalized groups: Women bear most of the brunt of extreme poverty, thus investing in creating diversified employment opportunities, reducing work gender gaps, and allowing aspirational females to set up entrepreneurial ventures would critically help alleviate extreme poverty.

Investing in adolescent girls will help in eradication of intergenerational poverty and marginalization along with promoting gender equality.

Life-cycle approach towards poverty graduation: The poverty graduation pathway is not linear, and programs should adopt a life-cycle approach to ensure sustainable graduation and reduce slippage. With the division of Non-poor, poor, and extreme poor, the developmental approaches towards these groups are different. But, when a person graduates from Extreme to Poor, and then to Non-poor, they are losing the assistance they received before; this is creating a new challenge for the graduates. The challenges often demote the non-poor to poor, and then to extreme poor, bringing them back to square one. The systems and approaches should have a life cycle strategy that thinks in a holistic method and mentors, helps, and aids people until they are self-sufficient completely.

Human Rights Based Approach for Poverty Eradication: The HRBA approach could help Bangladesh integrate all factors contributing to poverty alleviation, and strategically implement them for complete eradication of poverty. There are several structural barriers for development workers in Bangladesh; addressing these barriers is crucial.

Implementation of Universal Social Protection: Universal Social Protection is a policy objective anchored in global commitments such as **Article 22 of the Universal Declaration of Human Rights**, which states that "everyone, as a member of society, has the right to social security," and other international commitments. Social Protection will provide Social cash and in-kind benefits for mothers, children, and families along with offering support for the sick without employment. The protection schemes will also provide pensions for older and disabled people. support for those sick and without jobs; and pensions for older and disabled persons.



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