

A woman wearing a face mask is holding a large, round, woven basket. She is standing in front of a building with a corrugated metal roof. The image has a red tint. The text is overlaid on the right side of the image.

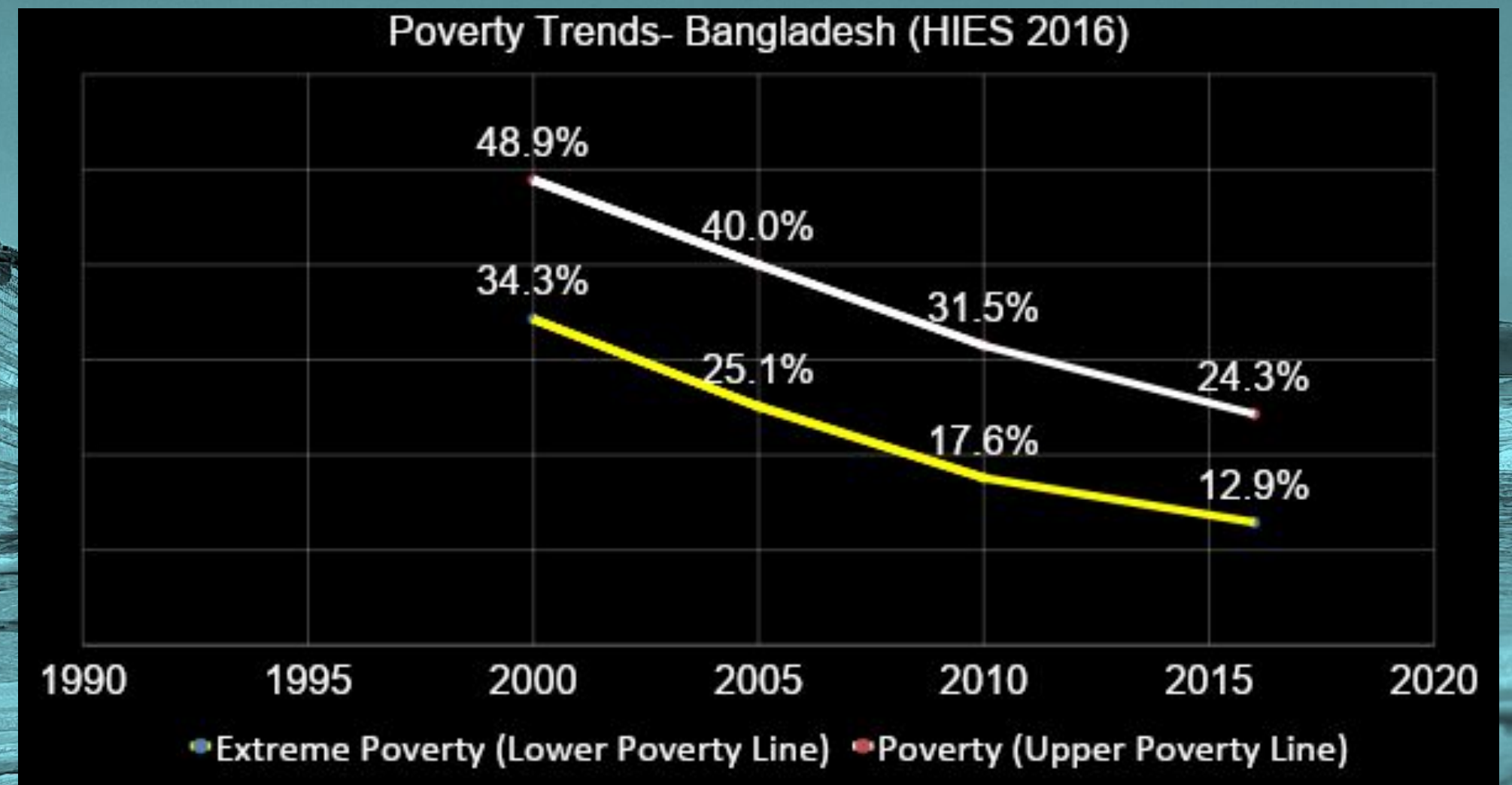
Eradicating Extreme Poverty in Bangladesh : Emerging Lessons & Approaches

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THE HIES 2016 produced a historic graph and featured it as its cover page.

The graph showed a steep decline in poverty and extreme poverty rates in Bangladesh since 2000.

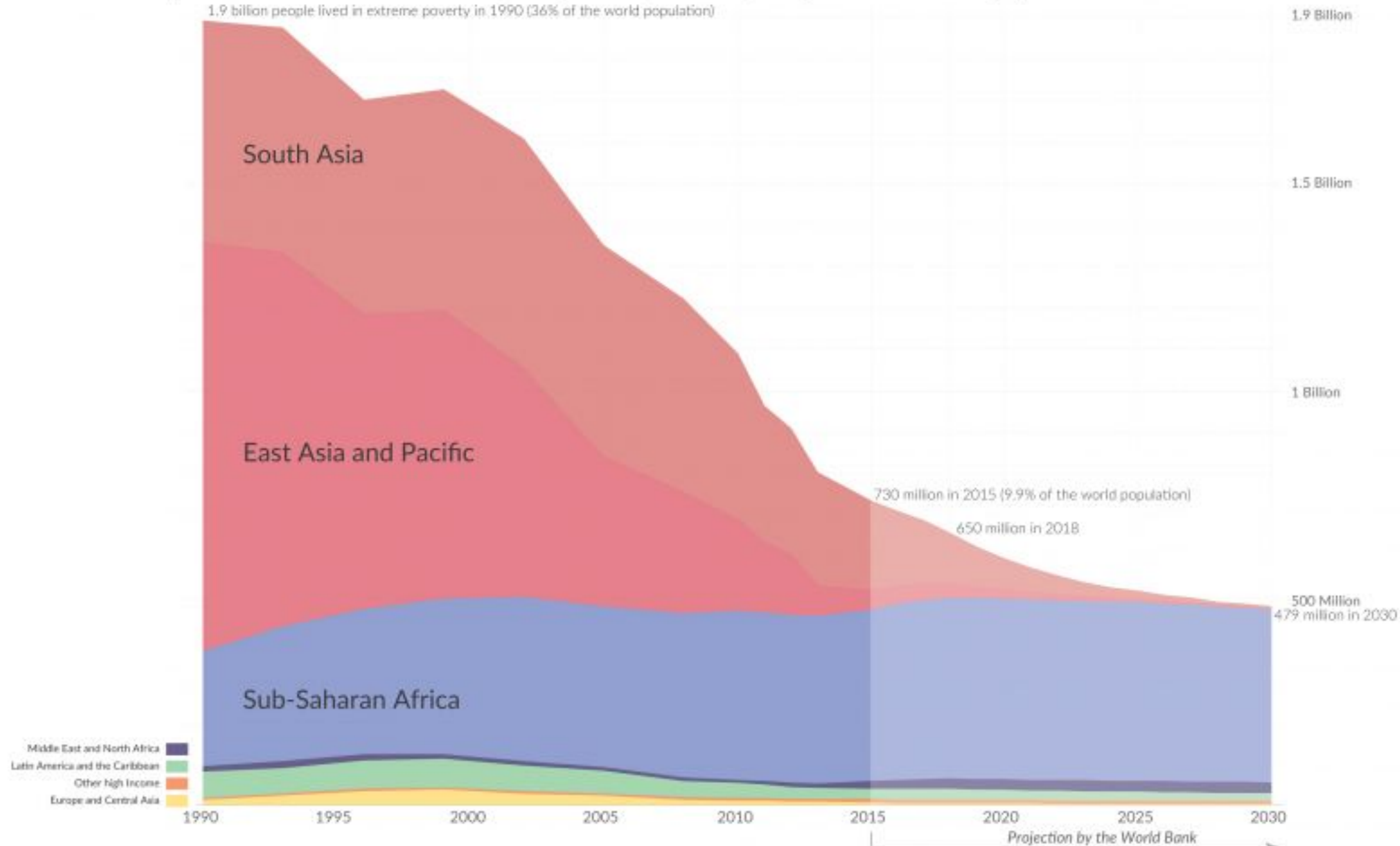


However, the world too has been progressing...

The number of people in extreme poverty – including projections to 2030



Extreme poverty is defined by the 'international poverty line' as living on less than \$1.90/day. This is measured by adjusting for price changes over time and for price differences between countries (PPP adjustment). From 2015 to 2030 the World Bank's projections are shown.



Data source: World Bank data from 1990 to 2015. The projections from 2015 to 2030 are published in the World Bank report *Poverty and Shared Prosperity 2018*. This is a visualization from OurWorldinData.org, where you find data and research on how the world is changing. Licensed under CC-BY by the author Max Roser.



The story of Bangladesh in eradicating extreme poverty draws attention not because it exceeded expectations, but because it came against some significant challenges that are unique to Bangladesh...

Eradicating extreme poverty is complex and difficult in Bangladesh because of:

- *Climate vulnerability*: Bangladesh is number 7 in the world in Long Term Climate Risk Index (CRI) (Global Climate Risk Index 2021). Bangladesh accounts for 70 % of all storm surges in the world (World Bank 2016).
- *Population density*: Second highest in South Asia (Maldives being the first); 1239 people per square km if compared to the average of 49.56 people per square km for the least developed countries (UN classification) (data.worldbank.org)
- *Social, cultural and environmental diversity*: River and river basin diversity, haor and flood plains ecology, remote chars, remote hills and sparse indigenous population, large coastal areas and mangrove forest, world's largest refugee base – all contribute to unique social, cultural and ecological systems that have their own challenges
- *Low arable land per capita*: At 0.05 ha per capita, Bangladesh has the second lowest arable land per capita in South Asia.

These challenges mean that (i) it is harder to pull people upwards from the poverty trap and (ii) there is a constant threat of more people slipping to poverty because of adverse natural and socio-economic conditions

The slippage risk

Integrated in market economy- *poverty threat shifts to market dysfunctions*

Dependency on urban economy- *poverty dynamics shifts to urban frontier*

Moves beyond the coverage of the social safety net supports and development assistance- *fall back is rapid and harder*

Building assets, resources, diversifying economic engagement- *increased exposure to market failure risks; limited local resources pushes people to migration*

Vulnerability to natural, economic and health shocks remain prevalent; increased formal and informal credit burden leads to harder fall back to poverty

Low resources- *cannot engage in economic activities; high labour migration; fractured families*

High vulnerability to natural, economic and health shocks- *constantly pushed back*

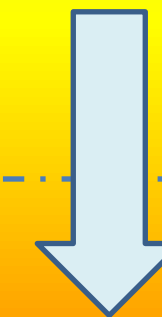
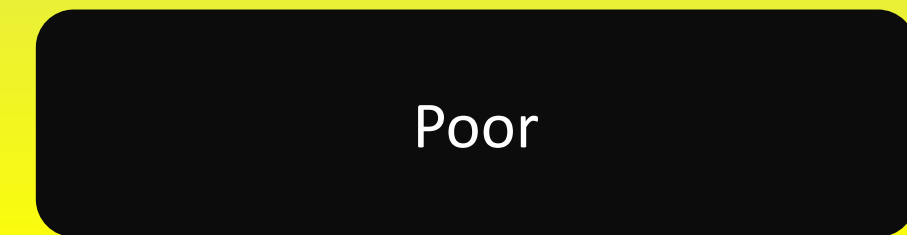
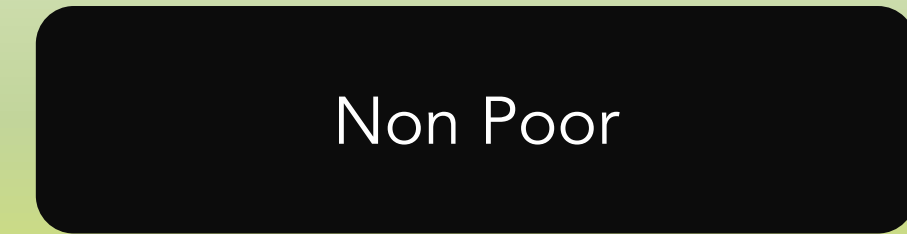
Low economic diversity- *low capability to bounce back*

Slippage

Non Poor

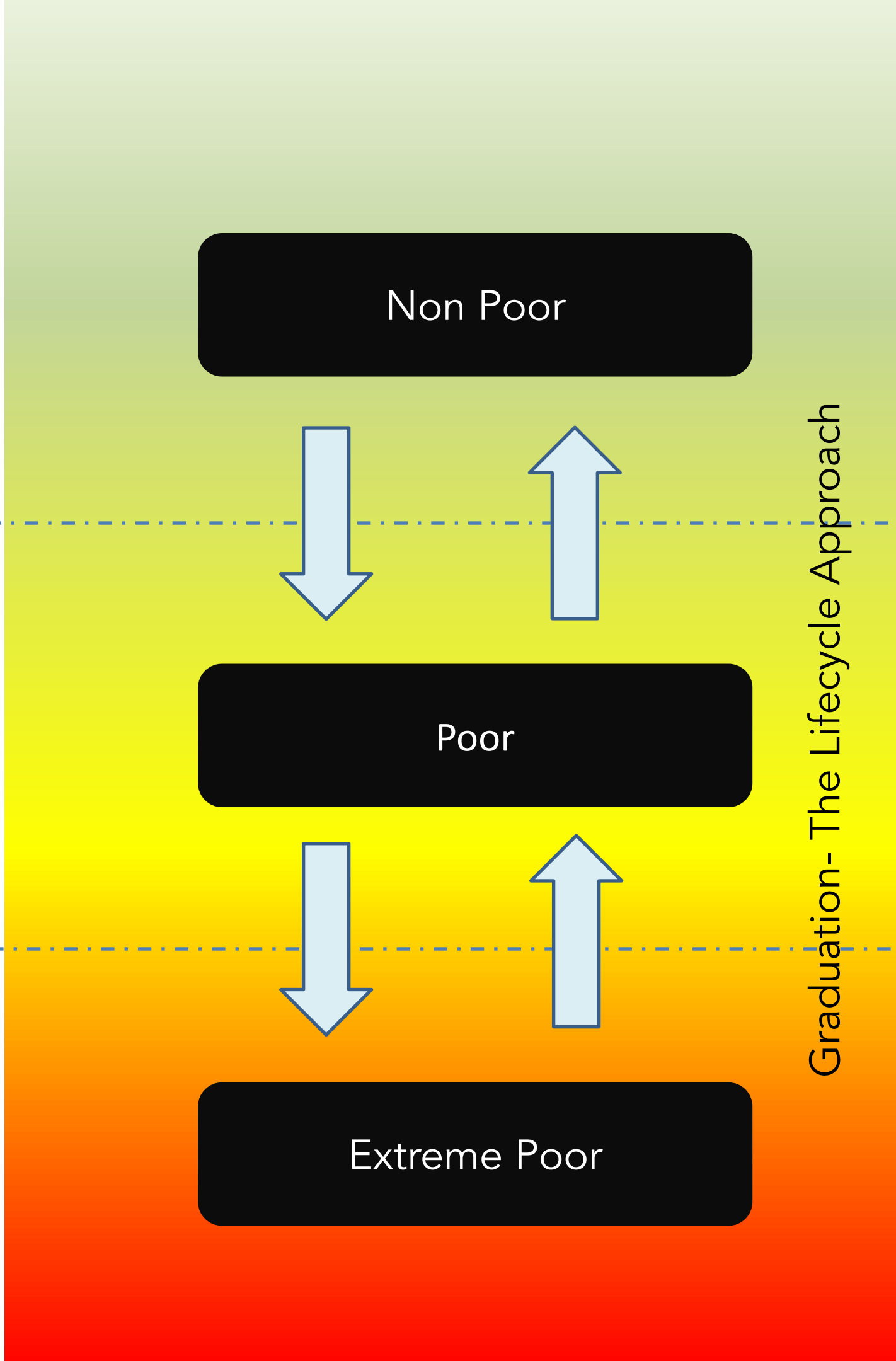
Poor

Extreme Poor

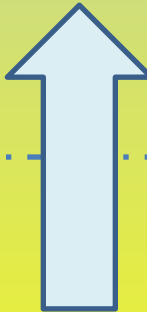


The multidimensional challenges led to **innovation in poverty programmes and evolution of public-private mix of interventions** (often referred to push and pull in the extreme poverty programmes)

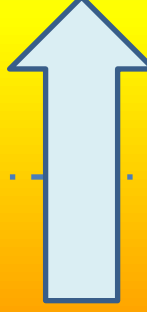
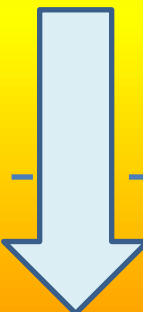
We see a symbiosis between the households, CBOs, NGOs, private sector and the government agencies responding to the unique need of the poor in the 'graduation lifecycle'



Non Poor



Poor



Extreme Poor

Graduation- The Lifecycle Approach

Intervention Mix

Market forces take over

Micro-credit

Farm and non-farm engagement

Investment in micro-enterprise development

Moves towards urban economy

Economic engagement becomes complex while social, natural and health vulnerabilities remain

Interventions led by government and extreme poverty programmes; private sector becomes more engaged

Micro-credit

Farm and non-farm engagement

Skills development

Education, nutrition and health support

Social safety net coverage

DRR

Interventions led by government and extreme poverty programmes

Asset cash transfer, social safety net

Savings group

Community mobilization

Non-farm engagement

Education, nutrition and health support

DRR

- **Remittance:** Increased from USD 1.95 billion in 2000 to 21.693 billion in 2020 (data.worldbank.org); however, remittance as percentage share of GDP dropped from the peak of 10.58% in 2012 to 6.7% in 2020
- **Female labour force participation rate:** Even though FLFP has slowed down and the World Bank estimates that it has gone down by 4% point between 2010 and 2016, the growth in FLFP between 2005-2010 pushed the frontier for women's economic engagement and their contribution in poverty reduction
- **Total fertility rate:** Declined from 3.17 births per woman in 2000 to 2.04 births per woman in 2018 (source: World Bank)
- **Educational attainment:** Adult literacy rate increased from 47.49% in 2001 to 74.68% in 2019. Adult literacy rate for the population between 15-24 years is 93.30%
- **Employment in industry and service sectors:** Industrial sector employment grew from 4 million in 2000 to 12.4 million in 2016-2017; services sector employment increased from 9.2 million in 2000 to 23.7 million in 2016-2017 (CPD 2018).

However, there are other contributors to this success...

While the economic growth and the economic and social development interventions might have propelled the acceleration of extreme poverty eradication the HIES 2016 data and the subsequent developments have shown that **the progress is slowing down.**

Signs that the progress
is slowing down...

Declining consumption growth; declining elasticity of poverty reduction to growth: Annualized per capita consumption growth slowed was 2.3% in the period 2000-2005; it was 1.2% in the period 2010-2015. Between 2010 and 2016, while GDP growth accelerated the rate of poverty reduction slowed (World Bank 2019). Elasticity of poverty reduction to growth fell from 0.88 to 0.73 in the same period (World Bank 2019).

Poverty reduction has been mostly rural than urban; the fault line in urban poverty has been exposed: Rural extreme poverty reduced from 21.1% in 2010 to 15.0% in 2016. Urban extreme poverty remained stagnant (7.7% in 2010; 8.0% in 2016).

Furthermore, there has been divergence between the east and the west

But we are probably only seeing just the tip of the ice-berg; what worked before might not work in the future because **we are dealing with the sticky population**; the segment of the population which have remained poor and extreme poor despite decades of support and economic growth.

Sticky Poverty

6.94% of the population are living with disability (HIES 2016). Extreme poor households with a family member with disability are found less responsive to interventions; non-poor and poor households often slips back to extreme poverty because of fatal injury of the household head (Sarwar, R 2016; Sarwar,R 2015).

2 million ethnic minorities (Barman and Neo 2014). Using DCI method, Barket et. al (2009) reported that extreme poverty among the ethnic minorities in Greater Mymensingh and Sylhet is 60% while it is 39.5% for the rural Bengalis. Low economic opportunities, remote locations, exclusion, deprivation and dispossession of lands exacerbate poverty amongst the ethnic minorities (Chakma, N 2016)

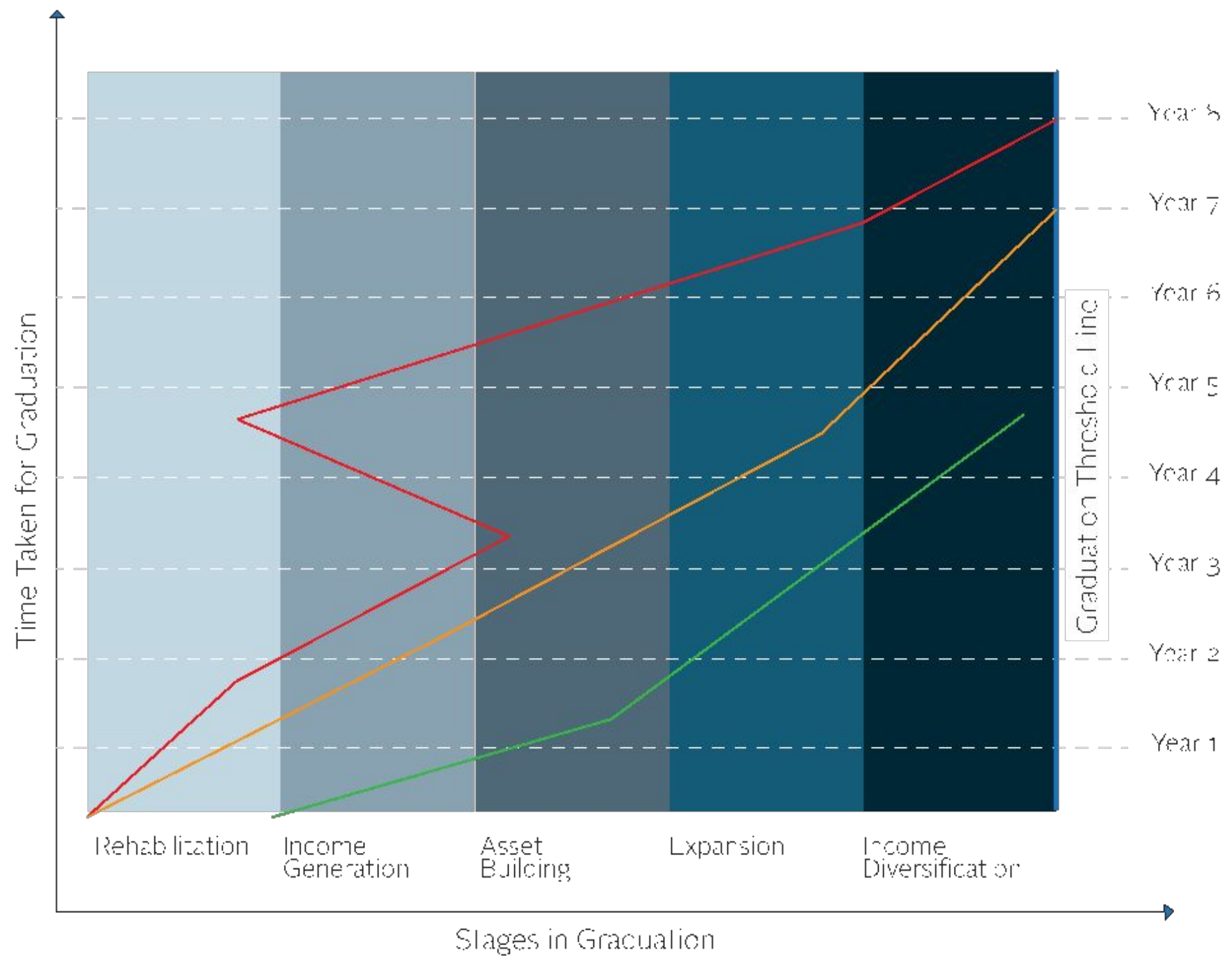
In 2020, 4.4 million people were internally displaced in Bangladesh due to climate risk (www.migrationdataportal.org). River erosion, flash flood, tidal surge, cyclone, salinity, drought reverse the gain from the interventions (Sarwar R, 2015).

Sticky Poverty

Female headed households in Bangladesh is on the rise. Estimates from 2017-2018 puts the figure at 14.5%. Extreme poverty is often dire amongst the female headed households; in the patriarchal society in Bangladesh, women become household head usually when they are widowed or divorced or abandoned.

Sex workers, transgender, marginalized communities (For example, the Dalits) continue to struggle to respond to interventions due to social denouncement; time bound safety net often do not reach them due to systematic exclusion errors; besides the systemic failure of societal norms remain unaddressed.

With rising life expectancy there are now higher number of economically inactive men and women in extreme poor households; they are often abandoned by family members and are left to live on stipends.



The graduation pathway is not linear... (Sarwar, R 2016)

- Graduation Pathway of the Vulnerable Households
- Graduation Pathway of the Transient Households
- Graduation Pathway of the Graduated Households

COVID 19 has further exposed latent vulnerabilities not only of the extreme poor but also of those who were not poor- *we are seeing the rise of the new poor*

Latent
vulnerabilities
exposed by
COVID 19

The vulnerability of the urban poor in the informal economy which includes both manufacturing and service sector has been widely exposed. Innovision's research shows that the vulnerability mostly arises because of low cash in hand and savings and dependency on daily wage rate. The shock absorption capacity of the urban poor is weak.

Households dependent on rural non farm occupations are more vulnerable than households dependent on farm incomes. Rural non farm income is more volatile. The recovery trajectory is flatter for non-farm households.

Food, especially protein consumption is immediately affected. Health expenditure on non-communicable diseases have been cut down. Beyond COVID there is a widespread risk of rising NCDs among the poor and the extreme poor in both rural and urban economy.

There are reports of school drop outs and early marriage of adolescent girls; COVID 19 might reverse the gains of educational attainments on extreme poverty

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Moving forward, we need to continue to build on what we did good; but there are more that needs to be done to address the sticky poverty issues

Strengthening social safety net coverage...The Push

- Recognize the new poor; bring them under social safety net coverage
- Strengthen urban social safety net programmes
- Introduce safety net programmes for the returnee migrant workers
- Introduce health vouchers as safety nets for the households affected by COVID 19 induced economic shock
- Strengthen safety net coverage (breadth and depth) for ethnic minorities, transgender, sex workers and other vulnerable households; improve targeting efficiency in this context
- Make social safety net systemic, multi-level and multi-sectoral. Expand the coverage of safety net and integrate it to enterprise loans and skills development support for longer term systemic and sustainable graduation of the extreme poor
- Implement the lifecycle approach for safety net as envisioned under the NSSS 2015

Building Resilience- The Pull

- Promote economic diversification of households. Bangladesh needs to move up the ladder on economic complexity index (current position 108 out of 132 countries)
- Strengthen public and private sector investment in climate resilient interventions
- Ensure food and nutrition security; invest in adolescent nutrition to ensure safety from slippage
- Strengthen investment in economic rehabilitation programmes for the people with disability, ethnic minorities
- Diversify economic centers; reduce dependency on Dhaka and Chittagong which together account for 60% of the countries GDP (PRI)
- Move up on the international migration ladder; invest in both hard and soft skills
- Incentivize savings for the poor; promote asset diversification

