

Some improvements but not enough

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The incidence of poverty in Bangladesh is high and consequently, poverty alleviation is a major item on the policy agenda. Donors have generously supported government efforts to eradicate poverty. NGOs play a significant role with donor support. Government and NGOs have employed a range of approaches and innovative measures. These efforts resulted in some improvement in the late nineties, though all measures were not equally effective.

The number of rural people (head-count index) living in poverty declined by 1.8% from 1995 to 1999. The depth of poverty (poverty-gap index) declined in both urban and rural areas and the severity of poverty declined in urban areas. The number of urban poor remained unchanged at its 1995 level. Poverty is still pervasive in the country with 44.9% of the rural population and 43.3% of the urban population living in poverty. Absolute poverty has at no time declined and more than 70 million Bangladeshis now live in poverty.

Distribution of income worsened in the early nineties. The income share of the top 5% increased from 1992 to 1996. The income share of the upper middle 15% also increased. The income share of the lower 80% of the population declined. This situation seems to have continued in the late nineties.

The Human Poverty Index (HPI) for Bangladesh marked some improvement in the early eighties and the trend continued in the nineties. The index fell from 61.3 in 1981/1983 to 40.1 in 1995/1997. This indicates that while income deprivation continued, human deprivation lessened during this period. The educational infrastructure expanded and the gross primary enrolment ratio increased from 76% in 1991 to 97% in 1999. Similarly, health indicators also mark some improvement (life expectancy at birth increased from 55.9 years in 1990 to 60.8 years in 1998). Public expenditure on primary education and rural healthcare services seem to benefit the poor more than other types of expenditures.

Despite quantitative improvements in education and health, quality is still deplorable. In education, low attendance, high drop-out, and repetition rates are major problems. Fifth-grade knowledge levels are achieved only in eighth grade. In the health sector, curative healthcare services have suffered noticeable deterioration. Consequently, people look for alternative services in neighbouring countries, especially India.

Why income poverty does not decline

The lack of progress in poverty reduction in urban areas and imperceptible gains in poverty reduction in rural areas require a reassessment of the poverty reduction strategy and the dominant factors causing poverty. Current strategies focusing on labour-intensive export expansion, agriculture, rural non-farm activities, and urban small-scale and informal enterprises, have not succeeded in reducing the absolute number of poor people.

The micro-credit programs of NGOs, nationalised commercial banks and other specialised public institutions such as the Grameen Bank have reportedly made significant gains in reducing poverty and improving poverty correlates.

The success of Grameen Bank has turned it into a model for many other developing as well as developed countries. That micro level achievements have not been translated into aggregate level achievements indicates some mismatch between micro and macro performance. Recently, several questions were raised about micro-credit:

- The high rate of interest charged on loans and strict repayment schedule (beginning within first fortnight of the loan) guarantee profitability and loan security, but they hinder realisation of the full benefits of the loan.
- Neither the conventional credit market nor the non-conventional micro credit market provides access to emergency loans. Demand for seasonal working capital and loans to cope with crises have not been adequately addressed.
- The micro-credit system targets a specific sub-set of the poor. It does not reach the extreme poor or the more deprived sections within the poor community. Vulnerable non-poor are also not covered by the system.
- The group-based lending program has a built-in tendency to exclude from the group those poor whose ability to save and make repayments of credit regularly is in doubt.
- Credit alone does not bring any major change in the well being of the poor. Initial endowments, *e.g.* size of landholding, occupation and education level of heads-of-household contribute significantly to asset accumulation in participating households.

Governance and poverty

The failure of the government to provide some public goods tends to generate and perpetuate deprivation and disempowerment. Crime and corruption are the two areas that have major impacts on poverty in Bangladesh.

Corruption has become ingrained in the social fabric of Bangladesh. "Side payments" are required, *e.g.*, for telephone connections, customs clearance, trading and building licenses, employment, and posting to preferred locations. By reducing domestic and foreign investments, distorting the allocation of resources and depriving the poor of a fair chance, such practices entrench poverty deeper into society.

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Transparency International ranks Bangladesh as the fourth most corrupt country in the world. The World Bank holds that, without corruption, Bangladesh could achieve two to three percentage points more growth and twice the *per capita* income. The Asian Development Bank and the European Union have attributed Bangladesh's inability to attract substantial foreign investment to corruption, lack of transparency and bureaucratic tangles.

Information collected and processed by Transparency International Bangladesh (TIB) from January through June 2000 shows that there were 1,345 cases of corruption reported in the nine national daily newspapers selected for monitoring such cases. Law enforcement agencies, including police and other security forces are at the top of the list. Other government agencies that suffer a high incidence of corruption include local government, education, health, forest and environment, taxation, and finance. Private service organisations are also reportedly bedeviled by corruption as are NGOs and political parties.

Gender and poverty

Women in Bangladesh are a disadvantaged group compared with men and suffer greater deprivation in society. Households headed by divorced women are often poorer. The higher incidence of poverty among women is not limited to income poverty. Women also experience higher incidence of human poverty. The adult literacy rate is 58%. The literacy rate for women is 49.5% compared with 67% for men. Gender differences widen as one moves up the educational ladder. Students enrolled in primary schools are 53.9% boys and 48.1% girls. At postgraduate level, 76.3% of students are male and only 23.7% female.

The health status of women also indicates greater deprivation. The number of women suffering from one of 35 different diseases is 148 per 1,000 compared with 136/1000 for men. The life expectancy at birth is lower for women –60.5 years compared with 60.7 years for men.

Violence against women is a universal phenomenon but its manifestation differs across human societies. In Bangladesh violence against women is manifested through sexual abuse, trafficking, prostitution, domestic violence, dowry-related deaths, psychological abuse, acid throwing and *fatwa (islamic law)*. All forms of violence against women seem to be increasing in the society. From the 1 January to 31 December 2000, there were 186 cases of acid throwing compared with 178 cases in 1999. Acid causes permanent physical disfigurement and can also cause hearing impairment and blindness. The affected women undergo lifelong psychological and emotional trauma.

An ominous development in society is the violence of law enforcement agencies themselves. Thirteen cases of rape by law enforcement officials were reported in 2000. The public generally expects higher moral standards of those who are entrusted with the responsibility of preserving law and order in the society. People will have nowhere to turn for protection if law enforcement officials become the worst perpetrators.

Violence and the threat of violence cause irreparable physical and psychological damage in many cases. No less important is their effect on the security and autonomy of women. Violence also has a negative impact on efforts by the government and civil society organisations to empower women. ■

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