

A STUDY FOR GENERAL ECONOMICS DIVISION  
BANGLADESH PLANNING COMMISSION

# Extreme Poverty

## The Challenges of Inclusion in Bangladesh

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BANGLADESH INSTITUTE OF DEVELOPMENT STUDIES

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(Inside of cover page)

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A desolate man is seen looking towards the remains of the burned slum that was his home. The man and his family lost all their life's belongings in the fire. Fire, burned out the whole of a large slum in Mirpur area in Dhaka. Fire broke out in the early morning spread quickly burning out everything in its way. Luckily no life was taken but thousands of people lost all their belongings.

The image is chosen to capture some of our key themes such as inequality and the challenges of inclusion.

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## Foreword

This insightful study of extreme poverty in Bangladesh reminds one of the opening sentence of Leo Tolstoy's epic novel *Anna Karenina*: Happy families are all alike; every unhappy family is unhappy in its own way. Indeed, the major theme of this study, which is enriched by both quantitative and analytical rigour, contrasts the extremely poor households with the moderate poor and non-poor, in terms of the household-specific idiosyncrasies defining "who they are".

The study shows how, in contrast to conventional poverty analysis, general explanations of extreme poverty are difficult because of the diversity of the underlying factors. These factors include ethnicity-determined social marginalisation and exclusion resulting in lack of rights and access, poverty pockets created by remoteness from economic growth centres and ecologically vulnerable environment, weakness in the household demographic composition, livelihood vulnerabilities including health crises and lack of resilience in dealing with shocks from natural calamities, intergenerational reproduction of chronic poverty, and a host of other less understood social and economic constraints. The study thus calls for a re-imagined approach to designing interventions that can address such multi-faceted forms of extreme poverty; it also points to the need for continuous surveillance of the poverty situation, given the evidence of risk-prone livelihoods of the poor and the resulting churning of households around the poverty line.

The study also makes important contributions to the poverty literature by conceptualising the multi-dimensional nature of well-being of the extreme poor and exploring the ways they experience their marginalisation in different forms, such as in accessing social protection or availing of economic opportunities. Extreme poverty, conceptualised as such, extends well beyond a household's situation in terms of income and assets, which again calls for imaginative poverty interventions.

Importantly, the study points to the need for setting up a centralised agency, or a high-powered inter-agency platform in the government, that works as the focal point for knowledge, practice, experimentation and evaluation related to eradicating extreme poverty. Given the government's goal of eradicating extreme poverty by 2030, the proposal deserves serious and urgent consideration.

### **Prof. Wahiduddin Mahmud**

Chairman, Panel of Economists for the Five Year Plan and the Perspective Plan of the Government of Bangladesh

## Message

In the General Economics Division of the Planning Commission, we have naturally been eager to connect the macro planning strategies for the country to the challenges posed by the persistence of poverty in the country, now exacerbated by the COVID pandemic. There has been good progress in poverty reduction particularly over the last two decades and a half partly as a function of steady economic growth and low inflation, expansion of social protection and complementary support from civil society and international partners. But we cannot relax our concerns and we welcome this study on extreme poverty which is providing further insight into the conditions faced by the poorest people in our society. From its analysis there are several key messages: the extreme poor benefit less from economic growth than the moderate poor; the impact of growth is not evenly experienced across the country, partially explaining regional variations in both the incidence of poverty and rates of alleviation; strong associations exist between extreme poverty and types of marginalisation - ethnic, religious, gender and disability - also adding to regional variations; income indicators do not tell the whole story about the experience of poverty, requiring a multi-dimensional understanding of exclusions, for example in access to health services and education; a reminder that some areas of the country are more geographically vulnerable to seasonality and climate change events; the conjuncture of these variables reveal a pattern of poverty pockets, especially at *upazila* level, but with diverse characteristics; and that individual households among the extremely poor face idiosyncratic problems, especially associated with morbidity and adverse dependency ratios, as well as extra burdens for female members, use of child labour, and prevalence of family members with disabilities.

The study reaches various conclusions of importance to policy thinking. Income support through transfers and employment generation may be necessary but is not a sufficient condition of alleviation. We need to focus upon the resilience challenge rather than just crossing an income threshold (graduation). This demands multi-dimensional intervention to match multi-dimensional poverty. More emphasis is therefore needed upon improving access to services like health and education. Opportunities for mainstreaming the inclusion of the extreme poor should be further explored. And a stronger government led focus upon relevant research, action-research and experimentation is needed, particularly across different poverty pockets. The study also proposes the creation of a community service, 'social worker', cadre to support individual households in accessing essential services.

The analysis in this study is original since it offers available numerical data with insight from the combined experience of the authors in working closely with households and communities over many years, using qualitative methods of enquiry. It challenges the country's policy makers/ thought leaders to think differently about how to overcome the poverty of the hardest to reach in the society.

### **Dr. Shamsul Alam**

Member (Senior Secretary), General Economics Division (GED)  
Planning Commission, Government of the People's Republic of Bangladesh

## Message

It is with great pleasure and some trepidation that I write a short foreword to what I hope will become a seminal work, a study for the 8<sup>th</sup> Five Year Plan in Bangladesh prepared by Zulfiqar Ali and Badrun Nessa Ahmed from The Bangladesh Institute of Development Studies in Dhaka and Mathilde Maitrot, Geof Wood and Joe Devine from the University of Bath, UK. I thank them for inviting me to write a paragraph or so for this publication.

It is a ‘pleasure’, as having read through the Study, I find that the team has raised very relevant points that are crucial for any National Development Plan to address. The focus they chose, extreme poverty and the challenges of inclusion, forms the major portion of my life’s work. A work I chose to be in voluntarily, as my passion and not as a profession or career. Thus, the topic is something that fully speaks to me and my work. I read the report carefully. I am not an academic, nor am I a decision maker. But I do have a voice, which I try to raise as often as I can as a Citizen. This Five Year Plan is my plan as much as it is the Government’s plan.

In the study, in order to ensure inclusion, the building of people’s own collective agency has been emphasised. No clearer than brought out in the prologue. An experience that resonates with the experience that I have lived through. I would like to mention a few sentences here about what I mean by ‘inclusion’. As the study indicates economic poverty, that is income index and purchasing capacities, are merely one part of the issue. I would not like to imply that the economically vulnerable people do not face exclusion or vulnerabilities. These two experiences go hand in hand together. But other forms of exclusion (i.e. social, gendered, ethnic, political, sexual and other occupational vulnerabilities) lead to a situation of exclusion from what is considered as the mainstream or the ‘natural’. This reflects a situation where in the eyes of those who ‘matter’ whether they be the political, economic or socially powerful voices, (very often the same) or even those from ‘established’ civil society who purport to speak for the poor, poverty alleviation does not amount to real inclusion in mainstream activities—economic or political. Therefore the study is right to focus upon inclusion.

I will not attempt to reiterate what is already clearly stated in the study. I would just mention that even if the official Eighth Five Year Plan does not fully take into account the analysis, the impacts, the vulnerabilities, especially under the current pandemic situation, outlined in this publication will nevertheless be of great use to us. Those working directly with the excluded, standing beside them and building up the capacities of the vulnerable as strong, vibrant citizens of this country with a strong voice, we demand accountability and transparency. We must continue to work for the time when the majority of the people in the country, the economically unprotected along with the excluded communities, are considered as equal citizens, as defined in the Constitution of Bangladesh, and can without fear of reprisals play such a role. When the State treats all citizens as equal. When all citizens can make the same demand from the State and its Institutions for what is given as a guarantee. When both the elected Governments, as well as the Government employees, learn to include everyone in every aspect, not just in the Development Plans, but in all its actions, in the implementation and in making policies.

**Khushi Kabir**

Coordinator

Nijera Kori, Bangladesh

## Message

For over twenty years now, Bangladesh has been a global leader in the fight against extreme poverty. It has built a resilient economy that has opened up opportunities for millions to lift themselves out of poverty and enjoy an improved quality of life. Bangladesh's remarkable success is indeed an inspiration to development policymakers and practitioners throughout the world.

While this study celebrates the development successes of Bangladesh, it sheds light on some of the principal poverty reduction challenges of the future. In recent years, progress on poverty reduction has slowed, according to the Household Income and Expenditure Survey 2016 of Bangladesh Bureau of Statistics. The country may need to think differently about how to support the poorest who are still left behind. As this study says, they are “the hardest to help”. The authors call for greater policy attention to the challenges on inclusion. This reflects the findings of the study: the prevalence of a significant number of people still living in extreme poverty; the stark regional variations in terms of extreme poverty prevalence and vulnerability to shocks or hazards; and the relatively high levels of extreme poverty among excluded or marginalised groups, including ethnic and religious minorities. The overarching message presents a clear challenge: future poverty reduction strategies will be successful only if they are committed to overcoming deep-rooted barriers to exclusion.

At the same time, the study highlights some of the gaps and weaknesses in our understanding of poverty. Its analysis of gender and disability clearly shows the inadequacy of some of the national-level data. Its exploration of multidimensional poverty underlines the limitations of income indicators when used on their own. Its focus on exclusion and discrimination draws attention to the powerful interplay between issues such as gender, disability and class; and to the household specific shocks, as well as political economy challenges poor households face. Future poverty reduction strategies will therefore require evidence based on more nuanced and holistic knowledge and data; especially on geographical pockets or marginalised groups where extreme poverty levels are highest.

Bangladesh has a strong track record in poverty reduction and the Foreign, Commonwealth and Development Office (FCDO) is proud of the supporting role it has played in these efforts. This includes implementation of previous large-scale extreme poverty programmes with the Government and NGOs. In addition to reaching millions of the poorest of the poor, the FCDO support has contributed to developing a sustainable model to lift the poorest out of poverty. BRAC's Ultra-Poor Graduation Programme (previously known as Targeting the Ultra Poor); Economic Empowerment of the Poorest Programme/ Stimulating Household Improvements Resulting in Economic Empowerment with the Government; Palli Karma-Sahayak Foundation's Programmed Initiatives for *Monga* Eradication; and Chars Livelihoods Programme with the Government are examples of some of these flagship interventions. The extreme poverty graduation model developed in Bangladesh through these initiatives is now replicated in many countries throughout the world. To make further progress on ending extreme poverty, Bangladesh will have to build creatively on its past success and learning. This study offers fresh policy ideas that can help meet the challenges of future poverty reduction

As this study is published, the world finds itself facing an unprecedented challenge with the COVID-19 pandemic. Across the globe, lives have been lost, economies weakened, and livelihoods destroyed. It also appears that the pandemic will reverse years of progress in reducing the number of people living in extreme poverty. With shrinking economies and a global recession, millions will be pushed into extreme poverty. This is a challenge that governments and societies across the world must face.

This year we celebrate the 50<sup>th</sup> Independence Day of Bangladesh – a moment when we hope that Bangladesh can once again demonstrate its global leadership by increasing efforts to end extreme poverty and meet the challenges of inequality and exclusion.

**Judith Herbertson**

Development Director

Foreign, Commonwealth and Development Office Bangladesh



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## ACRONYMS

AKRSP	Aga Khan Rural Support Programme
ASA	Association for Social Advancement
ASCA	Accumulating Savings and credit Association
BARD	Bangladesh Academy for Rural Development
BBS	Bangladesh Bureau of Statistics
BDHS	Bangladesh Demographic and Health Survey
BIDS	Bangladesh Institute of Development Studies
BIGD-PPRC	BRAC Institute of Governance and Development-Power and Participation Research Centre
BIHS	Bangladesh Integrated Household Survey
BRAC	Building Resources Across Communities
BRDB	Bangladesh Rural Development Board
CHT	Chittagong Hill Tracts
CPD	Centre for Policy Dialogue
DFID	Department for International Development
EEP-Shiree	Economic Empowerment of the Poorest, known also as Shiree - Stimulating Household Improvements Resulting in Economic Empowerment
FCDO	UK- Foreign, Commonwealth and Development Office (previously DFID)
FDI	Foreign Direct Investment
FY	Fiscal Year
FYP	Five Year Plan
GED	General Economics Division
GK	Gonoshasthaya Divisions
GoB	Government of Bangladesh
GSS	Gonoshahajjo Sangstha
GSS-NFPE	Gonoshahajjo Sangstha – Non-Formal Primary Education
HDI	Human Development Index
HIES	Household Income and Expenditure Survey
HUGO	Human Rights and Governance Programme
IEDCR	Institute of Epidemiology, Disease Control and Research

IFPRI	International Food Policy Research Institute
IGA	Income Generating Activities
IUB	Independent University of Bangladesh
LCG	Local Consultative Group
LDC	Least Developed Country
LGBTQ+	Lesbian, Gay, Bisexual, Transgender, Queer
LGEB	Local Government Engineering Bureau

LGED	Local Government Engineering Development
LGRDC	Local Government, Rural Development and Co-operatives
LMIC	Lower Middle-Income Country
MFI	Micro Finance Institution
MICS	Multiple Indicator Cluster Surveys
MJF	Manusher Jonno Foundation
MPI	Multidimensional Poverty Index
MSME	Micro, Small and Medium Enterprises
NCEEP	National Commission for the Eradication of Extreme Poverty
NGOs	Non-Governmental Organisations
NIPORT	National Institute of Population Research and Training
NSSS	National Social Security Strategy
PKSF	Palli Karma-Sahayak Foundation
PPEPP	Pathways to Prosperity for Extremely Poor People
PRI	Policy Research Institute
PWD	People With Disability
QUANGO	Quasi-Autonomous Non-Governmental Organisation
R	Reproduction Number (measuring coronavirus' ability to spread)
RMG	Ready Made Garments
ROSCA	Rotating Savings and Credit Association
RPP	Rural Poor Programme
SDG	Sustainable Development Goal
SME	Small and Medium Enterprise
SP	Social Protection
SSN	Social Safety Nets
SWOT	Strengths, Weaknesses, Opportunities and Threats
TA	Technical Assistance
Tk	Taka
TTQ	Test, Trace and Quarantine
UP	Union Parishad

## PROLOGUE

Resilience in the face of Amphan: the Extreme Poor in Action



At 4.00 pm on May 20<sup>th</sup>, the sky darkened and the winds began. 2 hours later the fury of the cyclone began in earnest—the worst to hit the southern Divisions of Khulna and Barisal in Bangladesh since SIDR in 2007. In Deluti Union, Paikgacha Upazila in Khulna the poorly maintained embankment for Polder 22 was breached, threatening its 12 villages. High tidal surges rushed in, flooding the polder with saline water. Crops, houses, trees and people were quickly devoured. The winds howled through the night, the rain hammered down.

When the embankment was managed by the local landless groups, it had never breached—not during SIDR or Aila. Previously in the enclosed polder area, no shrimp farms had been allowed and landless groups did all the maintenance. But from the last 4 years, the government took over control under the Blue Gold programme. The locals had complained to the local government that the protecting embankment was weak and in danger of collapse. But instead, the locals were accused of obstructing development. After a frightening night, the local villagers emerged to find the embankment had caved in overnight and all 12 villages in the polder went under water during May 21<sup>st</sup>. Together with the local government, the local communities, supported by an NGO had to figure out how to drain the polder, protect houses and people while the storm continued to rage. Under the leadership of the landless groups they knew they had to repair the destroyed embankment to stop further water from coming in and at the same time also work towards digging temporary small canals to feed into the sluice gates to drain out water. Due to raising of riverbeds from soil deposit brought down from upstream, the rivers get silted up and are often higher than the polder land. The local people identified three sluice gates which are above the river to flush out water. The landless groups



volunteered 100 people for the labour; the UP agreed to pay and arrange 200 more labourers, plus materials and money for the initial work.

It was an immediate race against time and it would be necessary to complete desalinisation in time for the main *Aman* rice crop, due to start in July. People in all the affected areas in the two southern Divisions would need plans and support to help them build their homes and start planting. Meanwhile in Deluti, they had lost most of their cash crop of sesame and watermelons, along with all the mangoes, lychees and other fruits just ready to ripen. In other words, their investment savings for the next crop had gone. In addition, they had to contend with: women's, children's and others' health needs; the looming COVID-19 pandemic; appearance of waterborne and other diseases when the waters recede; and lack of any official support for rehabilitation at the village level, although elsewhere shrimp farms were being protected!

Meanwhile, the respite for the women and men, who had initially repaired the embankment (and it is physically very hard work), was short lived. Over these days, the only food anyone had, 500 people in total, was dry food supplied by the NGO. There was no time or ability to cook or even eat a cooked meal with everything under water. The rising tide was very strong and the embankment could not withstand it. On May 23<sup>rd</sup> three new cracks appeared. This happened at dusk, when the tide was at its peak. Too late to start all over again. The machinery, brought a week earlier by the Water Development Board, was still lying on the side of the embankment. Could it be used? The driver was contacted. He had already left for Eid holidays. The local government officials said 'The battery does not work, we promise to help out after Eid, etc..' With no sense of official urgency, again the local people set to work instead of giving up in despair, and despite their tiredness and lack of food, they started repairing the new cracks again at dawn (wearing *gamcha*, in the absence of masks against the pandemic), as soon as the ebb began and waters receded.

They did not immediately succeed. Another crack appeared. 3 days of hard work could be lost. The polder was still under 3 feet of water, with @4000 polder villagers living on embankments, with no cyclone shelters locally. The landless groups raised Tk 2,32,000 through donations and their own savings, and now @1000 women and men volunteered their labour. To strengthen the breaches and weak spots identified in the embankment, they needed to buy bamboo from neighbouring villages, rods, bricks and nets that are able to withstand ongoing strong winds, heavy rainfall and tidal surges. They were Tk 75,000 short and approached the local NGO for support. Now, after 6 days' work, they succeeded in defending the polder, allowing them to dredge the saline water aided by continuous rainfall to enable *Aman* planting later.

People started returning home and the local NGO offered further support, but was told that this was not necessary. The local people still had some money from the watermelon harvest, though they had lost the sesame to the cyclone. They did not want to start a culture of dependency. The community would look after those who needed help. Currently the landless groups are drafting a petition to the Government outlining its obligations: accountability about what amount was allocated for response; revealing what was actually directly spent, suspecting

corruption; and listening to local people in order to assess the need for a cyclone shelter, repair of schools, and personal relief support.

There are key lessons from this symptomatic story. First that poor landless women as well as men (see the picture) have strong agency, can mobilise to work together collectively very quickly, and can exercise leadership in the community as a whole. Secondly that communities of landless and non-landless, slightly richer people, can work together and support each other, especially in times of crisis and urgency. Thirdly poor people with a history of mutual solidarity do not want to return to dependency upon outside organisations, even supportive NGOs. This is real sustainability and resilience. Fourthly they accept responsibility when other agencies like the local government fail them, as happened here with the neglect of the polder and unwillingness to respond urgently with the available machinery. And fifthly, with everyone affected locally, (the co-variance problem) there was a need for external agencies to provide crucial urgent and timely support (cash for labour, some materials and dried food) while not taking over.

These lessons speak to the study which follows. Hazards and shocks from large-scale climate events, as well as more predictable seasonal, political economy and personal causes spread vulnerability across more of a population while intensifying the suffering of those already very poor. Does evidence of a strong sense of community across poverty lines act as a warning about 'exaggerated' targeting? People in concentrated locations like polders with identities in common can more easily act in community ways than people culturally divided by external labels, with highly specific causes of poverty and living in more scattered homes on the physical as well as social margins of society. Income alone does not determine agency. Even semi-literate people without many assets can be leaders, especially if organised with some external support, and they know what is needed. Government, especially at the local level, is unreliable but not irrelevant as a source of support and knowledge, and suspicions remain whether monies allocated will actually be spent for intended purposes.

Thus to be resilient not only embraces local trust, but also having combinations of confidence, savings, physical fitness, personal strength, a capability to confront power (official and informal), and the security of backstop external organisations to overcome localised co-variant conditions. With these characteristics, they can positively change their time preference behaviour from mere present survival towards investment in a sustainably improved future. The question for us is whether and how extremely poor women and men gain and retain these capabilities to become more autonomously resilient and secure in the future?

A story shared with the team during the research for this paper.  
July 2020

# EXECUTIVE SUMMARY

## Findings and Trends

- In the period 2010-16 (HIES 2016 and World Bank Poverty Assessment Report 2019), poverty (upper and lower poverty lines) reduced to 25% of the population, with the extremely poor (lower poverty line) at 11% of total population estimated at 162 million, therefore approximately 18 million people.
- COVID-19 has pushed up these proportions, with overall poverty variously estimated at @42%, i.e. plus 28 million (BIGD-PPRC, 2020) or 35% i.e. plus 16 million (Sen, Ali and Murshed, 2020).
- Both COVID impact projections need health warnings: the first is based upon an unrepresentative urban/rural sample; the second is based upon 80% recovery rate of the economy in the 4<sup>th</sup> quarter of 2020.
- It is not clear what additions have occurred to the extreme population with vulnerable non-poor descending into moderate poverty (i.e. below upper poverty line) and further descents by some moderate poor into extreme poverty.
- Rates of poverty reduction for 2010-16 were higher for rural areas than urban (World Bank, 2019), and higher overall for moderate than extreme poverty.
- Whereas the main explanation for poverty reduction in the 2005-10 period was attributed to rises in real agricultural wage rates (World Bank, 2013), this was no longer the case for 2010-16 period.
- Instead improvement was in the rural, self-employed services sector with the urban self-employed sector lagging behind.
- This significantly accounts for emergence of stronger regional disparities in rates of poverty reduction measured by income, with eastern districts experiencing faster reduction than western due to stronger linkage to growing sectors of the economy.
- In some districts, especially in the North West such as Kurigram and Dinajpur, rates of poverty (extreme and moderate) have actually increased—highlighting geographical as well as class inequalities.
- The regional variations in extreme poverty can also be explained by a weak but positive correlation between extreme poverty and concentrations of marginalisation, defined in terms of ethnic and religious minorities.

- The evidence shows that female headed households are more likely to be extremely poor than male headed ones. At the same time, households with members living with a disability are also more likely to be extremely poor.
- The geographical distribution of poverty, measured by income/assets, is altered when multi-dimensional factors are considered (such as maternal and new-born child health using stunting and malnutrition measures and mortality rates, alongside educational attainment), with some areas like the North East revealing an inverse correlation. However, present quantitative measures of multi-dimensional poverty for the Multidimensional Poverty Index (MPI), do not cover many issues revealed in more qualitative understandings of the process and experience of poverty (such as relationships, access, intra-household equity and other institutional constraints).
- In brief, neither income nor assets are a complete guide to understanding wellbeing and discount rates of the extremely poor.
- Within this data ‘noise’, there is clear emergence of poverty pockets (typically at *upazila* level) which do not perfectly match with the overall regional picture arising from the HIES 2016 variables. These poverty pockets are evidenced through a combination of income/asset variables, MPI and other access and inequality data.
- Not all poverty pockets are identical in their drivers, but ‘qualify’ by having a majority of problematic variables from a universal list.
- The existence of poverty pockets constitutes both a guide to geographical policy focus, but also a reminder that integrated approaches calibrated to local conditions and capturing multi-dimensionality are required rather than generic, off the shelf, single strand levers.
- In particular these institutional issues point to the need for supply side measures to overcome access barriers to services not just a focus upon demand side such as income improvement measures.
- It is clear that marginalisation, in its different forms, introduces cultural discrimination and negative labelling into the causes of poor access to economic opportunities and social protection support.

### **Grassroots Challenges**

- Extremely poor people are essentially dependent upon philanthropy whether from the Government of Bangladesh (GoB, henceforth), NGOs or Religious Charities. What they receive is at the discretion of other powerholders, their de jure rights are weak and their de facto ones even weaker.

- Exclusion from access is a function of gender and belonging to ethnic and religious minorities.
- The experience of isolation as excluded individuals and households is mitigated a little by presence of community and neighbours.
- Women are expected to work outside, in the home, give birth, and make dietary and health sacrifices for their relatives.
- Adverse dependency ratios mean single adult earners having a high propensity to ill-health, entailing high household opportunity costs.
- Children in extreme poor households are vulnerable to child labour.
- Churning of households around poverty lines complicates exaggerated targeting.
- Programme interventions typically ignore weaknesses of agency as revealed in dependent security.
- Extremely poor people are regarded by outsiders through programme lenses, without a sense of their living socio-economic environment.

### **Strategic Themes for Policy Choice**

**Utility of contrast between moderate and extreme poverty:** a contrast between upper and lower poverty lines on the basis of income and assets (i.e. between moderate and extreme poverty) does not fully capture the significance of the distinctiveness of extreme poverty, in terms of : agency, morbidity, social exclusion and isolation, scattered residential locations on marginal homesteads, idiosyncratic explanations, chronicity, perceptions of insecurity and uncertainty leading to high discount rates of the future, food insecurity, malnutrition, child stunting, sacrificial behaviour by women ( clothing, diet, double day, shame), discrimination on basis of ethnic and communal identity.

**Graduation and Resilience:** programmes over the last decade or so have unfortunately measured their success in terms of ‘graduation’, the snapshot crossing of a threshold indicated by income, nutrition, maternal and child mortality and so on. Such measures have failed to engage with ongoing threats to livelihoods from the hostile and unequal political economy and from environmental hazards and climate shocks, alongside idiosyncratic life cycle events in a family with a problematic adverse dependency ratio. By studying resilience over a longer period (especially post project interventions) we can see that family fortunes rise and fall: sometimes as sustainable improvement, sometimes as downward ratchets. Thus, any policy measure needs to be in terms of resilience when confronted with endogenous and exogenous

shocks and hazards. The present focus solely upon graduation is a significant policy and conceptual failure involving donors, NGOs and GoB.

**Public and accessible health:** it has been clear for some time, but now accentuated by COVID-19, that the public health system such as prevention of epidemic disease via vaccines, hygiene, clean drinking water, nutritional advice and guidance, reactive measures (e.g. lockdowns to inhibit oral spread) and diagnoses is inadequate, under-resourced and under-funded as a proportion of GDP compared to other countries. But it also fails in a curative sense due to poor access to diagnosis, treatment, post-op nursing and tracing. The challenge of access also entails bringing professionals and equipment/medicines (not just buildings) into closer reach of the poor, both moderate and extreme. The potential of small towns (rurbanisation) to attract more professionals outside of the major cities should be explored. The entire health system needs reform and investment to raise the profile of preventive medicine.

**Idiosyncrasies, inter-sectionality and inter-generational issues (gender, marginalisation):** extremely poor families concentrate unique combinations of variables, making general explanations of their conditions difficult and therefore generalised policy responses too. Instead of being adversely incorporated as a class like the moderate poor, their conditions and needs are more specific—i.e. it is about ‘who they are’, idiosyncrasies. In other words, they are excluded as ethnic minorities, female headed households or as people living with disabilities; they have problematic dependency ratios with high opportunity costs if members are sick; children are more likely to be under-nourished and exposed to child labour, having little schooling; morbidity is more common; women work harder, while having poorer diets, being pregnant, or being elderly. All these factors come together in different, specific combinations of conditions at the household level, requiring support specific to that household.

**Amenability to growth:** the elasticity of response to general economic growth is higher for the moderate poor than the extremely poor, i.e. growth does not trickle down or across to less favoured communities. Employment and self-employment is more likely to be unskilled, casual, low paid and insecure. They are excluded from decent work at higher returns. They are confined to the periphery of any economic opportunities generated by growth. LMIC status has no positive effects for them.

**Urban Vulnerability (via commodification) and Rural Relative Security (via subsistence):** data from effects of COVID-19 has revealed the vulnerability of urban, poor self-employed, unskilled employed in the services sector to sudden drops in demand for their daily services. Their labour and services activity is highly commodified leaving them exposed to shifts in market conditions. This has stimulated urban to rural migration (i.e. an escape from insecure commodification of their labour towards more secure subsistence), and a depletion of savings in order to cope, while urban fixed costs like rent and utilities remain. Although data from the countryside are weaker, families have some scope to use stored goods for subsistence. However, the hand to mouth conditions for the extreme poor leave such families more immediately exposed and reliant upon charity, with debt in short supply due to unlikely ability to repay.

**Rurbanisation:** although formal data are weak on growth of small towns, growth poles and *upazila* decentralisation, rurbanisation is occurring (just like over the border in West Bengal and Bihar). This process offers many opportunities (including for unskilled and semi-skilled labour) for a more sectoral and geographically dispersed economy entailing horticultural products, small unit manufacture, development of local services, inter-linked supply chains, infrastructure development and construction. This process should also enable the re-location of health and educational professionals nearer to the families who need access to them.

**Universal and regional trends (poverty pockets):** a major story for 2010-16 period, compared to preceding 2005-10 period is the emergence of stronger regional variations in the incidence of poverty and extreme poverty, including differential rates of reduction and in some areas actual increases in poverty. The overall HIES 2016 derived regional analysis (i.e. income and expenditure) is modified however by evidence from multi-dimensional measures for assessing poverty—the two sets of measures (income and non-income) are at best weakly correlated. Thus across different regions there are poverty pockets (e.g. *upazila* levels) in both poorer and richer areas. These are evidenced by income, asset, health, education and other services access indicators (i.e. the MPI from MICS data).

**Multi-dimensional analysis AND policy:** although there has been methodological progress in understanding poverty beyond income, expenditure and assets from the time of UNDP HDI's onwards, such indicators still remain more in the form of human capital than in terms of discount rates, uncertainty, relationships, dignity, wellbeing, senses of self-worth, agency and inclusion as citizens which are the causes as well as the experience of poverty. Furthermore, policy responses remain narrow and single dimensional.

**Security and Protection:** the extremely poor face more uncertainty than any other group in the society. Their feelings of insecurity are unimaginable to middle class academic observers, and indicate their lack of control over most parts of their destiny. Their discount rates are very high as a consequence of induced short term horizons: food for the evening or the next day. They do not have any security of agency to access social protection entitlements, health services, and education for their children, let alone labour market access or to do small business. The design of support services for the objective of resilience needs to pass the test of improving the security of agency.

**Shocks and Hazards (Climate Change and Environment):** in addition to the strong correlation between being extremely poor and being a member of ethnically and religiously marginalised communities, extremely poor people are also concentrated in areas of high sensitivity to environmental hazards (i.e. predictable, and which non-poor families can prepare for and recover from) especially in the North West districts, and climactic shocks (i.e. less predictable, and partly a function of climate change such as sea level rise, tidal surges, cyclones, dangerous winds and excessive temperatures) where local communities are subject to co-variance requiring emergency support from non-affected levels of subsidiarity (see prologue).

South West and coastal districts are particularly affected by such shocks, which exaggerate feelings of insecurity and hopelessness, entailing further impairment of agency.

### **Strategic Responses to COVID-19**

- COVID-19 is moving many erstwhile vulnerable non-poor below the upper poverty line, and forcing some previously moderately poor into extreme poverty (the lower poverty line set at minimal food needs only).
- This phenomenon is significantly urban due to the high levels of informal, casual, self-employed, commodified labour in the volatile services sector where demand has dropped quickly, and has stimulated reverse migration adding pressure to destination rural communities, though with some evidence now of returning to face urban risk as the price of finding an income.
- Part 4 of the study indicates key worrying trends adding to poverty numbers and the challenges of alleviation, and outlines both short and medium policy responses, with emphases upon rapid measures to improve public health and food security.

### **Re-Imagining and Mainstreaming over the Longer Term**

Part 5 of the study outlines a 3-Tier Policy Framework to Support Resilience, summarised as:

**Strategic, meta context** (such as climate change, law and order offering security, rights of women, children and minorities, governance of state practices and regulation of market behaviour)

**A meso-level** of direct levers to support agency affected by system relations (such as asset transfers, social protection, safety nets, employment generation, education, financial services, access to health services)

**A micro-level** engagement with idiosyncratic conditions (such as engaging with dependency ratios, disability, morbidity, chronic ill health, desertion)

**Policy Objectives:** alteration of time preference behaviour away from immediate present towards investing in the future requires reducing uncertainty and thereby a family's discount rate; this supports resilience over time not just short term improvements; in this way, the agency of poor people becomes more secure as a basis for voice and citizenship to give effect to rights; at present programmes are too confined to unrealistic market entry (profit) and inadequate cash transfers (pensions) and need *inter alia* to emphasise the principles of secure subsistence.

**Institutional Reform:** to achieve the above, more honest assessment is needed of both barriers (political economy, social, cultural and institutional) and conducive community practices in



order to: design effective support, working with civil society; focus upon organising equity and inclusivity at the most meaningful levels; differentiate between support calibrated to specific family circumstances and more universal policy levers (like infrastructure, utilities, services and fiscal); re-develop GoB capacity to offer and coordinate ‘integrated package’ approaches, especially in poverty pockets.

**Engaging with Diversity:** acknowledge link between socio-cultural diversity and incidence of poverty in explaining overall regional variations as well as contributing to existence of some poverty pockets (e.g. CHT and other areas with high *Adivasi* or communal minority concentrations); overcome negative aspects of diversity through investing in more connectivity (bridges, ports, rail networks, roads, IT alongside promoting cultural empathy); consider evidence of small town growth more seriously for potential to encourage new, more economic activities inclusive of the poor as well as location for key services (health, as well as secondary and further/vocational education) and relevant professionals.

**Delivery Framework:** extremely poor families are poor in a variety of micro-specific ways (idiosyncrasy), experiencing a conjuncture of negative conditions (inter-sectionality: such as female-headedness, morbidity, disabilities, cultural discrimination, sexual identities, gender-based violence, adverse dependency ratio, burdensome children, precarious residence, low skills, no savings and other financial exclusions, special problems of access to services and employment); such specificity requires more individual household assessments as basis of linking families to relevant support; the study proposes the creation of a **community service, ‘social worker’ cadre** to engage with idiosyncrasy, scattered residence, diversity and life-cycle changes in both diagnostics and intermediation.

**Engaging with multi-dimensionality:** The understanding of extreme poverty as multi-dimensional is not yet matched by a multi-dimensional strategy. Therefore, the study offers an expanded discussion of potential lines of support across natural resources, human capital and socio-economic interventions. Together these are presented as a mainstreaming of responses to the needs and claims of the poor.

## **What needs to be Done? Evidence Based Strategy**

- For numerous reasons, summarised in Part 6, we cannot rely upon trickle down from economic growth to address the needs of the extremely poor, whose growth response is inelastic compared to the moderate poor. They are hard to reach. There remains discrimination against marginalised communities. They are particularly exposed to climate change induced hazards and shocks.
- There are challenges for knowledge and practice which demand a strategy for engaging leaderships and duty-bearers across GoB and the society. Such a strategy is a moral as well as pragmatic commitment.
- This study reveals many ongoing questions unanswered by present data sets, requiring ongoing purposive surveys and analysis beyond those conducted by BBS and other samples used in Part 1 (Findings). It argues that the 8<sup>th</sup> Plan cycle and successive Plan periods should include more deliberate state action not only for ongoing research, but also for action-research and the evaluation of pilot interventions.
- So the authors make a plea for a deliberate GoB-led strategy to fill an institutional gap among duty-bearers in the society.
- The onus is upon the state to lead this process since it is the only actor which can offer statutory rights and claims to external assistance by extremely poor households, and the only actor which can therefore move beyond philanthropy and pursue core re-distributive policies to address inequality and exclusions.
- Such a strategy would contain a repository, a memory bank, for research generated across the country and other external, Bangladesh focussed, academics, and be acquainted with state-of-the-art poverty knowledge and methodologies. It would do so by acting as a hub, building a library and website, easily accessible.
- It would also initiate policy ideas, design pilots and monitor them, experimenting with integrated packages, delivery approaches, mainstreaming activities. It would pay special attention to marginalisation, poverty pockets, intersectionality and climate vulnerability.
- Overall, its work would be guided by a focus upon pathways to resilience rather than organised around the limited concept of graduation.
- Included within such a strategy would be the mobilisation of duty-bearers among the political leadership to engage in a public conversation about re-working the core

political settlement in Bangladesh, 50 years on from its Liberation, to re-set the distribution of rights and entitlements between classes and groups in the country.

- It is expected that such an institutional initiative would address the central challenge of how to follow up issues raised in this study and would therefore attract the support of international partners also focussed upon the achievement of SDG 1 for the country.

### **Key Overall Messages from the Study**

- Extreme poverty is different from moderate poverty not only with respect to the poverty gap and sensitivity to economic growth, but also in terms of overlap with marginalised groups and women, and agency;
- Further contrasts between moderate and extreme poverty can be expressed as experiencing exclusion as well as or instead of adverse incorporation; having less favourable dependency ratios contributing to greater fragility of livelihoods in the event of ill-health, accidents, morbidity and lack of jobs; having a higher proportion of female headed households with attendant social discriminations and exclusions; and having more idiosyncratic rather uniform explanatory conditions;
- Although economic inequality is hardly correlated with the incidence of extreme poverty, borne out by other drivers above, horizontal and geographical inequalities are appearing more strongly with recently divergent regional trends in overall poverty and emerging poverty pockets within regions;
- The distribution of poverty, as indicated by HIES 2016 and highlighted in World Bank 2019 Poverty Assessment Report, is modified when multi-dimensional poverty as indicated by maternal health and child mortality is considered. In some instances (e.g. Sylhet and North West Districts) the relationship is inverse, though the indicators are skewed towards women and their freedoms;
- Extreme poor people have volatile livelihoods, sensitive over time to many challenging internal and external conditions and events, which weakens the efficacy of graduation measures and increases the need for resilience analysis;
- Poor people (extreme and moderate) therefore experience churning (around snapshot thresholds used for measurement) complicating both targeting approaches and the choice between household or community-wide intervention strategies in generally poor locations;

- Political manipulation arising from the unequal conditions of the political economy compounds the problem of access to resources, opportunities and social protection, inducing dependency and weak voice among the extremely poor;
- The extreme poor are especially vulnerable compared to other socio-economic groups in dealing with hazards (predictable but challenging events like floods) and shocks (large scale sudden events like cyclones and tidal surges, perhaps increasing due to climate change);
- While pre-COVID data indicate reductions in moderate poverty over the last decade, the extreme poor are particularly hard to reach with external support which helps to explain why the extent of extreme poverty remains the same or higher as a proportion of overall poverty;
- Policy needs to re-imagined away from ‘business as usual’ programmes and projects which: reinforce casualization; do not engage with rights, entitlements, and the inter-generational reproduction of poverty; do not engage with multi-dimensionality; do not engage with climate change shocks and environmental hazards; and fail to tackle both gender discrimination and the barrier to access problems especially faced by marginalised communities.

## INTRODUCTION AND METHODS

Following discussions during 2019 between the General Economics Division (GED) of the Bangladesh Planning Commission, staff from the Bangladesh Institute of Development Studies (Dhaka) and the University of Bath (UK), with relevant advisers in the UK Foreign, Commonwealth and Development Office (FCDO) in Dhaka, it was agreed to support a study on extreme poverty to inform GED's preparations for the 8<sup>th</sup> Five Year Plan. The BIDS-Bath team previously worked closely together during the EEP-Shiree programme, with continuing publications thereafter launched through the Planning Commission, hosted by the Minister of Planning over a period from 2008-to date.

The timetable for submission of the draft study findings was set for mid-September 2020 (after a research period starting in late March 2020), with a final adjusted submission in mid-November 2020. During this period, the research team, GED and FCDO remained in dialogue, marked by an Inception Report in April 2020 and an Interim Note in July 2020. After submitting the draft study findings, the team produced a short summary analysis in October 2020 with specific policy recommendations to aid the GED in its final round of deliberations with the Planning Commission and senior political leaders.

Also during this period the world experienced the unfolding of the COVID-19 pandemic, which significantly affected both the process and content of the research. In particular the Bath group was unable to travel to Bangladesh, as planned, in March and July 2020, and was unable to visit field sites for face to face interviews, observations and other data collection. The BIDS team also experienced verification constraints, testing their data sets analysis. Adjustments had to be made to the research process, in the particular via remote communications with two main sets of informants to inform qualitative analysis beyond the earlier data acquired during EEP-Shiree: first, a panel of national level experts familiar with the poverty dynamics of the country; and secondly a panel of practitioner informants drawn from across the regions. For the latter, the team was assisted by staff from Unnayan Shamannay, the policy think-tank led by Dr. Atiur Rahman (ex-Governor of the Bangladesh Bank, but long involved in pro-poor policy analysis including with EEP-Shiree).

The main personnel for the BIDS are: Dr. Zulfiqar Ali; and Dr. Badrun Nessa Ahmed; and from the Bath team: Dr. Mathilde Maïtrot; Professor Joe Devine; and Emeritus Professor Geof Wood. The Bath group was briefly supported by Ms. Lamiya Mahpara Ahmed from the Poverty Assessment Group in Dhaka.

The study presents an analysis of findings and trends (Part 1) derived from available contemporary quantitative data, using a variety of data sets including as a starting point the HIES 2016 data, used by the World Bank for its 2019 Poverty Assessment Report, and an earlier 2020 report to GED on overall poverty by the BIDS group (Sen, Ali and Murshed, 2020). Within a Q-Squared approach, these findings are matched by a set of grassroots challenges (Part 2) summarised from earlier qualitative ethnographic studies (EEP-Shiree, and see also Wood et al., 2018, and Maïtrot et al., 2020) before deriving from both a set of key

contextual and strategic themes (Part 3), which constitute the foundation for the later policy review (Part 5). Of course we acknowledge the significance of COVID-19 in adding to the scale of poverty in the country, distinguishing therefore between short, medium and longer term strategies for policy responses (Part 4). The policy review (Part 5) begins with a 3-Tier framework for considering the linkage between macro, meso and micro levels of policy formulation and intervention, and then focusses attention upon the core objectives of poverty reduction, which are not just about raising incomes, but also overcoming the experience of poverty indicated by the problematic of insecurity and induced short term horizons. It steers the reader towards resilience rather than graduation as an objective of policy, and consideration of the institutional hurdles as well as opportunities which can work for the poor and the government alike. The policy review further argues that the extreme poor need to be part of mainstream strategies, and not ‘ghettoed’ into special measures which might alleviate their condition in the short term. Thus policy choice for the extreme poor has to be re-imagined away from business as usual. The final part of the study (Part 6) argues for a deliberate GoB-led strategy of evidence based policy development which combines research on many unanswered questions using more purposive surveys alongside further qualitative enquiries capturing regional variation and idiosyncrasy, providing a memory bank of studies and lessons learned, and conducting action-research through experimental pilots focussing upon poverty pockets, mainstreaming options and community based social work. The section concludes by observing that the conditions of inequality and weak sets of rights should prompt a deliberate conversation to re-set the terms of the nation’s political settlement about distribution of opportunities between classes and groups 50 years on from Liberation.

The two groups (i.e. from BIDS and Bath) have been in continuous contact since the inception of this applied research project, and both have participated in numerous webinars in Dhaka as well as the UK and USA, especially focussed upon the evolving implications of COVID-19 for extreme poverty in the country and the debates over the most appropriate policy responses in terms of lives and livelihoods, health and the economy, and the changing profile of poverty and extreme poverty.

As indicated above, our approach to data collection and analysis was disrupted by the outbreak of COVID-19, and we had to abandon our initial plan to carry out field visits in Bangladesh. This meant that we increased online meetings between and among the members of the research teams in Bangladesh and the UK. The first stage of our analysis comprised three main activities. First, we reviewed the work we had carried out for EEP-Shiree<sup>1</sup>, as well as the most recent academic literature on Extreme Poverty and major reports such as the World Bank’s 2019 *Bangladesh Poverty Assessment*. Second, we identified key sources of quantitative and qualitative data on Extreme Poverty in Bangladesh. Third, we redesigned our methodology to overcome the challenges posed by COVID-19. This formed the core of an inception report submitted to GED/FCDO on 24 April 2020. We received feedback on this from UK-FCDO on 1 May 2020.

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<sup>1</sup> Ali, Maïtrot, Wood and Devine were all closely involved in the lesson-learning activities of EEP-Shiree, setting up research activities and leading on the production of outputs.

To replace field visits, we decided to carry out interviews online with key stakeholders from Bangladesh and beyond. This included representatives from academia, think tanks, and civil society groups as well as expert advisers to relevant government ministries. We were particularly keen to ensure that our respondents included experts with established track-records in policy-orientated poverty analysis as well as experts with deep knowledge (practical and intellectual) of different geographical locations in Bangladesh. The need to capture a range of insights from different geographical areas emerged from our initial review of literature that pointed strongly to variations in poverty incidence across the country. This was highlighted, for example, in the World Bank's 2019 *Bangladesh Poverty Assessment* with the claim of a West-East divide.

From our reviews, we devised the following major research questions to frame our interviews:

- **How do growth patterns affect the geography of poverty, such as:** economic and agricultural transformation; agrarian change and new opportunities for non-land-based patronage; trends in manufacturing and services; infrastructural development and basic facilities (roads, ports, connectivity); rurbanisation dynamics and market systems; and how all of the above impact upon the reproduction of both vertical and horizontal inequalities?
- **How does the local natural endowment limit or enable livelihood opportunities for the extreme poor, such as:** local ecological and climatic influences (especially on primary commodities production); environmental hazards (salinity, river erosion, *char* land, flooding, landslides, arsenic pollution); climatic risks (cyclone prone areas); seasonality?
- **To what extent do institutions discriminate against or reproduce inequalities for particular individual or communal identities in ways that limits their livelihood opportunities and make them more vulnerable to becoming extremely poor,** such as: local exclusionary politics and redistributive policies: gender, sex workers, and *Hijra*; ethnic and religious communities; marginalized identities; disability and infertility?
- **Dilemmas of political and policy choice in the time of COVID-19:** given the current significance of income support, what is the appetite among national powerholders to advocate for larger-scale state emergency funding outside of present social protection and safety nets; is the political economy (rural and urban) conducive to a decentralized administration of income support (identity, selection and distribution); is it possible differentiate support between different age needs within a family (resilience and subsistence); how is the early evidence of COVID-19 outcomes affecting policy?

The qualitative strand of the research consisted of 25 interviews (mostly in English and some in *Bangla*) lasting between one to two hours. The themes allowed us to be flexible in our interviews and adjust to people's specific area of expertise. Also, in line with our Q-Squared commitment, we introduced new questions that emerged from previous interviews and our quantitative analysis of datasets. We took notes of our interviews and shared these among team members for analysis.

For the quantitative research, a range of data sets were examined including the 2016 Household Income and Expenditure Survey (HIES); the Labour Force Survey (LFS) of BBS; the Bangladesh Demographic and Health Survey (BDHS) of NIPORT; the Multiple Indicator Cluster Survey (MICS) of BBS/UNICEF; the Bangladesh Integrated Household Survey (BIHS) of IFPRI; and the Exploring Poverty Pockets (EPP) and People in Dhaka City (PDC) surveys of BIDS.

Besides the interviews, we also used the EEP-Shiree 72 Household Life Histories from 2016 (see [www.shiree.org](http://www.shiree.org)), and as our analysis progressed we also attended and contributed to 10 webinars focusing on COVID-19 in Bangladesh.

The Terms of Reference for our work asked for policy reflections on our findings. This requirement also shaped our analytical process. This is reflected in the study's structure. As we moved through findings it became clear to us that the need for more policy focus on extreme poverty as opposed to moderate poverty was essential to support further poverty reduction in Bangladesh. This however will require new policy approaches and thinking. Our policy considerations therefore are ambitious, deliberately so. These considerations are anchored in data (findings and grassroots challenges, Parts 1&2) and percolated through analytical reflection (Part 3).



## PART 1: FINDINGS AND TRENDS

### Introduction

Over the past thirty years, Bangladesh has made significant progress in reducing poverty levels. This success has taken place against a backdrop of sustained growth and a vibrant economy; low inflation rates; significant increases in international remittances; successful expansion of export industries especially in the garments sector but also pharmaceuticals, ICT, and agriculture. This strong macroeconomic performance has been accompanied by sustained efforts, mostly implemented by the state and the country's large NGO sector, to target those living in poverty through social protection, microfinance and human development initiatives.

Household Income and Expenditure Survey (HIES) data confirm reductions in both moderate and extreme poverty in both rural and urban settings (Table 1)<sup>2</sup>. Over the past 15 years, the country has almost halved the number of people living in moderate and extreme poverty, with extreme poverty levels falling from 25.1% to 12.9%, and moderate poverty levels falling from 40% to 24.3%.

**Table 1: Poverty Trends 2005-2016**

	HIES 2005	HIES 2010	HIES 2016
<b>Lower Poverty Line</b>			
Rural	28.60	21.10	14.90
Urban	14.70	7.70	7.60
National	25.10	17.60	12.90
<b>Upper Poverty Line</b>			
Rural	43.80	35.20	26.40
Urban	28.40	21.30	18.90
National	40.00	31.50	24.30

Sources: HIES data (2005), (2010) and (2016).

Although there has been significant progress in reducing poverty, there remain important challenges that will have an impact on the way policy responses are decided and implemented in the future. First, reductions in both moderate and extreme poverty were higher in the 2005-2010 period than the 2010-2016 period. This deceleration is more pronounced for extreme

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<sup>2</sup> Poverty estimates in Bangladesh are based on the Cost of Basic Needs method which calculates the cost of securing a consumption bundle that satisfies basic consumption needs. The upper poverty line (moderate poverty) reflects the cost of a bundle that includes food and non-food items like shelter and clothing, while the lower poverty line (extreme poverty) reflects a bundle that is mostly made up of food.

poverty reduction (Sen et al., 2020). Over the 2005-2010 period, extreme poverty declined by 1.50 percentage points per year but in the following six years the annual percentage points reduction fell to 0.78. In comparison, aggregate poverty (taking extreme and moderate together) reduced by 1.70 percentage points per year during 2005-2010, and 1.2 percentage points over the 2010-2016 period.

Second, urban poverty reduction rates are lower than rural ones, with urban extreme poverty levels remaining almost unchanged over the 2010-2016 period. While much of the progress in rural poverty reduction over the same time period is attributed to the diversification and growth of rural industry and services (World Bank, 2019), it is not clear why urban poverty reduction has had less success (Sen et al., 2020).

Third, despite successful poverty reduction, 1 in 4 citizens of Bangladesh live in poverty. Furthermore, there is increasing policy awareness of the population that lives just above the poverty line, referred to as the vulnerable non-poor (Ali and Wood, 2017). Higher end estimates (ranging between 50 and 80% of the population) have been criticised for being too pessimistic. However recent work by Sen et al. (2020), based on statistical simulations, points to a sizeable proportion of people living near the poverty line in both rural and urban areas. Furthermore, they show that the vulnerability of non-extreme poor falling into extreme poverty is higher than the vulnerability of non-poor falling into moderate poverty. According to their calculations and using the 2016 HIES data, a 10% increase in the lower poverty line would result in a 44% increase from the baseline extreme poverty headcount in urban areas and a 41% increase in rural areas.

Below we explore the prevalence of extreme poverty in Bangladesh. Our analysis is guided by concerns for **where** concentrations of extreme poverty exist and **who** are likely to be extremely poor. In order to do this, we look at income, non-income, multidimensional indicator (MPI combines income and non-income) as well as indicators of deprivation. At the start of each section, we present its key findings as bullet points.

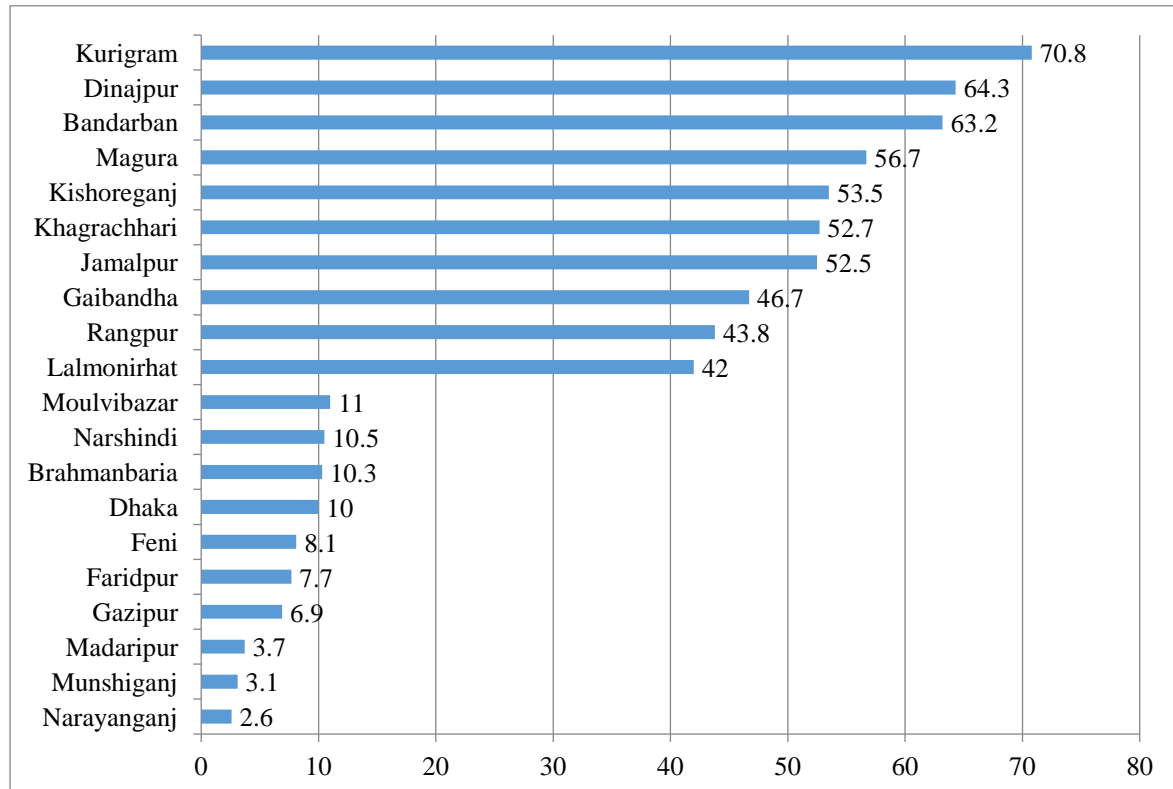
## **Diverging Regional Trends**

Summary key points:

- District-level analysis shows significant spatial disparities in terms of extreme poverty incidence;
- Between 2010 and 2016, the prevalence of extreme poverty has increased in 24 Districts;
- There is virtually no overlap when we compare income and non-income indicators. Income-based extreme poverty seems to be prevalent in the north-west, central-north, and south-eastern hill regions. Non-income-based extreme poverty seems to be more prevalent in the south-east, central-north, and north-east.

Poverty reduction achievements in Bangladesh have not been uniform across the country and this has resulted in significant spatial disparities. In terms of understanding poverty dynamics therefore, place and location matter. Drawing on HIES 2016 data, in Figure 1 below (Sen et al., 2020) captures the extent of the spatial disparities with the poorest district in the country (Kurigram) having a poverty rate of 70.8% (upper poverty line) while the richest district (Narayanganj) has 2% poverty.

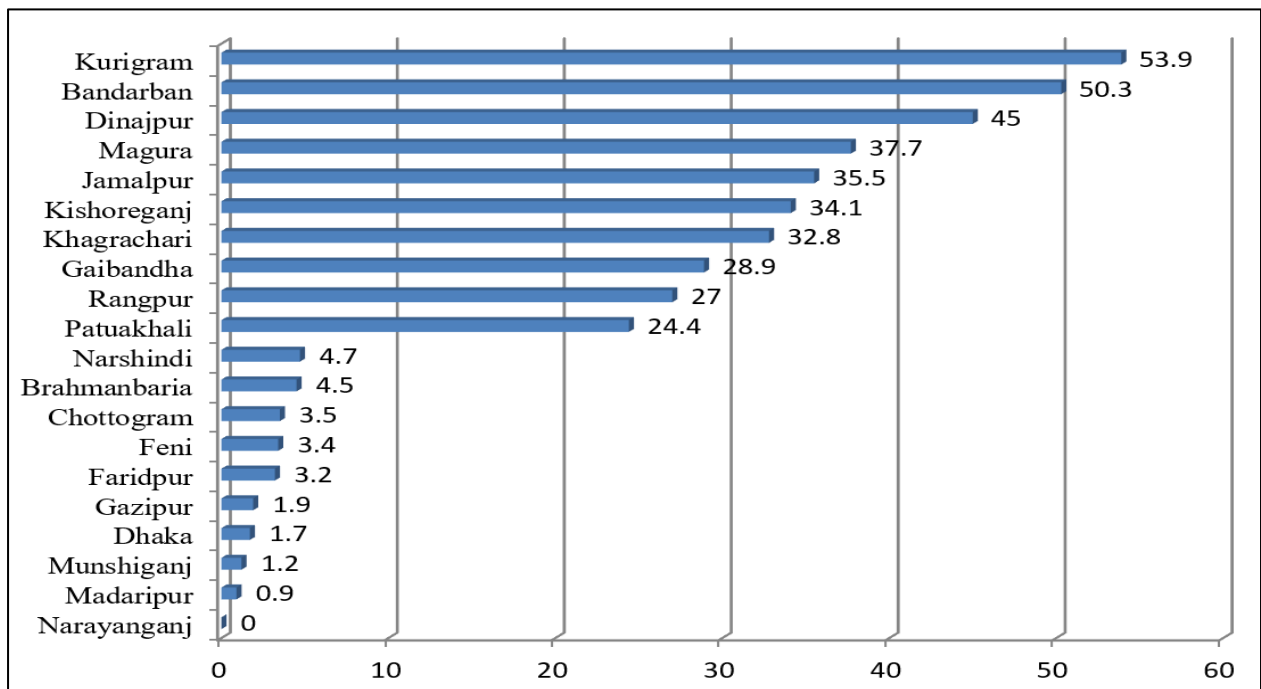
**Figure 1: Top 10 Poorest and Richest Districts based on Moderate Poverty Head-count Ratios, 2016**



Source: Author's calculation based of HIES 2016

We extend the analysis of Sen et al. in Figure 2, which shows the poorest 10 and the richest 10 districts based on extreme poverty headcount ratios. The data confirms that districts with the highest concentrations of moderate poverty also have the highest concentrations of extreme poverty.

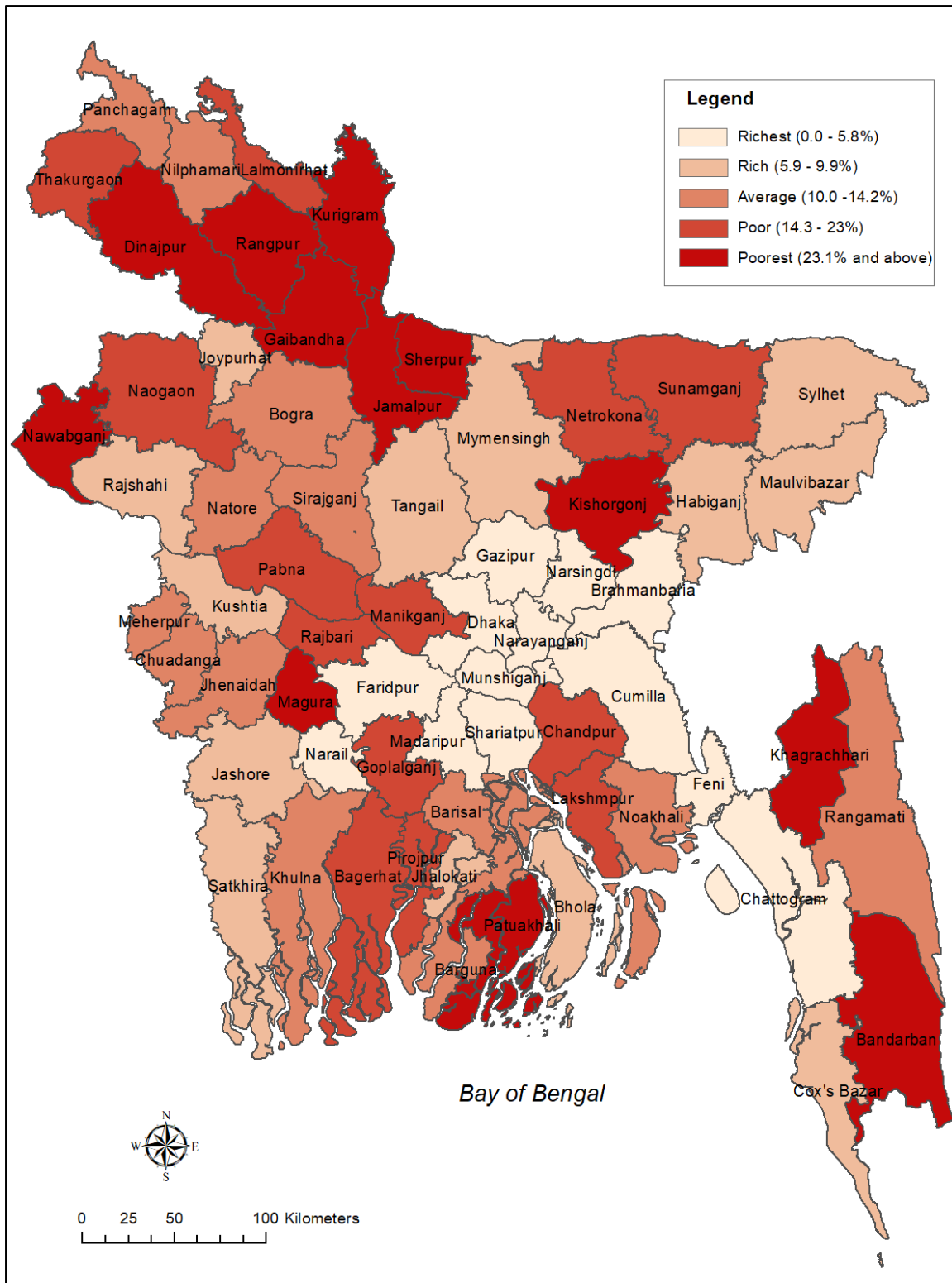
**Figure 2: Top 10 Poorest and Richest Districts based on Extreme Poverty headcount, 2016**



Source: Author's calculation based of HIES 2016

Map 1 offers a visual representation of the spatial distribution of extreme poverty across the county. Appendix A ranks the 64 districts according to extreme poverty headcount.

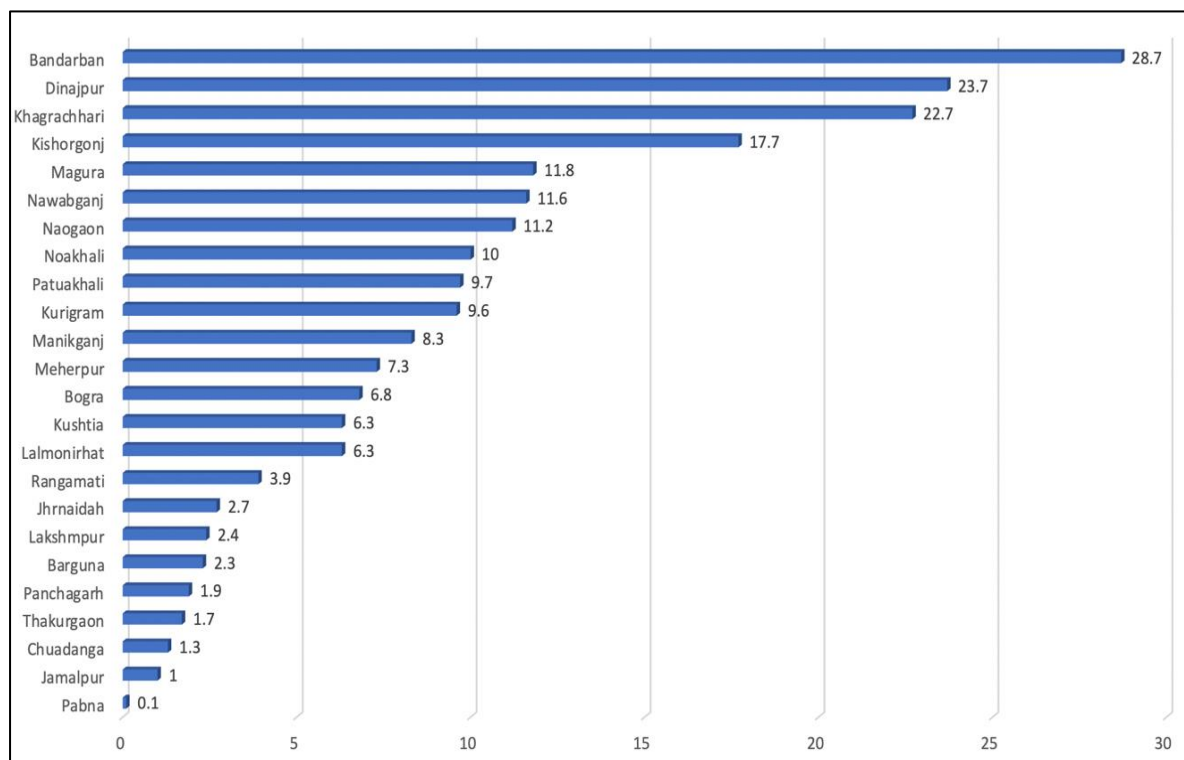
**Map 1: Extreme Poverty Headcount Distribution by District**



Source: HIES 2016

Furthermore, looking at HIES data over the 2010-2016 period we observe that extreme poverty has actually increased in 24 out of 64 districts. Some of the rates of increase are substantial (Figure 3).

**Figure 3: Percentage Point Increase in Extreme Poverty Headcount by District, 2010-16**



Source: Author's calculation based on HIES 2010 and 2016

Geographically therefore we observe an overlap between extreme poverty and moderate poverty concentrations. This conclusion is derived from an analysis of HIES data that focus on income poverty measures. In order to further probe the spatial disparities of poverty, we examine MICS data to look at non-income poverty measures again at the district level.<sup>3</sup>

A striking result from our analysis of the MICS data is that we find practically no overlap between the extreme poorest districts when income and non-income measures are compared (Table 2). Broadly speaking, we observe that income-based extreme poorest districts are located in the north-west (Rangpur), central-north (Mymensingh), and south-eastern hill (CHT) regions. Meanwhile the non-income based extreme poorest districts are located in the south-east (Chattogram), central-north (Mymensingh), and north-east (Sylhet).

<sup>3</sup> We have taken into account 10 non-income indicators: ante-natal care, delivery assisted by skilled attendants, primary completion rates, net attendance rates at secondary, moderate underweight, moderate stunting, access to improved sanitation, total fertility rates, contraceptive prevalence rates, and the proportion of women aged 15-49 married before the age 15.

**Table 2: Poorest Districts: Income and Non-Income Dimensions<sup>4</sup>**

Non-income indicators	Per capita income	Districts with both income and non-income dimensions
Rangamati (Chattogram) Netrokona (Mymensingh) Habiganj (Syhlet) Sunamaganj (Syhlet) Cox's Bazar (Chattogram) Bhola (Barisal) Mymensingh (Mymensingh) Lakshmipur (Chattogram) Jamalpur (Mymensingh)	Kurigram (Rangpur) Dinajpur (Rangpur) Bandarban (Chattogram) Magura (Khulna) Kishoreganj (Dhaka) Khagrachari (Chattogram) Jamalpur (Mymensingh) Gaibandha (Rangpur) Rangpur (Rangpur) Lalmonirhat (Rangpur)	Jamalpur (Mymensingh)

Note: Names in the parentheses are names of administrative divisions districts belong to.

Source: Authors' estimates based on MICS 2012-13 District Key Findings, and HIES 2016.

## Understanding Poverty Pockets

Summary key points:

- Distinct extreme poverty pockets have formed across the country;
- Each pocket is characterised by different conditions and drivers that explain the relatively high incidence, increase or persistence of extreme poverty in the location;
- More district level data is needed to identify the different 'profiles' of extreme poverty pockets. This would inform the design of relevant policies for poverty pockets.

For some time now, it has been accepted that there are significant differences in the prevalence of poverty in urban and rural settings in Bangladesh. The analysis above already points to the need for more formal disaggregation of poverty types with respect to location and geography. Recent work by the World Bank (2019) refers to '*new frontiers*' in poverty reduction pointing to *inter alia* a marked divide between Eastern and Western divisions in the country. Our district level analysis presents an even more complex picture, with distinct poverty pockets spread

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<sup>4</sup> Using MICS data, we adopted a two-step procedure to identify the poorest districts. First, if the performance of district is worse by more than 1 standard deviation from the average performance of all districts for each of the indicators, then the district is considered to be deprived with respect to that particular indicator. Second, if a district is deprived in five or more indicators, then we classified it as deprived based on non-income indicators. Equally, if a district is 'not deprived' with respect to any of the indicators, we classified it as 'better performing district'.

across the country (Map 1), each characterised by specific features, challenges and opportunities. There is therefore a need for more detailed research into these pockets in order to understand the specific context of each.

A good example of this is the study by Ali and Murshid (2019) which examined two case study districts where poverty rates were the highest according to HIES 2016: Kurigram and Dinajpur<sup>5</sup>. Their analysis concluded that the poverty incidence in Kurigram was high but that of Dinajpur was not as high as the HIES data suggest. Between 2010-2016, poverty in Kurigram (the poorest district in the country) increased by 7 percentage points. The data from Kurigram highlight the following key characteristics of extreme poverty: landlessness, dependence on agricultural day labouring, poor access to institutional credit, indebtedness, high and continuous exposure to shocks and hazards, high dependency ratios, higher percentage of female headed households, higher levels of chronic ill-health, lower levels of schooling and educational attainment, less access to social safety net programmes, and less access to electricity indicating broader characteristics of living in more remote areas (Table 3).

**Table 3: Poverty Characteristics in Four Districts**

Indicators/Factors	District				National
	Kurigram	Gaibandha	Dinajpur	Thakurgaon	
Dependency ratio	0.55	0.51	0.43	0.47	-
Female-headed households	16.70	15.00	12.00	12.70	12.50
Suffered from major illness in past year	57.00	38.33	22.67	48.33	-
Average completed years of schooling (age 15+)	4.32	4.70	5.98	5.30	-
Net attendance at secondary school	56.00	62.00	75.00	72.00	85.40
Land ownership - less than 5 decimals	60.0	55.0	41.0	40.0	-
Percentage of households who had lost land in the past 10 years	20.0	15.7	14.7	14.0	-
Reasons for land loss:					
a) Sale	46.2	77.1	95.5	98.0	-
b) Dispossessed (i.e. forcibly taken away)	15.4	4.2	2.3	2.0	-
c) River-bank erosion	33.8	14.6	-	-	-
Main reasons for selling land:					
	26.09	21.21	7.89	8.70	-

<sup>5</sup> The study also looked at neighbouring Gaibandha and Thakurgaon as comparison cases to Kurigram and Dinajpur.



a) Medical treatment	26.10	18.18	15.79	16.96	-
b) Dowry payment	18.70	15.15	7.89	8.18	-
c) Loan repayment	14.35	9.23	3.68	4.35	-
d) Repairing houses					
Occupations: day labourer	37.2	29.3	28.0	24.7	18.1
Accessed credit:					
a) NGO	35.0	51.0	58.0	67.0	-
b) Money lender	33.0	21.0	9.0	2.0	-
Main reasons for taking loan:	18.5	7.1	7.4	3.0	-
a) Repayment of loan	17.0	9.8	5.8	4.3	-
b) Medical treatment	13.8	26.5	34.0	48.3	-
c) Agriculture/business					
Percentage of households experiencing shocks (e.g. natural, health) in past 5 years	82.0	76.0	52.0	53.0	-
Changes in the incidence (frequency and duration) of natural hazards:	52.0	35.0	7.0	5.0	-
Access to SSNP	13.0	15.0	16.0	15.0	35.0
Percentage of households with electricity	51.33	57.35	65.67	62.33	68.85

Source: Author's calculations based on Ali and Murshid (2019).

## Vertical and Horizontal Inequalities, Identity and Idiosyncrasy

Summary key points:

- Vertical inequalities: no systematic correlation between levels of extreme poverty and income inequality at the district level;
- Income is not the main driver of high levels of extreme poverty;
- Horizontal inequalities: belonging to a minority religious or ethnic group, being part of a female-headed household and having a disability make people more significantly likely to live in extreme poverty
- We do not have granular data on other marginalised social groups.

Poverty reduction in Bangladesh has occurred while inequality has steadily risen. Inequality matters for poverty reduction because it reduces the potential impact of pro-poor growth and can threaten social cohesion. Inequality can be viewed in many ways and here we look at both vertical inequality (referring broadly to socio-economic inequality among individuals or households including gender) and horizontal inequality (referring broadly to inequality among groups typically defined in relation to ethnicity, religion or race).

The first question we address is the relationship between income inequality and extreme poverty drawing on Sen et al. (2020) observations of the dangers of rising income inequality for poverty reduction. Two key questions are asked: are the poorest districts the most unequal districts, and are the richest districts the most equal ones?

Table 4 draws on HIES 2016 data to identify the 16 poorest and richest districts and the 16 districts with the highest and lowest income inequalities (Gini co-efficient)<sup>6</sup>.

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<sup>6</sup> 16 districts represent 25% of the total number of districts in the country.

**Table 4: Data on Extreme Poverty and Inequality at the District Level**

District	Extreme Poverty	District	Income Gini
16 Poorest Districts (based on EP)		16 High Income Inequality Districts	
Kurigram	53.9	Khulna	0.834
Bandarban	50.3	Pirojpur	0.723
Dinajpur	45.0	Kushtia	0.612
Magura	37.7	Naogaon	0.571
Jamalpur	35.5	Brahmanbaria	0.543
Kishoreganj	34.1	Bogura	0.508
Khagrachari	32.8	Khagrachari	0.508
Gaibandha	28.9	Rajshahi	0.504
Rangpur	27.0	Dinajpur	0.503
Patuakhali	24.4	Rangpur	0.499
Sherpur	24.3	Jamalpur	0.493
Chapai Nawabganj	23.7	Lakshmipur	0.490
Lalmonirhat	23.0	Noakhali	0.481
Lakshmipur	20.5	Gopalganj	0.474
Sunamganj	19.3	Chandpur	0.473
Naogaon	18.2	Patuakhali	0.470
16 Richest Districts (based on EP)		16 Low Income Inequality Districts	
Rajshahi	7.3	Cox's bazar	0.417
Kushtia	7.1	Sirajganj	0.406
Moulvibazar	7.0	Mymensingh	0.404
Narail	5.8	Narayanganj	0.396
Cumilla	5.4	Chapai Nawabganj	0.396
Shariatpur	5.0	Pabna	0.396
Narshindi	4.7	Nilphamari	0.395
Brahmanbaria	4.5	Panchagarh	0.384
Chattogram	3.5	Feni	0.382
Feni	3.4	Dhaka	0.380
Faridpur	3.2	Barguna	0.379
Gazipur	1.9	Manikganj	0.379
Dhaka	1.7	Cumilla	0.377
Munshiganj	1.2	Bagerhat	0.371
Madaripur	0.9	Narail	0.351
Narayanganj	-	Gazipur	0.349
Bangladesh	12.9	Bangladesh	0.482

Source: Author's calculations based on HIES 2016

From Table 4, we observe that there is no systematic correlation between levels of extreme poverty and income inequality at the district level. Table 5 draws on income indicators of the

16 poorest and 16 richest districts. Of the 32 districts, only 7 have high levels of extreme poverty and high-income inequality, and only 1 district has high extreme poverty and low-income inequality. In terms of the 16 richest districts, the results again show no systematic correlation with only 6 districts having low extreme poverty coupled with low income inequality, and 3 with low extreme poverty and high income inequality.

**Table 5: Correlation of Extreme Poverty and Income (in)equality at the District Level**

	Districts with High Income Inequality	Districts with Low Income Inequality
Districts with High Extreme Poverty	Dinajpur Jamalpur Khagrachari Rangpur Patuakhali Lakshmipur Naogaon	Chapai Nawabganj
Districts with Low Extreme Poverty	Rajshahi Kushtia Brahmanbaria	Narail Cumilla Feni Gazipur Dhaka Narayanganj

Source: Author's calculation based on HIES 2016

Table 6 shows the estimated correlation coefficient<sup>7</sup> and confirms that there is virtually no correlation between levels of extreme poverty and income inequality. From this we can draw two closely connected conclusions. First, it is likely that income is not the main driver of high levels of extreme poverty, and as such other factors need to be explored. Second, and by implication of the first conclusion, extreme poverty reduction cannot be achieved by only addressing vertical inequality challenges. In other words, we need to consider the significance of horizontal inequalities.

<sup>7</sup> To estimate the correlation co-efficient, we included the gini coefficient of all 64 districts.

**Table 6: Correlation Coefficient and Level of Significance**

	Mean	Standard Deviation	N
EP head-count rate	15.01	11.59	64
Income inequality (Gini)	0.451	0.077	64
Pearson correlation co-efficient	.172		
Significant level	.174		

Source: Author's calculation based on HIES 2016

To date, there has been no close examination of the incidence of extreme poverty by religious groups. Our analysis however shows clear disparities between religious groups in Bangladesh. Table 7 shows clearly that levels of extreme poverty are higher among non-Muslim religious communities, and significantly higher among religious minorities in the country such as Buddhists, Christians and others. Buddhist and Christian households are twice as likely to be extremely poor than Muslim households, and households who belong to 'other' religious communities three times more likely.

**Table 7: Extreme Poverty by Religion**

Religion	Extreme Poverty Headcount (%)
Muslim	11.1
Hindu	13.9
Buddhist	22.3
Christian	21.4
Others	32.7

Source: Author's calculation based on HIES 2016

The HIES data do not contain information on ethnic identity and we therefore use 2019 MICS to examine wealth distribution within ethnic groups. As Table 8 shows, extreme poverty (the poorest quintile) is significantly higher among most ethnic groups compared to the dominant Bengali ethnic group.

**Table 8: Distribution of Ethnic Group by Wealth Quintile**

Wealth Quintile	Ethnic Group											Total
	Bengali	Chakma	Santal	Marma	Tripura	Garó	Tonchangya	Mro	Khashia	Manipur	Other	
Poorest	23.1%	71.0%	48.8%	65.4%	77.4%	47.8%	74.2%	98.1%	16.7%	7.7%	61.1%	24.2%
Second	21.9%	8.0%	32.6%	10.4%	2.8%	4.3%	9.7%	1.9%	16.7%	15.4%	7.4%	21.6%
Middle	20.2%	10.3%	11.6%	9.7%	6.8%	13.0%	9.7%	0.0%	0.0%	23.1%	9.3%	19.9%
Fourth	18.9%	7.9%	7.0%	8.4%	7.9%	26.1%	4.8%	0.0%	33.3%	23.1%	12.0%	18.6%
Richest	15.9%	2.8%	0.0%	6.2%	5.1%	8.7%	1.6%	0.0%	33.3%	30.8%	10.2%	15.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Author's calculation based on MICS 2019.

We also attempt to bring together our observations on poverty pockets with our initial findings on religious and ethnic identity. In Table 9, we calculate extreme poverty incidences at the *upazila* level using 2016 HIES. From this analysis, two key findings emerge. First, the more granular analysis in extreme poverty headcounts at the *upazila* level reinforces our arguments about significant spatial disparities in the experience of extreme poverty in Bangladesh. Second, about 33 of the poorest 60 *upazila* are either subject to high concentration of minority communities or adverse geographical conditions, of which 16 have sizeable concentrations of religious or ethnic minority communities. These are indicated in the fourth column in Table 9. Note that 3 of the top 5 poorest *upazila* have large minority populations.

**Table 9: Top 60 Poorest *Upazila* based on Extreme Poverty (noting sizeable religious or ethnic communities)**

Upazila	District name	Extreme Poverty Head-count (%)	Remarks
Naikhongchhari	Bandarban	81.7	CHT/Adivasi
Alikadam	Bandarban	66.3	CHT/Adivasi
Char rajibpur	Kurigram	64.9	Char-land
Chilmari	Kurigram	60.0	Char-land
Kaharole	Dinajpur	60.0	Sizable concentration of Hindu population
Kuliar char	Kishoreganj	55.0	Haor area
Kurigram sadar	Kurigram	54.2	-
Bhurungamari	Kurigram	53.3	Remote rural
Khansama	Dinajpur	52.5	Sizable concentration of Hindu population
Ulipur	Kurigram	52.2	Remote rural
Lama	Bandarban	51.6	CHT/Adivasi
Raumari	Kurigram	51.3	Char-land
Austagram	Kishoreganj	50.0	Haor area
Taraganj	Rangpur	48.7	-
Fulbari	Dinajpur	47.5	-
Nageshwari	Kurigram	47.5	Remote rural
Biral	Dinajpur	46.3	Sizable concentration of Hindu population
Mohammadpur	Magura	45.0	-
Kachua	Bagerhat	45.0	-
Bochaganj	Dinajpur	45.0	-
Dewanganj	Jamalpur	43.8	-
Dinajpur sadar	Dinajpur	43.8	-

Manikchhari	Khagrachari	43.6	CHT/Adivasi
Panchhari	Khagrachari	43.3	CHT/Adivasi
Galachipa	Patuakhali	42.2	Coastal area
Dashmina	Patuakhali	41.3	Coastal area
Birganj	Dinajpur	40.0	Sizable concentration of Hindu population
Fulchhari	Gaibandha	40.0	Char-land
Chirirbandar	Dinajpur	40.0	-
Niamatpur	Naogaon	40.0	Sizable concentration of ethnic minority population
Ghoraghat	Dinajpur	40.0	Sizable concentration of Ethnic minority population
Rupsa	Khulna	40.0	-
Itna	Kishoreganj	40.0	Haor area
Companiganj	Sylhet	40.0	-
Hizla	Barisal	40.0	-
Shalikha	Magura	40.0	-
Daulatpur	Manikganj	39.2	River bank erosion
Kamalnagar	Lakshmipur	39.0	-
Mitha pukur	Rangpur	37.5	-
Matiranga	Khagrachari	37.4	CHT/Adivasi
Islampur	Jamalpur	36.3	-
Phulbari	Kurigram	35.9	-
Aditmari	Lalmonirhat	35.0	Remote rural
Gobindaganj	Gaibandha	34.6	-
Parbatipur	Dinajpur	34.0	Sizable concentration of ethnic minority population
Ramgati	Lakshmipur	34.0	-
Bakshiganj	Jamalpur	33.8	-
Saghata	Gaibandha	33.3	River bank erosion
Melandaha	Jamalpur	33.0	-
Mahalchhari	Khagrachari	32.9	CHT/Adivasi
Madarganj	Jamalpur	32.5	-



Thanchi	Bandarban	32.5	CHT/Adivasi
Kutubdia	Cox's bazar	32.5	Coastal area
Shibganj	Chapai Nawabganj	31.2	-
Derai	Sunamganj	30.0	Haor area
Karimganj	Kishoreganj	30.0	-
Gauripur	Mymensingh	30.0	-
Khagrachari sadar	Khagrachari	30.0	CHT/Adivasi
Hossainpur	Kishoreganj	30.0	-
Lalmonirhat sadar	Lalmonirhat	28.5	-

Source: Author's calculation based on HIES 2016

Above we have for the first time reported extreme poverty incidence by religious and ethnic identities. The data clearly point to significant horizontal inequalities. The data available do not allow us to carry out an analysis of other minority identities such as LGBTQ+. This is an important data lacuna. However, given our analysis of religious and ethnic identities, there is a strong case around the idea that ingroup-outgroup discrimination is powerful in Bangladesh, and results in the marginalisation of minority groups. This has an impact on their likelihood of living in extreme poverty (Devine et al., 2019).

Although we are aware of the highly gendered nature of extreme poverty in Bangladesh, there are serious data gaps and silences in key policy research and discussions (see for example the 2019 World Bank's *Bangladesh Poverty Assessment* where gender is mentioned only once, and with reference to educational achievement not poverty). However, when we look at the aggregate national level data, we observe – counter intuitively – that there are virtually no differences in the incidence of extreme poverty between male-headed households and female-headed households (Table 10). Indeed, at the aggregate level, the proportion of female-headed households living in extreme poverty is less than that of male-headed households.

**Table 10: Gender of Household Head and Incidence of Extreme Poverty at the National Level**

	Extreme Poverty Head-count (%)
Female-headed households	12.3
Male-headed households	13.0
All households	12.9

Source: HIES 2016

These findings are surprising given the weight of accumulated knowledge about female-headed households in Bangladesh. This leads us to conclude that female headedness on its own is not a poverty driver, but it becomes powerful when intersected with other factors such as low-income status, particular ethnic or minority religious identity, higher dependency ratios (particularly girls), and the absence of male guardianship. Intersected this way, poor women are highly vulnerable and exposed to routinised insecurity (Maître, 2017). Clearly the national

level data is not capturing this vulnerability. To pursue our analysis, we therefore examined extreme poverty headcounts for both male and female headed households at the *upazila* level. Here we observe clear and significant differences in a high number of *upazila*. For example, in Alikadam, which belongs to the top 5 poorest *upazila* in the country, while extreme poverty head-count among male-headed households is 65%, it is 100% among female-headed households. In other words, if you are a female-headed household in Alikadam, it is almost certain that you are an extremely poor household. Similarly, in Char Rajibpur, which also belongs to the top 5 poorest *upazila* in the country, while extreme poverty head-count among male-headed households is 63%, the corresponding figure for female-headed households is 80%. We need more data on extreme poverty at this granular level to better capture the marked differences between male and female-headed households.

Similar to observations on the gendered nature of extreme poverty, there is broad acceptance of a strong association between extreme poverty and households with people with disability (PWD, henceforth) (Sen and Hoque, 2017). Despite this, not enough policy attention is given to disability. When we look at the national level data on disability and extreme poverty headcount, we find the same counterintuitive result as we did with female-headed households, i.e. there is virtually no difference in the incidence of extreme poverty between households with or without PWDs (Table 11).

**Table 11: Disability and Extreme Poverty at the National Level**

	Extreme Poverty Head-count (%)
Households with PWD	12.2
Households without PWD	13.1
All households	12.9

Source: HIES 2016

We therefore repeat the same exercise which we carried out for female/male-headed households and estimated extreme poverty at the *upazila* level. Again, we find higher incidences of extreme poverty in many *upazila*. For example, in Naikhongchhari, which is among the top 5 poorest *upazila* in the country, extreme poverty head-count among households with PWDs is 100% while the head count among households without PWDs is 81%. Similarly, in Chilmari, which is also among the top 5 poorest *upazila* in the country, extreme poverty head-count among households with PWDs is 100% while the head count among households without PWDs is 57%. In other words, if you are a household with PWDs either in Naikhongchhari, or Chilmari, it is almost certain that you are an extremely poor household.

The significance of our analysis of religion, ethnicity, gender and disability has demonstrated two key points. First, it is clear that the more we get to granular or local data, important differences in extreme poverty conditions emerge. These differences are crucial for future extreme poverty reduction strategies. As observed with disability and gender, national level data can be misleading or are no longer fit for purpose. *Upazila* level data prove to be far more insightful. Second, our analysis shows that religion, ethnicity, gender and disability matter in

terms of understanding extreme poverty. This invites a policy reflection on the distinction between moderate and extreme poverty. One conclusion we propose is that moderate poverty is more a function of vertical inequalities such as class relations while those in extreme poverty suffer from the convergence of vertical inequalities with conditions that are attached to a variety of personal intersecting conditions, in other words idiosyncrasies. This further reinforces the need for more detailed and localised analysis to understand what factors or personal conditions are more likely to result in extreme poverty.

## Multi-Dimensionality: amending the story

Summary key points:

- There are significant spatial inequalities across locations and a good degree of overlap between the districts that are income-extreme poor and MPI poor;
- Mymensingh and Sylhet are characterised by high multidimensional poverty scores;
- People belonging to minority religious groups are more likely to be extreme poor;
- There is a strong correlation between high levels of household multidimensional poverty and low levels of education of the household head;
- At the national level, female-headed households are more likely to be extreme poor than male counterparts;
- People belonging to minority ethnic groups are more likely to be extreme poor (with the exceptions of *Khashia*, *Manipur* and *Garos*).

We have alluded above to the differences that emerge when we compare poverty pockets using income and non-income indicators. Extreme poorest districts measured by incidence of extreme poverty (per capita income) are not the same as those with higher levels of extreme poverty based on non-income estimates. Here we try to advance this analysis by looking at the incidence of multidimensional poverty using the multidimensional poverty index (MPI). The MPI is a composite index comprising 10 indicators<sup>8</sup>. In order to identify the MPI poor, each person or household is assigned a deprivation score according to the deprivations in the component indicators<sup>9</sup>. At the aggregate level, we observe that MPI poverty in rural areas is almost double that of urban areas (Table 12).

**Table 12: Rural and Urban MPI Poverty, MICS 2019**

Area	MPI Poverty
URBAN	14.13
RURAL	28.99

<sup>8</sup> The MPI uses two health indicators, two education indicators and six living standards indicators.

<sup>9</sup> The deprivation score of each person/household is calculated by taking a weighted sum of the deprivations experienced, so that the deprivation score for each person/household lies between 0 (no deprivation) and 1 (deprivation in all 10 indicators). Once the deprivation scores are estimated, a cut off or threshold is used to identify the multidimensional poor. The cut off point for the MPI index is 1/3, i.e. a person is MPI poor if s/he is deprived in at least one third of the (weighted) indicators.

Total	25.87
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Source: Author's calculation based on MICS, 2019

When we then examine MPI incidences at the division level, we again see significant variations with Dhaka having the lowest MPI poverty (21%) and Mymensingh (38%) having the highest, closely followed by Sylhet (37%). Mymensingh is 12.03 percentage points higher than the national average (Table 13). Rangpur, the poorest division in terms of income-based poverty has a MPI incidence of 28%.

**Table 13: MPI Poverty by Division**

Division	MPI Poverty
Barishal	28.92
Chattogram	23.07
Dhaka	20.47
Khulna	21.35
Mymensingh	37.90
Rajshahi	28.01
Rangpur	29.71
Sylhet	36.67
Total	25.87

Source: Author's calculation based on MICS, 2019

A similar pattern of variation is then observed at the level of districts (Table 14). While the MPI poverty is as high as 48% in Sunamganj, it is only 6% in Dhaka, reinforcing the argument that there are significant spatial disparities in poverty incidence across the country (Map 2). Appendix B ranks all 64 districts according to MPI score.

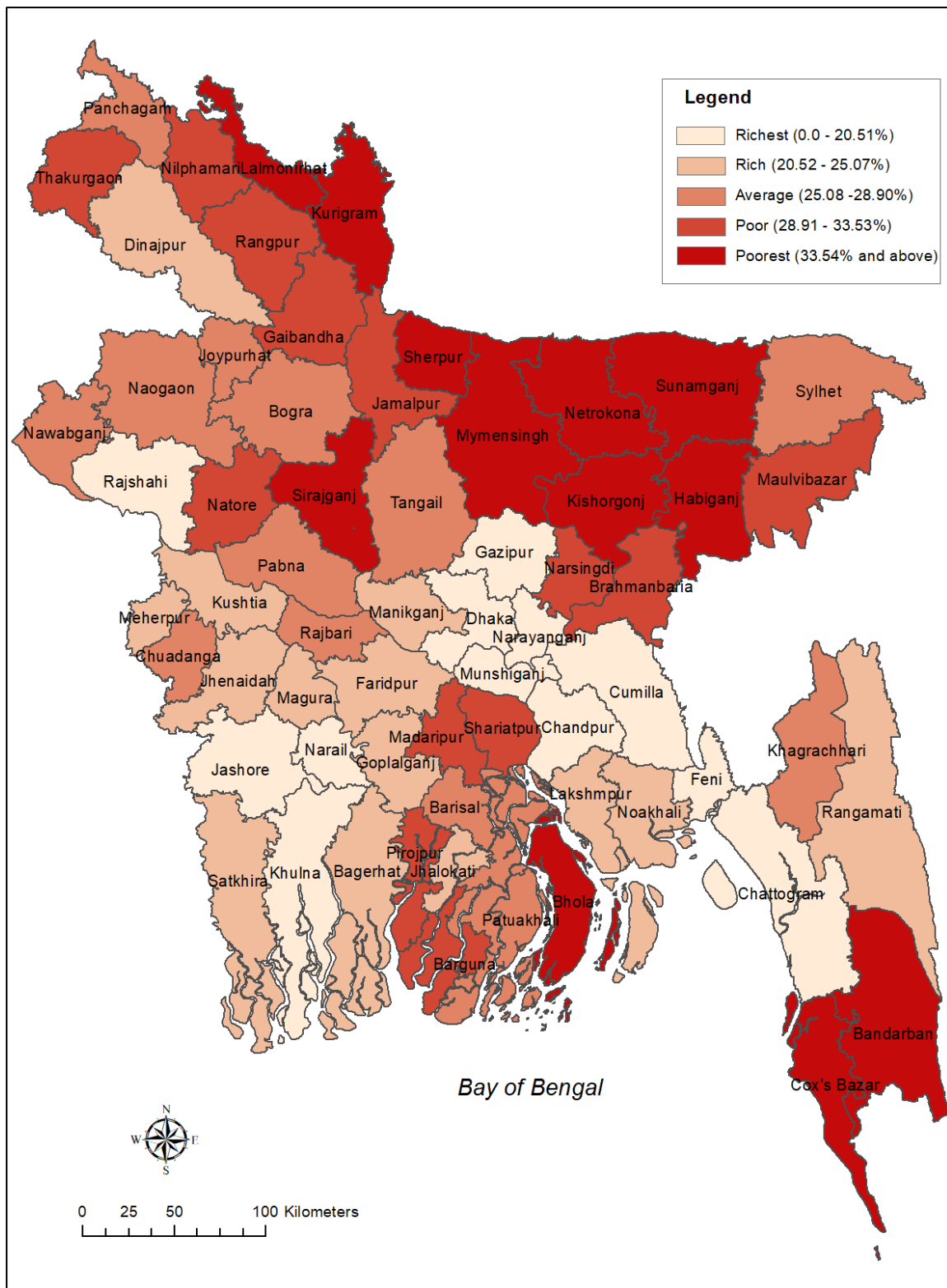
**Table 14: MPI Poverty by District, MICS 2019**

<i>Top 16 MPI Poorest Districts</i>	MPI Poverty
Sunamganj	47.75
Habiganj	43.24
Sherpur	41.94
Netrokona	40.72
Bandarban	38.86
Bhola	36.65
Kishoreganj	36.38
Mymensingh	35.57
Sirajganj	35.10
Lalmonirhat	34.79
Cox's Bazar	34.30
Kurigram	34.10

Jamalpur	33.53
Pirojpur	32.12
Gaibandha	32.11
Barguna	31.59
<i>Top 16 MPI Richest Districts</i>	<b>MPI Poverty</b>
Jhenaidah	21.87
Manikganj	21.74
Magura	20.74
Kushtia	20.51
Cumilla	20.05
Rajshahi	19.81
Chattogram	19.40
Jashore	18.82
Narail	18.54
Chandpur	17.69
Khulna	16.71
Munshiganj	15.12
Feni	14.07
Gazipur	12.91
Narayanganj	11.82
Dhaka	6.16
Total (Bangladesh)	25.87

Source: Author's calculation based on MICS, 2019

**Map 2: MPI Poverty Distribution by District**



Source: Author's calculation based on MICS, 2019

If we then take the top 16 poorest and top 16 richest districts with respect to both income poverty headcount and MPI poverty, we find some positive association between the two (Table 15). There are 8 districts that have high levels of MPI poverty as well as high levels of income-

based extreme poverty. Conversely there are 10 districts where both the income and MPI poverty are among the lowest.

**Table 15: Correlation between MPI Poverty and Income-based Extreme Poverty at the District Level**

Districts with High MPI Poverty-High Extreme Poverty	Districts with High MPI Poverty-Low Extreme Poverty	Districts with Low MPI Poverty-High Extreme Poverty	Districts with Low MPI Poverty-Low Extreme Poverty
Sunamganj		Magura	Kushtia
Sherpur			Cumilla
Bandarban			Rajshahi
Kishoreganj			Chattogram
Lalmonirhat			Narail
Kurigram			Munshiganj
Jamalpur			Feni
Gaibandha			Gazipur
			Narayanganj
			Dhaka

In Table 2 we compared income-based poverty pockets and non-income-based poverty pockets and observed virtually no overlap between the income poorest districts and the poorest districts using non-income indicators. Indeed, there was only one district (Jamalpur) that was both income and non-income extreme poor. However, Table 15 presents a much greater degree of overlap between districts that are income poor and MPI poor. This is probably explained by the fact that MPI captures some aspects of income in its 6 living standards indicators.

In our analysis, we found significant differences in levels of extreme income poverty among religious and ethnic minority groups (Table 7, Table 8 and Table 9). In a similar way, we observe differences between different religions with respect to MPI poverty with higher levels observed among Christians (Table 16). This is consistent with our analysis of extreme poverty headcount by religion. However, in MPI poverty, Hindus are in a relatively better position than the majority Muslim community – the opposite of our findings when we examined incidences of extreme poverty headcount. In Table 17 we provide data on MPI poverty by religion and reproduce the data on extreme poverty headcount.

**Table 16: MPI Poverty by Religion<sup>10</sup>**

Religion of household	MPI Poverty
Islam	26.36
Hinduism	20.89
Christianity	30.00
Buddhism	27.00
Total	25.87

Source: Author's calculation based on MICS, 2019

When we measure MPI poverty by ethnic group, we observe a very similar pattern to the one we found with respect to income poverty (Table 8). The *Khashia*, *Manipur* and *Garo* have the lowest levels of both income poverty and MPI poverty, while has the highest in both measures. The dominant Bengali group has the third lowest level of income poverty and MPI poverty (Table 17).

**Table 17: MPI Poverty by Ethnicity**

Ethnic group of household	MPI Poverty
Bangali	25.80
Chakma	29.18
Santal	43.24
Marma	30.35
Tripura	37.31
Garo	20.00
Tonchangya	27.27
Mro	87.50
Khashia	0.00
Manipur	16.67
Other	27.27
Total	25.87

Source: Author's calculation based on MICS, 2019

Table 18 shows a 6-percentage points difference in MPI poverty at the national level between female and male-headed households. This contrasts with our analysis of income-based extreme poverty where at the national level the incidence of extreme poverty was higher for male-headed households.

<sup>10</sup> The MICS data do not have an "others" category for religion.



**Table 18: MPI Poverty by Gender of Household Head**

<b>Gender of household head</b>	<b>MPI Poverty</b>
Male	25.23
Female	30.52
Total	25.87

Source: Author's calculation based on MICS, 2019

We found a strong correlation between high levels of household multidimensional poverty and low levels of education of the household head (Table 19). This is an important finding and confirms the benefits associated with education especially for those living in extreme poverty. Not only does education have an intrinsic value by contributing to personal cognitive development, it also has a positive impact on other dimensions of wellbeing including skills development and strengthening employment capacities. Education is a driver of social mobility and important in breaking the intergenerational transmission of extreme poverty.

**Table 19: MPI Poverty by Education of Household Head, MICS 2019**

<b>Education of household head</b>	<b>MPI Poverty</b>
Pre-primary or none	43.94
Primary	31.60
Secondary	8.19
Higher	3.18
Total	25.87

Source: Author's calculation based on MICS, 2019

A similar correlation is found when we look at MPI poverty and levels of affluence (as proxied by the wealth of the household). Where there are higher levels of affluence, we observe lower levels of MPI poverty, and the contrast is stark (Table 20). The MPI poverty of the country's bottom 10% in terms of affluence is almost 60 percentage points higher than that of the country's top 10% (Source: Author's calculation based on MICS, 2019

Table 21).

**Table 20: MPI Poverty by Wealth Quintile**

<b>Wealth Quintile</b>	<b>MPI Poverty</b>
Poorest	58.69
Second	40.79
Middle	22.81
Fourth	7.97
Richest	1.79

Total	25.87
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Source: Author's calculation based on MICS, 2019

**Table 21: MPI Poverty by Decile Group based on Wealth**

Percentile Group based on Wealth	MPI Poverty
1st decile (bottom 10%)	60.60
2nd decile	58.11
3rd decile	45.88
4th decile	35.58
5th decile	27.19
6th decile	18.37
7th decile	10.56
8th decile	5.29
9th decile	2.69
10th decile (top 10%)	0.75
Total	25.87

Source: Author's calculation based on MICS, 2019

## Deprivations: non-income indicators

Summary key points:

- The more a mother has received formal education, the less likely her children will be stunted, malnourished, under-weight or be involved in child labour. Their children are also more likely to become educated;
- In Sylhet, children's nutrition and child protection indicators indicate higher levels of deprivations;
- Rural areas are consistently more deprived than urban areas (except for school enrolment);
- Most non-Muslim and non-Bengali social groups show high deprivation scores.

While poverty levels in Bangladesh have been steadily declining, we have also seen important progress in improving non-income dimensions of wellbeing. Two key indicators used to track changes in these non-income dimensions are nutrition and education. We have therefore observed significant decreases in the main indicators of child nutritional status (wasting, stunting and underweight), infant mortality rates, and the proportion of malnourished mothers. These improvements have mostly accelerated over the past few years (Sen et al., 2020). However, like the overall poverty reduction progress, there is no room for complacency. In Bangladesh, over one third of children under the age of 5 are stunted and 15 percent of the entire population are undernourished (World Bank, 2019). By definition, those in extreme poverty have poorer nutritional status and the negative impacts of this are reproduced across generations (Goto et al., 2019).

Table 22 is based on data from the Bangladesh Demographic and Household Survey (BDHS). It shows that against key nutritional indicators there are significant disparities between rural and urban areas. However, there are no clear patterns when we look at the level of divisions, which suggests that there are no one-to-one correspondences between the indicators. It is worth noting that for stunting, underweight and mothers malnourished, Khulna has the lowest levels and Sylhet has the highest. Finally, there are positive correlations between mothers' education and all the indicators, and the same correlation is observed when we look at economic affluence (as reflected by wealth quintile).

**Table 22: Deprivation in Nutrition and Infant Mortality Rates by Region and Background Characteristics**

	Proportion of children stunted	Proportion of children underweight	Proportion of mothers malnourished	Infant Mortality Rates (per 1000)
Total	36.1	32.6	18.6	38
<b>Area</b>				
Urban	30.8	26.1	12.2	34
Rural	37.9	34.8	21.1	40
<b>Division</b>				
Barisal	39.9	36.9	20.5	26
Chattogram	38.0	36.0	15.7	36
Dhaka	33.9	28.5	18.2	35
Khulna	28.1	25.5	13.7	47
Rajshahi	31.1	32.1	19.6	38
Rangpur	36.0	36.8	20.3	34
Sylhet	49.6	39.8	29.8	55
<b>Sex</b>				
Boys	36.7	32.2	-	-
Girls	35.4	33.1	-	-
<b>Mother's education/ Self education</b>				
No education	47.4	41.9	24.1	38
Primary incomplete	44.3	38.5	21.7	43
Primary complete	43.2	40.1	19.0	42
Secondary incomplete	33.2	30.1	16.0	43
Secondary complete or higher	18.4	17.9	9.8	18
<b>Wealth quintile</b>				
Poorest	49.2	45.1	32.2	43
Second	42.2	38.7	24.9	52
Middle	35.9	32.1	19.0	41
Fourth	31	27.3	12.3	31
Richest	19.4	17.4	7.0	24

Source: BDHS 2014

Birth-related care is considered an indicator of maternal health. Over the past 15 years, there have been steady declines in the proportion of deliveries with no antenatal care, births taking place outside of medicalised facilities such as hospitals and health centres, births occurring without the assistance of a medical doctor, and births assisted by traditional birth attendants

(Sen et al., 2019). However, at a more disaggregated level, we observe substantial disparities between mothers in the top and bottom wealth quintiles. In comparison to the richest, the poorest mothers are 11 times more likely not to have accessed antenatal care, 4.4 times more likely to use traditional birth attendants, 3.7 times more likely to give birth outside of a health facility, and 2.8 times more likely not to have the assistance of a medical doctor (Sen et al., 2020)

Again, based on data from BDHS, Table 23 shows that against the four criteria there are important differences between rural and urban areas. There are no clear patterns when we look at the four indicators at divisional level, again suggesting that there are no one-to-one correspondences between the indicators. Mymensingh ranks higher than all the other divisions against all four indicators, while both Dhaka and Khulna have lower percentages than the national average against all four indicators. Similar to our analysis of deprivations in nutrition and infant mortality, we observe positive correlations between mothers' education and all the indicators, and the same between economic affluence and all indicators.

**Table 23: Deprivation in Maternal Health and Delivery Services by Region and Background Characteristics**

	<b>No antenatal care received</b>	<b>Births outside medicalised facilities</b>	<b>Births not assisted by a medical doctor</b>	<b>Births assisted by traditional birth attendant</b>
Total	17.2	46.6	56.7	35.6
<b>Area</b>				
Urban	8.9	32.3	42.8	23.7
Rural	19.5	50.6	60.6	39.0
<b>Division</b>				
Barisal	20.5	62.6	70.4	49.0
Chattogram	17.1	48.3	58.5	36.7
Dhaka	12.9	38.0	45.9	30.9
Khulna	7.7	28.9	41.4	21.2
Mymensingh	29.5	66.5	71.7	53.1
Rajshahi	18.9	42.9	53.6	31.1
Rangpur	16.6	50.5	60.2	32.8
Sylhet	26.2	59.8	78.2	48.7
<b>Education</b>				
Pre-primary or none	42.6	75.9	82.1	60.6
Primary	26.0	64.3	74.9	51.7
Secondary	12.7	42.6	53.2	31.5
Higher secondary +	5.1	19.4	29.2	12.9
<b>Wealth quintile</b>				
Poorest	35.0	74.0	82.7	57.6
Second	23.4	58.7	68.2	46.7
Middle	15.3	46.2	57.1	34.3
Fourth	8.9	34.5	46.3	26.6
Richest	3.2	19.9	29.3	13.2

Source: MICS 2019

Educational attainment is one of the strongest contributors to poverty reduction in Bangladesh (World Bank, 2019). Although there are claims that primary school enrollment is now almost universal, there is still a significant proportion of children who do not attend primary school. Furthermore, in comparison with children from richer families, extreme poor children are 1.7 times less likely to attend primary school, 2.2 times less likely to attend lower secondary, and 2.1 times less likely to attend upper secondary (Sen et al., 2020).

We also consider levels of child involvement in child labour and female children married before the age of 15 as indicators of child protection. Over the past 15 years, the proportion of

children involved in labour has decreased by about 50% and now stands at 6.8%, and the proportion of female children married before the age of 15 has decreased by around 33% over the same period, now standing at 19.8%. Again, when we compare the poorest and richest households, we see significant differences. In comparison with the richest households, children in extreme poorest households are 3.8 times more likely to be working as child labourers, and female children are 1.5 times more likely to get married before the age of 15 (Sen et al., 2019).

Table 24 shows that against the four indicators, there are differences between rural and urban areas, even if the differences are less than those seen in Table 22 and 23. There is very little difference in the proportion of children not attending primary schools in rural and urban areas (0.3% difference) reflecting the fact that the gains in educational attainment over the years have been higher in rural areas (World Bank, 2019). There are no clear patterns when we look at divisional data across the four indicators, again suggesting that there are no one-to-one correspondences between the indicators. In line with our analysis of health (Tables 22 and 23), we observe positive correlations between mothers' education and all indicators, and the same correlation between economic affluence and all indicators.

**Table 24: Deprivation in Schooling and Child Protection Indicators**

	Proportion of children not attending primary school	Proportion of children not attending upper secondary school	Proportion of children involved in child labour	Proportion of girls married before age 15
Total	14.1	51.9	6.8	19.8
<b>Area</b>				
Urban	13.9	47.1	6.1	17.6
Rural	14.2	53.2	6.9	20.4
<b>Division</b>				
Barisal	10.8	39.8	7.3	21.5
Chattogram	12.7	56.4	5.6	14.3
Dhaka	14.4	52.1	5.3	17.2
Khulna	10.7	44.7	6.6	25.5
Mymensingh	22.5	53.8	6.8	19.8
Rajshahi	13.8	48.0	9.2	30.1
Rangpur	12.3	49.4	9.1	23.3
Sylhet	12.4	62.9	6.0	8.9
<b>Gender</b>				
Male	16.7	56.9	8.8	-
Female	11.5	46.6	4.0	-
<b>Mother's education</b>				
Pre-primary or none	20.0	67.0	10.5	30.8
Primary	14.4	53.1	8.1	28.9
Secondary	11.4	33.6	4.0	17.6
Higher secondary +	10.5	17.7	1.5	3.2
<b>Wealth quintile</b>				
Poorest	17.8	70.3	9.9	21.9
Second	14.8	59.0	8.6	23.1
Middle	12.7	49.4	6.1	21.4
Fourth	13.3	46.1	5.7	18.9
Richest	10.8	33.3	2.6	14.6

**Source:** MICS 2019

In summary, our analysis of key indicators of deprivation highlights significant differences by location and other household conditions such as gender, mothers' education/self-education, and wealth status. There are clear differences between rural and urban areas in respect of most of the indicators. There is no clear pattern when we look at data across divisions. However, in general terms, Sylhet appears to have higher levels of deprivation (using the indicators above)



than other divisions. Mothers' education and economic affluence are associated with positive outcomes in all the indicators.

Above when examining income and MPI poverty, we observed significant disparities across regions and minority social groups. In Table 25, we take this analysis forward by examining unit record data to explore non-income deprivation indicators across regions and by ethnic and religious groups.

**Table 25: Deprivation in Selected Non-income Indicators by Area and Households Background Characteristics**

	Households with no improved toilet <sup>11</sup>	Households with no electricity	Households with no access to safe drinking water <sup>12</sup>	Households with poor housing <sup>13</sup>	Households do not own more than 1 major asset <sup>14</sup>	Households with underweight children below the age of 5	Households with school aged children currently not attending school	Households with no one having completed primary education
<b>Area</b>								
Urban	28.41	3.63	0.89	32.57	17.83	24.21	10.75	16.71
Rural	61.23	11.66	2.71	74.40	32.87	31.30	11.66	22.98
<b>Religion</b>								
Muslim	53.91	9.13	1.60	65.34	30.07	30.03	11.88	22.21
Hindu	56.28	10.26	2.87	70.80	25.14	28.90	7.88	16.39
Christianity	74.67	43.42	16.78	82.24	35.47	40.98	8.43	33.88
Buddhism	88.14	46.23	31.69	85.19	41.22	26.89	10.39	24.94
<b>Ethnic Group</b>								
Bangali	54.03	9.11	1.63	65.77	29.54	29.97	11.50	21.57
Chakma	90.40	54.45	42.76	92.84	44.83	24.16	14.25	23.56
Saontal	65.12	13.95	0.00	100.00	35.14	60.00	5.00	34.88
Marma	90.75	42.07	18.72	83.48	46.01	34.48	6.13	27.53
Tripura	90.40	61.58	42.37	92.09	45.59	24.29	13.48	41.24
Garo	47.83	8.70	4.35	73.91	38.10	50.00	0.00	17.39

<sup>11</sup> Improved here means water sealed flush or pit latrine toilets – deemed safer commodes.

<sup>12</sup> This does not take arsenic contamination into account. Because arsenic is colourless and odourless, household self-reporting is difficult.

<sup>13</sup> If the roof, wall or floor of a house is built with rudimentary materials it is considered ‘poor housing’.

<sup>14</sup> The MPI methodology identified the following 10 assets: radio, TV, telephone, computer, animal cart, bicycle, motorbike or refrigerator, and not owning a car or truck.

	Households with no improved toilet <sup>15</sup>	Households with no electricity	Households with no access to safe drinking water <sup>16</sup>	Households with poor housing <sup>17</sup>	Households do not own more than 1 major asset <sup>18</sup>	Households with underweight children below the age of 5	Households with school aged children currently not attending school	Households with no one having completed primary education
Tonchangya	100.00	64.52	46.77	91.94	31.82	20.83	17.95	37.10
Mro	98.15	85.19	35.19	100.00	100.00	55.17	12.50	87.04
Khashia	50.00	-	83.33	50.00	33.33	0.00	0.00	0.00
Manipur	23.08	7.69	-	61.54	25.00	0.00	0.00	7.69
Other	81.48	38.89	10.19	68.52	42.42	25.00	6.78	24.07
Sex of household head								
Male	55.42	9.98	2.41	67.18	28.67	30.10	11.44	20.19
Female	50.90	11.03	1.96	59.91	37.80	28.26	11.88	33.43
Household head's education								
Pre-primary or none	69.40	15.04	2.83	80.85	43.40	34.37	17.12	39.46
Primary	59.72	10.72	2.73	72.35	32.83	32.49	11.55	28.25
Secondary	43.98	5.81	1.96	55.77	19.30	26.66	7.16	0.00
Higher+	22.68	3.00	0.86	30.40	8.64	20.62	4.26	0.00

Source: Author's calculation based on MICS, 2019

<sup>15</sup> Improved here means water sealed flush or pit latrine toilets – deemed safer than commodes.

<sup>16</sup> This does not take arsenic contamination into account. Because arsenic is colourless and odourless, household self-reporting is difficult.

<sup>17</sup> If the roof, wall or floor of a house is built with rudimentary materials it is considered 'poor housing'.

<sup>18</sup> The MPI methodology identified the following 10 assets: radio, TV, telephone, computer, animal cart, bicycle, motorbike or refrigerator, and not owning a car or truck.

	Households with no improved toilet <sup>19</sup>	Households with no electricity	Households with no access to safe drinking water <sup>20</sup>	Households with poor housing <sup>21</sup>	Households do not own more than 1 major asset <sup>22</sup>	Households with underweight children below the age of 5	Households with school aged children currently not attending school	Households with no one having completed primary education
<b>Wealth decile</b>								
1st decile	89.26	73.75	10.86	97.87	80.08	37.78	15.74	44.17
2nd decile	89.05	3.81	2.70	98.14	74.09	38.60	14.27	40.69
3rd decile	83.15	0.82	1.57	98.21	51.51	33.57	12.95	29.54
4th decile	73.43	0.50	1.12	96.64	34.22	33.09	12.67	21.99
5th decile	62.42	0.53	0.89	89.03	24.66	30.01	11.94	16.60
6th decile	49.70	0.40	0.87	70.34	17.18	27.86	10.58	13.57
7th decile	33.68	0.34	0.98	40.12	12.41	25.91	9.66	11.87
8th decile	16.28	0.07	0.72	15.64	9.79	25.03	9.20	10.29
9th decile	4.88	-	0.37	3.81	4.51	21.32	8.56	7.59
10th decile	0.79	-	0.14	0.56	0.65	17.14	5.26	2.43
All	54.88	10.11	2.36	66.31	29.75	29.96	11.49	21.77
1 <sup>st</sup> over 6 <sup>th</sup> decile	1.8	184.6	12.5	1.4	4.7	1.4	1.5	3.3

<sup>19</sup> Improved here means water sealed flush or pit latrine toilets – deemed safer commodes.

<sup>20</sup> This does not take arsenic contamination into account. Because arsenic is colourless and odourless, household self-reporting is difficult.

<sup>21</sup> If the roof, wall or floor of a house is built with rudimentary materials it is considered ‘poor housing’.

<sup>22</sup> The MPI methodology identified the following 10 assets: radio, TV, telephone, computer, animal cart, bicycle, motorbike or refrigerator, and not owning a car or truck.

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Source: Author's calculation based on MICS, 2019

Table 25 clearly shows that against most indicators, there are disparities between rural and urban locations and in most cases the disparities are very high. This is consistent with findings above where we see more extreme poverty in rural areas. The one exception to this in Table 25 is school enrolment.

There is also a clear pattern when we look at religious and ethnic minorities. In relation to sanitation, electricity, safe drinking water, and housing, there are clear differences between non-Muslims and the majority religious community. Furthermore, in comparison with the dominant Bangali group, most ethnic groups (with the exception of *Garo*, *Khasia* and *Manipuri*) experience higher levels of deprivation in relation to almost all the indicators.

Again counterintuitively, we do not observe major differences between male and female-headed households. In line with our analysis above, we believe that this finding reflects a weakness of the aggregated level of analysis (see above, Table 10 and Table 11), and once we look at more disaggregated data (Table 25) gender differences begin to appear strongly.

Both levels of education (proxied here by the education of the head of the household) and wealth have a strong and positive influence on all of the indicators. Although in our analysis so far, we have not always observed a one-to-one correspondence between economic affluence and non-income indicators at least at the disaggregated level, the results for education have been very consistent: there is more deprivation and extreme poverty where there are lower levels of education.

For wealth, we probed the data further by comparing the extreme poorest group (the 1<sup>st</sup> wealth decile) with a close to median group (the 6th decile). This shows significant inequalities between both groups with the poorest group 1.4 to 12 times more deprived in most indicators compared to their median counterpart. Interestingly, in some cases (sanitation, housing, underweight children, children not attending school) the differences between the first 4 or 5 deciles is not significant while in other cases (electricity and safe drinking water) the difference is marked.

In Table 26, we look at the 20 most deprived districts in respect of each of the indicators. We observe that some districts stand out because of the presence of many of the deprivations (e.g. Bandarban, Barguna, Khagrachari, Kurigram). Appendix C provides District level details of all eight indicators (maps 3 to 10).

**Table 26: Most Deprived 20 Districts with Respect to Selected Non-income Indicators**

Households with no improved toilet		Households with no electricity		Households with no access to safe drinking water		Households with poor housing	
National (%)	54.88	National (%)	10.11	National (%)	3.36	National (%)	66.31
District (%)		District (%)		District (%)		District (%)	
Bandarban	92.86	Rangamati	46.97	Rangamati	35.80	Barguna	88.19
Lalmonirhat	89.77	Bandarban	45.33	Bagerhat	21.84	Lalmonirhat	87.97
Kurigram	88.64	Patuakhali	43.83	Khagrachari	19.26	Kurigram	87.19
Cox's Bazar	86.85	Khagrachari	42.82	Bandarban	16.07	Patuakhali	86.63
Barguna	84.77	Barguna	33.89	Satkhira	13.11	Bandarban	85.44
Panchagarh	84.57	Cox's Bazar	27.38	Pirojpur	10.06	Bhola	83.37
Pirojpur	82.81	Kurigram	26.55	Sylhet	9.30	Netrokona	83.35
Rangamati	82.16	Lakshmipur	25.41	Maulvibazar	7.99	Rangamati	82.89
Khagrachari	80.74	Bhola	23.24	Khulna	4.99	Sunamganj	82.66
Patuakhali	80.45	Noakhali	21.17	Barguna	4.97	Gaibandha	82.42
Bhola	80.18	Panchagarh	21.14	Naogaon	4.86	Khagrachari	82.06
Jhalokati	80.06	Lalmonirhat	18.14	Sunamganj	1.70	Nilphamari	81.33
Natore	77.32	Jamalpur	15.00	Chandpur	1.43	Pirojpur	81.13
Thakurgaon	75.81	Gaibandha	14.78	Jamalpur	1.10	Bagerhat	80.67
Noakhali	75.00	Bagerhat	14.11	Netrokona	0.69	Panchagarh	79.94
Gopalganj	73.67	Netrokona	13.76	Sherpur	0.60	Jamalpur	79.27
Sherpur	73.44	Mymensingh	12.93	Jhalokati	0.54	Sherpur	78.71
Barishal	72.34	Chandpur	10.95	Manikganj	0.48	Jhalokati	78.67
Jamalpur	71.95	Khulna	10.64	Lalmonirhat	0.42	Joypurhat	78.55
Shariatpur	70.86	Faridpur	10.60	Dinajpur	0.42	Barishal	77.50

Households do not own more than 1 major asset		Households with underweight children below the age of 5		Households with school aged children currently not attending school		Households with no member completing primary education	
National (%)	29.75	National (%)	29.96	National (%)	11.49	National (%)	21.77
District (%)		District (%)		District (%)		District (%)	
Sunamganj	67.49	Habiganj	46.67	Narayanganj	18.42	Sherpur	35.77
Cox's Bazar	59.14	Bandarban	44.86	Sunamganj	18.38	Kurigram	34.61
Bandarban	56.03	Sylhet	43.78	Mymensingh	18.10	Bandarban	33.10
Bhola	51.94	Bhola	40.78	Brahmanbaria	17.59	Sunamganj	32.02
Habiganj	50.71	Panchagarh	38.87	Lakshmipur	16.27	Kishoreganj	31.96
Barguna	50.47	Cox's Bazar	38.40	Maulvibazar	16.17	Netrokona	31.10
Sherpur	48.99	Netrokona	38.02	Habiganj	15.66	Jamalpur	30.85
Netrokona	47.86	Sirajganj	37.92	Netrokona	14.78	Habiganj	30.21
Pirojpur	46.19	Sunamganj	37.59	Narsingdi	14.57	Mymensingh	30.15
Kurigram	44.87	Gaibandha	36.63	Cox's Bazar	14.31	Sirajganj	28.15
Jamalpur	44.19	Kishoreganj	35.39	Chapai Nawab.	14.29	Cox's Bazar	27.86
Shariatpur	43.69	Chattogram	35.28	Faridpur	13.82	Bhola	27.64
Patuakhali	42.31	Sherpur	34.96	Khagrachari	13.75	Gaibandha	27.62
Jhalokati	42.16	Shariatpur	34.90	Gazipur	13.73	Brahmanbaria	27.39
Sylhet	39.59	Maulvibazar	34.64	Narail	13.60	Rangpur	26.85
Barishal	39.25	Jamalpur	34.31	Sylhet	13.09	Bogura	26.49
Kishoreganj	37.25	Nilphamari	33.92	Cumilla	12.98	Rangamati	24.76
Khagrachari	37.24	Lakshmipur	33.23	Chattogram	12.77	Pabna	24.53
Maulvibazar	36.49	Pirojpur	33.22	Shariatpur	12.69	Lalmonirhat	24.16
Sirajganj	35.38	Rajshahi	32.46	Bhola	12.52	Narsingdi	24.14

Source: Author's calculation based on MICS, 2019





## **PART 2: GRASSROOTS CHALLENGES**

### **Introduction**

In this part of the study, we want to alert the reader to a more qualitative account of the extreme poverty issue condensed from a decade of primary research with the EEP-Shiree programme and continuing to date. This primary research is published in various outlets (Devine et al., 2017 Wood et al., 2018 Maître et al., 2020) and the EEP-Shiree website containing a further set of working papers based on primary ethnographic studies.) The papers for these publications have been through peer review processes, and have been presented in various national conferences and seminars. Many of the authors are young Bangladeshis starting out on their careers and will be the public intellectuals of the future in Bangladesh, focussing on poverty issues. What follows is a distillation of approaching 30 studies as well as close tracking of 72 households via their life histories and experiences of inclusion in EEP-Shiree and its effects upon them. The overriding question for all of us has been: what contributes to improved resilience, and what undermines it? Thus, we have been exposed to a series of grassroots challenges. Our exposure has enabled us to pose a template of questions to practitioner colleagues from different parts of the country across various NGOs. They have engaged strongly with us, adding their experience and helping a reframing of grassroots challenges for thinking about policy and intervention strategy. The conclusions of this process are presented below and used to inform both the thematic conclusions and the policy discussion later in the study.

### **Agency**

There is a central question around the agency of the extremely poor compared to the moderate poor. Destitution (one image of the extremely poor) easily translates into victimhood and assumed dependency on grants and subsidies, whereas the moderate poor have always been assumed to have more agency and the potential for capabilities—hence, from the 1970s onwards, the NGO mobilisation strategies for economic advancement as well as political engagement. Indeed, one of the criticisms of the microfinance movement was its self-selection and thereby exclusion of the extremely poor due to weakness of agency. The contrast has been blurred in the last decade with more deliberate attempts to economically empower the extremely poor—EEP-Shiree being a prime example, but also BRAC’s Ultra Poor Programme, Char Livelihoods Programme, Prime-PROSPER project of PKSf funded by FCDO. To what extent have such ambitions been hampered by the limited agency of the extreme poor? The economic activities, supported by grants rather than lending, have been small, even micro-scale, and perhaps attract similar criticisms as for micro-credit induced small business activity among the moderate poor, i.e. easy to enter, low skill, high turnover, low return, self-exploitative, saturated sectors and thus potentially driving down returns from similar, localised activity. There has been the additional experience among EEP-Shiree beneficiaries of being excluded from discretionary social protection, administered locally, due to inclusion in the

economic empowerment programme with grant support. But the main point is that ‘agency’ has been assumed among the extremely poor in these programmes.

This assumption has translated into the ‘market entry’ formula as the panacea for uplift for the extreme poor not just the moderate poor, and heavily promoted by donors, such as UK- FCDO, as the route to sustainability: one off grants to reach higher sustainable platforms, graduation as the pathway to resilience (see the Programme description for PPEPP, supported by UK-FCDO through PKSf). But so far, the ‘market entry’ thinking for the extremely poor has been too innocent of political economy context. Perhaps assuming too much agency. With EEP-Shiree, the interventions via the partner NGOs were staff intensive from initial targeting through to monitoring of grant supported performance. And the ‘agency’ of the extremely poor was reinforced by the presence of a significant local NGO, thus counteracting aspects of the local hostile political economy. But how sustainable is that in the longer run, when the households are back on their own, needing to negotiate the local politics and discriminations? And given our findings about overlap between extreme poverty and marginalisation, this is a significant caveat.

## **Rights and Dependencies**

The other policy strand, making a less optimistic assumption about agency, is of course social protection in the form of cash transfers, unconditional and sometimes conditional. But there are some ‘category’ issues here—what to include under the heading ‘social protection’? Thus for example, some large NGOs like BRAC have been involved significantly in non-formal primary education and primary health care (especially reducing maternal and neo-natal mortality) through their institutional infrastructure, alongside refinement of their microfinance offer. Is this to be understood as ‘social protection’? And GoB has its *Ekti Bari, Ekti Khamar* programme, which functions like social protection with un-monitored cash transfers, even if not intended to be. Currently in Bangladesh, social protection is not especially targeted on the poor, when pensions for different groups are included. And there is also conceptual confusion between social protection and safety nets, perhaps better contrasted as chronic and temporary respectively.

Since the early days of EEP-Shiree, Devine and Wood have written about the need for blended policy interventions, mainly referring to the dual combination of the two broad headings: market entry (or economic empowerment) and social protection—with NGOs more involved in the former, and GoB more involved in the latter. But now, we should move away from that simple duality, and consider a more refined enlargement of the policy framework for intervention and support (Part 5).

This entails embedding a stronger place for rights-based policy and reform in order to overcome the dependency culture which prevails in programmes of poverty alleviation, resembling institutionalised philanthropy. Not only does reform involve reviewing and initiating legislation to ensure a stronger framework of rights and entitlements for the extreme

poor (and indeed everyone in need), but also much more awareness raising among the extreme poor across all communities of what those rights are, including affirmative action for marginalised communities facing additional neglect and discrimination. Such awareness raising entails functional literacy, counter-information systems especially in the arena of public works, more direct contracting rather than via *sardars*, the need to maintain documentation and store it securely. And critically, such reforms involve greater investment in para-legals (i.e. grassroots lawyers), so far more pioneered by NGOs than government, but with much constructive experience to draw on.

This is the basis for a fundamental attack upon the patron-client aspects of the political economy which personalises the local monopolies over who actually gets what from the state pot. It is these patron-client systems, themselves evolving from traditional landlordism into *mastaan* forms of control, which constrain the agency of the poor—the only basis of sustainable, independent and resilient livelihoods, a shift from dependent to more independent security.

### **Individuals and Communities: the atomisation problem**

Poor people, whether in slums or villages, live in communities of some sort. Their livelihoods depend upon functioning relationships with other neighbours in the immediate *para* as well as the wider village or *pourashava*. So, it would seem that two kinds of mistakes have been made in the past: to focus upon the household as the target for support services; and to focus upon the ‘remote’ state institutions providing those services. These ‘atomisation’ mistakes detach those in need from their own communities—the institutional gap. In our life histories analysis, exclusion from community determined services was a constant refrain from informants because they were included in the government and/or an NGO programme, as was the case for EEP-Shiree. This detachment left them highly vulnerable in times of acute need (refer to the prologue above). Although extreme poor households experience isolation and neglect due to their household dependency ratio (often entailing morbidity), female-headedness, idiosyncrasy of circumstances and scattered residence on *para* margins, they are recognised as members of the community with some expectation of emergency support when facing sudden disasters. And, as the prologue indicates, they can be part of the collective action within the community too thereby accruing respect, local rights and obligations. These dangers of detachment are also reinforced by programmes practising excessive or exaggerated or over-precise targeting (see below). While it is tempting to engage with the extreme poor as a household-based strategy like EEP-Shiree because they appear to be entirely detached and neglected by the local community (i.e. socially excluded), **there has to be some reconciliation between individualised profiles while not undermining a sense of community belonging.** Neighbours are the first responders in a crisis, not the state, even the local state. And neither of the latter can be completely trusted not to discriminate and rent seek.

## **Gender: double days, sacrificial expectations**

Gender issues are central to the praxis of poverty reduction, and especially so given the significance of female managed households in extreme poverty—certainly within poverty pockets, and driven by inter-sectionality. But also, within male-headed extreme poor families, the situation for women is highly significant in several ways. They may be much younger and virtually unpaid ‘servants’ to their older or even elderly husbands. The dependency ratio, often entailing non-working male adults due to age or ill health, places extreme burdens upon women: outside work usually labouring or domestic service to replace lost income; additional subsistence and care work inside the household; managing food while sacrificially denying herself essential intake; and if interacting with external support, it is typically with ‘stranger’ males. There may be female kin in other neighbouring households offering some support, but they too are likely to be sharing many similar burdens in their own families. The focus is upon daily survival for one’s own immediate family under conditions of high uncertainty and precarious food stores, let alone any other assets or savings with which to meet other needs, especially health ones including pregnancy needs. And they do not receive much sympathy in either their own affinal or blood/natal families, often with hostile in-laws and natal homes unwilling to continue support for such trapped daughters.

While gender conscious academics and NGO leaders may have appropriate empathy for extremely poor women and pubescent girls, a prevailing patriarchal culture in urban as well as rural settings leaves women stranded and psychologically lonely. When programmes are introduced specifically to support women, such as microcredit, artisanal training or functional literacy, we continue to hear tales of male impatience at these ‘distractions’ as well as the male capture of the credit for non-productive purposes leaving the burden of repayment with their spouses. That impatience, so we hear, frequently leads to violence in the home. Awareness of these stresses has led NGOs in the past to support the creation of women’s groups to act as a collective defence against such attacks. But more recently, the programmes for the extreme poor have focussed so heavily upon ‘economically empowering households’ that any prospect of such solidarity has been lost or at least weakened. If the external perception, often misplaced, is that extremely poor women have even less agency than men, then the temptation is to bypass the rights agenda and search for individualised uplift especially via small grants (e.g. for minor livestock investment with the extreme poor mainly excluded from microcredit due to pessimism about repayments). In other words, the policy intervention seems to reinforce dependency upon ‘hand-outs’ rather than actually dealing with the ‘gendered conditions’ which women face and which entail a stronger focus upon rights. In this process, the staffing of external services (legal, medical, educational, economic and so on) should comprise higher proportions of women to achieve greater programme and policy empathy.

## **Single Adult Earners: additional consequences (e.g. children and finances)**

The precariousness of livelihoods among the extreme poor is reinforced not just by the dependency ratio but also its composition. Typically, these families are smaller, *de facto* more

nucleated and have a single adult earner (male or female—see immediately above). In another language and setting, this is a ‘single point of business failure’. Since the work is most likely more manual and thus physically demanding on an already weakened body nutritionally, more frequent ill-health and morbidity arises in consequence. The gender implications are noted above, but there are other effects too. After the additional pressure on female members, there is pressure on children. They are brought into work earlier, they miss education (let alone other aspects of childhood), they are often pushed into hazardous, dangerous work as ‘child labour’ (long hours, unsafe conditions, no protections and in an atmosphere of coercion). In short, they are oppressed while still being children with the future prospect of their adult agency undermined. Inter-generational reproduction of poverty conditions occurs. And for girls the situation can be worse. If perceived as a consumption burden for a hard-pressed natal family, then there is every incentive to push them into situations which can become exploitative and abusive, such as child labour; or early marriage. This understanding drives some of our key policy recommendations, directed ultimately at enabling children to remain much longer in education—the correlation between extreme poverty and low levels of education is stark.

With this prevalent ill-health goes medical expenses for consultations and medicines, compounded by problems of access given highly unfavourable overall doctor-people ratios in the country, especially countryside. Thus also costs of transport, staying and queuing which is especially an opportunity for rent-seeking by ‘gatekeepers’. Any household savings or borrowings are rapidly depleted, perhaps earmarked for dowries (important for a girl’s security), for education, for a productive investment, for house repairs, essential clothing and so on. All of these opportunity costs undermine a family’s resilience very quickly, usually with SSNs too cumbersome, inadequate and inaccessible. It forces high discount rates on a family and when all help is exhausted it descends further into destitution. The prospect of COVID-19 penetrating further into the society exacerbates this process. It remains an empirical question whether there any difference between urban and rural experience of such downward spirals. Are there more options available in urban contexts, including, of course, crime? Such a possibility needs to be understood better.

### **Exclusions (gender, ethnic and communal) from State Support: the access/accountability problem**

The quantitative analysis in Part 1 indicates correlations between extreme poverty and various kinds of marginalisation. The regional data certainly indicate concentrations of extreme poverty in areas of strong *Adivasi* populations in the North and West, ethnic minority populations in CHT, and lower caste (i.e. *dalit*) Hindu areas (West and South West). Interestingly these areas of settlement coincide with environmental and climate vulnerability especially flooding rivers, occasionally ‘droughts’ (i.e. *Barind* Tract), cyclones and tidal surges. Thus lives are strongly seasonal with respect to hazards and shocks, and infrastructure is less dense than for more stable areas, so communities are ‘remoter’ and access in both directions (communities and state services) physically more problematic. Add social and cultural prejudice to this mix, stir in the gender dimension and dependency ratio aspects of

extreme poverty in these areas, and there is a conjuncture of problems being faced raising ‘delivery’ issues of co-variance and subsidiarity. It is no accident that NGOs significantly work in these areas, though barriers are erected almost literally in CHT. But the presence of NGOs does not amount to rights-based poverty alleviation—that can only be guaranteed by a legitimate state with poverty on its agenda.

Our information from regional consultations, combined with prior and other secondary knowledge, tells us that households and marginalised communities in these areas experience extraordinary daily discrimination—some of it quite blatant in terms of access barriers and resort to pseudo-law, some of it more subtle in terms of control of information about rights and entitlements. Citizenship is simply not horizontally equal, and that plays a significant part in explanations of extreme poverty.

Once again, these conclusions have policy, strategy, delivery and governance implications. The present government, from its origins in the liberation struggle, has been assiduous in its public avowal of ethnic and communal inclusivity. It has not always reflected that in practice, especially in CHT. But with the evidence of correlation with the incidence of extreme poverty, this is a moment to revisit its commitments and practice. That can be done: by acknowledging the barriers and access problems; by revisiting strategies of affirmative action; by including such groups more strongly in programme delivery and ongoing services; and by ensuring stronger representative institutions (not just reliant upon NGOs) for participatory accountability (from problem identification, design through to monitoring of performance and improvement).

## **Churning and Targeting**

The study has touched upon the dynamics of poverty at various points above. In addition to prior experience with poverty programmes onwards from the 1980s, the resilience research undertaken by the Bath group within EEP-Shiree, based on life histories and other studies, reinforces the ‘present continuous’ volatility of family fortunes and trajectories. It is true, from the early work of Robert Chambers, that there are ‘ratchets’ in both downward spirals as well as improvement across thresholds (i.e. from graduation to resilience), but it is more true that these thresholds (upper and lower poverty lines etc.) created for measurement, statistical representation and trend analysis are weak, perforated boundaries in real life. Family fortunes frequently move across them in both directions, and then back again. In other words, there is churning. And in any localised environment (i.e. a *para*, a village, a *bastee* etc.), dwellers know this about themselves and each other. There are good years and bad years. There is optimism and fear, fear of the downward ratchet, fear of no recovery. The Bath group’s qualitative data set (Wood, Devine and Maîtrot, 2016; Maîtrot, Wood, and Devine, 2020) shows this.

This volatility interferes with notions of targeting, an understandable outcome of rationing scarce resources to where they are apparently most needed and justified. But we are now learning that this is a crude engagement with the problem. It has its antecedents from the mid

to late 70s in Bangladesh, when NGOs started to highlight and engage with the widespread landless problem, given only modest attention to it by GoB.<sup>23</sup> The landless group formation approach was adopted across many emerging development NGOs (notably Proshika, BRAC, Nijera Kori, GSS but many others), and a definition was needed to activate a class conflict model of wresting privilege, power and assets away from richer, landlord and landowning classes. It was redistributive in intent through wages, debt and tenancy reform, but seeking to expand the cake as well through productivity increases (often supported by small scale lending) in both agriculture, petty trading, artisanal production and services. Proshika's landless irrigation programme developed during the 1980s was an exemplar case of both sides of this strategy (Wood and Palmer-Jones, 1991)—more through meso than micro credit (Wood and Sharif, 1997, Sharif and Wood, 2002).

However, significantly due to the reliance upon such credit, these approaches were more confined to the moderately rather than extremely poor by contemporary definitions, a realisation which prompted, for example, BRAC's Ultra Poor Programme, and other imitations later (like EEP-Shiree). Such approaches stayed closer to the 'productivity increase'<sup>24</sup> objective, by-passing the more politically challenging redistribution agenda, which includes preoccupations with rights, adverse incorporation and exclusion. Nijera Kori, stayed with this redistributive agenda, (as did GSS and Proshika before their respective implosions in the early/mid 2000s), but the agenda was significantly reinforced by the evolution of the Manusher Jonno Foundation (from its origins as HUGO, a DFID (now FCDO) supported project).

This brief summary of the poverty focus is included here to indicate how the principle of targeting gained strength as a re-balancing of rural development focus, and, as the contrast between moderate and extreme poor emerged, with the realisation that many progressive programmes were still missing the sizeable numbers of poorest. Target groups were identified from the early 1980s, supported by like-minded donors, but they were preoccupied with and optimistic about 'counterpart agency', which *de facto* excluded the poorest who were increasingly overlooked. But this realisation has more recently prompted excessive targeting which has ignored the realities of churning within local communities, with dangers of socially and indeed politically setting the extreme poor apart from the moderate poor. In Part 3, we will indicate the significance of a distinction in sociological terms (as well as income/asset levels) while understanding that for families moving through time, that distinction cannot be set in stone. In short, we think targeting should be more relaxed, less precise and more inclusive of poor communities as a whole in order to 'capture' churning and not provoke unnecessary divisions in contexts where people need each other's goodwill for mutual resilience (see Prologue). This principle also speaks to our poverty pocket analysis.

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<sup>23</sup> After the Januzzi and Peach 1977 survey, commissioned and further analysed by Obaidullah Khan and Wood to guide poverty focussed rural development away from an exclusive focus upon the small farmer strategies associated with Cumilla.

<sup>24</sup> In other words, economic empowerment.



## Being Ghettoed

A further problem associated with excessive targeting based upon official perceptions of destitution and lack of agency is that extremely poor families become trapped in self-fulfilling labels (Wood, 1985 and 2007). This is especially significant when trying to overcome the inter-generational reproduction of extreme poverty. Such labels attract certain kinds of support while denying others. Thus, the prevailing approach to extreme poverty combines (inadequate) social protection with grant supported ‘projects’ for prescribed activities thought suitable for such labelled recipients. Leaving aside potential issues of stigma, this ‘ghettoing’ of the poor separates them off from mainstream opportunities from which they could sustainably benefit—a ceiling is fixed to aspirations. This particularly applies to investing in the younger generation’s human capital to equip them for more upwardly mobile chances in their adult futures. Of course, given the multi-dimensionality of poverty which includes other weaknesses in the political economy in relation to power and meaningful rights, other kinds of mainstreamed investment is also required, entailing more imagination about integrated approaches for blended interventions. This mainstreaming is explored further in Part 5 below.

## Dependent Security and Faustian Bargains

A further associated observation is that the general human search for security is a key driver for the choices people have to make, and, the poorer one is the sharper the trade-off between limited options. Under conditions where marginalisation and exclusions account for the absence of a rights-based context for poor people’s survival, then their options for security entail more personalised and localised dependency of some kind, even if this includes dependency upon local officials and political actors at union and *upazila* levels to ensure discretionary access to benefit schemes. Since such families are unlikely to be able to reciprocate over time, any localised informal support is a function of dependency, perhaps involving some obligations in exchange like voting and other forms of loyalty. The extremely poor cannot avoid being significantly dependent on others, whether: patrons; other extended kin; neighbours; the mosque and *zakat*; other religious institutions; inclusion in relief support by local politicians and officials; as targeted beneficiaries of NGO charity (while excluded from MFIs). In all these relationships, the extremely poor have to display personalised loyalty and gratitude, and be compliant. At best they are informally rather than formally secure. These relationships have been described as Faustian Bargains, where the price of security is remaining dependently poor, the strengthening of such dependency and thus the forfeit of any future rights-based entitlements (Wood, 2003). Dependent security means a lack of basic freedoms and a denial of citizenship. Instead, the policy search has to be for enabling autonomous security as a ‘political’ condition of resilience. Of course, no human is entirely autonomous, since they exist within relationships—but there has to be enough equality, and certainly equity, to release people from their chains (Kramsjö and Wood, 1982) to depersonalise their routes to security. Such principles need to be included therefore in the policy mix to support paths to resilience.

## Programme Bias and the People's Perspectives

The official policy world is dominated by how leaders with power over the allocation of state resources see the population to be served. In the poverty universe, they see them as beneficiaries, clients, victims, deserving, undeserving, indolent, dangerous and so on. Amid all this labelling, they also unconsciously assume that the world view of potential beneficiaries is dominated by the presence of the services supplier or rights upholder. Some NGOs share this *etic* perspective, also by default: the assumption that they are constantly in the minds of their clients, as the clients are in their professional minds.

More empathy is needed, more sensitivity to the *emic* perspective of, in this case, the extremely poor. What is their cognitive world really like? What are they thinking, feeling and doing? Through what lenses, windows and antennae do they frame their options in terms of availability, access, timeliness and reliability? How do they perceive and manage the options of 'exit voice and loyalty' (Hirschman, 1970)? How do they weigh up choices and risks between the informal and formal domains? What value do they attach to informal rights rather than the remote and the 'objective' correlative duties of officialdom? While the term 'informal rights' sounds like an oxymoron, in reality they may be more secure and guaranteed especially as a function of 'loyalty' behaviour (through compliance, multi-period games whether reciprocal or hierarchical)!

While this discussion may sound like an academic thesis, it matters hugely for the framing of pro-poor policy in terms of expectations and ambitions. Thus, consider the bold, slightly arbitrary proposition that '90% of an extremely poor person's livelihoods survival is in the immediately local, informal domain, where they and their neighbours live. An embankment breaks. The fragile house is about to be inundated. The child has a rapid fever. The elderly husband is suddenly coughing blood. There is no salt or oil. Who is going to instantly help? Neighbours, kin, patrons, the mosque, the *mullah*, the priest, the local schoolteacher—the *samaj*. By contrast, the existence, but not immediate presence, of formal programmes (GoB or NGO) form a remote and necessarily minor part of a poor person's perceptual landscape of reliable support mechanisms. When in operation, such support can be intermittent, easily withdrawn, and probably corrupted in implementation. Voice and accountability are weak. Exit takes the form of relying upon local connections to other families, where loyalty is the primary means of survival: i.e. dependent rather than autonomous security. Our regional consultations emphasise this sense of vulnerability, uncertainty and isolation in relation to anything that government does.

Thus instead of 'grateful' people having to fit in with government both organisationally and in terms of priorities and types of support (cash, loans, training, shelters, machinery, goods in kind), for external agencies to be effective means reversing this assumption---policy makers and their implementers have to fit in with the universe of their clients, and know their place in that cognitive universe. Realistically, this means they cannot and should not encourage full dependency upon themselves—these are promises they cannot keep. Thus, they must not destroy what works locally, even if it is not equitable, transparent or accountable. **Second order**

**preferences represent the room for manoeuvre, pending more ambitious institutional reform.** This is what participation has to mean—from appraisal onwards. Do present modes of interaction between officials and clients reflect this humility, or rather does it reflect ‘we know what’s best for them’, and they have to conform to our designs? BARD in Cumilla faced this question under Akter Hameed Khan’s leadership from the 1960s—learning before doing. We need the Cumilla style, even though some of its content may be out of date (Wood, 1976).

## **PART 3: SUMMARY OF STRATEGIC THEMES FOR POLICY CHOICE**

This part of the study draws upon the previous analyses (Parts 1 & 2), alongside other trends in the wider socio-economy and strategic principles, which need to be part of a discussion about evidenced based policy and strategic options. It is important to re-iterate that ‘evidence’ is both quantitative and qualitative, and *emic* as well as *etic* (i.e. for the focus of this study from the perspective of people who experience poverty as well as observers of it).

### **Utility of Contrast between Moderate and Extreme Poverty**

Over the last decade or so, the overall concern about poverty in Bangladesh has been refined through a distinction between moderate poverty (below the upper poverty line which is supposed to meet food, clothing and shelter needs) and extreme (or ‘ultra’) poverty (below a lower poverty line which refers essentially to food needs only—i.e. not actual starvation or famine, though not avoiding chronic under-nutrition and morbidity). There is an inevitable element of arbitrariness in choosing any poverty line, no matter how carefully it is constructed, yet the recent analysis of churning by Sen and Ali (2020) demonstrates the usefulness of these distinctions for policy action. Over recent time, the distinction between extreme and moderate poverty has been enlarged to embrace more of the socio-economic, health and voice issues (capabilities and security of agency) which differentiate between the moderately and extreme poor. Our analysis in Part 1 of extreme poverty in relation to gender, disability, religion and ethnicity demonstrates this clearly, reinforced by the summary of grassroots challenges (Part 2).

First, from the analyses in Parts 1&2, it is clear that to eradicate extreme poverty, we need more granular and local data to understand how it is created and perpetuated. In our gender and disability analysis, preliminary survey data shows that at more local levels we observe important differences which national data misleadingly conceals. Using national data can therefore be a distorted guide for local level planning. Our analysis shows that *upazila* level data are more insightful in providing evidence of the impact of discrimination and disadvantage. Notwithstanding existing efforts to produce better data at the national level, the eradication of extreme poverty necessitates even more granular, localised data.

Second, our analysis shows that religion, ethnicity, gender and disability matter in terms of understanding the creation and nature of extreme poverty. This analysis invites policy reflection on the distinction between moderate and extreme poverty. Moderate poverty is more a function of vertical inequalities such as class relations. Those in extreme poverty may certainly experience some of the elements of vertical inequality but their personal conditions are also significantly attached to a set of personal and intersecting explanations, in other words idiosyncrasies. This argument therefore points to the need for more detailed and localised analysis to understand what other factors or personal conditions are more likely to result in extreme poverty.

Therefore, the distinction between extreme and other forms of poverty remains valid and relevant for extreme poverty alleviation strategies. As our understanding of different forms of poverties is further refined, so too will the need for more refined and distinct policy responses.

## **Graduation to Resilience**

The distinction between moderate and extreme poverty, to date, has helped focus poverty alleviation and reduction programmes towards the goal of graduation. In the case of extreme poverty, this has been the modest but important goal of lifting people above the lower poverty line but not necessarily above the upper poverty line threshold. The measures of graduation have only been partially multi-dimensional, embracing income, health and shelter as well as diet. But they also have only been time-bound snapshots of crossing thresholds rather than assessing the sustainability or potential reversal (especially given the inter-generational reproduction of poverty within families) in the real, *emic*, world of relationships and discriminations.

An important driving factor of graduation is when poverty reduction is projectised, especially influenced by foreign aid. Measures for project evaluation and value for money are required close to the end of the period of project funding. This is unfortunate yet imperative institutional practice. One of the strongest insights from the EEP-Shiree programme, a very successful programme in terms of graduation objectives, was the challenge that extreme poor households faced in trying to protect the gains made during the course of the EEP-Shiree programme and more importantly beyond its time-bound support (Wood et al., 2018, especially Marsden and Wood). Escaping to just above the poverty line does not guarantee avoidance of falling back into extreme poverty. In Bangladesh, transitory escapes to the vulnerable non-poor category outnumber sustained escapes—witness the impact of COVID-19 adding vulnerable non-poor to the ranks of the poor (Part 4). How then can policy and programmes help maximise and sustain livelihood improvement for the extreme poor?

Transcending the projectisation of poverty reduction requires long term, programmatic and policy perspectives embedded in conducive political settlements based upon entitlements and rights ensured by progressive states. Without these conditions, all gains are fragile and can too easily be lost. Therein lies the rationale for seeking to achieve resilience, and thus pursuing an entirely different set of institutional ambitions and terms of contract between citizens and the state.

Such raised ambitions necessitate engaging over longer time periods with the lives of the extreme poor and their experiences of living less secure, and often riskier, livelihoods. How do individuals, households or communities benefit from support programmes? What are the means through which these gains get eroded, lost, or appropriated? Our data show that many households manage to improve their situation by investing in secondary education, accessing more secure forms of employment (often through migration) and diversifying sources of

earnings, securing good social relationships and benefiting from state support which allows them to manage risks more effectively. However, for many of the extreme poor, several vulnerabilities affect the resilience capacities of the extreme poor as they attempt to sustain their escape from poverty: ill-health and household demographics (high dependency ratios and gender inequality); exposure to climatic hazards; rural, spatial or infrastructural isolation; adverse inclusion, neglect or exploitation related to the politics of marginalisation (e.g. gender of household head, ethnic and religious affiliation) as well as other forms of perceived social inferiority in terms of class, education, and caste.

More refined data will help build a better understanding of the process of accumulation and protection of gains, beyond programme time periods. In policy terms pursuing greater resilience for specific population groups requires studying the different terms on which extreme poor populations extract themselves from discriminating and exploitative conditions to improve their livelihoods. Although extreme poor households share one main similarity between them (namely that their condition is caused by the convergence of idiosyncrasies, hazards and shocks), no two households are ever the same in terms of improvements and reversals given the multiplicity of factors at work. This idiosyncrasy reinforces the need to establish the longer-term and more holistic objective of resilience and the **need for multi-dimensional policy engagement with the dynamics of extreme poverty, alongside more personalised support services.**

This means that there is a need for poverty alleviation programmes to recognise how improving the livelihoods of extreme poor households also expose them to new uncertainties. For asset transfers to realise their full value, new arrangements need to be negotiated by the recipient family-e.g. for grazing access, for access over neighbour's land to a newly acquired *khas* asset, for access to local *haats*, for police support against theft, and so on. The EEP-Shiree tracking data confirm the apparent anomaly that when a household experiences an improvement it does so by exposing itself to more risks with a new asset, new employment, new forms of credit which need existing arrangements to 'insure' them. For the extreme poor with no such 'social cushions', such risk exposure does not just mean business loss from a specific asset transfer opportunity, but a holistic threat to their existing resource base and thus total survival.

Thus pursuing the superior goal of supporting more secure livelihoods for the extreme poor entails three issues for evidence based policy:

- **Firstly**, we need a better understanding of the many conducive as well as hostile socio-economic variables that come into play as poor people try to negotiate both inequalities (vertical and horizontal) and the institutional landscape (across the domains of state, market, community and household) through which their poverty has been caused over time (i.e. political economy);
- **Secondly**, therefore, we need a sustained and more comprehensive analysis of that negotiation at the individual and household level;

- **Thirdly**, it is important to recognise that the true objective measures of success require post-intervention or post-project tracking. In this sense, immediate, short-term project evaluations are essentially only self-serving, limited to measurable facts about poverty, but frequently ignoring the actual lives of those who live it.

## Public and Accessible Health

Our data confirm that the extreme poor suffer especially from ill-health and morbidity. All our research over the last decade confirms the centrality of health to daily life, graduation and resilience (Goto et al., 2019). Given typically high<sup>25</sup> dependency ratios in extremely poor families, ill-health of key income earners instantly affects the whole family through income loss. And there are high opportunity costs too of caring for ill-health and morbidity as it takes other families members away from earning. In addition, there are costs of treatment and medicine, if available at all (Devine et al., 2017). Access is poor, and families quickly get into debt, or further debt. Our life history and resilience data (Maître et al., 2020) overwhelmingly show families in decline as a function of family member illness. Health and hostile political economy are the major factors in keeping people extremely poor.

These generic issues have been vividly highlighted in the current COVID crisis. The fragile health system in Bangladesh is essentially curative and accessible only to middle and upper classes who can afford fees, travel and prolonged care. Indeed, the upper classes exit altogether in favour of Bangkok, Singapore or further afield for treatment. The main competent centres of treatment are private and accessing them remains prohibitively expensive for the majority of the population, let alone the extreme poor outside Dhaka and Chattogram. The medical profession in Bangladesh has western origins in curative intervention which define professional careers and advancement. There have been some notable exceptions, but from outside government, such as Gonoshasthaya Kendro in Savar, and BRAC's as well as Save the Children's focus upon maternal and new-born child health.

COVID has revealed the weakness of preventive public health provision and the inadequacy of rural health clinic coverage, with some of the worst doctor-population ratios in the world<sup>26</sup>. Public spending as a proportion of both budgets and GDP is among the lowest of lower middle-income countries<sup>27</sup>. There can be no doubt that a major reform of health provision in terms of content and funding is required (Sen et al., 2020), with investment in personnel as well as infrastructure, and incentives towards distributed public health, preventive measures and early diagnosis, including nutrition and diet. Even assuming some bounce back of the economy and a return to pre-COVID levels of poverty over the next half decade, elimination of extreme poverty, the hardest to reach, is dependent upon health reform and investment as a necessary,

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<sup>25</sup> Meaning few earners in relation to consumers.

<sup>26</sup> According to WHO and World Bank estimates of physicians per 1000 population, the global average for 2017 was 1.566, and for Bangladesh in 2018 was 0.581 (thus ranked about 138 in the world, behind Pakistan and India in the sub-continent).

<sup>27</sup> Estimated by The Lancet (August 2020) at 0.69% of GDP, one of the lowest rates worldwide.

though not sufficient, condition. Such ambition is surely dependent upon further re-distributive income and wealth taxation in the country, with present levels of inequality revealing the regressive pattern of rewards and entitlements.

## **Idiosyncrasies, Inter-sectionality and Inter-generationality**

### *Gender*

The experience of extreme poverty is gendered (Faulkner, 2018; Maîtrot, 2017). Persisting gender inequalities in multiple dimensions of poverty and an accompanying surge in the proportion of the extreme poor being female-led households reflects this (Table 2, Part 1). Notwithstanding a significant increase in women's participation in cash-based livelihoods activities in rural areas arising as an important pathway for poverty reduction (World Bank, 2019), patriarchal institutions continue to discriminate, exploit, marginalise and neglect women.

'Being female' combined with 'being extremely poor' produce a conjuncture of disadvantage that is more severe and durable than the sum of single idiosyncrasies (Maîtrot, 2016). Recent data showing worsening maternal health inequalities between the rich and the poor since 2007 are a good example of this (Sen et al., 2020)<sup>28</sup>. We know the poorest cope with hardship by reducing the quantity and quality of food women consume, which in turn affects their health and that of their children. Disaggregated data shows how the intersection of class and gender creates inter-generational disadvantage. Indeed, extreme poor mothers are:

- 4.6 times more likely to be malnourished than the richest mothers;
- almost 11 times more likely 'not to receive any antenatal care' compared to their richest counterpart;
- almost twice more likely to experience the death of their child before they turn 1, between 1-4 years of age and before under 5 (infant, child and under-five mortality, respectively) compared to the richest;
- 2.5 times more likely to experience the death of their new-born babies (before 1-month, neonatal mortality) than the richest families;
- 2.3 and 2.4 times more likely to have underweight and stunted children than richest families, respectively.

The severity with which gendered institutions discriminate against women and shape the reproduction of poverty varies across regions. The experience of extreme poverty by female-led households (as a result of illness, death or abandonment of male income earner) shows how inequalities can converge and their impacts reinforce each other. Female-headedness often broadens vulnerabilities while narrowing livelihood options for members of households. According to BBS, the rate of increase in female headship was 4% over 20 years (1994 to 2014), yet recent data indicate a comparatively rapid 2% spurt between 2014 and 2017/18, with

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<sup>28</sup> This trend has been increasing since 2007.



higher rates in Chattogram and Sylhet. Our data suggest that the east of the country, where greater gender inequalities and stronger patriarchal norms and practices are observed, are not the poorest areas by income-based poverty measures, but instead score poorly on the multi-dimensional poverty index.

We expect COVID will *inter alia* negatively impact some of the above gender dimensions (Part 4). During lockdown, women and children have been more exposed to greater violence, bear the responsibility of unpaid and invisible care alongside reproductive work, endure negative coping strategies through engaging in precarious and hazardous work and compromise on diets.<sup>29</sup> This is also evident in the UK and there is some initial evidence of a similar pattern in Bangladesh. We know that reductions in fertility and family size are important contributors to poverty reduction, and our data suggest these could be jeopardised due to COVID. A rise in fertility rates will change the demographics and dependency ratios of extreme poor households.

### ***Marginalisation***

Religion, ethnicity and marginalisation are routinely overlooked in poverty assessments and studies (Sen and Ali, 2015). A number of groups and communities are marginalised on the basis of their occupation, socio-cultural and gender identity, ethnicity and religion, lifestyle, and physical and cognitive capabilities. Some forms of marginalisation are cumulative and the basis of acute exclusion especially when intersected with gender (including female-headedness) and class. A recent estimate suggests that 10,950,300 people belong to marginalised groups (Gain, 2019) including: sex workers, *hijra*, *harijan*, infertile women (Shewly et al., 2020; Jebin, 2019; Khan et al., 2009), castes and 120 estimated small ethnic groups (*nri-goshthi*), Hindus (Hossain and Kappestein, 2011; Islam and Carlsen, 2016), and people living with disabilities (Barua and Molla, 2019).

Collective experiences of discrimination, exploitation, marginalisation and neglect over generations have for many minorities eroded their collective and individual capabilities while perpetuating their extreme poverty. For some, their identity ‘overrides’ mean they cannot break the reproduction of disadvantage and inherited poverty. Their claim to basic state services (to report abuse or violence for example) is more likely to be considered illegitimate by those from the dominant culture. Socially excluded from information, not being considered politically important, and the on-going stigmatisation of *Adivasi* as ‘underserving poor’ (Hossain and Kappestein, 2011) means that non-Bengali ethnic groups do not feel ‘socially included’ and suffer from denials of basic rights, political voice, security and safety (Gourab et al., 2019, Chakma, 2018). Marginalised groups lack opportunities to diversify their income, are excluded from accessing social safety nets (Hossain and Kappestein, 2011) as well as markets, health and education facilities (Islam and Carlsen, 2016; Kidd, 2017). Consequently, there is a greater likelihood of exploitative and often violent patron-client relationships that considerably limit their autonomy and bargaining capacity (Al-Amin and Islam, 2020) which can be aggravated by a high degree of seclusion or geographical isolation from the mainstream population.

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<sup>29</sup> Evidence from our regional consultations.

The intersection of geographic location, demographic characteristics, ethnic endogamy, and subsequent marginalisation are major factors that influence poverty trajectories, shaping the conditions surrounding how individuals are born, grow, live, work and age in specific environments. These determinants are themselves influenced by the unequal distribution of resources, money and power disproportionately exacerbating health vulnerabilities and inequalities among groups of people.

## **Amenability to Growth**

Over the past 20 years, the country has benefited from a strongly performing and stable economy with significant GDP growth rates sustained over long periods, increased flows of remittances, low inflation rates, and a restructuring of the economy towards manufacturing and services. It is generally acknowledged that most of the poverty reduction in Bangladesh, tracked through HIES data, can be attributed to economic growth though elasticity analysis (Sen and Ali, 2016). However, while economic growth continued to be strong during the 2010-2016 period, the pace of poverty reduction declined indicating a decrease in the elasticity of income responses to GDP growth per capita in the lower deciles. While the elasticity for the upper poverty line declined from 0.88 to 0.73, it was more marked for the lower poverty line with a one-third drop from 1.24 to 0.86. Both slow and unequal consumption growth explain the declines of poverty reduction elasticity (World Bank, 2009).

We now know that rates of poverty reduction show significant regional differences (see Part 1). In the 2005-2010 HIES period, poverty reduction was primarily attributed to increases in agricultural productivity and a rise in real wage rates, partly a function of structural changes in agriculture and seasonal labour scarcities due to city and overseas migration. The 2010-2016 HIES period presents a more complicated picture with faster rates of income poverty reduction in the eastern districts of the country (with higher rates of self-employed outside agriculture in services and small-scale manufacturing), slower rates in urban settings (especially Greater Dhaka), and actually some increases in poverty reported in North and Western districts which tend to be more agricultural, with micro rather than small or medium enterprises. However, *upazila* in the North and West are also more susceptible to seasonal flooding, droughts, cyclones and tidal surges, alongside *haor upazila* and some coastal areas. And when we consider marginalisation and inter-sectionality, we can see that the ‘East-West divergence argument’ (World Bank, 2019) needs to be more nuanced. So, while the data continue to suggest factors related to growth and the economy play an important role in explaining differential rates of poverty reduction regionally, it is not the whole story.

COVID has brought uncertainty to the global economy, including that of Bangladesh. The rate of recovery to pre-COVID growth trajectories is presently unknown (Part 4) and thus cannot be relied upon to offer a similar trend in elasticity of responses in the short term. This will have a significant impact on those below the extreme poverty line. This is the basis for the policy argument of much greater support from the state than offered by present safety net instruments

(Osmani, 2020), and for more radically conceived growth strategies (Sen et al., 2020). And while COVID-19 will inevitably have an initial depressor impact on the macro framework, there were already signs that the economic model that has served the country so well to date needs to be transformed (Bhattacharya et al., 2019).

Clearly, the domestic pursuit of resilience has implications for the country's global position in regard to remittances, decent work and trade conditions. The focus of policy would then be less about enclaved projects or even programmes, and more about attending to the reproduction of poverty and inequalities which those foreign countries impose upon their country clients via terms of trade and unfair business practices in a globalised world. Such global political settlements entail consumer preferences as well. And such issues need to be centrepiece in the diplomatic agendas between 'partners' such as Bangladesh and the UK. In other words, achieving resilience is not just a victims' problem. It demands settlements between states and the behaviour of their respective markets.

To elaborate this principle, irrespective of COVID-19, poverty, inequality and growth in Bangladesh are not just functions of interplay between domestic factors. As Bangladesh has entered LMIC status (though not yet extracted itself from LDC status—see Bhattacharya et al., 2019), so its fortunes are more inter-connected to the global political economy. Dramatic changes in the global economy now have quicker and deeper implications for the Bangladesh domestic economy. This sensitivity is most readily revealed and felt through the decline in remittances from the overseas labour of approximately 12 million persons, mainly male. As destination economies also shrink and will continue to do so through a global recession, so migrant labour is being laid off and compelled to return to Bangladesh, frequently empty handed and often with more debt. Add to this the impact on the organised employment sector, notably the RMG, of reimbursement contracts for manufactured stock being unilaterally suspended by rich country purchasing and retail companies, not least in the UK, then there has been an instant redundancy effect on around 1 million employees, or around 25% of the RMG workforce in the country, and other sectors in the organised, semi-skilled labour force overall. The knock-on effects of remittance loss and redundancies across family livelihoods are significant. Thus, policy has to be global too. It will not be enough, for example, for the UK to donate 'philanthropically' to safety nets and social protection during the COVID induced crisis. And it was never enough to do so before it. The duty of a rich country crucially involved in the Bangladesh economy while also concerned about its poverty is to regulate its own companies in relation to terms of trade and decent work.

A pro-poor distributional impact of growth is possible, but it also requires good global governance and high state accountability. So far, Bangladesh has successfully combined 'growth from above' through FDI, fostering investments in hard and soft infrastructure and in labour-intensive manufacturing and 'growth from below' with support to small and medium enterprises in the country. But the scope for pro-poor income and wealth redistribution through growth is threatened by: reliance on labour intensive production, precariously concentrated in the garments sector; the expansion of low-skilled (outside finance) services sector; early evidence of labour substituting technologies, contributing to the prospect of jobless growth;

and rising inequality between social groups and across regions of the country. The main implication of these threats for policy is the need for institutional reform of the state's capacity to operate with more locally relevant information and greater levels of accountability within each of the country's poverty pockets.

### **Urban Vulnerability: commodification**

The discourse so far around COVID-19 has revealed potential urban bias in the focus of concern as well as information. However, if we accept that around one-third of GDP is generated by Greater Dhaka, with 85% of non-agricultural employment in the MSME sector (not exclusively confined to Dhaka), then urban poverty is not insignificant. HIES 2016 indicates that urban poverty contributes 10% of poverty overall, but that its rate of decline is slower than in most rural areas. However, the onset of the pandemic has changed that story. With high numbers of vulnerable non-poor concentrated in the urban informal self-employed services sector, their vulnerability was cruelly exposed as the nation locked down. We see this as a function of commodification of labour in the sector—incomes having a complete exposure and sensitivity to highly volatile demand, which significantly collapsed. Apart from the direct impact on the loss of numerous urban incomes to urban families leading the vulnerable non-poor to become poor, the collapse of demand has also reduced the flow of remittances to hard pressed rural families among the extreme poor.<sup>30</sup> By extrapolation, if the urbanised informal self-employed services and small scale manufacturing sectors have been 'rurbanised' across the eastern district hinterlands of Dhaka and Chattogram (according to the World Bank 2019, and the analysis of HIES 2016 data), then we can expect it to be similarly affected as for Dhaka by market contraction under COVID lockdown. This combination of circumstances represents an acute, dire situation for the country, in which pre-COVID assumptions about LMIC status and poverty reduction will have to be set aside. The central question being asked (Osmani, 2020) is whether the Government of Bangladesh has understood the scale and depth of this process, with the suggestion that the response so far falls very short of what is needed to prop up the sector, and keep demand in the economy for it. Similar to Amartya Sen's analysis of famine (1981), the weakness of effective demand as a co-variant function of flooding local markets with unwanted assets in exchange for immediate survival necessities generates poverty irrespective of the availability of subsistence goods on the supply side.

### **Rurbanisation**

As a context for reducing poverty, the process of 'rurbanisation' in the country has significant implications for how the Bangladeshi economy is restructuring and opportunities are proliferating, as well as how the state engages locally in the future. The investment in rural infrastructure (e.g. feeder roads as well main highways, together with key bridges) alongside the upgrading of *upazila* decentralised administration from the 1980s onwards enabled the evolution of growth pole centres as well as the growth of market towns arising from new inter-

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<sup>30</sup> Reported to us from the regional consultations.

sections and transport points. This process enabled, and has been reinforced by, a restructuring of agriculture itself, especially through the development of *irri-boro* and the production of an expanded net marketable surplus via new agricultural technologies, stimulating post-harvest processing and food market activity, transportation, connectivity, migration to urban centres, changes in land tenure and tenancy to facilitate the expansion of agricultural services entailing contracts between landholders (owners and tenants) and service providers (irrigation, ploughing, weeding, harvesting, milling and so on) and transforming rural labour relations away from personalised farmer/employer/patrons (with quasi-feudal overtones) with dependent labourer/clients towards contract farming and the greater commodification of rural labour. This process has also ‘liberated’ rural labour to become more self-employed in off-farm, small business activity—though often as petty traders—as well being more mobile seasonally and annually. This growth of small towns from smaller villages has also created connected hinterlands, enabling a shift from cereal, non-perishables towards more perishable horticultural/fruit products now having quicker access to consumer markets.

This transformation heralds the prospect of Bangladesh soon becoming a nation of small towns as a counterpoint to the large-scale mega-city development exemplified by greater Dhaka, Chattogram, and possibly Khulna with the new Mongla port initiative connected to the Padma bridge. This context requires ongoing research for its implications for poverty—its reproduction and responses to it. Will we see more inclusive opportunities, especially if larger production units move out of the Dhaka-Chattogram nexus (i.e. the cities themselves and transport links between them) incentivised by cheaper rural labour while retaining efficient access to markets and exports? Will we see small town hinterlands transforming further as places of residence for daily migrants as well as vertically linked small production units and rural products? And will we see new economies of scale emerging, with small towns becoming the centres for community hospitals, health clinics, secondary and further education (i.e. vocationally focussed)? Indeed, might we see such towns **municipalising the countryside** as centres for administration and perhaps as ‘one-stop shops’ for multi-dimensional poverty policy? (See the institutional reform discussion under mainstreaming policy section, Part 5).

There is a need for more thoroughgoing and ongoing research around these propositions, which have been noted by various commentators over the last two decades. Clearly this evolution is not happening at a single pace across the various regions of the country, facing different topographical, seasonal and climate challenges. And clearly the demographic composition of an area alongside cultural variation in the practices of patriarchy and gender relations, also impinges upon this process. Indeed, part of the explanation of regional variation in poverty and variable growth elasticities is a function of these intervening non-income variables. But other research by team members as well as our regional consultations confirm that this process is firmly underway.

## **Universal and Regional Trends (poverty pockets)**

To date most poverty statistics in Bangladesh have been ‘universal’, applied across the nation as a whole. However, the HIES 2016 data show disturbing geographical differentiation perhaps correlating to economic behaviour and amenability to growth, but perhaps due to persistent political economy trends and specific environmental conditions, often mutually reinforcing. Sometimes those conditions are ‘positive’ in the sense of underpinning new production opportunities (e.g. shrimp farms in the South West), but more often they appear negatively (e.g. shrimp farms again through contamination and dispossession, as well new forms of exploitation; flood related opportunities for exploitation; drought related marginalisation; migration into other forms of insecurity; and so on). Part 1 displays the case for a more disaggregated, granular, analysis below the national picture. Both geographical and social forms of poverty display considerable path dependency, suggesting the notion of **poverty pockets** characterised by a clutch of explanations, as noted above. The implications for policy is that policy thinking has to be far more disaggregated, constructed to engage with specific circumstances in specific locations, supported by location specific action research. This requires institutional reform of government capacity to operate at the right level of subsidiarity in terms of information and response. A prior requirement is to define a poverty pocket. We have gone some way towards this in the quantitative, MPI-based, poverty pocket identification in Part 1. But we should not be limited in reaching a definition by the present availability of data. Additional purposive survey data are needed as a basis for designing integrated poverty pocket interventions which embrace the human capital dimensions of poverty, such as health and education, alongside income generation within the reality of the local political economies.

## **Multi-dimensional Analysis and Policy**

It will be clear from our analysis so far in this study that poverty is a complex phenomenon and a complex concept, and this has resulted in a widespread recognition of the need to understand poverty through a multi-dimensional lens. Our analysis of income and non-income poverty clearly points to distinct spatially different extreme poverty pockets and dynamics. Our findings indicate that greater income does not always automatically translate into better nutritional, educational and health outcomes for the poor and extreme poor. Thus, putting employment and income aside (which are essentially demand side routes to wellbeing), various non-income dimensions of wellbeing merit supply interventions to overcome access barriers.

Our initial analysis extends the work of Sen et al. (2020) by exploring Division level data as well as background conditions. Our findings suggest:

- there are wide variations between regions and background characteristics in respect of health, nutrition, education and child protection;
- for almost all of these indicators, the situation in rural areas is worse than urban areas;
- there are differences between Divisions. However, the picture is mixed: some Divisions are deprived in certain indicators but less deprived in others. This suggests

there are no one-to-one correspondences between indicators. However overall, Sylhet lags behind other Divisions in respect of most non-income indicators while Khulna and Rajshahi fare better. Dhaka Division lies in between those Divisions with most deprivations and those with less. Chattogram, Barisal and Mymensingh on the whole perform worse than Dhaka;

- mothers' education has significant positive correlations with better outcomes in respect of all health, nutrition, education and child protection indicators;
- economic affluence (as reflected by wealth quintiles) is also positively correlated with better outcomes for all indicators.

We have compared income and non-income indicators by 'poverty pockets' (Part 1). Our analysis suggests:

- This indicates that income does not always automatically ensure better nutrition, schooling, access to better healthcare services, child protection and other forms of improved standard of living;
- Greater Dhaka City and some of its adjacent districts performed fairly well with respect to both income and non-income dimensions. While remoteness seems to be a condition that increases poverty (see above on Kurigram), connectedness seems to have a positive influence on wellbeing.

While there is general recognition of multidimensionality, with roots in the early work of Mahbub ul Haq and UNDP's Human Development agenda, it is imperative that the notion of multi-dimensionality embraces the problematic of hostile political economies locally and internationally. In other words, attention to social process not just indicators. However, to date the emphasis upon multi-dimensional analysis has not sufficiently translated into multi-dimensional policy approaches, even within its own limitations. It is unfortunate that 'reaching the poor' has become more compartmentalised than it was in the days of 'integrated' rural development programmes. Somehow in aid parlance, 'integrated' has become a dirty word, or at least old-fashioned. But in our view, never has the term become more relevant.

While bureaucracies are compartmentalised as part of organisational rationality about spans of control, expertise and competence, poor people's lives are more likely lived as a single non-bounded entity—integrated stories rather than differentiated cases (Wood, 1985 and 2007). This is a significant *emic* point. The poor have many simultaneous needs to be addressed if they are to be resiliently non-poor. Addressing one in the absence of others is not rational. The extreme poor do not have keystone variables (i.e. panaceas) which unlock the route to progress. Yes, there is some weighting to variables such as secure income, but that secure income is itself a function of other variables and contexts—circular, iterative multi-dimensionality, in other words. The indicators and analysis presented above underlines this strongly. Access to a health clinic for example does not come after income, since income is dependent upon that access. The same is true for education and skills, rights and social inequalities, and so on. This requires

an enlargement of policy imagination, proliferated points of entry into the lives (or stories) of the poor. Inter-disciplinary analysis should be leading to interdisciplinary support.

## **Security and protection**

Present forms of social protection, safety nets and targeted programmes (often supported by foreign aid) are at best graduation-oriented and mainly only supplementing the destitute in the sense of preventing starvation but not chronic under-nutrition. Interventions are poorly targeted, leaky, inefficient and corruptly used for political patronage. Indeed, they are as much instruments of political patronage than as responses to need. And mostly their value does not approximate minimum income needs. And thus, they make little impact upon sustainable livelihoods for a family and its longer-term resilience. Recent analysis by Sen et al. (2020) points out that for the extreme poor in rural areas their share in total beneficiaries of stipend schemes is only 9%, for allowance programmes, only 26%, for food assisted programmes, only 24% for maternity allowance programmes, and for 'other programmes' only 24%. A significant proportion of these transfers go to non-poor groups.

Looking ahead, therefore, to the youth and children of extremely poor families, a core policy objective is avoidance of passing on such poverty conditions and thus limited agency (capabilities and skills) to the next generation. Bangladesh has already developed and owned the National Social Security Strategy (NSSS), but it has yet to devise plans to implement and to will the resources to do so. The relevance of NSSS is that it engages with family life cycles, in effect the changing dependency ratios of a family over time. Youth and children should not themselves become lifelong dependents.

If Bangladesh is to avoid being a nation of dependents, without senses of citizenship and belonging, two main urgencies become:

- First to reform the social protection system (sensible, poverty focussed targeting; universalism in the direction of minimum incomes; calibrated to changing family conditions over time; avoidance of leakage through more transparent entitlements with clear qualification criteria, supported by attested documentation; and removal of access barriers);
- Second to integrate education and health provision, to lay the basis for relevant skills to enable younger adults and youth especially to enter labour markets and higher productivity business opportunities.



## PART 4: STRATEGIC RESPONSES TO COVID-19

It will be obvious that since this study was commissioned, COVID-19 as a global pandemic has also affected Bangladesh and any analysis of poverty. The earlier poverty analysis offered to the Planning Commission (Sen, Ali and Murshed, 2020) models some potential scenarios from various data sources, indicating that in its Scenario 3 (seen as the most likely), a further 16 million people will be added to those below the upper poverty line, but for a relatively short time (i.e. to end of 2020, based on 80% economic recovery rate in 4th Quarter). Other scenarios from different data sets indicate, more pessimistically, overall poverty levels have risen back up to 42% of the population, a figure similar to 2-3 decades ago (BIGD-PPRC, 2020), levels that will persist for longer.

These and other ‘findings’ need to come with a statistical health warning, as they are based upon surveys and samples established before COVID for research purposes. The BIGD-PPRC trend analysis from 3 data points (February, April and June/July) is derived from a sample (7,638—about 50% of the original total sample, self-selected) which is: rural 43%, urban 55% and CHT 1.2%. This introduces significant urban bias into the analysis, emphasising the plight of displaced urban casual workers and self-employed over other trends. A larger sample from BIDS was designed to be skewed to middle class respondents. Both of these samples have been deployed to gain some sense of COVID, and more recent purposive sampling for COVID analysis has yet to reveal findings. However the BIGD-PPRC analysis has been the most comprehensive so far across income impact, food insecurity, coping with food and non-foods costs, support dynamics and recovery facilities. The Centre for Policy Dialogue (CPD) is also critical of BBS data informing growth estimates for FY 2020 as affected by COVID when most of the data covered the period July 2019-March 2020, before the main onset of COVID (CPD Reaction to Provisional Estimates 16/8/20). This matters when considering elasticity of poverty responses, because while GoB is therefore predicting a FY 2020 growth rate of 5.64%, CPD’s own estimate in 2.5% which would still put it at one of the best performing countries globally. There are however alternative views to CPD’s critique to BBS’s growth estimate which is discussed later this sub-section. With employment, poverty and inequality all likely to worsen as a consequence of COVID, CPD makes a plea for more up to date Labour Force and HIE surveys, which are truly independent of political targets.

Within these contrasting range of assumptions are further details, subject to these caveats about methods. The national rates of poverty increase vary across the country. From our regional consultations for this study (i.e. not primarily centred on COVID) parts of the South West are expecting poverty to revert to 50% partly induced by reverse migration from cities; CHT up to 40% (from pre-COVID GoB claims of 15%) due to COVID interruptions in perishable supply chains; with the southern coastal areas rising back to 40%+ from a pre-COVID 22% figure though with variations between north (lower rates) and south *upazila* (higher rates) within the coastal zone. Informants from the North West are worried about food security, while those

from the north east is worried about rising unemployment. In all of these areas, the pre-COVID assumption has been that moderate poverty was reducing at a higher rate than extreme poverty.

It seems clear from a presentation by Monzur Hossain at a BIDS webinar (June 2020) and its reported studies, that the medium and small micro enterprises (MSME) do account for the major negative economic effect of COVID, representing before COVID 25% of GDP, 86% of industrial employment and 95% of industrial units amounting to 1.3 million in 2019 employing 10 million workers. Only 38% of these units have access to bank loans (a significant policy issue) with more reliance upon MFI access at 49%. The wage bill of the sector is Tk 6,000 crore per month, with production and sales worth Tk 40,000 crore per month. The two-month lockdown loss (i.e. from the 24/3 to 31/5 ‘holiday’) to the sector was estimated at Tk 92,000 crore without factoring in interest payments, whereas the GoB support package is understood to be Tk 30,000 crore for the period April-November! But the bulk of this support is targeted on the larger enterprises, leaving the smaller enterprises at most risk, with 76% of them having unsold goods. It is predicted that many of these units will not survive. However, again there is a regional element to these overall conclusions (which could yet be modified by subsequent data rounds into early 2021). The COVID infection rate is lower in the Western districts where the SMEs are smaller, but the demand for their products habitually come from the richer Eastern districts where higher rates of infection among larger scale units are reducing consumption demand.

Looking at income drops by poverty/vulnerability category, the BIGD-PPRC sample indicates 34% drop for the extremely poor (i.e. below the lower poverty line), 41% for those below the upper poverty line, and 42% for the vulnerable non-poor (taking them into the poverty categories). Drop in earnings for informal occupations are estimated at 49% compared to 17% for more secure formal occupations.<sup>31</sup> The new poor were estimated at 21.7% and with rising non-poor becoming vulnerable non-poor. Overall unemployment in June was 17.24%, with housemaids, transport and SME workers worst affected. Over the period April-June, there has been a switch from skilled factory work to unskilled casual work of 4.7% (i.e. secure formal to insecure informal), and steady drops in returns to labour, for example from 20% to 60% income drop for rickshaw pullers.

In terms of food intake, urban consumption was reduced by 39% over this period, and rural 21%--confirming options for rural people to retreat to some extent into their own family subsistence production, while the hand to mouth informal wage sector (urban) was especially exposed to income drops and supply interruptions. People are coping mainly through depleting savings, use of shopkeeper credit as well as reduced consumption. Households having less than 3 meals a day were estimated at 10.8%.

People have relied more on informal support (12.25%) than institutional (e.g. GoB, at 7.6%). They have had to contend with the inelastic burdens of house rent, transport and utilities and

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<sup>31</sup> Yet diaspora academics argue that the bulk of the \$5.5 billion GoB response package has not been a relief package, but targeted upon the RMG sector and salaried workers.

variable medical costs (the latter estimated at 30% on average of a household's budget across the poverty categories). Institutional support (rice, multiple food packages and some cash) has been woefully inadequate even when extremely poor people have joined beneficiary lists (i.e. 54%) with cash transfers at less than Tk2000 per month. Migration as a coping response over April-June period has been 6% urban to rural, but significantly it has subsequently (September 2020) risen to 15.64% from Dhaka to other districts, 8.35% from Chattogram to other districts and there has been other inter-district migration at 13%.

As far as we can deduct from participation in the two data point presentations of BIGD-PPRC and other webinars (including BIDS and diaspora ones in the USA and UK), the main headlines appear to be:

- overall poverty is increasing with the vulnerable non-poor descending into poverty, at least below the upper poverty line, with erstwhile moderate poor themselves descending further into extreme poverty;
- such groups plus the pre-existing moderate poor are increasingly obliged to focus upon their own precarious livelihoods and thus paying less attention to others, undermining local social cohesion;
- such new poor are also competing more strongly locally for small business and employment opportunities, as well as welfare support;
- the process is intensified in rural areas by reverse migration of displaced urban informal sector, self-employed, services workers;
- labour absorption of new annual entrants to the labour force (especially unskilled) is now even less likely in the near future;
- the adverse conditions for women<sup>32</sup>, children, disabled, elderly and all members of marginalised communities have been significantly aggravated.

Like many other countries, Bangladesh is also clearly at a crisis juncture, where looking forward in a planning sense is difficult due to increased uncertainty. Planning ahead to exit a crisis sustainably is different from 'catching up' and responding to urgent immediate needs. Both of course have to be done. However, in this time of COVID, what is done now sets the conditions and room for manoeuvre for the future. So necessary short- and medium-term responses to the pandemic need to be connected to longer term, mainstream approaches to eradicating extreme poverty (the primary concern of this study and reviewed in Part 5).

We start with the lockdown issue. In debate with Osmani and others, we have argued that the rationale for lockdown in Bangladesh has to be tested. In richer countries with better health systems, the rationale has been to flatten the curve of infections, bring down the R, and thereby defend the capacity of health systems to cope with the increased COVID driven demand. However, the rationale in Bangladesh is different, since health capacity under normal times is already weak with curative access confined essentially to middle and upper classes. Therefore,

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<sup>32</sup> Many NGOs working locally report increasing violence towards women inside households.

while there is a finite rationale for lockdown in richer countries, when adopted in the country like Bangladesh there is no equivalent logic to end it until either a widespread vaccine or treatment is available. From the data above, the economic and livelihoods pressure to end the lockdown sooner is strong, with severe risks to R increasing. This is a cruel dilemma for the country. Pre-existing inequalities have been starkly revealed, as desperate people are compelled to re-enter markets, while hoping that demand will reappear for their services.<sup>33</sup> Anecdotal evidence during October 2020 indicates a steady trickle of return migration to greater Dhaka and a wary re-opening of small shops and eating venues; housemaids being re-employed under masked conditions; and more street movement among lower middle and poorer urban classes. It is too early to determine the risk element of such patterns in infection spread. It is still difficult to gain an authentic rural picture.

The narrative, however, continues to evolve. The data presented above largely represent the scenario of about the first three months of COVID infection in Bangladesh. Although government policy still supports COVID related health protocols (i.e. wearing masks, maintaining social distance, etc.), there is already a sign of reversal of earlier predictions regarding both COVID infections and associated fatalities, and also forecasts for economic recovery.

A survey carried out in October 2020 by the Institute of Epidemiology, Disease Control and Research (IEDCR), the responsible government agency for COVID, and ICDDR,B, the reputed international organization working in Bangladesh, revealed that the country is probably moving towards developing “herd immunity” as far as COVID is concerned. The study revealed that at least 45% of the population in Dhaka city have developed antibodies against Covid-19. The study also finds that the rate of Covid-19 antibody prevalence among slum people was estimated at as high as 74%. The study sees this rate of antibody among people in Dhaka as “encouraging”: *“It suggests the beginning of a herd immunity”*. Referring to the study and talking to economists in the country, The Business Standard on the 12<sup>th</sup> of October reported that:

*“Reaching the herd immunity threshold can play a great role in aiding recovery of the Covid-ravaged economy, particularly revamping the internal sectors. A large portion of low-income people have already gone back to work. Either they were less aware or they ignored health risks because of the immediate needs. But their return to jobs helped the recovery of the manufacturing sector. The more people there are with Covid-19 antibodies, the faster will be the pace of economic rebound.”*

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<sup>33</sup> Although lockdown in Bangladesh is presumed to have finished on 31<sup>st</sup> May 2020, actually it remains intact for middle class families on secure incomes either from surviving business and investments (often property and rents) or salaried employment in public sector and other secure activities like banking, insurance and legal services. This means that the ‘demand’ for informal services offered by the COVID affected poor ironically has to come from other similarly placed poorer and vulnerable workers who are effectively being forced back into business and employment at whatever risk to their health. Lockdown is dangerously over for them.

Regarding the debate around growth estimates of BBS, raised by CPD, BIDS was requested by the Ministry of Planning to review estimates. Two major conclusions are noteworthy from BIDS review. They include:

*“First, the estimation of GDP losses in 2019/20 due to Covid-19 would appear to be much less than was initially expected. This was a combination of good luck and good policies. The first two quarters of FY20 were unharmed by COVID-19. The third quarter was partially affected and may have led to a 1-2 percentage point drop in the growth rate. The challenge was to quantify the impact of the fourth quarter. We found that electricity consumption, which is a good indicator of economic activity especially in non-farm enterprises, bounced back strongly in the second month of the lockdown (May 2020). Export and import both followed the same patterns. Remittances saw a steep increase in June. Interestingly, indicators in the financial sector such as deposit and credit showed little indication of economic disruption during the fourth quarter of 2019/20. In fact, the volume of mobile financial services and agent banking increased substantially in May and June of 2020. The growth of agriculture, particularly crops, was also very robust, producing a multiplier effect in the rest of the economy. A large part of the services sector (public administration and defense, education, health and social works, etc.) which makes up about 40 percent of total services, experienced growth of at least at 7 percent per annum. The urban component of the remaining 60 percent of the services sector (trade, communications, hotel and restaurants, etc.) took a hit but the rural economy remained mostly unscathed. In addition, anecdotal evidence suggests that the rural-urban economic linkages remained functional even during lockdown. A large part of the service sector is in fact in rural areas. Hence, the COVID effect on the service sector was not as bad as initially suspected. Second, the various early pessimistic growth projections ranging from 2 to 4% seems to be unfounded. Using elasticity of growth with respect to electricity consumption and export, our calculations show that the growth rates for FY20 is likely to be in the range of 4.5 to 5.5 percent”.*

Referring to CPD estimate, the BIDS review points out that “we don’t know yet about CPD’s projection methodologies and estimation techniques as they have not explained their methods of projection in any of their published documents and their claim of growth rate below 2.5% appears to us largely unfounded”.

The Planning Commission itself is also quite positive about economic recovery within a short span of time (a year or so). A report titled “Economy on Track to Recovery” published 11 October 2020 in the leading daily Bengali newspaper (Prothom-Alo) reported that the overall economy, hit hard by the coronavirus, is on the way to recovery as several indicators of the economy are improving. Referring to economists in the country, it has reported that:

*“remittance inflow has increased unbelievably while the RMG sector is receiving orders. Factories have reopened and the pace of production has increased. The agriculture sector was never shut”.* The report however pointed out that “*the question is how far the pace of recovery will accelerate.*”

*The pace of recovery in the countries of big economies is still slow. The demands have not reached previous levels although the production activities have revived”.*

The report also quoted Dr. Shamsul Alam (General Economics Division Member, Planning Commission):

*“The economy has been turning around after July. The indicators used for understanding the trend of micro economy are doing fine. Such as, remittance inflow has increased. The production of food grain has registered a record this year compared to any time in the past. Exports in July-September increased by 50 per cent compared to the corresponding period of the last year”.*

Despite positive scenarios as found above, there is no scope for complacency. The government is also cautious about both the spread of the infections, especially during winter, and the recovery of the economy. And, in particular, for the preparation of the 8<sup>th</sup> FYP, the entire pandemic issue and its likely impact on health and economy merit a thorough consideration.

In other words, the 8<sup>th</sup> Five Year Plan is now starting from a different place, especially with regard to poverty reduction, but with growth also. **In the short-term**, there is an imperative to find ways of revitalising the economy while keeping risks low of the R number increasing. This essentially requires a combination of:

- stimulating demand while introducing a robust test, trace and quarantine (TTQ) nationwide facility which can identify and shut down hotspot localities, especially in urban areas; alongside continuing emphasis upon observing health protocols such as wearing masks, washing hands and maintaining social distancing;
- tactical relaxation of social distancing in areas of low R numbers, which may apply more to the West of the country with smaller SMEs—which coincides with areas where pre-COVID poverty was highest—so a little win-win;
- differentiated, disaggregated strategy entailing administrative subsidiarity is necessary in the immediate term, pending more comprehensive longer-term solutions;
- implementing TTQ becomes part of rapid investment in upscaling decentralised health facilities, where confirmed cases are not just quarantined but also have a prospect of treatment;
- families with fatalities or long COVID experiences, especially if principal earners, need cash recovery support.

To deliver this immediate short-term agenda over the coming months and into the next year or so also requires the expanded recruitment of adequately trained field staff, essentially

expanding the models of GSK and BRAC preventive health capacity (i.e. as for oral rehydration in the past). Is this agenda essentially the priority for the first phase of the 8<sup>th</sup> FYP?

Such an agenda then needs to morph into the **medium-term** agenda, revisiting the basic, de facto political settlement for the country:

- a more diversified and greener path back to growth to avoid narrow points of business failure (as is currently the case with over-reliance upon the RMG sector caught in fragile and immoral international supply chains);
- Keynesian approaches to employment generation, a ‘New Deal’ win-win strategy of short-term employment expansion and demand stimulation with longer term productive infrastructure including sustainable energy capacity (e.g. solar and other renewables);
- spreading socially the skill base for such opportunities to engage with poverty reduction and inclusion (this entails a fast-forwarded policy of post-secondary technical and mid-managerial training);
- investing in health which also generates employment at different skill levels, combining more informal *deshi* and higher tech practices and considering a location strategy, perhaps using small towns/larger *upazila* centres as incentives to locate professional staff (this is a longer term strategy too);
- extending the income and wealth tax spread to generate revenues for socially progressive and inclusive spending (there must surely now be an undeniable, moral case for middle classes in secure business and salaried contexts to be properly included in both the income and wealth the tax net);
- and restructuring aid and international relations to ensure more responsible and sustainable FDI to underpin decent work, offer more certainty and security in supply chains, and ensure fairer distribution of value-added across those chains.

## **PART 5: RE-IMAGINING AND MAINSTREAMING POLICY OVER THE LONGER TERM**

### **Introduction: 3-Tier Policy Framework to Support Resilience**

We start this Part of the study by summarising a 3-Tier framework for understanding how different levels of policy and intervention need to interact and reinforce each other while nevertheless pointing to different types of policy engagement broadly in line with the core principle of subsidiarity, moving from systemic and generalised contexts affecting poverty (meta to meso) to micro-specific, idiosyncratic conditions (household and individual) requiring more face to face interaction between citizen and state.

**Strategic, meta context** (such as climate change, law and order offering security, rights of women, children and minorities, governance of state practices and regulation of market behaviour). This entails institutional reform comprising:

- honest assessment of both barriers (political economy, social, cultural and institutional) and conducive community practices in order to design effective support;
- focus upon organising equity and inclusivity at the most meaningful levels;
- differentiate between support calibrated to specific context and more universal policy levers (like infrastructure, utilities, services and fiscal);
- return GoB capacity to integrated package approaches, especially in poverty pockets;
- consider role of expanding numbers of small towns as development/social protection hubs.

These strategic principles, as well as below, essentially amount to a re-balancing of emphasis between demand side measures (i.e. employment generation, income support and safety nets) towards supply side measures designed to overcome the discriminatory access problems which poor people face in both markets and public services provision.

**A meso-level** of direct levers to support extreme poor agency affected by systemic relations (such as asset transfers, social protection, safety nets, employment generation, education, financial services, access to health services) and by discriminatory exclusions against marginalised communities. Connect the extremely poor to more mainstreamed potential lines of support across:

- natural resources (e.g. agricultural and eco-system services, fisheries access,);
- human capital (especially expanding density of primary health clinics and secondary/vocational schooling for deprived children);



- and socio-economic interventions (infrastructural investment and local contracting societies, vertically integrated small business production at higher skill levels linked to vocational training, construction and services opportunities linked to small town development, living wage basis for social protection using principle of citizen's income).

Use the **poverty pocket** identification as the basis for integrated approaches focussed upon selected *upazila*/districts, undertaking pilot action-research and SWOT evaluations.

A **micro-level** engagement with idiosyncratic conditions (such as engaging with dependency ratios, disability, morbidity, chronic ill health, desertion) requiring an **additional delivery framework**. Since extremely poor families are poor in a variety of micro-specific ways (idiosyncrasy), experiencing a conjuncture of negative conditions (i.e. inter-sectionality: such as female-headedness, morbidity, disabilities, cultural discrimination, sexual identities, gender based violence, adverse dependency ratio, burdensome children, precarious residence, low skills, no savings and other financial exclusions, special problems of access to services and employment) such specificity requires more individual household assessments as the basis of linking families to relevant support. The study therefore proposes the creation of a **community service, 'social worker' cadre** to engage with idiosyncrasy, scattered residence, diversity and life-cycle changes in both diagnostics and triage.

## Objectives

As policy influencers and decision makers, we should be clear what we are really trying to do. The summary paragraphs immediately above tell us that we have no realistic prospect of embracing all aspects of the lives and fortunes of the extreme poor, even if we wanted to. What is the division of contribution between the state, the market, community and household? In other words, what is the place for government policy within the 'welfare regime' confronted by these hard-pressed families? (Wood and Gough, 2006; Gough and Wood et al., 2004). To date, the levers of policy have focussed upon market access and social protection: a blend of self-help and dependency, neither of which have been adequate to the complexity of the challenge. The critiques of social protection are summarised in Sen et al. (2020). Market access, as we know from EEP-Shiree, can be supported but any gains are difficult to protect (Marsden and Wood, 2018) within a hostile political economy. The levers have to be re-imagined to be more expansive, while simultaneously having a central strategic purpose.

### *Time Preference Behaviour: reducing the discount rate*

The determining principle behind this expansion is the **alteration of an extremely poor family's time preference behaviour**, namely, to enable its transition from meeting short term subsistence needs (tactics) to longer term livelihoods security via investment in the future (strategy). Thus, successful family resilience depends upon a family being able to reallocate scarce resources from the present to the future. In this way uncertainty and insecurity is

reduced. Plans can be made. All policy ideas and interventions need to pass this ‘transition’ test. If we think that moderately poor people have to spend @70% of their income directly on food with the balance for shelter and clothing (the upper poverty line), then extremely poor people are spending more like @90% of precarious income on food (the lower poverty line) leaving virtually nothing for other needs, and especially nothing for tomorrow and beyond. There is nothing available for ‘insurance’ to face normal recurrent life let alone planning for children’s future, dealing with hazards (including health) and shocks. The idea of actual improvement is even further back. Yet, our life histories data from EEP-Shiree indicate that with strategic support, such families can make actual progress, though always with the risk of getting knocked back.

### *Security of Agency*

But the ambition is not just graduation to the upper poverty line or vulnerable non-poor status. If we consider ‘agency’ as a basic human right under conducive democratic conditions, then, at least in an inter-generational sense, issues of confident voice and meaningful participation in institutions beyond the household need to be included in the ambition. That is why, for example, measurements of graduation have included these non-monetary indicators—reflecting that poverty is multi-dimensional. Amartya Sen and his followers have referred to this as ‘capabilities’ or ‘functionings’. In our view this does not quite capture the elements of precariousness and uncertainty which need to be overcome. Hence a preference for using the term ‘security of agency’ to locate the search for capabilities more realistically in the threatening contexts which undermine them for the extremely poor in societies like Bangladesh. The ‘security’ ambition references social dynamics not just the more static acquisition of a personal attribute. And the objective is not just a one-off acquisition—the security of agency has to be continuously worked at. In livelihoods analysis, the earlier group at Bath (now dispersed) favoured the notion of ‘resources’ over ‘capital’ (economic, human, social etc.) to convey this continuous need for maintenance, rather than something which can be banked. This becomes a critique of a ‘panacea’ approach where a one-off grant can trigger graduation and maybe ongoing success. Rather the relation between a supporting state and the extreme poor has to be more ongoing, engaging with the family life cycle (as assumed in the NSSS) and other hazards, shocks and threats in order to protect gains and contribute to certainty. Thus the state has a duty to provide a stable, rights based context over time across the society for wellbeing to flourish (the meta context, above), not just a single magic bullet shot at a target, greased by hope.

### *Pursuit of Resilience*

This therefore entails the pursuit of conditions for resilience. A conducive framework for voice without fear, alongside wider sets of options and windows through which poor families can use the platform of initial gains to maintain improved quality of livelihoods and wellbeing. This actually means working with other parts of the society upon whom the poor depend—whether richer neighbours, local politicians, officials, economic actors in local and wider markets

(including banks) and from middle classes generally from whom more revenue raising must occur as a basis for ongoing social policy rather than finite, time-bound ‘development’ programmes. In Bangladesh, there is no national ideology to this effect. Different sections of the population are treated separately, as if independent of each other and atomised. There is little attempt to recruit the non-poor into a shared responsibility for the poor. Without this recruitment, there can be no framework for resilience among the poor. Their position will always remain precarious, taps will be turned off unaccountably, if politically convenient, and no lobby to keep them turned on. It is in this sense that the ambition has to be for a revised political settlement, equivalent in status to the liberation pronouncements 50 years ago. Those liberation pledges for inclusiveness have to be renewed, seen as ongoing, based upon wider and deeper domestic revenue mobilisation, with a transparent commitment to redistribution—maybe not for equality, but at least for equity. That is the route to certainty about entitlements, access and public welfare, reduced discount rates, more security and less inter-generational reproduction of the poverty curse.

### *From Profit and Pension to Subsistence and Security*

As noted above, Devine and Wood have written about the need for blended policy interventions combining two broad headings: market entry (or economic empowerment) and social protection, with NGOs more involved in the former, and GoB more involved in the latter. However we now question this simple duality, and consider a more refined enlargement of the policy framework for intervention and support.

Rather than the ‘market entry’ and ‘social protection’ duality, we propose grouping this ‘enlargement’ under ‘natural resources’ and ‘socio-economic’ headings, both embracing market and non-market livelihoods behaviour, complex transactions and support interventions. In this way, we can enlarge our imagination of what is possible and the expanded potential for constructive collaboration between the state, civil society and the citizen. **Crucially, this formulation takes us away from the ‘profit or pension’ conceptual approach to include the conceptual space for ‘subsistence’ and ‘security’ (via rights, entitlements, thus more certainty and lower discount rates).** And arguably it engages more accurately with the reality of a household’s mix of livelihood supporting activities.

## **Institutional Reform**

### *Acknowledging the Barriers: social, cultural and institutional*

The policy framework outlined above demands an acknowledgement of the socio-economic and political forces which prevent or inhibit the transitions embedded in such objectives: inequality, relationships of exploitation (tenancy, wages, working conditions), cultural and social exclusion, denial of human rights, gender discrimination, misuse of children, selfish political manipulation, official and colluding rent-seeking, capture of public resources for private use, violence, dependency through Faustian bargains, and so on.

### *Conducive Institutions: rethinking the value of community*

It also requires awareness of the forces in the society which might facilitate or be conducive for that transition: community solidarity (*ummah*, moral economy), collective action under crisis conditions, informal neighbourhood support, charitable transfers often embedded in religious practices, altruistic or benevolent clientelism (e.g. philanthropy, NGOs and civil society), entrepreneurial instincts, hard work, dedicated officials and political leaders, a moral basis to the knowledge society.

### *Organising Equity, Inclusivity and Appropriate Subsidiarity*

A policy strategy has to steer a course which nullifies the former and enhances the leverage of the latter, above. That is the core political agenda which underpins a new political settlement characterised by stronger notions of fairness and critiques of hierarchy and privilege (which continue to be accepted as somehow normal and natural).

This re-imagining of decentralised conducive institutions needs to combine policy principles with trend realities in the demographic and topographical settlement of the country. **The policy principles are about access and the organisation of equity, as well as appropriate subsidiarity** for different functions and issues in order to avoid entrapment in problematic co-variance in a society which regularly floods, has cyclones, tidal surges, high winds, experiences river erosion and formation of *chars* alongside other hazards such as droughts and landslides, leaving aside pandemics.

**One context for addressing these principles is the evolution of Bangladesh as a country of small towns (rurbanisation)** continuing to be densely populated but experiencing increased connectivity through large-scale infrastructure (bridges and roads) as well as digitally: towns with hinterlands which are villages and *paras*. These emerging towns are more natural units of local solidarity than the legacy of unions and *thana* (*upazila*) or the remoter (for access and equity) district. Subsidiarity for equitable access must surely be structured more closely to the natural units of economic and social activity, i.e. small towns alongside the 2-3 larger

conurbations, and the villages and *paras* in their hinterlands where many people will continue to reside even if daily migrating to their nearby growth pole where the higher education and health facilities will also congregate.<sup>34</sup> Indeed it may not be long before we see reverse migration where the large conurbations like greater Dhaka present so many diseconomies of agglomeration and scale that their continued expansion becomes dysfunctional to the livelihoods of ordinary people. Thus, the implementation of policy about poverty reduction would be more naturally structured around towns and their village hinterlands than the degrees of remoteness embodied increasingly from union, through to *upazila*, district and Division, whose rationale is essentially post-colonial and pre-digital.

### ***Programmes and Policy Levers***

The history of social policy in Bangladesh has been strongly influenced by acute, crisis driven development needs—partly arising from the devastated legacy at liberation, and partly a prevalent assumption in development circles that every intervention had to be thought of as a programme populated with projects. This has left a chaotic legacy, revealed for example in the plethora of social protection instruments, but also in repeated new initiatives such as *Ekti Bari*, *Ekti Khamar* arising from the ashes of pro-poor programmes under the RPP in BRDB.

To engage with poverty, whether arising from vertical or horizontal and environmental inequalities, the country needs to shift its policy mind-set towards generic policy levers (i.e. social policy).

Of course, COVID-19 represents another acute crisis and we have indicated above where the consensus lies for short- and medium-term interventions, but in the longer term, under resumed LMIC conditions, it needs to consider more mainstreamed levers both fiscal and across sectors, as indicated below. As can be learnt from richer countries like the UK, but also across Europe and elsewhere, the durability of poverty requires durable responses. It is not that the same people are always poor (though certainly chronic poverty is a factor) but that the population in poverty remains as a function of churning and life-cycle shifts in dependency ratios. But additionally, and unfortunately, trends can be easily reversed when conditions or regime ideologies change. Child poverty is again rising fast in the UK, for example, and not just as a function of COVID.

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<sup>34</sup> At present in Bangladesh there is clearly a problem of staffing local educational and health facilities. It is relatively easier to build the skeleton infrastructure—buildings, campuses. But appropriate staffing and equipment is the greater challenge, with well trained professionals reluctant to leave the larger cities for rural assignments. However, locating them to these smaller, emerging towns is likely to be more attractive. There could also be some imitation of the French education system: newly qualified teachers have to opt for a province where there are vacancies; within the province (or region/division for Bangladesh) the administrative ‘department’ then allocates the young teacher to a village school, possibly teaching a range from 5-18 years; they do this for a couple of years, well supervised, and with good performance can then qualify for a transfer to the nearby larger town, with more learning age specialisation; and thereafter with more seniority they can move into large towns and cities at a time coinciding with developing their own families. A similar system of ‘apprenticeship and transfer’ could apply to an efficiently decentralised public health system as well.

A challenge for Bangladesh is that with shallow fiscal penetration, options to alter incentives, e.g. towards savings via tax relief, exist only for those paying income and wealth taxes in the first place. So, at present, fiscal levers are weak. Below, we offer thoughts about other levers which might positively influence the context within which resilience can be pursued.

### ***Integrated Approaches***

One of the problems with a ‘programme’ mind-set is that they tend to be single-sector or single instrument. Recent pro-poor programmes, not just EEP-Shiree, have especially focussed upon asset transfers to targeted, beneficiary households with grant support (e.g. major and minor livestock, marine, *khas* land, fruit and vegetable production and so on)—leaving those households with the counterpart responsibility to negotiate their way through the market and hostile conditions (e.g. control over land and water access, transport, storage, grazing etc.) which provide opportunities for ‘commissions’, rents and other interlocked compliance from other actors within the surrounding political economy. Awareness of multi-dimensionality argues for interrelated issues to be addressed in a combined manner. Adding health and education to every other intervention, for example, would be a good integrated way forward. The idea of the ‘package’, so strongly part of the Green Revolution in the last development era, needs to be rehabilitated. Obliging semi-literate, extremely poor families to move between and negotiate separately with different agencies of the state, even at the local level, is a hard ask: time-consuming; multiple points of access from which rents are extracted; and compartmentalised spheres of responsibilities leading to clients being shunted elsewhere (Wood 1984). This is not institutionally conducive as a mode of interaction. At the very least, local ‘campuses’, functioning almost like one stop shops with outlets close together and cooperative with each other, would reduce the transactions costs for those needing such services and support.

### **Engaging with Diversity**

Parts 1 and 3 of this study expand on the headline data from HIES 2016 and the Poverty Assessment Report (World Bank, 2019) regarding regional variations on poverty (Sen et al., 2020) but now focussing more explicitly on extreme poverty. We can now say with some confidence where that extreme poverty is, and deduce many of the causes for it. While Bangladesh is a small country, and the liberation assumption was a homogenous nation of small peasants<sup>35</sup>, the most recent data presented here indicate significant diversity, so that explanations for extreme poverty are not uniform and susceptible to a ‘one size fits all response’.

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<sup>35</sup> In contrast to very obvious diversity in West Pakistan in 1971 to date (Wood and Naveed, 2017).

### ***Regional and Poverty Pocket Targeting***

A comprehensive policy response to persistent, even rising, extreme poverty needs to be derived from this disaggregated analysis (Part 1) which brings in other variables than vertical inequality (i.e. class relations entailing exploitation, rent-seeking and other oppressions) such as: topography and seasonality; environmental hazards and shocks increasingly exaggerated by climate change events; and a legacy of demographic settlement with concentrations of non-Muslim Bengalis (*Adivasi*, Hindu); tribal areas with distinctive histories (CHT) separate from Bengali identity; and other groups in the North East on the borders with Shillong (i.e. the *Khasia*), with different ecologies, exemplified in the tea estates.

Part of the problem, as we have shown, is that regional variations can disguise the existence of poverty pockets within them. Neighbouring *upazila* can display quite different incidences of poverty, a function of minor differences in accessibility, proximity to transport routes, and demographic mix. In other words, while there may be a general conclusion based on the HIES 2016 data that western districts are lagging behind eastern ones, a more granular analysis which identifies poverty pockets modifies that picture, and should trigger disaggregated strategy, calibrated more closely to localised conditions. We see this as a potential planning exercise in the early part of the 8<sup>th</sup> Five Year Plan Period. Indeed, we are recommending the selection of @20 *upazila* poverty pockets for piloting integrated, supply side, package interventions.

Our poverty pockets analysis in Parts 1 and 3 have been derived from variables identified through existing data sets, including ethnicity and religious status. That is not the same as producing a consensual definition of use to guiding policy targeted not on households but on these pockets and their specific drivers of poverty (moderate as well as extremely poor). From our knowledge so far, we can identify 20+ *upazila* (Part 1) which may be considered as poverty pockets using 8 available MPI and evidence of significant correlation between extreme poverty and marginalisation, including disability. This may be understood as a starting point for geographical policy focus. But there are other multi-dimensional criteria which should be introduced deductively from qualitative knowledge of political economy, marginalisation and other access issues—to be confirmed quantitatively by more directly purposive surveys, for a later adjusted list for second wave focus.

These criteria, at agreed thresholds, could embrace some combination of:

- headcount poverty rates at upper as well as lower levels;
- household dependency ratios;
- meals intake (nutrition and frequency);
- maternal and child mortality rates;
- morbidity of adult earners;
- gendered literacy rates;
- primary and secondary education enrolment;
- proximity to staffed primary health clinics and secondary schools;

- reliance upon SP support;
- remittance dependency;
- landholding and common property access;
- loan access;
- cropping intensity;
- and hazard frequencies.

***Marginalised Communities are Poorer: why?***

From our data analysis so far, socio-cultural marginalisation is definitely a factor in being extremely poor alongside other geographical, access and income indicators. Relationships between such marginalisation and the dominant culture appear discriminatory, accounting in part for supply side weakness and exclusion from demand side support. This has long been a classic problem for the sub-continent since before independence in 1947. But at independence in India, there were two quite divergent views between Patel and Nehru—the former wanted full integration and submersion of difference into the dominant Hindu perspective, full integration as the route to rights, the latter acknowledged diversity and wanted to see policy and strategy calibrated to that effect. Bangladesh has tried its version of the former, but that has palpably left millions behind on the basis of their ethnicity and religion. In our view, it needs to switch more obviously to the latter, Nehru position. Move away from seeing Bangladesh as homogenous into the acknowledgement for policy purposes of diversity, of horizontal inequalities.

This demands much more research and knowledge than can be offered here. But it seems clear that there is discriminatory access to national services not only in CHT but in other areas of *Adivasi* settlement—the *Santals* for example in the North West and West, the *Garo* north of Dhaka in Mymensingh, and so on. Ironically, their needs might not be so different from extremely poor Bengali Muslims, but the relationships and institutions through which they have to access those services most certainly are not so conducive. They have to contend not only with exclusion but also encroachment. In a state like Bangladesh, with its liberation philosophy, the defence of minority interests surely cannot be left to the philanthropic institutions in the civil society (i.e. charities/NGOs which cannot themselves guarantee rights)?

Much more listening, much more mediation, much more deployment of staff from minority communities, and much more co-analysis, problem identification and participatory implementation is required. But also, some kind of ‘training’ of the dominant culture in the moral and ethical case for non-discrimination. The larger society needs to change its prejudices and practices if this significant part of the extreme poverty problem is to be seriously and honestly addressed. In other words, poverty is a cultural issue too.

***Levelling Up and Connectivity: bridges, ports, roads and IT***

However, a more generic, meso engagement with diversity is simultaneously possible. Given some consensus that there are geographical variables at work in terms of distance, remoteness,



seasonal access due to flooding, density of physical infrastructure, proximity to industrial belts and growth centres, transport and mobility alongside the magnet effect of the metropolitan cities, then a strategy of levelling up and connectivity is beneficial for poverty reduction as well as the economy as a whole. The elasticity response of extreme poverty to growth would be stronger than at present. At the same time, investment in physical infrastructure, including preparatory earthworks and their maintenance, would also generate opportunities for unskilled employment. It is clear from the prologue that very poor people are available for such rural works. And indeed, there have been experiments and pilots from the early 1980s enabling more participation of labour, under better conditions of work as well as taking on direct contracts (labour contracting societies—see Wood, 1994) for maintenance as well as initial construction. LGED therefore has a tradition of supporting participatory infrastructural projects, though normal practices of commissioning work with pervasive rent seeking continues. The argument here is that large-scale strategic investment (including digital connectivity) towards supporting growth, more internal mobility and integration, overall levelling up and improving elasticity responses need not be divorced from more micro poverty reduction objectives with respect to social and livelihoods outcomes as well as the process of achieving them (i.e. contracts, employment etc.).

## **Delivery Framework**

### *Engaging with Idiosyncrasy, Scatter, Diversity and Life-Cycle: social work cadre*

Across many of the findings and arguments above is the social and psychological distinctiveness of being extremely poor when compared to the moderate poor. There is also an unstated assumption among non-poor analysts that somehow the poor, especially the extreme poor, are hardened to fear, insecurity and uncertainty alongside their other more obviously observed deprivations. This is a misplaced perception and diverts attention away from *emic* explanations of agency and capabilities. There is also an issue about commonality of experience. With the moderate poor and landless, it was relatively easier through processes of conscientisation to develop shared explanations of their poverty as the basis for group formation of households to promote and advance their collective interests. This has been the core element of development NGO strategies in Bangladesh since the late 1970s, which incidentally combined a ‘political’ understanding of poverty (especially via inequality) with economic empowerment, eventually supported by microcredit and later other financial services.

But in our view this is not the experience of being extremely poor. The sense of social solidarity is perforce much weaker since their experience is much more individualised and specific—idiosyncratic. To some extent this experience is confirmed by the programme shift to household focussed interventions for the extreme poor in contrast to group focussed efforts with the moderate poor. But the policy problem to date has been that this shift of focus has stripped away the political economy and other contextual conditions (e.g., environment, climate change, marginalisation) as an explanandum, seeing the household as an isolated unit (reinforced by scattered residence and social exclusion), ultimately responsible for its own uplift, launched

towards ‘graduation’ by a one-off injection of resources (e.g. grants for small business). Although we have data about both churning and longer-term resilience among extremely poor families, we also have data about reversals, downward ratchets and chronicity. In other words, the need for external support is ongoing not one-off, and is affected by changing external conditions interacting with life-cycle changes within the household.

Given these distinctive characteristics of extreme poverty in terms of family level idiosyncrasy and residential scatter, it is obvious that this is a socio-economic category (not strictly a ‘class’) which is the hardest to reach, and especially with generic policy levers. Thus, while the category might be targeted, with all the caveats noted above, there cannot be a one size fits all response to that targeting. The NSSS came close to understanding this diversity in terms of family life cycles, and the need for specificity or calibrated responses.

So, the core policy challenge is how to engage with diversity, idiosyncrasy, specificity, individual circumstances, and chronicity amid life-cycle induced changes over time in agency. Our conclusion is that extreme poor programmes, to date, have misunderstood the dynamics of client lives and are failing to connect with them—in the past, the etic perspective has prevailed over the *emic*. This should not continue. And this leads to a central proposal about reforming the delivery framework.

We propose the adoption of a **social worker model of support** whereby a cadre of caseworkers is created across the country, perhaps operating more from small town offices (where people naturally visit from their villages and *paras*) than just through the union/*upazila* structure, with a caseload of extremely poor family clients to tailor support to more precise, individualised needs (see also Wood et al., 2016; Maïtrot et al., 2020).

**Using a community service approach**, such a cadre might be drawn from HSC level youth (young men and women, and drawn also from marginalised communities), given training (e.g. 3 months) and then undertaking a well-supervised 2 year assignment with an individual (i.e. not family) stipend—all in return for the prospect of state funded higher education when the assignment is completed. The supervision model is vital to this idea, and will be indicated below.

This social worker model is conceived to overcome a core challenge in the relation between poor individuals/households and state services (direct or franchised): namely access. As mentioned above under ‘grassroots challenges’ (Part 2), line ministries representing different modes of sectoral support are too compartmentalised for provision of integrated services without some kind of mediation and brokerage. This happens *de facto* in the informal domain with patrons representing a family to different official agencies, but at a price—monetary or loyalty or interlocked dependency. And it is unreliable, discretionary and not rights based. Furthermore, and to repeat, it is unrealistic to expect a non- or semi-literate extreme poor household (or representative individual from it) to negotiate access across bureaucratically organised, different, compartmentalised line services at the *upazila* or District level. What is organisationally convenient for bureaucracy is inconvenient for the client—the respective

rationalities do not coincide. Poor, dependent people are used to and prefer single stranded relationships to a ‘helper’ (i.e. patron, broker, friend etc.) rather than multi-stranded relationships with strangers in offices who function via top-down codes and conformity rather than via bottom up needs. (We leave the issue of corruption aside for this discussion.)

That is the basis of the social worker model in the UK engaging with chronically poor families who often have other disability, learning difficulties and mental health issues as a feature of their disconnected poverty condition. It is understood (certainly by social democratic governments) that ‘officially appointed’ mediators and brokers are required to manage the link between single stranded and multi-stranded relationships. This is the one-stop shop principle. Members of Parliament, in their weekly constituency clinics also perform a version of this role. They and social workers link the client to different services and aid the process of communicating need, establishing entitlements (qualifications in that sense) and basic form filling! In the case of the UK, the role is less ambitious than envisaged here in this study for Bangladesh. In the UK, the state has in effect accepted that a section of the population will remain poor and dependent, reliant upon forms of social protection and safety nets, unable to be led into employment and small business activity. Of course, successive governments, in their different ideologies, attempt to police that boundary between chronic dependency and entry into the workforce, and there are schemes for retraining, and entitlements to benefits which are increasingly reliant upon evidence that work opportunities are being searched for within a ‘welfare to work’ perspective. Defining fitness for work, irrespective of the availability of employment, is a controversial and disputed arena in UK social policy. But as a family ages and moves through its life-cycle and dependency ratios, so the needs change (including health and education access ones) as well as expectations until the claims for old age care and pensions become irrefutable. But access to these too are heavily rationed under present right-wing governments in the UK. Across all of these transactions, social workers remain crucial (though undervalued) in the interface between state and citizen.

The greater ambition in Bangladesh relates to the search for graduation and resilience, alongside regular social protection for the chronically poor and dependent. There is a demographic aspect to this contrast. In the UK a higher proportion of needy families are more elderly and marginalised in terms of ethnic minority and migrant status, though there are many especially single-parent families (usually through male desertion) where child poverty is an intrinsic part of the challenge. By contrast, the ‘calculation’ for mass poverty in Bangladesh is that a much larger proportion of the population are poor (moderate and extreme) but also younger and earlier in their family life cycle: too early, to be ‘written off’ for the ambition of graduation and resilience. This is where the challenge for the ‘social worker’ model would be different, more entwined with prospects for growth, productivity increases and expanded employment in a growing, younger economy on a path to middle income status (i.e. beyond lower middle) in the next decade or so, with stronger assumptions about annual new entrants to the labour force and hopes for expanded labour absorption (including self-employed services sector). **This is where there is a strong policy link between the social worker model and imagining an enlarged policy response to poverty as outlined below.**

But before turning to that multi-dimensional/sectoral engagement, the supervision element of the community service, social worker model needs to be explained. The suggestion is that the cadre of young social workers serve for a finite period—this is not necessarily their career, except perhaps for a few. They rotate in and out of this cadre between the end of their secondary schooling and the beginning of higher education or other forms of training/apprenticeship. The stable part of the service is the induction training and supervisory framework, staffed by career professionals with expectations of career enhancement through promotion. This is not the occasion for too much detail. If the principle of this approach is accepted, then much planning of the service would have to follow. The model thought of here is akin to the GSS NFPE model where young teachers (mainly female) in the school would receive supervisory visits every two weeks to review the previous two weeks and plan the upcoming two weeks. Each site supervisor would in turn be supervised, up through a pyramid of 3-4 layers to the national centre. Training centres supported the supervisor structure. The classroom teacher was essentially receiving on the job training, after initial induction, through supervision, and may only serve for a couple of years before marriage. Thus, the investment in the supervisory structure was high to ensure high professional standards, while the formal upfront investment in the classroom teacher was, by comparison, low, recognising their high turnover inbuilt to the delivery model. Of course, some of those teachers could be recruited to join the supervisory levels and thus develop a career.

Some version of this model is proposed here. Preparatory training for both the social worker as well as supervisors would need to include appropriate levels of knowledge about the sectoral possibilities with which poor client households might be linked (relevant to the characteristics of the poverty pocket to which they would be assigned), as well as modes of interaction with poor, socially isolated and possibly psychologically vulnerable households. Senior levels of supervisors would include sector specialists, as well as having familiarity with other pro-poor initiatives in Bangladesh and further afield—thus bringing comparative experience into their supervision. Gender and marginalised awareness would feature strongly in both training and supervision, and recruitment at cadre and supervisory levels would reflect diversity.

## **Engaging with Multidimensionality: natural resources, human capital and socio-economic interventions**

### *Introduction*

In taking this approach, there is a more realistic prospect of taking the principle of a multi-dimensional understanding of extreme poverty<sup>36</sup> into multidimensional policy strategy and implementation across a wider set of opportunities than appear in extreme poverty programmes to date (though EEP-Shiree began to move in this direction). We have arranged this discussion into two sets of mainstreaming policy arenas: natural resources; and socio-economic. They are not all new but framed to be within a more integrated and joined up policy strategy, entailing institutional and delivery reform within a re-imagined political settlement as outlined above.

From the tables displaying regional variation and poverty pockets, policy intervention is complicated by regional variations both in the incidence of poverty, rates of variation and explanations/drivers. Not all policies work in all areas with equal effect, thus calibrated efficiencies get lost.

Also, as discussed elsewhere, there is a central question around the agency of the extremely poor compared to the moderate poor. Destitution (one image of the extremely poor) easily translates into victimhood and assumed dependency on grants and subsidies, whereas the moderate poor have always been assumed to have more agency and the potential for capabilities—hence, from the 1970s onwards, the NGO group mobilisation strategies for economic advancement as well as political engagement. Indeed, one of the criticisms of the microfinance movement was its self-selection and thereby exclusion of the extremely poor. The contrast has been blurred in the last decade with more deliberate attempts to economically empower the extremely poor—EEP-Shiree being a prime example. To what extent have such ambitions been hampered by the limited agency of the extreme poor?

The economic activities, supported by grants rather than lending, have been small scale, and perhaps attract similar criticisms as for micro-credit induced small business activity among the moderate poor: i.e. easy to enter, low skill, high turnover, low return, self-exploitative, saturated sectors and thus potentially driving down returns from similar, localised activity. There has been the additional experience among EEP-Shiree beneficiaries of being excluded from discretionary social protection, administered locally, due to inclusion in the economic empowerment one with grant support. But the main point is that ‘agency’ has been assumed among the extremely poor in these programmes.

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<sup>36</sup> See MPI analysis in part 1 above for quantitative results using Alkire-Foster indicators and methods. Obviously, these methods experience the Einstein measurability paradox, and a broader understanding of multidimensional poverty has to be applied to policy, derived from other, more qualitative, sources of knowledge—such as from livelihoods tracking data and other ethnographical field exposure.

This assumption has translated into the ‘market entry’ formula as the panacea for uplift. But so far, the ‘market entry’ thinking for the extremely poor has been very naïve and irrespective of context. Perhaps assuming too much. As noted earlier in this study, with EEP-Shiree, the interventions via the partner NGOs were staff intensive from initial targeting through activity design to monitoring of grant supported performance. And the agency of the extremely poor was reinforced by the presence of a significant local NGO, thus weakening aspects of the local hostile political economy. But how sustainable is that in the longer run?

The other policy strand, making a less optimistic assumption about agency, is of course social protection in the form of cash transfers, unconditional and sometimes conditional. Again, as noted earlier in this study, there are some ‘category’ issues here—what to include under the heading ‘social protection’? Thus, as a reminder, some large NGOs like BRAC for example have been involved significantly in non-formal primary education and primary health care (especially reducing maternal and neo-natal mortality) through their institutional infrastructure, alongside refinement of their microfinance offer. And GoB has its *Ekti Bari, Ekti Khamar* programme, which functions like social protection even if not intended to be.<sup>37</sup>

As noted earlier, rather than the ‘market entry’ and ‘social protection’ duality in order to engage with multi-dimensionality, we propose making a distinction between ‘natural resources’ and ‘socio-economic’, with both categories embracing both market and non-market livelihoods behaviour, transactions and support interventions.

What follows is quite speculative, though reinforced by evidence of practice and examples, where known. Points are strictly summarised but are intended to open up a wider debate during the Plan period. To repeat, they do not all apply equally to all regional and rural-urban conditions. More calibration will be needed—a further exercise during the Plan period. And it is important to emphasise that many of these arenas, taken in conjunction, reinforce each other’s impacts.

### ***Natural Resource Intervention Options***

#### ***Agricultural Support for Crop Mix Changes***

Over the two decades of 1980s and 1990s, there were strong concerns in Bangladesh that agriculture was becoming homogenised around cereal crops, with the cash crop jute almost disappearing, and pulses and legumes also declining. Jute was losing to plastics in the global market. Expansion of cereal production, especially via the introduction of *irri-boro*, but also extension of *T-Aman* in elevated areas, was seen as essential for food security to reduce the reliance on subsidised and commercial imports. Cereal production favoured larger holdings, and small and near landless farmers were either selling, mortgaging or terminally leasing to larger operators who could afford associated mechanisation and inputs. Initially this converted

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<sup>37</sup> Conclusions from interviews between Devine/Wood with senior programme staff in Dhaka during February 2019 for a policy impact exercise, following 7<sup>th</sup> Five Year Plan.

tenants to labourers and marginalised those households without able-bodied labour. Later, initially driven by irrigation, especially groundwater, supplying fragmented holdings in ‘command areas’, contract farming and the disarticulation of the farm as a decision-making unit, has occurred.

In the meantime, expansion of road networks encouraging rurbanisation with rural hinterlands, alongside large-scale city urbanisation, has stimulated demand for *rabi* crops and pulses re-diversifying the crop mix in the countryside. There has even been recent re-growth in jute as it, in turn, becomes a substitute for plastics. Jute processing is labour intensive, and attractive for casual, low-skilled labour.

This process of re-diversification, which includes composting and manuring, as well as non-mechanised land preparation and weeding, offers renewed opportunities for scattered, low skill rural labour, alongside processing, transport and marketing. This trend enables the inclusion of small-scale landholding, including via leasing and sharecropping, as the returns on diversified food crops are higher to labour intensity rather than large scale, mechanised holdings (at this stage in technological investment).

This trend thus enables both employment and self-employment.

#### *Eco-System Services (including khas resources)*

Eco-system services are defined as the benefits humans gain directly or indirectly from the natural environment. Four broad categories of services are identified from the literature: provisioning (e.g. food, water); regulating (e.g. climate mitigation, water quality, disease regulation); cultural (e.g. spiritual, aesthetic); and supporting (e.g. primary production, soil formation) (Adams et al., 2020). As implied in Adams et al, eco-system services can contribute to material wealth as well as a sense of well-being. Here, our focus needs to be on the potential impact of this policy area upon increasing the security of livelihoods among the extreme poor in both strategic and practical senses (i.e. across the tiers of our introduction to this Part of the study).

The natural environment in Bangladesh, of course threatened by climate change, has three contrasting property characteristics: common pool; common property; and individual, private ownership. Clearly access is a function of which of these 3 categories is in play. But also, in Bangladesh, there is the additional complexity of ‘*khas*’ resources (e.g. land, water bodies, orchards and grazing space). Thus, for decades ‘eco-system services’ in the country has essentially been about claims to *khas* resources—the untitled property acquired by the state which can be re-distributed usually under lease arrangements by the state to claimants or auction winners whether as institutions or as individuals. As can be expected, the term ‘untitled’ is frequently challenged by claimants with long memories—fictional or otherwise. These *khas* resources have arisen from Partition and the enforced migration of ancestral owners, from the Liberation period, from other ongoing minority migrations, from intestate

wills, and from pre-emptive claims by the state but never enacted (e.g. land/space designated for infrastructure projects (railways, roads, public buildings and so on)).

But the prior focus upon the redistribution of *khas* resources to the poor (e.g. Nijera Kori, Samata, Proshika, Uttaran and so on) should not overwhelm other aspects of eco-system services. For example, a major issue in the review of the Flood Action Plan in 1995 was poor people's access to common pool seasonal wild fish stocks (snakeheads) as an essential part of their annual nutrition intake (vitamins and proteins). The concern was that excessive infrastructural work on protection embankments would inhibit such access, and possibly convert common pool resources into common property ones. The whole system of annual auctions over flooded *beel* areas either excludes the poor altogether or charges them excessive fees for access (nets and boats), and of course these auctions have been deeply corrupted processes. Reforming this eco-system service alone, a considerable institutional challenge, would have a major effect upon extreme poor subsistence.

More locally in the village, ponds, orchards and grazing areas have steadily been 'enclosed' over time either *de facto* by force, or by re-activating long dormant claims, or by bribery of revenue officials. We know from EEP-Shiree household level data and qualitative studies (e.g. Tariquzzaman, 2018) how tortuous the process of *khas* transfer to the poor can be. However, access to these erstwhile common pool resources has been a vital addition to poor livelihoods, especially at moments of famine and acute material stress.

The regulatory category of eco-system services (climate, water quality, disease control—humans, crops, livestock and fish) is more aligned to a public goods function, but of course affects people and their productive assets individually too. These are services which have to be activated at a higher level of subsidiarity for whole communities—a meso tier. And these dimensions, along with flood management for soil formation and land productivity, require processes of information and accountability, as well as recourse to law to ensure entitlement. With the extreme poor often exposed on the most marginalised and precarious parts of the village for their *bari*, their relation to flooding risk is highly sensitive.

### *Agricultural Services*

The re-formation or restructuring of agrarian relations in the country since the early 1980s, significantly driven by new technologies (mechanisation, biological and chemical) and groundwater irrigation, needs to be more deliberately examined for the opportunities it potentially releases for non-landholding actors within the agricultural system. (NB Also a need for clearer terminology re 'farm', 'non-farm' within agriculture, and 'non-farm outside agriculture'). There have always been 'agricultural services', but many of them were performed in-house by landholding families themselves, recruiting directly employed labour rewarded in kind (meals or uncooked staples) and cash. 'Landholding' families have been owners and tenants of various kinds. The re-formation entails a separation between the function of landholding with direct self-performed land activities plus directly hired labour on the one



hand, and activities performed under contract by other service providers operating as contractors.

The World Bank Poverty Assessment Report 2013 attributed poverty reduction (not necessarily extreme poverty reduction) primarily to a rise in agricultural wages—but it was not clear whether that labour was directly hired or coming from contracted services by an entrepreneurial provider. Either way, the rise in real wages reflected seasonal scarcities of rural labour partly arising from urbanisation and overseas employment, as well as more concentrated periods of demand as a function of applying new technologies.

Returning to the agency and capabilities issue, the core question is whether extreme poor families can contribute labour to agricultural services and whether services can be organised so that labour receives a higher rate of return as well as more security. These are labour relations/rights issues which are familiar in the quest for decent work in urban industrial settings. Thus, a dimension of this policy area is about rule setting, that is legislation and the follow up implementation of it. The law must be deployed in pro-poor policy—another governance dimension.

‘Agency’ is not uniform across all family members, so the sub-question is whether younger members of extreme poor families (of both sexes) are able to enter these agricultural service opportunities, for major cereals (rice, wheat, maize etc.) ranging from: land preparation (e.g. ploughing and puddling), transplanting, weeding, irrigation supply, harvesting, transport to threshing sites, threshing itself, milling and conversion from paddy to *chawal*, transportation to markets and sales. Other activities and processing, together with marketing, apply differently to cash crops like jute and *rabi* crops—but the principle is the same.

Is this not a key policy area for the engagement of at least younger, able-bodied members of extreme poor households, and are there ways of organising and supporting them collectively as contractors themselves to maximise returns, as we did in Proshika for landless irrigation services, infrastructural services (e.g. construction and maintenance of embankments) and related activities across the 1980s and 1990s?

#### *Horticulture: subsistence and markets*

During the 1990s, Proshika pursued practical action-research into smallholder integrated sustainable production systems. These were designed for nuclear families living on tiny plots of land, a few decimals-too small for meaningful arable cultivation. This was the pursuit of inputs into subsistence—neither market-oriented nor social protection except in its broadest sense of contributing to homestead security. To many, the ideas may seem trivial. And to others, the ideas may only reflect present practices. Neither position is fully accurate. The homestead was imagined as a self-supplying, circular unit of production entailing: vertical as well horizontal planting to maximise space including use of thatched rooftops; the use of biomass and other waste products (compost, mulching) including from the kitchen; animal waste

for plant nutrition; access to local common pool resources for grazing and fodder; hand pumps for watering (as well as domestic use); stall management of goats (2) and/or a cow interspersed with supervised grazing. The goal was to optimise these integrated resources to support vegetable production such as pumpkins (a clever asset due to vertical growing, storage and nutrition value), tomatoes, peppers, chilli, onion, garlic, beans as well as papaya and perhaps banana. In a sense, this should be the core idea behind *Ekti Bari*, *Ekti Khamar* though it would appear the technical assistance is missing and thus functioning as an unsupervised non-monitored cash transfer. This homestead approach can be classified as self-employment for subsistence.

The second pro-poor approach to horticulture is for those who can access slightly larger amounts of land beyond the immediate *bari*-homestead above. As noted before, urbanisation and rurbanisation, stimulated by increasing density of road infrastructure, has created new markets and essentially a strong demand for horticulture products, including fruits. While it is true that more land in the hinterland of cities and towns has been diverted into relatively large-scale commercial production to meet especially large-scale city demand with quick delivery turnover (Jackman, 2017), Bangladesh, as noted above, is becoming a ‘country of small towns’ each with their own hinterlands and each with increased demand for horticultural products, which of course are quickly perishable. Thus, opportunities are expanding to supply these much more localised markets with fresh produce from smaller suppliers, transported over small distances by less expensive (often non-mechanised) means. Families with small but large enough holdings (perhaps through leasing, or as a function of *khas* transfers) to produce beyond their own subsistence needs (in any particular season) thus have the opportunity to expand their production semi-commercially, mainly using their own family labour throughout the growing/harvesting cycle. Again, for the extremely poor, these might not be opportunities for all such families or all members within a family, but can be pursued by younger members, and the activities are also more gender neutral. Thus, targeting households in the hinterlands of ‘rurban’ towns with such support (including small scale land acquisition) becomes a significant policy area for extreme poverty reduction via the route of self-employment, beyond subsistence. We used to know this sector as: petty commodity production.

### *Livestock*

This is a well-established policy arena for the extreme poor, judging from the EEP-Shiree experience, as well as other programmes, mainly focussed upon cattle. However, there are difficulties with the ‘cow-transfer’ approach, which could prompt making a distinction between major and minor livestock with a sharper understanding of which category best suits whom.

Clearly the cow-transfer is intended for dairy and calf production—i.e. an ongoing return alongside the option of a one-off sale of a calf annually. Bullock-transfer is mainly a cattle fattening approach (rather than breeding for ploughing/hauling due to mechanised draught power). Either beast (cow or bullock/steer) has to be fed! If the transferred cattle comprise exogenous pure or cross-breeds then their nutrition and grazing needs are much higher (quality

as well as quantity) than the lower-yielding but more resilient *deshi* varieties. From EEP-Shiree experience, several problems can emerge though it should be acknowledged that it remains a popular de facto grant receipt. So, **first**, the breed may be too exogenous to be sustainable in a local environment due to demand for feed. **Second**, the presumption about availability of public grazing can be inaccurate as other village claimants, especially if jealous of the ‘gift’ to an extremely poor family, start to ‘enclose’ that space, making competing claims to it. And grazing space in amongst *baris* and *rabi* crop fields or small cereal ones requires one to one supervision (often by children) and is frequently the cause of conflict and violence. Gathering of fodder can incur similar problems. **Thirdly**, these access challenges can intensify if the recipient family is from a minority community, e.g. *Adivasi* in Rajshahi, who have been explicitly denied access to grazing rights by the dominant community and have had to sell their animal as a result.<sup>38</sup> **Fourthly**, a family can perceive these problems from the outset, so they quickly sell their ‘high-yielding, high-consuming’ animal buying a local, *deshi*, lower yielding animal as a substitute. This reduces the profile of their acquisition and permits easier access to grazing. Cattle transfer is not an unalloyed good.

Goats, in the minor livestock category, can equally be a problem as they have to be well managed if out in the open. This can entail a high opportunity cost of a family’s labour time if an able-bodied member is assigned to this task. However, linking to the integrated homestead model above, it is possible to stall manage goats and also gain dairy and offspring outcomes, without the same opportunity (i.e. supervision) cost, though fodder will still have to be gathered. Chickens and ducks have also been popular, and the objections to them are much less. Unlike cattle, they will not produce a significant single amount of income, so do not act as some kind of collateral or insurance for other ventures. At the same time, they can contribute to small scale liquidity management through tactical sales for other food, or medical items. Again, they have to be managed if they are roaming.

This summary of some of the issues surrounding livestock tell us that the policy area is not just a simple matter of transferring the productive asset as a single intervention. Context matters in terms of property rights across the village area, and thus in terms of access. Indeed, one of the consequences of excessive targeting is that community support, as a necessary condition of success, can be alienated from the outset with the danger of common pool resources becoming de facto enclosed.<sup>39</sup> This implies that such interventions cannot just be household delivery focussed derived from targeting, but have to be approached more strongly at the community level. This requires a different approach to dialogue in local communities and much more community level preparation leading to agreement before household delivery of either major or minor livestock can be expected to work downstream. Clearly this entails policy and strategic preparation with local government at both Union and *upazila* levels, overseen by

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<sup>38</sup> Data from our life histories data set, re-confirmed from our regional consultations for this report. Also experience from the NGO NETZ during the EEP-Shiree programme.

<sup>39</sup> Enclosure of the commons is the history of most societies—see ‘The Book of Trespass: Crossing the Lines that Divide Us’ by Nick Hayes (Bloomsbury 2020), or ‘The Scottish Clearances: A History of the Dispossessed’ by Tom Devine (Allen Lane 2018).

Districts, with staff who have in some sense been ‘poverty trained’—e.g. from a social worker cadre, as proposed above.

### *Fisheries*

As indicated above under eco-system services, this is a complex policy area, but to simplify, it can be divided into open water access and more localised fishpond culture.

To repeat, the poorest people (i.e. those without any property claim to localised pond assets) have the greatest reliance upon **open water access** for fish sources of nutrition. Although there has been an aquaculture lobby which, in favouring high tech production in enclosed managed fisheries, has undervalued wild fish stocks in diets<sup>40</sup>, other evidence indicates the significance of wild fish (snakeheads) to poor people’s diets, even if it is not a consistent supply throughout the year due the seasonality of open water bodies.<sup>41</sup> The issue of property and access was discussed above under eco-system services. But assuming access, for the moment, enables us to move onto both the quality of that access and the equipment resources needed to give effect to that access. Taking equipment first, people need nets and boats in some kind of combination, and of course there are many different kinds of nets for different modes of catching (large fixed nets, off the boat, mini trawling nets, channel flow nets and so on).

But there are several institutional questions to be resolved if quality access is to be extended to those in the community who are socio-politically, or ethnically, marginalised and dependent. Typically, in open water bodies, enlarged during and immediately after monsoon periods, there has been a hierarchy of lessees, with large operators often providing ‘trawlers’ (meaning depository boats with cold storage, even freezers) to receive and aggregate the catch from smaller operators. Those smaller operators are typically in debt to the ‘trawler’ owners/operators and are thus unable to gain a ‘fair’ price for their catch. They are in an interlocked, dependency, position. So even if they have formal access, they cannot operate independently or sell independently in other markets, where the larger operators have monopolies as wholesalers selling on to cold storage/freezer truck operators for delivery into city markets such as across Dhaka. It is difficult therefore for individual poor families to participate in these open water bodies as minor commercial operators. At best, they are seeking subsistence through small scale netting outside of the main commercial areas for ‘herding’ and catching. Thus, the size of nets and the locations in which they are used are heavily policed by the *mastaan* and *sardar* deployed by the large leaseholders for this purpose.

However, this picture is modified in terms of the legal status of the water body. How ‘open’ is it as a common pool resource, and how effective are local powerholders in asserting their superior access and control over others? A water body becomes *de facto* ‘common property’ when formal leases have been distributed by government through auctions and such like, which

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<sup>40</sup> Another FCDO supported initiative in the late 1980s in Dinajpur.

<sup>41</sup> We learned this from the Independent Review of the Flood Action Plan in 1995, (but also see Wood, 2000).

attract high rents to the government officials supervising the process. Under these conditions, the above 'quality of access' analysis applies strongly.

Thus, rather similar to the *khas* problem generally, these institutional questions have to be confronted, at the appropriate level of subsidiarity (Union, *upazila*, District or combinations thereof). And again, this reminds us that policy towards the poor is not just a matter of grants and loans supported by some TA or even of generic hopes of inclusive growth, but of changing the rules by which poorer classes can participate in such aspects of the public wealth of the country. Law and regulation have to interact with the agency of actors in the political economy who presently shape unfair systems of allocation, again a governance issue.

Turning to **localised fishpond culture**, the first issue is property status. For most villages, their ponds are in some kind of private ownership. But the issue is also complicated. Unlike land, ponds are difficult to divide as inheritance between competing sons and their dependents. Imagine a large *rui* caught from a pond. How is it to be divided? Lines are drawn on it, reflecting the different ownership rights across descendants of the original single owning families, and then the fish is divided up accordingly. But of course, fish swim all over the pond, so its surface area cannot be divided. Of course, for other uses (washing of bodies, clothes and utensils) different family bankside locations (*ghats*) are customary. Ponds often fall into disuse, like old ancestral *haveli* in old Dhaka or even *zamindari* palaces, as the claiming parties cannot agree on their use and access. An intermediate position is that the claimants broadly agree on their share, so the pond can be leased out to an operator, and the annual or seasonal catch divided accordingly. However, the extreme poor families in such a context are most likely to be completely excluded from any claim, due to a weak or non-existent ancestral stake, or simply manoeuvred out by stronger claimant families within the *para*.

Under such conditions, ponds are seriously underutilised in terms of potential productivity, and there seems no entry point into potential productivity for the excluded poor. But the institutional property problem leading to underdeveloped ponds may actually open up an opportunity for poor family participation. 'Fish culture' refers to investment in ponds: clearing out predator fish; clearing accumulated mud and unhelpful vegetation; perhaps applying additional nutrients to the cleaned water; stocking with fish fry or fingerlings (usually carp species feeding in their different niches of the pond, but maybe also *tilapia* which are fast growing to food status); adding fish feed; and then netting at intervals according to stock maturity, with immatures left back in the pond. Such aquaculture entails transactions with local traders (*bepari*) who may also be the bearers of knowledge and technical assistance (see Lewis, Wood and Gregory, 1996). In the early 1990s, the three of us developed an approach whereby the poor traders (*bepari*) became the extension workers as well as the supplier of fry and fingerlings across the villages of the Rangpur Division. However, from the above discussion, there are other entry points for the extreme poor across all stages of the fish culture system, including actually lease holding (probably collectively among several extreme poor families) defunct ponds. Lease holding becomes a possibility precisely because claimant families frequently do not agree on utilisation and investment. It is the same principle as the landless irrigation approach where landholders with plots in a command area (often of course related to

each other) cannot cooperate among themselves to self-supply with irrigation, but they have been prepared to cooperate as consumers (the less complex transactional arrangement) of an ‘externally’ provided service. Contract farming has emerged precisely due to the problems of fragmentation of the productive asset following the application of multiple inheritance.

### *Socio-Economic Intervention Options*

In many ways, the following headings are more familiar in policy strategies for the poor, though mainly considered in relation to the moderate poor with a higher capacity for counterpart action (agency) to programme support. So, the challenge is to find realistic prospects for extreme poor entry, while being honest about realism!

#### *Small business/self-employment*

Given the categorical differences, behaviourally and contextually, between the moderate and extreme poor, it would seem that the specificity of the extreme poor as an agency challenge is usually overlooked in favour of a continuation of ‘business as usual’, i.e. ‘employment and income generating activities’ (EIG), but without the support of micro-credit to facilitate entry, hence the grant transfer route. We should also note that some of these IGAs have not even been so beneficial for the moderate poor, especially those nearer to the lower poverty line or with other looming household problems (ill-health, dowry expectations, shifting labour conditions and so on). Arguably micro-credit, especially if densely located, has encouraged non-sustainable entry into activities with low returns to intensive labour commitments, due *inter alia* to saturation pulling down margins. So, we have to be wary. We have examples of different trajectories from 72 household life history data set from the EEP-Shiree studies. Minor changes in local market conditions can upset carefully made plans—uncertainty remains a major element of high discount rates. Risk aversion is rational! However, we should also note that many families were assessed in the EEP-Shiree programme as having graduated on the basis of their household level, programme supported, activities whether market-oriented or subsistence.

Nevertheless, a key problem with approaches over the last decade or so is that they have been household based. Success or failure has been dependent upon the performance of the individual ‘recipient’ household without any insurance offset either financially, or through membership of a group of similar others or in the community at large. This becomes a ‘single point of business failure’ with little attention given to the highly charged, politically and economically, context within they are expected to succeed. Sustainability becomes fragile, as our life histories dataset also revealed. The preceding ‘NGO’ poverty alleviation history of solidarity, of collective organisation among groups of poor families living as neighbours,<sup>42</sup> has simply been ignored and forgotten. Of course, this neglect of earlier approaches may be an outcome of assuming lower capacities by the extreme poor to organise or to be organised among themselves due to the idiosyncrasy of their household condition. It may also be a function of

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<sup>42</sup> Associated with ‘mobilisation’ NGOs like Proshika, Nijera Kori, GSS.

their residential dispersal among other, relatively better off, families, even in the same *para*. It may be that donor designers have no knowledge of past approaches and only see clients and beneficiaries as atomised as in the social policy stances of their home countries. It may also be that GoB itself has never favoured the ‘mobilisation for solidarity’ approaches, seeing them as incipient or proto-political organisations and a challenge to state philanthropy and patronage. Certainly, that was a fear regarding Proshika in its heyday, attracting either exclusion from or harassment by the political class.

These comments may seem a long way from discussing small business opportunities for the extreme poor. But they are intended to inject a note of realism, as new programmes are being formulated which imitate the recent trend towards methodological individualism—a very neo-liberal, bourgeois outlook which cannot see beyond individual actors in markets. That is the ‘business as usual’ referred to above, while instead it may be necessary to re-consider earlier modes of group formation, an earlier formulation of business as usual. But a note of caution. Many of those earlier, group based, programmes were not working with the extreme poor, though personal recollections of the period were that we were engaging with very poor people—though the males were primarily agricultural day labourers or in similar rural, labour intensive activities. They had work, but as subservient labour with poor conditions.

The contemporary test, in our view, is whether higher value opportunities for the extreme poor can arise from family groups working more collectively together? More as a supplement than substitute for individual household activity, and indeed offering the prospect of some integration between collective and individual activity.

There is an historical parallel from which to learn—the province of Emilia Romagna in northern Italy following the end of the Second World War. It was a region devastated from the war, with very poor people spread across the small towns and countryside in dispersed farmsteads and hamlets. The province came under the leadership of the Communist Party, but to be understood as a Eurocommunist party, i.e. not Stalinist, nor overly influenced by soviet concepts. In brief, it led a process of rural industrialisation, vertically integrated, combining household/farm level labour intensive production of finished product components and aggregating these components to more central, urban locations for assembly as finished products. A good example is shoes: uppers from some household suppliers, soles from others, shoelaces from yet others all delivered to a central point for shoes to be assembled. Clothing was another example. Also toys, electrical goods, leather goods, bicycles, packaging, as well as processed food products. It was a remarkably successful programme, with prices regulated between levels of production to avoid the usual exploitation associated with outworking. Indeed, by the late 1980s, younger generations of northern Italians took this version of capitalism for granted and started voting for other parties than the Eurocommunists!

With Bangladesh becoming a country of small towns, there is much scope to begin thinking in such terms, distributing contributions to growth more widely both spatially and socially. Of course, the first objection will be whether the extreme poor have the agency, the skills, the education, and the facilities to participate in this way. Here again, it can be wise to think inter-

generationally, focussing such an approach upon younger family members, using programmes to invest in vocational training not only for production/manufacturing purposes, but also for services in demand such as masonry, carpentry, plumbing, electrics, mechanics and transport. Although these approaches were government (regional) led in northern Italy, there being no other institutional alternatives at that time, Bangladesh has a strong NGO sector. Proshika in the past developed vertically integrated production for sericulture and apiculture. With horticulture, there are opportunities for rearing seedlings for nurseries, as well as pooling smallholder produce to gain higher market prices.

The key principles are to consider collective as well as individual enterprises, to consider vertical integration possibilities, to consider focussing upon the younger generation for such inclusion, and to pursue higher value, higher skilled commodities and services under the title of 'small business' and move away from the easy to enter, low return, often petty trading focus, which can be self-exploitative and drive down neighbours' margins too.

#### *Direct employment linked to youth Human Capital investment*

The largest contribution to poverty reduction 2010-16 came from being employed in the industrial and manufacturing sector.<sup>43</sup> Self-employment in services and other small business (outside manufacturing) contributed less to poverty reduction, with agriculture making the lowest, even negative contribution to poverty reduction. However, the warning signal is a slowdown in the rate of labour absorption into the organised employment sector (mainly industry, and mainly represented by garments). This trend will be reinforced by COVID-19, with garments industry especially exposed to global recession and at least a short-term collapse in demand. If we continue to assume, nevertheless, that during a period of structural economic transformation (which will need to include diversification away from dangerous national dependency upon the garments sector), direct employment 'significantly reduces poverty', then how are the extreme poor to be connected to this potential?

Again, this is an inter-generational issue, in which it seems unrealistic to expect significant 'decent work' opportunities for today's extreme poor adults, and especially adults poorly networked into dynamic sectors. Rather the explicit focus should be on extreme poor youth of both genders as a national programme of affirmative action in schooling and vocational training. But such a strategic approach also requires avoiding a continuation of 'business as usual' with a countrywide poor record in secondary schooling and ideas about vocational training locked into the past.

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<sup>43</sup> In contrast to the previous 2005-10 period, reported in World Bank 2013, with a focus upon agriculture wage rates.



Google searches for manpower planning capacity within the government of Bangladesh fail to show an institutional presence.<sup>44</sup> There are some university programmes in the subject (including forecasting), most notably the School of Business within IUB. Manpower planning for the banking sector seems to be the most organised. These issues are raised here because without analysing trends in the near economy and the labour/capital relationship in any structural transformation, how can there be any forecasting of skill and talent needs, and without forecasting, how can there be calibrated investment in the preparation of skills, let alone targeted upon youth among the extreme poor? There is opinion against manpower planning, arguing that it is too statist, with the creation of institutional interests (providers) and thus rigidities. The same position favours much more serendipity and opportunism, with supply catching up with expressed demand as sectors and needs come and go in a changing economy. However, as a counter to such arguments, if there is a serious strategy of poverty reduction (extreme or moderate) via higher skilled employment, then such affirmative action does require some deliberate planning which entails forecasting as well as appropriate provision.

This brings us back to schooling and vocational training. There surely cannot be any dispute about the neglect of public secondary education, which skews all skilled and intellectually based opportunities to richer families paying for private education? But the content and quality of such education, if provided, has to be altered from present didactic pedagogy, derived from decades old curriculum. New entrants to a higher skilled workforce need above all to be adaptive to changing context and shifting careers in dynamic economies. Thus, students have to acquire learning skills to be active learners rather than passive receptacles. They have to be thinking, problem solvers. There has been significant pedagogic development to this effect at the primary level in Bangladesh, mainly among NGO providers for poor families, but also private provision. But these educational principles now need extension to the public secondary sector to produce the foundations for IT specialists, programmers, designers, precision engineers, data managers, supply chain managers, machinists, mechanics, and so on—skills that are continuously upgraded through post-secondary vocational experiences which combine classroom with on the job training, which itself is not didactic via teaching existing skills, skills which are anyway acquired through informal, often exploitative, ‘apprenticeships’. Some craft skills will need to be retained and thus transferred through these didactic methods, but the whole modern process of skills upgrade cannot be based upon that ‘*guru*’ or ‘*ustaad*’ model.

Alongside these investment and preparation issues, direct employment needs also to be decent. This is another set of institutional questions. It has been possible in the garments sector for consumer groups in richer countries to apply pressure upon primary producers to ensure a direction of travel towards decent work. These are difficult negotiations under conditions of fierce global competition, with producer owners aware that price in relation to quality will always count. Those consumers who want decent work for female garment workers in Dhaka are the same consumers who shop around for the lowest prices in western department stores

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<sup>44</sup> Until Modi abolished the Planning Commission in India, there was an Institute of Manpower Planning located within the Commission. Some of its research functions re-appeared in Jawaharlal Nehru University, in New Delhi

such as Primark. There is much hypocrisy. Certainly, international cooperation between governments is necessary to avoid races to the bottom. Nothing new here, but it draws attention again to the need for pro-poor policy to acknowledge these contextual issues about the rules of the game (or market), rather than avoid them in favour of non-challenging enclave programmes targeting the poor with immediate benefits of some kind or another. This is a **mainstreaming** issue, strategically shifting emphasis from shorter term, and valuable, targeted programmes (a certain kind of affirmative action) towards longer range, more embedded approaches, recognising that large absolute numbers of extreme and moderate poor will remain in the country, even while percentages might fall. And mainstreaming particularly applies to ‘direct employment’ since that is the usual connection between poor people and the economy in any country.

### *Rurban opportunities*

The propositions about Bangladesh as a country of small towns and the processes of rurbanisation need not be repeated here (Part 3). The issue now is how to think about policy in relation to rurbanisation. The significance of this, demographically, is that the rural extreme poor are less mobile and migratory (over time and distance) than other classes, though we are aware of remittance flows (sometimes very intermittent and short term) from urbanising males to their female headed households in the village. Thus, as rurbanisation expands, so do their hinterlands and consequently a further encompassing of rural based extreme poor families. In other words, many opportunities for the extreme poor reside in, or are connected to the small towns rather than further afield—this is where development appears for the less mobile. This proposition has important implications for the World Bank’s Poverty Assessment 2019 finding about the contrast between West and East of the country in terms of poverty reduction related to non-agricultural economic activity. The general presumption is that future growth will be more concentrated in the districts east of the Jamuna/Padma and especially in the corridor between greater Dhaka and Chattogram. The modifier to that proposition is two-fold: first the impact of both the bridges (Jamuna and Padma) and the expansion of Khulna port; and second, if economic activity associated with growth is dispersed across small towns in a similar fashion to the Emilia Romagna development. Here, therefore we focus upon this second modifier as a way of reaching the ‘difficult to reach’ geographically—the extreme poverty pockets, especially, but not only, in the west of the country.

Small, rural towns are, historically in the development paths of other countries, appearing as growth pole centres. They create demand for a range of non-agricultural services and commodities, as well as being centres for agricultural services in terms of input supplies (fixed and variable: mechanical, biological and chemical) and larger intermediate markets for local produce being ‘exported’ to larger cities. They are centres for government administration and civil society organisations, for schooling and colleges, for hospitals and clinics, for small factories, for artisanal services (especially related to construction), for workshops, for transport services, for wholesaling as well as retailing, for food processing, for infrastructural investment and so on. Such demand comprises a wide range of skills, physical strength, gender niches, age

variation, part-time and full time which can embrace both the moderately as well as extreme poor, especially the trained youth of extreme poor families. An increased density of local ‘hinterland’ passenger as well as freight transport enables local mobility around the growth pole.

Thus, planning for small town development needs to incorporate from the outset pro-poor inclusivity. And perhaps there needs to be a re-think about using the traditional ‘provincial’ administration, inherited from agrarian colonial times, as the vehicle for a more deliberate planning era, while acknowledging that much embryonic small-town development has occurred initially at the *upazila* level. The ‘municipalisation’ of the country in this way perhaps reduces the significance of the local ‘union’ level, where so much local power and patronage is presently exercised—for example over targeting and inclusion in pro-poor social protection. In effect, this becomes a subsidiarity issue—where best to locate what kinds of public services and economic activities which avoid excessive replication of staff and rent-seeking opportunities, which avoid some issues of co-variance (especially in flood prone areas), and which offer a stronger prospect of objectivity in resource allocation, while not being too distant from hinterland clients?

Clearly such small towns become more attractive as postings for higher skilled professionals in health and education services, thus enabling a better dispersal of such expertise closer to where it is needed—i.e. less mobile poor people. For example, from other resilience papers (Maître et al., 2020), if the extreme poor are characterised by more idiosyncrasy in their poverty condition than systemic class exploitation, then ideas about more individualised social work become relevant. We have suggested ideas about a youth ‘volunteer’ or ‘conscripted’ cadre of such ‘social workers’, trained for two-year assignments on basic stipends as a personal route into subsequently state funded higher education. Such a service can be trained and managed from small, perhaps *upazila*, towns constituting relatively attractive locations for young men and women. But, additionally, such small towns house doctors, nurses, paramedics, teachers, school supervisors, lawyers, managers of other public services (electricity, water and sanitation, roads and highways) which can be collectively classified as public goods services, therefore with inclusivity of the poor. We know already that primary health services (preventive as well as curative) need to be linked upwards to higher skill curative facilities, and we know that extreme poor families have high morbidity and chronic illnesses which sap their other potential opportunities. But both public health officials and medical specialists are reluctant to accept rural postings, but rural ones are more attractive, especially at early career stages as steppingstones to larger city opportunities for promotion later.

### *Infrastructure for EP*

The relation between infrastructure and the poor has been very unimaginative in Bangladesh, and probably everywhere else too. But the deltaic conditions throw up some distinct, perhaps unique, opportunities not only for employment via labour intensive rural works programmes, but also for ownership, lease holding, maintenance contracts and planting. Infrastructure in a

delta comprises water management as well as transport, other communications and energy. Water management entails flood control, sanitation, drinking water as well as irrigation in various forms, and maintenance of access to open water fisheries. For the foreseeable future, embankments and canals will be a function of earthworks which are subject to annual deterioration due to perennial flooding often at high velocity. The absence of rock and hard core and other gravel materials for concreting mean that structures have to rely upon ‘compacting’ silty soils. If done well to high engineering standards, compacted embankments can survive several flood seasons, but maintenance will always be needed. Unfortunately to date, compacting has been below quality and a major opportunity for cheating, corruption and rent-seeking except in a few cases like the approaches to the major bridges involving some high quality civil servant project ‘commanders’ and international companies—though these have not always been squeaky clean either. But across the country there continue to be major erosion problems as a function of poor initial construction and inadequate maintenance with no cost recovery mechanisms in place. So much for technical context.

In terms of traditional earthworks labour, this also has been an arena for cheating and exploitation via collusion between district officials (especially district engineers), local politicians, *mastaan*, labour *sardar* and other local level patrons and intermediaries. This cheating primarily occurs in piece rate contracts via false measurements, with labour having little counter-information and power to dispute. There is much more to unpick here.

Experiments during the 1980s, at a time of significant infrastructural expansion exemplified by the formation and growth of the Local Government Engineering Bureau (LGEB), entailed: improving labour rights and bargaining power on sites via functional literacy, contract awareness and recorded measurement by representatives of labour; on site facilities for female labour (latrines, crèches); leaseholding of embankments to the construction labourers for planting trees and pulses to stabilise the embankments; awarding of long term maintenance contracts to construction labour; and self-contracting societies which could bid for work against other contractors. Other ideas, never implemented, included operating sluice gates along embankments both for water flow management (e.g. release for surface water irrigation, or to release dangerous pressure build up to protect embankment) as well to demonstrate the value of the ‘withholding flood water’ service in return for payments by landholders to enable secure cultivation, thus providing self-cost recovery for maintenance. And of course, many of these embankments doubled up as roads from which tolls could be collected by their new owners or leaseholders. Why should labour be alienated from what their labour has created?

Of course, as noted in different contexts above, these experimental strategies relied upon the organisation of labour into groups which could act collectively. This is another example of where the individual household approach has limitations and reduces the imaginative possibilities for supporting the extreme poor. Returning to the discussions about agency, should we rely upon the assumption that the moderate poor can be collectively organised, but the extreme poor cannot, which has explained the household approach? We have long realised that poor people do not always naturally come together for collective action, since they are also competing with each other for opportunities, patronage and security. Hence the argument for

an external catalyst which aids the process of group formation around certain issues. However, the inter-generational point may again be relevant here. Extremely poor adults may no longer have the agency for sustained cooperative behaviour due to the routes by which they have become poor and their likely path dependencies including morbidity, acute illness, household gender composition, dependency ratios and other contextual or environmental vulnerabilities. But is the same true of the younger members of these families? Are there possibilities of applying the group formation approach to these younger members and getting them involved in these opportunities from infrastructure—construction and maintenance alongside the creation of bank side productive resources (as well as potential fishing rights in and low lift irrigation from borrow pits). These possibilities give the term ‘social engineering’ a whole new meaning and perspective!

*Youth Human Capital investment: a dual strategy of affirmative action*

This has been raised above under ‘direct employment’ with pleas for upgraded manpower planning and forecasting of skills needs under a structurally transformed economy. It remains uncertain whether the youth within extreme poor households will ever be able to compete successfully with similar age cohorts from the moderate poor and other classes for emerging new opportunities. But ‘youth’ overall is a significant socio-economic issue for the country and, if not adequately addressed, easily translates into a political problem of generational alienation and millenarianism.

So, the challenge is whether a dual strategy for extreme poverty, which distinguishes between the present and the future in order to break inter-generational reproduction, can be seriously contemplated, as stated above: social protection and perhaps an element of ‘business as usual’ in terms of IGA for adult household members; human capital investment for youth and children in those same families. Of course, this entails targeting within families on top of the problematic of targeting between them. Perhaps the former is dealt with by applying ideas of basic or citizens’ income, and the latter by using present definitions of children and youth. And perhaps the dual package is ‘sold’ through the traditional inter-generational bargains between young and old, with the state substituting for the investment which the young might otherwise expect from their parents. Significantly this approach connects closely to the life cycle strategy for social protection embodied in the NSSS.

If we look across to other societies which have made dramatic development transitions, such as China or South Korea (to choose two contrasting welfare regime models) (Wood and Gough, 2006), that progress was a function of education and upskilling<sup>45</sup>, driven by the state. In this sense, Bangladesh has to become a ‘developmental state’ rather than let laissez-faire capitalism run amok. At present the country imports its lower and middle management labour either from South Korea or neighbouring India, indicating there is much slack to be taken up domestically. But are these opportunities for the extreme poor youth? Not without very strong programmes of affirmative action, akin, perhaps, to the recommendations of the Mandal Commission in

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<sup>45</sup> Alongside ‘sector’ protection through tariffs and subsidies.

India in the early 1990s. Of course, that will attract cries of ‘foul’ from other lower middle classes, as it did in India, but without a deliberate strategy for the future, the present extreme poor youth will also be a wasted generation, condemned to live off the scraps of growth mainly captured by others. To some degree, this has been understood in Pakistan, partly because the political implications of inaction are so much more obvious. The Punjab provincial government is investing heavily in education and is well supported by donors, including UK-FCDO, in doing so.

Thus, this strategy of affirmative action is a political necessity if the rising inequality accompanying the overly concentrated rise in incomes and wealth in the country is to be anyway reversed. Perhaps it can be joined up in the sense of a 3 stage ‘schemes of service’ approach whereby:

- a girls and boys from extremely poor families are state supported through secondary schooling (with modern vocational content) leading on to a shorter period of community social work training;
- they are ‘conscripted’ to the national social work service (even if posted more locally) for a period of two years to work with the idiosyncrasy and life cycle specificity of extremely poor families (i.e. linking them to social protection and health services);
- followed thirdly by state supported higher education or advanced skill development similar to the principles of the German ‘gymnasium’, entailing internships to ease entry into otherwise class determined occupations.

### *Health Inclusion*

This and the following two headings represent more familiar territory in policy approaches to the extremely poor, but remain highly significant, nevertheless. Health pops up in many other headings, in ‘Rurban Opportunities’ above, for example. It is a well-trodden field of broken promises, with large NGOs significantly filling gaps especially in maternal and new-born child health, and in relation to stunting and nutrition more widely. Health provision suffers from compartmentalised bureaucratic and other vested interests (within the medical professions), and a disturbing policy trend away from integrated, joined up, services provision towards discipline based, ‘specialism’ ring-fencing. Consider an incident early on in the Chars Livelihood programme when the donor appointed CEO wanted to add primary health services and was instructed not to extend his programme into that sector. The CEO was right, and he was badly instructed. If we consider fundamentals, then human need comprises ‘health and autonomy’ (Doyal and Gough, 1991). Health underpins everything else under the heading of ‘agency’—there is no way round it.

It is clear, from our data base of life histories/ROIs as well as the EEP-Shiree survey data, that ill-health in various chronic and acute forms is a major driver of how people have become

extremely poor, how they remain extremely poor and how their futures will be undermined by persistent ill-health in the family. There are high opportunity costs within the family too, as others have to withdraw from paid activities to care for the sick members of their family. It also seems clear that many of these illnesses (not all, of course) are easily treatable with early diagnosis and intervention with non-expensive treatment. But due to lack of access (with no quality primary clinics locally plus high fees), poor people delay consultation and minor problems then become major ones. This often applies to pregnancy and childbirth complications as well. And of course, the profession in Bangladesh is geared towards expensive curative interventions rather than preventive, public health ones. BRAC has made outstanding contributions in this field, and maybe all GoB has to do is to support BRAC's expanded capacity in this regard up to the level of a national service. But there are serious franchise, entitlement and rights problems with such an approach.

The community social work proposition, noted above, would be intended to address these access problems through a triage function (with training including some elementary diagnostic skills alongside public health knowledge), but there has to be something to access! There has been a long history in Bangladesh from the formation of Gonoshasthaya Kendra by Zafrullah Chowdhury of exploring ways of linking the needs of the poor to medical services (peripatetic, barefoot doctors/nurses and so on). This experience reminds us that primary health inclusion is a necessary condition for all other policy approaches to extreme poverty to have any chance of success, and that inclusion is not just a regional problem, but an urban-rural periphery problem. The predicted further growth of small towns (either embedded or as a function of deliberate policy) should overcome some of these periphery issues. It also seems that primary and secondary schooling have a contribution to make by including public health and elementary diagnostic skills in the respective curricula, and that teachers themselves can be trained to be more alert to the health of their pupils. The proliferation of non-formal primary education across the country contains the possibility of attaching primary clinics to all of them, but that would more likely become an NGO rather than GoB solution. So maybe the 'franchise' option is the most immediate game in town, even with its attendant governance challenges (Wood, 1994).

Even at this stage of COVID-19, we can be sure that the effects of the pandemic will be profound upon families across the country. Various reports are emerging—see for example BIGD-PPRC analysis of May/June data compared to an earlier April round of data (recorded webinar 18/8/20)—indicating rising nutritional insecurity, reduced overall food consumption (urban 39%, rural 21%).<sup>46</sup> For the extreme poor with the worst access to healthcare, we may be looking at death or survival rather than prolonged illness and morbidity, with both random outcomes as well as age-related. And we can expect higher incidences of death among the extreme poor due to a higher prevalence of underlying conditions alongside no access to treatment. So, with these primary pressures, families will be losing adult earners and thus searching for ways to replace those incomes—but their agency, as a family, will be impaired. We can also expect that growth forecasts will be adjusted downwards for the upcoming plan

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<sup>46</sup> Part 4 offers a more detailed discussion of the COVID impact issue.

period, so that assumptions for connecting the extreme poor (especially youth) to growth related opportunities will be less tenable. Inequalities across the country are being further exaggerated, but unfortunately alongside continuing middle class reluctance for significant re-distribution of public services provision as well as income. These combined secondary pressures from COVID-19 upon the family will likely increase nutrition issues and morbidity. It is a gloomy scenario for positive planning.

### *Financial Inclusion*

This is another familiar policy area, much analysed and written about. It seems to be that there are two main ghettoing problems with present pro-poor financial strategies: firstly the ‘micro’ in microcredit; and secondly the confinement of poor people’s savings to low productivity financial markets.

No doubt microcredit has served the moderate poor of Bangladesh well in a limited welfare sense of liquidity management and consumption smoothing while avoiding exorbitant *mahajan* interest rates if the borrower had any collateral left to borrow against. It has also enabled entry to high turnover, low return economic activity entailing unvalorised labour inputs, frequently in and also contributing to saturated local conditions. It has not, in this sense, enabled graduation. In a parallel language it has been more about ‘freedom from’ hand-outs or debt rather than ‘freedom to’ enter higher productivity economic opportunities, which more attention to ‘meso’ credit might have enabled. But given hostile political economies, the effectiveness of that meso credit often needs collective rather than household level engagement. That certainly applied to agricultural services, with poor suppliers taking the upfront risk and needing some ‘muscle’ to ensure end of season payments by customers (i.e. landholders) (Wood and Palmer-Jones, 1991). However, there are counter examples of successful use of meso-credit at a household level—such as rickshaw business, with a female entrepreneur employing pullers (Proshika programme). The landless irrigation approach was meso credit to groups, enabling the use of higher, mechanised pumpset technologies, regarded by our critics as ‘beyond the reach of the poor to manage and payback’ (Ibid). The returns to group members were significantly higher than the low technology, petty trading activities up to that time, and the irrigation service became a platform not only for other services but successful wage negotiations too. Graduation and resilience via productive economic activity requires meso credit.

The second ghetto has been the mobilisation and recycling of poor people’s savings (usually such savers are themselves the recipients of microcredit) as further investment in micro lending to the poor (e.g. BRAC, Grameen, ASA and Proshika itself in the past). If, as described above, such microcredit supported activity is low productivity resulting in low returns, then poor people’s savings have no chance to significantly accumulate. A ceiling is imposed upon their earnings. There is a co-variance and indeed a moral hazard problem. Of course in many of these MFIs, this is precisely the business model—the lending fund becomes sustainable (after initially borrowed capital investment) because its borrowers are obliged to save into the fund,



and have their withdrawal access curtailed. Interestingly Graham Wright found 2 decades ago from Tangail that poor people would save more with easier access to their own savings. If these criticisms remain valid (they certainly were valid when Sharif and Wood wrote and edited ‘Challenges for Second Generation Microfinance’ 2001), then a major opportunity is being denied poor savers to have their savings placed in wider financial markets, even internationally, where they can escape from local risk, and other co-variant depressors. Of course, other risks are incurred in remoter markets, and pro-poor financial brokers are required. COVID-19 and resultant global financial turmoil certainly represents a severe test of this proposition. However, if high mobility investing is good for the upper and middle classes, then why should the poor be excluded? Under more normal conditions, there should be more experimentation to this effect, with no doubt a secondary financial market emerging in guarantees, insurance and offsetting.

Then the issue becomes how the extreme poor build up a fund in the first place, and for that fund to act as meaningful security? Perhaps the answer is a version of ‘just give them the money’. It is also a version of a citizens’ income (Ferguson, 2015). So if we consider inequality and how that has shaped the class pattern of entitlements across the country over many decades, and then we consider the national assets of the country in terms of both its natural resources base, its renewable energy potential (solar, wind and wave), its underground carbon deposits (gas and oil), its intellectual store, its problem-solving ingenuity, its economic potential (post COVID-19), its rivers, its geo-political position especially re India, and if we then consider that all citizens have a claim stake in those national assets, then we have the basis for citizens to have a share through a national endowment scheme. This would be a savings allocation similar to owning government bonds and gilts. To an extent, this can be seen as a national equivalent to ROSCAs and ASCAs (hopefully more the latter), but with an initial endowment from the central bank (i.e. not a state grant, not discretionary, but a right) which can be topped up in successful periods, and drawn on in trough periods—security in other words. The implied agency (i.e. managing money) is reinforced by the thinking of Stuart Rutherford—the poor know how to manage money sensibly, once they have it. So not basic income (see below), but basic savings.

### *Social Protection*

Finally, then we come to the instrument which seems to be the fallback for any policymaker or donor engaging with the extreme poor—social protection. There has always been confusion around this principle, especially between the notion of social safety nets (SSN) and social protection (SP). They are not the same thing. The former is a finite intervention, designed to support a family through troughs in its income flows as a function of dependency ratio (i.e. life cycle), ill-health and income loss (sickness benefit), economic dislocation resulting in employment or business/trading interruption (unemployment benefits, tax holidays, subsidised loans). The latter, social protection, is a long-term commitment to support a chronic condition based upon a combination of accumulated rights (in the UK, payment of National Insurance) and attested needs (often means tested). Both SSN and Social Protection are state benefits

requiring family information to determine the principle of an entitlement and the quantity of it. In other words, families have to ‘qualify’ for the benefit and then they have to ‘queue’ for it—the access issue. This amounts to rationed state philanthropy, determined by a political class, an elite, which is policing the de facto political settlement in the society—the relationship between citizens’ needs and the political loyalty of the taxpayer, mitigated partially by indirect taxation.

In Bangladesh, as we know, there is a plethora of social protection instruments and not all of them are focussed or targeted upon the poor: so designed leakage as well as operational deficiency (Sen et al., 2020 for discussion of leakage). Those instruments focussed upon the poor are not the equivalent of a ‘basic income’ which would provide subsistence but instead are much smaller token amounts allocated through local union chairmen, deploying discretionary patronage. These descriptions are well known.

The most progressive move forward and contained within the 7<sup>th</sup> 5YP has been the National Social Security Strategy (NSSS, 2015), presenting a life cycle intervention approach. This moves away from universalistic, information light, principles to more precise, thus information heavy, interventions at different points in a family’s life cycle, indicated essentially by its dependency ratio. While a promising document, its demand for information makes it unrealistic as the key element in a revised welfare regime for the country. Its principles, so far, have not been translated into realistic, government led programmes.<sup>47</sup> Part of the practical problem is the absence of a national ID system which ideally would be connected and part of a comprehensive income tax/national insurance/pension rights system. Without such an inclusive database, social protection instruments (whether universal or specific) are severely hampered, but especially those which are information heavy (i.e. specific and means tested).

These are all arguments for institutional reform, as part of devising a political settlement which accepts the principle of state led redistribution to tackle the inequality bases of extreme poverty. **But the crucial policy lesson is the development of an integrated ID/rights-based register to move forward on any of these options.**

### **Working with Civil Society: enlarging the dialogic space**

This is a delicate area of policy thinking for any state/government in any society. What is the boundary between rights-based livelihoods security underwritten by the state and the essentially philanthropic and voluntary arena represented by civil society? And what are the governance and accountability implications of a ‘franchise’ approach? (Wood, 1994). Additionally, there are predictable sensitivities in a democracy about the rights to govern for an elected government. This study is not the occasion for an academic analysis of these politico-philosophical dilemmas, but we can offer some pragmatic issues in the Bangladesh context. **First**, it is the duty of the state, and thus GoB, to set the policy framework in terms of

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<sup>47</sup> The creation of a social worker cadre should overcome some of these information problems.

substantive intervention priorities and institutional options for delivering them. **Secondly**, Bangladesh has a near unique civil society context, with major development NGOs with strong international reputations. Such NGOs found their space and significance during periods of state weakness and fragility, especially in the immediate aftermath of liberation and during periods of military rule when the legitimacy of the state to penetrate the society was highly problematic. The legacy of these formations, intersecting with strong donor support to a society faced with resource mobilisation constraints, should be harnessed rather than by-passed. **Third**, much of the creative thinking about pro-poor development has occurred within the ‘think-tank’ elements of these NGOs (separately and also through sharing). **Fourthly**, there is a continuing reality that donors have to justify their aid back home by linking it to poverty alleviation (however indirectly), and NGOs have been their significant though by no means exclusive partners. However, donors like UK-FCDO have signalled their desire to move from enclave project support into more institutionalised mainstream activities in order to be sure that approaches can be embedded, owned and adopted in the longer term beyond the era of aid flows, given the prospect of LMIC and exit from LDC status. But in doing so, they see a continuing opportunity for partnership between state led policy frameworks and implementing agencies, either operating like PKSF with some relative independence while supporting NGO partners, or directly with some of the large scale NGOs and MFIs. **Fifthly**, partly as a result of aid involvement, such non-state agencies have internalised stronger monitoring and evaluation systems (as a condition of receiving aid) which enable them to learn lessons as well as to use resources efficiently.

To sum up—Bangladesh has acquired a unique and distinctive institutional capacity to pursue a pro-poor development path, should a consensus in the society be mobilised in that direction. Although, definitionally, this societal comparative advantage remains voluntary and non-rights based, it is sufficiently institutionalised within the society’s post-liberation history to be entrusted with large-scale, implementation responsibilities under franchise arrangements which ensure the rights-based drivers. Given the earlier argument about ‘states without citizens’ associated with the franchising out of state responsibilities interfering with lines of accountability and governance (Wood, 1994), GoB would need to retain a strong regulatory environment.

Thus, this study does advocate a deliberate partnership with civil society, based upon the five issues above, to exploit its inherited comparative advantage on behalf of the poor. Furthermore, the ‘rights’ concerns can be overcome by accepting the role of legal and para-legal associations in continuous monitoring of entitlements and lobbying for them through representation of grassroots interests. These organisations currently exist, and pro-poor interests will be served by their acceptance into the policy framework rather than perceived as threats to power. Of course, there needs to be some forum through which this cooperation can occur (Part 6), which would include resource flows, regulation and monitoring, while retaining essential freedoms for experimentation, critical reflection and the capacity to critique the state.

Given the analysis above about regional variations in the extreme poverty problematic, including poverty pockets with distinctive combinations of marginalisation, climate

vulnerability, seasonality and so on, then the relationship between the government and the NGO sector is not just with the larger, national giants operating with universal models but significantly with more local organisations having more local knowledge of needs and opportunities. The identification and prioritising of poverty pockets for disaggregated investment in the various policy options noted above can be done in association with these smaller, regional and local NGOs. The analysis of causes and potential solutions can be worked out locally. This does entail having that analytical capacity at these levels of subsidiarity rather than bureaucratic implementers remotely operating from the centre. GoB has to consider how it invests in that more local analytical capacity itself, or whether it relies upon that knowledge coming from outside government.

One example which might inform this challenge is the Training and Learning Programme in Social Development conducted over several years under the auspices of the Aga Khan Rural Support Programme (AKRSP) earlier in the 2000s in northern Pakistan (see Wood et al., 2006). Here technical staff (90 in total over 6 batches of 15) from different disciplines (veterinary, engineering, irrigation, agronomics and so on) were ‘transformed’ into grassroots socio-economic analysts working in strongly participatory ways with the local communities to identify issues, devise responses and convert them into projects. Such analysts would then be working in close association not only with other local officials and NGOs, but also with the newly formed social worker cadres, proposed above.

Certainly as part of the planning process, GoB should consider devising the institutional mechanisms appropriate to the challenges of reducing extreme poverty, rather than assuming that it has a ‘fit for purpose’ apparatus already.

## **Beyond our Borders: global arbitrage**

Finally, and briefly, there is an international dimension to re-imagining and mainstreaming policy towards poverty reduction in the country. To date, in our experience, international issues have applied more obviously and directly to moderately poor and vulnerable non-poor families both in terms of remittances from overseas labour and employment within the globally determined export sectors, notably RMG. But now there are several issues to consider. **First**, if an aspect of policy towards the extreme poor is the promotion of young labour from extremely poor families into contemporary, high return, labour markets entailing skills uplift, then for some that would mean entry into globally affected domestic labour markets. **Secondly**, before COVID and its uncertainties, there was certainly a vision in the country that the export sector (especially RMG) would expand, indeed double the present labour force from around 4 to 8 million. This rate of projected labour absorption was seen as part of the LMIC dividend, and a structural transformation of the economy towards exit from LDC status (Bhattacharya et al., 2019; Wood and Devine, 2019). COVID-19 has already depressed global demand and has encouraged international companies, not least in the UK, not to honour even existing contracts forcing RMG companies to lay off employees, stimulating both reverse migration from Dhaka (according the August 2020 BIGD-PPRC data rising from 6 to 15% of Dhaka’s population

between April and June this year) as well as negative multiplier effects in the urban services sector, which has a direct effect upon the urban self-employed in informal and casual activity, where rates of poverty reduction were already the slowest (World Bank, 2019). **Thirdly**, both of these trends (reverse migration and negative urban multiplier effects) impact upon extreme poverty, partly through inducing a descent of the moderate poor to the lower poverty line, and thus partly the introduction of new poor competitors in villages and small towns for employment, patronage and relief. With estimates of overall poverty rising to 42%, with the extreme poor at 25%, the place of Bangladesh in the global economy is now more sensitive than in earlier decades.

If the route to recovery of the Bangladesh economy, together with higher elasticity responses to re-started growth, partially relies upon its global integration as well as globally stimulated increases in domestic demand, then the international dimension cannot be separated from the policy framework for reducing extreme poverty. It will be important that GoB understands this link between poverty reduction and the behaviour of international companies connected to Bangladesh's supply chains and is prepared to negotiate on behalf of its poor internationally. More of contemporary aid to Bangladesh focuses upon supporting the private sector and expanding the market and making Bangladesh more attractive to FDI, based upon expectations of high elasticity of response to growth, induced through this global integration process. That places an obligation upon those donors, advised and lobbied by GoB (to the point of setting reverse conditionality), to regulate their own companies and supply chains as part of their international poverty reduction undertakings. No doubt, this requires the GoB to partner with international and rich country NGOs and lobby groups to achieve these outcomes. The authors of this study are not claiming originality on this agenda, since Prof. Sobhan (2010) has rehearsed many of these points.

## **PART 6: WHAT NEEDS TO BE DONE? EVIDENCE BASED STRATEGY**

### **Duty-bearers: an institutional gap?**

Planning and pro-poor policy development is not a one-off activity at the beginning of a Plan period. Arguments, ideas and data can appear in a study such as this, but the moral commitment to removing extreme poverty from the country (SDG1) has to be deliberately enacted. Giving poverty reduction some priority within the 7<sup>th</sup> Five Year Plan and again for the 8<sup>th</sup> Plan indicates GoB's commitment. Indeed, given the country's poverty inheritance at liberation 50 years ago, there can be little doubt about that commitment. However, previous Plans focussed more upon economic transformation and the role of state investment plus fiscal incentives to provide the conditions for growth, with an assumption that trickle down will remove poverty. Clearly to a limited extent that strategy has worked (World Bank, 2013).

But there are several counter conditions to this assumption:

- elasticity of poverty response to growth has slowed down and is lower for extreme poverty anyway;
- pre-COVID overall poverty reduction was slowing down (especially urban—see World Bank, 2019) alongside population increase maintaining high absolute numbers in overall and extreme poverty;
- effects of COVID are estimated to have increased poverty back up to @40% for the next years (i.e. this Plan period) (BIGD-PPRC, 2020), or 16 million more people (Sen et al., 2020);
- the extreme poor are the hardest to reach with generalised, fiscal levers;
- recognition that the policy objective needs to be resilience rather than graduation requires continuous, and more mainstreamed efforts;
- acknowledgement that a higher proportion of extreme poverty is chronic demands a continuous social policy perspective rather than an interventionist development programme one;
- absence of strategic policy for youth (especially offspring in extremely poor families);
- thus, to avoid intergenerational transmission of extreme poverty requires an element of de-familialisation<sup>48</sup> as a principle of social policy;
- potential structural transformation of the economy as part of departure from LDC status (i.e. higher skills base, improved productivity, more diversification of sectors, increases in domestic demand) with strong implications for inequality and 'those left behind';
- continuing marginalisation of marginalised communities;

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<sup>48</sup> 'De-familialisation' refers to external intervention into a household (e.g. additional support for children) recognising that a household cannot provide for all its needs. It can also refer to protection of individuals in a household from abuse or violence.

- inadequate understanding of migration effects on the poorest, including remittance flows;
- the linked phenomenon (negative and positive) of unrestrained growth of megacities (Dhaka, Chattogram and Khulna), alongside the potential opportunities arising from small town growth (rurbanisation);
- the challenge of professionalising the countryside (especially in health and education sectors, but also infrastructure, transport, planning for community space and accessible legal services);
- increasing threats from climate change induced environmental hazards and shocks.

All these ongoing challenges for knowledge and practice demand a strategy through which the commitment to eradication of extreme poverty can be pursued effectively across the complexities of: global conditions; government compartmentalisation; ideological drivers for a more inclusive society; reduction in pervasive rent-seeking and misuses of authority; climate change impacts; and other socio-cultural forces which frame attitudes to gender and marginalised communities.

Such a strategy, heralded by Plan commitments, entails a bringing together of diffused leaderships in the country across government, Parliamentarians, universities, think-tanks, implementing agencies (GoB and NGO) and from within local communities. In a sense there is a Principal-Agent challenge, with GoB acting on behalf of the people to introduce stronger elements of joined up thinking and mobilisation of different levers and agencies (official and from within civil society).

The rationale for a clearly led strategy is an acknowledgement that background papers and a published 5-year plan are not a substitute for ongoing research, action-research and piloting of innovative ideas for sustained uplift among the poor, as part of a continuing policy process. In Bangladesh, there is a rich landscape of research and policy attention on poverty reduction spread across think tanks, universities, government, NGOs, other parts of civil society and implementation programmes themselves. But are we collectively being efficient in harnessing this dispersed knowledge and experience and directing it to good effect? The Planning Commission itself has wide responsibilities across the economy and society and could be more deliberately acting as an authoritative repository and initiator, working openly alongside other institutional partners in ongoing dialogue and supporting innovative experimentation, testing what can be adopted and absorbed into mainstream policy and programmes.

The reference above to moral commitment applies the notion of duty-bearers in the society who extend across government, local government (official and elected), private sector and sectoral associations, NGOs, donors, private charitable foundations, lobby groups, the courts and other legal entities (including legislators), the police, the armed forces, the media, political parties, student associations, trades unions and other worker movements, international companies, universities and think-tanks, banks and MFIs, religious institutions, local level community organisations. So when we refer to partnerships for leadership, planning and action,

there is a complex landscape. What is our concept of duty-bearer? Individuals and organisations with some power in the society to influence the allocation of resources and opportunities, as well as the capacity to uphold the rights of others, to lobby and to hold others accountable for their actions. In other words, those with power also have responsibilities. Thus, the range of duty-bearer functions does not only refer to programme implementation and delivery, but to policy formulation, rationalising resource use for inclusion and efficiency, performance monitoring, ensuring policy outcomes and creating and maintaining the knowledge basis required for these actions.

Of course, the authors of this study acknowledge an existing spread of capacity to perform some of these roles, a capacity which has come to the fore from the civil society even more strongly during the current COVID crisis. But it would be unwise for any government in any country to abdicate its core responsibility and *raison d'être*, to protect the livelihoods and ensure the security and safety of its citizens. Furthermore, leaving applied analysis and the formation of policy solely to the civil society structurally steers attention towards individual, household and perhaps community level interventions based upon immediacy of effect, cost recovery from beneficiaries (e.g. through microcredit) and thus connected to market entry and prospect of returns to enable repayments.<sup>49</sup> Such shorter term strategies cannot be redistributive across the whole society, nor can they guarantee or offer statutory rights. No doubt, within these limitations of their room for manoeuvre, they have done amazing work. And they have used their research and applied experience to open up debates and provide lessons for state led policy. They continue to perform important lobbying and advocacy functions. And in some respects, are perceived as taking on leadership roles, but in the end they have to address the state.<sup>50</sup> Of course there is a tension, which can be healthy, but it is not always so.

Hence it is the state which can uniquely address the structural context within which people are poor and from which they seek to escape. The re-imagining and mainstreaming of pro-poor policy discussed in the previous part of this study implies precisely this.

What is the record of the state in this regard? In the mid-1980s, an explicit poverty focus could be found in the Rural Poverty Programme (RPP) of the BRDB within LGRDC. (And indeed EEP-Shiree, much more recently, was located within LGRDC.) But landlessness and with it 'poverty' was really only significantly evidenced for policy from 1977 onwards, and it was a slow process to move away from the Liberation narrative of an homogenous nation of small farmers, represented by the Cumilla-BARD endeavour. The Rural Poor Programme tried to imitate the NGO sector with its own landless irrigation programme, but the commitment and implementation was desultory. The Planning Commission itself has intersected with poverty, but almost by accident, perhaps most obviously in its Agriculture Division, but of course since the 7<sup>th</sup> FYP, GED has now more deliberately taken on the mantle. Of course, the BIDS, as the

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<sup>49</sup> Indeed, interest rates on such credit are determined with cost recovery (and thus transactions costs) in mind.

<sup>50</sup> The main players can be grouped into think tanks such as: CPD, PPRC, BIGD, PRI; and reflective NGO practitioners such as BRAC, Grameen Bank, Nijera Kori, ASA, MJF and many other organisations. In the past, there were more activist but also reflective organisations such as Proshika and GSS.



research wing of GED in particular, has had a history of poverty research going back many years, but mainly quantitative and from an economics perspective rather than inter-disciplinary, and not closely interacting with policy and targeted programmes, especially in relation to extreme poverty. Poverty targeted social protection programmes have been led from the Ministry of Social Welfare, with other ‘social protection’ programmes (e.g. pensions, freedom fighters and so on) spread elsewhere across government. Other sectoral ministries/departments (health, education, LGED) all intersect with poverty, but never as their main focus. Finally, and more recently, PKSf, derived from the World Bank financed Social Fund, has added support for and even supervision of poverty programmes to its main role as a wholesaler of funds for microcredit to NGO client partners.

This very brief reference to the intersection between GoB and poverty reduction (knowledge and practice) tells us that GoB capacity is dispersed, has been sporadic, and does not appear to be centrally led or coordinated, except when it appears in discussions for the Cabinet Office or the Prime Minister’s Office.

These conclusions about institutional capacity, especially to take forward a mainstreaming poverty eradication agenda with structural and contextual significance, strengthen the arguments for a **deliberate GoB-led strategy** which explicitly includes **extreme** poverty as a major concern. But from this cursory review, there appears to be an institutional gap where an overarching and authoritative facility capable of convening the stakeholders should be. At the same time there is a complex landscape of relevant organisations within and outside government, all with much to contribute. Below, we offer reflections on what the elements of such a strategy might comprise.

## **Using the Plan Cycle: ongoing research, action-research and pilots**

This study identifies a number of unanswered and inadequately answered questions requiring ongoing research. We need to know more about poverty pockets, about churning, about neighbourhood support and transactions, about discrimination against marginalised communities, about the differences between female headed and female managed households, about reliance upon remittances, about the futures of and prospects for youth within these families, about responsiveness to skills training and other ‘adult’ education, about the prospects for more collective organisation among the extreme poor, and so on. Despite the work done so far, we are only beginning to scratch the surface of our understanding.

To develop this understanding, there needs to be a comprehensive review of data sources: how they are to be refined and made more purposive for engaging with the questions above, and acknowledging that large scale regular surveys by the BBS (HIES and so on) need to be supplemented with more specific, sample surveys disaggregated by demographic, regional and sectoral variables. At present the research community in Bangladesh relies heavily and passively upon BBS generated data such as HIES, but how far is it able to influence its work in terms of focus, methodology and quality of information?

Furthermore, the culture of research needs to embrace qualitative approaches instead of solely regarding quantitative information as ‘the proper science’. This study has been hampered by reliance upon indirect data sets, arbitrarily grouping and categorising for significance without reference to real context. This can be dangerous for understanding, distorting points of departure and ignoring social processes which reproduce poverty. In this study we have drawn upon and summarised learning from qualitative work by ourselves and others (see Part 2 ‘Grassroots Challenges’ above) which generate a demand for purposive quantitative data for confirmation and to indicate scale which is not available. Essentially this is a call for more Q-Squared methods and analysis which we have tried to pursue to the limits of the data here.

Alongside this, ideas have been advanced in this study for mainstreaming the policy framework. These ideas derive from previous years of exposure to local conditions and experience with innovative interventions which have remained enclaved within NGOs and donor funded projects with no coherent lessons learning. EEP-Shiree deliberately attempted that evidence building process through its twin ‘scale and innovation’ funds and lessons learning—but the project ends and with it any further interest in mainstreaming. This is invariably the case with ‘enclave’ projects where operational delivery is signed off but the conceptual and strategic pay-off is ignored. Thus the true value of the investment is lost. This is such a waste. There needs to be memory and a memory bank accessible for future planning purposes which can inform what works, where, with whom and why. Instead, the wheel is perpetually being re-discovered through new projects with new designers, eager to make their mark. This can all be done better when done deliberately. And that has been done in Bangladesh in the past, for example with BARD in Cumilla a long time before NGOs appeared on the scene. Although its focus became trapped into the small farmer representation of Bangladesh, its ‘style’ of **learning by doing** can be revisited and imitated and embedded with GoB’s memory for the society as a whole—moving away from a discrete series of disconnected projects into evidence based, nationwide sustained programming.

The ‘style’ of BARD, at Cumilla, was essentially action-research. And the many development NGOs which have emerged since the mid-70s were able to take on this style through their own, smaller scale work. Of course some like BRAC pursue some themes at scale but they do so within a moral framework of philanthropy and voluntarism rather than rights and entitlements. And if GoB is to perform the correlative duties associated with such rights and entitlements, especially among the poor for whom those ‘rights’ are de facto weaker, as we have shown, then it has to indicate such a focus and intention institutionally and expand its capacity to learn and deliver, while supporting other stakeholders outside government in parallel efforts.

This study comprises several key elements which require evidence from action-research as well as underlying research:

- identification and focus upon poverty pockets;
- the institutional and social processes of marginalisation;
- the idiosyncrasy of extreme poverty leading to a social worker initiative;

- the exploration of more mainstream opportunities for livelihoods security and resilience among the extremely poor;
- a dual strategy of social protection and human capital investment to overcome the intergenerational transmission of poverty;
- more local level provision of primary health care and quality, open access schooling within poverty pockets;
- applying subsidiarity principles to dealing with hazards and shocks arising from a deltaic ecology and exaggerated by climate change.

All of these elements need further testing in practice. This requires programmes of action-research and the study of pilot interventions.

Thus the argument for GoB to expand its capacity via an authoritative facility stems from having the legitimacy to bring various stakeholders into constructive relations with each other (e.g. extremely poor families, government, local government, NGO partners, civil society, think tanks, private companies) to cooperate over problem identification and calibrated responses, by offering facilitation and coordination services.<sup>51</sup> This would include the convening of regular occasions for dialogue between extremely poor families from different parts of the society and duty-bearers (both centrally, regionally, poverty pockets and locally) to share best practices, monitor trends and challenges and ensure some direct, short-loop accountability. It is clear from recent COVID related webinars that the leadership of GED participates in sessions initiated by various civil society and GoB think tanks, thus embracing the dialogic space. It is also clear that GED generates significant documentation on policy themes, some of which is very forward looking. Can it go further with respect to poverty and extreme poverty? Policy formulation and the discourse around it will only be as good as the quality of its knowledge, entailing active participation as a listener and contributor and doing so comparatively and internationally, not just within country. In this way it can develop further the internal capacity to scrutinise arguments and propositions from all quarters. We can think of the capacity located in the World Bank office in Dhaka, supported by Washington DC generating comprehensive research such as the Poverty Assessments. That capacity needs to be more sovereign within Bangladesh, though without being politically manipulated so that truth can be told to power.

## **Pursuing Integrated Approaches**

This study has presented the best available data on multi-dimensional poverty, especially extreme poverty. Since the days of Mahbub ul Haq in UNDP, livelihoods, poverty and inequality have been understood as not just about income and assets. The point about multi-dimensionality is that its elements are interactive, and for the extreme poor largely mutually destructive—poor health leads to household stress, and so on. The study has therefore observed

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<sup>51</sup> Several decades ago, one of this study's authors (Geof Wood) had the task of networking relevant social science from across the country (i.e. including the regionally located universities) into the thinking of the Ministry of Agriculture's Planning Cell.

that the policy framework needs, itself, to be multi-dimensional. That requires a ‘return’ to integrated development approaches, and that requires much more thinking about how to locate integrated support where it is needed, and the authority to coordinate across compartmentalised government and to think of non-government provision (civil society, private companies—profit/not-for-profit) as complementing each other rather than competing or substituting for each other. This is partly a subsidiarity issue, partly a scale issue and partly a sectoral issue. Government inevitably has more control over large-scale multipliers such as infrastructure, environment, conservation, eco-system services, urban development which set the framework within which other rights-based services and commercial opportunities can be pursued by other agencies. Poverty pockets are a good place to design and conduct integrated pilots, in effect large-scale action-research testing knowledge and coordination capacity.

## **Engaging with Climate Change: Shocks and Hazards**

Bangladesh is the largest national population to be affected by climate change, especially sea level rise leading to more volatile coastal regions. Some observers have estimated that over the next 2-3 decades as many as @40 million persons might need to be re-located, or at least adapt their lives to saline conditions and chronic inundation. These projected environmental changes will bring much more pervasive vulnerability than presently experienced. GoB needs to go further than its present documentation in actually developing an entire Bay area concept of poverty, extreme poverty, environmental vulnerability and eco-system services through notions of living and coping with natural hazards requiring short notice and seasonal adaptability, flexible services, sharp understanding of subsidiarity and co-variance. Such challenges prompted the inclusion of the prologue to this study. We can assume that non-poor richer families will migrate out of the coastal regions, taking with them valuable social and human capital as well as the multiplier effects of their presence to resilient livelihoods in the communities from which they have departed. It is vital that there is a central, inter-disciplinary facility which can model these prospects and to oversee and promulgate the analysis of institutional and infrastructural capacity to manage and cope with shocks and hazards induced by climate events.<sup>52</sup>

## **Monitoring and Reviews**

Above, we made reference to memory and memory banks. There is a case for developing something like a National Library, as a repository for comparative data for performance monitoring and comparative analysis, maintaining an inventory of all programmes (transformative and social protection) engaging with extreme poverty, with summary descriptive profiles by agency and programme, collecting and storing (for research and practice purposes) performance reports arising from regular monitoring and reviews. It would also be the repository for national trend data arising from BBS and other surveys (such as those used

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<sup>52</sup> In conversations over recent years, the idea of a ‘University of the Bay Area’ has emerged, perhaps adapting Khulna University, and certainly with strong links to international neighbours in the Bay Area (i.e. India and Burma) to undertake this agenda.

as sources in this study), making it accessible to all stakeholders for research and policy analysis. Such data would be also be regionally and locally disaggregated where possible. As mentioned above, for this study we have struggled to assemble regional and sub-regional data following indicative statistics hinting at significant regional diversity and poverty pockets.

One model for such inventory development might come from a ‘Landscaping Development Research’ study carried out in Pakistan for DFID and Pakistan’s Planning Commission (Naveed and Wood, 2013). Here 103 research outlets were identified across 7 development themes, with profiles on each summarised, and digitised into an interactive map across the country. If a researcher or policy maker clicked on ‘gender’ for example, a sub-set of outlets would appear with their locations, and their profiles uploaded—indicating present and potential research capacity, and contact names for consultation.

Again as noted above, Bangladesh, like other countries across the sub-continent especially, ranks quantitative data over qualitative (case studies, ethnography, life histories, community level tacking, stratified sample stories and so on). In this study, we have sought to combine quantitative and qualitative knowledge as Q-squared analysis, partly derived from a previous decade of intense exposure to micro-experiences. A further addition to an applied knowledge base could also be the creation of a network of qualified informants, rather like the model once pursued by the Marga Institute in Sri Lanka, where employed post-docs in anthropology remained in their fieldwork locations as continuous interlocutors of trends and likely effects of policy initiatives. University departments in Bangladesh might be attached to poverty pockets to develop this model further, entailing internships as well as post-docs to enable a deeper tracking of social process for policy and practice guidance. This would be an opportunity to promote more participatory ways of understanding through techniques of co-analysis, process tracing, structured listening and sense making. Again, it tends to be a habit in the sub-continent of doing research ‘on’ people rather than ‘with’ them. Thus, research becomes extractive and is not shared with its informants. Furthermore, poor people are also then excluded by educated researchers from deploying their own experience and judgements to guide legitimate resource mobilisation and programme design.

## **Experimenting with Delivery**

In the Part 5 of this study, some suggestions have been made for modes of delivery which interact most closely with the perceptions and behaviour of poor people themselves especially in terms of the idiosyncrasy of their circumstances, the scattered nature of their residence and their realistic agency. We have advanced the notion of a community service model to build a cadre of rotating young social workers, operating within a strong supervisory structure. We have also indicated that such a cadre must include a valid mix in terms of gender and minority and marginalised communities. Clearly there is much to expand on here if the suggestion has any purchase with policy makers at the centre of government. Certainly, such a cadre would have to operate within a conducive institutional environment, with sufficient access and respect for their casework knowledge to be able to trigger resource responses from other parts of

government, or within the development NGO and philanthropic sector. Such an approach does require some experimentation through piloting, most obviously in selected poverty pockets. We see an expanded GoB capacity including in its portfolio experimentation with such a mode of delivery. But additionally, exploring community-based approaches and understanding the potential of small towns in terms of access to health clinics and secondary education.

## Supporting Pathways to Resilience

While Bangladesh has reached LMIC status and expects to exit from its LDC status later in the decade<sup>53</sup>, poverty and extreme poverty will persist, as it does in much richer economies like the UK. The challenge of poverty and inclusive social policy is thereby a constant feature of the political economy for the foreseeable future. And because poverty removal understood as graduation is no guarantee of sustained livelihoods improvement, the key policy objective has to be supporting people's resilience to cope with changing domestic fortunes and life cycle pressures. Thus, the pursuit of resilience is the rationale for many of the applied research activities outlined immediately above. But more specifically it is also about taking a longer view than usually offered within the confines of a 'project'. This is why focus, intention and capacity need to straddle several Plan periods and have a degree of permanency. **In a way, the mission is to help lead the society from a projectised development era towards a social policy perspective as part of a revised political settlement in which rights and entitlements to support the security of poor people's agency are closely linked.**

And this is why, in the aftermath of EEP-Shiree, the co-authors of this study have argued that unless we track beneficiaries over significant periods after the end of the project period, we can have no genuine idea of whether the interventions were successful in achieving a sustained improvement in the livelihoods of the extreme poor at a higher, more comfortable and secure level than before.<sup>54</sup> But certainly there is an activity here of tracking the fortunes of families involved in different support services in different parts of the country, and thus facing contrasting sets of conditions and challenges. This tracking is a core feature of an ongoing applied research agenda as a foundation for learning lessons and applying them accordingly. There are some methodological opportunities initially pioneered in EEP-Shiree about real time monitoring enabling real time responses. Such techniques would have helped the people affected by tidal surges in the prologue to this study, and indeed those affected by the pandemic. But there is also monitoring over time via life histories as we have demonstrated with the EEP-Shiree qualitative database, which can be connected to process tracing techniques for more accurate attribution analysis (Maître et al., 2020). It matters, for example, if the local community is more a hindrance than a help to a distressed extremely poor family in its midst. We do not learn that from statistics and correlations.

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<sup>53</sup> Bhattacharya (2019) predicted this for 2024, but now likely to be delayed, depending on rates of economic recovery from the COVID pandemic.

<sup>54</sup> Of course, the impact of COVID-19 is tripping up many assumptions and predictions about sustained graduation.

In Part 5 on policy mainstreaming, we outlined an expanded range of sectoral possibilities through which extreme poor family lives can be enhanced. There are many pilots buried in those ideas which might set up paths to resilience. With the methods indicated in the previous paragraph, combined with the authority to initiate pilots with relevant stakeholders, the capacity and purpose is needed to take a lead in testing this range of possibilities and others as the basis for further mainstreaming. The analogy of such a process can be taken from the development of vaccines and their testing before rolling out. A hot topic, right now. And from a social policy perspective, associated with LMIC status and departure from the LDC label, a relentless focus is required upon the reform of the social protection arrangements in the country, entailing action-research on basic income, minimum income, citizen's income and other life-cycle interventions as per the NSSS.

### **Advocacy for a New Political Settlement**

Alongside an enhancement of the technical capacity to lead, convene and conduct applied and action research as the basis of evidence for policy, there is a further advocacy agenda to be pursued which falls to the political leadership in the country in dialogue with constituents, civil society and the media.

This entails a self-reflexive examination of fairness and justice in the society as the country continues its economic progress. There are several imperatives here, or 'drivers': moral; political stability and cohesion; second stage capitalist efficiency. Bangladesh faces many potential threats to its security, especially with its high rates of inequality and exclusion which could underpin thwarted aspirations. Other societies historically have faced these challenges of transformation and change including ones which we see now as quite progressive and inclusive such as Canada and the Scandinavian countries all of which score highly on UNDP's Human Development Indicators. Each of these societies went through painful transitions initially from agrarian conditions and then from first stage industrialisation when earlier forms of rural social management and control were collapsing through urbanisation. Thus they passed through periods of political turmoil and upheaval eventually 'resolved' by deliberate negotiations between competing class interests—wringing concessions from the more well-off, offering greater justice and fairness in return for political stability, protections for property and rising labour productivity (Gough and Wood et al., 2004; Wood and Gough, 2006; Esping-Andersen, 1990 and 1999). This is what we mean by the term 'political settlement'. It refers to the redistribution of profits from capital via improved wages and conditions of work as well as taxation and spending on welfare, achieved through different welfare regime options.

To address this combined imperative, Bangladesh has to go through a similar process if it is not to break up or become captured by millenarian, regressive mobilisation. Poverty is not only an affront to Bangladeshi culture and values enunciated at its Liberation, it is a threat to political cohesion and an obstacle to further economic transformation needed by all (Bhattacharya, 2019). Poverty eradication is therefore a political mission which through advocacy crucially needs to generate support from among the non-poor, the middle classes in the society. This

entails the pursuit of an inclusive welfare regime in which the non-poor understand their collective role as duty-bearers and are brought into a deliberate discussion and debate about a political settlement which supports resilient livelihoods for all. Of course, this has many implications about taxation and redistribution, but they would also learn that the price of doing nothing about inequality and sustained mass poverty in the society (exaggerated by COVID-19) is also a threat to their own security especially under the cheek by jowl conditions of megacities when perceptions of relative deprivation become acute as a basis for protest and disruption.

Such advocacy entails campaigning for appropriate resource mobilisation from domestic revenue sources within stronger traditions of governance and accountability. This also entails maintaining a high profile of poor people's experience (graduation, coping and declining) in the public eye, using the full range of media resources: TV debates, documentary film, plays and dramas, podcasts, social media, as well as print media. It also entails a well maintained and informative website, containing an inventory of experience with hyperlinks to lives and programmes in different parts of the country, alongside scrutiny of their performance.

And finally, there is a history of annual pro-poor budget analysis in the country which can be more specifically applied to the extreme poor. The general public do need to know facts about poverty, its trends, its causes, the agencies doing something about it and how the government is supporting those efforts through its Plan priorities and budgets.

We hope this study contributes to this effort and plays a part in the development of a new political settlement.



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## APPENDICES

### Appendix A: Extreme Poverty Headcount by District

District	Extreme poverty head-count (%)
Kurigram	53.9
Bandarban	50.3
Dinajpur	45.0
Magura	37.7
Jamalpur	35.2
Kishoregonj	34.1
Khagrachari	32.8
Gaibandha	28.9
Rangpur	27.0
Patuakhali	24.4
Sherpur	24.3
Nawabganj	23.7
Lalmonirhat	23.0
Lakshmipur	20.5
Sunamganj	19.3
Naogaon	18.2
Pirojpur	17.6
Pabna	16.8
Manikganj	16.3
Rajbari	16.0
Netrokona	15.6
Gopalganj	15.5
Thakurgaon	15.5
Chandpur	15.3
Bagerhat	14.4
Nilphamari	14.2
Panchagarh	14.2
Khulna	13.8
Barisal	13.6
Bogura	13.5
Noakhali	13.4
Jhenaidah	12.7
Natore	12.6
Meherpur	12.4
Sirajganj	12.4

Barguna	12.1
Chuadanga	12.1
Rangamati	10.7
Habiganj	9.9
Jhalokati	9.8
Joypurhat	9.6
Mymensingh	9.6
Satkhira	9.3
Jashore	9.0
Sylhet	8.8
Tangail	8.6
Bhola	8.5
Cox's Bazar	7.7
Rajshahi	7.3
Kushtia	7.1
Moulvibazar	7.0
Narail	5.8
Cumilla	5.4
Shariatpur	5.0
Narsingdi	4.7
Brahmanbaria	4.6
Chattogram	3.5
Feni	3.4
Faridpur	3.2
Gazipur	1.9
Dhaka	1.7
Munshiganj	1.2
Madaripur	0.9
Narayanganj	0.0

Source: Authors calculation based on HIES 2016

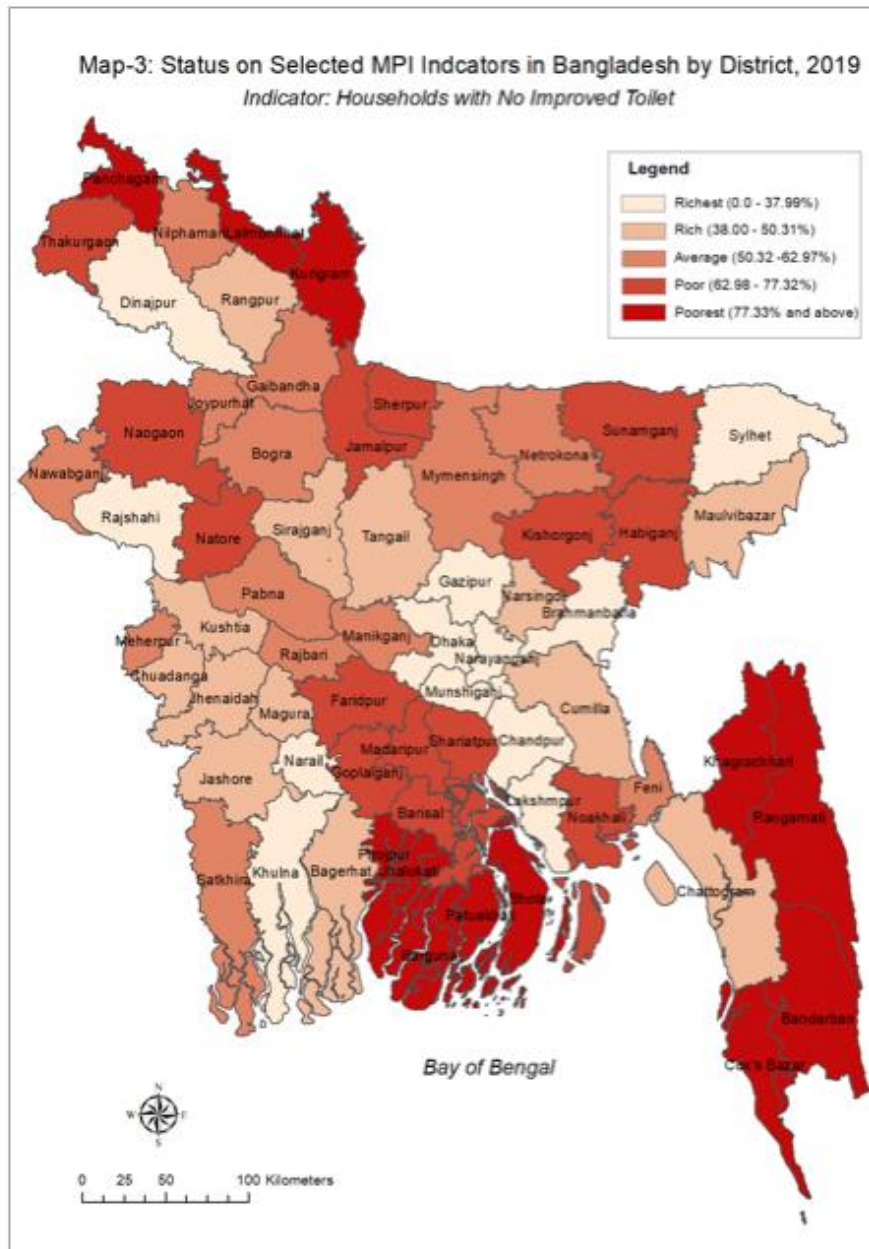
### Appendix B: MPI Poverty by District (in descending order)

District	MPI Poverty
Sunamganj	47.75
Habiganj	43.24
Sherpur	41.94
Netrokona	40.72
Bandarban	38.86
Bhola	36.65
Kishoregonj	36.38
Mymensingh	35.57
Sirajganj	35.10
Lalmonirhat	34.79
Cox's Bazar	34.30
Kurigram	34.10
Jamalpur	33.53
Pirojpur	32.12
Gaibandha	32.11
Barguna	31.59
Shariatpur	31.55
Rangpur	30.63
Madaripur	30.45
Narsingdi	30.17
Brahmanbaria	30.02
Nilphamari	30.01
Thakurgaon	29.02
Natore	29.02
Maulvibazar	28.95
Bogura	28.90
Chapai Nawabganj	28.86
Pabna	28.32
Joypurhat	27.94
Sylhet	27.61
Khagrachari	27.35
Naogaon	27.07
Barishal	26.76
Rajbari	26.74
Panchagarh	26.35
Chuadanga	25.64
Tangail	25.55

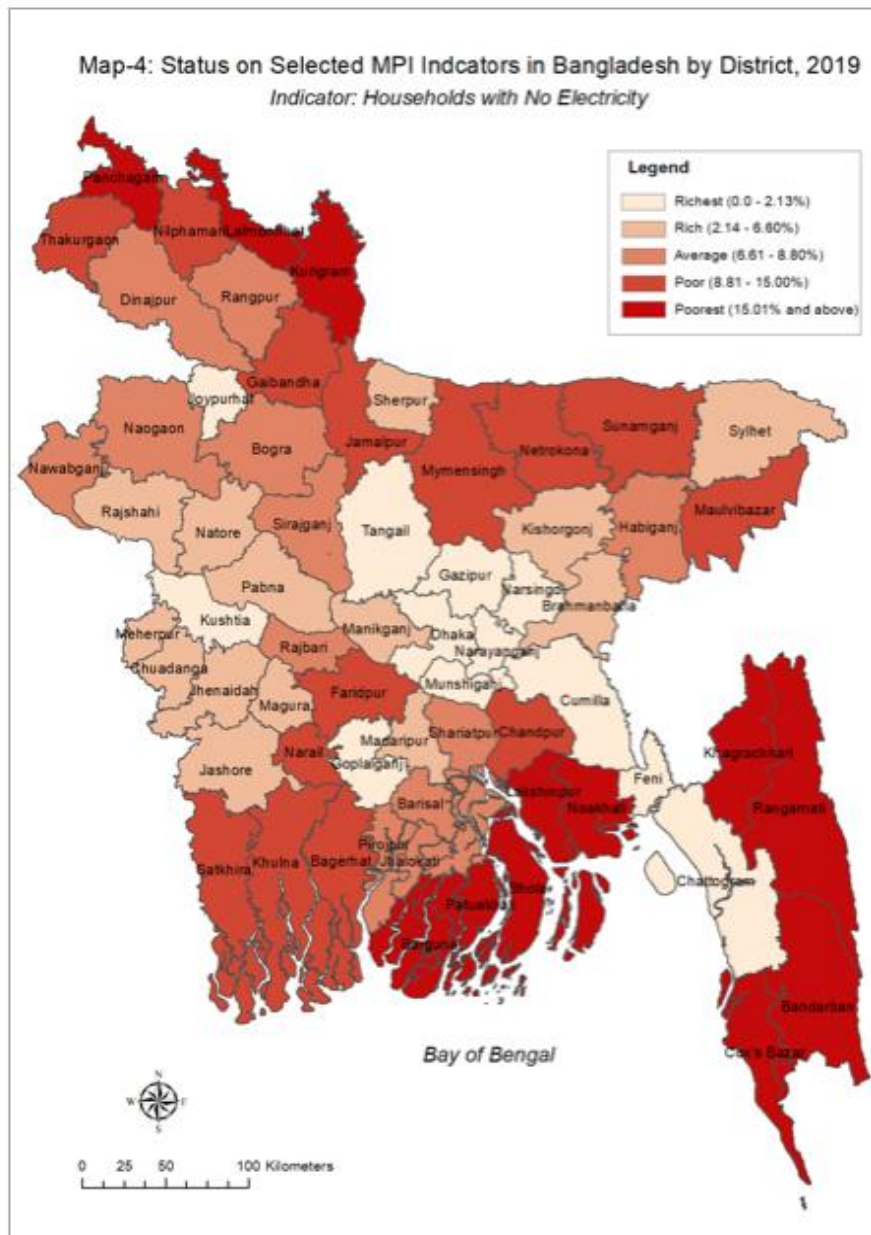
Patuakhali	25.24
Noakhali	25.07
Faridpur	24.86
Rangamati	24.42
Meherpur	24.04
Satkhira	23.42
Gopalganj	22.74
Bagerhat	22.56
Dinajpur	22.02
Jhalokati	21.97
Lakshmipur	21.92
Jhenaidah	21.87
Manikganj	21.74
Magura	20.74
Kushtia	20.51
Cumilla	20.05
Rajshahi	19.81
Chattogram	19.40
Jashore	18.82
Narail	18.54
Chandpur	17.69
Khulna	16.71
Munshiganj	15.12
Feni	14.07
Gazipur	12.91
Narayanganj	11.82
Dhaka	6.16
Total	25.87

Source: Author's calculation based on MICS, 2019

## Appendix C: Maps of Selected MPI Indicators by District

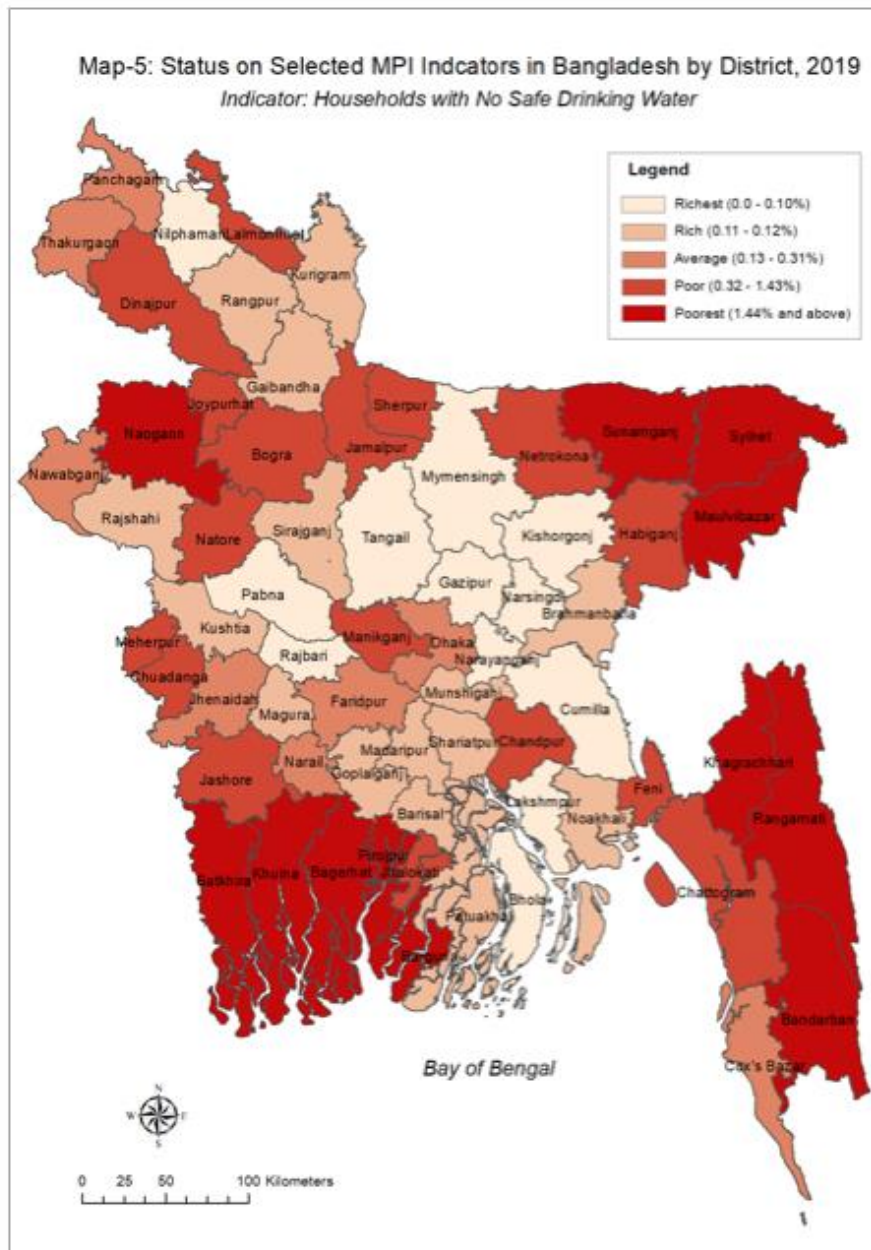


Source: Author's calculation based on MICS, 2019

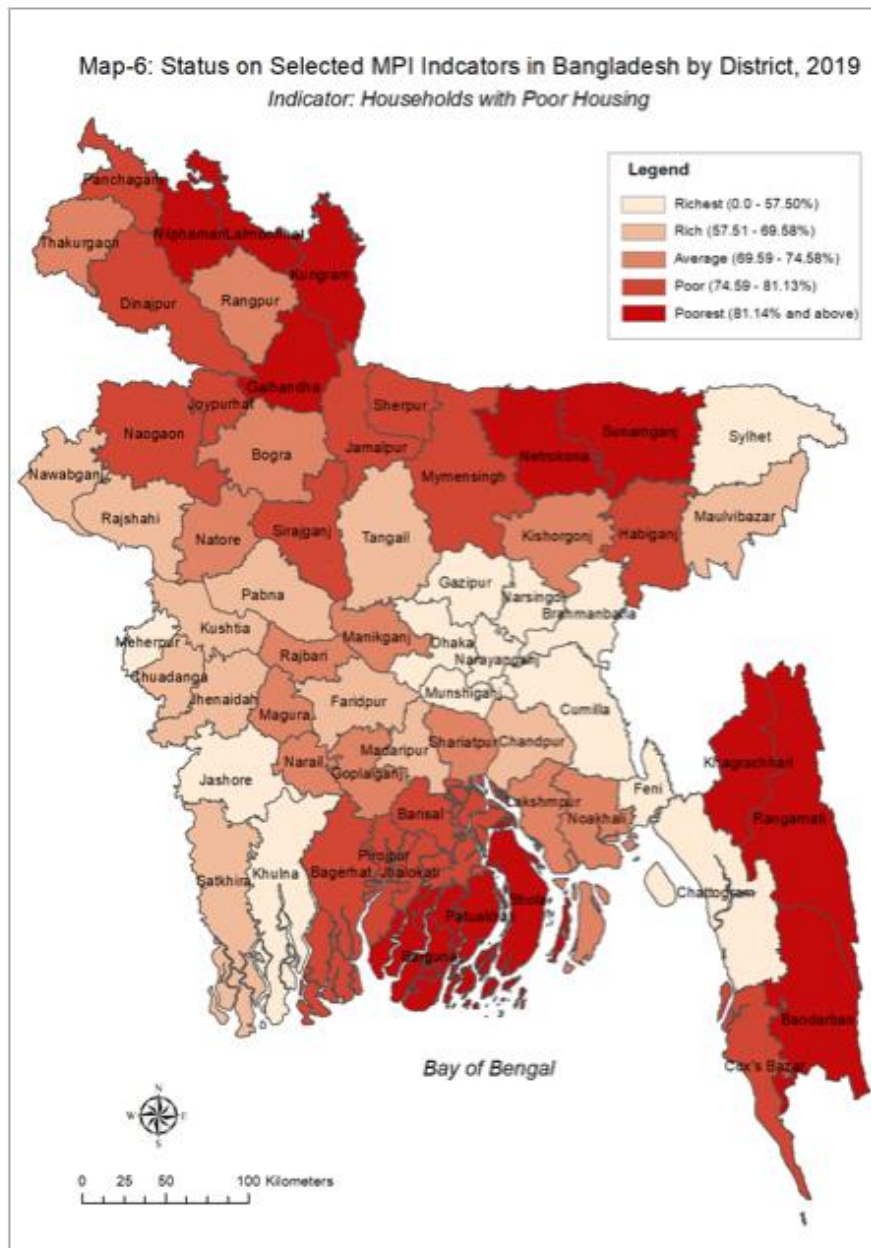


Source: Author's calculation based on MICS, 2019

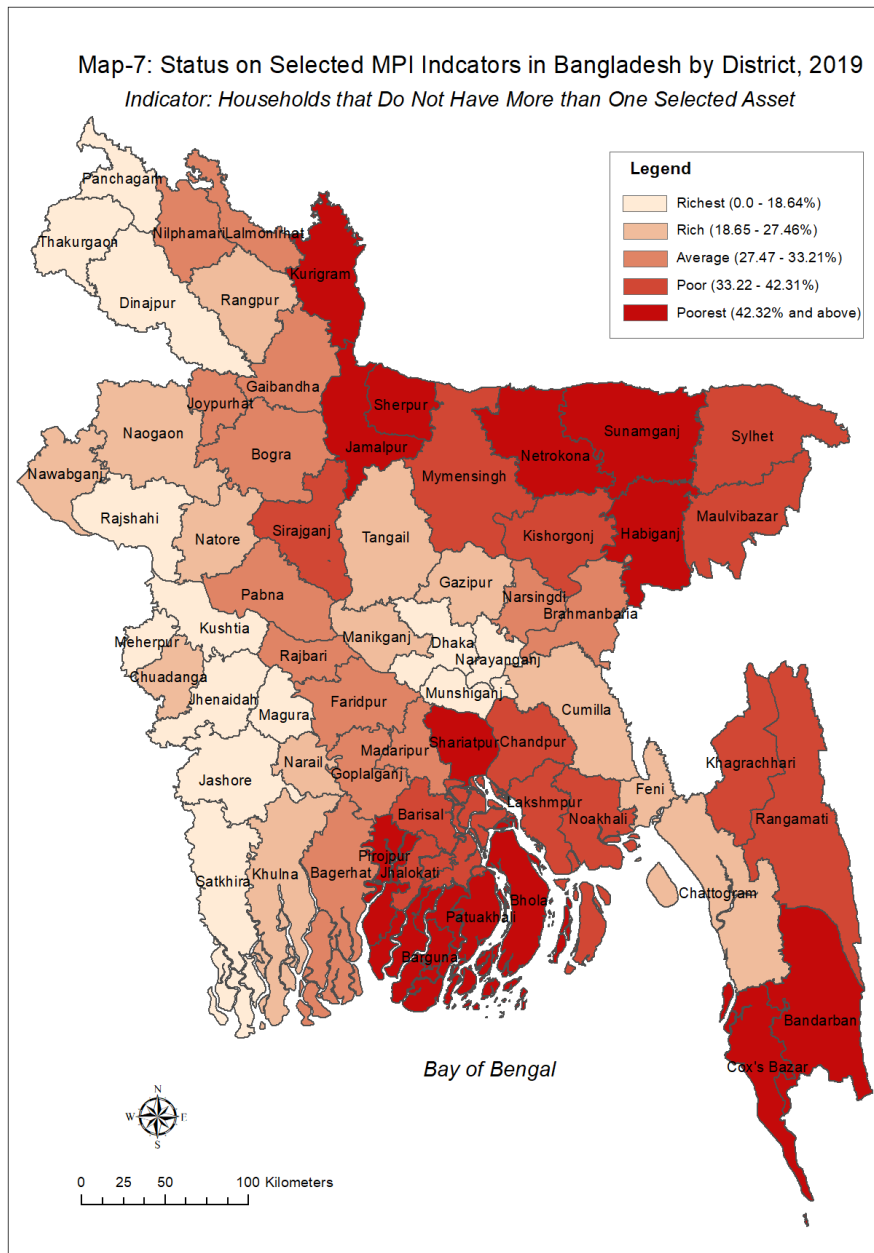




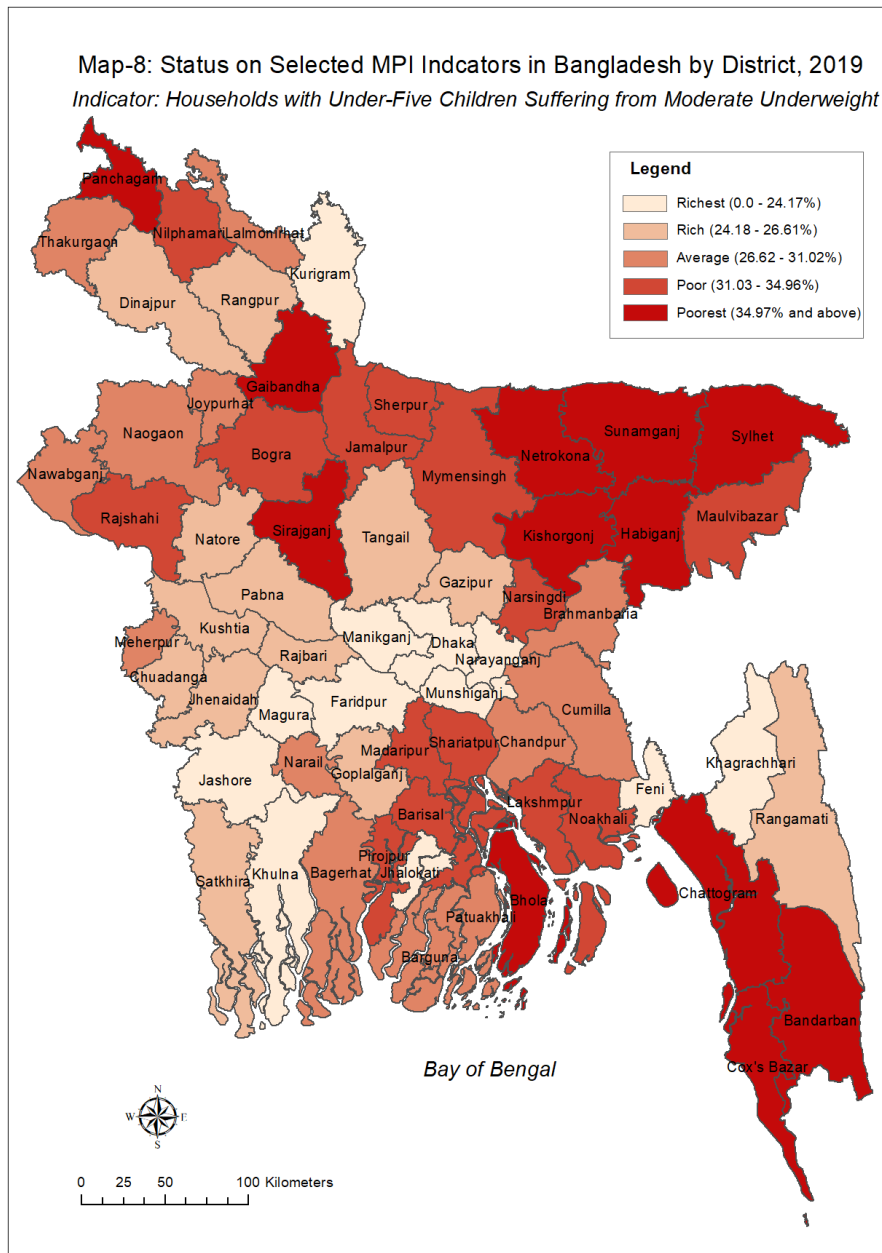
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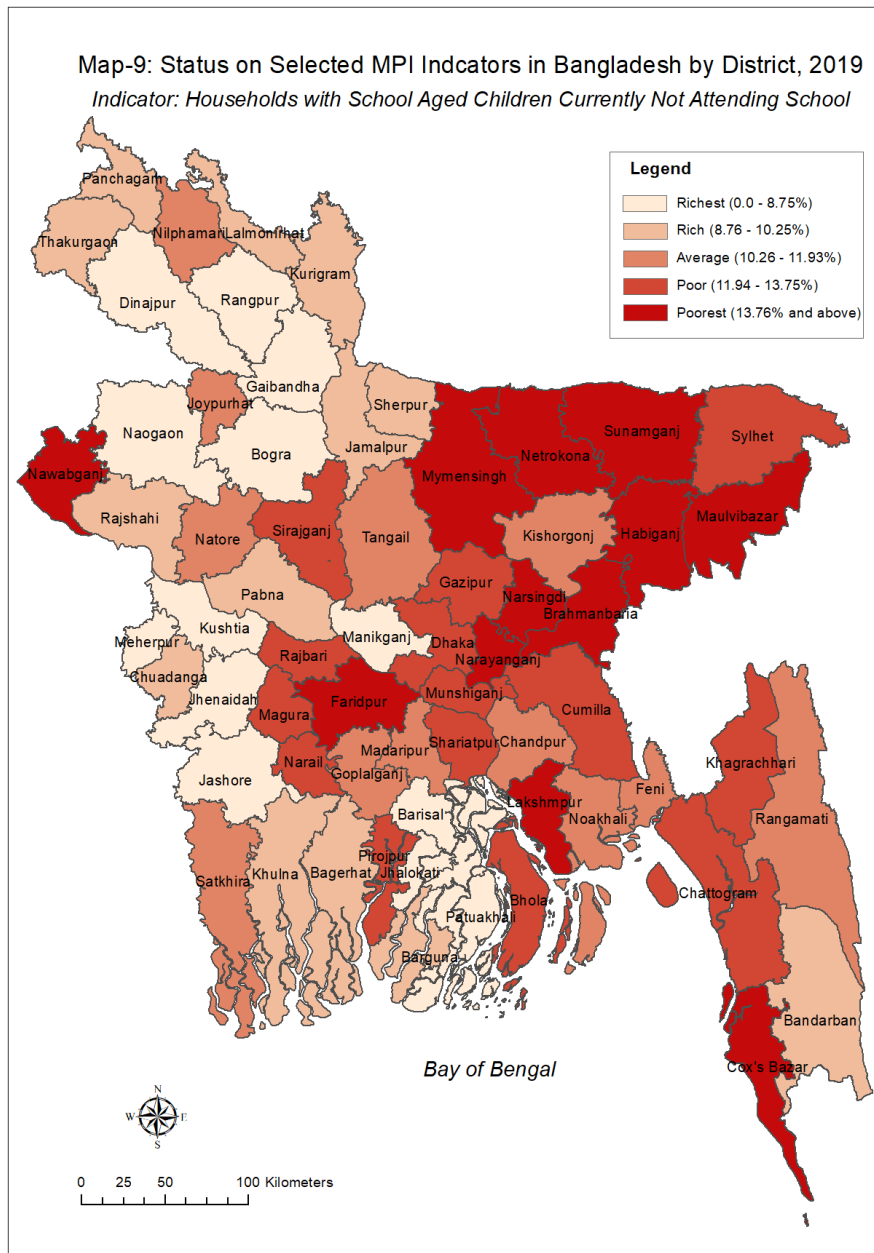
Source: Author's calculation based on MICS, 2019



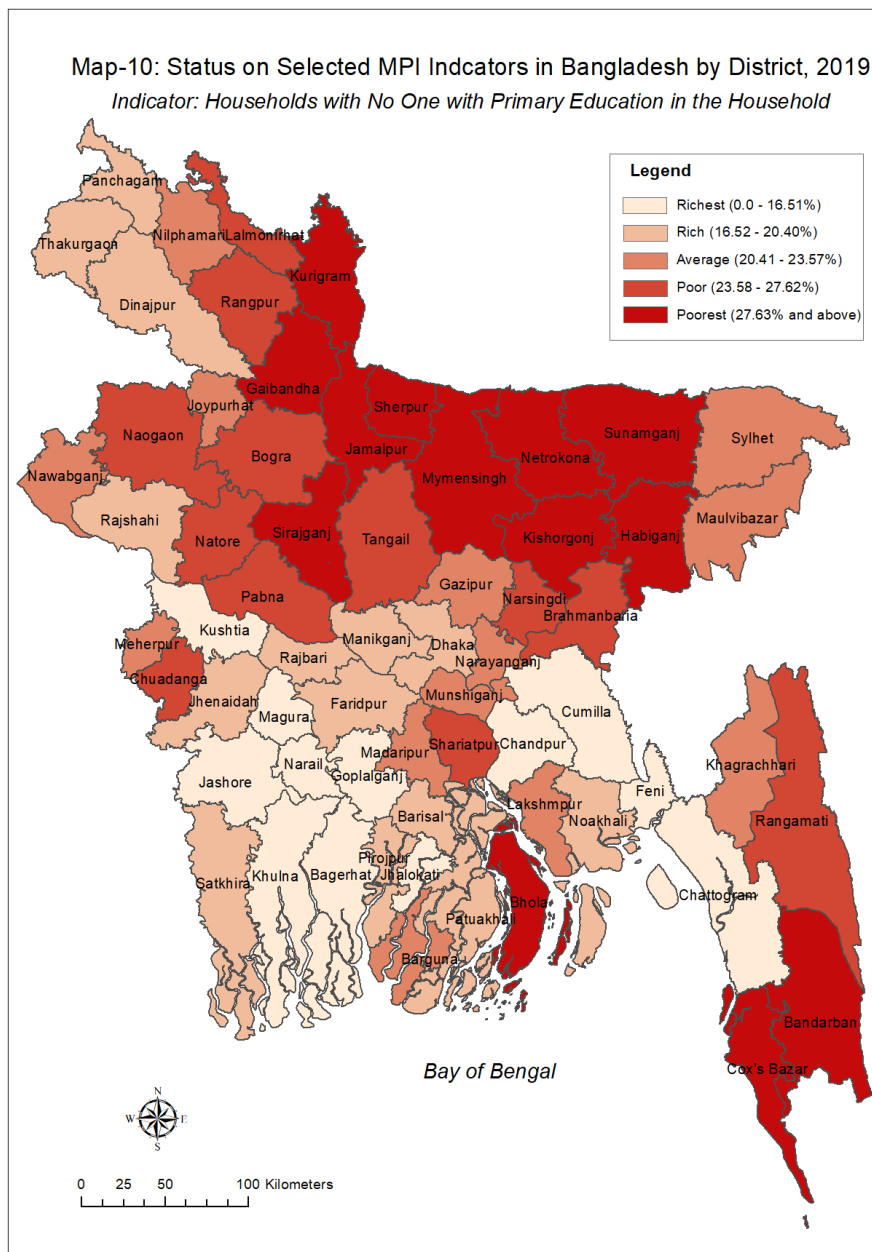
Source: Author's calculation based on MICS, 2019



Source: Author's calculation based on MICS, 2019



Source: Author's calculation based on MICS, 2019



Source: Author's calculation based on MICS, 2019

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(For the Outside of Back Cover)

We have found strong correlations between indicators of marginalisation and income indexed poverty, which partly explains regional variations in the incidence of extreme poverty alongside proximity to economic growth. But we also find a weak link between income and other, multi-dimensional indicators of poverty (maternal/new-born child health, for example). Thus, we have also identified poverty pockets geographically, especially at the *upazila* level—where we can say that the problem is access to support and essential public services like health and education, not just income. And we find extreme poverty to be much more micro-specific and idiosyncratic at the household level, dominated by morbidity with resulting high opportunity costs to other family members in terms of decent paid work and well-being. The study argues for a shift of policy emphasis from the aim of graduation to the aim of resilience.

This leads us to two principal policy conclusions:

- a blended focus upon **poverty pockets**, engaging with multi-dimensional issues by dealing with supply side (services) not just demand side (income support);
- and a **social worker, community service approach** at household level, managed through professional supervision, to mediate with oppressive structures and overcome access barriers.