

# Revisiting Extreme Poverty and Marginality in Bangladesh:

## How Successful are the Policies and Programs in Reaching the Extreme Poor?

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# Revisiting Extreme Poverty and Marginality in Bangladesh: How Successful are the Policies and Programs in Reaching the Extreme Poor?

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## **Abstract:**

The paper explores the current state of extreme poverty and marginality in Bangladesh both conceptually and empirically. It also tries to make comparisons between the two in the context of Bangladesh. In addition, the paper also tries to examine whether and to what extent the existing anti-poverty programs have been successful in reaching out to the poorest in the country. Finally, the paper came up with some suggestions as to how to target the poorest of the poor effectively and help them to overcome extreme poverty.

Traditionally development programs have not differentiated between the severity levels of the poor, treating the poor as a group with similar characteristics and needs that require homogenous forms of assistance. It is now widely recognized that effective poverty alleviation efforts require more than a unidirectional approach, and must be adapted to the specific needs and capacities of people at different levels of poverty. The complex and interconnected nature of the factors that cause, contribute to, and perpetuate extreme poverty suggest that the value of holistic perspectives in unpacking the dynamics of extreme poverty if significant improvement in any aspect of their lives is to be made. This seems to be one of the opportunities as well as challenges of targeting extremely poor households in Bangladesh.

## **Background**

The concept of marginality is used in poverty discourse as a crosscutting issue within a trans-disciplinary framework.<sup>1</sup> Marginality generally applies to socio-cultural, political, and economic spheres in which disadvantaged people fail to gain access to resources and full participation in society. In other words, marginalized people are socially, economically, politically, and legally ignored, excluded, or neglected and are therefore vulnerable to livelihood insecurity (Muller-Boker et al. 2004).<sup>2</sup> Thus marginalization is a process that emerges and evolves uniquely under distinct socio-economic and geo-political environments. Marginalized people are usually discriminated against, stigmatized, ignored, and often socio-politically suppressed on the basis of ethnicity, gender, age, culture, religion, occupation, education, and economic status by the mainstream.<sup>3</sup>

Although spatial marginality is usually linked to geographical remoteness, it may also exist in urban slums of metropolitan cities where geographical proximity is essentially irrelevant. Marginality can be closely related to vulnerability of both people and the environment. Gatzweiler et al. (2011) refer to marginality as the underlying causes of poverty and also include environmental conditions and access to natural resources into their concept of marginality. In addition to physical factors of vulnerability (e.g., fragile ecosystems and scarcity of natural resources), social factors of vulnerability are particularly important to marginality; for example, gender, age, and disability are important components of vulnerability to marginality.

Literally marginalization refers to “the social process of becoming or being made marginal, especially groups within the larger society” (Anita and Uusitalo 1998). Marginalization is seen as a separation from the norm. As such, marginalization is defined as “the process of falling into a marginal position,” where patterns of consumption and use of time differ clearly from the societal average. Marginalization is defined also in relation to the normative average and may signify unemployment, poverty, loneliness or cultural marginalization. It has links to the lack of essential resources related to a normal way of life. In relation to the dominant normality, different individuals or different groups have different ways of coping, based on their varied financial, social and cultural capital. On the other hand, voices of the marginal are less represented in the center of national development processes, policies, plans or programs given the base reality of their nature and type of marginality. Therefore the whole issue of marginality ends with a huge lack of political will and attitude towards development of these disadvantaged groups.

Poverty and marginality are often used as synonyms and thus the issue of marginality often arises when poverty is analyzed. There exist, however, conceptual differences between the two. In fact, marginality primarily deals with the process of marginalization whereas poverty emphasizes more on measuring the condition (Gerster 2000). In many respects, the causal factors of poverty such as inequality, vulnerability, and exclusion are closely linked with spatial and societal marginality. Thus for reducing poverty, it is often imperative to address marginality through correcting social, economic, and other disparities among marginal regions and people. Marginality as a process enhances the understanding of the underlying dynamics and contributes to better comprehension of the relationship between marginality and poverty, as well as implications for vulnerability.

In practice marginality and extreme poverty need to be addressed by going far beyond typical poverty reduction programs. Marginality describes people and groups in situations affected by societal factors and in places at the “edges” of ecological, social, economic, political, and physical systems. In general it can be concluded that most of the extremely poor are marginalized, but not all marginalized are necessarily extremely poor people. It is important to ensure that the options targeted to the extreme poor involve technological, institutional, and financial characteristics that respond to the specific features, capacities, and capabilities of the marginalized social groups and are consistent with their endowments.

The diverse nature and exceptional severity of the constraints on marginal and extremely poor households mean that extreme poverty is qualitatively different from moderate poverty, not merely by a matter of degree. It is generally agreed that the implications of this difference are profound and that reducing marginality and extreme poverty need not an extension of existing interventions, but a substantial rethinking of policies and programs. There are qualitative differences in capacities and livelihood strategies that make the extreme poor very different from the moderate poor from the perspective of poverty reduction strategies and programs.

It has generally been argued that conventional development interventions, such as government programs and microfinance interventions traditionally bypass or exclude the most vulnerable and marginal groups in society. The government programs face a number of challenges in reaching these groups, which include; the large scale of operations, making it difficult to implement specific targeting tools; the lack of awareness and inability of marginal households to engage in procedures and processes for accessing relevant government services and increasing their likelihood of being bypassed; the inability of government interventions to address the complex web of deprivations affecting marginal and extremely poor households; and the pervasive inefficiency and bureaucracy that characterize the

implementation of government programs and which work against the poorest.<sup>4</sup> Microfinance programs on the other hand, although they target poor women, exclude the marginal and extremely poor women for various practical reasons, such as group-exclusion and self-exclusion (Hashemi 1997; Rahman and Razzaque 2000). Some evidence indicates that the poorest do not benefit much even if they join microfinance opportunities and systematic exclusion of poorer households in government and non-government credit programs has also been reported (Kabeer and Murthy 1997; Banerjee et al. 2009). The mainstream governmental and non-governmental interventions with the ability to tackle moderate poverty often exclude the marginal and extremely poor households from accessing services, which are otherwise considered as 'pro-poor' (Amin et al. 2003; Matin and Hulme 2003).

### **Marginality: the Bangladesh Context**

In Bangladesh nearly one-third of the population of around 160 million live below the national poverty line (HIES 2010). It is also the most densely populated country in the world, barring a few small city-states like Singapore. With such a high incidence of poverty, the government has been playing a key role in implementing anti-poverty programs along with non-governmental and other organizations. In poverty reduction the case for government intervention rests on both efficiency and equity grounds. As stated earlier, there exists significant overlap between poverty and marginality in Bangladesh as well, and the marginalized communities have always been and continue to be the outcome of severe socio-economic discrimination. Some marginalized groups, including indigenous people occupying both plains and hilly areas, have a long history of being subject to social humiliation and oppression.

#### *Defining extreme poverty and marginality*

The extreme poor experience poverty in its multiple deprivations, that manifest in having little or no income, employment or education, poor housing, ill health, malnutrition, social marginalization, and the lack of voice and political power. These poor groups subsist at the bottom of the social hierarchy and are defined and characterized using terms such as 'extreme poor,' 'hardcore poor,' 'ultra poor,' 'severe poor,' 'chronically poor,' 'poorest of the poor,' 'chronically severe poor,' and 'marginalized chronically poor.' Although there are some common elements among these terms, their characterization may differ depending on specific context. For example the Bangladesh Bureau of Statistics (BBS) characterizes the 'extreme poor' as those who live below 'the lower poverty line income,' using the Cost of Basic Needs (CBN) method, and 'hardcore poor' as those who cannot meet the lowest minimum daily requirements of 1,805 kilocalories per person using the Direct Calorie Intake (DCI) method. These two definitions also provide different estimates for the rates of "extreme" and "hardcore" poverty in the country. Based on the same 2005 dataset, the extreme poverty rate was calculated at 25.1 percent while the hardcore poverty rate was 19.5 percent.

BRAC uses the term 'ultra-poor' to describe people characterized by certain 'exclusion' and 'inclusion' criteria based on the ownership of land and other assets, income and credit behavior. The Program for Research on Chronic Poverty in Bangladesh (PRCPB) of the Bangladesh Institute of Development Studies (BIDS) emphasizes duration as well as severity as the main criteria for defining and identifying the 'chronically poor.' The PRCPB defines another category of extremely poor as 'marginalized chronically poor,' which includes three broad categories of the marginal poor—those who live in areas that are remote and agro-ecologically unfavorable; socially marginalized groups such as, beggars, abandoned older women, disabled adolescent girls; and those who are alienated, excluded, and/or adversely incorporated based on their social identity, such as poor members of religious and ethnic minorities, street children, and *hijra* (transgender). Sen and Begum (1998) and Seeley and Khan (2005) provide

certain criteria to define and identify the extremely poor households in the country.<sup>5</sup> These criteria point to the fact that the extremely poor belong to quite diverse, heterogeneous, and geographically scattered groups of people. It is therefore quite challenging to identify and specifically target these groups who need special attention in poverty reduction policies.

Despite the concerns with distinguishing between 'extreme poverty,' 'chronic poverty,' the 'ultra-poor' or other similar categories, the broad conceptualization of these terms is far from certain. It is rather difficult to identify a discrete social group that could be labeled by any such category. The term 'extreme poor' implies a certain reification that has certain logic, but lacks the important element of specifying observable characteristics such that the group can be effectively identified. The term 'chronic poverty' implies a timescale, but extreme poverty is a less clear concept.

Marginality in the context of Bangladesh has multifarious dimensions and risk factors; such as occupational and minority identities and living in the remote *char* (vegetated islands and sandbars) or hill areas, which clearly create the necessary ingredients for being marginalized and denied basic public services. The marginalized in Bangladesh are truly powerless and less organized than other citizens to claim their civil rights. Some of them are even willing to exist within the so-called "structure" of society, and by failing to break their silence continue to be oppressed by the powerful social elites. As mentioned earlier the dynamics of power and privilege are also key determinants of connectivity with the mainstream, and those disconnected people are the marginalized.

The marginalization process in Bangladesh as elsewhere depends on three core aspects of policies and practices in society. They are economic, social and political factors that contribute to the process of marginalization either separately or jointly. In Bangladesh there are many examples of the cumulative effects and simultaneous presence of two or more factors of marginalization, which increases the incidence and severity of marginalization. It is therefore important to keep the following issues in mind for understanding marginalization in the context of Bangladesh:

- types of deprivation;
- extent of disadvantageous situation;
- violation of various rights;
- apparent and underlying causes;
- state of psychological construction;
- involvement of second or third parties as contributing factors.

In this context it is important to analyze poverty along with marginality to have a fuller understanding of the situation and to suggest ways to help improve the conditions of the poorest and marginalized communities.

#### *The focus on extreme poverty:*

The focus on both extreme poverty and marginality is justifiable because the two are almost synonymous in Bangladesh. Although there has been good progress in reducing poverty, the extremely poor groups have benefited less from mainstream public assistance programs. Similarly the country has made impressive gains in human development, for example a six-year old from an average poor family in 2011 was many more times likely to attend school, have a nutritious diet, and live a longer and healthier life than a similar child in 1971 or even in 1995. Currently a child also stands a much higher

chance of moving out of the ranks of the poor. Despite such positive changes, the extremely poor households remain largely excluded from such social gains.

In response to identified gaps in targeted programs with respect to the extremely poor households, several experimental interventions have been attempted that focus on the extreme poor, especially female-headed households. The basic rationale behind these interventions is that, unlike other Bangladeshis, the extremely poor people have not been able to move along a progressive socio-economic continuum and rise out of poverty. Rather they have either remained in such conditions over a prolonged period of time or at best oscillated in and out of extreme poverty, and therefore need diverse income sources and social safety nets (SSN) to help them be able to cope with economic shocks.<sup>6</sup>

Table 1 presents some key differences in the characteristics of extremely poor households compared with the average rural households in Bangladesh. For the extreme poor there also exists a pervasive social exclusion, significant gender and age hierarchies, and extremely risk-averse behavior. The extreme poor suffer greater vulnerability to crises as a routine matter, such as a greater likelihood of marital disruption, illness, or death.

**Table 1: Characteristics of extremely poor households relative to selected rural average indicators**

| Characteristic                                    | BRAC defined ultra-poor | Rural average |
|---|-------------------------|---------------|
| Female-headed households (%)                      | 40                      | 8             |
| Households without homestead land (%)             | 54                      | 6             |
| Households that cannot afford two meals a day (%) | 48                      | 8             |
| Under-five mortality (per 1,000)                  | 140                     | 110           |
| EPI coverage (12–23 months) (%)                   | 68                      | 70            |
| Underweight children (6–59 months) (%)            | 64                      | 51            |
| Children wasted (12-59 months) (%)                | 14                      | 12            |
| Mean reproductive rate (per woman)                | 5.45                    | 3.54          |
| Gross enrollment, primary (%)                     | 87                      | 108           |
| Net enrollment, primary (%)                       | 65                      | 80            |
| Literacy rate (7+ years-old) (%)                  | 9                       | 33            |
| Adult literacy rate (15+ years-old) (%)           | 7                       | 38            |
| Households with at least one literate member (%)  | 20                      | 58            |

Source: BRAC (2004).

The characteristics of the extreme poor imply that the targeted interventions directed at reducing extreme poverty need to be designed with the recognition that it is not only economic conditions that perpetuate it. The constraints facing the extreme poor result from a set of social and health conditions that are compounded by the severity of income or material poverty. Interventions designed on the basis of the characteristics and knowledge of the constraints facing the moderate poor may not work effectively for the extreme poor.<sup>7</sup> There is no one right way to reduce extreme poverty. Some successful examples suggest that effective efforts require focus on state-directed strategies that link economic development goals with active social policies so that they reinforce rather than compete with each other. Such strategies need to take into account local aspects of food security, livelihoods, land reform, gender equity, social policies, and participatory democracy as key ingredients.

In addition social exclusion of the extreme poor is complex. It is a situation or process of marginalization experienced by individuals or groups, as well as a process that occurs in societies as a result of the malfunctioning of institutions which in turn leads to the breakdown of social cohesion and the fragmentation of social relations. It is important therefore to put an emphasis on the multi-dimensionality of, and the processes which result in extreme poverty, as well as the agents and institutions associated with these processes, rather than focusing on the poor or the outcomes of poverty.

### **Incidence of and Trends in Extreme Poverty**

The incidence of poverty (including moderate and extreme poverty) has declined in Bangladesh over the past few years (Table 2). As the estimates indicate, overall income poverty has declined from 56.6 percent in 1991–92 to 40.0 percent in 2005 and to 31.5 percent in 2010. Similarly extreme poverty has also declined substantially during the same period.

The incidence of poverty based on dietary calorie-based measures has also declined. The perception based poverty assessment results shown in Table 3 also indicate a decline in both moderate (as reflected in occasional deficit) and extreme (as reflected in always deficit) poverty during the same period. The fact that the incidence of extreme poverty has also declined during the past decades indicates that the issues of extreme poverty have not been fully overlooked in anti-poverty policies and programs.

This however raises the issue of whether extreme poverty concerns have adequately been taken into account in devising anti poverty policies and programs in the country. The rate of reduction of extreme poverty has been slower than that of absolute poverty, especially in recent times.<sup>8</sup> The incidence of calorie based designation of hardcore poverty declined marginally from 20.0 percent in 2000 to 19.5 percent in 2005 (Table 2). On the other hand, the perception-based self-assessed poverty incidence indicates an increase in extreme poverty during 2001–2004 (Table 3). Several other estimates also indicate that the rate of extreme poverty has hovered at around 20 percent in recent years (Ali et al. 2006; Sen and Hulme 2006). Moreover, if we compare the estimates over time, little improvement in extreme poverty situation can be observed (Table 4 and Table 5). This indicates that while the extreme poor have not been fully bypassed, extreme poverty concerns have not been adequately addressed in the country’s fight against poverty.

**Table 2: Incidence of absolute and extreme poverty (%)**

| Year    | Based on CBN method |                    | Based on DCI method           |                               |
|---------|---------------------|--------------------|-------------------------------|-------------------------------|
|         | Upper poverty line  | Lower poverty line | Absolute poverty (2,122 Kcal) | Hardcore poverty (1,805 Kcal) |
| 2010    | 31.5                | 17.6               | ...                           | ...                           |
| 2005    | 40.0                | 25.1               | 40.4                          | 19.5                          |
| 2000    | 48.9                | 34.3               | 44.3                          | 20.0                          |
| 1995-95 | 50.1                | 35.1               | 47.5                          | 25.1                          |
| 1991-92 | 56.6                | 41.0               | 47.5                          | 28.0                          |

Source: BBS (2007, 2011) .



**Table 3: Chronic and severe poverty using monetary and non-monetary measures 2006 (%)**

| <b>Types of chronic and severe poverty</b>       | <b>Based on panel data</b> | <b>CNS data</b> | <b>BDHS data</b> |
|--|----------------------------|-----------------|------------------|
| Long-duration income poverty                     | 32.3                       | -               | -                |
| Severe income poverty                            | 21.8                       | 19.6            | 16.8             |
| Combined long-duration and severe income poverty | 16.9                       | -               | -                |
| Education-based chronic poverty                  | 36.4                       | -               | 28.3             |
| Child-nutrition based chronic poverty            | -                          | 46.4            | 41.4             |
| Maternal nutrition-based chronic poverty         | -                          | -               | 32.9             |

Source: Sen and Hulme (2006).

### **Examples of Marginalized Social Groups in Bangladesh**

In Bangladesh marginalized social groups are mainly minorities in terms of religion, ethnicity, physical condition, remoteness, ecological vulnerability, and occupations. Examples of marginalized social groups include the following:

- Commercial sex workers and their children;
- Ethnic and religious minorities;
- People with physical or mental disabilities;
- Artisans;
- People with HIV/AIDS;
- Chronically ill poor people;
- The landless peasant and rural poor, particularly women;
- Urban slum dwellers;
- Residents living in the Chittagong Hill Tracts (CHT) region;
- The homeless and unemployed and their families;
- Environmental refugees;

**Table 4: Self-assessment of poverty (percent of rural households)**

| <b>Year</b> | <b>Always in deficit</b> | <b>Occasional deficit</b> | <b>Break-even</b> | <b>Surplus</b> |
|-------------|--------------------------|---------------------------|-------------------|----------------|
| 2010        | 4.4                      | 24.1                      | 32.9              | 38.6           |
| 2004        | 11.6                     | 31.9                      | 33.4              | 23.1           |
| 2001        | 9.9                      | 26.3                      | 40.8              | 23.0           |
| 1995        | 18.0                     | 32.2                      | 30.7              | 19.1           |
| 1989        | 24.0                     | 50.0                      | 17.5              | 8.5            |

Source: GoB (2005); BIDS-IEC (2010).

**Table 5: Self-assessment of poverty based on food availability and wellbeing ranking 2006**

| <b>Food availability</b> | <b>% of rural households</b> | <b>Wellbeing ranking</b> | <b>% of rural households</b> |
|--------------------------|------------------------------|--------------------------|------------------------------|
| Always deficit           | 22.6                         | Extreme poor             | 20.7                         |
| Occasional deficit       | 30.6                         | Moderate poor            | 41.4                         |
| Break-even               | 29.8                         | Middle class             | 31.3                         |
| Surplus                  | 17.0                         | Rich                     | 6.6                          |

Source: Ali et al. (2006).

## **Poverty Reduction Efforts in Bangladesh**

### *Commitments to poverty reduction:*

Bangladesh was a signatory nation, along with 189 other nations, to the Millennium Declaration at the Millennium Summit that was held in September 2000. As a follow up of MDGs, Bangladesh is also committed to implement the ‘Sustainable Development Goals’ (SDGs) in which complete eradication of extreme poverty is one of the main goals. The government of Bangladesh has also prepared the 7<sup>th</sup> Five Year Plan (FY2016-2020) where separate target and dedicated strategies have also been outlined to reduce extreme poverty substantially from Bangladesh during the 7<sup>th</sup> five year plan period. The national government is committed to achieving changes in the social development of the poor that go much beyond meeting material needs alone.

### *History of implementation of anti-poverty programs:*

Bangladesh has a long history of implementation of anti-poverty programs. The Rural Public Works Program (RPWP) has been an important policy instrument of the government since the early 1960s to augment employment and income of the rural poor during the lean agricultural season. It has been in operation in one form or another with varying types of emphasis for a long time. One of the immediate responses of the government in the aftermath of the 1974 famine was to open *langarkhanas* (gruel kitchens) to feed the destitute all over the country. Once the worst of the famine was over, the government met relief needs on a more regular basis through the RPWP. In effect the RPWP has something to offer to all extreme poor groups in a labor surplus country such as Bangladesh.

### *Current situation:*

Several anti-poverty activities are currently being implemented by both governmental and non-governmental organizations (NGOs). These efforts contribute to the enhancement of entitlements for the poor, increasing awareness and empowerment, and helping them improve their quality of life. In addition several other programs such as the Food for Work (FFW) and the Vulnerable Group Development (VGD), and construction and maintenance of rural infrastructure efforts, etc. are generating employment opportunities for the rural poor. Several education programs such as cash for education, special stipend and financial assistance, and free primary education also contribute to the human development of the poor. About 58 percent of the government’s total budgetary allocation was spent on poverty reduction activities in 2008–09 in order to achieve poverty reduction targets (GoB 2009b).

The government is currently implementing as many as over 90 different programs (including SSNs) through different ministries and departments in order to support disadvantaged people, including women, children, elderly, and the disabled. These programs include cash-transfer programs, food-security programs, microcredit for self-employment, and funds for poverty alleviation. In order to support these programs the government allocated nearly Tk. 226 billion for the financial year 2011–12, which accounted for about 14 percent of the total national budget and 2.5 percent of the country’s GDP. Some of the important cash transfer programs include: the 100-days employment generation scheme, old age allowance, widow allowance, and disability allowance. Major food assistance programs include the FFW, VGD, and the Vulnerable Group Feeding (VGF) programs.

Resource allocation and the number of beneficiaries in selected social safety-net programs in recent years are presented in Table 6. The table shows that both the amount of resources allocated and the number of beneficiaries have increased over time for each program. Microcredit operations of selected institutions also demonstrated more disbursements, high recovery rates, and reached more beneficiaries over the years (Table 7). These are no doubt positive developments, however, it needs to be assessed whether these were implemented efficiently and equitably, and more importantly to what degree these activities have actually reached the poorest of the poor.

**Table 6: Resource allocation and the number of beneficiaries in selected social safety-net programs**

| afety-net programs                          | Year    |         |         |         |         |
|---|---------|---------|---------|---------|---------|
|   | 2006–07 | 2007–08 | 2008–09 | 2009–10 | 2010–11 |
| Old-age allowance:                          |         |         |         |         |         |
| - Total allocation (Taka in crore)          | 384     | 450     | 600     | 810     | 891     |
| - Total beneficiary (number in lakh)        | 16      | 17      | 20      | 22.50   | 24.75   |
| - Monthly allowance (Taka per beneficiary)  | 200     | 220     | 250     | 300     | 300     |
| Widow allowance:                            |         |         |         |         |         |
| - Total allocation (Taka in crore)          | 156     | 198     | 270     | 331.20  | 331.2   |
| - Total beneficiary (number in lakh)        | 6.5     | 7.5     | 9       | -       | 9.2     |
| - Monthly allowance (Taka per beneficiary)  | 200     | 220     | 250     | 300     | 300     |
| Disability allowance for mentally disabled: |         |         |         |         |         |
| - Total allocation (Taka in crore)          | -       | -       | 60      | 93.60   | 102.96  |
| - Total beneficiary (number in lakh)        | 1.67    | 2       | 2       | 2.60    | 2.86    |
| - Monthly allowance (Taka per beneficiary)  | 200     | 220     | 250     | 300     | 300     |
| FFW:  |         |         |         |         |         |
| - Total allocation of food (lakh m. ton)    | 1.0     | 1.0     | 3.31    | 3.75    | -       |
| - Laborers employed (number in lakh)        | -       | -       | 3.11    | -       | -       |
| VGD:  |         |         |         |         |         |
| - Total allocation of food (lakh m.         | 2.0     | 2.60    | 2.61    | -       | -       |

|  |     |      |      |     |   |
|--|-----|------|------|-----|---|
| ton)                                     |     |      |      |     |   |
| - Total beneficiary (number in lakh)     | 7.5 | 7.5  | -    | 7.5 | - |
| VGF:                                     |     |      |      |     |   |
| - Total allocation of food (lakh m. ton) | 2.5 | 4.44 | 5.44 | 5.5 | - |
| - Total beneficiary (number in lakh)     | 77  | 95   | -    |     | - |

Source: Bangladesh Economic Review (2010), Budget Speech (2009–2011).

#### *Review of anti-poverty programs:*

Various studies point out that the existing SSN programs in Bangladesh provide limited coverage which cannot address the magnitude of extreme poverty and marginality that exists in the country. In 2011 the SSNs covered about 15 million people (9.4 percent of the population) and consequently fall drastically short in coverage for approximately 28 million people (17.6 percent of the population) who belong to the ‘extremely poor’ category alone. Furthermore the SSNs mostly cover the rural poor, whereas the number of urban extreme poor is also large and the nature of urban poverty is more severe than rural poverty in certain respects.

An evaluation of food assistance programs in Bangladesh observed that the VGD, Food for Education (FFE) and VGF programs targeted to the poor reasonably well (World Bank 2003). The study notes that several factors underlie the pro-poor distribution of benefits. First, the targeting criteria used to select beneficiaries narrowed the eligible population to a degree that ensured that more than half of the beneficiary group was from the bottom two-fifths of the population. Second, even among the eligible beneficiaries it appears that local program administrations go beyond the criteria to identify the poor from among the eligible populations. Thus, even among a group of eligible beneficiaries, a person from the lowest quintile is about 2.5 times as likely to be selected for the program as an individual from the highest quintile. Third, in the case of the FFE program part of the reason the distribution is pro-poor is simply because poor households tend to have more children of primary school age.

**Table 7: Microcredit operations of selected institutions**

| Institutions                           | Year      |           |           |           |
|--|-----------|-----------|-----------|-----------|
|  | 2006–07   | 2007–08   | 2008–09   | 2009–10   |
| <b>Grameen Bank</b>                    |           |           |           |           |
| - Disbursements (in crore Taka)        | 5,019     | 5,561     | 7,184.59  | 8,754.51  |
| - Rate of Recovery (%)                 | 98.6      | 98.1      | 97.81     | 97.20     |
| - Number of Beneficiaries (Cumulative) | 7,208,455 | 7,527,700 | 7,904,797 | 8,276,494 |
| - Female Beneficiaries                 | 6,972,351 | 7,290,604 | 7,659,739 | 7,980,581 |
| - Male Beneficiaries                   | 236,104   | 237,096   | 245,058   | 295,913   |
| <b>PKSF</b>                            |           |           |           |           |
| - Disbursements (in crore Taka)        | 1,350     | 1,408     | 1,819.53  | 1,941.70  |
| - Rate of Recovery (%)                 | 98.6      | 97.3      | 98.21     | 98.55     |
| - Number of Beneficiaries (Cumulative) | 7,723,029 | 8,298,335 | 8,262,245 | 8,386,214 |
| - Female Beneficiaries                 | 7,067,455 | 7,627,379 | 7,597,067 | 7,723,712 |
| - Male Beneficiaries                   | 655,574   | 670,956   | 665,398   | 662,502   |

| BRAC                                   | (for 2006) | (for 2007) | (for 2008) | (for 2009) |
|--|------------|------------|------------|------------|
| - Disbursements (in crore Taka)        | 4,261      | 6,232      | 8,428.90   | 7,568.08   |
| - Rate of Recovery (%)                 | -          | -          | -          | -          |
| - Number of Beneficiaries (Cumulative) | 5,310,317  | 7,370,847  | 8,090,369  | 8,359,993  |
| - Female Beneficiaries                 | 5,140,494  | 7,108,155  | 7,796,769  | 8,027,262  |
| - Male Beneficiaries                   | 169,823    | 262,692    | 293,600    | 332,731    |

Source: Bangladesh Economic Review (2011).

The same study, however, observed that even though visible transfer receipts are pro-poor, a large share of budgeted resources did not appear to reach the intended beneficiaries, indicating serious accountability problems. The review also observed that as much as 35 percent of the food grains allocated to VGF, 41 percent allocated to VGD, and an overwhelming 75 percent of the allocations to FFE did not reach any household—eligible or otherwise (World Bank 2003). There are two contributing reasons for the observed discrepancies: (1) the number of beneficiaries observed in the survey was considerably lower than that suggested by administrative records (this is the case with the FFE and VGF programs), and (2) the average amount received by each beneficiary was less than the full entitlement according to program guidelines (the main reason in the case of VGD). Whatever may be the reason, diversion of resources at such massive scales suggests serious failure on the national government’s part to effectively discharge its responsibility to assist the extreme poor.

The World Bank review (2003) also expresses concern that: (1) only one-fifth of the national health spending reaches the poor; (2) geographical areas with poorer health and human development indicators received fewer resources than comparatively better-off regions; and (3) the average patient costs per visit for services at the government facilities were higher for those with lower incomes than higher incomes. After reviewing the old-age allowance program, Majumder and Begum (2008) point out that it has largely been successful in reaching the target population, although they observed some violations in selecting the most deserving candidates. They also observed that the coverage has remained very limited or far below the appropriate level, leaving many eligible citizens outside the purview of the program.

An assessment of social safety net programs in Bangladesh carried out by the World Bank (2005) observes the following:

*“The manner in which some programs have been implemented makes it difficult to evaluate rigorously their impact against their stated objectives. The evidence tells a mixed story, some studies concluding that safety net programs have had a positive role in alleviating poverty in Bangladesh; other questioning whether the programs really do provide a strategy for poverty alleviation or only for consumption or income smoothing. It is also difficult to say whether program participation has increased household consumption and income levels or has had a beneficial impact on human capital accumulation and longer-term income generation. Some studies point to a lack of long-term asset creation and little impact on enhancing educational quality. They conclude that while the programs are valuable in smoothing consumption they do not aid in structural change in poverty.”*

Using ‘64-village census plus’ data collected by the PRCPB of BIDS, Chowdhury and Ali (2006) explored the rate of participation in selected SSN programs,<sup>9</sup> characteristics of beneficiaries, the extent of leakage, socio-economic correlates of program participation, and the proximate determinants of participation. Among the four anti-poverty programs taken into consideration; VGF had the highest

participation rate (6.5 percent), followed by old-age/widow allowance (3.0 percent), the VGD (2.7 percent) and FFW (0.8 percent). Contrary to general expectations they further observe that only about 36 percent of the total program beneficiaries were actually extreme poor (defined using the subjective criteria of food availability throughout the year)<sup>10</sup> and another 39 percent were moderate poor, for a total of 74 percent, meaning that 26 percent of the beneficiaries came from non-poor households. Among the four programs, the participation of extremely poor households was higher in cash transfer programs (old-age/widow allowance), while the moderate poor dominated the other programs.

The above shows that although resources targeting the extreme poor have risen, coverage has increased over time and some of the programs are well targeted; still many of the extremely poor households remained either outside the targeted programs or their concerns remained inadequately addressed. The evaluation of SSNs also indicates that the resources for carrying out social protection programs for the economically and socially vulnerable individuals and groups could be augmented by reducing leakage of resources from the existing anti-poverty programs. Hence, cost-effective and efficient implementation of existing anti-poverty programs could release substantial resources for expanding social protection programs. In fact if the leakages could be significantly minimized the potential for widening the coverage of the programs (FFW, VGF, VGD and old age/widow allowance) would increase by about 33 percent directly.

It should be noted that there is no integrated national policy for social protection and safety net programs in Bangladesh. Therefore the extent, nature and mechanisms of most of the safety net programs undergo changes in an ad hoc manner, especially with changes of the national government. There is also a lack of integration and coordination among the various SSN programs and providers. A number of ministries are involved in implementing and monitoring the SSN programs. Primarily these programs are funded by donors, whereas budgetary provisions are mostly ad hoc and given as block allocations.

### **Limitations in Poverty Reduction Efforts**

Most of the poverty reduction policies and programs suffer from a number of limitations, especially with respect to addressing the needs and demands of the extremely poor groups and creating opportunities for their upward mobility. Bangladesh's poverty reduction policies still concentrate more on reducing the incidence of poverty, but not so much on reducing its depth or severity. This leads to inadequate attention to, and coverage of, the concerns of the extreme poor in mainstream poverty reduction efforts, along with less focus on understanding and addressing their ability to transcend poverty. There is no denying the fact that there still persist knowledge gaps that preclude adequate understanding of the processes that lead to extreme poverty as well as the capacity to effectively target and deliver services to the poorest.

Despite some positive implications of SSN programs, these suffer from a number of weaknesses (World Bank 2003, 2005; Chowdhury and Ali 2006; GoB 2008a; Majumder and Begum 2008) including: inadequate resource allocation, limited coverage, inappropriate targeting, and leakage. Not a single SSN program has nationwide coverage. The inclusion of non-deserving participants and exclusion of deserving ones in the targeted programs is a common phenomenon. Leakages are also common in most other governmental programs and more prevalent among in-kind programs than cash-transfer programs. Funding is inadequate for reaching the vast majority of the extreme poor in the country. There are capacity limitations in the system with regard to targeting beneficiaries and delivering the services efficiently. In most SSN programs, the primary focus seems to be helping the poorest to survive whereas transcending poverty receives inadequate attention.

There are some practical limitations in several anti-poverty programs that lead to the exclusion of extremely poor households from these programs. Microcredit for self-employment is one of them. If there is no eligible member in the household who can effectively utilize credit for income generation, microcredit operations cannot provide benefits to these extremely poor households.

### **Challenges in Targeting the Poorest**

Targeting the extreme poor requires more concerted efforts, as they are heterogeneous, have almost no resources which can act as leverage to improve their situation, and they are spatially scattered. These characteristics require innovative approaches in the design and implementation of programs that specifically address extreme poverty. The targeting of beneficiaries in this category calls for context specific criteria to ensure coverage and avoid leakage in program implementation.

Recently, several government and NGO programs have adopted a more systematic approach to targeting the extreme poor. The BRAC ultra-poor program (CFPR/TUP) targets impoverished rural women and provides a range of assistance including: acquisition of income-generating assets, business development training, enterprise management assistance, subsistence allowance, healthcare facilities, and social support network (Rahman and Ali 2006; Matin and Halder 2007; Ahmed et al. 2009). Combining various targeting approaches and drawing from different streams of knowledge have been the main innovations of the targeting methodology used in BRAC's ultra-poor program (Matin and Halder 2007). The program has made it possible for the beneficiaries to protect and expand their assets and increase their household food consumption (Ahmed et al. 2009).

It is thus important to take into account the complex, diverse and scattered nature of extreme poverty in developing new and innovative programs so that the specific needs of all groups can be addressed within the purview of poverty reduction activities. An important compulsion in moving toward a paradigm that is more supportive of graduation out of extreme poverty would be to:

- look beyond the objective emphasis on reducing the incidence of poverty in order to focus more on the needs of the extreme poor;
- identify context-specific and multiple entry points keeping the diversity of extreme poverty in view and devise programs that serve both immediate livelihood requirements and also assist asset buildup leading to graduation from poverty;
- enhance capacity for targeting and delivering essential services to the extreme poor;
- assess both the survival and income generation needs of the poorest and support sustainable activities;
- devise innovative programs for the poorest including special programs by NGOs;
- undertake institutional measures and implement policies for strengthening both horizontal and vertical linkages of extreme poverty reduction efforts by creating interfaces between micro-, meso- and macro-level compulsions.
- expand the knowledge base surrounding the livelihoods of the extreme poor in order to design appropriate programs for specific groups.

## Concluding Observations

Traditionally development programs have not differentiated between the severity levels of the poor, treating the poor as a group with similar characteristics and needs that require homogenous forms of assistance. It is now widely recognized that effective poverty alleviation efforts require more than a unidirectional approach, and must be adapted to the specific needs and capacities of people at different levels of poverty. Most importantly the extreme poor must be targeted specifically in order to be properly reached.

Social exclusion processes are extremely complex since they involve a range of economic, social, political and cultural phenomena that are often related to each other in many different ways. Deep-seated and extreme inequalities tend to generate structures and institutions that are inaccessible to large population segments, usually because excluded groups lack skills or live in neglected geographical areas. As a consequence vast components of the population are unable to meet such basic needs as food and healthcare. It should be added that the vast gaps separating different social groups are in themselves factors of exclusion, for they aggravate the state of disregard for the neediest.

In addition to economic growth, the strategies of poverty reduction in Bangladesh rely on both broad-based social expenditures and targeted poverty programs. Broad-based social expenditures are devoted to areas including education, healthcare, social security, skill training, and housing. Targeted poverty alleviation programs focus on investing in the human capital of the poor, such as improving food security, promoting income and employment opportunities, improving physical infrastructure in poor (rural) areas, and similar programs. In an environment of inequality that promotes exclusion, egalitarianism as a value lacks social roots. An important factor affecting the severity of the phenomenon of exclusion is in the obstacles to integration of those who have been excluded. This is a problem which is commonly experienced in vulnerable social sectors and that is growing worse because the country's heterogeneous structure is an obstacle to the success of general measures to all social groups and regions.

The growing awareness and policy interest in the conditions of the poorest groups and their disproportionate disadvantages in accessing resources, services and opportunities, not only bring into the forefront the multidimensional analysis and indicators of poverty, but also sensitivity to the poverty profiles of different groups and regions. A greater sensitivity to people's poverty experiences would suggest how the provision of resources and services might be adopted to make these more suitable and accessible for the poorest groups. More understanding and awareness of the lives of extremely poor people can help identify new social responses targeted to their needs, as neither their problems nor possible solutions are easily understood. The complex and interconnected nature of the factors that cause, contribute to, and perpetuate extreme poverty suggest that the value of holistic perspectives in unpacking the dynamics of extreme poverty if significant improvement in any aspect of their lives is to be made. This seems to be one of the opportunities as well as challenges of targeting extremely poor households.



## Notes

1. Marginality remains a subject of much debate, especially relating to its measurement and how to differentiate it from broader issues of inequality, poverty, and social exclusion (see Klasen 2001; Kabeer 2005; World Bank 2005; Ferreira and Gignoux 2008). The controversy, however, should not obscure the imperative to combat marginalization. As Sen (2009, vii) argues, “What moves us is not the realization that the world falls short of being completely just [...] but that there are clearly remediable injustices around us which we want to eliminate.”

2. Marginality is primarily defined by two conceptual frameworks—societal and spatial. The societal framework refers to human dimensions such as demography, religion, culture, social structure, economics, and politics in relation to access to resources by individuals and groups. The emphasis is placed on understanding the underlying causes of exclusion, inequality, and social injustice. The spatial dimension of marginality is primarily based on physical location and proximity to centers of development, or existing at the edge of, or poorly integrated into society (see Leimgruber 2004).

3. In practice, determining who is marginalized is problematic because there is seldom an agreed definition of the term within a country, let alone across countries. Nevertheless understanding marginalization is one of the conditions for helping people to overcome it. It is important to identify the marginalized in a country in terms of identifiable indicators to make them more visible, to identify areas of concentrated disadvantages, to understand the extent of absolute and relative deprivations, and to suggest remedial measures.

4. The relevant government programs such as wage employment or the provision of productive assets, assume that poverty reduction is a one-step process, such that boosting income alone will help poor households escape from poverty. Similarly the provision of food and other forms of one-off assistance can only help them in smoothing consumption in the face of temporary setbacks.

5. Vocabularies, definitions and/or characteristics of extremely poor groups used by different organizations and studies are presented in Annex 1.

6. For example the BRAC Targeting Ultra-Poor (TUP) Program focuses on reversing three elements of destitution: meeting minimum subsistence needs, accessing key productive assets, and ending dependence on transfers. The TUP program beneficiaries receive small cash stipends to help them meet consumption needs, a productive asset to begin generating their own income, access to health and complementary services such as skills and social development training, weekly accompaniment and support by field staff, veterinary support, and linkages with local elites who act as a vertical social network (see Matin and Halder 2004).

7. For example interventions like the Food for Education Program (or Cash for Education) may reduce the direct and opportunity costs of schooling for the poor, but may have no impact on extreme poor children whose opportunity costs of schooling are much higher, or who may be excluded by the criteria for attendance and performance. Similarly the impact of economic growth may be negative or neutral for extremely poor children if rising economic opportunities translate into employment for these children rather than enrollment in schools.

8. The extreme poverty estimates based on lower poverty line income have not been taken into consideration as these may not fully represent the categories of extreme poverty we are concerned in the present analysis.

9. Four safety net programs ( Food for Work, VGF, VGD, and the old age/widow allowance programs) were taken into consideration in the analysis.

10. For details see Ali et al. (2006).

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