Extreme Poverty and the Need for a New Political Settlement. The Case of Bangladesh

Joe Devine and Geof Wood

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The Extreme Poverty Research Group (EPRG) develops and disseminates knowledge about the nature of extreme poverty and the effectiveness of measures to address it. It initiates and oversees research and brings together a mix of thinkers and practitioners to actively feed knowledge into practice through interventions taking place in real time. It is an evolving forum for the shiree family to both design and share research findings.

The data used in this publication comes from the Economic Empowerment of the Poorest Programme (www.shiree.org), an initiative established by the Department for International Development (DFID) and the Government of Bangladesh (GoB) to help 1 million people lift themselves out of extreme poverty. The views expressed here are entirely those of the author(s).

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INTRODUCTION

Amongst scholars and practitioners, there is a surprisingly unanimous and fairly consistent view about the record of poverty reduction in Bangladesh. On the whole this is a positive and upbeat view. Thus since Independence in 1971, Bangladesh has made notable progress in bringing social and economic benefits to the majority of its citizens. In so doing the country has shed the image of being a development basket case and can now make credible claims to being a global pioneer of development innovations. While Bangladesh offers a narrative of development success, the story is far from picture perfect. Bangladesh remains one of the poorest large population countries in the world, and many of its citizens are highly vulnerable to a number of threats including climate change, global economic and political changes and of course the pace and direction of its internal changes. Notwithstanding its success therefore, Bangladesh continues to face serious poverty challenges, some of which are new and not entirely under the country's control.

For at least a decade now, the language of 'extreme poverty' has moved more to the centre of the development radar[2]. Analytically, the emergence of this term reminds us that poverty is not a homogenous category and allows us to capture some (but not all) of the important dimensions of poverty experience. Practically, it has opened a new policy space for practitioners, activists and researchers to support those most in need in society. This is a timely challenge in Bangladesh. According to the recent Household Income and Expenditure Survey, 17.6% of the country's population is officially classified as extreme poor (BBS 2011). For some time now, it has been argued that most of these people will have been overlooked by or indeed excluded from traditional development programmes (Matin 2002).

The aim of this paper is to set out three broad arguments which bring together insights derived from Shiree research as well as findings from poverty studies in Bangladesh more generally. The paper deliberately attempts to identify and explore links between our research and the wider policy context in Bangladesh, and to open up space for policy reflection and dialogue.

The first of our key arguments is that the extreme poverty is qualitatively different from other experiences of poverty, and that there is a compelling case to devise policies which specifically relate to and address the needs of the extreme poor. The assumption here is that there is little use in talking about extreme poverty if policy responses, be it from government or non-governmental sources, remain the same as before. However this observation needs to be taken a step further and in our second argument, we make use of a distinction between idiosyncratic and non-idiosyncratic poverty from the 2001 World Poverty Report. Thus within the category of 'extreme poor' we find a combination of those who are poor due to idiosyncratic, individual characteristics such as disability,

[1] This paper was first drafted and presented at the 2009 Extreme Poverty Day Conference entitled *Making Invisible, VISIBLE* (October 2009, Bangabandhu International Convention Centre, Dhaka, Bangladesh).

[2] The work of colleagues at the Chronic Poverty Research Centre in Manchester has been instrumental in drawing academic and policy attention to the dynamics of extreme poverty.

mental health, chronic ill-health and morbidity, old age, being orphaned and perhaps desertion and abandonment; and those who systemically (or non-idiosyncratically) experience extreme poverty as a function of exploitative relationships with landlords, employers, moneylenders or *mastaans* through which key assets are expropriated or access to them prevented. The significance of this distinction is crucial. Programmes established to address the needs of the extreme poor risk spending considerable resources in targeting the extreme poor in an enclave way (especially those programmes with donor involvement), often at the risk of ignoring the implication of the richer, political class in the ongoing reproduction of non-idiosyncratic extreme poverty. Enclave approaches resemble the oxymoron of official charity in the absence of rights to entitlements. Our third argument draws from this insight and offers an alternative perspective. Extreme poverty is not a 'problem' of the most unfortunate in society, it is a 'problem' of society itself. If sustainable progress is to be made in addressing the needs of the extreme poor, radical changes are required in society. This aim is encapsulated in our call for a new political settlement in Bangladesh, which goes beyond the immediate programme intervention approach of initiatives like Shiree, and takes us into the realm of generic social protection and effective safety nets. A call for a new political settlement is in effect a call for a revised and more obvious wellbeing regime for Bangladesh (Gough and Wood *et al,* 2004).

This paper proceeds with a brief overview of poverty trends and dynamics in Bangladesh, and then examines the notion of' extreme poverty' itself. This leads to an exploration of the dominant development discourse which has enabled the construction of notions such as 'extreme poverty' and has made them amenable to policy engagement. This discussion allows us to open up an alternative framework for engaging with extreme poverty which calls for a reworking of the existing political settlement and a reorientation of existing policy priorities.

POVERTY TRENDS AND DYNAMICS

Researchers and practitioners have put considerable effort into understanding the complex world of poverty in Bangladesh. From the early 1990s, there has been a particularly strong surge in the number of poverty focussed studies and surveys. In general these have been quite technical and quantitative; and have adopted different methodologies and collected different forms of data. Not surprisingly therefore, these studies have also thrown up very different findings which are not always consistent or comparable[3]. While the volume of work has been significant, it is recognised that our understanding of poverty remains patchy even at the quite technical and quantitative levels of analyses. Both our understanding of and ability to make policy connections with more qualitative insights into poverty dynamics, are of course much weaker. Notwithstanding these caveats, there is some consensus around poverty trends and characteristics. Below we outline the key ones.

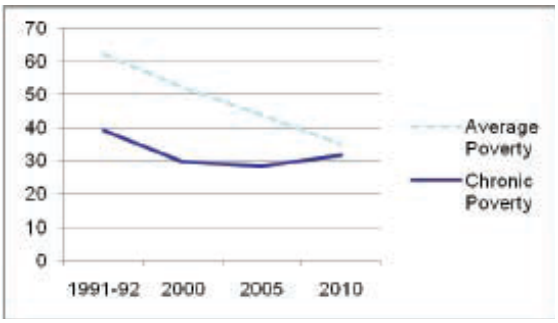
First, according to official figures the number of people living below the official poverty line in Bangladesh has decreased considerably over the years. In the early 1970s, the proportion of the population below the upper poverty line was around 75%, by 2005 this had dropped to 40% (Sen 2003) and in 2010, the figure stood at 31.5% (BBS 2011). From the early 1990s, the pace of poverty reduction increased markedly with an approximate 1.5% reduction rate per year. In the context of South Asia, this reduction rate is bettered only by that of India (Narayan *et al* 2007). A number of factors have

[3] The scope for greater comparability at least for quantitative analysis has increased since the mid 1990s when the Household Income and Expenditure Survey adopted a more consistent methodology.

contributed to this overall success including relatively strong and stable macro economic growth rates, an increase in per capita consumption expenditure; and improvements in key human development indicators such as literacy, health and so forth (Ali and Begum 2006).

The upbeat assessment of growth and poverty reduction in Bangladesh needs however to be treated with some caution. First of all, if we accept HIES estimates, it means that over 50 million people live below the upper poverty line, and over 28 million live below the lower poverty level. These remain extremely high numbers. Importantly, while Bangladesh may have done well in reducing the incidence of absolute poverty, recent research (Shepherd *et al* 2011) suggests that those remaining in poverty are now chronic or extreme poor (see Figure 1). In the future therefore, poverty eradication in Bangladesh will depend on how seriously the needs of the extreme poor are addressed.

Figure 1: Comparison of Average and Chronic Poverties



(Shepherd *et al* 2011)

An important part of the emerging poverty landscape in Bangladesh is the rise in levels of inequality (Sen 2003, Narayan *et al* 2007). This is a relatively new and under-researched area in Bangladesh poverty studies which at the very least, casts doubts on the 'pro poor growth' mantra that finds so much favour among many development experts. If poverty has been reduced in Bangladesh, it has not been an even process. According to the Household Income and Expenditure Survey, the gini co-efficient in Bangladesh fell only slightly from 0.467 in 2005 to 0.458 in 2010 (BBS 2011), suggesting persistent inequality which is likely to have a negative impact on efforts to reduce poverty (Ravallion 2007) and adds a further layer of uncertainty to an already complex poverty landscape.

Significant advances in our understanding of poverty in Bangladesh have come about more recently with detailed analysis of regional variations and spatial patterns of poverty. The rural-urban gap in poverty rates is well established and accepted in Bangladesh. According to the 2010 HIES, the incidence of poverty is 35.2% in rural areas and 21.3% in urban areas, and the incidence of extreme poverty is 21.1% in rural areas and 7.7% in urban areas (BBS 2011). Rural – urban differences therefore continue to be significant. The growth and expansion of urban centres in Bangladesh continues unabated yet the vast majority of the population (75%) still live in rural areas and approximately 82% of the country's poor also live in rural areas (Narayan *et al* 2007). While the rural-urban relation offers important insights into the spatial dimension of poverty, it is the significance of increasing regional differences that has more recently caught attention. In 2009, the Bangladesh Bureau of Statistics produced updated poverty maps of Bangladesh which clearly show the uneven distribution of poverty

across various regions of the country (see Figure 2). District level analysis confirms a clear east-west divide, with the eastern part of the country having a significantly less proportion of its population living in poverty. In contrast poverty in the Districts in the western part of the country has either remained stagnant or has increased. Analysis at a lower level of disaggregation (*upazilas*) provides further insights. A number of important – if not entirely surprising – associations are raised in this analysis. *Upazilas* with greater incidences of poverty are therefore also likely to be more prone to natural disasters; have lower average agricultural wage rates, show relatively lower levels of educational achievement and have limited access to markets (BBS 2009). Given these overall convergences, it is not surprising to find that *upazilas* with higher proportions of their population living in poverty are also likely to have higher proportions of people living in extreme poverty—especially non-idiosyncratic. The opposite observation seems also to hold true. Areas with less incidence of poverty (Dhaka and Chittagong) have greater concentrations of wealth and in some cases, pockets of real affluence.

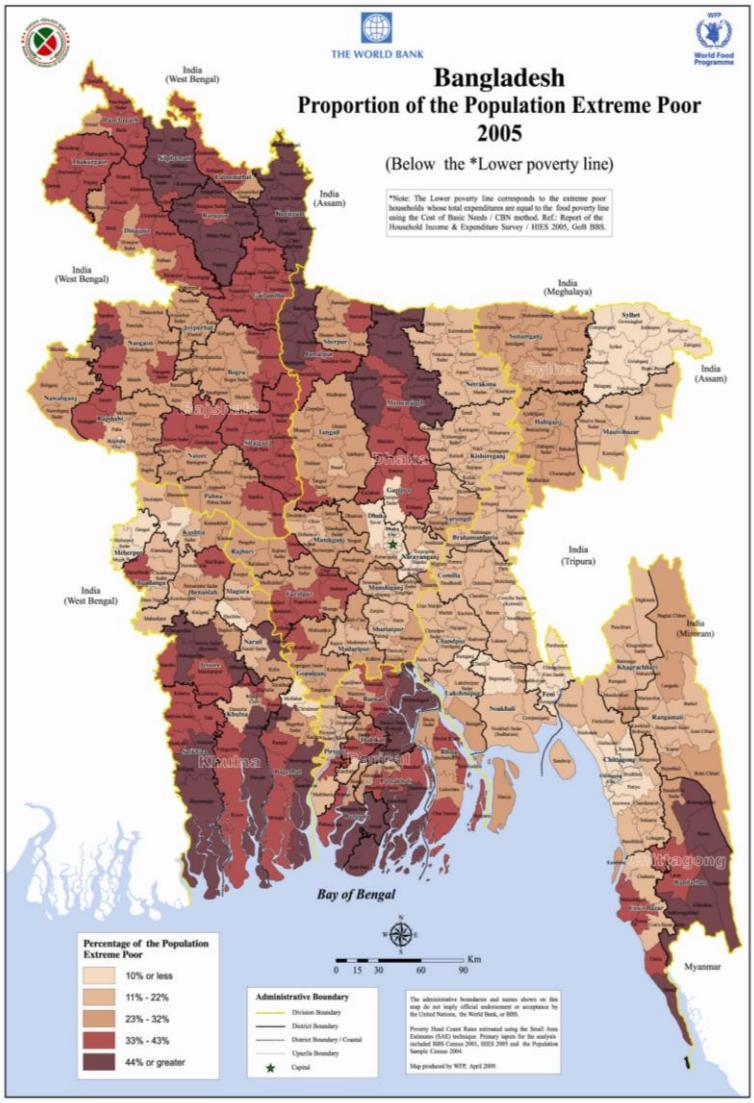


Figure 2: Extreme Poverty Map in Bangladesh
(BBS 2009)

Finally, our understanding of poverty changes has relied mostly on static and time-specific expenditure based estimates. Despite the increasing sophistication of techniques developed to extract and make sense of these estimates, questions continue

to be raised about their comprehensiveness. Some of the predicaments of the status of poverty estimates are well illustrated in recent work by Davis and Baulch (2009). Analysing data gathered from a longitudinal study of poverty transitions, the authors found disagreements between the qualitative and quantitative findings of their study. In trying to make sense of these disagreements, the authors conclude that the qualitative assessment of poverty dynamics (generated primarily through life history methodologies) offered a less optimistic view of poverty reduction in Bangladesh. The narrative that emerged from the life histories is that some households do indeed manage to achieve better quality of life but over a longer time period than what is often captured by survey results. Improvements therefore come about slowly and are normally interspersed with abrupt declines or reversals triggered by lifecycle and structural shocks, hazards and stresses, which are often not captured by conventional poverty estimates. Some households manage to overcome the declines while for others, the initial decline kickstarts a gradual fall into a more entrenched state of extreme poverty and increased vulnerability (Davis 2006). These findings have implications for finite development intervention projects, and strengthen the case for a continuous presence of statutory, rights based support which, we argue, can only come from a revised political settlement.

IS IT MEANINGFUL TO SPEAK OF EXTREME POVERTY?

Officially, Bangladesh uses two poverty lines to categorise the poor. The lower poverty line equates to the food poverty line (i.e. amount of money needed to meet minimum calorific needs[4]) and is used to identify the 'extreme poor', the upper poverty line considers non-food items and is used as a cut-off point to distinguish poor and non-poor. Using these cut off points, it is estimated that around 31.5% of the population (i.e. over 50 million people) live below the upper poverty line and around 17.6% (i.e. over 28 million) live below the lower poverty level (BBS 2011). However, a significant proportion of the population in Bangladesh also live in a very narrow income range. Minute changes to the poverty lines can have a huge impact on the number of people considered poor. While the HIES data therefore gives us an important 'snapshot' of poverty levels in Bangladesh, they are not so good at providing insights into the many households who hover on the margins of the different poverty thresholds. As reported by Marsden in this volume, we came across this challenge in some of the targeting exercises where for the sake of a few taka, people found themselves excluded from the extreme poor beneficiary list. The broad conclusion from this is that it is important to deconstruct the 'extreme poverty' term for its socio-economic and behavioural meanings since these give us greater insights into the important differences that might exist between the extreme poor and the poor. Poverty lines do not capture or shed much light on these differences.

[4] This is estimated to be 2,122 calories per day.

Figure 3: Poverty Headcount rates (%)

	Upper Poverty Lines			*Lower Poverty Lines*		
	2000	2005	2010	2000	2005	2010
National	48.9	40.0	31.5	34.3	25.1	17.6
Urban	35.2	28.4	21.3	19.9	14.6	7.7
Rural	52.3	43.8	35.2	37.9	28.6	21.1

(HIES 2000, 2005 and 2010)

The concept of extreme poverty is often used interchangeably with that of chronic poverty. For many the differences are semantic. We would disagree. Individuals or households can be chronically moderate poor**,** have some productive assets and social networks, and occasionally run short of food. Extreme poor households are distinct in that they tend to have no or very few assets, rely only on their labour power if they are able bodied, and have weak social and political support. As a consequence, they regularly under-consume and live in insecure shelter. In the Shiree programme, partner NGOs developed localised indicators of extreme poverty (see Marsden and Wood 2014), and these have proved to be successful since our analysis demonstrates that the programmes have effectively managed to target the bottom 2-3% of rural households in Bangladesh (see Ali with Devine 2014). Rather than impose a definition of extreme poverty therefore here we look at four key dimensions: characteristics, categories, intensity and social isolation.

Characteristics of extreme poverty

There is no general agreement on what constitutes extreme poverty and what criteria or indicators should be used to identify the extreme poor. Implicit in discussions about extreme poverty is the idea that there are individuals and groups among the poor who have extremely limited, if any, real prospects for social and economic mobility. Those that suffer extreme poverty are therefore likely to remain poor for much, if not all, of their lives. This does not mean that all the extreme poor are condemned to a life of poverty, and it is important to distinguish between different experiences of extreme poverty. Kabeer's (2009) recent comparison of chronically income poor and chronically food poor is illuminating in this regard. While both groups share a level of disadvantage in relation to other less poorer sections of the population under study, both their experiences of extreme poverty and their prospects for quality of life improvements were radically different. Thus the chronically income poor were far more likely to achieve some form of upward mobility in their lives leaving Kabeer to argue that they were like the poor, just poorer. The chronically food poor on the other hand were far more vulnerable and significantly less well positioned to meet even their survival needs. Life improvements for this group were far less likely.

The reason why the extreme poor are more likely to be poor for longer periods of their lives is because by definition they have to deal with multidimensional and interlocked deprivations and hardships which gradually erode even their physical capacity to make positive changes in their lives. In his research into poverty dynamics in Bangladesh, Davis (2006) asked respondents to reflect on why they felt people remained in poverty. This question was trying to tap into perceptions of structural or chronic poverty as opposed to ideas about more transitory or idiosyncratic causes. According to respondents therefore, the main reasons people remain poor are adverse household dependency ratios (i.e. lack of members generating incomes), lack of land, lack of income, lack of employment, idleness and illness. This is a broadly familiar list which

will be found (with perhaps the exception of idleness) in most poverty studies (see Kabeer 2009, Sen 2003 and Ali with Devine 2014). Thus extreme poor households are likely to have their asset base eroded to the point of non existence, suffer from chronic health related problems, experience malnutrition, have low if any level of literacy, and have insecure access to even the lowest paid employment opportunities. The extreme poor however are also rich in liabilities (Davis 2010) in the form of unpaid loans to moneylenders and relatives, unpaid dowry commitments, exorbitant medical payments for chronic illness, and so forth.

It is of course a tautology to state that the extreme poor will possess less resources and assets and more liabilities than other sections of the population. Casting poverty in this way runs the risk of focussing on what are essentially 'poverty effects' (Green and Hulme 2005). The difficulty with poverty effects is that they make us focus our attention on the extreme poor themselves and not on the contexts which force some individuals to become or remain in situations of deep insecurity and disadvantage. The experience of extreme poverty therefore is more likely to be the result of processes and events such as history and trajectories, internal family dynamics (demographics and dependency ratios), social relations, non-systemic attributes, vulnerability to risk, inter-generational cycles of deprivation and so forth. Although these may be more difficult to research, quantify and manipulate, they play a more significant role in determining the way different poverty effects evolve and take shape. Ultimately poverty is socially defined and cast, and thus is not confined to the idiosyncratic conditions of individuals.

Categories of extreme poverty

In Bangladesh space and geography have always been important poverty determinants, and their significance seems to be increasing with changes in demographic patterns, land use, infrastructural developments, human settlements and so forth. The new poverty maps alluded to above (see Figure 2) offer a powerful visual image of the concentration of extreme poor communities in areas which geographically are the most adverse and punishing. In the past, distance and proximity to road, rail and waterways were arguably the most significant geographical variables affecting poverty in Bangladesh. The country has seen major developments in its infrastructure over the last 25 years and this has radically transformed the lives of people, and the opportunities open to them. However even today there are areas which remain remote, isolated and vulnerable. These are usually inhabited by poorer communities and households.

Spatial considerations of poverty are not restricted to geographical variables. For example areas of low productive land have traditionally attracted rural to rural migration with incoming poor migrants having to take on more informal and insecure land titles because of the dominance of coercive landlords and *dacoit* leaders. Thus there is an element of self-selection in geographical areas where poverty is greatest and livelihood options weakest: desperate families coming from highly marginalised positions in other locations and pushed by factors such as population pressure. Arriving in new areas of settlement, they often find that they have only each other, low-level reciprocity, to rely upon; and crucially no supportive networks to link them to employment and credit. This is evident not only in rural and remote areas. Patterns of settlement in urban slums, for example, see poorer households with no existing networks initially residing in those areas of the slum that are considered worse and are less 'protected'.

A second dimension which helps us think of different categories of extreme poverty distinguishes between forms of poverty that can be described as systemic (i.e. non-idiosyncratic) and those that result more from chance or random occurrence

(idiosyncratic). We agree with Davis (2007) that this kind of distinction is not without its difficulties. Thus for example among the extreme poor, there is a very high percentage of female headed households. Is this the result of random or systemic determinants? Not having adult male members in the household may not be systemic but not being able to access particular employment opportunities because you are female is of course the result of wider relations and norms. However the distinction between idiosyncratic and non- idiosyncratic forms of poverty raises important questions which have immediate policy relevance. Thus cases where the condition of extreme poverty is tied to idiosyncratic characteristics such as disability, age, mental health, being orphaned and so forth, require different responses from other cases of extreme poverty which are linked to more systemic characteristics such as expropriation of productive assets, restricted market opportunities, infra-subsistence wages, lack of access to adequate health care and so forth.

Intensity of extreme poverty

> "We are caught up in a complex knot ….other poor people also get caught up from time to time in a knot, but their knots are simpler…you can easily detect the source and do something about it….our knots have many sources…often pulling on one carelessly only makes the knot more complex" (Matin *et al* 2008).

Much has already been made of the fact that extreme poverty infers a form of vulnerability that is extended in time and even across generations (Hulme and Shepherd 2003). We would take this further by arguing that what characterises extreme poverty is its persistent intensity. In so doing we wish to highlight not only the duration of extreme poverty over time, but also the way it penetrates and affects all aspects of life on a day to day basis. This sense of pervasive presence and intensity is captured well in the quote cited above. There are three key aspects to be considered here. First of all, extreme poverty is characterised by the interlocking of various disadvantages which play on each other and evolve into something which, like a knot, is not easy to subsequently disentangle. Poverty effects accumulate more rapidly if you are extremely poor, giving you less to get on with your life but also exposing you more to further deprivation and disadvantage. Second, for the extreme poor the severity of poverty effects is likely to be greater and more profound than in other cases of poverty. Being poor restricts options, being extremely poor erodes at life itself. Finally, because the severity and accumulation of poverty effects are greater among the extreme poor, their impacts will be felt more in both short and longer terms. Thus it is fairly well established in the poverty literature that illness is one of the most powerful poverty determinants (Kabeer 2009, Davis 2006, Sen 2003, and Devine *et al* 2014). When members of an extreme poor household fall ill the consequences for the entire household can be devastating. This is because the extreme poor tend to rely much more on physical manual labour to survive. Even one day not working has an immediate impact on the household with changes to the amount and quality of food intake most likely to occur. Over a relatively short period of time, the force of the impact increases: some of the scarce household resources may have to be sold in order to survive. Then not long after, other decisions are taken which could reproduce the effects of the illness amongst household members and across generations: children may be kept away from school and sent to work instead; households may split up. As this process unravels, the household faces increasing hardships with less capacity thus making its members even more vulnerable to future health crises, malnutrition, and more fragile earning opportunities. There is a greater probability of irreversible downward spirals.

Prevention of these spirals (or social protection against the probability of them occurring) is arguably more important than thinking in terms of graduation.

Poverty studies have a way of reinforcing the idea that poverty is an essentially transitory phenomenon. We typically talk of therefore of people moving in and out of poverty, and studies try to identify the determinants of these 'churning' movements[5]. The assumption is that with the right kind of support people will then be able to overcome their poverty. Are these assumptions valid in the case of extreme poverty? Is extreme poverty transitory? We hope so and are convinced that in some, but not all, cases people can get out of extreme poverty. However if we accept that the experience of extreme poverty is persistent and intense and carried through generations, it follows that the movement from extreme poverty to a more secure livelihood position will require longer term and multi-stranded support, preferably within a predictable framework of rights based security in order to have recipient behavioural effects. Just as the knot appears not to have a single source, there is no single determinant of extreme poverty which can be isolated and then made better.

Social isolation and extreme poverty

Poverty studies in Bangladesh are dominated by surveys, impact assessments and quantitative analysis. Some of this has made very positive contributions to our understanding of poverty. Much of it however has contributed, perhaps unwittingly, to a pathologising and abstracting of the poor. Typically therefore, quite a narrow list of resource or asset deficits of the poor are identified, programmes are then built around these deficits, and both monitoring and evaluation look at changes in the status of the same deficits. As stated above, the effect of this is that certain aspects of the lives of the poor become the dominant focus of attention and the wider contexts in which poor people play out their lives is either ignored or given scant attention. The risk of this kind of approach is that it mis-specifies the experience and dynamics of poverty. An alternative approach to understanding poverty anchors analyses not in the 'deficits' of poor households but in the social, political and economic contexts which converge to determine the survival and livelihood options open to poor households (Wood and Gough 2006). In other words, a more structural or relational approach to poverty dynamics. This relational approach locates the experience of poverty in a wider institutional and contextual framework and finds in the latter the factors which result in some people living their lives in poverty. People's poverty therefore is assessed not in isolation from but in relation to processes, institutions and events which inhibit or enhance people's quest for a better quality of life.

This kind of approach we suggest is particularly relevant to our discussion on extreme poverty and is encapsulated nicely in the distinction Bangladeshis make between those who have nothing (*amar kichu ney*) and those who have no-one (*amar keu ney*) (Devine 2002). Often excluded and certainly distant from formal programmes of assistance, poor people in Bangladesh rely much more on localised forms of support (i.e. friends, neighbours and family). One of the key differences between the poor and the extreme poor therefore is that the poor have more prospects of retaining networks and social inclusion, even if these come with very unfavourable conditions. They are more likely to

[5] There is, as inferred earlier, some 'leap of faith' built into these kinds of approaches. Even when different poverty outcomes and patterns are identified, it is never clear for example why certain households manage to 'move out' of poverty and others fail to do so. Is it for example because of specific attributes among members of the household, or their aspirations or sense of entrepreneurship? Or do households move in and out of poverty because of some element of good or bad fortune.

be members of wider kin identities from which mutual support, reciprocity, can be called upon. They are also more likely to be still counted in the political calculations of others. In other words they are not entirely bereft of social, cultural and political resources. As a result, they have more prospects of access to employment, credit, assistance and protection. This allows the management of some level of stable survival and puts the poor in a position from which they can at least attempt to discuss entitlements and rights.

The extreme poor, by definition, fall into a very different social category of poverty. They do not have the relative luxury of being able to call on dependent relations[6], have little value in the eyes of political leaders and indeed to the modern political economy (Harriss-White 2002). This was clearly demonstrated recently when one of us witnessed the eviction of a young mother with three children from a slum in Dhaka. When we asked about the reason for the eviction, we were told that she had not paid her rent. During discussions, it became clear that many in the slum were equally indebted and were always late with rent payments, and yet they were not under threat of eviction. It turned out that in the case of the young mother, the eviction had come about because the husband of the young mother had recently abandoned the family, leaving the woman 'with no-one' (*tar keu ney*). The financial debt was almost irrelevant. The lack of male representation and guardianship made the women more socially remote to effective intermediation, and this irretrievably weakened her already quite informal entitlement claims. This then was a case of 'social expulsion' (Green 2009) rather than a lack of social capital.

Being cut off from effective intermediation forces people to 'make decisions' that are based on complex trade offs, calculations and gut feelings. The immediate reaction of the young woman in the slum for example was to offer her youngest child for 'adoption'[7] – the reason we were taken to talk to her. If this was not successful, she hoped to send all the children to her parents' home but feared her parents would not offer shelter. Suspecting this, she had asked neighbours to recommend her to people living under plastic covers at the side of a nearby railtrack. If all else failed, this would be her new home – if she finds space. As soon as the husband abandoned the house, the mother was also forced to take her children out of the school. This was not a financial decision. Her fear was that with no adult male in the house, she could no longer protect her children. Immediate survival therefore took precedence over longer term hopes and ambitions.

SITUATING THE EXTREME POOR WITHIN A POLITICAL SETTLEMENT – CONTESTING POVERTY HEGEMONIES

To date in Bangladesh the main instrument of social development for poverty elimination has been the mobilisation of the poor into small groups for mutual support for individual petty trading, as well as for joint financial liability, group business activity, employment generation and natural resource management. These activities are often serviced by microfinance to individual group members. For the purposes of this paper, we refer to this model as the Group Mobilisation and Individual Entrepreneurialism model (GMIE). These small groups have in many instances been encouraged into wider levels of federation for acquisition of *khas* land, forest areas and water bodies as well as access to other services, improved wages, better sharecropping conditions and so forth. In some cases, these federations have also participated or indeed organised public

[6] They cannot even make Faustian bargains (Wood 2003)

[7] This is put in inverted commas because the inference from our conversation is that the child was more for sale than adoption

rallies and protests seeking broader political objectives or protesting against specific atrocities. Much of this wider mobilisation has been conducted by NGOs either regionally located like Uttaran or more rarely of national significance like Nijera Kori or in the past Proshika and GSS. The mid 1990s was perhaps unique in that it witnessed some of the largest scale manifestations with the participation of almost the entire NGO sector in coalition with other civil society activists (Devine 2009). More recently it is true to say that these large mobilisations have been scaled back but regional and local ones continue. The scaling back of public mobilisations reflects a wider trend observed in the NGO sector which has seen NGOs shift the focus of their operations to service provision and the development of corporate level businesses (especially the case for larger NGOs) and away from social mobilisation (Devine 2003). Most have relied heavily upon variants of the Grameen Bank inspired microfinance model. There are of course many ongoing and unresolved debates about this model, and most of these have direct relevance for discussions on extreme poverty. Is therefore microfinance structurally transforming of the economy through a dispersal of meaningful economic opportunities, or performing a more limited welfare function of liquidity management and consumption smoothing, albeit reducing dependence upon other more exploitative forms of borrowing (Wood 2001)? Does microfinance give people sufficient confidence to think and plan differently about the future, thus increasing a propensity to invest in it, indicating their lower rates of discounting? Can individual recipients of microfinance set up their own financial institutions (ROSCAs and ASCAs) to share risk in a persistently precarious environment or are such institutions ultimately too narrow and small to offer this kind of security? Are microfinance initiatives more suitable for individuals able to share joint liabilities through regular contributions and repayments, in other words for the productive poor but perhaps not for other groups of poor? Finally, what are the gender implications of focussing microfinance interventions upon women in relation to their power and autonomy in their respective households?

The poor who have been traditionally targeted by development NGOs are considered to be landless, or at least functionally landless in having insufficient own land for subsistence. Initially programmes focussed on off-farm employment generation through small trading businesses and agricultural services as well as some small scale manufacturing and artisanal products. Since the start of these programmes in the late 1970s, the country has experienced significant urbanisation, including rurbanisation, which has changed the exclusively rural focus of these opportunities. In some cases, there have been attempts to move up the business ladder and engage in larger scale, more significant economic activity. This started with initiatives such as the landless irrigation approach (Wood and Palmer-Jones 1991), but has been followed up with rickshaw businesses, social forestry, aquaculture, labour contracting societies (Wood 1994), common property management of acquired *khas* land, and contract farming.

Although NGO activity in Bangladesh continues to attract both favourable and critical attention, there is no doubt that NGOs have played a significant role in reducing poverty in the country. But the tough question to ask is whether these NGO led programmes have in effect been picking off the low hanging fruit? This question is partly legitimised by other observations which highlight the privileging of particular groups of poor over others. In her analysis of wider perceptions of poverty in Bangladesh, Naomi Hossain notes that:

> the national elites' preferred strategies for tackling poverty involve a de facto classification of the poor, into those with the potential to be economically productive, and those who lack such potential. Such a classification effectively replaces the emphasis on the homogeneity of the poor, by sanctioning distinctions between those poor people who should

> receive assistance, and those whom it is permissible to neglect. Crucially, it is the poorest and those least able to help themselves whom national elite discourse treats as the lower priority (Hossain 2005:965)

It may not have felt like it at the time, but on reflection the majority of NGOs were indeed working with 'economically productive' poor groups who had some of the resource profile to respond to matching investment, and who could benefit from external support for self-help behaviour entailing elements of socio-political risk as well as economic risk. In other words, those considered not to be potentially economically productive were not part of the 'target group'. Beneficiaries were certainly poor and highly vulnerable to hazards and shocks. The greater proportion were highly dependent upon local landlords (however small themselves) for land to sharecrop, for employment opportunities, for domestic labouring opportunities for female family members and for raising debt without high transaction costs. A descent into greater poverty was therefore a permanent threat, exaggerated by demographic pressures on land access, seasonal local labour markets, and cyclical disasters via flooding and tropical storms. They could, in other words, become extreme poor if they had back to back bad luck as external events interacted with life-cycle events of the family (Sen 2003, Davis 2006).

So perhaps the low hanging fruit idea is misplaced, but we do have to acknowledge that many NGO programmes were premised upon a prevailing assumption about able-bodied poor people with the energy to work and struggle (not least the energy to travel to evening meetings with NGO mobilisers after a day of heavy work). And, we need to be clear, few would suggest that the majority of these more socially and economically active poor have 'graduated' to levels beyond those that modestly indicate some improvement in income and nutrition, and some cushion against routine family hazards. They remain highly vulnerable to larger extraordinary crises and macro political, economic or social changes.

These socially and economically active poor have performed another key function at the macro level, by proxy. As constituencies of NGOs in Bangladesh, they have provided legitimation for the same NGOs to represent their interests in national level political debates and with donors. Thus although their direct voice may be passive, through the intermediation of NGOs they have indirectly participated in policy debates. In that sense they have been part of the process of constructing a political settlement in the society about social policy. However their interests have been represented as economic empowerment via small scale entrepreneurial activity, reinforced as necessary by local group behaviour—GMIE in other words. This has become the template upon which a poverty reduction consensus has been written, the panacea for Bengali development, its defining idea. The strength and hegemonic nature of this consensus has been a political triumph for reformist middle classes (Hossain 2005) unwilling to contemplate structural change or a more progressive distribution of benefits. Indeed the success of the GMIE model in many ways absolved middle classes and their political leaders from having to directly engage with poverty in their midst.

This pro-poor development hegemony was the cradle within which other forms of poverty, including crucially the notion of the extreme poor, were constructed for policy purposes. Thus the formation of the Challenge Fund for the reduction of extreme poverty reflected this hegemonic position, as evidenced in its title 'Economic Empowerment of the Extreme Poor',which later became knows as EEP-Shiree. But it had its predecessors in the approaches taken by BRAC, and then in the Char Livelihoods Programme. So the extreme poor have, by this process, been incorporated into the GMIE hegemony, irrespective of any argument that the 'extremeness' of their poverty may inherently contradict the appropriateness of the GMIE formula. They have unwittingly

been drawn into the legitimation of a particular political settlement, at least the one favoured by an alliance of donors and some political leaders in the country.

However this near hegemonic approach to poverty reducing development is contested by other forces in the society: the social protection lobby within the government and now increasingly among donors, supported by philanthropic traditions within civil society, including crucially those drawn from the *ummah* and Islamic culture. It is also fair to observe that some of these traditions existed within some NGOs themselves. Thus BRAC had its origins in a more philanthropic, Islam driven culture from the Sylheti diaspora in the UK. Its initial work was centred around the concept of 'relief' in the devastating aftermath of the liberation war. Likewise other NGOs. But as that generation of NGOs became the clients of western development, so other forces have emerged in the society supported by petrodollars, and later remittance income, focussing more upon relief, orphanages, health and religious education. These forces resonate more closely with that fraction of Bengali society which sees status and salvation in good works, having an approach to development which is also paternalistic reflecting prevailing hierarchical forms of social structure and relations.

Contestation in society was presented as between these secularised GMIE notions of 'empowerment' and 'graduation' and those favouring the continuation of more traditional relations, where the acceptance of social protection confirms the subaltern condition of being poor in Bangladesh and consolidates the privileged position of patrons. However a more accurate version of this contestation should be between the GMIE hegemony and those who recognise the case for distinguishing between types of poverty, and who thus accept that GMIE may be appropriate for the socially and economically active poor, but not necessarily or always for all the extreme poor. At the heart of this contestation is a drive for alternative, more appropriate forms of support for the extreme poor such as social protection programmes and safety nets. On both sides of this contestation are the socially concerned middle classes acting as intermediaries and representatives of the poor, voice by proxy, the self-appointed protagonists of a political settlement about the future of social policy.

To reinforce this point, in both operational and conceptual terms, it seems as if 'extreme poverty' is being understood as 'more poor than poor'. Such understanding, or rather misunderstanding, has underpinned programmes which continue with 'business as usual'. Instead, by differentiating the experience of extreme poverty, whether idiosyncratic or non-idiosyncratic, from that of 'general poverty', we are implicitly making an argument for qualitatively different interventions and responses. There is no point therefore of talking about extreme poverty, if our policy reaction is going to be the same as before. This raises immediate challenges to policy designers, whether foreign or Bangladeshis. The GMIE 'business as usual' approach relies upon counterpart social and economic action from those targeted, as if they are simply 'more poor than poor'. In contrast, we argue that the GMIE formula may not be appropriate especially in cases where counterpart capabilities are not realistically forthcoming. In such cases, we need interventions that adopt different forms of social protection, safety nets and asset transfer.

But a stronger and sustainable focus upon social protection for the extreme poor requires a political settlement in the society around social policy. Reaching an appropriate settlement requires a deliberate political debate about the intersections between poverty, growth, rights, responsibility and redistribution. It requires a political debate about what it means to be a citizen in Bangladesh, especially with respect to widening the tax base for social policy. Thus such debate brings into play the state in terms of its legitimacy, capacity, competences, and its framework of governance. Some

might argue that Bangladesh is not yet ready for that debate, given its overall conditions of poverty, standards of living and narrowness of its potentially tax paying middle class. We disagree. We are now 41 years beyond the country's independence. The country has experienced steady growth, low inflation, urbanisation, significant inward remittance flows from migration and export of labour, expansion of its infrastructure and the discovery of substantial gas reserves. It has rebuilt its intellectual and human capital base. It is a dynamic society, despite its persistent large scale poverty. However the latter has also been persistently deployed as an alibi by successive governments in Bangladesh to maintain a dependency upon aid for much poverty reducing social policy, thus avoiding and postponing an internal debate about the formation of a fundamental political settlement which reflects the values of Bengali society.

Within this requirement for a political settlement in society, the deconstruction of the extreme poor is nested within capability arguments, associated with Amartya Sen (2005). The reference to capabilities links the extreme poor via functionings to the process of both forming a political settlement as well as enacting it. We argue that the characteristics of extreme poverty entail forms of exclusion and dependency which disable the extreme poor economically and politically, thus requiring forms of intermediation and representation from other parts of the society. This proposition certainly questions the notion of empowerment as a realistic assumption when applied to the extreme poor. Whereas with other types of poverty, the strategic objective is to develop empowerment as the basis for voice and rights claiming in the society, can that objective be applied to the extreme poor? In the socio-political structures of Bangladesh, even those close to the poverty line or 'mobilised graduates' engaging in collective action are rarely representing themselves directly. Typically, political parties, NGOs and local leaders are doing that job via their patron-client hierarchies (Devine 2009, Devine 2006, Wood 2003). The poor are therefore *de facto* coopted into extant forms of powerholding. Their interests are mediated via representatives, 'elected' or self-appointed - the contrast is a little blurred in reality – exposing them in the process to elements of uncertainty and in some cases violence (Devine 2007). What realistic prospects therefore are there for the extreme poor to exercise their voice independently? Once the capability test is applied, more sociologically than Sen, we start to inject a note of realism into the empowerment jargon. We find the emperor has no clothes.

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