



THE STATE OF EXTREME POVERTY IN BANGLADESH

Learning and outcomes from the shiree programme

October 25, 2011

Introduction

According to the 2005 Household and Income and Expenditure Survey, 25.1% of households in Bangladesh lived in extreme poverty. By 2010, the figure had fallen to 17.6%. This reduction confirms that Bangladesh continues to make meaningful progress to reduce levels of poverty in the country. However with an estimated population of almost 160 million, today there remain around 28 million people living in extreme poverty. This poses a daunting development challenge especially when we consider future population projections, and the country's overall vulnerability to climate change and natural disasters.

By definition, the extreme poor suffer multiple and interlocking deprivations which are likely to negatively affect their entire lives and in many cases, the lives of subsequent generations. The extreme poor have scarce or no productive assets and are mostly illiterate. They therefore entirely depend for their livelihoods on the quantity and quality of the labour at their disposal as well as on relations of support. Their labour tends to be inadequate or impaired because of poor nutrition or health.

Consequently, the extreme poor find themselves entangled in a series of knots or traps. This brief summarises some key outcomes as a result of shiree interventions and identifies issues of general relevance to the analysis of extreme poverty across Bangladesh.

Economic Empowerment of the Poorest

The Economic Empowerment of the Poorest (EEP) programme is a partnership between the Government of Bangladesh (GoB) and the UK Department for International Development (DFID)/UKaid to lift 1 million people out of extreme poverty by 2015. The programme is implemented by a number of national and international NGOs operating throughout Bangladesh. The name shiree – the Bangla word for 'steps' and an acronym for "Stimulating Household Improvements Resulting in Economic Empowerment" reflects the core approach of the programme which is to provide extreme poor households with the support needed to start and to continue climbing out of extreme poverty.

All of the partner NGO programmes entail some element of asset or cash transfer. This approach is important because assets have an immediate impact on extreme poverty, and also enable households to both manage risk and make investments in the future.

Shiree is committed to lesson learning and advocacy. In collaboration with its partner NGOs, it runs an extensive Change Monitoring System (CMS) which incorporates both qualitative and quantitative data tools. 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.

In this brief, we draw on lessons which emerge from CMS 3 (quarterly surveys) and CMS 5 (life histories) carried out mostly between March 2010 and March 2011. There are over 80,000 extreme poor households from within which the CMS3 and CMS5 samples are drawn.¹

Key Highlights

1. Household Dynamics and Demographics

- Just over 40% of beneficiary households are female headed compared with about 10% nationally (HIES 2005). Women who become primary breadwinners are often restricted in terms of the kind of work they can do and the amount of remuneration they receive. Female headed households are also more likely to withdraw their children from school in order to strengthen household earning capacity.
- Female headedness also occurs 'silently' within marriage. Women can be forced to assume the entire responsibility for the welfare of households in cases where husbands are either impaired (age, disability and so forth) or spend their earnings on alcohol, drugs or other addictions. Dowry inflation continues to burden extreme poor households and early marriages are a common way of keeping dowry demands low. However younger wives can also be abandoned with their children if dowry demands are not met, or are forced to become the main breadwinners for the joint family. Cases of domestic abuse are not uncommon.

¹ For more information about shiree and the CMS visit the Extreme Poverty Monitor at: <http://www.shiree.org/content/cms-overview>



from the Department for
International Development

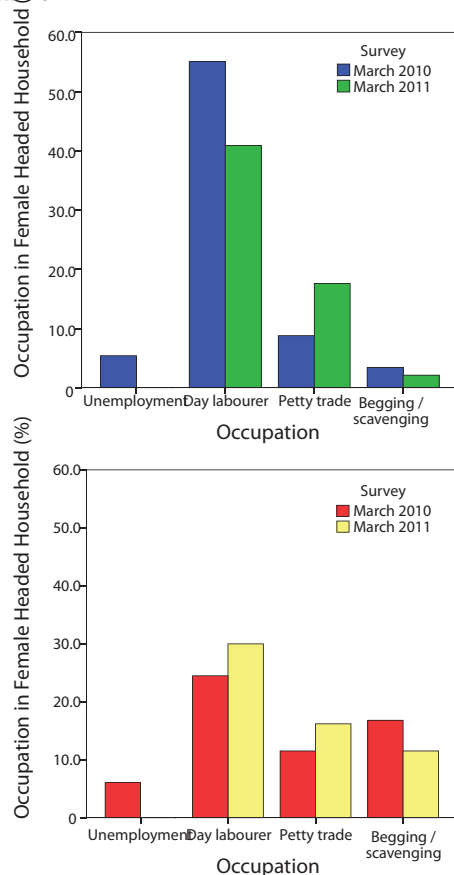


- In the March 2010 shiree survey, the mean family size was 3.32, which is much lower than the 4.50 reported in the 2010 HIES. There was a small, but highly significant, increase in family size between March 2010 and March 2011 (increase from 3.23 to 3.48, with $p < 0.001$). The high prevalence of small households among the extreme poor reflects both the breaking up of joint families and the departure of males from their parent's house usually on the occasion of marriage. In the former, more able members of households decide to separate from the weaker, often non-earning, members. The increase of household size in 2011 is intriguing. It suggests that when welfare conditions improve, households may come back together again.

2. Employment

- Between the March 2010 and March 2011 surveys, unemployment fell to zero while petty trading increased substantially for both male and female headed households. Among male headed households, day labouring fell substantially while for female households, it rose. Begging still remains an important source of income for over 10% of female heads.

Main occupation (%) of male and female headed households in March 2010 and March 2011



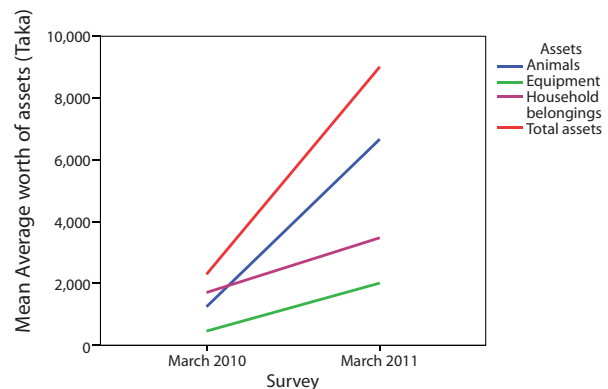
- Day labouring seems to have become a default option for those women considered to have 'less business skills or acumen.' This suggests the gender sensitivity of IGA projects can further be improved.

3. Assets, income, expenditure patterns and savings.

- The financial situation of beneficiary households has improved between the two surveys. Overall, the average value of assets

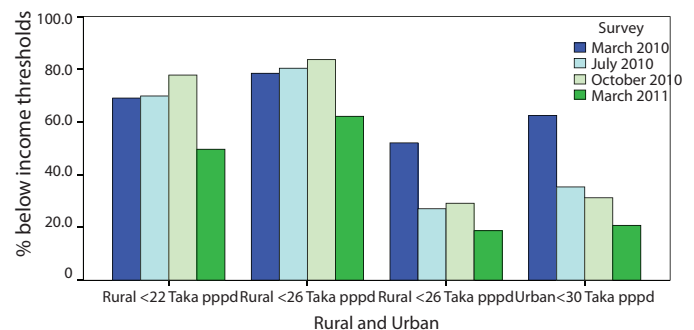
increased from 2,296 Taka to 9,012 Taka. There was a significant increase in the percentage of households owning land, up from 14.6% to 28.3%. This increase mostly reflects the success of partner NGOs working on khas lands or making sandbar areas cultivable.

Average worth (Taka) of assets in March 2010 and 2011



- There were significant changes in household income and expenditure levels. The percentage of rural households on < 22 Taka pppd fell from 70% to 50%, and those on < 26 Taka pppd fell from 80% to 62%. In urban areas a more striking pattern emerged with the percentage of households living on < 26 Taka pppd falling from 50% to 19%, and on < 30 Taka pppd from 33% to 21%.

Percentage of households below per capita income (Taka pppd) thresholds



- There was an overall 24% increase in expenditure between surveys. Male headed household expenditure was greater than female headed by on average 1,168 Taka. Expenditure in urban areas was also double that found in the rural areas.
- By March 2011, all households had some cash savings (up from 37% in March 2010) and the mean savings had increased from 444 Taka to over 1,100 Taka on average.
- Asset transfer projects inevitably lead to improvements in household finances. Some have criticised these projects because they create welfare dependency. The findings suggest the opposite: in cases where extreme poor households can be economically active, they are very capable of re-investing cash or income to create a more diverse portfolio of assets and support new income generating opportunities. Evidence suggests cash and asset transfers do work.

4. School attendance

- School attendance increased from 78% to 86% between March 2010 and March 2011. This is an important indicator of people

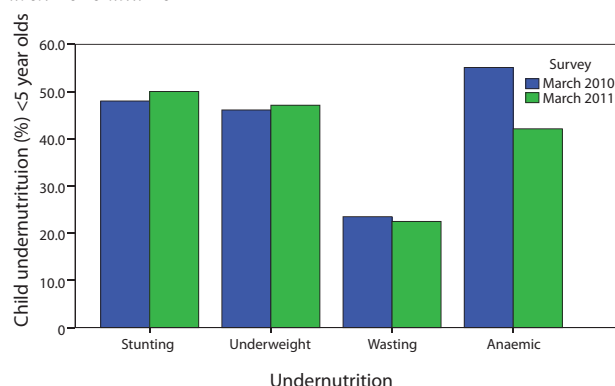


having more confidence in the future, and is also a key mechanism to stop the intergenerational transmission of extreme poverty. An almost universal feature of current extreme poor beneficiaries is that in childhood, their schooling was interrupted. Today, when they face hardships one of the first coping strategies is to withdraw their own children from school and make them take on paid employment. Equally as the 2011 data suggests, when conditions improve, households enrol their children in school again and even start spending more on tuition.

5. Health, food security and nutrition

- Between the March 2010 and March 2011 surveys, unemployment fell to zero while petty trading increased substantially for both male and female headed households. Among male headed households, day labouring fell substantially while for female households, it rose. Begging still remains an important source of income for over 10% of female heads.
- Chronic illness and disability have serious consequences for the extreme poor who are entirely dependent on the quality and quantity of labour at their disposal to meet their food needs. Health care is extremely costly and constitutes a major part of extreme poor households' overall expenditure. Adult earners in the household often become carers of the chronically ill or disabled, and have to remove themselves partly or wholly from the workforce.
- Between surveys, reported cases of chronic illness fell significantly from 15% to 3%. This in part reflects the wide adoption of practices which facilitate improved health outcomes. In 2011 for example, there was a highly significant reduction in open defecation across households, and an increase in ring/slab latrine use in rural areas.
- Food diversity remained poor especially in rural areas, although in March 2011 there was an increase in egg and poultry consumption. Beneficiaries in urban areas had the highest mean for food diversity and number of different foods consumed. Food coping strategies on the other hand showed significant improvement with mean coping strategies falling from 3.3 to 2.2 between March 2010 and 2011.
- There were positive changes in some nutritional indicators for both adults and children. The percentage of adults with BMI <18.5 fell from 52.2% to 49.0% whilst there were no significant change in haemoglobin concentration. In the case of children, the mean haemoglobin level improved significantly in both urban and rural samples and overall the improvement averaged 4 g/l with a concomitant reduction in anaemia of 13%, from 55.1% to 42.1%. However the mean height-for-age for children worsened significantly between surveys, and weight-for-age was worse in the urban areas in March 2011.

Changes of nutritional status (%) in children under 5 years of age in March 2010 and 2011



6. Empowerment

- Disempowerment is a universal feature of extreme poverty: those who are most in need materially are also more likely to have their rights denied and their voices silenced. Asset and cash transfers have facilitated changes in the immediate welfare of households. However we have also observed wider changes which have longer-term impacts on livelihoods. These include:
 - Collective negotiations of extreme poor households with landowners and day labour contractors which has resulted in reductions in advance sales of labour, fewer loans taken during agricultural lean periods, and increased wages for day labourers.
 - Changes in household decision making especially in cases where women make a strong contribution to household economic activities. As reported above, women have also been able to reconstitute their households in terms that appear more favourable and supportive of their income generating activities.



Key Challenges

A programme like EEP/shiree raises a number of challenges. Here we focus on the main challenges which together underline the fact that there is no panacea or easy solution to tackle extreme poverty in Bangladesh.

1. Extreme poverty is qualitatively different from other experiences of poverty, and there is now a compelling case in Bangladesh to focus specific policy attention on the needs of the extreme poor.
2. By definition the extreme poor are more exposed to the impacts of shocks and threats which can quickly erode or destroy gains or benefits secured through successful programmes. The task therefore has to be focused on turning short term gains into longer term impacts.
3. Given that the extreme poor suffer from multiple deprivations over an extended period of time, sustainable graduation will require multiple interventions carried out over longer periods of time.
4. It is important to distinguish between the extreme poor who can be economically active from those who cannot. Well-designed asset or cash transfer programmes may be appropriate for the former but not for the latter. To support the extreme poor, systemic social protection is therefore required.
5. The task of supporting the extreme poor ultimately requires a new political settlement around social policy in Bangladesh. This can only come about with the support of a sufficient number of the population. The Shiree projects have found at local and national levels, that there are individuals who are prepared to offer this kind of support.

Rie Goto, Lucia da Corta, Nick Mascie-Taylor, Geof Wood and Joe Devine

The full Q² report can be read at www.shiree.org

The research documented here was undertaken by a team of researchers under the umbrella of the EPRG across the Scale-Fund NGOs and EEP/shiree. These are:

Saifuddin Ahmed, Technical Coordinator, Advocacy and Lessons Learning and **SM Abdul Bari**, Data Investigator, CARE

Md. Adbul Baten, Coordinator, Research and **Md. Mustak Ahmed**, Research Associate, DSK

Sk. Zakir Hossain, Programme Officer, Research and **Md. Moniruzzaman**, Programme Officer, NETZ Bangladesh

Khan Areef Ur Rahman, Coordinator, Research and Advocacy and **Imran Reza**, Research Assistant, Practical Action Bangladesh

Prokriti Nokrek, Research Officer and **Arafat Alam**, Research Assistant, Save the Children

Sonia Tahera Kabir, Research Officer and **Korban Ali**, Assistant Researcher, Uttaran

Hannah Marsden, Research Focal Point, shiree

Jonathan Perry, Internal Consultant, shiree

Masud Rana, Nutrition Focal Point, shiree

Mahbuba Islam Lucky, Information Services Officer, shiree

Shams Mustafa, Internal Consultant, shiree

Colin Risner, Chief Executive Officer, shiree

Dr Munir Ahmed, Chair of EPRG and Director of Hunger and Health, Save the Children

Dr Joe Devine, Lecturer in International Development, Centre for Development Studies, Bath University

Professor Geof Wood, Emeritus Professor, Centre for Development Studies, Bath University

Lucia DaCorta, Research Officer, Centre for Development Studies, Bath University

Professor Nick Mascie Taylor, Human Epidemiology Nutrition Growth, Cambridge University

Dr Rie Goto, Human Epidemiology Nutrition Growth, Cambridge University

Resources:

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).

About shiree and the EPRG

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.



www.shiree.org