

IV. INTEGRATION OF POVERTY ALLEVIATION AND SOCIAL SECTOR DEVELOPMENT INTO THE PLANNING PROCESS OF BANGLADESH*

In the three decades of development since its liberation in 1971, Bangladesh has implemented four Five-Year Plans and a Two-Year Plan. The Fifth Five-Year Plan (1997-2002) was launched in July 1997 and will be completed in June 2002. Poverty alleviation and social sector development have been the core issues in development planning in Bangladesh. This chapter presents briefly how poverty alleviation and social sector development have been integrated into the planning process of Bangladesh.

Among the least developed countries in Asia, Bangladesh is among the most densely (866 per square kilometre) populated countries in the world, with a population of 124.8 million squeezed into 144,000 square kilometres. Urbanization is low but infant mortality rate is high. The share of manufacturing is low but the rate of growth of the manufacturing sector is high. Bangladesh is a delta, mostly plains through which the Ganges and the Brahmaputra flow to reach the Bay of Bengal.

In Bangladesh, development projects of agriculture, rural development, primary and mass education, health and family welfare, women and children affairs and labour and employment are considered poverty alleviation projects. The social sector includes all poverty-related projects minus agriculture plus education, youth and sports, mass communication, cultural affairs and public administration. A Five-Year Plan is implemented through Five Annual Development Programmes.

A. Review of past planned development of Bangladesh

The First Five-Year Plan (1973-1978) recognized poverty reduction as one of its foremost objectives. The basic approach for alleviation of poverty was generation of employment through higher growth, and, using monetary and fiscal policies to facilitate equitable distribution of basic goods to make them available at reasonable

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prices to the poor. In order to reduce unemployment, the plan strategy suggested concentration of investment in labour-intensive sectors like agriculture, rural infrastructure and small scale industries.

The foremost concern of the First Plan was rehabilitation and reconstruction of the war-devastated economy. Its aim was to increase GDP to 5.5 per cent and per capita GDP to 2.5 per cent to keep prices of essential commodities within reach by ensuring adequate supply, to reduce population growth rate from 3 per cent to 2.8 per cent, to establish greater social justice through more equitable distribution of income and employment, to add to welfare of the people through greater emphasis on education, health, housing, and water supply, and to increase government control over the economy through socialist management in phases. Sectoral allocation of the First Five-Year Plan is illustrated in table IV.1.

Table IV.1. Sectoral allocation of the First Five-Year Plan of Bangladesh, 1973-1978

Sector	Allocation (million Taka) <u>a/</u>	Share (percentage)
Agriculture, water resources and rural development	10,410	26
Industry	7,380	19
Energy and natural resources	5,220	13
Transport	5,280	13
Communication	1,140	3
Physical planning and housing	3,150	8
Education, manpower and training	3,160	8
Health and social welfare	2,200	6
Family planning and population control	700	2
Miscellaneous	880	2
Total	39,520	100

Source: Planning Commission, Government of Bangladesh.

a/ Exchange rate US \$ 1.00 = 7.89 Taka (1972-73 average)

The political turmoil following the assassination of President Sheikh Mujibur Rahman, the Father of the Nation, along with most members of his family in August 1975 and unavailability of foreign aid prevented full implementation of the First Five-Year Plan and led to implementation of only 76 per cent of planned investment. The actual GDP growth rate, per capita income growth, agricultural growth rate and population growth rate consequently fell below target.

	<u>Target</u>	<u>Actual</u>
GDP growth rate	5.5%	4.0%
Per capita income growth	2.5%	1.1%
Agricultural growth rate	4.6%	3.7%
Population growth rate	2.8%	2.8%

The Two-Year Plan (1978-1980) placed top priority on the growth rate, rather than on poverty reduction. Recognizing of agriculture as the lead sector for promoting the growth, emphasis was diverted to expansion of high yielding crop cultivation through extension of seed water-fertilizer and credit facilities and higher cropping intensity. Rapid growth of agriculture was expected to stop deterioration of rural poverty through employment generation. The Two-Year Plan of Bangladesh (1978-1980) aimed to increase GDP by 5.6 per cent and per capita GDP by 2.8 per cent per year. Sectoral allocation of Two-Year Plan (1978-1980) is illustrated in table IV.2.

Table IV.2. Sectoral allocation of Two-Year Plan of Bangladesh, 1978-1980

Sector	Allocation (million Taka) <u>a/</u>	Share (percentage)
Agriculture, water resources and rural institute	8,980	28
Industry	5,700	17
Energy and natural resources	4,710	14
Transport and communication	5,800	18
Physical planning and housing	2,500	8
Education, training and public administration	1,800	5
Health, family planning, labour and social welfare	2,500	8
Miscellaneous	620	2
Total	32,610	100

Source: Planning Commission, Government of Bangladesh.

a/ Exchange rate US \$ 1.00 = 15.12 Taka (1977-78 average)

The GDP growth rate was 3.5 per cent during the period even less than during the First Plan, with little impact on poverty alleviation. As an interim plan, 83 per cent of plan allocation was for incomplete projects of the First Five-Year Plan.

The Second Five-Year Plan (1980-1985) of Bangladesh focused on poverty reduction through growth of income and employment. Growth with equity through expansion of employment was expected to raise the purchasing power. For poverty alleviation, planners provided incentive to agricultural support and agro-process industries as these would contribute to the development of the rural economy. Share of sectoral allocation of the Second Five-Year Plan of Bangladesh is shown in table IV.3.

Actual investment was 89 per cent of the plan target. GDP increased annually by 3.8 per cent against a target of 5.8 per cent, population growth rate was 2.4 per cent, against a target of 1.9 per cent. Consequently, there was limited impact on poverty alleviation. Like the First Five-Year Plan, the Second Five-Year Plan was also interrupted by the assassination of President Zia Rahman and its implementation marred by political uncertainty.

Table IV.3. Sectoral allocation of Second Five-Year Plan of Bangladesh, 1980-1985

Sector	Share (percentage)
Agriculture, water resources and rural development	34
Industry and minerals	19
Energy and power	12
Transport and communication	15
Physical planning and housing	10
Socio-economic sectors	10
Total	100

Source: Planning Commission, Government of Bangladesh.

The Third Five-Year Plan (1985-1990) of Bangladesh relegated 'poverty alleviation', defined as "satisfaction of basic needs of people", to sixth position among eight pronounced objectives. Generation of employment through the dynamic private sector, satisfaction of minimum basic need through increased supply and higher income and faster economic growth was expected to take care of poverty. Since economic growth was seen as the cure for endemic poverty, the Plan provided only marginal support for delivery of basic social services to the poor and the plan disadvantaged. The sectoral allocation of the Third Five-Year Plan is summarized in table IV.4. The Third Five-Year Plan achieved a growth rate of only 3.8 per cent instead of the target of 5.4 per cent. Total investment was only 69 per cent of target.

Population growth rate was 2.2 per cent instead of the targeted 1.8 per cent. As a result, there was no appreciable fall in poverty and development of the social sectors.

Table IV.4. Sectoral allocation of the Third Five-Year Plan of Bangladesh, 1985-1990

Sector	Allocation (million of Taka) <i>a/</i>	Share (percentage)
Agriculture, water resources and rural development	114,600	31
Industry and minerals	58,000	16
Energy and natural resources	61,750	17
Transport and communication	45,250	12
Physical planning, housing and water supply	42,000	11
Education and religion	13,700	4
Health	6,000	
Family planning and population control	9,400	
Socio-economic infrastructure	3,220	1
Scientific and technological research	600	
Manpower and labour	930	
Public administration	650	
Lump allocation	29,250	8
Miscellaneous	650	
Total	386,000	100

Source: Planning Commission, Government of Bangladesh.

a/ Exchange rate US \$ 1.00 = 25.96 Taka (1984-85 average)

The Fourth Five-Year Plan (1990-1995) held poverty alleviation and employment generation through human resource development as one of its major objectives. The plan emphasized the resilience of the poor and the disadvantaged groups to survive against most adverse circumstances. When properly organized and supported, these economically backward groups could show resourcefulness, in terms of savings, investment as well as technology adaptation and entrepreneurship. The Fourth Five-Year Plan attempted to integrate sector-based planning with socio-economic group-based planning in order to ensure greater poverty alleviation along with economic growth. According to the Fourth Five-Year Plan, it would be necessary to formulate special projects for the poor and the disadvantaged group to alleviate poverty after direct integration with sectoral programmes. Apart from the explicit recognition of the socio-economic dynamics for poverty alleviation, the Fourth Five-

Year Plan was formulated under the constraints of a structural adjustment programme which adversely affects the poor and the disadvantaged.

The Fourth Five-Year Plan aimed to: (a) accelerate economic growth at an annual growth GDP rate of 5 per cent; (b) alleviate poverty and generate employment through human resources development; (c) increase self-reliance; (d) bring women into the mainstream of development planning; (e) reduce population growth; (f) restructure fiscal, monetary and commercial policies; and (g) undertake administrative reform. Public sector allocation and expenditure during the Fourth Plan is indicated in table IV.5.

Government investment during the Fourth Plan period was 93 per cent of target. GDP increased at 4.14 per cent instead of 5.0 per cent. A comprehensive programme for structural reform was initiated, with safety net provisions for the poor. Greater emphasis, compared to the past, was put on social sectors like education and health.

Table IV.5. Public sector allocation and expenditure during the Fourth Plan
(at 1989/1990 prices)
(million Taka)^{a/}

Sector	Allocation	Share (percentage)	Realised Expenditure	Share (percentage)	Financial Achievement as percentage of Plan allocation
Agriculture	23,260	6.70	18,820	5.84	80.91
Rural development and institutions	16,500	4.76	17,930	5.56	108.67
Water resources	39,290	11.03	26,730	8.29	69.81
Industry	16,840	4.85	5,030	1.56	29.87
Power	45,360	13.07	41,880	12.99	92.33
Oil, gas and natural resources	23,980	6.91	15,320	4.75	63.89
Transport	46,530	13.41	51,260	15.90	110.17
Communication	6,520	1.88	12,130	3.76	186.04
Physical planning and water supply	18,420	5.31	13,780	4.27	74.81
Education and religious affairs	26,580	7.66	29,050	9.00	109.29
Sports and culture	1,460	0.42	1,510	0.47	103.42

Sector	Allocation	Share (percentage)	Realised Expenditure	Share (percentage)	Financial Achievement as percentage of Plan allocation
Health	10,600	3.05	9,830	3.05	92.73
Family welfare	15,980	4.61	15,160	4.70	94.87
Social welfare, women affairs and youth development	2,350	0.68	2,020	0.63	85.96
Public administration	2,010	0.58	710	0.22	35.32
Science and technology	540	0.16	490	0.15	90.74
Labour and manpower	850	0.24	180	0.06	21.18
Others	49,700	14.32	59,420	18.43	119.58
Total	347,000	100.00	322,440	100.00	92.93

Source: Planning Commission, Government of Bangladesh.

a/ Exchange rate US \$ 1.00 = 33.33 Taka (1989-90 average)

B. The Fifth Five-Year Plan of Bangladesh (1997-2002)

The Fifth Plan (1997-2002) aims to alleviate poverty through accelerated economic growth, on average of an annual 7 per cent to bring about a noticeable improvement in the standard of living of people by raising their level of income and meeting their basic needs. Other objectives of the Fifth Five-Year Plan are to:

- a) Alleviate poverty through employment generation and to raising at least half the people below poverty line above that level;
- b) Develop socio-economic infrastructure with special emphasis on human resources development in a science and technology based society;
- c) Distribute the benefits of economic development equitably with provision of safety net for the most vulnerable people and accelerated development of backward areas;
- d) Reduce gender disparity.

To achieve these goals are:

- a) An average of 21.43 per cent of GDP will be invested;
- b) The Government will expedite poverty alleviation and rural development measures;
- c) Private initiative will be encouraged so that 56 per cent of total investment and 96 per cent of industrial sector investment is by private sector;
- d) Universal primary education and mass education programme will be strengthened;
- e) Participation of women in all spheres of development activity will be encouraged; and
- f) Creation of productive employment in all development activities and projects will be promoted.

Government's sectoral allocation for the Fifth Plan are summarized in table IV.6.

Table IV.6. Public sector outlay for the Fifth Plan of Bangladesh, 1997- 2002*(million Taka)^{a/}*

Sectors	Allocation	% Share
Agriculture	42,299.08	5
Rural development	87,002.48	10
Water resources	56,197.62	6
Ganges barrage	17,175.50	2
Industry	11,793.70	1
Energy	88,361.00	10
Oil, gas and natural resources	26,039.60	3
Transport	109,955.51	13
Bangabandhu bridge	11,800.00	1
Communication	23,784.00	3
Physical planning and housing	49,816.00	6
Education	128,931.50	15
Health	62,272.40	7
Population and family welfare	28,590.00	3
Sports and culture	5,738.50	1
Social welfare, women and youth development	14,313.70	2
Mass media	4,845.70	1
Science and technology	5,051.10	1
Labour and manpower	1,390.20	-
Public administration	9,674.30	1
Bloc	73,906.51	9
Total	858,939.00	100

Source: Planning Commission, Government of Bangladesh.^{a/} Exchange rate US\$ 1.00 = 42.70 Taka (1996-97 average)

C. Poverty alleviation and the Fifth Plan

Although poverty is still widespread in Bangladesh, there has been some improvement in recent years with the integration of poverty alleviation in development planning. Results from the Poverty Monitoring Survey conducted by the Bangladesh Bureau of Statistics suggest that the incidence of poverty has declined to 44.7 per cent in 1999 from 47.0 per cent in 1996 and 62.6 per cent in 1983. The improvement is depicted in table IV.7.

Table IV.7. Recent incidence in poverty of Bangladesh, 1996-1999

Year	Head Count Index (as percentage of total population)		
	Rural	Urban	National
1996	47.9	44.4	47.0
1997	46.8	43.4	46.0
1998	47.6	44.3	46.7
1999	44.9	43.3	44.7

Source: Bangladesh Bureau of Statistics, *Poverty Monitoring Survey, Summary Results, 1999*.

Given the fact that about 80 per cent of the population live in the rural areas, poverty in Bangladesh remains mainly a rural problem. The poverty line above refers to calorie intake of 2,122 kilocalories per person per day. Consumption and nutritional status of the population, which are two key indicators related to poverty, also show improvement over time. Private per capita consumption has consistently increased in real terms during 1991-1999, indicating positive impact on poverty. As indicated in table IV.8, the per capita availability of food grain, namely, wheat and rice during the period reveals an increase to 18.19 ounces per day in 1998/1999 from 16.16 ounces per day in 1990/1991. According to the Poverty Monitoring Survey of the Bureau of Statistics, average daily per capita calorie intake of the poor has increased from 1,919 to 1,953 kilocalories in the rural areas and from 1,918 to 1,959 kilocalories in the urban areas during the same period.

Table IV.8. Trends in per capita private consumption and foodgrain availability, 1991-1999

Year	Consumption (Tk.) (1984/85 prices)	Food grain availability (ounce per day)
1990/91	3,854	16.16
1991/92	3,804	16.00
1992/93	3,825	15.77
1993/94	3,882	15.51
1994/95	3,968	15.09
1995/96	4,148	15.47
1996/97	4,288	15.18
1997/98	4,337	16.04
1998/99	4,596	18.19

Sources: Ministry of Food, *Database on Food Situation in Bangladesh, 1999*; and Bangladesh Bureau of Statistics.

Movement in real wage rate is an important element in assessing poverty. Since wage earnings constitute a major share of the total income of poor households, any increase in the wage rates is likely to push up the incomes of the poor. Notwithstanding the rapid growth of the labour force, and the real wage rates of all categories of labour have increased the low growth of agricultural wage (see table IV.9). The performance of agricultural wage rate can be explained in light of the fact that more than 60 per cent of the civilian labour force are employed in agriculture despite the contribution of agriculture at less than one-third to total gross domestic product.

**Table IV.9. Real wage rate indices, 1991-1998
(1967-1970 = 100)**

Year	Agriculture	Manufacturing	Construction	General
1990/91	95	114	107	107
1991/92	98	113	104	107
1992/93	105	119	109	113
1993/94	106	121	106	114
1994/95	103	121	100	111
1995/96	104	123	105	114
1996/97	109	130	111	120
1997/98	107	137	114	122

Source: Bangladesh Bureau of Statistics.

Side by side with increase in nominal wage rate of agricultural labourers who constitute the most vulnerable group in poverty, the purchasing power of agricultural wage has also increased. The index of coarse rice equivalent of daily agricultural wage rate increased to 121 in 1996/97 from 100 in 1990/91 (see table IV.10). Consequently, the recent movements in poverty related indicators suggest positive achievements in reducing poverty. The coarse rice equivalence is calculated as the ratio of nominal wage rate and the price of coarse rice.

**Table IV.10. Average wage rate of agriculture labour of Bangladesh
(1990/1991 = 100)**

Year	Nominal wage rate	Coarse rice equivalent
1990/91	100	100
1991/92	107	103
1992/93	111	115
1993/94	112	118
1994/95	114	112
1995/96	120	113
1996/97	122	121

Source: Bangladesh Bureau of Statistics.

D. Pro-poor growth strategy of the Fifth Plan

The Fifth Five-Year Plan of Bangladesh considers alleviation of poverty as synonymous with development. For this purpose, development strategies seek to accelerate economic growth, enforce higher investments in basic services and social sectors, restructure institutions and administrative framework, enhance the poor's crisis coping capacities and build up their asset base and promote targeted income and employment programmes.

Low economic growth (around 4 per cent of GDP per year) is one of the main reasons for continued poverty. Although growth as such is not poverty reducing, it is a necessary though not sufficient condition. The Fifth Five-Year Plan has a pro-poor growth strategy which can directly contribute to reducing poverty. The plan aims to promote a structure of economic growth that has a high capacity to reduce poverty by strengthening the channels through which benefits of growth reach the poor and increasing the efficiency with which the sectoral linkages cater to the need and demands of the poor.

The Fifth Plan aims at a reasonably high agricultural growth rate. Despite its declining contribution to GDP, a high contribution (estimated correlation coefficient of 0.74 during 1981-1999) between GDP and agricultural growth exists.¹ A high agricultural growth creates the synergy necessary for diversification of the rural economy and development of the rural non-farm sector. Such a diversification benefits the poor through greater demand for labour and greater linkages with processing, transport and other services. Since the benefits of agricultural growth are more evenly distributed in the labour market due to less skewed nature of agricultural wages, rapid growth induced by agricultural growth is more equitable and is likely to reduce poverty more². The Fifth Plan has so far successfully utilized the strategy of higher agricultural growth contributing to faster national growth. The average annual growth rate of GDP has increased to 5.5 per cent during the 1996-1999 period from around 4.0 per cent in the earlier periods. Similarly, the growth in agriculture has accelerated to an annual 4.3 per cent after a period of near stagnation during the early 1990s. The policy is to further accelerate the process of poverty alleviating growth and harness the potential of the poor.

E. Social sector development and the Fifth Plan

The composition of public expenditure has been used as a powerful vehicle to achieve pro-poor economic and social objectives. During recent years, there has been a significant shift in public expenditure toward social sectors and infrastructure. In the case of education, development expenditure increased by nearly fourfold between 1991-1999 period in constant price. Similarly, annual development expenditure doubled in the health sector in real terms. Not only that, per capita public expenditure at constant price increased by 68 per cent for education and 53 per cent for health in 1998/1999 compared to 1990/1991. Annex 2 shows that between 1992/1993 and 1999/2000, whereas annual development programme size has increased by 58 per cent from US\$ 2,074.9 million to US\$ 3,267.3 million, allocation for social sector has increased much faster by 143 per cent, from US\$ 483.4 million to US\$ 1,174.5 million.

Along with higher allocation for social sectors, the Fifth Plan provides for increase in the benefits of the poor from such expenditure. Since human capital requirements of the poor are of the type of public goods with positive externalities, the market and the private sector are unlikely to provide them to the required extent. In the development plan, efforts are targeted to provide adequate quantity and quality of

¹ M.K. Mujeri, *Poverty Alleviation in Bangladesh: Role of Economic Growth and Special Programmes*, (International Labour Organization, 1999).

² World Bank, *Bangladesh: From Counting the Poor to Making the Poor Count – The 1998 Bangladesh Poverty Assessment*, 1998.

these services so that the poor do not remain victims of both market and government failures.

Expenditure for development of education can be cited as an example of integration of poverty alleviation and social sector development in the planning process of Bangladesh. Education is consistently getting the highest allocation in the annual development programme. Several steps have been taken to make public education expenditure more pro-poor. More than 55 per cent of the development budget for education is devoted to primary and non-formal and mass education and 48 per cent is devoted to primary education alone. One study suggests that the poor receive 48 per cent of the benefits for public primary education spend in the rural areas compared to 26 per cent for secondary and 15 per cent for higher education.³ To ensure universal primary education and eradication of illiteracy by the year 2006, projects are being implemented to increase enrollment and reduce drop-out areas, increase primary education cycle completion rate, improve the quality of education and increase the literacy rate. Consequently, the gross enrollment rate has increased to 96 per cent in 1999 from 76 per cent in 1991 and the completion rate at primary education cycle has increased to 65 per cent from 40 per cent during the same period. Within the framework of a comprehensive primary education development programme, different projects have been taken up which enhance the scope of equitable access and opportunity, improve the quality of primary schooling, management planning, monitoring and evaluation. The non-formal education programmes are being implemented by the government in collaboration with NGOs and other voluntary organizations. Of late, a post-literacy and continuing education project has been undertaken for the neo-literates for sustained human resource development.

Development projects are being implemented to cope with increased demands for secondary and higher education. Infrastructure and other facilities are being expanded. Since January 1994, a female stipend programme at the secondary level has been taken up for ensuring secondary education to the girls. Under this programme, girl students of grade 6-10 are provided with stipends to cover their educational expenses and enjoy free tuition. The number of beneficiaries under this programme was nearly 4 million in 1999. It has created such a rush of female students that boys-girls ratio at secondary level is now 54:46 whereas it was 67:33 as late as in 1994, before this female secondary stipend project. For getting this stipend, a girl student must be present at least 75 per cent of school days, must have satisfactory performance in exams and must be unmarried.

³ O.H. Chowdhury and B. Sen, *Public Expenditure and Social Development in Bangladesh* (Dhaka, 1998).

Food for Education Project is an innovative effort which was started in 1992 to boost Universal Primary Education. This project is designed to support poverty-stricken families to send their children to primary schools by giving income entitlement through food. This enables the poor families to release their children from livelihood obligations to ensure regular primary school attendance. The target groups include distressed widows, day labourers, insolvent groups and the landless. This programme covers 17,811 primary schools and 2.08 million students from 2.02 million families. Monthly entitlement is 15 kilogrammes of wheat (or 12 kilogrammes of rice) for one child family and 20 kilogrammes of wheat (16 kilogrammes of rice) for more than one child.

Food for Education covers approximately 28 per cent of area of Bangladesh. For remaining 72 per cent of the country, Primary Education Stipend Project has been started from April 2000. Now, the poor children which comprise about 40 per cent of the 14.80 million eligible primary school students all over the country are covered by either food for education or cash stipend. Primary Education Stipend Project is expected to benefit 4.4 million students every year.

Food for Education Project, which was started in July 1993, shows how from a pure subvention to primary students from poor families in order to increase enrollment, quality considerations have later been integrated in the planning process. Students to get benefit must now have at least 85 per cent attendance record, and must have satisfactory performance in the examination. During inspection by higher authorities if total school attendance is not more than 60 per cent then food aid to that school will remain suspended until at least 60 per cent of all students resume attendance. At least 10 per cent students of grade 5 must appear in scholarship examination, failing which food assistance will be suspended. All these conditions have also been incorporated in the primary education stipend project.

The Fifth Five-Year Plan has taken up a reform based sector-wide approach under Health and Population Sector Programme to improve the health and family welfare status of the most vulnerable groups e.g. women, children and the poor. One study indicates that public health expenditures are considerably pro-poor: about 52 per cent of the rural households who are poor receive 57 per cent of benefits of public health spending in the rural areas.⁴ In order to further improve the targeting of health

⁴ O.H. Chowdhury and B. Sen, *ibid.*

expenditures to the poor, the Fifth Plan health sector programme emphasizes the links between public health spending and actual improvement in the health status of the population through improved service delivery and making health care services more accessible, cost effective and sustainable. Within an integrated and need based framework, the approach targets to achieve client centred provision and client utilization of an essential service package and selected services including maternal and child health care, rural health and family welfare services and nutritional interventions, particularly for the poor and their dependants.

In addition to health and education, other avenues of public expenditure are important for poverty alleviation and social sector development. The growth propelling impact of rural infrastructure is substantial in creating income and employment for the poor. The share of rural roads in transport sector expenditure in the Annual Development Programme has increased from about 7 per cent in 1989/90 to around 23 per cent now. Similarly, the share of rural electricity in total power sector budget has gone up from 26 per cent in 1989/1990 to around 33 per cent now. About 2,000 rural growth centres (village markets) all over the country have been identified for improvement like construction of tin-roofed sheds, drainage system, water supply.

Another example of the integration of poverty alleviation and social sector development in the planning process is the gradual transformation of food assistance from pure relief to linking with poverty alleviation and social sector development. The Food for Education Programme has already been discussed. Since 1990, the role of food assistance as development - as distinct from relief programmes - has been explicitly recognized in line with the recommendation of SIFAD (Strengthening the Institutions for Food Assisted Development) Task Force. As per the SIFAD report, Planning Commission provides the strategic overview and the sectoral allocation of development food aid resources and their integration with other resources for greater development impact. In 1995, the Planning Commission and the World Food Programme jointly developed a new map of Bangladesh for food aid allocation reflecting socio-economic conditions. Rural areas of Bangladesh were classified into four categories of food insecurity: very high, high, moderate and low. The purpose is to optimize the use of food aid by enhancing the targeting of the poorest beneficiaries.

The food assistance programmes act as a conduit of transfer to raise household level food security for the vulnerable poor and promote human development. The food aid in the late 1990s has mostly been used for food assisted development programmes. Food for Works, Vulnerable Group Development and Food for Education accounted for 72 per cent of wheat distribution from 1993/1994 to 1997/1998. Under Food for Works programme, foodgrain is provided to generate productive seasonal employment during the lean periods for the extreme poor in exchange for work in rural infrastructure

projects. During 1999/2000, total foodgrain allocated under Food for Works was 0.72 million tons. Under the Vulnerable Group Development programme, about 0.5 million female headed households receive 31.25 kilogrammes of foodgrain per month for a 18-month period cycle. The purpose is to enable the poor and destitute rural women to overcome food insecurity and low social status by the Vulnerable Group Development strategy with three major components, food aid, development package and graduation into NGO development programmes. The development package includes savings, group based social awareness, functional education, skill training in income generating activities and micro-credit.

The transitory food insecurity problems are addressed through Vulnerable Group Feeding, Gratuitous Relief and Test Relief programmes. In 1998, Bangladesh experienced the worst flood in its history. The Vulnerable Group Feeding cards were distributed to 4.2 million families to provide 16 to 20 kilogrammes of foodgrain per family per week for a period of 30 weeks. This provided assistance to about 22.5 million people.

The available evidence indicates that these three Food for Work, Vulnerable Group Development and Test Relief safety net programmes are well-targeted to the poor. A comparison of the relative weights of the extreme poor household under these programmes with those in the overall rural income distribution supports the contention. The bottom 40 per cent income groups account for 22 per cent of the poorest households who display their overwhelming presence in these programmes, 84 per cent in Food for Works, 93 per cent in Vulnerable Group Development and 75 per cent in Test Relief.

Rural infrastructure development programme is another example of integrating poverty alleviation with development. It includes development of roads, bridges and culverts, small scale irrigation structures, development of trading facilities in rural markets and creation of trading network by linking the hierarchy of trading centres. During 1997-1999, 110 million person days of employment were created through the construction of 3,530 kilometres of rural road, 67,600 bridges and culverts and development of 356 growth centres.

Poverty is a threat to environment. The poor collect their fuel and in case of some, also part of their livelihood from the forestry resources. They treat forest as a common property resource. In recognition of this, the Government of Bangladesh has started incorporating in a number of forestry sector projects poverty alleviation measures such as micro-credit, employment generation and food-assisted interventions, major beneficiaries being poor women.

During recent years, a number of innovative programmes have been initiated by the Government which combine various components to provide economic and social security and address specific constraints and vulnerability. Old age pension programme has been started in April 1997, it covers 0.4 million old and distressed persons. The programme management includes local elected representatives, NGOs and members of the civil society. Programme providing allowance for distressed women started in 1998 and it covers 0.2 million old and distressed women who have been abandoned by their husbands. Asrayon (Shelter) Project started in 1997, is a comprehensive scheme to alleviate poverty of the landless and homeless people by providing shelter, imparting training on skill development and providing micro credits for income generating activities. As a targeted programme to provide housing loans and grants to the homeless poor, the Housing Fund is another innovative programme which started in 1997/98. A new dimension in the agenda for affirmative action is the concept of “one farm for one household”. This scheme focuses on development of the household and its linkages with progressively larger sets of social and economic units.

Recognition of NGOs as partners in development is another aspect of the integration of poverty alleviation and social sector development in the planning process of Bangladesh. NGOs have emerged as an integral part of the institutional structure for addressing poverty as well as rural development, gender equality, disaster management, environmental conservation, human rights and other social issues. Cooperation between governmental organization and non-governmental organization has become an important feature of development strategy of Bangladesh. As annex IV.3 shows, so far, 1,505 NGOs have been engaged in 6,773 projects involving a total amount of US\$ 3,050.7 million.

Poverty and social deprivation in Bangladesh is biased against women and rural areas and the environment is often a victim of both these phenomena. We have already seen how rural development is being given priority, whether it is education or infrastructure. In order to bring women into the mainstream of development, it has been made compulsory to assess the impact of each and every project on women for consideration of its approval by the Planning Commission. Similarly, environmental impact assessment has been made obligatory for preparing project proposal. In this way gender and environment issues have been integrated in the planning process.

F. Concluding remarks

Human resources development is the cornerstone of social sector development in any country. This is particularly true for the least developed countries like Bangladesh. In fact, social sector development and poverty alleviation are mutually

supportive goals of planning in Bangladesh. Since it is being gradually recognized that people must be the focus of development, poverty to be alleviated on a sustainable basis must raise the productive capacity of the poor. The best way to do so is to raise the quality of human capital.

Therefore, human resources development has been accepted by the Government of Bangladesh as the most powerful and effective strategy for poverty alleviation. The liability of a large population in the most densely populated country can be transformed into a most valuable asset through human resources development. The planners in Bangladesh have taken the human factor as the instrument as well as the ultimate objective of development. We have seen that the policies aim at promoting a development process that ensures equitable access to benefits, particularly for the poor and the disadvantaged groups including women and children and their empowerment. To create built-in mechanisms for equitable growth, efforts are now increasingly directed toward combining resources with social mobilization, with local capacity building, environmental sustainability, gender equality and with participation in and ownership of development activities by the stakeholders. Such actions include both targeted interventions that focus on the needs, interests and rights of the poor and disadvantaged groups and structural reforms and administrative reorganization for good governance to create an enabling environment for their economic, social and political empowerment.

Poverty refers to forms of economic, social, and psychological deprivation occurring among people lacking sufficient ownership, control or access to resources for the minimum required level of living. It is widely recognized as a multi-dimensional problem involving income, consumption, nutrition, health, education, housing, crisis coping capacity, insecurity etc. despite some progress in poverty alleviation and social sector development in Bangladesh, much remains to be done. According to the *Human Development Report, 2000* of the United Nations Development Programme, measured in terms of the Human Development Index, Bangladesh ranked 146, compared with 128 for India, and 144 for Nepal and 142 for Bhutan.

The first challenge is to attain a faster rate of growth of GDP. As the following table shows, Bangladesh has never been able to reach a 5 per cent GDP growth rate during any Five-Year Plan period in the past. The Fifth Plan poses the challenge of a 7 per cent growth rate. In the context of planning in a market economy, the growth rate has to be much higher than in a socialist economy to have an appreciable impact on poverty. During the first three years of the Fifth Plan, the average growth has been about 5.5 per cent. Income-poverty has to be eradicated at the shortest possible time.

Table IV.11. Dependence on external resource, GDP target and actual increase of Bangladesh
(percentage)

Plan	Share of external resource	GDP increase	
		Target	Actual
First Five-Year Plan (1973-1978)	72	5.5	4.0
Two-Year Plan (1978-1980)	77	5.6	3.5
Second Five-Year Plan (1980-1985)	64	5.4	3.8
Third Five-Year Plan (1985-1990)	64	5.4	3.8
Fourth Five-Year Plan (1990-1995)	62	5.0	4.1
Annual Development Programme 1995/1996	59	6.0	5.3
Annual Development Programme 1996/1997	59	5.7	5.9
Fifth Five-Year Plan (1997-2002)	22	7.0	-
Annual Development Programme 1997/1998	58	6.0	5.7
Annual Development Programme 1998/1999	57	6.5	5.2
Annual Development Programme 1999/2000	45	6.8	5.47 <u>a/</u>
Annual Development Programme 2000/2001	49	6.2	

Source: General Economics Division, Planning Commission.

a/ Provisional

The second challenge is with respect to human poverty dimensions. Some critical dimensions of human well-being such as maternal health, infant mortality, child nutrition etc. are still at an unacceptable level. Human poverty dimensions of urban poor have not shown much signs of improvement. Rapid pace of urbanisation makes solution of this problem more urgent.

The third challenge is to arrest the rapid increase in inequality - the urban Gini Index shot up to 37 per cent in 1995/1996 from 32 per cent in 1991/1992, and the rural Gini Index went up to 29 per cent in 1995/1996 from 26 per cent in 1991/1992 (Bangladesh Bureau of Statistics). A sharp rise in inequality would not only dampen the poverty alleviation impact of growth, but may also be socially disruptive, leading to instability and discontent. Managing inequality is becoming an important concern in the process of planned development of Bangladesh.

The fourth challenge is to reduce dependence on external resource. Although substantial progress has been achieved, it is almost 50 per cent now even after 30 years of independence. It is imperative to increase rapidly domestic contribution so as to

avoid the donors becoming a major force in shaping the economic policy of Bangladesh and determining the strategy for poverty alleviation and social sector development. However unpleasant it may be, the fact remains that donors will impose themselves upon us to the extent that they are permitted by us to do so. If development partners are to be put in their place as friends and not masters of our fate, we will have to pay the price for it. We will have to redirect our strategies and energies to generating more domestic resources and improving through our own efforts management of these resources. For Bangladesh with almost 50 per cent of Annual Development Programme being funded from outside, such financial independence is still a dream.

Annex IV.1.
Basic data of Bangladesh

	Bangladesh
Per capita GDP (US\$) 1998	350
Population (million) 1998	124.8
Area ('000 Sq.Km)	144
Density (Pop/Km ²) 1998	866
Annual per capita GDP growth rate (1990-1998) (per cent)	1.8
Annual population growth rate (1990-1998) (per cent)	1.6
Investment as percentage of GDP (1998)	22
Share of urban population (1998) (per cent)	20
Infant mortality rate (1998)	79
Average life expectancy (1990)	53
Adult literacy rate (1998)	56
Percentage of 1 year old immunised against DPT (3 doses)1998	68
Percentage of women attended during child birth by trained personnel (1998)	8
Activity rate 1998 (percentage of persons in labour force, age 15-65 to total population at age 15-65)	78
Telephone per 100,000 population (1998)	3
Energy consumption (kg of coal equivalent) (1996)	132
Share of agriculture in GDP (1998)	22
Share of manufacture in GDP (1998)	10
Annual average growth rate of agricultural production (1990-1998)	1.4
Annual average growth rate of manufacturing sector (1990-1998)	7.7

Source: UNCTAD, *The Least Developed Countries 2000 Report* (United Nations publication, Sale No. E.00.II.D.21).

Annex IV.2.

Annual Development Programme (ADP) Allocation and utilization in social sector of Bangladesh/ (Millions US\$)

Sl. No.	Sector	1992/93 ^b / Allocation	% Utili- zation	1993/94 ^b / Allocation	% Utili- zation	1994/95 ^b / Allocation	% Utili- zation	1995/96 ^b / Allocation	% Utili- zation	1996/97 ^b / Allocation	% Utili- zation	1997/98 ^b / Allocation	% Utili- zation	1998/99 ^b / Allocation	% Utili- zation	1999/2000 ^b / Allocation	% Utili- zation
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1.	Rural development and institution	132.4	71	122.0	92	193.8	89	181.8	94	240.3	91	193.6	100	293.9	91	359.8	96
2.	Education and religious affairs	151.2	89	216.8	96	386.2	96	343.2	94	370.8	92	328.6	95	369.3	95	392.2	99
3.	Sports and culture	9.4	71	14.3	81	17.4	81	7.6	91	13.9	89	14.1	98	10.9	88	17.0	98
4.	Health	66.9	79	78.3	92	101.9	94	102.1	88	136.9	77	117.6	87	261.4	82	345.7	86
5.	Family welfare	88.3	82	103.0	91	133.3	92	116.4	92	115.6	85	138.8	98				
6.	Mass communication	12.8	69	11.3	37	20.6	64	5.5	66	9.8	85	18.4	96	10.1	96	5.9	99
7.	Social welfare, women affairs and youth development	13.3	58	19.3	59	33.3	77	27.7	87	43.7	82	34.4	90	35.1	101	33.2	97
8.	Public administration	7.1	108 ^c / ₂	5.8	35	28.6	51	43.1	87	22.3	73	25.5	93	31.0	89	18.2	80
9.	Labour and employment	2.2	22	3.3	46	3.7	92	1.8	86	2.1	90	2.1	64	1.9	83	2.5	93
	Total	483.4	-	573.8	-	919.0	-	829.7	-	955.9	-	873.0	-	1013.6	-	1174.5	-
	Size of ADP	2074.9	81	2400.0	94	2773.6	92	2558.0	96	2740.0	94	2683.7	90	2913.0	89	3267.3	95
	% of ADP for social sector	23	-	24	-	33	-	32	-	34	-	33	-	35	-	36	-

Average Exchange Rate ^d / Period	Taka per Dollar
1992/93	- 39.14
1993/94	- 40.00
1994/95	- 40.20
1995/96	- 40.84
1996/97	- 42.70
1997/98	- 45.46
1998/99	- 48.06
1999/2000	- 50.50

a/ **Source:** Programming Division, Planning Commission, Government of Bangladesh.

b/ Fiscal year 1992/93 starts on 01 July 1992 and ends on 30 June 1993.

c/ Expenditure was greater than allocation in project aid.

d/ **Source:** Statistical Division, Bangladesh Bank.

Note: Since 1998-99, Family welfare allocation is merged with health sector.

Annex IV.3.
Non-government organizations (NGOs) in Bangladesh

Period	Approved projects (Number)	Amount approved (US\$)	Number of NGOs registered			Number of NGOs in cumulative figure		
			Local	Foreign	Total	Local	Foreign	Total
Brought forward		372,306	293	89	382	-	-	-
FY 1990/1991	464	158,542,005	102	10	112	395	99	494
FY 1991/1992	549	287,109,485	129	12	140	523	111	634
FY 1992/1993	626	399,884,202	77	14	91	600	125	725
FY 1993/1994	581	315,024,019	106	9	115	706	134	807
FY 1994/1995	579	440,687,406	108	5	113	814	139	919
FY 1995/1996	702	366,809,942	92	3	95	906	142	1014
FY 1996/1997	746	246,496,580	115	3	118	1021	145	1132
FY 1997/1998	705	188,390,281	99	8	107	1120	153	1239
FY 1998/1999	1045	380,161,232	119	3	122	1239	156	1361
FY 1999/2000 (Up to June 2000)	776	267,261,574	132	12	144	1371	168	1505 _{a/}
Total	6773	3,050,739,032						

Source: NGO Affairs Bureau, Government of Bangladesh.

_{a/} Number of registration cancelled in 1993-94=33 (Local=23, Foreign=10) and in 1994-95 Local =1

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