

**CPD Occasional Paper Series**

**POVERTY REDUCTION IN BANGLADESH:  
ABSENCE OF A NATIONAL FRAMEWORK,  
AN ABUNDANCE OF DONORS' STRATEGIES**

**Paper 4**

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**The Centre for Policy Dialogue (CPD)**, established in 1993, is an innovative initiative to promote an ongoing process of dialogue between the principal partners in the decision making and implementing process. The dialogues are designed to address important policy issues and to seek constructive solutions to these problems. The Centre has already organised a series of such major dialogues at local, regional and national levels. These dialogues have brought together ministers, opposition front benchers, MPs, business leaders, NGOs, donors, professionals and other functional groups in civil society within a non-confrontational environment to promote focused discussions. The expectation of the CPD is to create a national policy consciousness where members of civil society will be made aware of critical policy issues affecting their lives and will come together in support of particular policy agendas which they feel are conducive to the well being of the country. The CPD has also organised a number of South Asian bilateral and regional dialogues as well as some international dialogues.

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The present paper published under the CPD Occasional Paper Series is entitled **Poverty Reduction in Bangladesh: Absence of a National Framework, An Abundance of Donors' Strategies** has been prepared by Dr. Debapriya Bhattacharya, Executive Director, CPD and Rashed A M Titumir, Fellow, CPD. The paper greatly benefitted from extensive comments provided by Professor Rehman Sobhan, Chairman, CPD. The report was presented at the national dialogue organised by the Centre in collaboration with the Development for International Development (DFID), UK on the theme of *Poverty Alleviation Strategy: National Priorities and Donors' Perspectives* held on April 1, 2000.

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## **I. POVERTY REDUCTION STRATEGIES: NATIONAL PRIORITIES AND DONORS' PERSPECTIVES**

### **A. Constitutional Guidelines for Formulation of Bangladesh's Development Strategy**

The Constitution of Bangladesh provides clear directives for formulating the country's development goals, objectives and strategies. Fundamental Principles of the State Policy, as enshrined in the Constitution, vest on the state the responsibility of meeting basic needs of the people through (a) planned economic growth, (b) constant increase of productive forces; and (c) a steady improvement in the material and cultural standard of living of the people.

Accordingly, the Constitution states that the above strategic guideline would be pursued with a view to securing to its citizens:

- (a) the provision of the basic necessities of life, including food, clothing, shelter, education and medical care;
- (b) the right of work, that is the right to guaranteed employment at a reasonable wage having regard to the quantity of work;
- (c) the right to reasonable rest, recreation and leisure; and
- (d) the right to social security, that is to say, to public assistance in cases of undeserved wants arising from unemployment, illness, or disablement; or, suffered by widows or orphans, or in old age, or in other such cases.

Bangladesh's Constitutional guidelines are rooted in a framework aimed at raising the quality of life - a secured living that is foreseeable and safe, with access to productive resources, quality health and education – through a balanced and equitable growth.

### **B. Absence of a National Framework**

Poverty alleviation is the overarching goal of the Government of Bangladesh (GOB). The Fifth Five Year Plan (FFYP) states GOB's commitment to alleviation of poverty through accelerated economic growth. It is envisaged that speeding up of economic growth will bring about noticeable improvement in the living standard of people by raising their income and meeting their basic needs. Official documents<sup>1</sup> of government and its development partners indicate the following generic consensus:

- (a) Poverty alleviation should be the 'overarching goal' of both national policy as well as the focal point of all aid policy.
- (b) Poverty is a strategic cross-cutting concept, and not just a issue of measurement, recognising the multidimensional nature poverty thus calls for a more holistic approach in designing anti-poverty strategies.
- (c) Poverty has been caused and reinforced by a number of factors: economic, political, historical, institutional, social, cultural, internal and external.

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<sup>1</sup> Annex – 1 contains a list of documents that has been consulted for preparing the present paper.

The concern with poverty is not a new theme and has always been an over-riding felt need of the people at large, but the project-oriented approach followed by successive governments has always in effect been donor-driven supply-led and thus potentially unsustainable.

Bangladesh has never had a homegrown holistic dynamic strategic framework to combat poverty nor had a clearly articulated operational approach been developed to address the issue. Rather agendas for poverty alleviation had remained largely donor driven. As a result what has served as a strategy for poverty alleviation in Bangladesh has been like more than aggregation of a large number of various donor-funded micro projects supplemented by some discrete domestically funded programmes.

How the GOB agenda on poverty reduction has been operationalised may be tracked from the Finance Minister's speech made on 28 March 2000 at a consultative meeting with the civil society on the theme related to GOB's poverty alleviation strategies. In the meeting he reiterated that poverty alleviation was the 'overarching' goal of the GOB and the present government was committed to creating an enabling environment for economic, social and political empowerment of the poor through: (a) enhancing pro-poor growth (low inflation) (b) reorientation of public expenditure towards social sectors (health and education) and physical infrastructure (roads) and; (c) broadening safety net programmes (microcredit, GOB initiatives).

The above indicative strategy of the GOB is operationalised through some micro programmes spell out in Table-1 and changes in public expenditure priorities. However, the programme falls short of an overarching strategy for poverty alleviation because it remains unrelated as overall target for poverty alleviation or a macroeconomic design which links policies, performances and expenditures to specific outcomes with a given timeframe.

There is, thus, a need for conceptualising and developing a holistic policy framework to strategically formulate policies, sequence intervention-instruments and implement projects and reforms to realise specific goals for poverty alleviation with a time bound framework. Therefore a strategy for poverty eradication demands:

- ⇒ a multi-pronged- interventions;
- ⇒ a pro-active role of the state and public policy;
- ⇒ a realignment of donors' country programming and support to ensure that their priorities and assistance feed into the partner (recipient) government's overall strategy and medium-term expenditure plans.

A comprehensive and flexible poverty reduction framework is such which can be adjusted to varied spatial, gender and income groups of the country disposed to provide a stable, equitable, and sustainable development process, devoid of mal-governance and involving the participation of all streams of society in the design and benefit of such an agenda.

**Table 1: Contrasting Fifth Five Year Plan Objectives with Operational Feature of the GOB**

Objectives of the FFYP	Operational feature	Observation
Alleviation of poverty through accelerated growth (7 percent per annum).	The growth in agriculture accelerated to 4.3 percent per annum during 1996-99, while the GDP growth averaged 5.5 percent during the period.	GDP growth has increased but not as high to make a dent on income poverty situation.
Generation of substantial employment and increased productivity through an optimal choice of traditional labour intensive and new capital intensive technologies.	Rural infrastructure programmes	No visible shift in the stated direction in the labour market.
Improvement in the quality of life of the rural population through mobilisation of the rural masses and channeling of increased volume of investible resources	Micro-credit programmes, Food assisted programmes, Broader NGO participation.	Moderate increase in the quality of life.
Transformation of the rural socio-economic structure into a more equitable, just and productive one.		Inequality on the rise.
Attainment of food production beyond the self sufficiency level in the shortest possible time.	The growth in agriculture accelerated.	Food availability has increased.
Human resources development with emphasis on compulsory primary education and vocational training.	Public expenditure on education increased nearly four-fold from Tk 1.97 billion to Tk 7.41 billion during 1991-1999 and health expenditure rose from Tk 2.94 billion to Tk 5.95 billion in that period. Improved service delivery.	Despite increased allocation per capita spending is still low, restraining to access to quality education and health care.
Development of necessary infrastructure, utilities and other services needed to promote growth, particularly in the private sector and to the development of rural infrastructure.	The Rural Maintenance Programmes.	Bureaucratic bottlenecks and lack of proper planning is not contributing to the cause.
Development of industries essentially based on comparative advantage of the country.		No public investment.
Development of neglected areas like the North-west region, Chittagong Hill Tracts and coastal areas.		Peace treaty was signed, creating an enabling regime.
Achievement of a lower population growth rate (1.32 per cent), coupled with provision of necessary health care and improved nutrition of mother and child.	Changing composition of public expenditure favouring social sector.	Population growth, fertility and child mortality, etc have fallen, but remain high in comparative terms.
Strengthening of the country's scientific and technological base with emphasis on research and development of new generation technologies.		
Protection and preservation of environment by adequate regulatory regimes and effective institutions.		
Closing the gender gap, giving priority to women's education, training and employment and special support for education of the girl children.	Girls' education programme	
Establishment of social justice through equitable distribution of income, resources and opportunities, and creation of effective safety nets for the socially and economically disadvantaged sections of the	<i>Boyoska Bhata</i> (Old Age Pension) Allowances for Distressed Women programme <i>Asrayon Project</i> (Shelter for the	

Objectives of the FFYP	Operational feature	Observation
population and by strengthening the law and order and the rule of law.	Homeless) <i>Grihayan Tabil</i> (Housing Fund)	
Putting in place effective local government institutions, at the union, thana and zilla levels, and vesting on them the power and responsibilities for design, formulation and implementation of local level development programmes and projects, with active participation of people belonging to all strata of the rural society as well as through effective co-operation between the local government institutions and non-government organisations.	Election to Union Parishads held.	No effective structure yet for design, formulation and implementation of local development programmes.  No elected Thana and Zilla Parishad.

### C. Abundance of Donors' Strategies

Bangladesh has been exposed to a plethora of advice and assistance from its development partners for the purpose of alleviating poverty. The donors working in Bangladesh, however, have tended to follow diverse models in addressing the issue of poverty. The dominant model followed by multilateral agencies and central European bilateral partners– are rooted in the ‘neo-liberal market framework’. Such a model, originating in from specific set of philosophical assumptions, carries its in-built rigidities, emanating from strong assumptions. This model does not pay much attention to such issues as power relations, the command over the productive assets or the problems associated with empowerment of poor.

The World Bank has been playing the lead role amongst the donors in shaping Bangladesh's development strategies. The current policy regime is built upon the Bank sponsored structural adjustment reforms (SAR) or “Washington Consensus,” which is grounded in the ‘neo-liberal market framework’. In contrast the Nordic countries, in association with their partners in the LMG group have tended to place more emphasis on targeting policy advice towards poverty alleviation. The OECD's Development Assistance Committee (DAC) has recommended of a policy mix of macroeconomic stability, structural reforms and social stability for countries moving towards higher path of sustainable growth.

Despite divergences in donor perspectives on conceptualising poverty and the subsequent choice of programmatic areas for official development assistance, there is a strong convergence in recent years in various country assistance strategies of the donors towards poverty alleviation. Most of the cooperation agencies, however, do not state any clearly articulated operational approach towards poverty reduction, their Country Assistance Strategies have instead identified a spectrum of programmatic areas some of which cover poverty reduction.

This, in effect, may lead to a crowding out of the principal objective of poverty alleviation. The divergent priorities amongst the various aid agencies and indeed within the agencies may lead to duplication as well as waste in the design of projects which may not only deviate from national priorities but may also lead to an element of incoherence amongst the various aid agencies.

## II. DEFINITION AND CONCEPTS ON POVERTY

### A.1 Commonalties amongst Donors

There appears to be a growing consensus among the co-operation agencies on perceiving poverty as a multi-dimensional concept. Despite differences in phraseology, most donors, in common terms, conceive of poverty resulting from lack of human, physical and financial capabilities to sustain livelihoods. Accordingly, the manifestation of poverty is reduced or lack of access to material, economic, social, political or cultural resources needed to satisfy basic needs.

The female-headed households perceived to be both below and close to the consumption poverty line, they suffer on average more severe poverty, and obtain less than their share of household consumption.

### A.2 Divergent Emphases amongst Donors

Most of the donors do not furnish any clearly articulated operational element arising out of their assessment of multidimensionality of poverty. Table below shows how donors are diverse in emphases in their formulations on poverty.

OECD	World Bank	DFID	UNDP
<p><i>Global</i> Six elements are necessary to be covered in a multidimensional definition of poverty:</p> <ul style="list-style-type: none"> <li>• private consumption (PC);</li> <li>• individual and household assets;</li> <li>• security, in respect to risks, shocks and violence;</li> <li>• social consumption (including use of common-pool resources and publicly-provided services);</li> <li>• empowerment, or attainment of minimal social-participation, voice and dignity; and free time.</li> </ul>	<p><i>Global</i> Poverty is multi-dimensional, extending from</p> <ul style="list-style-type: none"> <li>◆ low levels of health and lack of education,</li> <li>◆ to other 'non-material' dimensions of well-being, including                             <ul style="list-style-type: none"> <li>▪ gender gaps,</li> <li>▪ insecurity,</li> <li>▪ powerlessness and</li> <li>▪ social exclusion.</li> </ul> </li> </ul>	<p><i>Bangladesh</i> A more detailed understanding of poverty incorporate</p> <ul style="list-style-type: none"> <li>◆ illiteracy,</li> <li>◆ lack of access to resources,</li> <li>◆ social deprivation and vulnerability to disasters, sickness and other external shocks.</li> </ul>	<p><i>Global</i> Human poverty means denial of most basic opportunities and choices –</p> <ul style="list-style-type: none"> <li>◆ to lead a long, healthy, creative life; and</li> <li>◆ to enjoy a decent standard of                             <ul style="list-style-type: none"> <li>▪ living,</li> <li>▪ freedom,</li> <li>▪ dignity,</li> <li>▪ self-respect and the respect of others.</li> </ul> </li> </ul>

As regards nature and pattern of poverty Norwegian aid agency maintains that poverty is a complex issue and efforts for reduction requires programmes which can be tailored to the contextual realities of individual countries. Canadian agency, CIDA observes that poverty can lead to serious global problems, such as environmental degradation, political and economic instability, and large-scale migration of people in search of a better life.

British aid agency, DFID in its strategic paper also shares the view and substantiate its argument by saying that the recent Asian financial crisis and the world economic slow-down that followed has had an impact, particularly over the past three years. It also identifies other threats such as conflict, AIDS and natural disasters.

OECD in its guideline on poverty assistance strategies for its members says that “functional groups” that are known to experience poverty or vulnerability on several dimensions are a more suitable focus for policy thinking than poverty-line categories.

## B. Contrasting with the Strategies of the GOB spelt out in the FFYP

The following table presents a contrasting picture, containing commonalties between GOB and donors and unadressed national concerns.

Commonalties in GOB/Donor Position	Unadressed National Concerns
<p><i>Definition of Poverty</i></p> <ul style="list-style-type: none"> <li>➤ In broader sense, poverty refers to forms of economic, social and psychological deprivation occurring among people lacking sufficient ownership, control or access to resources for minimum required level of living.</li> </ul> <p><i>Pace of Reduction</i></p> <ul style="list-style-type: none"> <li>➤ Bangladesh has registered some progress, with the incidence of poverty falling; albeit this has been only marginal and slow.</li> </ul> <p><i>Inequality</i></p> <ul style="list-style-type: none"> <li>➤ The uneven distribution of income has increased, particularly since 1991-92. The gap in rural-urban living standards has increased.</li> <li>➤ Rising inequality within the rural and urban sectors also accounts for a large share of rising national inequality.</li> <li>➤ There are large differences in poverty by education, land ownership, occupation, and demographics.</li> <li>➤ Female-headed households are seen to be poorer in rural areas, and women have less education and employment.</li> </ul>	<p><i>Causes of Poverty</i></p> <ul style="list-style-type: none"> <li>➤ The major causes of poverty are low economic growth, inequitable distribution of income and productive assets, unemployment and under-employment, high population growth, low human resource development and limited access to public services.</li> </ul> <p><i>Nature and Pattern of Poverty</i></p> <ul style="list-style-type: none"> <li>➤ The progress recorded by income-measure of poverty has not been equally matched by improvement in several crucial dimensions of poverty such as crisis-coping capacity, improved access to quality health care, etc. Average annual income erosion in rural households arising out of various crises- constitutes about 16 per cent of its income; for the extreme poor, the corresponding figure is as high as 27 per cent.</li> <li>➤ Lack of adequate risk-insurance mechanism coupled with limited public health care underlies a tendency for income erosion amongst the poor.</li> </ul> <p><i>Measurement of Poverty</i></p> <ul style="list-style-type: none"> <li>➤ Disagreements persist for many years about the extent and trend of poverty because of methodological differences on measurement.</li> </ul>



### **III. GUIDING PRINCIPLES ADOPTED BY DIFFERENT AGENCIES FOR REDUCTION OF POVERTY**

#### **A.1 Commonalties amongst Donors**

Since there is a general understanding that poverty is a complex phenomenon, different mainstream paradigmatic assumptions appear to guide the official discourse and response to in different countries. These approaches are furnished below:

- ◆ Pro-poor growth reduces poverty by promoting rapid, job-creating economic growth and interventions that directly assist the poor.
- ◆ Sustainable livelihood emphasises on designing intervention strategy on the basis of specific circumstances of actual poor rather than making prior assumption based on sectoralised thinking.
- ◆ Empowerment captures a set of minimal conditions for well being and social belonging which influences as well as access to work and resources in a rights-based framework. It influences public perceptions of the poorest and their place in the community.
- ◆ Human development enlarges the process of choice and opportunities most basic to human development – to lead a long, healthy, creative life and to enjoy a decent standard of living, freedom, dignity, self-respect and the respect of others.
- ◆ Human security addresses the sources of risk that affect poor people through breaking out of the increasingly artificial separation between conflict resolution, post-conflict reconstruction, natural disaster preparedness and relief, and rights-based governance work and addresses the functioning of safety-net arrangements.
- ◆ Most of the country assistance strategies can boast of underlining the importance of phrases such as ‘investing in people’, building ‘human capital’, ‘promotion of security’, ‘growth with equity.’

#### **A.2 Observation on Donors’ Emphases**

Notwithstanding the lack of generalised understanding on the principles guiding the poverty reduction strategies adopted by the donor agencies, the dominant view amongst the official donors is that economic growth is a necessary condition for reducing poverty. However the point of departure in the current donor discourse centres around elevation of poverty eradication to the primary concern of donors and not as a derived outcome of pro-growth strategies.

The overarching importance placed on poverty reduction tends to be crowd out in operational programmes of many donors by a number of other objectives, despite the fact that policy documents and statements consistently convey poverty reduction as the overarching objective. These range from support to economic growth to support to the social service sector to democratic government and good governance, gender equality, conflict resolution and peace, and environmental concerns.

In spite of a broader consensus on economic growth as a necessary condition for poverty reduction, there is a view, mostly nurtured by Nordics that growth does not automatically

lead to a reduced level of poverty. Their Parliaments see poverty reduction as conditional upon a more equitable distribution of income and employment opportunities. On one hand and institutional arrangements for the participation of the ‘majority’ (poor are the majority in the developing countries) in the decision making processes, on the other.

These alternative perspectives underline the active role of governments and state institutions for creating the necessary enabling environment for poverty reduction.

### Donors’ Divergent Emphases

Agency	Emphases
OECD	Various causal assessments of multidimensionality of poverty lead to overlapping strategic approaches, with the domination of a pro-poor growth strategy.
World Bank	Reduction of poverty by promoting rapid, job-creating economic growth and interventions that directly assist the poor.
DFID	<p><u>Global</u> Fast economic growth, at a rate substantially higher than population growth, primarily driven by private sector activities is required for reduction of poverty.</p> <p>Ensuring equity through improved access to health, education, markets and assets which will enable the poor to contribute to economic growth and benefit from increased national output.</p> <p>The vulnerability of poor people to shocks needs to be reduced.</p>
CIDA	<p>Reducing poverty needs focus on people’s capabilities to avoid, or limit, their deprivation. Key aspects of these are:</p> <ul style="list-style-type: none"> <li>➤ recognising and developing the potential of the poor;</li> <li>➤ increasing their productive capacity</li> <li>➤ reducing barriers limiting their participation in society;</li> <li>➤ improving the social, economic and environmental conditions of the poor; and their access to decision making.</li> </ul> <p>The project interventions will emphasise institutional sustainability and financial self-reliance, increasing the capacity of government and NGO’s to effectively deliver quality basic needs services to the poor.</p>
SDC	<p>SDC gives the highest Importance to promote self-reliance, sustainable benefits and empowerment of the poor to achieve a more just and democratic international peace and societal order. It is of particular Importance in Bangladesh to valorise:</p> <ul style="list-style-type: none"> <li>➤ gender awareness,</li> <li>➤ preservation of environment, and</li> <li>➤ economic viability.</li> </ul>
SIDA	The principle goal of Swedish development cooperation is to raise the quality of life of poor people. The concept ‘quality of life’ includes people’s opportunities for making a secured living in a manner that is foreseeable and safe, to be in good health and to have access to education and other social services.
NORAD	Norway follows a combined emphasis on investing in people through social sectors and promoting a more balanced and equitable economic growth process, supplemented with more directly targeted interventions and accentuation on democratic institutions, empowerment and civil society. The Norwegian perspective underlines the basic role of the government and state institutions for creating the necessary enabling environment for poverty reduction.

#### IV. STRATEGIC APPROACHES ADOPTED BY DIFFERENT AGENCIES FOR REDUCTION OF POVERTY

##### A. Commonalties amongst Donor Agencies

In identifying a number of areas in terms of programmes, most of donors catalogue macroeconomic instability, poor governance and institutional barriers as a major cause of the lack of success in their poverty reduction programme. Accordingly, they converge on improving macroeconomic management as a precondition for achieving rapid, sustainable economic growth. In recent years this emphasis has shifted to improving governance which is seen as an essential element in realising post macroeconomic reforms as well as poverty reduction.

The donor pledges to invest in areas such as education, health, nutrition and population for promoting human development.

##### A.2 Divergent Emphases amongst Donors

Poverty reduction, as observed by OECD, has in recent time come into focus in Country Assistance Strategies (CAS) and usually remains only one of several priorities. The OECD observes that the neo-liberal focus of CAS has made it difficult to address poverty and poverty reduction in its own right. The following table provides strategic priorities of different donors, illustrating divergent emphases:

Agency	Emphases
World Bank	<p>The strategic priorities are:</p> <ul style="list-style-type: none"> <li>• improving <i>macroeconomic management</i></li> <li>• promoting a <i>competitive private sector</i> as the engine of growth</li> <li>• promoting better public sector management and improved public services for the private sector and civil society;</li> <li>• <i>accelerating growth</i> and rural development and strengthening the linkages between agriculture and non agriculture development; and</li> <li>• promoting <i>faster and more equitable human development</i> on the basis of a long-term vision of education, health, nutrition and population</li> </ul>
EC	<p>The EC's areas of cooperation are:</p> <ul style="list-style-type: none"> <li>• Increase income of poor people.</li> <li>• Improve access to quality health services.</li> <li>• Improve access to quality primary education.</li> <li>• Vocational training.</li> <li>• Encourage the empowerment of the poor, particularly women by supporting gender equality, human rights and the rule of law to strengthen the role of civil society.</li> <li>• Support to the rehabilitation and development of the Chittagong Hill (CHT) region in Bangladesh.</li> <li>• Governance and institutions building.</li> </ul>
DFID	<p>The long-term objective is to help Bangladesh achieve sustainable reductions in poverty through a consistent and effective contribution to poverty elimination</p> <ul style="list-style-type: none"> <li>• in partnership with other stakeholders, both Bangladeshi and external,</li> <li>• both by direct interventions on poverty and</li> <li>• by supporting more rapid economic growth.</li> </ul>
CIDA	<p>The project interventions will emphasise on:</p> <ul style="list-style-type: none"> <li>• institutional sustainability and financial self-reliance,</li> <li>• increasing the capacity of government and NGO's to effectively deliver quality basis needs services.</li> </ul>

SDC	<p>SDC focuses on improving the conditions for increased productivity and economic competitiveness as a prerequisite to sustained large-scale productive employment generation, through</p> <ul style="list-style-type: none"> <li>• human resources development (education, skills training),</li> <li>• enhanced access to resources (capital/credit, technology) at reasonable cost. and</li> <li>• opening-up of market opportunities by means of infrastructure development, promotional activities, etc.</li> </ul>
NORAD	<p>The Norwegian approach to poverty reduction has <i>nine main policy elements</i>:</p> <ul style="list-style-type: none"> <li>• A developmental state, with an active role for the Government and static institutions</li> <li>• Investing in people, through (basic) education and (basic) health</li> <li>• A balanced and equitable economic growth, with a managed mixed economy</li> <li>• Targeted interventions and projects to supplement general Government policies</li> <li>• Empowerment of the poor and an open, democratic and pluralistic society</li> <li>• Equal participation, opportunities and rights for women</li> <li>• Reforms in the international economic system and debt relief</li> <li>• Protection of the environment and resource management for the benefit of the poor</li> <li>• Conflict resolution, conflict prevention and post-conflict reconciliation</li> </ul>

## B. Contrasting with Bangladesh’s Development Goals

The table below presents commonalities between donors and GOB on Bangladesh’s development goals and unaddressed concerns.

Commonalities	Unaddressed Concerns
<ul style="list-style-type: none"> <li>➤ Provision of the basic necessities of life, including food, clothing, shelter, education and medical care;</li> <li>➤ transformation in the rural areas through promotion of an agricultural revolution, provision of rural electrification, the development of cottage and other industries, and improvement of education and public health;</li> <li>➤ promotion of local government institutions and mainstreaming of women</li> <li>➤ establishment of a corruption free society;</li> <li>➤ ensuring good governance, separation of the judiciary from the executive organs of the state and establishment of a pro-people public service system to serve the people.</li> </ul>	<ul style="list-style-type: none"> <li>➤ the right of work, that is the right to guaranteed employment at a reasonable wage with respect to the quantity of work;</li> <li>➤ the right to reasonable rest, recreation and leisure;</li> <li>➤ the right to social security, i.e. providing public assistance in cases of undeserved wants arising from unemployment, illness, or disablement; or, suffered by widows or orphans, or in old age, or in other such cases.</li> <li>➤ ensure equality of opportunity to, and adopt effective measures to remove social and economic inequality to ensure equitable distribution of wealth and of opportunities in order to attain a uniform level of economic development.</li> </ul>

## V. INSTRUMENTS/LEVERS DEPLOYED BY DIFFERENT CO-OPERATION AGENCIES FOR REDUCTION OF POVERTY

### A. Commonalties amongst donors

Most of agencies stress that macroeconomic stability, structural reforms and social stability are required for countries to move to a higher path of sustainable growth. The agencies suggest that poverty reduction strategy needs to integrate institutional, structural and sectoral interventions into a consistent framework.

The multilateral agencies and central European agencies see a link between structural adjustment that enhances growth and stabilises the economy and poverty reduction.

The cooperation agencies take a sector-wide approach to: (a) support the Government and NGOs in providing quality primary education for poor children in rural areas and support the development of institutional linkages between formal and non-formal primary education systems, and (b) support modular and demand interventions in health and population sector.

The agencies reiterate in their CAS to encourage empowerment of the poor, particularly women and the participation of the disadvantaged in the development process by promoting decentralized co-operation activities, and by supporting gender equality, human rights and the rule of law to strengthen the role of civil society.

### B. Contrasting with Poverty Reduction Objectives as outlined in the Fifth Plan

Commonalties	Divergences
<ul style="list-style-type: none"> <li>➤ Alleviation of poverty through accelerated economic growth (on an average 7 per cent per annum) during the plan period to bring about a noticeable improvement in the standard of living of people by raising their level of income and meeting their basic needs.</li> <li>➤ Improvement in the quality of life of the rural population through mobilisation of the rural masses and resources at their command as well as channelling increased volume of invisible resources to the rural economy for attaining an accelerated growth in rural employment and income.</li> <li>➤ Human resources development with emphasis on compulsory primary education and vocational training and foundation laying of a knowledge based society.</li> <li>➤ Development of Chittagong Hill Tracts and coastal areas.</li> <li>➤ Achievement of a lower population growth rate.(1.32 per cent), coupled with provision of</li> </ul>	<ul style="list-style-type: none"> <li>➤ Generation of substantial employment opportunities and increase in productivity through an optimal choice of the traditional labour intensive and new capital-intensive technologies.</li> <li>➤ Development of industries essentially based on comparative advantage of the country.</li> <li>➤ Transformation of the rural socio-economic structure into a more equitable, just and productive one and empowerment of the rural poor through ensuring their increased access to resources.</li> <li>➤ Attainment of food production beyond the self-sufficiency level in the shortest possible time and of higher production of diversified high-valued export goods.</li> <li>➤ Strengthening of the country's scientific and technological base with emphasis on research and development of new generation technologies, including in areas such as electronics and genetic engineering.</li> </ul>

<p>necessary health care and improved nutrition of mother and child.</p> <p>➤ Closing the gender gap, giving priority to women's education, training and employment and special support for education of the girl child.</p>	<p>➤ Protection and preservation of environment by putting in place adequate regulatory regimes and effective institutions, keeping in view the need for regeneration, recycling and optimum exploitation of natural resources consistent with sustainable development.</p>
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### C. Observations on various instruments deployed by aid agencies for poverty reduction from their documents

- ◆ Using policy leverage through disbursement conditionalities and associated pressure is not seen as a good practice, particularly for a bilateral donor, when seeking to bring about a better enabling environment.
- ◆ Sector programmes may tend to focus on the central ministries and thereby divert attention from accountability mechanisms. One way of securing accountability and transparency is to support devolution and delegation of decision-making authority. Another is to facilitate the advocacy role of civil society organisations representing the poor.
- ◆ Sector-wide approaches easily end up focusing exclusively on the sector in question and synergies may accordingly be missed.
- ◆ Studies on the stated superior performance of NGOs provide a more complex picture than what is often assumed. A major conclusion is that there is actually a lack of reliable evidence on the poverty reduction impact of NGO development projects because NGOs give little attention to monitoring and evaluation exercises.
- ◆ Area development approaches have been criticised for problems of sustainability.
- ◆ A number of weaknesses in project design and implementation often affect the sustainability of projects:
  - ⇒ The different aspects of sustainability (political, administrative, financial, technological, environmental) must be worked into project design at an early stage and as an over-arching concern.
  - ⇒ The issue of sustainability is not a handing-over problem.
  - ⇒ The relationship between exploratory ('pilot') projects and long-term interventions must be carefully considered.
- ◆ Small-scale success does not necessarily guarantee similar results on a larger scale. Scaling up must therefore be carefully considered to avoid expensive or complex interventions, or interventions that are directly counter productive.
- ◆ At one stage participation and empowerment are considered dangerously radical and destabilising, they are now quite uncontroversial in most development agencies. But genuine participatory approaches are time consuming and in the projects with short cycles there is always a temptation to short-circuit the process.

## VI. GOVERNANCE AND PROCESS ISSUES INVOLVED IN DESIGNING COUNTRY ASSISTANCE STRATEGY BY THE CO-OPERATION AGENCIES FOR POVERTY REDUCTION

### A. Process followed or ascribed in the CAS documents to be followed in programming of CAS

Agency	Issues
CIDA	<ul style="list-style-type: none"> <li>➤ The identification of constraints and opportunities common to a large number of the poor in a group or country, as well as the selection of activities to reduce poverty, must be done with the full participation of people, their organisations and their governments.</li> <li>➤ Programming at CIDA requires being consistent with the goal of poverty reduction.</li> </ul>
WB	<ul style="list-style-type: none"> <li>➤ Co-location of work to the field, matrix management and improved communication between Washington and Dhaka make possible continuous dialogue with clients, quicker responses to their needs, more effective and economical supervision and portfolio management, and better team work. The presence of Bank and IFC directors in the field ensures greater awareness of the country context for business decisions and enhances collaboration.</li> </ul>
DFID	<ul style="list-style-type: none"> <li>➤ More substantive and effective partnerships must be based on a good understanding of Bangladeshi society and institutions, which is made difficult by the turnover of UK based staff.</li> <li>➤ The DFID develop better induction programmes, for example including stronger encouragement to learn Bangla and spend time in Bangladeshi communities; will undertake training in cross-culture communication; and will increase the proportion of Bangladesh staff, especially at higher administrative and professional levels, in our team.</li> <li>➤ In building partnerships, an important characteristics is to follow a long term approach, maximum continuity, adopting an approach which is open to learning as well as influencing and trying to understand the motivation and incentives of partners.</li> </ul>
NORAD	<ul style="list-style-type: none"> <li>➤ The senior management's explicit commitment to poverty reduction objectives and clear communication to agency staff is required.</li> <li>➤ Another and complementary aspect of mainstreaming of poverty reduction within the agencies, concerns the creation of special units, focal points or working groups for poverty reduction. Some are formal while others remain informal.</li> <li>➤ It seems that the agency must have the ability to make effective use of specialised skills-resources in a multi-disciplinary way.</li> </ul>
SDC	<ul style="list-style-type: none"> <li>➤ Constructive and equitable partnership is the starting point for sustainable cooperation that strengthens accountability. The SDC works with partners who are willing to cooperate in a spirit of responsibility, openness and efficiency, in order to achieve common long-term aims.</li> </ul>

	<p>➤ With respect to the problem whether preference should be given to government or private sector partners, more than ever, the selection of partners should not be based on principles, but on practicality, evolution, time. No rule, but only a few guiding ideas can be spelled out:</p> <p><b>Partnership Criteria</b></p> <p>⇒ Government should only become active where the private sector (business, civil society) does not bring the desired results (subsidiarity)</p> <p>⇒ The central government (and SDC) should resist the temptation to get involved in production and to directly intervene at the micro-level in order to control and dominate these networks. Rather it should endorse the role of facilitator, enabler and regulator.</p> <p>⇒ Control through the direct participants and target populations is more cost-effective and efficient (for instance to avoid corruption and misuse of funds) than top-down control, especially through the public administration.</p> <p>⇒ In most of the cases, preference shall be given to multiple partnerships (government/NGO/business/several donors) and broad-based cooperation systems instead of working with single partnership, including a plurality of partners of all walks of life and sectors.</p>
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## B. Some Observations

- ◆ The CAS and the resulting programme of interventions – its process and content – should be based on a good understanding of the country’s overall national strategy for poverty reduction.
- ◆ Dialogue should center on ensuring that donor priorities and resources offered are consistent with partner government’s overall strategy and medium-term expenditure plans.
- ◆ The CAS process should itself be participatory and involve systematic consultations with co-operation country authorities, private sectors and civil-society representatives.
- ◆ The CAS should be genuinely strategic and be informed by the best available knowledge of the poverty situation in the country, including the results of gender and social analysis, and consideration of environment-poverty linkages.
- ◆ All cooperation agency strategies should be primarily focused on poverty-reduction goals and be justified in that term.
- ◆ The challenge of a country assistance programming is how to proceed within a very diverse country policy and governance situation.
- ◆ There is need for strengthening the poverty analysis, awareness and policy making at the country level.
- ◆ Effective partnership requires a considerable investment of staff time, including senior-level administrators, in order to develop trust and mutual understanding, as well as identifying opportunities for pursuing pro-poor approaches.
- ◆ As a general rule accountability to domestic stakeholders, including National Parliament or other elected legislative bodies, will be of critical importance. This will ensure against gross misuse of public funds and in favour of public spending priorities that reflect government’s poverty-reduction commitments.



- ◆ A Medium Term Expenditure Framework (MTEF), is typically a rolling three-year expenditure plan reflecting government policy priorities, costed plans for achieving particular outcomes, and the total “resource envelope” considered consistent with macro-economic stability, may be designed.
- ◆ Accountability needs to be mutual, and not to fall disproportionately on the country government.

## **VII. ASSESSMENT AND EVALUATION FOR POVERTY REDUCTION**

To ensure that the intended results for the Bangladesh programme are clearly understood, those should be measurable, achievable, relevant, time bound and attributable to interventions.

In evaluation, important elements are:

- ⇒ a professional, high quality and continuously updated poverty analysis, with the possibility of promoting several studies and analyses which stimulate debate and discussions;
- ⇒ an active policy-making by the Government for poverty reduction, including both national policies, and regional policies, where relevant; and
- ⇒ a systematic monitoring system with agreed indicators and impact analysis. This requires a consolidated effort by donors and the Government and other development partners.

Studies consistently reveal that donor agencies' ability to learn lessons from experience is disappointing, and this applies even more with respect to poverty reduction. The key to quality programme management is therefore interaction, putting the emphasis on being connected with these movements. It is very helpful to "look beyond one's own yard" to learn from others' experiences.

For effective monitoring of results and learning to take place, poverty reduction objectives and linkages need to be made clear and explicit, and potential beneficiaries are to be carefully identified at the outset.

In addition, institutional change is required both within agencies and co-operating countries in order to achieve the systematic cooperation of gender analysis and social analysis as an integral part of the monitoring and evaluation process.

## **VIII. KEY QUESTIONS FOR THE DIALOGUE**

- ⇒ Can the Fifth Five Year Plan (FFYP) agenda on poverty alleviation termed as national agenda for poverty alleviation backed by the political authority of the GOB?
- ⇒ What are the operational links between the FFYP strategy and operational programmes for poverty alleviation incorporated the ADP and articulated by the Finance Minister?
- ⇒ Is there a convergence on concepts and strategies followed by the GOB and different co-operation agencies on the issue of poverty? Do the donors have any clear agreement on strategies and do they have any mechanism for coordinating their anti-poverty strategies?
- ⇒ Are there coherent guiding principles between those adopted by different co-operation agencies for reduction of poverty? How far do they capture that of the country?
- ⇒ What are the commonalities and divergences on instruments/levers deployed by different co-operation agencies for reduction of poverty?
- ⇒ What should be the point of departure in designing country assistance strategies by the co-operation agencies for poverty reduction? Is there scope for donors coming together and design a common CAS for poverty alleviation?
- ⇒ How should assessment and evaluation be designed by different co-operation agencies?
- ⇒ If the GOB can be persuaded to design a holistic poverty alleviation strategy, will donors be agreeable to subordinate their CAS to that strategy and to have their programmes coordinated by the GOB?
- ⇒ What should be the role of civil society in Bangladesh in the design and implementation of such a strategy? How can a political consensus be built around an agreed national strategy for poverty reduction?

**List of Consulted CAS', Policy Papers and Focus Studies**

Sl. No.	Agency and Country	Type	Prepared by	Time of Preparation	Implementation Period
<b>A. COUNTRY ASSISTANCE STRATEGY</b>					
1.	Department for International Development (DFID), UK	CSP	DFID Staff based on inputs from consultants and consultations	Nov. 1998	1999-2002
2.	Swiss Development Cooperation (SDC), Sweden	CP	SDC staff plus workshops and local talks	May, 1993 – May, 1994	1995-2002
3.	World Bank (WB)	CAS	WB Staff	Mar 6, 1998	1998-2001
4.	United Nations Development Group (UNDG)	CCA	UN Staff College, UNICEF, WFP, FAO, UNFPA and UNDP	Nov. 1998 – Sep. 1999	
5.	European Commission (EC)	CS	EC/Bangladesh		1999-2001
6.	UNICEF	CN	UNICEF Board	Nov. 12, 1999	2000-2005
7.	World Food Programme (WFP)	CSO	WFP	Mar. 5, 2000	2001 – 2005
<b>GLOBAL POVERTY STRATEGY</b>					
Sl. No.	Agency	Title	Prepared by	Time of Preparation	Implementation Period
1.	OECD	DAC Guidelines on Poverty	DAC Informal Network on Poverty Reduction	March 2000	
2.	SIDA	Sida's Poverty Programme	Dept. for Policy and Legal Services	Dec. 1996	
3.	UNFPA	Guidelines on Poverty and other Related Issues	UNFPA		
4.	JICA	JICA's Development Assistance on Poverty Eradication	Ministry of Foreign Affairs		
5.	UNDP	UNDP Poverty Report 2000			
6.	WFP	Enabling Development	May 1999		
7.	SDC	Policy for Social development	Nov. 1999		
8.	SDC	Guiding Principles	1999		
<b>B. BANGLADESH – SPECIFIC POLICY ON POVERTY REDUCTION</b>					
Sl. No.	Agency	Title	Prepared by	Time of Preparation	Implementation Period
1.	CIDA	Policy on Poverty Reduction	CIDA	Jan. 1996	
2.	SDC	SDC and Bangladesh	SDC	Dec 1997	
3.	SDC	SDC-Policy for Social Development			
<b>POVERTY-FOCUSED PAPERS/STUDIES</b>					
Sl. No.	Agency	Title	Type	Prepared by	Time of Preparation
1	WB	Bangladesh: From Counting the Poor to Making the Poor	Focus study	WB staff	1999
2.	NORAD	Policies and Strategies for Poverty Reduction in Norwegian Development Aid	Evaluation	Chr. Michelson Institute	1999
3.	DFID	Economic Well-being	TSP	DFID	Dec. 1999
4.	DFID	Poverty Issues in Bangladesh	Review	consultants	May 1998

Note: CSP = Country Strategy Paper CP = Country Programme CCA = Country Common Assessment  
CS = Co-operation Strategy CN = Country Note CSO = Country Strategy Outlines TSP = Target Strategy Paper