

Eradication of Poverty in Bangladesh: Role of Ethics

NIRMAL CHANDRA BHAKTA*
AMITABH CHAKRABORTY*
BIRENDRA CHANDRA DAS*

Abstract: *Poverty eradication is one of the main conditions for the progress of a society like ours. This progress remains incomplete without improving the conditions of the poor. It is generally agreed that incidence, intensity and inequality are three important aspects in poverty measurement. These factors indicate that eradication of poverty means more than showing a large reduction in overall poverty, to improve the lives of the extreme poor as this will have the same poverty impact at a lower cost than addressing those experiencing the severest poverty. A number of poverty measures have been developed using the assimilated approach in the context of uni-dimensional poverty measurement as well as multidimensional poverty measurement following a growing consensus that poverty is not just a reflection of deprivation in any single dimension. Despite hindering factors such as poor infrastructure, political instability, corruption, and insufficient power supplies, recent growth of our economy is 5-6% per year. With time, our economy has the momentum and is the second fastest growing major economy of 2016. Though Bangladesh is the world's 44th country considering GDP and 32nd largest in terms of purchasing power parity, we have been known as poor country in the world. However, steps have been taken by the present government of Bangladesh to boost-up our economy and eradicate poverty. It will not be overstated if we say we are on the way to be role model in poverty eradication. Even after considering the odd results, the positive outcomes of strategies, owned for poverty eradication, still hold the claims of their role in poverty eradication. They are the better alternatives showing the pathway for far better ones.*

* Authors are respectively Executive Director (on PRL), Joint Director and Deputy Director of Bangladesh Bank. Opinions expressed in this paper are their own, and in no way reflect the official position of Bangladesh Bank.

1.0 Introduction

Just prior to President Obama's 2014 State of the Union Address, media¹ reported that the top wealthiest 1% possess 40% of the nation's wealth; the bottom 80% own 7%; similarly, but later, the media reported, the "richest 1 percent in the United States now own more additional income than the bottom 90 percent".² The gap between the top 10% and the middle class is over 1,000%; that increases another 1,000% for the top 1%. The average employee "needs to work more than a month to earn what the CEO earns in one hour."³ Although different from income inequality, the two are related. In *Inequality for All*—a 2013 documentary with Robert Reich in which he argued that income inequality is the defining issue for the United States—Reich states that 95% of economic gains went to the top 1% net worth (HNWI⁴) since 2009 when the recovery allegedly started.⁵ More recently, in 2017, an Oxfam study found that eight rich people, six of them Americans, own as much combined wealth as "half the human race". Pre-Poverty eradication is one of the main and must conditions for the progress of a society. This progress remains incomplete without improving the conditions of those stricken with poverty. It is generally agreed that there are three important aspects in poverty measurement, known as three Is – incidence, intensity and inequality.⁶ These three factors indicate that the term eradication of poverty means more than showing a large reduction in overall poverty, to improve the lives of the least poor as this will have the same poverty impact at a lower cost than addressing those experiencing the severest poverty. A number of poverty measures have been developed using the assimilated approach in the context of uni-dimensional poverty measurement as well as multidimensional poverty measurement following a growing consensus that poverty is not just a reflection of deprivation in any single dimension.⁷

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1. Boyer, Dave (January 24, 2014), "Obama to use State of the Union as opening salvo in 2014 midterms", *Washington Times*, retrieved January 26, 2014.
 2. Kristof, Nicholas (July 22, 2014). "An Idiot's Guide to Inequality". *New York Times*. Retrieved July 22, 2014.
 3. Marsden, William (January 26, 2014), Obama's State of the Union speech will be call to arms on wealth gap, retrieved January 26, 2014.
 4. A classification used by the financial services industry to denote an individual or a family with high net worth.
 5. Svaldi, Aldo (January 11, 2014). "Robert Reich: Income inequality the defining issue for U.S.". *The Denver Post*. Retrieved January 26, 2014.
 6. Jenkins and Lambert (1997) refer to these three aspects as 'three I's of poverty.
 7. Single dimensional measures include Thon (1979), Clark, Hemming and Ulph (1981), Chakravarty (1983), Foster, Greer and Thorbecke (1984), and Shorrocks (1995). Multidimensional measures include Chakravarty, Mukherjee and Ranade (1998), Tsui (2002), Bourguignon and Chakravarty (2003), Massoumi and Lugo (2008), Alkire and Foster (2011), Bossert, Chakravarty and D'Ambrosio (2013), Jayaraj and Subramanian (2009), and Aaberge and Peluso (2012).

2.0 Identification of Deprivations And of Poverty

Direct measures of poverty that look at deprivation and living standards have a very long history, particularly in Britain. From Charles Booth and before, through to Seebholm Rowntree and Peter Townsend in the twentieth century, the living conditions of the poor have been investigated to establish those who live in poverty.⁸ Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities, and have the living conditions and amenities, which are customary, or at least widely encouraged or approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary patterns, customs and activities.⁹

Measures of deprivation are not the same as measures of income – they relate to how people live. Deprivation is the consequence of a lack of income and other resources, which cumulatively can be seen as living in poverty. The relative deprivation approach to poverty examines the indicators of deprivation, which are then related back to income levels and resources. Internationally, a lack of or non-participation in indicators like diet, clothing, fuel and light, home amenities, housing and housing facilities, the immediate environment of the home, the general conditions and security of work, family support, recreation, education, health and social relations are seen as an indicator of deprivation.

There are levels of income below which consumption and participation fall well below what might be seen as normal or acceptable in an increasingly affluent society. This group is seen to be in poverty. As mentioned in previous portion - incidence, intensity and inequality – are the measures of poverty.

3.0 Who are Considered to be Stricken by Poverty

Mostly accepted idea of being poor is to lack income. Income is not the only thing people care about and it varies a lot from one person to another. For example, a chronically sick person needs more income than the healthy one to lead an equally fulfilling life. It is not easy, however, to turn these philosophical musings into workable measurements. One valiant effort is the Multi-Dimensional Poverty Index (MPI), devised by Sabina Alkire and her colleagues at the Oxford Poverty and Human Development Initiative. It begins with ten questions that appear in

⁸. Poverty and Social Exclusion (PSE), <http://www.poverty.ac.uk/definitions-poverty/deprivation-and-poverty>.

⁹. Poverty in the United Kingdom, Townsend (1979).

surveys carried out sporadically by USAID, America's aid agency, and UNICEF. Two of the questions cover education, two address health and the remaining six assess a household's standard of living.¹⁰ The table below may be considered:

Arich dataset

The multi-dimensional poverty index

Dimension of poverty	Indicator by household	Weight in index
Education	No one has complete five years of schooling	1/6
	A child is not attending primary school	1/6
Health	A child has died	1/6
	Anyone is malnourished	1/6
Living standard	No electricity	1/18
	No decent toilet or latrine	1/18
	No easy access to drinking water	1/18
	Has a dirt, sand or dung floor	1/18
	Cooks with dung, wood or charcoal	1/18
	No car or truck and only one out of a radio, TV, telephone, bike, motorbike or refrigerator	1/18

Source: Oxford Poverty & Human Development Initiative

Each of these ten deprivations is given a weight in the overall index. A household is deemed poor if its deprivations, duly weighted, add up to at least 33%. Thus an uneducated family that has lost a child is regarded as poor no matter how many consumer durables it owns. A country's MPI is the product of both the breadth of poverty (the proportion of people whose score is over 33%) and its depth (the average score of the poor). This broader brush paints a different picture of hardship than narrower measures based only on income or consumption. Uganda and Cambodia, for example, have been notably successful in cutting the proportion of people living on less than US\$1.25 a day (adjusted for purchasing power), the World Bank's global poverty standard. However, Nepal and Rwanda have done markedly better at reducing "multi-dimensional" poverty.

¹⁰. Published in the Economist, published on 23 March 2013 captioned 'Poverty - The decathlon of deprivation'

4.0 Steps Taken So Far in this Regard

Poverty occurs in both developing countries and developed countries, while poverty is much more widespread in developing countries, both types of countries undertake poverty reduction measures. Poverty has been historically accepted in some parts of the world as inevitable as non-industrialized economies produced very little while populations grew almost as fast, making wealth scarce. Geoffrey Parker wrote that “In Antwerp and Lyon, two of the largest cities in western Europe, by 1600 three-quarters of the total population were too poor to pay taxes, and therefore likely to need relief in times of crisis.” Poverty reduction has been largely because of overall economic growth. Food shortages were common before modern agricultural technology and in places that lack them today, such as nitrogen fertilizers, pesticides and irrigation methods. The dawn of industrial revolution led to high economic growth, eliminating mass poverty in what is now considered the developed world. World GDP per person quintupled during the 20th century. In 1820, 75% of humanity lived on less than a dollar a day, while in 2001, only about 20% do.

Today, continued economic development is constrained by the lack of economic freedoms. Economic liberalization requires extending property rights to the poor, especially to land. Financial services, notably savings, can be made accessible to the poor through technology, such as mobile banking. Inefficient institutions, corruption and political instability can also discourage investment. Aid and government support in health, education and infrastructure helps growth by increasing human and physical capital. Poverty alleviation also involves improving the living conditions of people who are already poor. Aid, particularly in medical and scientific areas, is essential in providing better lives, such as the Green Revolution and the eradication of smallpox. Problems with today’s development aid include the high proportion of tied aid, which mandates receiving nations to buy products, often more expensive, originating only from donor countries. Nevertheless, some believe (Peter Singer in his book *The Life You Can Save*) that small changes in the way each of us in affluent nations lives our lives could solve world poverty.

Strategies/concepts owned to eradicate poverty are discussed below:

04. A) Global Strategies: Eradication of extreme poverty and hunger by 2015 was a Millennium Development Goal. In addition to broader approaches, the Sachs Report (for the UN Millennium Project) proposes a series of “quick wins”, approaches identified by development experts which would cost relatively little but could have a major constructive effect on world poverty. The quick wins are:

Access to information on sexual and reproductive health; Action against domestic violence; Appointing government scientific advisors in every country; Deworming school children in affected areas; Drugs for AIDS, tuberculosis, and malaria; Eliminating school fees; Ending user fees for basic health care in developing countries; Free school meals for schoolchildren; Legislation for women's rights, including rights to property; Planting trees; Providing soil nutrients to farmers in sub-Saharan Africa; Providing mosquito nets; Access to electricity, water and sanitation; Supporting breast-feeding; Training programs for community health in rural areas; Upgrading slums, and providing land for public housing. Some strategies/concepts owned globally to eradicate poverty are discussed below:

- 04. A.1) Economic liberalization:** one of the most important poverty reduction strategies a nation can implement is extending property rights protection to the poor. Securing property rights to land is vital to economic freedom. The World Bank mentioned this as the key to reducing poverty because land rights greatly increase poor people's wealth, in some cases doubling it. It is estimated that state recognition of the property of the poor would give them assets worth 40 times all the foreign aid since 1945. In China and India, noted reductions in poverty in recent decades have occurred mostly as a result of the abandonment of collective farming in China and the cutting of government red tape in India.
- 04. A.2) Capital, Infrastructure and Technology:** Long run economic growth per person is achieved through increases in capital, both human and physical, and technology. Improving human capital, in the form of health, is needed for economic growth. Nations do not necessarily need wealth to gain health. For example, Sri Lanka had a maternal mortality rate of 2% in the 1930s, higher than any nation today. However, it was spending less each year on maternal health because it learned what worked and what did not. Knowledge on the cost effectiveness of healthcare interventions can be elusive but educational measures to disseminate what works are available, such as the disease control priorities project. Promoting hand washing is one of the most cost effective health intervention and can cut deaths from the major childhood diseases of diarrhea and pneumonia by half.

Human capital, in the form of education, is an even more important determinant of economic growth than physical capital. Deworming

children costs about 50 cents per child per year and reduces non-attendance from anemia, illness and malnutrition and is only a twenty-fifth as expensive to increase school attendance as by constructing schools.

UN economists argue that good infrastructure, such as roads and information networks, helps market reforms to work. China claims it is investing in railways, roads, ports and rural telephones in African countries as part of its formula for economic development. It was the technology of the steam engine that originally began the dramatic decreases in poverty levels. Cell phone technology brings the market to poor or rural sections. With necessary information, remote farmers can produce specific crops to sell to the buyers that bring the best price. Such technology also helps bring economic freedom by making financial services accessible to the poor. Those in poverty place overwhelming importance on having a safe place to save money, much more so than receiving loans.

Also, a large part of microfinance loans are spent on products that would usually be paid by a checking or savings account. Mobile banking addresses the problem of the heavy regulation and costly maintenance of saving accounts. Mobile financial services in the developing world, ahead of the developed world in this respect, could be worth US\$5 billion by 2012. Safaricom's M-Pesa launched one of the first systems where a network of agents of mostly shopkeepers, instead of bank branches, would take deposits in cash and translate these into a virtual account on customers' phones. Cash transfers can be done between phones and issued back in cash with a small commission, making remittances safer.

04. A.3) Employment and Productivity: Economic growth has the indirect potential to alleviate poverty, because of simultaneous increases in employment opportunities and labor productivity. A study by researchers at the Overseas Development Institute (ODI) of 24 countries that experienced growth found that in 18 cases, poverty was alleviated. The ODI study showed that other sectors were just as important in reducing unemployment, as manufacturing. The services sector is most effective at translating productivity growth into employment growth. Agriculture provides a safety net for jobs and economic buffer when other sectors are struggling.

04. A.4) Using mix of different approaches for poverty eradication:

A 2012 World Bank research article, "A Comparative Perspective on Poverty Reduction in Brazil, China, and India," looked at the three nations' strategies and their relative challenges and successes. During their reform periods, all three have reduced their poverty rates, but through a different mix of approaches. The report used a common poverty line of US\$1.29 per person, per day, at purchasing parity power for consumption in 2008. Using that metric and evaluating the period between 1981 and 2005, the poverty rate in China dropped from 84% to 18%; India from 80% to 42%; and Brazil from 17% to 8%.

04. A.5) Welfare Aid to eradicate poverty:

Aid in its simplest form is a basic income grant, a form of social security periodically providing citizens with money. In pilot projects in Namibia, where such a program pays just \$13 a month, people were able to pay tuition fees, raising the proportion of children going to school by 92%, child malnutrition rates fell from 42% to 10% and economic activity grew 10%.

Aid could also be rewarded based on doing certain requirements. Conditional Cash Transfers, widely credited as a successful anti-poverty program, is based on actions such as enrolling children in school or receiving vaccinations. In Mexico, for example, the country with the largest such program, dropout rates of 16- to 19-year-olds in rural area dropped by 20% and children gained half an inch in height. Initial fears that the program would encourage families to stay at home rather than work to collect benefits have proven to be unfounded. Instead, there is less excuse for neglectful behavior as, for example, children are prevented from begging on the streets instead of going to school because it could result in suspension from the program.

Welfare states have an effect on poverty reduction. Currently modern, expansive welfare states that ensure economic opportunity, independence and security in a near universal manner are still the exclusive domain of the developed nations that commonly constitute at least 20% of GDP, with the largest Scandinavian welfare states constituting over 40% of GDP. These modern welfare states, which largely arose in the late 19th and early 20th centuries, seeing their greatest expansion in the mid-20th century, and have proven themselves highly effective in reducing relative as well as absolute poverty in all analyzed high-income OECD countries.

04. A.6) Good Institutions: Efficient institutions that are not corrupt and obey the rule of law make and enforce good laws that provide security to property and businesses. Efficient and fair governments would work to invest in the long-term interests of the nation rather than plunder resources through corruption. The United Nations Development Program published a report in April, 2000 which focused on good governance in poor countries as a key to economic development and overcoming the selfish interests of wealthy elites often behind state actions in developing nations. The report concludes that “Without good governance, reliance on trickle-down economic development and a host of other strategies will not work.” Examples of good governance leading to economic development and poverty reduction include Thailand, Taiwan, Malaysia, South Korea, and Vietnam, which tend to have a strong government, called a hard state or development state. These “hard states” have the will and authority to create and maintain policies that lead to long-term development that helps all their citizens, not just the wealthy. Multinational corporations are regulated so that they follow reasonable standards for pay and labor conditions, pay reasonable taxes to help develop the country, and keep some of the profits in the country, reinvesting them to provide further development.

04. A.7) Women Empowerment and Gender Equality: The empowerment of women has relatively recently become a significant area of discussion with respect to development and economics. However, it is often regarded as a topic that only addresses and primarily deals with gender inequality. Because women and men experience poverty differently, they hold dissimilar poverty reduction priorities and are affected differently by development interventions and poverty reduction strategies.

In response to the socialized phenomenon known as the feminization of poverty, policies aimed to reduce poverty have begun to address poor women separately from poor men. In addition to engendering poverty and poverty interventions, a correlation between greater gender equality and greater poverty reduction and economic growth has been illustrated by research through the World Bank, suggesting that promoting gender equality through empowerment of women is a qualitatively significant poverty reduction strategy.

Addressing gender equality and empowering women are necessary steps in overcoming poverty and furthering development as supported by the human development and capabilities approach and the Millennium Development Goals. Disparities in the areas of education, mortality rates, health and other social and economic indicators impose large costs on well-being and health of the poor, which diminishes productivity and the potential to reduce poverty. The limited opportunities of women in most societies restrict their aptitude to improve economic conditions and access services to enhance their well-being.

Other Approaches

- a. Another approach that has been proposed for alleviating poverty is Fair Trade which advocates the payment of an above market price as well as social and environmental standards in areas related to the production of goods. The efficacy of this approach to poverty reduction is controversial.
- b. Community and monetary economist Thomas H. Greco, Jr. has argued that the mainstream global economy with its debt-based currency has built-in structural incentives that create poverty through keeping money scarce. Greco points to the success of modern barter clubs and historical local currencies such as the Wörgl Experiment at revitalizing stagnant local economies, and calls for the creation of community currency as a means to reduce or eliminate poverty.
- c. The Toronto Dollar is an example of a local currency oriented towards reducing poverty. Toronto Dollars are sold and redeemed in such a way that raise funds, which are then given as grants to local charities, primarily ones, oriented towards reducing poverty. Toronto Dollars also provide a means to create an incentive for welfare recipients to work: Toronto dollars can be given as gifts to welfare recipients who perform volunteer work for charitable and non-profit organizations, and these gifts do not affect welfare benefits.
- d. Some have argued for radical economic change in the system. There are several fundamental proposals for restructuring existing economic relations, and many of their supporters argue that their ideas would reduce or even eliminate poverty entirely if they were implemented. Such proposals have been put forward by both left-wing and right-wing

groups: socialism, communism, anarchism, libertarianism, binary economics and participatory economics, among others.

- e. Inequality can be reduced by progressive tax.
- f. In law, there has been a move to establish the absence of poverty as a human right.
- g. The IMF and member countries have produced Poverty Reduction Strategy Papers (PRSPs).
- h. In his book “The End of Poverty”, a prominent economist named Jeffrey Sachs laid out a plan to eradicate global poverty by the year 2025. Following his recommendations, international organizations such as the Global Solidarity Network are working to help eradicate poverty worldwide with intervention in the areas of housing, food, education, basic health, agricultural inputs, safe drinking water, transportation and communications.
- i. The Poor People’s Economic Human Rights Campaign is an organization in the United States working to secure freedom from poverty for all by organizing the poor themselves. The Campaign believes that a human rights framework, based on the value of inherent dignity and worth of all persons, offers the best means by which to organize for a political solution to poverty.
- j. Also one approach to reduce poverty was with Norplant, a form of birth control, which was approved in the United States on December 10, 1990. Norplant prevents pregnancy for up to five years by gradually releasing a low dose of the hormone into the blood stream. In an article in the Philadelphia Inquirer entitled “Poverty and Norplant: Can Contraception Reduce the Underclass?”, deputy editorial-page editor Donald Kimelman proposed Norplant as a solution to inner-city poverty, arguing that “the main reason black children are living in poverty is that people having the most children are the ones least capable of supporting them. Kimelman claimed in his article “it’s very tough to undo the damage of being born into a dysfunctional family. So why not make a major effort to reduce the number of children, of any race, born into such circumstances?” According to Dorothy Roberts book “Killing the Black Body: Race, Reproduction, and the Meaning of Liberty”, within two years of Norplant being approved thirteen state legislatures had proposed some twenty measures to implant poor women with Norplant

and a number of these bills would pressure women on welfare to use the device either by requiring implantation as a condition of receiving benefits or by offering them a financial bonus. Every state made Norplant available to women for free through Medicaid or other forms of public assistance and to teenage girls through school programs that presented Norplant as the most reasonable option. Efforts were also made to provide Norplant to women without Medicaid. As Roberts stated, "California governor Pete Wilson allocated an extra US\$5 million to reimburse state-funded clinics for Norplant going to women without Medicaid or Medical coverage."

04. B. Criticism of the strategies

The strategies mentioned above definitely played significant role in poverty eradication. But the results were not pleasant every time. Sometimes, the outcomes of these exposed them under question. This will be clear in the discussion below:

- 04.B.1) Economic liberalizations sometimes provide negative impacts. Some examples are given below:
- a. New enterprises and foreign investment can be driven away by the results of inefficient institutions, corruption, the weak rule of law and excessive bureaucratic burdens. The result varies economy to economy. For example - it takes two days, two bureaucratic procedures and US\$280 to open a business in Canada while an entrepreneur in Bolivia must pay US\$2,696 in fees, wait 82 business days, and go through 20 procedures to do the same. Such costly barriers favor big firms at the expense of small enterprises where most jobs are created. In India before economic reforms, businesses had to bribe government officials even for routine activities, which was in effect a tax on business. 3
 - b. However, ending government sponsorship of social programs is sometimes known as a free market principle with tragic consequences. For example, the World Bank presses poor nations to eliminate subsidies for fertilizer that many farmers cannot afford at market prices. The reconfiguration of public financing in former Soviet states during their transition to a market economy called for reduced spending on health and education, sharply increasing poverty.
 - c. Trade liberalization increases total surplus of trading nations. Remittances sent to poor countries, such as Bangladesh or India, are

sometimes larger than foreign direct investment. However, trade rules are often unfair as they block access to richer nations' markets and ban poorer nations from supporting their industries. Processed products from poorer nations, in contrast to raw materials, get vastly higher tariffs at richer nations' ports.

- d. A University of Toronto study found the dropping of duty charges on thousands of products from African nations because of the African Growth and Opportunity Act was directly responsible for a "surprisingly large" increase in imports from Africa. Deals can sometimes be negotiated to favor the developing country such as in China, where laws compel foreign multinationals to train their future Chinese competitors in strategic industries and render themselves redundant in the long term. In Thailand, the 51% rule compels multinational corporations starting operations in Thailand give 51% control to a Thai company in a joint venture.
04. B.2. Employment is no guarantee of escaping poverty, the International Labour Organisation (ILO) estimates that as many as 40% of workers are poor, not earning enough to keep their families above the \$2 a day poverty line. For instance, in India most of the chronically poor are wage earners in formal employment, because their jobs are insecure and low paid and offer no chance to accumulate wealth to avoid risks. This appears to be the result of a negative relationship between employment creation and increased productivity, when a simultaneous positive increase is required to reduce poverty. According to the UNRISD, increasing labour productivity appears to have a negative impact on job creation: in the 1960s, a 1% increase in output per worker was associated with a reduction in employment growth of 0.07%, by the first decade of this century the same productivity increase implies reduced employment growth by 0.54%. Increases in employment without increases in productivity leads to a rise in the number of "working poor", which is why some experts are now promoting the creation of "quality" and not "quantity" in labour market policies. This approach does highlight how higher productivity has helped reduce poverty in East Asia, but the negative impact is beginning to show. In Viet Nam, for example, employment growth has slowed while productivity growth has continued. Furthermore, productivity increases do not always lead to increased wages, as can be seen in the US, where the gap between productivity and wages has been rising since the 1980s. The ODI study

suggests a more nuanced understanding of economic growth and quality of life and poverty alleviation.

04. B.3. The WB report on poverty eradication of China, Brazil and India sketches an overall scorecard of the countries on the two basic dimensions of pro-poor growth and pro-poor policy intervention: China clearly scores well on the pro-poor growth side of the card, but neither Brazil nor India do; in Brazil's case for lack of growth and in India's case for lack of poverty-reducing growth. Brazil scores well on the social policies side, but China and India do not; in China's case progress has been slow in implementing new social policies more relevant to the new market economy (despite historical advantages in this area, inherited from the past regime) and in India's case the bigger problems are the extent of capture of the many existing policies by non-poor groups and the weak capabilities of the state for delivering better basic public services.
- 04.B.4. A major proportion of aid from donor nations is 'tied', mandating that a receiving nation buy products originating only from the donor country. This can be harmful economically. For example, Eritrea is forced to spend aid money on foreign goods and services to build a network of railways even though it is cheaper to use local expertise and resources. Money from the United States to fight AIDS requires it be spent on U.S brand name drugs that can cost up to \$15,000 a year compared to \$350 a year for generics from other countries. Only Norway, Denmark, Netherlands and Britain have stopped tying their aid. Some people disagree with aid when looking at where the development aid money from NGO's and other funding is going. Funding tends to be used in a selective manner where the highest ranked health problem is the only thing treated, rather than funding basic health care development.
- Funds from aid and natural resources are often diverted into private hands and then sent to banks overseas because of graft. If Western banks rejected stolen money, says a report by Global Witness, ordinary people would benefit "in a way that aid flows will never achieve". The report asked for more regulation of banks as they have proved capable of stanching the flow of funds linked to terrorism, money laundering or tax evasion.
04. B.5. The increase in extreme weather events, linked to climate change, and resulting disasters is expected to continue. Disasters are a major cause

of impoverishment and can reverse progress towards poverty reduction. It is predicted that by 2030, 325 million (plus) extremely poor people will be living in the 49 most hazard prone countries. Most of these are located in South Asia and Sub-Saharan Africa. A researcher at a leading global think-tank, the Overseas Development Institute, suggests that far more effort should be done to better coordinate and integrate poverty reduction strategies with climate change adaptation. The two issues are argued to be currently only dealt with in parallel as most poverty reduction strategy papers ignore climate change adaptation altogether, while National Adaptation Programs of Action (NAPAs) likewise do not deal directly with poverty reduction. Adaptation-poverty linkages were found to be strongest in NAPAs from sub-Saharan Africa LDCs.

Even after considering the odd results, the positive outcomes of these strategies still hold the claims of their role in poverty eradication. They were the better alternatives showing the pathway for far better ones.

5.0 Poverty Situation in Bangladesh

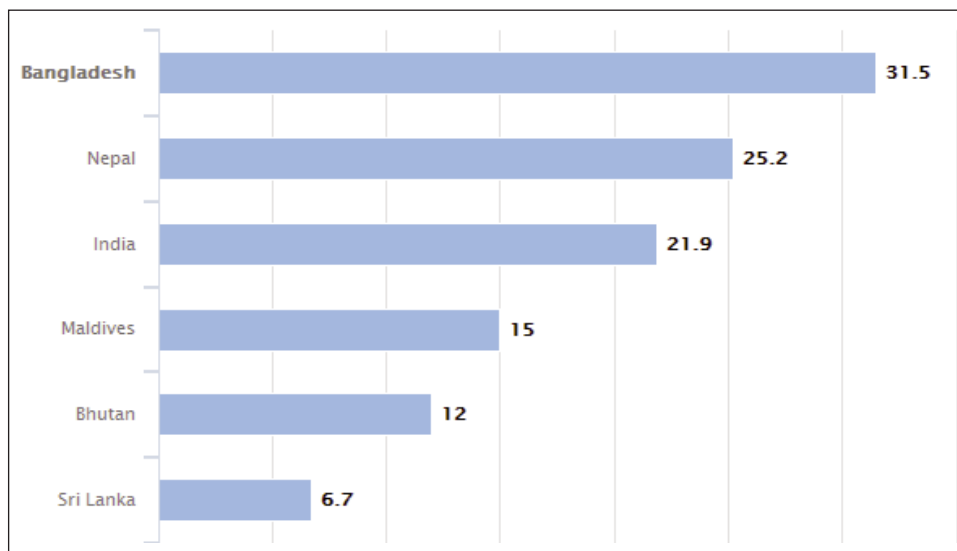
In spite of problems such as poor infrastructure, political instability, corruption, and insufficient power supplies, our economy has grown 5-6% per year since 1996. With time, our economy has the momentum and according to the IMF, Bangladesh's economy is the second fastest growing major economy of 2016, with a rate of 7.1%. Considering GDP, Bangladesh is the world's 44th country. To the world, we have been known as poor country, even though the situation is on a rising mood, presently. Main causes of poverty in our country are:

- Widespread corruption and inadequate efforts from relevant authorities do little to build infrastructure and good law, which causes poverty.
- Geographical and demographic characteristics of Bangladesh also are responsible for poverty in this country. With 80% of the country situated on the flood plains of the Ganges, Brahmaputra, Meghna and those of several other minor rivers, the country is prone to severe flooding. Therefore, a large proportion of the country is low-lying, and thus is at a high risk to flooding which cause huge damage to their crops, homes and livelihoods. On average, 16% of household income per year is lost due to flooding, with roughly 89% of the loss in property and assets³. They often have to resort to moneylenders, and that causes them to fall deeper into poverty. Flooding also leads to these natural disasters (cholera, dengue,

malaria, etc.) outbreak, which affects them physically and lower their productivity levels.

- Poverty in rural areas of our country occurs due to the fast-growing population rate, which places huge pressure on the environment, causing problems such as erosion and flooding, which in turn leads to low agricultural productivity. Urban poverty takes place due to the limited employment opportunities, degraded environment, and bad housing and sanitation. The urban poor hold jobs that are labor demanding, thus affecting their health conditions.

The following graph shows how sharing of poverty in Bangladesh compares to rest of South Asia¹¹ :



Education has an important contribution to the social and economic development of a country. Poverty, in particular, has strong link with education and employment. Research papers published by the Bangladesh Institute of Development Studies (BIDS) have shown that poverty acts as both a cause and effect of a lack of education and have adverse relation with employment opportunities. We have an unskilled workforce that decreases the productivity of the workforce significantly, which hinder sustainable economic growth. However,

¹¹. Brouwer, R.; Akter, S.; Brander, L.; Haque, E (April 2007). "Socioeconomic Vulnerability and Adaptation to Environmental Risk: A Case Study of Climate Change and Flooding in Bangladesh". *Risk Analysis*. Wiley. **27**: 313–326.

the situation is somewhat better now because ADB study shows 56.6% of the population aged 15 years and above is employed in Bangladesh.

On the other hand, rising landlessness has been another consequence of poverty in Bangladesh. Ours is a highly densely populated country that experience strong pressures on land. The inequality of land ownership and the lack of production factors affect food security and food sovereignty. In rural areas, 89% of landowners have less than one ha in their possession and 39% has less than 0.2 ha. Many of the rural poor in Bangladesh are either landless, have only small plots of land, or are depending on tenancy, or sharecropping. High tenure insecurity due to out-dated and unfair laws and policies results in increasing conflicts over land rights and wide spread land grabbing. The growing rural inequalities and instability also generate migration to towns, increasing the rates of urban poverty.¹²

Moreover, issues such as food security and health hamper social mobility for the chronic poor. According to a study done by the World Bank on Dhaka, the poor suffers from a lack of proper healthcare in their areas due to the expensive and poor quality health care services. The poverty-stricken areas either face unavailability of facilities, or can only afford low quality healthcare. The problem has worsened for the urban poor as they can only afford to stay in slums, which have overcrowding problem along with unhygienic living conditions. These two factors results in the spread of diseases amongst the poor whom cannot afford better healthcare. Thus, poverty matters as it affects the social welfare of citizens.

A study CIDA showed that The Gross National Income (GNI) per capita measured in 2008 prices is a staggering low of US\$520 while GNI Purchasing Power Parity per capita is US \$1440.¹³ Even though the poverty rate in Bangladesh has been decreasing, it is doing so at a slow rate of less than 2% per year, 49% of the population still remains below the poverty line.¹⁴ Poverty matters because it affects many factors of growth – education, population growth rates, health of the workforce and public policy. Poverty is most concentrated in the rural areas of Bangladesh, hence creating disparities between the rural and urban areas. In April 2016, as estimated by the Asian Development Bank, 31.5% of the 157.90 million

12. An ADB study of 2014.

13. Bangladesh - facts at a glance - CIDA, <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/JUD-31105911-LRJ>, Retrieved 10 March 2011

14. Mujeri, Mustafa, K. (Winter 2000). "Poverty Trends and Growth Performance: Some Issues in Bangladesh". *The Pakistan Development Review*. Performance: Some Issues in Bangladesh. 39 (4): 1171–1191. JSTOR 41260319.

people living in Bangladesh live below the national poverty line.¹⁵ The last information shows a good sign, no doubt.

6.0 What Bangladesh have Done for Poverty Eradication

By 2021, the 50th anniversary of its independence, Bangladesh has set an ambitious goal to become a middle-income country. Equally important to achieving the coveted middle income status is pushing towards the accelerated growth required to achieve this goal, particularly the poverty eradication. *Vision 2021* and the associated *Perspective Plan 2010-2021* of the Government of Bangladesh demand a series of development targets that must be achieved if Bangladesh wants to transform itself to a middle-income country. Among the core targets, attaining a poverty head-count rate of 14% by 2021 is one. Assuming population growth continues to decline at the same rate as during the 2000-2010 period, achieving this poverty target implies lifting approximately 15 million people out of poverty in the next 8 years. A simple continuation of the policies and programs that have proven successful in delivering steady growth and poverty reduction in the past decade will not be sufficient to achieve the poverty target set for 2021.¹⁶

Over the 2000 to 2010 decade, Bangladesh experienced steady and strong GDP growth, averaging 6% per year. During the same period, poverty rates have also demonstrated steady improvement, with an average decline of 1.7% per year. Although not quite as rapid as the remarkable 2.5% per year decline that China experienced during this period, Bangladesh's rate of poverty reduction was nevertheless almost twice as fast as that experienced by the rest of the world. Between 1999 and 2008, the poverty headcount rate in India and the rest of the developing world, excluding China, fell by an estimated 0.9% points per year. The number of poor in Bangladesh has substantially declined over this period from nearly 63 million in 2000 to 47 million in 2010 – a reduction of 26%. An extraordinary feature of this poverty reduction experience is that the real per capita consumption increased proportionally across all income groups thereby keeping inequality stable.

This impressive trend in poverty reduction has helped Bangladesh achieve

¹⁵. Asian Development Bank. (n.d.). Poverty in Bangladesh. Retrieved from 21 November 2016.

¹⁶. Three steps to reduce poverty in Bangladesh; Dean Jolliffe is a Senior Economist in the Development Research Group of the World Bank. Iffath Sharif is the Program Leader for Social Inclusion for the Bangladesh, Bhutan and Nepal country work programs.

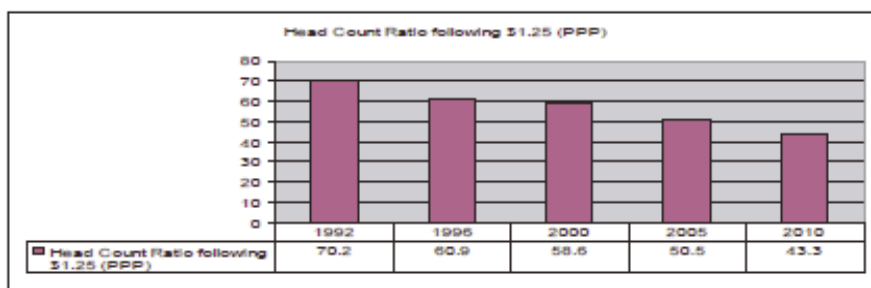
the Millennium Development Goal (MDG) on poverty two years ahead of schedule. The MDG stipulates that the proportion of people living in poverty that prevailed in 1990 (57%) must be reduced by at least one-half by the year 2015. Under all realistic growth scenarios, the 2015 poverty headcount for Bangladesh will fall well below the MDG target of 28.5%. Even under a pessimistic scenario of 3.8% GDP growth rate per annum, the poverty headcount projection will still surpass the MDG target by two percentage points. The same poverty projections show that attaining the Vision 2021 poverty target of 14%. However, required growth of Bangladesh's GDP is at least at 8% per annum, in this case. Achieving a growth rate which is at least 2% points higher than that observed in recent years requires raising the bar on Government's current modus operandi. Prudent macroeconomic management and unleashing growth in three areas – exports, remittances and public investment – are expected to help shift the 6% average growth trajectory to that of 8%. But to meet the poverty goals, the poor must share in this growth. Fortuitously for Bangladesh, interventions to help increase the growth rate can also maintain the pace of poverty reduction.

Millennium Development Goals (MDGs) have been included in UN Millennium Declaration to ensure sustainable growth and economic sustainability as a part of it. Bangladesh embedded Millennium Development Goals in its developmental agenda be it Poverty Reduction Strategy Papers or Five Year Plans (FYPs). Since the terminal year of MDGs and 6th FYP coincides, implementing one, ultimately paves the way for implementing the other, as both are strategically well tuned. The pro-poor and inclusive growth strategy has paid off, reducing both absolute and extreme poverty while empowering the poor.¹⁷ As per the report, Bangladesh has made commendable progress in respect of eradication of poverty and hunger. The sustained growth rate in excess of 6% achieved in recent years has played positive role in eradicating poverty. The robust growth has been accompanied by corresponding improvements in several social indicators such as increased life expectancy and lower fertility rate. The inclusive growth has resulted in significant poverty reduction from 56.7% in 1991-92 to 31.5%. The latest HIES 2010 data show that the incidence of poverty has declined, on an average, 1.74% in Bangladesh during 2000 to 2010 against the MDG target of declining 1.20% in each year. The estimated poverty headcount ratio for 2015 is 24.8%. Bangladesh has already met one of the indicators of target-1 by bringing down the poverty gap ratio to 6.5, against the MDG target of 8.0 in 2015. Since the trend of

17. Message of State Minister for Planning & Finance in Millennium Development Goals: Bangladesh Progress Report 2015.

sustained GDP growth over 6% is continuing, the MDG target of halving the population living under the poverty line (from 56.7% to 29%) has already been achieved by 2012.¹⁸

Unemployment as well as underemployment is still persistent especially among the young people between 15 to 24 years of age. This age group comprises nearly 8.5% of the country's total population and 22% of the total labor force. Moreover, while Bangladesh has demonstrated its capacity for achieving the goal of poverty reduction within the target timeframe, attaining food security and nutritional wellbeing for a populous country like Bangladesh still remains as a challenge. The challenges with regard to reducing income inequality and the low economic participation of women also remain as matter of concerns. The proportion of the population below the national poverty line (2,122 kcal/day) is a proxy indicator under this target because of non-availability of data on those who earn \$1 (PPP) per day in Bangladesh. The Household Income and Expenditure Survey (HIES) of Bangladesh Bureau of Statistics (BBS) has been providing data on the incidence of poverty by using the Cost of Basic Needs (CBN) method only. The proportion of population below \$1.25 (PPP) per day is shown in Figure below based on information from the World Bank.

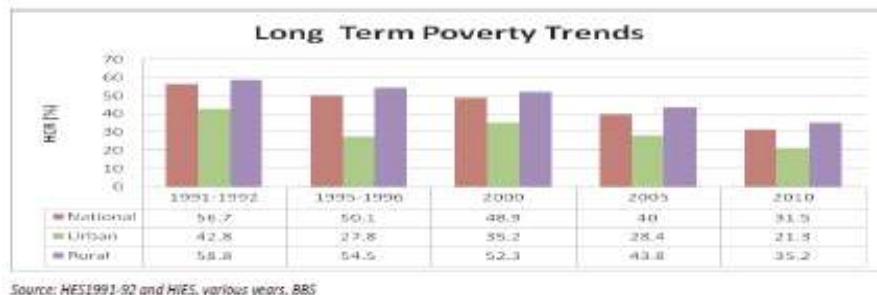


Source: unstats.un.org/unsd/mdg/data.aspx

It is observed that the head count ratio has reduced, on an average, at 1.49 percentage points per year during 1992 to 2010 period as against the required rate of 1.53 percentage points. Thus it can be seen that poverty has been consistently declining in Bangladesh by almost similar rates when poverty is measured by national poverty line using \$1.25 PPP per day although the levels vary due to absolute differences in the poverty line measures.

Bangladesh has been successful in achieving significant reduction in poverty since 1990. This is shown in Figure below.

¹⁸. Millennium Development Goals : Bangladesh Progress Report 2015.



National poverty headcount ratio declined from 56.7 percent in 1991-92 to 31.5% in 2010. A notable feature of poverty reduction between 2005 and 2010 was a significant decline in the incidence of extreme poverty. The percentage of population under the lower poverty line, the threshold for extreme poverty, decreased by 29.6% (or by 7.4%), from 25% of the population in 2005 to 17.6% in 2010. The incidence of extreme poverty declined by 47% in urban areas and 26% in rural areas. The decline in headcount ratio was greater than population growth during 2005-2010 period which led to a decline in the absolute number of the poor people. The size of the population below the upper poverty and the lower poverty lines declined by nearly 8.58 million and 8.61 million respectively during the period. The level and distribution of consumption among the poor improved as well, as is evident from reductions in the poverty gap and squared poverty gap measures by 28% and 31% respectively. Real per capita consumption expenditure during the 2005-2010 period increased at an average annual rate of 16.9%, with a higher rate of increase in rural areas as compared with the urban areas. This shows that the economic conditions and incomes of the rural people, especially the poor, have improved significantly as a result of the pro-poor and pro-rural policies of the government.

To ensure implementation of SDGs, which emphasize significantly on poverty eradication, government has already formed a committee. This committee is working to fix-up the responsibilities at different relevant authorities/agencies as well as to set a scale to measure the implementation of SDGs. The last budget considered the development of the poor of the poorest (including the retarded/disables, Dalits, cleaners, tea labors, residents of haor areas, beggars, hijras, etc.; of about 6.5 million in number). Moreover, government has introduced a program to provide rice at a price of Tk. 10 to 5 million poor peoples, which is an important steps for eradicating poverty.

In June 2013, Bangladesh received the 'Diploma Award' from Food and Agriculture Organization (FAO) for achieving the MDG-1 target of halving the

poverty well ahead of the deadline set by the world community. Besides this Bangladesh was honored with the 'special recognition' for their outstanding progress in fighting hunger and poverty. In September 2013, Hon'ble Prime Minister was awarded with 'South-South Award' for her Government's achievements in alleviating poverty. She was awarded 'UNESCO Peace Tree Award' in 2014 for her commitment to women's empowerment and girls' education. Bangladesh MDGs Progress Report 2015 shows that Bangladesh has already met most important targets of MDGs like reducing Poverty Gap Ratio. However, while Bangladesh has demonstrated its capacity for achieving the goal of poverty reduction within the target timeframe the challenges with regard to reducing income inequality and the low economic participation of women also remain as matter of concerns. If we fail in this case, then achievement so far will turn into nothing.

7.0 Role of Ethics in Poverty Eradication

Poverty eradication was among the other main themes of speech for declaration of independence, made by the father of the nation, on 07 March 1971. Afterwards, consequently, it has been a priority in Bangladesh's development plans and programs since 1972 because poverty is one of the biggest problems facing our society today. Though a lot of organizations; including NGOs, MNCs, banks, insurances, regional & international organization and government; are engaged to accelerate poverty reduction in Bangladesh. Some of them try to gear up it through performing the Corporate Social Responsibility (CSR).

Corporate Social Responsibility is the commitment of businesses to behave ethically and to contribute to sustainable economic development by working with all relevant stakeholders to improve their lives in ways that are good for business, the sustainable development agenda, and society at large (World Bank, 2001). Kolodner (1994) suggested that the private sector through their CSR programs can sufficiently impact whole nations in reducing poverty. A case study Poverty eradication through the corporate social responsibility (CSR) initiatives¹⁹ shows that some organizations try to gear up it through performing the CSR. Question has been raised about whether the CSR agenda can be extended to incorporate poverty reduction as a key element, along with labor rights and environmental protection. The issues raised in this regard are i) CSR prioritizes the business which is difficult to be related with poverty reduction, ii) there is some debate on

¹⁹. Poverty eradication through the corporate social responsibility (CSR) initiatives: A case study on two selected banks in Bangladesh; Md. Kamrujjaman and Jakia Akter Nisa; International Journal of Applied Research 2016; 2(9): 43-50

to suppose that a positive relation will exist between company actions to reduce poverty, iii) limitation lies in the origins of the current CSR movement as a response to criticism of the environmental and social impacts of the organization, etc.

Allegations have been raised regarding programs introduced by governments, which is a hindering factor for proper implementation of projects related to poverty eradication. But strict steps are being taken to prevent unethical activities. Recent militant activities in our country have been another worrying factor, which is being dealt strictly by the law enforcing agencies.

A number of multidimensional poverty measures have recently been proposed, within counting approach framework, respecting the ordinal nature of dimensions. Besides ensuring a reduction in poverty, however, it is important to monitor distributional changes to ensure that poverty reduction has been inclusive in reaching the poorest. Distributional issues are typically captured by adjusting a poverty measure to be sensitive to inequality among the poor. This approach however has certain practical limitations. It conflicts, for example, with some policy-relevant measurement features, such as the ability to decompose a measure into dimensions post-identification, and does not create an appropriate framework for assessing disparity in poverty across population subgroups.²⁰

8.0 Comments and Recommendations

For many years the World Bank, donor nations, various aid agencies, national governments and civil organizations have fought to eradicate poverty, but the result is discouraging. However, positive sign related to poverty eradication is that human wellbeing on global and national scales is improving. But it is important to monitor the regional progress of human wellbeing and Millennium Development Goals (MDGs) to ensure poverty eradication. An assessment of Bangladesh by analyzing Household Expenditure Survey (HIES) and Demographic Health Survey (DHS) data from 1995 to 2010, performed considering indicators selected based on the five dimensions including health, material condition, personal security and freedom of choice and actions shows that we have achieved substantial progress for ‘poverty alleviation’ (17%) and ‘education’ (23%). Incomes from fishery and ‘non-ecosystem’ based livelihood have increased 76% and 8% respectively, whereas income from shrimp and agriculture show declining trends. Production costs have increased substantially

²⁰. Oxford Poverty & Human Development Initiative (OPHI), WORKING PAPER NO. 77, Did Poverty Reduction Reach the Poorest of the Poor? Assessment Methods in the Counting Approach; Suman Seth and Sabina Alkire; November 2014.

since 1995 in response to a rise in GDP. At a household level, proxy indicators of provisioning services, such as crop production, are positively correlated with poverty alleviation. Overall, greater attention on education and sustainable land use is required if Sustainable Development Goals (SDGs) are to be achieved by 2030.

The market-based economy of Bangladesh is the 44th largest in the world in nominal terms, as mentioned earlier, and 32nd largest by purchasing power parity; it is classified among the next 11 emerging market economies and a frontier market. According to the IMF, Bangladesh's economy is the second fastest growing major economy of 2016, with a growth rate of 7.1%. Since 2004, Bangladesh averaged a GDP growth of 6.5%. In 2016, per-capita income was estimated as per IMF data at US\$3,840 (PPP) and US\$1466 (Nominal). Bangladesh will need to maintain growth in income, which continues to be one of the two key drivers of poverty reduction.

- We would like to place for consideration of appropriate relevant authorities:
- MDG has expired on 31 December 2015 and SDG has started from 01 January 2016. MDGs were for developing countries and LDCs, but all the countries are included in SDGs. As achievement against MDGs was significant, poverty has been reduced markedly in the world. SDGs have commitment to eradicate poverty by 2030. Bangladesh is among the 17-18 countries which showed significant progress regarding poverty eradication in MDG era. To ensure continuation of this success in case of SDGs, a combined effort is required from the state-top level to local level.
- Emphasizing dependence on own sources is a must for poverty eradication. Moreover, acceleration in investment is also important to ensure growth and thus to eradicate poverty. In addition, we have to ensure the prevention of negative unethical factors like corruption and militant activity.
- CSR agenda can be extended to incorporate poverty reduction. CSR in Bangladesh can also contribute a lot to community development. The corporate house can develop the community by creating employment, providing primary education, contribution to infrastructure development like road and high-ways and addressing environmental concerns. This is more relevant for a country like Bangladesh where the government interventions in these fields being augmented by corporate alliance can go a long way in developing the economy, society and environment. CSR can be considered as a long time investment in Poverty eradication. In the

context of Bangladesh, it is more relevant for the export-oriented industry. For example, a percentage of the revenue of the corporate can be spent for activities related to poverty eradication. OT analysis

- Empowered women can be a striking force against poverty and can help us to eradicate it. In order to end poverty, we must empower women to transform their lives. This can be done through business training and mentoring. Women need confidence and business skills to successfully move out of poverty. Women entrepreneurship - allows women to solve their own problems; creates dignity, ownership and self-sufficiency; creates lasting opportunities for women to lift their families out of poverty. This will increase women's income, which will play significant role in poverty eradication.
- To maintain growth in income, one of the key drivers of poverty reduction, Bangladesh will require public investments to help increase agricultural productivity and to promote growth in the demand for salaried work in manufacturing and services. Immediate investments in improving transport, power and gas, supporting entrepreneurship by reducing the transaction costs of doing business, and strengthening the transparency and accountability of both the public and private sectors are critically important for this.
- Bangladesh should have a more aggressive approach to the skills development of its growing youth population to fully harness the "demographic opportunity" resulting from the falling fertility rates, another key driver of poverty reduction. Linking this labor, the majority of which is in the informal economy, to productive employment in both domestic and global labor markets will help with both poverty reduction and increase the flow of remittances.
- Bangladesh can make better use of its vast social safety net expenditures through improvements in program designed to emphasize human capital accumulation and productive employment.

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