

Poverty Reduction, Growth performance and Governance: Policy implications for Bangladesh

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Abstract

The development narratives on Bangladesh have changed significantly. With sustained growth, Bangladesh's per capita real GDP has nearly trebled since 1975. Life expectancy has risen to nearly 69 years. Bangladesh has successfully overcome its initial image of a famine-prone country unable to feed its population. The intensity of poverty in Bangladesh has been arrested to some extent but the social disparity and inequality remained persistently same. There are also strong criticism of not maintaining a comprehensive approach to address the issues of poverty and development. Bangladesh faces enormous challenges in alleviating poverty and achieving high, sustained and equitable economic growth. The country has to grapple with a number of growth retarding factors, such as a record of political uncertainty and systemic governance constraints. This paper intends to analyze the new perspective of governance and its role in poverty alleviation with empirical evidence from Bangladesh.

Keywords: Governance, Growth, Poverty reduction, Bangladesh

1.0 Introduction

Bangladesh emerged from its 1971 war of independence poor, overpopulated, and reeling from overwhelming war damage to its institutional and physical capital. The economy was ravaged by acute food shortages and famines during the early years. According to some authors, Bangladesh was designated as a "test case" for development, and Henry Kissinger called it "an international basket case." But now four decades later, Bangladesh is in many respects an unsung success story. The economy accelerated sharply from 1990 and has experienced an average of 4 percent plus

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growth per annum throughout the 1990s which was 1 percent point higher than that of previous decade. During the last decade of 2001-2010 Bangladesh has achieved an average GDP growth rate of 5.8 percent per year. Bangladesh has also witnessed a modest progress in reducing poverty since the early 1990s. However, there is no room for complacency. Still, about one-third (31.5 percent) of its population is living below the poverty line (BBS, 2010). Likewise many other countries, poverty is still a vital concern and challenge for Bangladesh.

The poor in Bangladesh differ in economic, social, physical and other characteristics which reflect various deprivations. Such multidimensionality of the Poor's interlocking deprivations suggests that a strategy of increasing income may not be adequate for reducing poverty. With multidimensional characteristics, poverty requires a multi-strategy solution which address both income and non-income deprivation.

The economy of Bangladesh successfully reduced dependence on foreign aid; economy appeared to begin a transition from stabilization to growth. However, there is a growing concern regarding how far the economic growth momentum can withstand a 'weakening' of the institutions of political governance (Ahluwalia and Mahmud,2004).

This paper attempts to focus on the trends in poverty reduction and growth performance in Bangladesh and also to examine how the governance addresses the issues and concerns of poverty.

2.0 Governance: an overview

Government is central to our society because it is supposed to be the grantor social justice. Now a days public management is undergoing a profound transformation and has to reinvent its role, structure and character. Governance is a new addition to the intellectual terrain of Public management. Although governance is an oft-used term in international development, there are numerous

interpretations of what the term actually describes. For example, the United Nations Development Program (UNDP) defines governance as "... the exercise of economic, political, and administrative authority to manage a country's affairs at all levels. It comprises mechanisms, processes, and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations, and mediate their differences" (UNDP 1997). The World Bank refers to governance as "the traditions and institutions by which authority in a country is exercised for the common good. This includes the process by which those in authority are selected, monitored and replaced, the capacity of the government to effectively manage its resources and implement sound policies, and the respect of citizens and the state for the institutions that govern economic and social interactions among them." Although such definitions appear neutral, they are implicitly based on normative assumptions, such as that those in authority should be monitored. Of course, definitions of "good governance" explicitly have a normative content, identifying what the organization or author proposing the definition considers desirable. Citizen participation, accountability, transparency, rule of law and stability are common elements in many definitions of good governance. Some definitions of good governance go beyond these components and include the adoption of specific policies, such as policies promoting private-sector led growth, as elements of good governance. A distinction has to be made between (1) identifying governance elements that are instrumental to reach other goals, such as poverty reduction, and (2) defining governance elements that constitute values in their own right. To quote an obvious example, democracy is widely considered a goal in its own right, but the case of China shows that it is not a necessary condition to reduce poverty,

Kaufman, Kray, and Lobaton (1999) described governance as "traditions and institutions by which authority in a country is exercised for [the] common good." This includes:

- o the process by which governments are selected and replaced;

- o the capacity of the government to formulate and implement sound policies effectively; and
- o the respect of citizens for the institutions that govern economic and social interactions among them.

The new perspective of governance stipulates that the public sector is no longer defined solely in relation to the presence of the government as a planner or service provider. Rather, the planning, management and provision of public services is seen as something to be negotiated between a number of actors, including the government, the civil society organizations and the private sector (Osborne & McLaughlin, 2002: 4). All these actors are to coordinate and network with each other more through horizontal linkages which are both non-hierarchical and non-bureaucratic (Chandhoke, 2003; Keohane & Nye, 2000). The plurality of the state for development is basically a major feature when governance is conceptualized from the descriptive point of view.

2.1 The Role of the State

The role of the state in governance is massive. The state in good governance

- contributes by a sense of vision of development and such vision would need to be translated into commitment through a programme of action, to be manifested.
- is responsive to the needs of citizens.
- develops a capacity to fulfill its commitment, including administrative, institutional, political and technical capacity. This will help mobilize necessary support both within civil society as well as in the political arena to translate the vision into reality (Sobhan, 1998).

For many developing 'countries, poverty alleviation became the primary objective once they achieved independence from their colonial masters after the World War' II. The notion was the modernization of the traditional economy. The state was accorded

the primary role in this modernization process (Esman, 1991). This perspective essentially focused on economic growth with expectations that the benefits would trickle down to the rural poor having the state played the most dominant role. Such a perspective did not do justice to society. In practice, the trickle down theory gave rise to widening inter-regional and inter-class disparities. As GNPs increased so did poverty, inequality and unemployment (Sarker, 1991).

2.2 Pro-poor Growth

Like governance, the term "pro-poor growth" is relatively new but the concept very much reflects the notion of "redistribution with growth" popularized by Chenery et al.(1974) in a joint World Bank/IDS publication with the same name. Both the earlier and more recent re-formulation affirm the primacy of growth in reducing poverty while also acknowledging that inequality can prevent growth from being pro-poor. In other words, there are two main channels by which growth becomes pro-poor: either growth occurs under situations where very little inequality exists or inequality diminishes even if growth is stagnant. Obviously, a combination of increased growth and reduced inequality would also lead to pro-poor outcomes.

Although organizations such as the Organization for Economic Cooperation and Development (OECD) and the UN have employed a very broad definition by classifying it as growth that benefits the poor, most technical conceptualizations of pro-poor growth fall into either one of two categories: relative and absolute. The relative category emphasizes that pro-poor growth occurs when economic growth disproportionately benefits the poor and highlights that achieving pro-poor growth requires ameliorating inequality. One approach for capturing pro-poor growth is measuring whether the per capita income growth rate of the poor surpasses the average income growth rate (Klasen 2001). The poverty bias of growth (PBG) measure used by McCulloch and Baulch (1999) subtracts the real change in the poverty head count

between two time periods from the predicted change if there was an equal distribution of income. If PBG is positive, then pro-poor growth occurred. Kakwani and Pernia (2000) also developed a pro-poor growth index based on taking the poverty elasticity with respect to per capita income as a ratio of the poverty elasticity with respect to per capita income, assuming no change in income distribution.

Others, however, argue that growth is pro-poor if the poor benefit in absolute terms, as reflected by a chosen measure of poverty. More specifically, the rate of growth and the way in which it is distributed both determine the rate of change in poverty and reveal the degree to which growth is pro-poor. A well-known measure of pro-poor growth that adheres to this definition is the mean growth rate of the income of the poor (Ravallion and Chen 2003). Thus, the main difference between these two definitions is that, while the former emphasizes that the poor must benefit more from growth than the non-poor, the latter assumes that growth is always pro-poor unless the incomes of the poor decline or stagnate.

2.3 The Bangladesh Paradox

Bangladesh has made impressive gains on indicators of social and human development and poverty reduction, particularly since the return to multiparty rule in 1991. Most of these gains represented the rapid expansion of social services over the decade of the 1990s and early 2000s. The pace of poverty reduction also sped up in the first half of the 2000s. Other gains included the achievement of gender parity at primary and secondary school; rapid declines in infant and under 5 mortality rates, and a narrowing of the rural-urban gap in infant mortality; declining fertility rates; high immunization coverage; and some reduction in the severity and extent of malnutrition.

While poverty, vulnerability and deprivation remain severe and widespread, Bangladesh compared favourably on some indicators with other countries in the region, and with others at comparable

levels of economic development. Bangladesh already achieved 3 of 28 MDG targets and is on track with another 11, needing to give attention to the remaining 14. The country was one of the 18 highlighted countries of the South that made greater gains on the Human Development Index (HDI) between 1990 and 2012 than expected from their previous performances on the index. Human development index also been relatively more inclusive in Bangladesh (World Bank 2013). The number of poor people declined by 15 million in the first decade of the new millennium, compared with a decline of 2.3 million in the preceding decade (World Bank 2013). This has been possible despite many impediments: the desperate initial conditions following the liberation war, lack of resources and extreme land scarcity, vulnerability to natural disasters, widespread corruption, and a record of systemic governance failure. Some have called this a "development surprise" or Bangladesh Paradox (Mahmud et al. 2008).

3.0 Overview of Growth Scenario

3.1 Historical Overview

According to IMF and World Bank estimates Bangladesh ranks as the 42nd largest economy in the world in terms of GDP. Despite its relatively modest GDP standing, Bangladesh is considered to be a developing country and ranks amongst the poorest in the world. The first decade of Bangladesh as an independent country was a tumultuous one and fared rather poorly on the key macroeconomic variables.

The periods from 1981-85 and 1986-90 both experienced GDP growth rate of 3.7% annually. However, per capita GDP growth rates were only 1.6% and 1.5% respectively for the same periods. This is due to the fact that the population of Bangladesh during that high period was very (90-110 million) and the annual population growth rate was 2.2%. The decade from 1991-2000 fared considerably better compared to the previous one. The growth rate

of GDP averaged 4.8% for the entire period with a growth rate of 5.2% for 1996-2000 but the most important feature to note about this period is the fact that the per capita GDP growth almost doubled to 3% compared to only 1.6% a decade earlier. This has indeed been a remarkable achievement and can partly be attributed to the declining population growth rate over that period which is quite extraordinary itself. The growth rate was 1.8% coming down from 2.2% in the 1980s and reaching as low as 1.6% during 1996-2000.

Table: 1 Annual average growth rate

Indicators	Five yearly average						Ten yearly average		
	1981-85	1986-90	1991-95	1996-2000	2001-05	2006-10	1981-90	1991-2000	2001-2010
GDP	3.7	3.7	4.4	5.2	5.9	6.19	3.7	4.8	5.83
Population	2.1	2.2	2.0	1.6	1.4	1.35	2.2	1.8	1.35
Per Capita GDP	1.6	1.5	2.4	3.6	3.7	4.84	1.6	3.0	4.48

Source: Bangladesh Economic Review 2012

It is evident from table 1 that GDP growth has experienced an upward trend in the long run, closely followed by the growth in GDP per capita. The population growth rate, after an initial increase to 2.2% in 1986-90 from 2.1% in 1981-85 has been declining steadily ever since. The recent data are even more promising during 2001-05, GDP growth rate has an average 5.9% annually and the population growth rate has come down to 1.4%. This has resulted in per capita GDP growth at 3.7% per year.

3.2 Contribution of different sectors to Growth

The economy of Bangladesh can be sub divided into three broad sectors which directly contribute to its GDP: agriculture, industry and services. Although Bangladesh still remains predominantly agrarian, the share of the agriculture sector has been declining steadily over the years. The agriculture sector accounted for only

20% of GDP in 2010-11 compared to 25% a decade earlier. This is in sharp contrast to 1975-76 when the agriculture sector contributed almost half of the total GDP,

Table 2: Trend of structural transformation of sectoral shares in GDP

Sectors	1980-81	1985-86	1990-91	1995-96	2000-01	2005-06	2010-11
Agriculture	33.07	31.15	29.23	25.68	25.03	21.84	19.95
Industry	17.31	19.13	21.09	24.87	26.20	29.03	30.33
Service	46.62	49.73	49.73	49.45	48.77	49.14	49.72
Total	100	100	100	100	100	100	100
Average growth rate							
Agriculture	3.31	3.31	2.23	3.10	3.14	4.99	4.96
Industry	5.13	6.72	4.57	6.98	7.45	9.74	8.16
Service	3.55	4.10	3.28	3.96	3.53	6.40	6.63

Source: *Bangladesh Economic Review 2012*

It is evident from the above table, the share of industry sector in GDP increased gradually and continued to increase. While the contribution of the service sector over the period remained almost same.

4.0 Overview of Poverty Reduction Scenario in Bangladesh

4.1 Measurement of the Incidence of Poverty

The first Household Expenditure Survey (HES) in Bangladesh was carried out in FY 1973-74. In subsequent years, a number of HESs was undertaken, the latest one was conducted by Bureau of Statistics (BBS) in 2010. For HESs carried out up to FY 1991-92, the measurement of the incidence income poverty was based on Food Energy Intake (EFI) and Direct Calori Intake (DCI) methods. FEI method computes poverty lines by finding the value of per capita consumption at which a household can be expected to fulfill its callori requirement. DCI method is used to calculate the incidence of absolute poverty where population or households fall below a threshold callori intake (2122 kilo callories per person on a daily basis). similarly, a person having daily callori intake of less

than 1805 kilo calories is considered to be in hard-core poverty. HES conducted in FY 1995-96, the BBS, for the first time adopted the Cost of Basic Needs (CBN) method for constructing poverty lines. Similarly, in consumption needed to satisfy minimum subsistence needs (food as well as non-food consumption). These three methods are summarized in table 3.

Table 3: Alternative methods for measuring absolute poverty in Bangladesh

	Direct Calorie Intake (DCI)	Food Energy Intake (FEI)	Cost of Basic needs (CBN)
Indicator	Calorie intake	Expenditure (or income)	Expenditure (or income)
Threshold	2122 kilocalorie/person-day	Expenditure level at which household members are expected to reach calorie intake threshold	Expenditure level at which household members are expected to meet basic needs (food and non-food)
Measure	Head-count or other	Head-count or other	Head-count or other
Strengths and weakness	Indicator not representative; threshold consistent (for monitoring calorie intake)	Indicator representative; threshold not consistent (for real expenditure)	Indicator representative; threshold consistent (for real expenditure)

Source: World Bank, 2000.

4.2 Changes in Incidence of Poverty

The incidence of poverty registered declining trend in 2010 as compared to 1991-92 based on CBN method. The rate of change is higher in case of lower poverty line than that of the upper poverty line. The trends of poverty are shown in the following table:

Table 4: Trends of Poverty based on CBN method

	Year				Annual change (%)				
	2010	2005	2000	1991-92	1991-92 to 2000	2000-2005	1991-92 to 2010	2000-2010	2005-2010
Head Count Index									
National	31.5	40.0	48.9	58.8	- 1.8	- 3.9	- 3.07	- 4.3	- 4.7
Urban	21.5	28.4	35.2	44.9	- 2.2	- 4.2	- 3.61	- 4.8	- 5.41
Rural	35.2	43.8	52.3	61.2	- 1.6	- 3.5	- 2.73	- 3.88	- 4.28

Source: Bangladesh Economic Review 2011.

It is evident from the above table 4:

- The rate of income poverty (measured by CBN considering upper poverty line) declined after 1990s.
- The rate of income poverty declined from 58.8% to 48.9% during the period of 1991 to 2000. The compound poverty reduction rate per year is recorded at 1.8%. but the rate of reduction of poverty is higher in urban areas (yearly rate 2.2) during this period than that in rural area.
- During 2000 to 2005, income poverty also reduced from 48.9% to 40% and compound reduction rate is 3.9%. The reduction rate during this period is also higher for the urban areas (yearly 4.2%).
- The income poverty has declined from 40% to 31.5% during 2005 to 2010 with 4.7% of compound poverty reduction rate per year. This rate for urban area is higher than that for rural areas.

4.3 Depth and Severity of Poverty

The Poverty Gap (PG) estimates the depth of poverty in the population. The head count ratio give only the percentage of poverty incidences, but it does not measure the distance of the poverty prone household from poverty line where the Squared Poverty Gap (SPG) measures the severity of poverty. A substantial fall in poverty gap and squared poverty gap indicates the improvement of consumption of those who are living below the poverty line. A drop in poverty gap measurement indicates that the average distant of the poor from the poverty line has fallen and a decline in squared poverty gap indicates that the distribution of consumption among the poor has become more equitable. The table below shows the declining trend of both poverty gap and squared poverty gap over the years.

Table 5: Trends in Depth and Severity of Poverty

Head Count Index	2010	2005	2000	1991-92	1991-92 to 2000	2000-2005	1991-92 to 2010	2000-2010	2005-2010
Poverty Gap									
National	6.5	9.0	12.8	17.2	- 2.9	- 6.80	- 4.75	- 6.55	- 6.30
Urban	4.5	6.5	9.1	12.0	- 2.5	- 6.51	- 4.79	- 6.80	- 7.09
Rural	7.4	9.8	13.7	18.1	- 2.8	- 6.48	- 4.37	- 5.97	- 5.46
Squared Poverty Gap									
National	2.0	2.9	4.6	6.8	- 3.8	- 8.81	- 5.94	- 7.99	- 7.16
Urban	1.3	2.1	3.3	4.4	- 2.7	- 8.64	- 5.91	- 8.89	- 9.14
Rural	2.2	3.1	4.9	7.2	- 3.8	- 8.75	- 5.76	- 7.69	- 6.63

Source: Bangladesh Economic Review 2011

It is evident from the table 5:

- Depth (measured by poverty gap) and severity (measured squared poverty gap) of poverty has also reduced in this period

Over the period between 1991-92 to 2010 the depth and severity of poverty in rural areas was higher than in urban areas.

4.3 Growth-poverty nexus in Bangladesh

The rising economic growth rate of 1990s had a positive impact on poverty reduction. But the increased growth and declining poverty has not brought about a more equitable distribution of income. In fact, the distribution of income has become more unequal over time with the rich getting richer and the poor getting poorer.

4.4 Trends in Inequality

The Gini Coefficient is the most widely accepted measure of income inequality. It is defined as a ratio with values between 0 and 1; the higher the value the greater the inequality, with 0 corresponding to perfect equality and 1 to perfect inequality. The trend of the percentage share of income by decile groups and Gini coefficient with rural and urban break-down over the last decade is shown in table 6.

Table 6: Distribution of Income and Gini Co-efficient during 2000 – 2010

Household income group	2010			2005			2000		
	Total	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban
National	100	100	100	100	100	100	100	100	100
Lower 5%	0.78	0.88	0.76	0.77	0.88	0.67	0.93	1.07	0.79
Decile- 1	2.00	2.23	1.98	2.00	2.25	1.80	2.41	2.80	2.02
Decile -2	3.22	3.53	3.09	3.26	3.63	3.02	3.76	4.31	3.07
Decile-3	4.10	4.49	3.95	4.10	4.54	3.87	4.57	5.25	3.84
Decile-4	5.00	5.43	5.01	5.00	5.42	4.61	5.22	5.95	4.68
Decile-5	6.01	6.43	6.31	5.96	6.43	5.66	6.10	6.84	5.60
Decile-6	7.32	7.65	7.64	7.17	7.63	6.78	7.09	7.88	6.74
Decile-7	9.06	9.31	9.30	8.73	9.27	8.53	8.45	9.00	8.24
Decile-8	11.50	11.50	11.87	11.06	11.49	10.18	10.39	10.97	10.46
Decile-9	15.94	15.54	16.08	15.07	15.43	14.48	14.00	14.09	14.04
Decile-10	35.84	33.89	34.77	37.64	33.92	41.08	38.01	32.81	41.32
Top 5%	24.61	22.93	23.39	26.93	23.03	30.37	28.34	23.52	31.32
Gini Co-efficient	0.458	0.430	0.452	0.467	0.428	0.497	0.451	0.393	0.497

Source: *Bangladesh Economic Review 2011*

It would be observed from the above table that:

- Income share accruing to households belonging to Decile-1 to Decile-5 remain about the same in 2010 at national level as in 2005, although because of the increase of the income share at urban level. While, these shares decreased at the national level in 2005 over the year 2000.
- on the other hand, income of the households belonging to Decile-6 to Decile-9 increased in 2010 over the year 2005 and 2000.
- though the percentage of share of income of the lowest 5% households was about 1% (0.93%) in 2000, it decreased to 0.77% in 2005 and remains same in 2010.
- at the national level income of the top 5% households significantly declined from 28.34% in 2000 to 26.93% in 2005 and to 24.61% in 2010.
- the slightly lower Gini Co-efficient in 2010 over 2005 shows the lessened social inequality. although higher Gini Co-efficient in 2005 over the year 2000 indicates a widened social inequality.

5.0 Social dimension of Poverty and Governance in Bangladesh

Poverty is not created by the poor themselves. It is because of social system and lack of adequate governance in Bangladesh. Poverty is a part of social relationship. The poor are remaining poor due to the structural reasons. Even reduction in income poverty has a limit, as it is contingent upon the structure.

- a. *Poverty is massive and multidimensional in Bangladesh.* It is evident that poverty is associated with poor governance. Since the poor lack the resources to give bribe, they do not get equal access to government services. In Bangladesh there is significant regional variation in poverty and also some "localized pockets" of extreme poverty exist. With the given trend, there are a large number of people coming up as "tomorrows poor" (Rahman, 2002).
- b. *Poverty is a part of social relationship.* The poor are remaining as they are due to the structural reasons. For example, one may generate income at an increased rate but ought to remain at the same level inside the society due to the social stratification. People belonging to the lower class of the society are not allowed to be associated with the upper class anyway. The social structure reproduces poverty.
- c. *Rural class relations are based on landholding and the effective control of other key resources* such as water, fisheries and forests. A good number of member of Parliament and Bureaucrats come from the rural elite and landed gentry. Thus administrative practices and processes tend to support the prominent interest of the rural elite and privileged class (Arninuzzaman, 2007).
- d. *Poverty has a women face.* The burden of poverty falls disproportionately on women in the areas of nutritional intake, access to employment, wage rate and access to public health care service. Households dependent on female

- earners (20% of rural households) have a high incidence of poverty than those dependent on male earners.
- e. At both the national and local levels *the elite has achieved tight control over resources and opportunities distributed by the state and through the imperfect market of private sector*. To a large extent state resources have been allocated via patronage networks stretching down into the village, in which the local influential families have successfully occupy the government owned land (*khas* land) and other resources via linkages to public officials and politics (Aminuzzaman, 2007).
 - f. *Poor have potentials to be very effective actors of the market to make the economy sustainable*. Better access to health, education and credit enhancing the capabilities and productivity of the poor, will also increase aggregate demand in the economy which will not only widen the market for new investment but ensure the sustainability of this market.
 - g. *Poverty focused programmes could not emerge as an effective institutional approach to address the plight of the poor*. Most of the anti-poverty programmes in Bangladesh are found to be loosely coordinated and lacked adequate institutional framework.

5.1 Governance and Growth: Bangladesh Context

The quality of governance has been increasingly recognized as an important vehicle of economic growth. It is also recognized that low levels of income and poor governance may perpetuate each other. How can low income countries come out of this trap? If some headway can be made in institution building despite low income, the resulting "governance surplus" may enhance the effectiveness of economic reforms in accelerating economic growth. Pre reform India or China are possible examples. The other path to come out of the trap could be to achieve by some means accelerated growth despite poor governance, which in turn may eventually create demand for better institutions of governance; but this will mean that governance will act as a hindrance to growth rather than being a facilitator.

According to the World Governance Indicators (WGI) published by the World Bank which is available from the mid -1990s and is composed of six dimensions of governance: rule of law, control of corruption, political stability, voice and accountability, regulatory quality and government effectiveness , used to understand the governance performance in Bangladesh. According to the WGI measure, Bangladesh's governance score in the 1990s was above the bottom quartile, though still lower than the average of the developing countries. But this score has deteriorated almost continuously since then; and since 2004, Bangladesh has again ranked near the bottom quartile of the developing countries.

5.2 Root level Governance in Bangladesh

In Bangladesh, Union Parishad (UP) is the lowest level of local governance unit working in rural areas. It being an age old institution of about 140 years is still far from becoming a local body having adequate institutional credibility. Though UP has a long list of role and responsibilities, the institutional visibility is far too limited as far as the poor and disadvantaged concerned. Furthermore, the governance capacity of the rural local government is inadequate and insufficient. The UP is alleged to be class biased and have little sensitivity, awareness and concern about pro-poor interventions (Aminuzzam and Sharmin, 2006).

To make the UPs more sensitive and pro-poor, this institution should be matched more with the conceptual framework of human and responsive governance. The aim of responsive governance is to develop a system and process whereby a condition is created to extend and consolidate the room for the poorer and disadvantaged section of the society to effectively engage in decision making processes and get adequate access to resources and public services. Responsive governance also refers to a condition whereby opportunities are created to mobilize public opinion against any denial of civil and political rights.

5.3 Policy constraints: Areas of concern

The problem of governance resulting in poor service delivery is

widespread in Bangladesh. Service delivery systems are highly centralized with there being very few mechanisms for accountability through community participation. The rural healthcare system is plagued by poor utilization of services and widespread absenteeism of doctors—estimated to be as high as 75 per cent according to a nationwide survey (Chaudhury and Hammer, 2003). Similarly, the quality of schooling suffers from widespread teacher absenteeism and lack of accountability. Clearly, ensuring adequate access of the poor to education and health services of sufficient quantity and quality requires much more than allocating more budgetary resources to these sectors.

Mobilizing enough resources for public social spending is also a formidable challenge. The per capita public expenditure on health and education in Bangladesh in absolute terms is quite low even by South Asian standards—about US\$ 11.5 annually as compared to US\$ 18 in India, US\$ 35 in Sri Lanka and US\$ 13 in Pakistan (the estimated average for the period 1997–2002 based on the data reported in World Bank, 2005, p. 7). In future, higher allocations to social sectors will require more difficult reforms for public resource mobilization. Because of the prevalence of large-scale tax evasion, Bangladesh has an extremely low rate of revenue collection, with a revenue-GDP ratio of only about 10 per cent. A steady decline in foreign aid has made the task of public resource management even more difficult.

In this backdrop, Reduction of poverty, establishment of social justice, improvement of the standard of living of the peoples and accelerating growth are the fundamental policy objectives of the successive Governments of Bangladesh. And although there are some improvements in poverty reduction and some social indicators, but the evidence suggest that most of the benefits of development have reached only a small section of the society. Independent study concluded that the impact of various government and non-government targeted programmes benefited the moderate poor, but relatively little impact on the extremely poor (DANIDA,2000). Empirical assessment however indicates that in reality such development policies in Bangladesh tends to:

lack of responsiveness, some policies are symbolic, some are 'a matter of too little, too late' (Department of Public Administration 2003).

Public sector management constraints take a variety of forms but in wider spectrum there are some areas of particular concern which have serious consequences for the poor. These are:

- Ineffective and weak public administration
- Lack of impartial enforcement of law
- Physical and material security threat of the poor
- Absence of adequate regulatory framework
- Inadequate national policy to decentralization and local government reform
- Partisan treatment on every public dimension of life in Bangladesh

5.4 GOB sponsored anti-poverty programme: Some observations

The general criticism of the government-sponsored anti-poverty programs is based on the issue of 'coverage'. It is often argued that the government failed to reach the *hardcore* poor and hungry poor groups of population. Most interventions benefit the poor and not the poorest. Other critical observations are as follows:

Firstly: Most of the GOB initiatives are suffered to create sustainable living provisions for the poor. It is observed through VGD and RMP programmes, the government follows a 'relief approach' rather than a 'development approach' to help the poor. The GOB programme components lack of social awareness, human resource development and skill development training.

Secondly; at the ground level, there are huge complains of favouritism, politicization and non-transparent mechanism of service delivery and selection of beneficiaries. The vulnerable segments of population such as river-eroded and flood affected people, ethnic groups and the urban poor do not receive required support from the government.

Thirdly; from management point of view, the effectiveness of the GOB investment in reaching the poor remains questionable;

- (a) the establishment cost of the GOB programmes are high;
- (b) they are biased to the relatively richer section of the community ,and
- (c) the delivery system is weak and inefficient (Ali, 1996).

Fourthly; the majority of aid-driven poverty alleviation programmes are delivered through GOB and NGOs and that have not been able to make a sizable impact on Bangladesh's poverty. One estimate suggests that 50% of the expenditure of the programmes implemented was diverted away from the target group into overhead costs, hardware, and foreign and local consultancies (Sobhan, 1998: 19).

6.0 Policy Recommendations

6.1 Reforming Public Delivery System

The social policies aim at increasing human development of the poor. So, the focus of social development is on provision of education and skills, health and nutrition, housing, water supply and sanitation, and other basic services and emphasis should be given on effective delivery of quality services with institutional capacity to reach the poor. Policy and programme interventions therefore should be cost-effective, hassle free, less time consumed and innovative from the recipients point of view. At the grass root levels of programme management attempts should be made to (a) facilitate the access of the poor to resources; (b) help the poor to strengthen the basis of their livelihood; (c) help them exercise their social and political rights; and (d) most importantly, ensure poor friendly management team with active community participation.

6.2 Institutional Restructuring and Reform

Planning and resource allocation at the local level in Bangladesh is in general nontransparent, where decisions generally are skewed in favour of those who directly or indirectly belong to the power structure. There are a variety of ways in which strengthening 'voice' in general and the voice of the poor in particular can improve public performance.

The empowerment at the grassroots level and participation of the poor are considered necessary requisites to involve the poor in development. The reform in legal, institutional and administrative framework aim to ensure good governance and human rights. The objective of decentralization and development of local level institution is to create demand-driven receiving mechanisms of the poor to build their human, social, economic and political resource base.

6.3 Activating and strengthening grass root local governance (Union Parishad)

Governance has justifiably emerged as the most critical issues at the interface of democracy and development. There is a need for more community involvement in the policy process, in decisions on resource allocation and investment priorities, and in management of facilities. One of the strongest policy windows to address poverty is to opt for comprehensive decentralization. Local government and local elected bodies should be given the core responsibilities to address poverty and related development initiatives and challenges. But reality is that local governance system in Bangladesh still far behind its institutional credibility. In order to address governance problems related with poverty and social development issues, it is needed to strengthen and activate the grass root based local government Union Parishad.

6.4 Strategic Policy intervention for Pro-poor growth

The conventional government does not necessarily address the needs and priorities of the poor. And evidence shows that economic liberalization and shift to market economy also do very little cheer to the poor. The poor remain outside the domain of the market and much more importantly, in the absence of any political entitlement they have not benefited from the growing affluence of the society. No doubt that government is capable of addressing these challenges.

Pro-poor governance is a cross-cutting issue which involves various interrelated routes to address poverty. So for an effective pro-poor growth strategy, a well co-ordinated and strategic intervention can be addressed by a synergic policy approach. In

this regard promoting social inclusion would require an additional three public interventions: (i) investment in education, health, and other social services to expand human capacities, especially of the disadvantaged; (ii) strengthening social safety nets to prevent extreme deprivation and to help cope with vulnerability to poverty, and (iii) promotion of good policy and poor-friendly institutions to advance social and economic justice and level the playing fields.

6.5 Special attention on Agrarian reform and Rural development

As because agriculture is one of the major drivers of Bangladesh economy, a policy package is needed for fostering economic growth as well as poverty reduction with special focus on rural infrastructure development and further development of agricultural sector. The policy package would be resulting to, (a) increase farm income through better productivity, (b) enhance the access of the poor to agricultural inputs, such as fertilizer, seed, irrigation water, power, rural roads and institutional finance, (c) enhance price stability specially food price.

6.6 Gender Budgeting

Strengthening women's representation and participation in economic and political life can contribute significantly to poverty alleviation and to more effective and accountable governance. One tangible way to respond to its by formulation of gender budgets. Gender budgets have contributed to reprioritization of public spending and to other policy changes in areas such as child care, and combating domestic violence, literacy and fostering political participation.

6.7 Client focused Bureaucracy with results

An organizational culture is a major determinant of organizational performance. In Bangladesh bureaucracy is very much hierarchical, rigid, rules driven and less responsive. But, to achieve long term goals, it should be less expensive, more effective and result oriented in service delivery and to change the culture of bureaucracy away from complacency and entitlement toward initiative and empowerment. New Public Management seeks to improve quality by giving managers broad discretion in running

their programmes and holding accountable for results to their respective hierarchy as well as to the clientele. Public Administration system needs to be recast in the light of the philosophy and approaches of NPM framework.

7.0 Conclusions

Alleviating poverty and enhancing the living standard of the citizens are the primary goals of the government. Despite considerable trust on poverty reduction in all planned documents since the independence of Bangladesh, a significant number of people still living below the poverty line. It is the constitutional obligation of the government to provide decent living standard for the citizens by alleviating poverty. However, like many other countries, poverty in Bangladesh is still a serious concern.

Tackling structural barriers is important. Market failures, unresponsiveness public service or prejudice and discrimination are the hindrances for the people to access in opportunities available to others. Most of the initiatives taken by the government are short-term basis which might never be a sustainable solution in reducing poverty. Bangladesh has yet to meet the challenge of finding an appropriate institutional basis for improving its public service delivery systems. The problem of poor service delivery in social sectors is symptomatic of the overall governance problem that poses a serious risk to the country's prospects for continued economic growth and social progress. So, addressing the governance issues related with poverty reduction and social development needs to get strong political commitment and support, and highest priority from the government including adaption of an effective inclusive growth strategy for (i) high and sustainable growth to create productive employment opportunities, and (ii) social inclusion to ensure equal access to opportunities by all. Otherwise, the aim of reducing poverty and attaining middle income country status by 2021 may remain as an elusive and distant dream which is never been expected.

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