



Extreme Poverty Eradication Day¹

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1. Endemic extreme poverty involving severe deprivation in food intake, shelter, healthcare and other basic necessities is an affront to decency and human dignity.

The 'extreme poverty eradication day' is a welcome occasion awaking us from complacency to the shocking reality that **despite decades of public and private sector interventions supported by ODA and foreign private charities, extreme poverty in Bangladesh remains stubborn, afflicting a quarter of the population.** Occasional spells of slow improvement are often followed by backslides in natural calamities pushing vulnerable population groups back into deprivations of extreme poverty.

2. Even though Bangladesh is a low income country, resource constraints do not seem to be the main reason for slow headway in eradicating extreme poverty.

* For quite some years now the annual national budgets have been steadily expanding the social safety net for the poorest, budget support ODA inflows are helping the government in the effort. The major role assumed by the private sector in healthcare and tertiary education for the better off sections of the citizenry has eased demand pressure on public resources on these counts, freeing up budgetary funds for expanding the social safety net, primary education and basic health care for the poorest.

* Poverty reduction initiatives of NGOs are being supported on an extensive scale by foreign private sector charities, official overseas development partners and to a modest extent also by the GOB.

* Substantial volumes of Zakat and other local private sector charitable contributions are going into helping the poor, mostly as individual rather than institutional initiatives.

* Finally, growing awareness of Corporate Social Responsibility (CSR) in private sector businesses is making available increasing volumes of resources for helping out the poor; although the current volumes may be rather modest.

3. Weak targeting and leakage of resources are probably the main reasons for low success in redressing extreme poverty.

* Although as the worst-off those in extreme poverty should be targeted first and foremost, not many of the poverty reduction initiatives are specifically targeted to them. Largely in social exclusion, the poorest are the most isolated and hardest to reach out to. Associated with the difficulties in targeting/reach-out is the leakage of benefits meant for the poorest to better off recipients, even to usurpation by influential well-off vested interests.

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* Zakat and other individual donations are usually doled out to poorer relations and others visibly poorer in immediate vicinity, not necessarily the poorest. CSR expenditure of private businesses likewise are often not specifically targeted to the poorest; even giveaways benefiting connected interests in urban-based middle classes are sometimes seen publicized as CSR initiatives.

4. Besides high enough sustained growth in country's output and income; precise targeting of the poorest, leakage-proof benefit delivery mechanisms, accountability and assessment against clearly set goals and objectives will be important for speeding up eradication of extreme poverty.

* Sustained growth in the country's output and income will needless to say be important in making available necessary public and private sector resources to combat poverty. Middle income status for Bangladesh is no longer a remote goal, looking attainable at current growth trends in 4 to 5 years for now. Middle income status will however sound hollow if a substantial part of the population continues to remain stuck in the distress and indignity of extreme poverty.

* Smart-card/mobile telephone based delivery of government's social safety net benefits in cash to eligible beneficiaries should hopefully be an effective, leakage proof delivery mechanism, already used successfully elsewhere, for instance, in Indonesia. The electronic database created during preparation of electoral rolls for the last national election can be expanded and developed further into a national ID database necessary for such benefits delivery arrangements. Adequacy and quality of public provision of basic healthcare and primary education for the poorest needs to be revisited, to ensure that children of the poorest get sufficient human development opportunity and enablement to break free of extreme poverty.

* Those among the poorest with permanent physical or mental debilities may have to depend wholly on government transfers; others should be assisted in gaining job skills or know-how and borrowing options for income and employment generating initiatives. NGOs can mobilize and pool up domestic and external donations for such initiatives from all available sources including CSR funds of private sector businesses, utilizing these in programs with clearly set goals, objectives and accountabilities. Banks and financial institutions can and should follow BB's CSR guidance in reorienting their CSR programs towards benefiting the poorest, including augmenting of support and credit flows for self-employment/SME initiatives of this target group.

*** To sum up, sporadic off-and-on attention will not be enough for quick headway against the stubbornly persistent high level of extreme poverty. Besides sustained GDP growth at high enough rates, sustained strong engagement and abiding commitment towards opening up meaningful opportunities for all to participate in, and to benefit from inclusive growth will be needed in the diverse programs attacking various dimensions of extreme poverty; with precise targets, clearly set goals, objectives and accountabilities.**

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