



# CENTRE ON INTEGRATED RURAL DEVELOPMENT FOR ASIA AND THE PACIFIC

## RURAL DEVELOPMENT AND POVERTY ALLEVIATION POLICY BRIEF

### BANGLADESH

The non-governmental organisations in Bangladesh took the poverty reduction efforts to the grassroots level covering nearly 80 per cent villages up to now. Social mobilisation became an important tool to empower the poor. Microcredit occupied special place to enhance the economic capacity of the poor. In the government policies, important changes were reflected with a more focused attention to the issues of poverty reduction. The government formulated a Comprehensive Rural Development Policy through formulating the National Rural Development Policy in the year 2001. The policy articulates that people are the prime movers of their development where government would facilitate development by creating a congenial atmosphere emphasising on human resource development, improving standard of living of the rural people, strengthening local government and women's development. It underlines a wide range of mutually supportive programmes for alleviating income and human poverty and suggests a strategy of concerted efforts of all agencies. The sector is being given highest priority by the government through allocating highest proportion of budget since 2006-07.

The Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP) was established in 1979 to assist national action and promote regional cooperation relating to integrated rural development in the region, and to act as a catalyst for related activities among its member countries.

In the Sixteenth Governing Council Meeting in Manila in 2007, there was a discussion on the changing context of rural development (RD) initiatives and the need to review past policies and to identify policy-level issues and concerns. Accordingly, the CIRDAP Governing Council decided to commission a series of country studies for reviewing past policies and identifying policy issues and concerns with which CIRDAP can engage itself further through strengthening several actors at national and regional level for information generation, policy development and regional cooperation. The country studies as suggested should examine the role of the CIRDAP link institutions and also the need and scope for other linkages. Subsequently, each of the member countries nominated a researcher to work on the country studies. The researchers decided that each country would examine the RD initiatives from the point of future opportunities for CIRDAP.

Twelve countries have submitted the reports out of 14 countries. The country reports vary substantially in nature. Southeast Asian countries, especially Malaysia, Thailand and Vietnam, adopted market based reform policies much earlier than the South Asian countries. The focus in Malaysia and Thailand and now across all the Southeast Asian countries, was on the development of infrastructure, encouragement to foreign capital investment in manufacturing, and providing employment in organised enterprises as well as services catering to the market economy, tourism, restaurants and the like. The focus of development in the first four decades after independence in South Asia was quite different. It focused on the preservation of the rural economy, and attempted to increase employment opportunities in rural areas through public expenditure programmes, and essentially tried to maintain the rural character of these economies. The approach to poverty alleviation has thus been very different in the two regions. While South Asia focused on gains in agriculture and rural employment, Southeast Asia turned to commercialisation of agriculture and more market-oriented growth.

CIRDAP has published all the findings in a separate volume for each country. In this brief note, some of the important findings and policy issues for Bangladesh are highlighted.

The rural development policy priority in Bangladesh has been modified from time to time and has undergone changes over the years. The priorities of the changing policies included achieving growth with equitable distribution, accelerating food production, employment generation, capacity building for reaping the benefit of market economy, GO and NGO collaboration for implementing the programmes effectively, promoting local governance, etc. The government pursues a comprehensive rural development policy through formulating the National Rural Development Policy in the year 2001. Up to now, Government of Bangladesh has formulated and implemented five five-year plans, one two-year plan and Poverty Reduction Strategy Paper (PRSP)-I. PRSP-II is under implementation now and embodies policies and strategies for achieving accelerated poverty reduction during FY09 -FY11.

## Major Findings

During the last decade, 10 percentage points income poverty with an annual rate of one percentage point declined in case of both upper and lower poverty lines at national level. If the incidence of poverty declines by this rate, percentage of population below income poverty line will be 30 per cent in 2015, which is slightly higher than the MDGs target of 29.4 per cent in 2015. Another challenge is that though the incidence of poverty declined in terms of percentage, absolute number of the poor did not decline, rather it increased at national and urban level. Per capita national income increased from US\$387 in 2001 to \$599 in 2007-08. The gap between the per capita rural and urban incomes decreased during the last decade. The value of the Gini-coefficient increased from 0.432 in 1995-95 to 0.467 in 2005 indicating that the inequality in the distribution of income increased during the last decade. Increasing trend of income inequality was slightly higher in urban area compared to that in the rural area.

Considering the households having land less than 0.50 acre as landless, the percentage of landless households increased from 55 in 1995-96 to 60.5 in 2005. The percentage share of agriculture to the total GDP decreased from about 26 per cent in 1995-96 to about 20 per cent in 2005-06 at current price indicating six percentage points decrease during the last decade. This decrease was about four percentage points in case of constant price. The GDP growth rate at constant price increased from 4.62 per cent in 1995-06 to 5.41 per cent in 2000-01 and 7.02 per cent in 2005-06. The increasing trend of rate of growth of industry and service sectors was higher compared to the agriculture sector.

## Policy Priorities

- In the context of ever increasing cropland scarcity, non-farm sector economy needs a major boost. Trade based activities may be one of the options for the ultra poor people. Initiatives should be taken to develop their technical skills so that they can get employment or be able to generate self-employment in non-agricultural sectors. This type of capacity development programmes need to be initiated jointly by government organisations and NGOs.
- Food security is one of the major issues in Bangladesh. The government and international agencies may undertake a massive agricultural programme along with social mobilisation. Attempt should be made to increase the productivity of land by engaging reduced number of human labours especially in crop sector through introducing modern technologies so that the surplus labour from agricultural sector can be engaged in non-agricultural sector.
- According to the findings of different impact studies, microcredit has made a significant contribution to poverty reduction. Microcredit programmes have been very successful for hardcore poor, but the poorest section i.e. ultra poor have been left out because quite often the destitute themselves feel they are not worthy of the microcredit programme. In this regard, initiative may be taken to gather experiences of different countries on reaching the ultra poor with microcredit, and this could be shared among the CIRDAP member countries. Finally, a strategy can be developed through an adaptive research in the CIRDAP member countries.
- Urban population is increasing more rapidly compared to the rural population in Bangladesh, mainly due to rural to urban migration. Provision of urban facilities in rural areas, will reduce, to an extent, the pressures of this migration.