Welcome to the presentation on

Poverty Reduction strategy in Bangladesh : Estimating and Monitoring of Poverty

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Outline

□ **General Features of Bangladesh**

□ **Background: Definition and Necessity of Poverty Measurement**

□ **Poverty Measurement Methods Used in Bangladesh**

□ **Merits and Demerits of Different Methods**

□ **Determination of Poverty Line by CBN Method**

□ **Poverty Mapping and Development of Poverty Data Base**

□ **Poverty Reduction Strategy Based on SFYP and PRSP of Bangladesh**

□ **Concluding Remarks**

General Features of Bangladesh

1. Population HH and Literacy (As on 2011)

	Total	Rural		Urban		Literacy 7+ (%)
		Male	Female	Male	Female	
Population	144,043,697	54,580,004	55,900,510	17,529,792	16,033,391	56.8
Household	32,173,630	24,671,590		7,502,040		

2. Demography (As on 2011)

	Total	Rural	Urban
Crude Birth Rate ('000)	19.2	20.2	17.7
Crude Death Rate ('000)	5.5	5.8	4.8
Pop Growth Rate (%)	1.37	1.44	1.26
MMR ('000)	2.09	2.15	1.96
IMR ('000)	35	36	32

3. Economy (2013-14 FY)

GDP growth rate (%)	Per capita income (US$)	Inflation (%)	Sectoral Share of GDP		
			Agriculture (%)	Industry (%)	Service (%)
6.12	1190	6.60	16.33	29.61	54.05

Background: Definition and Necessity of poverty measurement

Concept →

❑ **Poverty refers to forms of economic, social and psychological deprivation occurring among people or countries lacking sufficient ownership, control or access to resources to maintain or provide individual or collective minimum level of living.**

Cause & Effect →

❑ **It is a condition where countries, families and/or individuals lack adequate access to or control of processes of resources accumulation and distribution. As a result, the ability to provide for minimum nutrition, health, shelter, education, security, leisure or other aspects of life is impaired**

(Rural Poverty in Bangladesh: 1990 like Minded Group)

Background: Definition and Necessity of Poverty Measurement (Contd.)

- Absolute poverty

- VS

- Relative poverty

❑ **The previous definition of poverty refers to absolute poverty, however, the definition of relative poverty is quite difficult and differs from country to country, and area to area.**

❑ **Therefore, poverty measurement should be concentrated on absolute poverty.**

Background: Definition and Necessity of Poverty Measurement (Contd.)

Necessity of poverty measurement

- ❑ Understanding the state of poverty, the constraints and post action

- ❑ choosing priorities and setting objectives

- ❑ Defining the strategy and choosing the action

- ❑ Selecting indicators and targets

- ❑ Implementing intervention

- ❑ Monitoring and evaluations

Poverty Measurement Methods

Alternate Poverty Measures and Poverty Estimates : Bangladesh Experience

The following three methods are generally used in poverty measurement

❑ **Direct Calorie Intake (DCI) Method**
❑ **Food Energy Intake (FEI) Method**
❑ **Cost of Basic Need (CBN) Method**

All the three methods were used in Bangladesh for the poverty measurement.

Direct Calorie Intake(DCI) Method:
Merits and Demerits

Definition →

- ❑ A minimum calorie threshold is used
- ❑ In the context of Bangladesh a calorie threshold of 2122 k.cal. is used for absolute poverty (suggested by FAO)
- ❑ 1805 k.cal.is used for hard core poverty
- ❑ 1600 k.cal. is used for ultra poverty

Merits →

User friendly method:
- ❑ Easily understandable by the users
- ❑ Easy to calculate
- ❑ Historical trend is available for poverty rates

Demerits →

It does not cover all -
- ❑ Food consumption is imprecise indicator of welfare because they depend on number of different factors such as: prices, household composition, location etc.
- ❑ Balanced diet is not considered
- ❑ Nonfood needs are ignored
- ❑ Therefore, calculate only "undernourishment" is not poverty
- ❑ Calorie threshold need to be updated on the basis of real life data

Food Energy Intake(FEI) Method: Merits and Demerits

Definition →

This method is based on observation of the typical level of expenditure for which household obtain the food need to meet basic energy requirements (2122 k.cal. for Bangladesh). The level of expenditure include nonfood as well as food items.

The functional form of the model is : $\ln y = a + bx + e$

where y = per capita monthly expenditure
x = per capita per day calorie intake
e= disturbance term

Merits →

Proper addressing:

- ❑ Food and nonfood expenditure included
- ❑ Threshold calorie is considered (2122 k.cal.)
- ❑ Food and nonfood expenditure varies from area to area based on price and other factor which can be addressed

Demerits →

It does not cover consumption variability-

- ❑ According to wealth and taste the expenditure will be higher in richer HHs because they will consume costly food
- ❑ Calorie composition is not based on balanced diet

Cost of basic need (CBN) Method: Merits and Demerits

Definition

- This method is based on the estimated cost of the bundle of goods "adequate" to ensure that basic needs are met
- In the context of Bangladesh, a bundle of foods (11 items) are selected to have a threshold calorie requirement of 2122 k.cal.

Merits

Proper addressing:
- A normative bundle of food is used
- Price difference of food items in different geographic areas are considered
- Nonfood allowance are added to poverty line

Demerits

Non-exhaustive Food bundle -
- Regional poverty is obtained but national poverty line is not obtained readily
- Food bundle do not conform with the observed food consumption of the poor
- Food bundle is not exhaustive and needs to be enhanced with time

Trend of Poverty Headcount Ratio:
Estimated by Cost of Basic Need Method (upper poverty line)

Year	National	Urban	Rural
1991-92	58.8 (56.6)	44.9 (42.7)	61.2 (58.7)
1995-96	51.0 (50.1)	29.4 (27.8)	55.2 (54.5)
2000	49.8 (48.9)	36.6 (35.2)	53.1 (52.3)
2005	40.0	28.4	43.8
2010	31.5	21.3	35.2

The rates (estimates) in red marks were deflated based on rebasing of poverty lines using HIES 2005.

- It is seen from the table that head-count rate reduced from 58.8% in 1991-92 to 31.5% in 2010.

- The rate of reduction per annum stands at 1.4% during 1991-92 through 2010

- It is notable that poverty reduced at a faster rate between 2000-2005 and 2005-2010
- The rate of reduction in these periods were 1.9% and 1.7% respectively

Source: BBS, HIES of different years

Poverty Mapping in Bangladesh :
An effort to display the locations of poverty

Poverty mapping ?

Objectives :

Methodology

Poverty Mapping is a way to produce statistically reliable poverty estimates at the sub-national levels and present these disaggregated poverty estimates in the form of maps to visualize and display the locations of poverty

Poverty mapping is done :
- To estimate poverty at local level (lower level of disaggregation)
- To display the locations of poverty in maps
- To identify the locations prone to poverty

Small Area Estimation (SAE) :
- It is a technique for developing geographically disaggregated estimates of poverty, inequality or prevalence of any other condition by exploiting strength of HIES and Population Census
- "Small Area Estimation" has been applied for the poverty mapping exercise
- Strength of HIES: Presence of PCEXP and other poverty related variables
- Strength of Census: Full coverage of population and large observations at sub-national levels

Bangladesh Poverty Maps

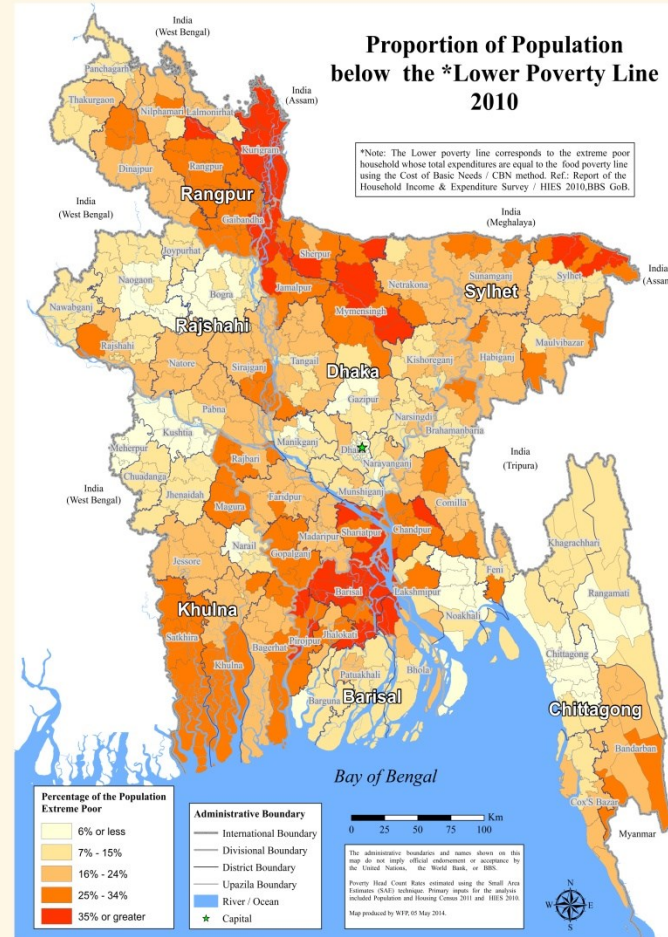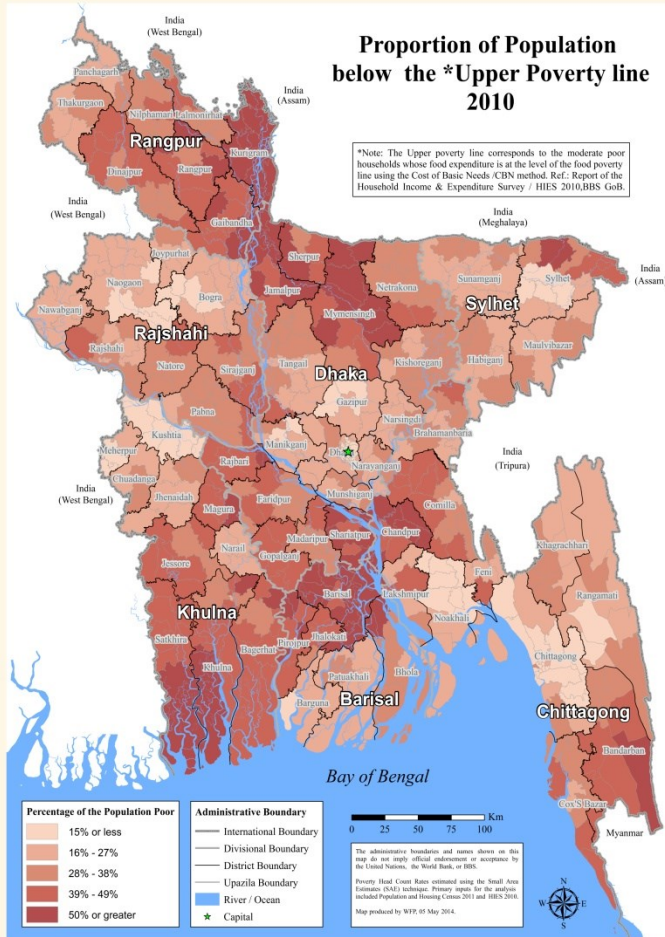**Past experience in producing poverty maps**

Two previous poverty mapping exercises for 2000/01

- BBS-WFP: Poverty and Food insecurity map

- BBS-LGED-IRRI: Rural Bangladesh Poverty Map

Bangladesh Poverty Map

Bangladesh Extreme Poverty Map

Left Map

Proportion of Population below the *Upper Poverty line 2010

*Note: The Upper poverty line corresponds to the moderate poor households whose food expenditure is at the level of the food poverty line using the Cost of Basic Needs /CBN method. Ref.: Report of the Household Income & Expenditure Survey / HIES 2010,BBS GoB.

India (West Bengal)

Panchagarh

Thakurgaon

Nilphamari Lalmonirhat

Rangpur

Dinajpur

Rangpur

Kurigram

India (Assam)

Gaibandha

India (West Bengal)

Joypurhat

Sherpur

Naogaon

Bogra

Jamalpur

Netrakona

Sunamganj

Sylhet

India (Assam)

Nawabganj

Mymensingh

Sylhet

Rajshahi

Rajshahi

Natore

Sirajganj

Tangail

Kishoreganj

Habiganj

Maulvibazar

Pabna

Dhaka

Gazipur

Kushtia

Narsingdi

Brahamanbaria

India (Meghalaya)

Meherpur

Manikganj

Dha

Narayanganj

India (Tripura)

Chuadanga

Rajbari

Munshiganj

India (West Bengal)

Jhenaidah

Magura

Faridpur

Comilla

Narail

Gopalganj

Madaripur Shariatpur

Chandpur

Khagrachhari

Jessore

Barisal

Feni

Lakshmipur

Rangamati

Khulna

Satkhira

Bagerhat Pirojpur Jhalokati

Noakhali

Chittagong

Khulna

Patuakhali

Bhola

Barguna

Barisal

Chittagong

Bay of Bengal

Bandarban

Cox'S Bazar

Myanmar

Percentage of the Population Poor
- 15% or less
- 16% - 27%
- 28% - 38%
- 39% - 49%
- 50% or greater

Administrative Boundary
- International Boundary
- Divisional Boundary
- District Boundary
- Upazila Boundary
- River / Ocean
- ★ Capital

Km
0 25 50 75 100

The administrative boundaries and names shown on this map do not imply official endorsement or acceptance by the United Nations, the World Bank, or BBS.

Poverty Head Count Rates estimated using the Small Area Estimates (SAE) technique. Primary inputs for the analysis included Population and Housing Census 2011 and HIES 2010.

Map produced by WFP, 05 May 2014.

Right Map

Proportion of Population below the *Lower Poverty Line 2010

*Note: The Lower poverty line corresponds to the extreme poor household whose total expenditures are equal to the food poverty line using the Cost of Basic Needs / CBN method. Ref.: Report of the Household Income & Expenditure Survey / HIES 2010,BBS GoB.

India (West Bengal)

Thakurgaon

Panchagarh

Nilphamari Lalmonirhat

Dinajpur

Rangpur

Kurigram

India (Assam)

Rangpur

Gaibandha

India (West Bengal)

Joypurhat

Sherpur

Naogaon

Bogra

Jamalpur

Netrakona

Sunamganj

Sylhet

India (Assam)

Nawabganj

Mymensingh

Sylhet

Rajshahi

Rajshahi

Natore

Sirajganj

Tangail

Kishoreganj

Habiganj

Maulvibazar

India (Meghalaya)

Pabna

Dhaka

Gazipur

Kushtia

Narsingdi

Brahamanbaria

Meherpur

Manikganj

Dha

Narayanganj

India (Tripura)

Chuadanga

Rajbari

Munshiganj

India (West Bengal)

Jhenaidah

Magura

Faridpur

Comilla

Narail

Gopalganj

Madaripur Shariatpur

Chandpur

Khagrachhari

Jessore

Barisal

Feni

Lakshmipur

Rangamati

Khulna

Satkhira

Bagerhat Pirojpur Jhalokati

Noakhali

Chittagong

Khulna

Patuakhali

Bhola

Barguna

Barisal

Chittagong

Bay of Bengal

Bandarban

Cox'S Bazar

Myanmar

Percentage of the Population Extreme Poor
- 6% or less
- 7% - 15%
- 16% - 24%
- 25% - 34%
- 35% or greater

Administrative Boundary
- International Boundary
- Divisional Boundary
- District Boundary
- Upazila Boundary
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Km
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Map produced by WFP, 05 May 2014.

The poverty maps were prepared by the Bangladesh Bureau of Statistics, the World Bank, and the World Food Program. The printing and dissemination of the maps was funded by IFAD.

IFAD
Enabling poor rural people to overcome poverty

Bangladesh Poverty Database:
An Effective Way to Identify the Hardcore Poor Households

Background of BPD

- Poverty reduction is the priority agenda of the Government of Bangladesh
- Social Safety Net Programs (SSNP) play an important role in poverty reduction
- Targeting of the beneficiaries is a big challenge
- No unique methodology to select the beneficiaries of SSNP's

The aim of BPD project are -

Objectives :

- To collect data and prepare a national database for all households in Bangladesh including demographic and other information of every citizen of the country
- To have a poverty database through screening by applying proxy means test (PMTF) from national database of all households
- To assist in implementing of all social protection and social empowerment programs of the government
- To eliminate overlapping of being selected as beneficiaries of various social protection programs
- To increase monitoring and evaluation of the social protection programs

Areas Focused in Bangladesh Poverty Reduction Strategy Paper

Economic Growth
- **Private Sector Development**
- **Infrastructure Development (transportation and power sector)**
- **Agriculture and Rural Development**

Social Development with Human Security
- **(i) Education, (ii)Health, (iii) Environment, and (iv) Disaster Management**

Good Governance
- **(i) Central, (ii) Sectoral, and (iii) Local level**

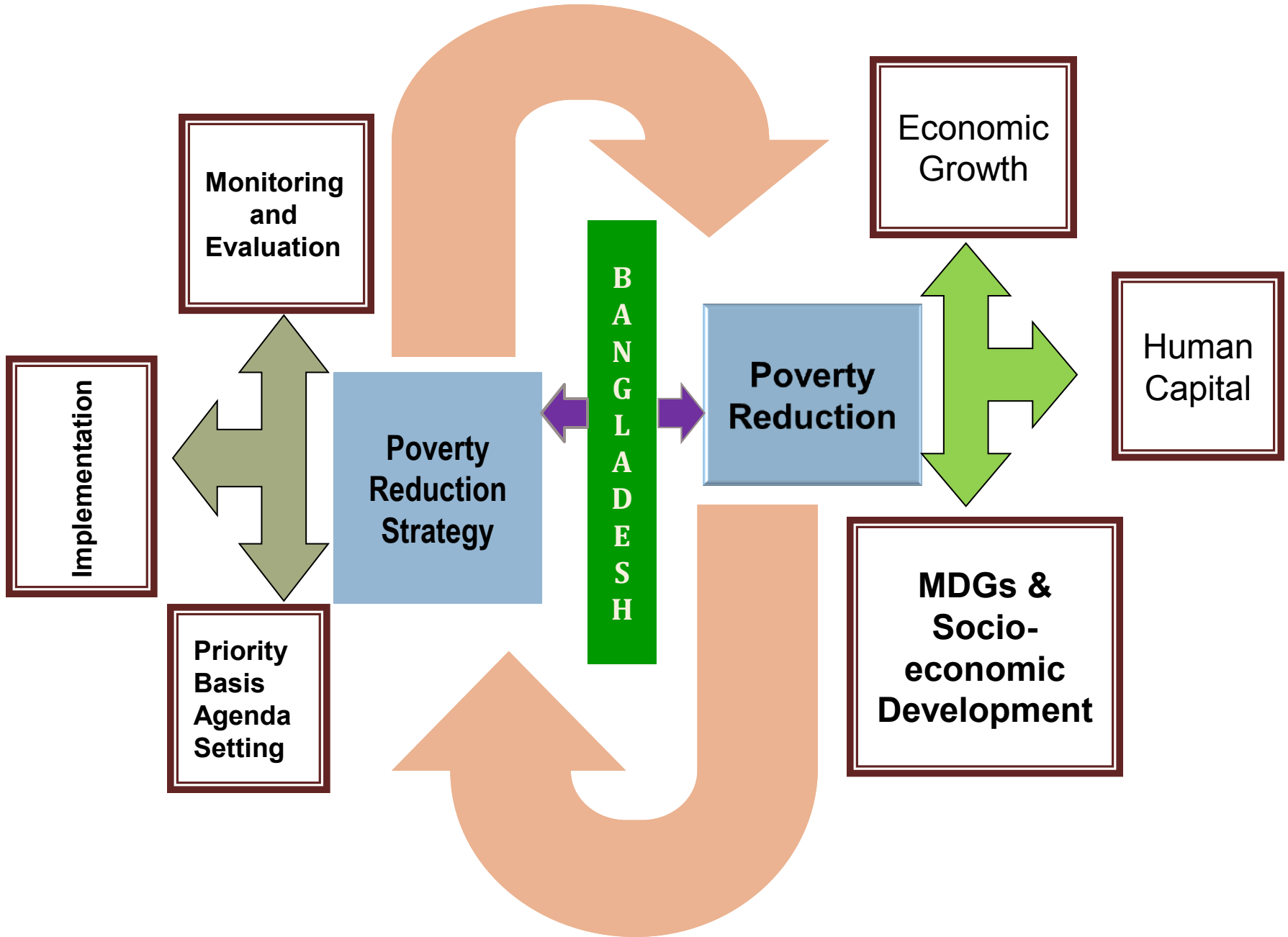# Poverty Reduction Strategy Paper : An Eight-Point Strategic Agenda

Perspectives :

- ☐ Poverty is a multidimensional and pervasive issue towards sustainable development

- ☐ A million priorities will not exhaust the agenda but to get the momentum going, policy and popular energies have to be galvanized around a few catalytic agendas built on the policy triangle of growth, human development and governance

- ☐ An Eight-Point medium term strategic agenda for the goal of accelerated poverty reduction is constituted in BPRSP

Agendas :

- ▪ Employment
- ▪ Nutrition
- ▪ Quality Education (with strong emphasis on girls' education)
- ▪ Local governance

- ▪ Maternal Health
- ▪ Sanitation and Safe Water
- ▪ Criminal Justice
- ▪ Monitoring

Impact of Poverty Reduction Strategy on Development Process

Monitoring and Evaluation

Implementation

Priority Basis Agenda Setting

Poverty Reduction Strategy

BANGLADESH

Poverty Reduction

Economic Growth

Human Capital

MDGs & Socio-economic Development

Flow Chart of Monitoring and Evaluation System for PRSP

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┌─────────────────────┐                    ┌──────────────┐        ┌──────────────────┐
│ Setting targets of  │                    │              │        │ Data generation: │
│ poverty             │ ────────────────▶  │  Choice of   │ ────▶  │ Quantitative &   │
│ reduction           │                    │  indicators  │        │ Qualitative      │
│ strategies in final │                    │              │        │                  │
│ PRSP and            │                    └──────────────┘        └──────────────────┘
│ M & E System        │                                                     │
└─────────────────────┘                                                     ▼
          ▲                                                        ┌──────────────────┐
          │                                                        │                  │
          │                                                        │ Data analysis,   │
          │                                                        │ M & E results    │
          │                                                        │                  │
          │                                                        └──────────────────┘
┌─────────────────────┐          ┌──────────────────┐                       │
│                     │          │                  │                       ▼
│ Suggestions for     │          │ Interaction with │            ┌──────────────────┐
│ revision of         │ ◀─────── │ stakeholders,    │ ◀───────── │                  │
│ priorities, and     │          │ activist and     │            │ Dissemination    │
│ supplementary       │          │ civil society    │            │                  │
│ programmes          │          │ groups           │            └──────────────────┘
└─────────────────────┘          └──────────────────┘
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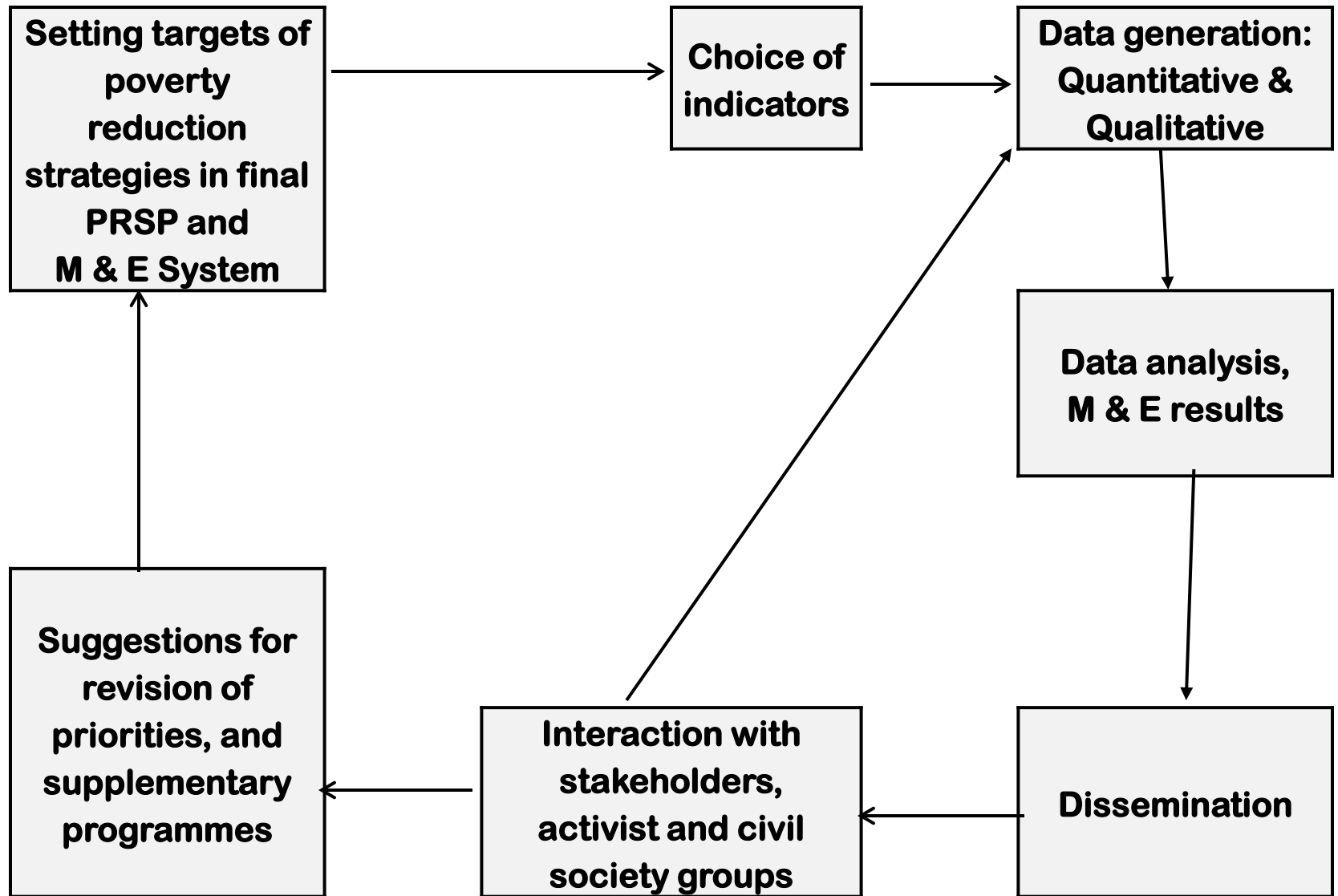
Poverty Reduction Policies in Sixth Five Year Plan

Policies in Sixth Five Year Plan FY2011-FY2015

The policies and programs for poverty reduction adopted in the SFYP are to-

- promote growth by sustaining labor productivity and job creation
- increase farm income through better productivity
- enhance the access of the poor to production inputs and to institutional finance
- expand employment opportunities by improving infrastructure and by investing in human capital
- stimulate women's participation in the labor force
- sustain Bangladesh's past successes in reducing fertility
- improve poor households' access to education, health and nutrition services
- enhance the coverage of social protection programs
- enhance the access to micro finance, and
- mitigate the adverse consequences of climate change.

Conclusion

- Estimating and monitoring of poverty are pre-requirements for proper implementation of PRS

- Poverty estimates obtained by DCI, FEI, and CBN method give different estimates of poverty. So, using of different methods can confuse the users

- One preferred method should be adopted for poverty measurement

- After examining different methods, it can be noted that Cost of Basic Need Method (CBN) is the best suited method for estimation of poverty and Bangladesh is using this method since 1991-92

- However, to get more precise estimate of poverty using CBN method, food bundle need to be examined periodically as the consumption behavior changes with the time and availability of alternative food items

Thank you all for patient hearing

Questions ?
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