

# Implementation of Policies for Reducing Chronic Poverty PRS Country Study: Bangladesh

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## Executive Summary

Bangladesh's IPRSP was finalized in June 2003 and the full PRSP was finalized in January 2006. The broad objective of the Bangladesh study is to assess progresses made in implementation of policies (in PRSP) aimed at reducing chronic poverty. All policies and programs (often not explicitly backed by a written policy), which are deemed either directly or indirectly to have reduced chronic poverty are within the scope of the current study. In the process the study identifies areas where improvements may be made in policy and policy processes relevant for reducing chronic poverty in the country. In realizing the broad objective, the study team undertook a mapping exercise, identified policy space meant for the chronic poor, assessed in selected areas if these were implemented, and assessed possible determinants of implementation. The study involved desk reviews and analyses of secondary data. The team also undertook field studies through interviews and FGDs for selected programs/projects in selected areas. The study was undertaken during October 2006 till February 2007, with additional inputs obtained till May 2007. These were difficult times for Bangladesh – the elected government made way for a caretaker government to oversee the parliamentary election in late October 2006, after several changes there is now a caretaker government undertaking major administrative and political reforms with supports from the military. While one would hesitate to predict on any outcome, there is a broad consensus that politics, policymaking and policy implementation will no more be the same in Bangladesh. In such a context, the findings of the study will hopefully be useful inputs to shaping a new future.

Poverty mapping has been done quite extensively in Bangladesh; and the poverty estimates (as well as vulnerability index) for smaller geographical areas have been used as guidelines for the resource allocation across regions. In such allocations, extreme poverty had apparently been the major consideration. The study however suggests that there are biases in such mapping exercise, and therefore in current pattern of resource allocation under food assistance. Disproportionate negligence of the southern coastal regions in the poverty maps drawn from small area estimation exercises had influenced resource allocations in government (and WFP) programs, as well as the spatial distribution of NGO programs. The result has been worsening of poverty situation in the south. It came as a surprise to the study team that none of the important actors registered any awareness of the problem during the numerous interviews undertaken for the study. Extensive engagement on the subject within the scope of the current study had however enticed many stakeholders to look into the matter.

'Programs targeting chronic poor' and 'programs to reduce chronic poverty' may not be viewed synonymously. The former is perceived to include programs directed at chronic poor, and are biased by safety net considerations. In contrast, the second set of programs

includes, in addition to those included in the former, pro-poor growth programs that are biased towards reducing chronic poverty. In either case, one needs to have a common working definition of chronic poverty and *a priori* identification of who the chronic poor are. Unfortunately, there is no common understanding, at the level of policymakers, of a policy category called the ‘chronic’ (or, extreme or ultra) poor. The PRSP, put together with the assistance of local consultants, has dealt with the terms ‘poor’, ‘extremely poor’ and ‘pro-poor growth’, but the main body of the report never mentioned of ‘chronic poor’. The agencies that consider PRSP as guideline for many of their actions are also stuck with similar limitations.

Given that chronic poor as a target group occurs only rarely in the two main national documents – PRSP on policies and MTBF on resource allocation, it is expected that there would be no explicitly articulated policy for reduction of chronic poverty. Interviews of senior officials across all agencies within the government revealed that there is not only no such policy, there is no clear perception on ‘policies’ either. As noted earlier, senior officials in Dhaka (the capital) perceive policies in terms of ‘policy guidelines’ or ‘policy framework paper’, which lay out broad objectives and some strategies. These provide the criteria for choice of programs/ projects in order to attain one or a set of objectives. At district levels and below, no one reflects on policies – rather, as one puts it, ‘we carry out the instructions from above to implement the programs and projects as per the rules laid out in the project document and/or government manuals/circulars’. A review of the documents reveals presence of inconsistencies and overlaps of goals, targets and actions.

Initial consultations with relevant government and project officials; and the search for linking real world activities with policies recorded in the PRSP document reveal that activities observed at the implementation stage are not necessarily the fallouts of policies taken (predating the activities). On the contrary, it may often be the case that policies are packaged to accommodate on-going project activities. Given the constraints set by current practices, the study had looked into issues of ‘policy implementation’ at three tiers: identification of pro-poor programs and projects at policy levels; implementation of policy within each program/project to identify activities; and implementation of activities that are considered pro-poor.

At a national level, chronic poor are addressed within the broader concept of poor; and there are broadly two sets of policies – (i) where resource transfers are made to poor either under safety net programs, or for economic empowerment through asset transfers; and (ii) growth strategies that are perceived to be pro-poor. On the latter, the plan document provides very little linkage between growth strategy and objectives to alleviate poverty. Thus, only the policies under the first category are considered articulate enough for probing into their implementation. Within this set, there are programs, which, by design target the very (chronic) poor.

Respondents at various tiers were asked as to how particular policies and programs/projects were adopted. Other than the various kinds of (cash) allowance programs adopted at the national levels (and inclusive within a pre-defined target population), most programs/projects are perceived to be donor-driven. That is, ‘consultants’ – national or expatriate - were either borrowing the concept from elsewhere, or had drawn upon the

lessons learnt in previous projects. Unfortunately, such lessons were rarely owned within the government agencies.

There are two important ways through which resources may be allocated at sub-national (district, upazila or union) levels. Large investments on roads, ports, and other infrastructure, as well as projects of soft nature such as those under the Department of Agriculture Extension (DAE) may often be biased towards particular region. For example, IFAD Country Programme Evaluation undertaken in 2005 mentions of such biases in the selection of project areas, often influenced by the constituency of the civil servants or political leaders having the authority to approve the project. Generally, such biases arise when there are no transparent criteria laid out for making appropriate choice of project areas and location-specific projects. Interestingly, the VAM resource allocation map has influenced many other agencies as well – notably, Brac in targeting areas under its TUP program and PKSf's choice of areas under the Credit for Ultra Poor (and subsequently, the *Monga* eradication initiative).

Actual resource allocation often deviates from the less-than-perfect allocation map; and both WFP and the M/O Food personnel informed that other than political influences, logistics and presence (or absence) of NGO capacity in a locality were important determinants. Thus, the coastal belt in the south had been doubly jeopardized - less attractive to the NGOs and therefore less flow of resources targeted to the poor; and less weights in the official (including WFP supports) allocation of resources. Unfortunately, the PRSP fails to account for the current misallocation of resources arising out of ill-construed spatial poverty mapping.

Fiscal transfers follow a simple formula with weights given to population, physical area and 'backwardness'. Other than the block grant and salary subvention, Union Parishads are given grants in grains for TR, FFW, VGD, VGF, RIMP and also cash transfers on account of old age pension and allowances for widows and freedom fighters. Guidelines on expenditure mention of 60% on communication & transport, 20% on agriculture & irrigation, 10% on education and 10% on physical infrastructure. In reality, there are gross deviations, and upazila level stakeholders unanimously reported of increasing bias in actual expenditure towards projects involving physical infrastructure. There are claims that almost 95 percent of the resources are in such activities even when these are shown under such social sectors as education or health. Generally, there had been allegations that 'soft' part in development expenditure is increasingly marginalized – partly because of the perception that the responsibility is more of the NGOs, and partly because of easy option of 'rent-seeking' in schemes that deal with 'roads & culverts'.

There is an additional dimension to the ways resources are utilized, which relates to relative strength of various agencies. The perception that higher utilization rate is a desired quality dominates current thinking in development. Such perceptions lend support to strengthening the relative position of these organizations in controlling local resources as well. It is therefore no wonder that LGED has emerged as a major player in implementing projects at local levels and has a greater voice in actual expenditure compared to their counterpart agencies.

In addition to the above-mentioned factors location of an upazila, particularly its proximity from the center of power (Dhaka) may have bearings on how resources are utilized. Potentially, lack of monitoring in distant places give way to local forces to dominate the resource allocation, and the deviations from the guidelines are very high. In far-off places, the officers resided permanently. In contrast, places in the mid-ways (say, within 2 hours distance from a major urban center), there are tendencies to commute and often remain absent. There is however a systematic bias in the quality of government servants stationed in remote areas (other than the outlier cases of good and honest officers being punished by mischievous political authorities).

The study finds that self-targeted programs, which are owned by the government and involve accountable local bodies as selectors of beneficiaries, have better chances of success. No less important is the choice of consultants involved in initial design And so is the choice of implementing agencies as important determinant of program success.

The second tier noted earlier is: identification of relevant components/activities that are deemed pro-poor. Of all the projects reviewed under the current study, those housed within government agencies, or, implemented directly by smaller NGOs with direct project/donor supervision were found to have less flexibility. In contrast, some of the pro-poor projects housed within large NGOs (or agencies with sufficiently diversified portfolio) are found to have greater flexibility – not always utilized for better cause.

At the level of implementing agencies, exercising the choice is rare – almost nil in agencies within the government as well as amongst sponsoring donor agencies. Within the society, there is no visible organized group of strength. Thus, it is the conscience nurtured by individuals and/or organizations engaged in social development, which is an important factor influencing the choice in favor of chronic poor. A second aspect is the supply of resources (from donors), which induce various agencies to package programs to avail these resources. Such trends are observed in NGOs as well as in some of the government agencies.

Problems of implementation often arise due to lack of coordination among implementing agencies, as well as due to lack of specialized expertise within an agency. Symptoms of such problems are very much evident in increasing trend towards engaging in multiple activities by a single agency. Each agency chooses to open multiple windows (and thereby widen the net) to maximize its receipt of project fund! Within a regime of limited human capacity that is divided across agencies, this has meant below-average capability within each. This is believed to have added to policy implementation problem in general. Often such practices are associated with wastage of resources in activities in which there is no in-house expertise - one glaring example is toying with crude ideas in the field or pro-poor technology. In the absence of culture of cooperation amongst institutions and/or sourcing expertise from markets – both arising due to the rent-seeking behavior embedded in project culture – there has been very little innovation in the ‘pro-poor knowledge industry’. In various sectors, the latter is often the critical entry point for expanding the choice set for pro-poor programs.

The last tier of query in the study design includes implementations of selected activities. There are several types of projects that the study looked into. Three major categories in

case of addressing rural poverty are offering short-term employment, as in *Monga* eradication program; cash transfers, as in the allowance program for distressed women; and transfer of assets – through community-based organizations as in case of access to water bodies (CBFM), and asset transfers to individuals under Brac's TUP. Since the programs targeted the very poor, identifying them had been a major challenge in most projects. However, in *Monga* eradication program the work involved manual labor, and therefore it were the very poor who engaged in the earthwork. The critical element that makes the Cash allowances to Distressed/Widowed Women program a success is the disclosure of full information on eligibility and entitlements – which is not always the case in many programs targeting the poor. Under CBFM, the policy to establish right of fishers on the water body (by leasing out to their associations) may not be perceived as pro-poor because fishing provides only part-time employment and the very poor have to leave their place of residence to seek employment elsewhere. Moreover, there had been failures in procuring lease for the groups due to pressures generated through politically powerful ones. Such practice had increased in great proportion during the past political regime. In Brac's TUP program, identification of the 'ultra poor' followed relatively more rigorous criteria. It had however one bias – leaving out those who are associated with other programs or got benefits from other programs. This exclusion principle applied in Brac TUP program allows smooth functioning due to having greater vertical control, but often tends to segment the poor through organizational affiliations. Brac Committee) is an interesting concept that provides the platform for the very poor to sit with the local elites and resolve the problems they may face in pursuit of their economic empowerment. There are however critics who would argue that creating new institutions by-passing the existing ones further complicate the development process.

Choice of agency has been a thorny issue in project implementation in Bangladesh. At two tiers, the problem normally surfaces. The first involves selection of an agency, which is entrusted to implement a project, normally within the government, but can be otherwise. The second relates to choice of partner organizations, mostly the NGOs, who perform the field-level activities. The latter arises more prominently in implementing pro-poor policies, many of which involve social mobilization and other micro-level engagements. NGO partnership is generally sought where targeted programs are involved – whether it be resource transfer or delivery of non-financial services. Even if the payment to a participating NGO is for its service, the latter (like any service provider) may provide less than it is paid for; and such responses are often the result of initial move for 'rent seeking' by the implementing agency selecting the NGOs. The problem is aggravated in case of pro-poor safety net programs (where resource transfers are involved) since the poor are less empowered to ensure their rightful share!

Statuses of M&E in all the projects, reviewed under the current study, were looked into. In addition, presence of monitoring within the government agency had also been probed. Regular monitoring of project activities with separate monitoring cells is observed only in projects funded externally. In contrast, in-house monitoring within the government (other than IMED's involvement at a higher level) is almost absent. Monitoring in case of projects such as in SAIP is effectively located within the power hierarchy of the implementing agency (DAE), fails to generate results even if large volume of data is collected and much effort of consultants had gone into designing detail monitoring

schedules. Such data often gets lost with the departure of the responsible agency because of the absence of information sharing (and flows) with agencies within the government. In general, the higher authority had failed to respond, and the state of monitoring had reached a dismal level when the study was conducted.

The recommendations may be broadly grouped into two – some are relevant for all sorts of policies, while others are more relevant for policies that address the poor or chronic poor. The two groups are distinguished in terms of general and specific recommendations. Among the general recommendations, it is being pointed out that policies are rarely owned within the government and are mostly donor-driven – there is a need to develop agenda of common interest around which ownership may be initiated. A critical examination of the relative strengths and weaknesses of the two alternative institutional arrangements – that of multiple activities within an agency and the other of specialized agencies coordinating among themselves is required. It is important to revisit the purposes of monitoring and accordingly develop manageable sets of indicators and processes to monitor. It is also important to institutionalize monitoring agencies independent of (not separated from) implementing agency. Another urge is to provide supports to national governments to institutionalize independent monitoring department with adequate capacity and resources for recurrent expenditure.

There are a number of specific recommendations to address policies, which are exclusively for the chronic poor. It is suggested that regional resource allocation has been biased and there is a need for its immediate revisions. Targeting poor and the process of identifying poor is being a major challenge and a need to innovate new programs that have self-targeting, and have the right balance of operational criteria and process-based identification is felt. There is no homogenous category called the chronic poor; and therefore there is a need to appreciate multiple approaches. There is also a need to define policies that will realize targets in sustained manner. In addition, special emphasis is required to initiate the process of innovating pro-poor technologies. Issues like modifying implementation designs through learning and appropriately designed tenure of staff should be ensured.