

# Poverty Eradication has to Start with 'Enabling the Ultra-poor'

by Werner Kiene

RELENTLESS pressure on urban space has again raised questions on the root causes of this phenomenon and on how to deal with it sustainably. In the following I do not wish to take away from the urgency for a more circumspect approach to dealing with urban poverty and I do not want to belittle existing anti-poverty programmes. However, the points that I wish to bring home are that the socio-demographic reality of this country requires a radical shift in our perception of the poverty problem and of the necessary solutions. I will show: (a) that we need to better differentiate among the poor and that it is the problem of the ultra-poor that requires foremost and direct attention; (b) that most of the ultra-poor still live in the rural areas and that more development opportunities need to be targeted there; (c) that it is not hand-outs but the ultra-poor need but deliberative support to enable them to avail themselves of the development opportunities around them; (d) that, in spite of the magnitude of the task at hand, there are some promising avenues to enable the ultra-poor to become part of the development process; and (e) that Bangladesh and its partners can afford such a programme. I strongly believe that enabling the ultra-poor to be part of the development process is a job that can be done.

**Not all poor are equally poor: The need for differentiation among the poor**

Many studies on poverty in Bangladesh have been made over the past years. We seem to know so much about poverty that a recent report by the

World Bank could rightly carry the title "From Counting the Poor to Making the Poor Count". The message is correct. Indeed, we need to make the poor count. But before going much further with this essential argument, it is important to realise that the poor are not a homogeneous mass. There are considerable differences among them. Hence, which poor should count?

Bangladesh has around 125 million inhabitants. According to data provided by the Bangladesh Bureau of Statistics, about half of the population lives below the poverty line which is defined as the economic capacity of average Bangladeshis to consume at least 2100 Kcal (kilo-calories). While the academic debate on the reliability of this indicator continues, it is important to note the prominence of these data given to access to food. Yet references to the 2100 Kcal poverty line hide the most disturbing fact that there is a line even further down the socioeconomic ladder which divides the "Regular Poor" from the ultra-poor. People below this line can consume on the average only 1800 Kcal while nutritionists have calculated that the average Bangladeshi should have access to 2350 Kcal. This tremendous gap between what ought to be and what the ultra-poor actually can afford to eat is the real drama of human development in Bangladesh. There are 30 Million ultra-poor in this country and it appears that this number is still growing at a rate of more than half a million every year. If we look more carefully into the composition of the ultra-poor we see that, in spite of their very visible presence in Dhaka and

other major cities, most of them — around 27 million — still live in rural areas. The conclusion is obvious: the battle of helping the ultra-poor must be fought in rural Bangladesh and in small towns.

What is needed is another quantum-jump in socio-political awareness and creativity — similar to the boldness that catapulted the Grameen Bank, BRAC and others into our field of vision some twenty years ago. One of the first steps of such a change will have to be the political courage and organisational skill to directly address the ultra-poor and their problems and make more resources available for their development. The sources for such transfers must be sought both within the existing national budgets and from external assistance. Looking at the policies of donors, it is evident that the only way to stem the reducing trend in aid-flows is to target them better to the needs of the poorest and this is what this call for a specific and direct approach to the ultra-poor is all about.

**Coping strategies of the ultra-poor as a point of departure for a new programme mix**

If we want to help the poorest to develop, we need to be more aware of what families do to survive at the edge of existence. What are the coping strategies of those who on average can afford to consume only around

1800 Kilo-calories or less? Which trade-offs do they make? First and foremost is that, in spite of spending the bulk of their disposable income on food, they do not consume enough food. Second, within the family food preference is given to the bread winner; hence the many malnourished women among the ultra-poor, the dangerously low birth-weight of their babies and the low nutritional status of young children. All other decisions of the ultra-poor family flow from the imperative to satisfy basic food needs first before going for other needs. Having to spend almost all income on food and all attention to survival, they cannot afford to invest in the education of their children and cannot buy health and related services which would enhance their human capital for tomorrow's needs: all income and attention go for surviving today. Even if they were to see opportunities, they do not seize them because they cannot afford to take the risk that is normally associated with innovation. Finally, and most dramatic but a regular occurrence among the ultra-poor: they sell their meagre assets and go into debts.

Given the situation in which the ultra-poor find themselves, each one of these coping strategies makes sense. The trade-offs they make are rational but they do bond them to their current status for life.

The ultra poor do not need charity. But they need compassion and help that would enable them to get hold of development opportunities around them. They need help to enable them to invest in their and their children's future. They need help to enable them to hang on to their meagre assets. The concept of "enabling development" acknowledges that standard poverty eradication programmes have not succeeded with the ultra-poor. As was confirmed by (Finance) Minister Kibria in his budget speech of June 10, 1999, we have seen that these programmes have been successful for the "regular poor", but they do not reach far enough down the socio-economic ladder.

The key message of "enabling development" is that we need to devise programmes which bring the poorest up to a level where standard poverty alleviation programmes have proven to be successful. What we need therefore are programmes that are focused at the poorest but from a perspective of development, i.e. with a view of "graduation" out of extreme poverty.

**What would be involved in a national programme of "enabling development for the ultra-poor"?**

The awareness that there is

is also the recognition that it is not just one input that leads to success. In the context of Bangladesh, food assistance is definitely an important ingredient for a successful "enabling strategy"; however, we have seen it repeatedly that food alone is not enough. A minimum "package" which includes some awareness raising, some practical training, and where needed some credit, is needed to get the "enabling process" started.

**How much would it cost to enable the ultra-poor?**

Again, extrapolating from the VGD programme, we see that covering a beneficiary for 18 months and enable her or him to participate in regular development activities cost about US\$150 to US\$250. Without claiming any precision, one could estimate that among the 30 million ultra-poor there would be approximately six million households. The total of supporting them through an "enabling development" approach would be not more than 1500 million US dollars. Thinking of such a programme as a ten-year effort, it would involve an annual budget of up to 150 million US dollars. Some of this amount could come from reorganising existing allocations. The rest must be new resources. We certainly are not talking about a negligible amount of money but enabling the 30 million ultra-poor to become part of the mainstream development process would definitely be more efficient than repairing the consequences from continuing to leave them out.

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this large number of 30 million ultra-poor should not make us loose hope. There are a few promising experiences which show that "enabling development" can work. For instance, the Vulnerable Groups Development (VGD) programme — a joint GOB-NGO-WFP initiative — enrolls almost half a million very poor women in an 18-month cycle. Food assistance given to these women coupled with some training and some credit has helped these women to "graduate" from their ultra-poverty. Their gains might look small for an outside observer, but they are very significant for those involved. Limited assistance given to them for just 18 months has indeed enabled them and their families to get hold of the development opportunities that are available in this country for the "regular poor".

Considering that each of the VGD beneficiaries is responsible for a family of three to five members, we see that with such a programme it is possible to impact on 1.5 to 2.5 million people trapped at the lowest level of poverty. Evaluations have shown that a large portion of them indeed "graduate" to a level at which they can take part in mainstream development programmes. And what is more: this mechanism has a cross-generational effect as the children of these poor have a better chance not to be ultra-poor.

It bears repeating that the most important element in these experiments is that there has to be a focus on "graduation" which means a focus on development. Charity and handouts send the wrong message to the ultra-poor but also to the funders of such programmes. Of great importance

is the recognition that it is not just one input that leads to success. In the context of Bangladesh, food assistance is definitely an important ingredient for a successful "enabling strategy"; however, we have seen it repeatedly that food alone is not enough. A minimum "package" which includes some awareness raising, some practical training, and where needed some credit, is needed to get the "enabling process" started.

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