

Why is Bangladesh successful in its fight against poverty?
Findings and further potential



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Executive Summary

The present study addresses the progress made in the area of poverty alleviation in Bangladesh and analyzes the reasons for the success. In order to better capture the complexity of this process, we have developed a theoretical model. This assesses poverty not only by means of monetary indicators, but also with less tangible non-monetary and alternative indicators. This paper discusses poverty alleviation in the case of Bangladesh in three different thematic sections: Politics, Society and Identity; Economy; Sanitation and Education.

First we shall look at Politics, Society and Identity, an area which is hard to measure with indicators, but is critical to poverty alleviation. Governments in Bangladesh have consistently focused on poverty alleviation as one of their main policy fields. More importantly, the “unstable-stability” created by the conflict between the Awami League (AL) and the Bangladesh National Party (BNP) combined with the focus on antipoverty policies has created an environment in which the private sector has been able to expand and civil society, especially NGOs, have stepped in to fulfill duties the government was unable to. Further, the change in the role of women was identified as another essential factor. By mobilizing the females in society, much progress was made in the areas of hygiene, contraception and infant mortality, which has done much to reduce the birth rate and therefore tackle the problem of overpopulation. The economic independence of women has further helped to increase education for children. Women’s participation in the workforce has greatly increased the economic strength of the country. The intrinsic motivation of the Bangladeshi people to prevail against all difficulties was further identified as an important factor of success.

Secondly, stable economic growth in all sectors of GDP due to increased productivity has favored the poor by generating employment. A boost in exports is favorable to domestic economic activity and employment generation. Therefore the garment industry, accounting for 70% of exports, plays a big role in poverty reduction. Further areas such as ship building, ship breaking and construction have created a considerable amount of jobs, providing the poor with income opportunities. Moreover, rural development is due a key factor for poverty alleviation, due to the size of the agriculture sector. Thanks to productivity gains, the share of self-consumption has declined and self-sufficiency is nearly achieved. Growth of the rural nonfarm sector has also generated employment and lead to an income increases in the agriculture sector. Thus, the decrease of famine vulnerability combined with the employment generated in the nonfarm sector, have significantly contributed to poverty alleviation in rural areas. Last but not least, remittances have additionally increased overall income.

The third thematic chapter identifies considerable improvements in sanitation and education. Practices such as the Community-Led total Sanitation (CLTS) program, successful NGO projects and

local focus have led to progress in water supply and sanitation. In education, primary and secondary school enrollment, among other indicators, has significantly increased. The government's efforts in the latter field play an important role in this progress, as does the contribution of NGOs.

However, we also identified some prevailing challenges Bangladesh must face. First of all Corruption, political repression and Human Rights abuses are still an often reported problem. In addition, infrastructure supply has to keep up with both substantial population and economic growth. Industry diversification is also a primary goal to be addressed. Moreover it must be taken into consideration that many of Bangladesh's comparative advantages are based on poor working conditions and low wages. Besides the challenge of providing access to water, there is also a need to focus more on its quality. Sanitation still offers a lot more potential with special regard to population density. Also in the field of education, not only must access be improved but also quality insured.

To conclude it can be stated that Bangladesh does show unique progress in poverty alleviation. Despite being confronted with many challenges, the Bangladeshi seem to have tackled the task of development in an impressive manner. The particular interplay of factors such as civil society empowerment, economic growth and improvements in the fields of sanitation and education has been identified as the key to successful poverty alleviation in Bangladesh.

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List of Abbreviations

ADB	Asian Development Bank
BRAC	Bangladesh Rural Advancement Committee
CIDA	Canadian International Development Agency
CLTS	Community-Led total Sanitation
DEZA	Direktion für Entwicklung und Zusammenarbeit
etc.	Et cetera
EHC	Essential Health Care
FDI	Foreign Direct Investment
FSSAP	Bangladesh Female Secondary School Assistance Program
HIES	Household Income and Expenditure Survey
GB	Grameen Bank
GDP	Gross Domestic Product
GoB	Government of Bangladesh
IDA	International Development Association
SHEW-B	Sanitation, Hygiene Education and Water Supply in Bangladesh
m	million
MDG	Millennium Development Goals
NGO	Non-Governmental Organization
OTEP	Oral Therapy Extension Program
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
WB	The World Bank
WSS	water supply and sanitation

1. Introduction

Despite being described as a basket case in the 1970s, Bangladesh has since achieved the position of a role model for many other developing countries. Dora Rapold, ambassador and coordinator of the DEZA in Dhaka states that no other country has developed so much economically and socially in the last 30 years. Bangladesh nowadays provides food for its population on its own – a population which has doubled in that time. How does a country with so many challenges manage to reduce poverty despite a growing population? (DEZA, 2006)

The present paper's purpose is to determine which factors have played a major role in the fight against poverty in Bangladesh. If the findings of the paper support the thesis that Bangladesh has indeed achieved substantial progress in poverty alleviation despite facing demanding challenges such as a high population growth, climate catastrophes and a shortage of natural resources, these could be applied to other countries facing similar conditions.

The paper is structured into three major sections. In a first step, the terminology and meaning of poverty will be analyzed in order to find a common definition of the phenomena addressed. Based on this, an overview of the main concepts of poverty will be given as preparation for further research. As a last step of the theoretical part, the current literature on poverty alleviation will be discussed in order to define the major measures and indicators of poverty. The goal of the theoretical part is on the one hand to provide a common fundament on which the case of Bangladesh can be discussed and on the other hand to develop a coherent and suitable model that can be applied to the field of research.

The following chapters then focus on the case of Bangladesh. First, the different aspects of its politics, society and identity will be examined and the reason for success in these fields evaluated. The second section then commits itself to the industrial and agricultural perspective, before in a third section sanitation and education are evaluated. After each segment, we will review the essential findings and draw preliminary conclusions.

In a last step the analyzed indicators will be criticized and further development potential identified. Last but not least we will sum up the findings and conclude whether Bangladesh can be seen as a role model in terms of development achievements and if so which factors contributed most to successful progress in poverty alleviation.

2. Measurability and indicators of poverty alleviation

Poverty has been an issue faced throughout human history but its perception has changed over time. Whereas poverty was long regarded as an inevitable aspect of society and therefore accepted, it has become “a major preoccupation of human beings” (Rio Group, 2006, p. 17). Although it is not accepted as a given anymore, the problem is not solved yet. On the contrary: In 2010, about one third of the world’s population was still living in extreme poverty (United Nations, 2010). The United Nations (UN) has determined poverty reduction as their number one goal in the United Nations Millennium Development Goals (MDGs) and strives to halve absolute poverty by the year 2015.

One of the main obstacles that reduce the effectiveness of poverty alleviation is the lack of a universally accepted definition of poverty. A lively academic debate is ongoing about what poverty is, how it can be measured and finally how this phenomenon and its consequences can be reduced. However, “how one defines or describes it has significant consequences for any potential solution” (Werhane, Kelley, Hartman, & Moberg, 2009). The following chapter will cover this matter and contribute to the clarification of the definition of poverty based on the present poverty alleviation literature. In a second step these findings will be applied in order to define a reasonable set of indicators for measuring poverty. These indicators will then be analyzed and future development potential identified in the following chapters.

2.1. Definition of poverty

The definition spectrum of poverty is vast. However, all definitions state that the contested and multi-dimensional term “poverty” contains more than just monetary aspects. The difficulty lies in finding a definition that is broad enough but at the same time still operable. The Canadian International Development Agency (CIDA) for example defines poverty thus: “Poverty is deprivation and powerlessness. It is the lack of sufficient assets and income to satisfy basic human needs for food, water, shelter and clothing. It is the lack of education, skills or tools to acquire income or assets. And it is the lack of ability or power to change the situation” (Goethe University, 1995). This definition manages to include as many aspects of poverty as possible without losing applicability and practicability.

The next chapter will in a first step introduce the basic concepts of poverty. To reduce the complexity and to increase the comparability, in a second step, different approaches for measuring poverty will be researched in order to create a suitable model for analyzing the case of poverty alleviation in Bangladesh. Nevertheless it should be mentioned at this stage that the results of the analyses can only be regarded as partially reliable. The reason is that even if a common definition of poverty could be established, there is a low degree of comparability over time and between countries due to for example different income definitions (gross income, net income, expenditure)

and units (person, household, household per capita). To minimize these errors of measurement, indicators should be chosen precisely and consistently over time and different areas.

2.2. Terminology of poverty alleviation

Poverty is not a precise term but comprises many different subcategories. So before trying to conceptualize and measure the multidimensional phenomenon of poverty, a clear distinction of the notion has to be established. The following chapter will cover a selection of the most important categories of poverty and will point out their similarities and differences.

2.2.1. Objective versus subjective poverty

Objective poverty occurs when a person's life standard falls below a defined limit. This can either be related to a certain income limit or to the lack of satisfaction of basic needs (food, water, medical care etc.). Such concepts, often referred to as the breadline, have to be defined on a country basis since purchasing power varies between countries. On the contrary subjective poverty arises from the comparison with a reference group. It describes the individual sensation of being poor in contrast to others in this reference group. An example would be a working class family living in an upper class area. (Ravallion, 2003)

2.2.2. Transitory poverty versus structural poverty

Poverty has different dimensions in terms of duration since it can be either a permanent or a temporary phenomenon. Transitory poverty on the one hand is a short-term condition which will be resolved for the person concerned after a certain time. This kind of poverty arises in either a cyclical (harvest season, seasonal unemployment e.g. according to the tourist season etc.) or an acyclical manner (change in economy, the working poor etc.). On the other hand people who suffer from structural poverty have little chance of overcoming their exclusion from society since they often belong to a fringe group. Thus the latter group is typically in need of external help to solve their poverty problem. (Willke, 2011)

2.2.3. Absolute poverty versus relative poverty

Absolute poverty correlates with the level of income and the level of expenditure under which basic needs can no longer be supplied. The World Bank for example established 1.25\$ income per day as the absolute poverty borderline. The International Development Association (IDA) on the other hand established a certain per capita income, calorie ingestion, life span and infant mortality and birth rate as reference indicators for absolute poverty. In contrast, relative poverty compares living conditions with the respective social and socio-geographic environment of a human being. Thus poverty is for example related to the median net equivalent income and takes into account the complexity of distribution. This includes socio-cultural depletion as a token of relative poverty due to

a lack of participation in social activities. The terms of absolute and relative poverty both reveal inaccuracies. While the former faces the problem of not considering the living conditions, the latter term does not take in account the actual standard of living. (Ravallion, 1994)

2.2.4. Combated poverty versus hidden poverty

Combated poverty is statistically documented whereas hidden poverty often consists of a huge number of unreported cases. Combated poverty is mainly observed in western civilizations where countermeasures to reduce poverty are present. In contrary people living in hidden poverty are often hindered from accepting help because of their shame. Of course intransparency due to a lack of statistical data on the population, as is the case in for instance shanty towns, contributes to an increased number of unreported cases. Last but not least some governments are not interested in disclosing actual poverty data in order to protect their image and prevent pressure from international organizations. (Willke, 2011)

2.2.5. Conclusion of the terminology of poverty

The terminology of poverty and poverty alleviation is elusive. There is a huge variety of terms correlating to poverty and it is important to first clarify these terms, indicators and measures. Only if all parties agree on a certain terminology misunderstandings can be prevented and effective measures can be introduced. Therefore the next chapter will try to determine clear indicators in order to allow an effective and coherent research in the following chapters.

2.3. Measurement and indicators of poverty alleviation

After defining the different terms and aspects of poverty, indicators for measuring this phenomenon shall be addressed. It has to be stated that neither the selection of the indicators nor the determination of the poverty borderlines are fully objective but rather normative. The indicators not only depict economic relations but are closely interlinked with social, moral, ethical and political questions. The assortment of indicators that will be discussed in this chapter is based on the most current research and literature and the goal is to create an appropriate, comprehensive but still adaptable model for further application in this paper.

2.3.1. Monetary indicators

The most popular and conventional way of measuring poverty are monetary indicators. There is a wide range of different key figures that exist. Three of them will be introduced according to their depth of analyses.

a) Income perspective

One of the most isolated ways of measuring poverty is the income perspective. The World Bank defined 1.25\$ (PPP) per day as a reference for absolute poverty. This measurement on one hand simplifies a complex issue but on the other hand disregards the different standards of living at this rate according to local circumstances, as mentioned before. A little more differentiated is the European Union's definition of 60 percent of the median of the net equivalent income as the breadline. Through this strategy, the key figure is able to avoid biases of the results due to outliers. (Goethe University, 2005)

b) Perspective of income and wealth dispersion

The perspective of dispersion does not end the analyses at rating income and wealth but also investigates its distribution. One of the most famous key figures combining these aspects is the Gini Coefficient $\sum_i p_i^2$. The results lie in a range between 0 (entirely equal distribution) and 1 (complete maldistribution). While developed European countries typically show a Gini Index of 0.25 to 0.35, the US shows an index above 0.40 and the world's estimated index lies even higher at around 0.60. Although the Gini Index allows for the quantification of differences in welfare policies it has to be taken into consideration that the comparison between large and small countries can be misleading. (Debraj, 1998)

c) Additive Coefficients

Among the monetary indicators the Foster-Greer-Thorbecke key figure $FGT_\alpha = \frac{1}{N} \sum_{i=1}^H \left(\frac{z - y_i}{z}\right)^\alpha$ offers one of the most integrated metrics. This indicator includes various aspects of poverty such as the extent (headcount ratio), the intensity (total poverty gap) as well as the maldistribution (Gini Index). The advantage of this measure is that although including only monetary information, it aims to also take into account how severe the injustice of distribution is. For this reason the Foster-Greer-Thorbecke metric will be favored among the solely monetary key figures in the present paper. Although on one hand the criticism of this metric is that the distribution among the poor is not included, on the other hand key figures with an even greater extent tend to lose their applicability. (Goethe University, 1995)

d) Conclusion of monetary indicators

Although a wide range of monetary indicators exist, they can be regarded as imperfect for the present purpose of analyzing poverty alleviation in Bangladesh. Firstly because errors in measurement occur, secondly misinterpretations tend to happen and last but not least a degree of one-sidedness can be observed. For these reasons the metrics have to be expanded in the next chapter.

2.3.2. Extension by classical non-monetary indicators

The monetary indicators addressed shall now be extended by well-established non-monetary metrics in order to get a more balanced result of the analyses. This is regarded as important by the World Bank or the European Union since it cannot be assured that a reduction of income poverty necessarily also improves the non-monetary dimensions of poverty (for example because the required market does not exist).

a) Crime and corruption

Crime and corruption have a big influence on a countries' development. As long as corruption occurs, government measures and foreign development aid will not be effective. Also, if people do not feel safe, they tend not to trust official institutions and procedures. For example saving money in a bank is then regarded as unsafe which brings less money into circulation and allows illegal businesses and labor to flourish, which leads to little protection from exploitation. (Jansen & Birger, 2005)

b) Economy and infrastructure

Some of the non-monetary factors that add a lot of value to society are economic growth and infrastructure conditions. Both of them are closely interlinked since economic growth attracts companies which are likely to invest in infrastructure or put pressure on governments in order to facilitate their business. The other way around an improvement of the local infrastructure often reduces the barriers for a prosperous economy. If both economic growth and infrastructure are provided, the mobility of people can be increased and unemployment reduced. (Kraay, 2003)

c) Life span, birth rate, infant mortality and population growth

Life span, birth rate, infant mortality and population growth are closely connected. If infant mortality can be decreased, the birth rate can be reduced, which consequently leads to a slowdown of population growth. In many poor countries children represent the retirement provision for many families. If more children reach adulthood, fewer children have to be born. Having smaller families can improve the financial situation which results e.g. in less hunger, better health care and therefore a longer expected life span. (Debray, 1998)

d) Health and nutrition

Hunger is one of the most obvious tokens of poverty and is therefore often used by charities for fundraising. But also malnutrition in terms of unbalanced and unhealthy eating habits is a very common problem of the poor. Fresh vegetables and fruit are often more expensive than fast food which leads to overweight and illnesses such as diabetes. (Fields, 2001)

e) Education and unemployment

Education is important in at least two dimensions. It opens up job opportunities with better salaries and women with higher education tend to have less children and in a later stage of their lives. This is directly linked to lower population growth as well as to a higher budget at families' disposal. (Fields, 2001)

f) Conclusion of classical non-monetary indicators

Although the model for measuring poverty became more balanced through the inclusion of the classical non-monetary indicators it still seems insufficient for the present case of Bangladesh. Especially in order to discover slight differences between third world countries the incorporation of additional indicators needs to be examined.

2.3.3. Extension with alternative indicators

The monetary and classical non-monetary metrics shall now be extended by less popular non-monetary indicators. This enables the further research of this paper to identify certain advantages or disadvantages in the fight against poverty of Bangladesh in comparison to other countries facing similar situations.

a) Construction sector

The dynamics within the construction sector provide a lot of information about the health of a society. On the one hand, the construction sector offers a lot of jobs for many different professions – especially for uneducated people. On the other hand, new constructions signal an advancement of the economy and infrastructure. It is also a signal for a higher income leading to the need for housing which disburdens slums. (Heierli, 2012)

b) Small scale enterprise scene and microcredits

Micro loans – especially to women – were proved to have a huge impact on poverty alleviation. The lack of access to the financial system is a severe problem and hinders many poor people from disburdening themselves from poverty and helplessness. To be able to establish a small scale business can effectively support a whole village and due to the system of sharing risks, the reciprocal responsibility can be improved. (Spiegel, 2006)

c) Sanitation

Sanitation as an important part of education has great influence on for example the mentioned infant mortality which is interlinked with population growth. Also the spread of many illnesses can be avoided and the awareness of life quality introduced. (Heierli, 2012)

d) Gender equality

The status of gender equality offers a lot of information about a societies' development status. Many patriarchal societies suffer under their exclusion of women from positions of power and the workforce, since it is proven that women for example are better at handling money. (Ravallion, 2003)

e) Identity, empowerment, solidarity, self-responsibility and -government

A lot of former colonial countries suffer from a lack of identity. Managing the balance between tradition and the modern age is a major task in order to shoulder the responsibility for one's own situation and development. Empowerment plays a major role in poverty alleviation. (Werhane et. al., 2009)

f) Information and media

The access to information is very important since it for example prevents exploitation, because even remote farmers know the actual market prices of their goods. The media can also extract some degree of counterweight towards political power. Finally, the absence of censorship and the possibility to voice one's free opinion is an important metric of a societies' development. (Rio Group, 2006)

g) Conclusion of measurement and indicators of poverty alleviation

The integrated consideration of monetary, classical non-monetary and alternative indicators offers a balanced model to analyze Bangladesh's poverty alleviation. The following chapters will now build on this basis to get an objective picture of Bangladesh's efforts on poverty alleviation. Nevertheless it should be stated that poverty research often faces poor access to reliable data and the problematic is that important statistics and databases often require a fee to access the information (Goethe University, 1995).

3. The case Bangladesh – findings and reasons for its progress

Following, Bangladesh's development will be approached through multiple indicators based on the previous chapter that analyze progress. First, the area of politics, society and identity will be examined to understand the current situation and Bangladesh's recent historic background. Then the economic situation will be analyzed to show the dynamics within the different sectors and other economic factors. Further an assessment of Water supply and Sanitation will show what Bangladesh has reached so far. Finally, the area of Education, which is another very important field for development, will be examined in order to provide information about current tendencies for Bangladesh's future. The thematic areas and indicators chosen were identified as very important for the fight against poverty in the particular case of Bangladesh. This selection was further confirmed by experts with an in-depth knowledge of the country. Even if they had to be split for methodological reasons, they remain highly interconnected.

Findings in these areas show Bangladesh's current situation in regard to progresses made. In a second step the reasons for this progress is examined to provide a platform for further development, especially for further strategies for the fight against poverty.

3.1. Politics, society and identity

“The most urgent need in our country is not to place begging bowls at their hands, but to make them confident of their own power, to make them realize that a man united with others is a complete entity, whereas an alienated individual is but a powerless fragment”

- Rabindranath Tagore

Successfully fighting poverty means helping people to achieve a position where they are capable of helping themselves. This means empowering the people. For this paper, we will define empowerment as follows (Dietzel, 2011):

- Increasing economic independence
- Improving access to information
- Ensuring participation in the political process
- Strengthening civil society and organizations

There are many factors, which contribute to these factors. This chapter will look at the cultural, social and political framework in Bangladesh and seek to determine aspects that have had a positive effect on empowerment and the fight against poverty. It will further attempt to identify particularities in the Bangladeshi identity, which have allowed the country to make significant progress under very difficult circumstances and against the expectations and predictions of the international community.

3.1.1. Findings for progress

We shall now look more specifically at the political landscape, civil society, gender equality and religion in Bangladesh and determine areas where progress has been made, before in the next step analyzing the reasons for this progress.

3.1.1.1. Political landscape

A stable political landscape and well-functioning institutions are essential in contributing to the empowerment of the Bangladeshi people, by providing a solid legal framework for economic development and employment, assuring a free press and providing important information, protecting and allowing civil society to evolve and most directly ensuring free and equal opportunity for political participation. Bangladesh’s politics are dominated by the struggle between the Awami League (AL), led by Sheikh Hasina, daughter of the assassinated hero of the revolution Sheikh Mujibur Rahman, and the Bangladesh National Party (BNP), led by Khaleda Zia, widow of the assassinated former president Ziaur Rahman. This two party system is in many ways an on-going vendetta between the two families (Economist b, 2011a).

After a phase under a caretaker government, the elections in 2008 looked like they could be a pivotal point for the country. Propelled by a wave of national optimism, the AL under Sheikh Hasina

won a landslide victory in what have been described as the fairest elections in the country's short history. Hopes were therefore high, that the League would use its power to strengthen democratic institutions, fight corruption and especially pursue national reconciliation, putting an end to the destructive cycle of winner-takes-all politics between itself and its longstanding rival the BNP (Economist, 2011b). However, these hopes have been sourly disappointed. The hopes that the government elected in 2008 would bring the promised change to the political system were soon reduced greatly. Instead of reaching out, Sheikh Hasina seems to be following a strategy of crushing the opposition and possibly forcing them to boycott the next elections, by for instance filing corruption charges against her nemesis Khaleda Zia and members of her family. Most worrying was maybe the hasty scrapping of a constitutional provision for a caretaker administration to run elections, a provision notably insisted upon by Sheikh Hasina during her time in opposition. These developments do not bode well for the Elections in 2013 (Economist b, 2011a).

Despite these problems in the political establishment, the two rival parties have at least in some ways held each other in check preventing the establishment of an autocratic regime. This has created a bipolar "instable stability" which has at least allowed the private sector and civil society to grow. On poverty the government can in all present a relatively good track record, as fighting poverty has long been a central policy goal of the Bangladeshi government. In all five year plans considerable emphasis has always been placed on alleviating poverty with programs to improve the rural poor's access to production means, develop agriculture and expand infrastructure, and further focus on programs to improve drainage, flood control, education and generate employment (Abu & Rahman, 2007). This constant focus on poverty alleviation shows the determination of the political leaders on all sides, to achieve the MDGs for their country and improve the situation of the poor. However, as we shall see, due many shortcomings in the political system, many programs have performed below expectations. The government has often failed to expand the programs far enough to cover the most poor. It has been further criticized for following a program of relief rather than development, which is seen as an unsustainable approach. This may be accounted to the lack of skill and human resources available to the government (Abu & Rahman, 2007). Therefore much still remains to be done, in order to increase the efficiency and effectiveness of such programs and ensure sustainable results. The unstable government accordingly also has negative influences on government programs.

Bangladesh comes in at rank 120 on Transparency International's Corruption Perception Index (Transparency International, 2011), which is a significant improvement in a short period from 147 in 2008. This shows that the new government vow to tackle corruption on all levels has at least shown some short-term improvements. However, Bangladesh still remains one of the most corrupt countries in the world and so far each new government has accused its predecessors of corruption and has vowed to change the situation, only to itself again be accused of corruption after ceding

power (Zafarullah & Noore, 2001). Therefore it is still too early to say, whether this trend will continue.

3.1.1.2. Civil society

Civil Society is a complex ever changing system of organizations such as NGO's, community, academic and religious organizations to name but a few. Civil society has been seen as contributing to the community's capacity to participate in and benefit from development activities. A strong civil society has further been identified by as a crucial prerequisite for democracy (Rahman, Waded & Eusuf 2000). Bangladesh has a very diverse civil society that fulfills a wide range of services, including areas that should be covered by the government such as education, sanitation and health. We shall first focus on the NGOs, and then look at some of the young emerging actors such as labor unions and well-educated students.

a) NGOs in Bangladesh

Few countries have as many NGO's as Bangladesh. There are over 26'000 officially registered NGOs in Bangladesh (Lam, 2006). This fact can be traced back to the beginnings of the country; after the liberation war the countries resources were depleted, leaving the country dependent on international aid for their food supply. During the 70s the countries disastrous economic situation continued to attract foreign aid and has further continued to do so until the present day, especially NGOs. In addition to foreign NGOs, many Bangladeshi NGOs haven emerged and grown over time, gaining know-how and support from the international NGOs and profiting from their closeness to society and deeper cultural understanding to address important issues effectively. NGOs have been rightly credited with major achievements in improving the welfare of the poor (Rahman, 2006). Notably the Grameen Bank (GB) pioneered the system of micro-credits (Wahid 2006), which has had a profound impact especially on the empowerment of women and the strengthening of local communities Bangladesh (Chowdhury & Chowdhury, 2011), which will be further discussed later.

The Bangladesh Rural Advancement Committee (BRAC), now the world's largest NGO, has also made significant contributions in the areas of education, health and sanitation, which have had a strong effect on reducing infant mortality and increasing literacy rates. These are but two examples of many successful NGOs in Bangladesh that have managed to establish themselves. It is hard to determine, why many of these programs have been particularly successful in Bangladesh compared to other countries, however the high number of NGOs indicates the special position they hold in Bangladesh. Further, the wide range of topics covered by NGOs is special, where NGO have taken over some government roles, in such areas as education. The high population density may have contributed to the fast dissemination of important information and may have made the many door-to-door programs more efficient to conduct.

Also, much can be read about the intrinsic motivation of Bangladeshi people to get actively involved, which would help to further explain the high number of NGOs. These two last points remain assumptions, as no specific research has yet been conducted on the effect of population density on development success and the intrinsic motivation and identity is extremely difficult to show empirically.

b) Emerging civil society

A high ever-increasing number of young, well-educated people are emerging. Thanks also to many education programs such as the BRAC University. These young people are getting involved in their communities and politics. The introduction of first the voting pass and soon a national identity card has made it easier to partake in elections and the political process. Political empowerment is an important factor, especially in this country which has a very young population, many of whom have had enough of the feud between the two families and their obsession with the past and instead wish to focus on the future of their country (Economist, 2008). Labor unions have also slowly begun to emerge over the last decade, in order to protect and further the right of workers. Minimum wages in Bangladesh remain one of the lowest in the world, though the government at least raised the minimum wage from 1,200 to 2500 Taka in 2010. This is at least a start and an acknowledgment of certain rights for workers. However, this sum is still only half of what workers were aiming for. Further important labor rights remain open, such as official union recognition and holiday time. Local communities are essential in conducting programs, especially in rural areas. Many programs such as microcredits, but also sanitation programs make the local communities work together to achieve their goals. This strengthens the local communities, builds their confidence and also empowers women.

3.1.1.3. Gender equality and empowerment of women

An important area where much improvement can be seen in Bangladesh is the area of gender equality and empowerment of women. This has helped to shape the identity of Bangladeshi people in general and especially of the female population. We shall see that this again has played an important role in the progress made against poverty. Bangladesh is built on a very patriarchal society with a "purdah" system where women are taught to stay at home, refrain from expressing their opinions and seek permission from men regarding any financial or household decisions they take (Chowdhury & Chowdhury). However, in recent years the role of women has changed significantly, especially in rural areas. There are many reasons for this evolution. We shall look at one of the main factors which have led to this, namely microfinance.

a) Empowerment through Microfinance

Since the initiation of microfinance in the 1970s, it has helped to establish an environment that has led to an improvement of the social and economic status of women in Bangladesh. 95% of the microfinance credits that are given out for instance by the GB go to women borrowers, mainly because they are more reliable and do not spend the money on alcohol or gambling, as is often the case with male borrowers (Chowdhury & Chowdhury). Therefore women have been specifically targeted by such institutions. This has had the following effects. Firstly it has given women a certain degree of financial independence and making male family members reliant to a certain degree on their loans. This improves the status in their families and their bargaining power. This can be seen in the fact that women who received a loan are more likely to send their children to school and are also more likely to work outside their household, which means that they are more likely to take responsibility for the economic situation of the family and also are able to persuade their extended family of the value of education (Chowdhury & Chowdhury). Secondly, the system by which groups of women borrow money has led to women gathering together, giving them a social group outside their own household. This has improved exchange on important topics such as hygiene, family planning and contraception. Thirdly and possibly the most important fact, which is however also the most difficult to measure empirically, is the effect this has had on the self-esteem of women. The access to money and their economic participation combined with the increased role women may thus play in the decision making process means that women are valued more by their male counterparts, which again increases their sense of self-value (Mahmud, Shah & Becker, 2012).

3.1.1.4. Religion

Religion plays an important identification role in Bangladesh. Close to 90% of the population is Muslims, with the second largest religious affiliation being Hindu, with about 9%. Further minorities include Christians and Buddhists. This distribution is visible in the form of Islam practiced in Bangladesh, which is influenced by the Hindu tradition and therefore has some particularities, which again strengthens the role of Religion in identification. Though originally intended as a secular state, amendments to the constitution in the time from 1977 to 1988 reinstated Islam as the official religion of the country and a commitment to the Islamic way of life, though the current movement as sought ways to move away from this development back towards secular politics (see AFP, 2010). The constitution does, however, contain the right to practice the religion of one's choice, within the confines of the law and morality.

Religious leaders have a strong voice in local communities and are widely respected by the people of Bangladesh. Making use of this strong influence is an important aspect of supporting efforts for alleviating poverty. There have been moves in this direction, with such programs as "Leaders of

influence” and the “Imam Training Academy”, which seek to educate religious leaders on topics such as sanitation, health, gender equality and education so that they can then carry the gained knowledge into the local community (Islamic Foundation). It has also been shown, that without the support of local religious leaders, many programs are unsuccessful. Therefore it is important to continue and expand such programs. However, fundamentalist Islamic movements such as the pose a constant threat to the progress which has been made so far, especially on the issue of gender equality and education of girls and the religious freedom of minorities.

3.1.2. Reasons for progress

Though it is difficult to determine concrete reasons in the area of society, culture and identity for the progress Bangladesh has made in fighting poverty, as these aspects are strongly correlated to each other and are further influenced by the other areas discussed in this paper, there are nonetheless some particular aspects which provide some clues as to why this process has been successful by empowering the Bangladeshi people.

First, though dominated by a poisonous conflict between the AL and BNP and riddled by corruption, politics in Bangladesh have consistently focused on poverty alleviation as one of their main policy fields, and though faced with many problems, this focus at least shows a determination in Bangladesh to reduce poverty. More importantly, the “unstable-stability” created through has created an environment, where the private sector and civil society have been able to expand. The shortcomings of the government have led civil society actors, especially NGOs, to step in and fulfill duties the government was unable to. Further the continuing support through international aid has allowed these NGOs to grow and acquire the necessary know-how to conduct programs more efficiently and effectively than the government.

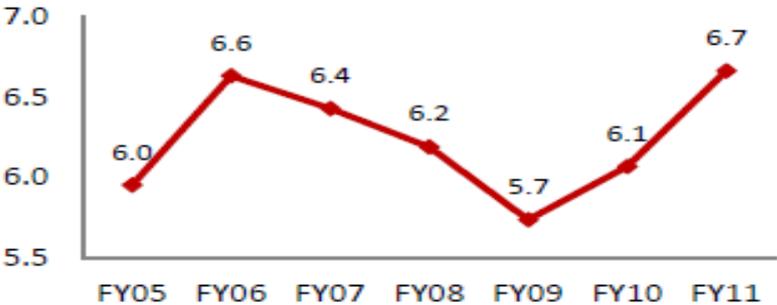
Secondly, the change in the role of women is another essential factor which has contributed greatly to the progress made in fighting poverty. By mobilizing the females in the society, much progress has been made in the areas of hygiene, contraception and infant mortality which has done much to improve family planning, thus reducing the birth rate and therefore tackling the problem of overpopulation (Chowdhury & Chowdhury). The economic independence of women has further helped to increase education for children, an essential aspect for the continuing progress throughout future generations. Women participation in the workforce has greatly increased the economic strength of the country, especially the textile industry which remains one of the leading economic drivers in Bangladesh (this will be further discussed in the chapter on economic development).

Finally, and maybe most importantly and at the same time the most difficult to measure, is the intrinsic motivation of the Bangladeshi people to prevail against all harsh odds and adversities.

3.2. Economy

In Bangladesh, there have been measurable improvements in monetary indicators over the past years. For example, the average monthly household income reached 11480 Tk. in 2010, compared to only 7203 Tk. in 2005 (WBG & BBS, 2010). Further, as indicated in the first chapter, it is crucial to look at classical, non-monetary indicators such as economic growth as well for the following reason: Economic growth can create a virtuous cycle of poverty reduction through employment generation (Zaman, 2011). As we can see in the figure below Bangladesh has registered a positive GDP real growth rate over the past years and which has further increased since 2009. In 2011 the economy grew at a rate of 6.7%.

Figure 1: GDP Growth (%)



Source: Bangladesh Bureau of Statistics, 2012

3.2.1. Findings for progress

In the following section we will analyze the factors which lead to growth and discuss whether it is sustainable and in favor of the poor or not. For this purpose we intend to additionally develop alternative indicators such as the dynamics in the different sectors which compose GDP, the role of remittances and the impact of microcredits on poverty alleviation.

In order to explain the most important developments that have occurred in the different sectors which generate employment, we will analyze the contribution of the major sectors to GDP as well as the labor market segmentation.

3.2.1.1. Sectorial contribution to GDP

The industry sector accounted for 28.6% of GDP in 2011 (CIA, 2011) and with a strong rebound in exports and a rise in domestic demand its growth picked up from 6.5% in 2010 to 8.2% in 2011 (ADB, 2011). Compared to 2007 where it accounted for 20.6% of GDP, the industry sector has gained a considerable share of total GDP. In 2007 only 11% of the labor force was employed in the industry sector (CIA World Factbook 2007 cit. in Eurasia Center). In contrast, most recent data in the CIA World Factbook shows that at least 30% of the total labor force finds occupation in this sector.

The agriculture sector employed 63% of labor force in 2007 compared to 45% to 50% in 2010 (CIA, 2011). This drop was compensated by the rise in the industry sector. Share of GDP recorded a relatively moderate decrease from 19.9% in 2007 to 18.6 % in 2011. It is remarkable that despite less human capital, the output growth rate of the agriculture sector is at 5% and the share of GDP decreased. This fact clearly indicates significant productivity gains in agriculture sector activities and outflow of people to other sectors (WBG, 2008).

The services sector accounts for half of Bangladesh's GDP (53%). In 2007 it was slightly higher at 59% (CIA 2007 cit. in Eurasia Center) while amount of the labor force employed has stayed more or less constant. Registered growth in the sector is driven by demand largely for services linked to agricultural and industrial expansion. In 2011 sector growth edged up slightly from 6.5% in 2010 to 6.6% due to growth in export and import boosted demand for transport and financial services. Moreover, telecommunications is growing strongly because of rising income and the entry of new products. All in all, sector activities, including wholesale and retail trade, transport, telecommunications, health services, education, and financial services have improved overall performance (ADB, 2011).

Noting that half of the GDP consists of the services sector, only 26% of the labor force finds occupation in services, which is relatively low. For that reason and adding the assumption that growth in the service sector is generated by the increased demand of a growing middle class based on the expansion of the industry and agriculture sector, our analysis of services will not be further conducted. Even if the share of GDP in the service sector is much higher, dynamics and changes are more pronounced in industry and agriculture (labor force, GDP share growth). For this reason, we will examine the latter sectors in the following.

3.2.1.2. Industry

In the following section we will analyze the different industries in more detail. Even if the industry sector also comprises of mining and quarrying, manufacturing, electricity, gas and water supply, and construction (BBS, 2011), we selected the domains of most importance according to the supervising experts' advice. The selection criteria are labor intensity, exports share and productivity gains.

a) Garment industry

Bangladesh is the world's third largest producer of ready-made garments and nearly doubled its garment exports from 2004 to 2009. The industry employs between 2.5 and 4 million people, more than any other industrial segment. By the end of 2009 garment exports accounted for more than 80% of the country's total exports (NYTimes, 2010). About 4800 factories produce clothing mainly for the European and American market. 80% of the employees are young women (DEZA, 2009).

Not only does good performance of this sector offer jobs to many women who were excluded from the labor market before, but it is also critical for domestic economic activity. Export's importance to domestic growth has been approached in terms of the acquisition of foreign exchange for the import of goods and services. Thus, export growth is seen by development planning exercises as a determinant of import capacity, which in turn, is a determinant of the level of domestic economic activities. Added to the substantial increase in the volume of exports, in recent years, Bangladesh has been achieving an important change in the composition of exports away from traditional items such as jute and jute products, towards new manufactured products (Sultan, 2008).

When reflecting further and looking at Bangladesh's comparative advantages in the global clothing production market, it comes out that wages are 20-30% lower than in India and even 30-40% lower than in China. In fact, Bangladesh has the lowest garment wages in the world, according to labor rights advocates. Moreover, the country has a literacy rate of only 55 % - compared with more than 92 % in China. As a result, workers in Bangladesh are only one-fourth as productive as the Chinese in making clothes, according to a report by the Center for Policy Dialogue. Another disadvantage is that most of Bangladesh suffers blackouts six to seven hours a day. In addition the competitiveness of Bangladesh's exports is partly dependent on China's currency policy. If the Renminbi was traded more freely, Bangladesh's exports would be more competitive, but a stronger Renminbi could also hurt Bangladesh by raising the price of machinery and fabric imported from China. According to Ahmed Mushfiq Mobarak, an assistant professor of economics at the Yale School of Management, China is its biggest supplier.

As we can see, despite the fact that the garment industry has provided a lot of regular income opportunities, poor working conditions are reality. But factory owners argue that a big increase in wages would make Bangladesh uncompetitive compared to Vietnam and other big producers, which have higher labor costs but also have better infrastructure and are more efficient producers (NYTimes, 2010). As a result, Bangladesh's comparative advantage is cheap labor force. However, the big picture shows that the boost of exports is favorable to domestic economic activity and therefore to employment generation.

b) Ship building and Ship breaking industry

Bangladesh is an important global ship builder, focusing on small and medium-sized ships, while traditional shipbuilding nations, such as China and Korea supply large ships. With a long maritime history, Bangladesh counts on 100,000 skilled and semiskilled workers within this industry. The country's comparative advantages in ship building are a favorable geographic location, cheap labor, and the presence of industry-related education and training institutions close by (Positive Bangladesh, 2010).

Concerning the ship breaking and recycling industry, Bangladesh together with India and Pakistan, account for 70-80% of the international market for ship breaking of ocean-going vessels. China and Turkey account for most of the rest. The ship breaking and recycling industry provides more than 50% of Bangladesh's steel supply and is therefore an important strategic industry. Moreover, it creates a significant number of direct and indirect jobs, estimated at over 500,000, for some of the poorest and most marginalized segments of the population (WBG, 2010). A study conducted by the World Bank states that most workers in the ship breaking yards are migrant workers from poorer regions. Working conditions have historically been poor for the majority of these workers. Indeed, the use of personal protective equipment is limited, exposure to hazardous materials is frequent and unsafe conditions are not rare. Compared to Pakistan for example, the World Bank's overall finding is that ship breaking under the prevailing environmental and occupational health regulatory conditions is a more competitive industry in Bangladesh than it is in Pakistan (WBG, 2010).

In ship building and ship breaking, similar to the garment industry, we conclude that through creation of considerable amount of jobs, the poor are provided income opportunities. However, the quality of working conditions remains to be questioned.

c) Construction industry

The construction sector in Bangladesh has been experiencing strong growth since the early 1990s and accounts for 10% of GDP (NewsToday, 2011). To meet the demand of a growing middle class in urban areas, where high-rise apartment complexes are being built, growth in this sector has been especially pronounced. Ten years ago, the construction sector's share of GDP was 7.7% (at current market prices). This industry has also generated growth in related industries, such as transport, storage, communications, housing, and trade services. An additional positive consequence is that Bangladesh's cement imports have precipitously fallen. Cement production from around 200,000 tons in 1992/93, increased to 2.4m tons in 2001/02 due to the encouragement of international investors to invest in the local cement sector (The Economist Intelligence Unit, 2003). It is essential to increase the share of locally available construction materials in order to avoid dependencies on foreign prices.

In post-industrial economies, a new role of the construction sector as an alternative indicator has emerged (Ruddock & Lopes, 2006). Studies over the last three decades, based on macroeconomic analysis, have attempted to model the relationship between a country's level of construction activity and its stage of economic development. Despite the quality of available data there are also limitations to this approach, as the dynamics of construction activity as an agent in the promotion of economic growth in economies at different stages of development can be considerable (Ruddock &

Lopes, 2006). In the case of Bangladesh, data listed above indicates high levels of construction activity and therefore economic development.

3.2.1.3. Agriculture

As 70% of the Bangladeshi population live in rural areas and half the labor force is employed in the agriculture sector (CIA, 2011), agricultural development is a key driving force of poverty reduction in this country (WBG, 2008). Agriculture has been growing strongly at around 5% over the last two years due to good performances of the crop and horticulture subsector, aided by favorable weather and better access to credit and extension services. Production of fisheries, poultry and livestock, despite low productivity growth, rose as a result of a stronger demand created by a growing population, higher income level, and rapid urbanization (ADB, 2011).

Due to these developments, there has been a decisive shift in rural areas, away from low-productivity daily wage work in agriculture (the total income from this activity was actually falling by 2.7% per year in real terms over 2000-05), towards daily wage work outside of agriculture and into salaried employment (which constitutes about a 6% annual increase in income). More agricultural income is channeled through the market, and the extent of subsistence agriculture is gradually declining (WB, 2008, p.55). In fact, between 2000 and 2005 the share of self-consumption fell from 46% to 42% of total production (WBG, 2008). As a consequence of productivity gains in the agriculture sector, imports of food grains dropped by 30% (ADB, 2011) and 96% of rice consumption in Bangladesh is self-produced (Netz, 2011). Thus, Bangladesh has achieved a considerable success in attaining near self-sufficiency, which is essential to avoid famines generated by inflation sensitiveness. In fact, the country has been able to maintain food security reasonably well (Islam, 2006).

The growth of agricultural productivity has also promoted a favorable development in the rural nonfarm sector. This sector comprises irrigation equipment and chemical fertilizers, services for processing, storage and marketing of additional agricultural produce, and the demand for trade, transport, construction, education and health care services. Agricultural growth has generated opportunities for employment and income in the rural nonfarm sector through its effects on the demand for products and services listed above because farm households spend a larger proportion of additional income on purchasing nonfarm goods and services (CPD, 2004). The rural non-farm sector even surpassed agriculture as a main source of income in rural areas in 2005. Indeed, this sector plays a significant role given that according to findings by the World Bank, poverty rates among households in the non-farm sector are as much as 10% lower than for the rest of the rural population. Given that the share of rural households engaged in activities outside of agriculture grew

from 49 % to 54% between 2000 and 2005, and the share of income from these activities grew from 50% to 55% (WBG, 2008), there must have been a positive impact on poverty alleviation.

Because of the agriculture sector's size, rural development is key for poverty alleviation. As we have stated in this section, thanks to productivity gains, the share of self-consumption has declined and self-sufficiency is nearly achieved. Growth of the rural nonfarm sector has been a key driver for employment generation and income increases in the agriculture sector. To conclude, the decrease of famine vulnerability and employment generated in the nonfarm sector, have significantly contributed to poverty alleviation in rural areas.

3.2.1.4. Remittances

Money transfers of Bangladeshi emigrant workers to their home country have significantly contributed to the income of poor people. According to the 2010 Household Income and Expenditure Survey (HIES) (BBS & WBG, 2011), about 12.28% of households reported some kind of migration either within the country (8.60%) or abroad (3.97%). The average amount of remittance is 151.89 thousand Tk. per recipient household. Between 2000 and 2005 the World Bank registered a yearly growth by 6% in foreign remittances. In 2009, remittances of expatriates were as high as \$9.7 billion and accounted for about 25% of the country's GDP (Economywatch, 2010). The amount of remittances rose in 2010 with an inflow of around \$11 billion. 66% of remittances come from Arabic countries (Netz, 2011). Most migrants are male and belong to the 25-44 age-group (BBS & WBG, 2011).

Thanks to remittances, non-labor income in rural areas, where most poor people live, has been expanding faster than labor income (WBG, 2008). As an important source of income for Bangladeshi population, remittances are a fundamental factor for poverty reduction.

3.2.1.5. Microfinance

Concerning microcredits, in 2010, 32.03% of the households reported receiving loans during the last twelve months. While 23.7% of total loans were received in urban areas, the proportion was significantly higher in rural areas (35.08%). The key sources of loans in 2010 were GB (21.11%), ASA (18.37%), and other NGOs (14.29%). Creating businesses (23.73%) and agriculture (21.09%) were the primary reasons for taking loans (BBS & WBG, 2011).

In addition to factors such as sufficient nutrition, access to sanitation and education, on which we will elaborate in the next chapter, access to financial services is necessary and even one of the most important conditions for escaping from the poverty trap, according to Bardhan and Udry (1999). The microfinance movement qualifies as a revolution as it radically overturned established ideas of the poor as clients of financial services. As a GB innovation, it has spawned a variety of lending

methodologies demonstrating that it is possible to provide cost-effective financial services to the very poor (Woller 2002, cit. in Islam, 2006).

Microcredit, or its wider term microfinance, is the extension of small amounts of collateral-free institutional loans to jointly liable poor group members for their self-employment and income generation. In the case of Bangladesh, on one hand some sources claim that these practices have contributed to a fair distribution of growth benefits (Netz, 2011), a positive impact on enterprise and household income, asset accumulation as well as household consumption. As a result they state an overall positive influence of microcredits on social welfare indicators. On the other hand, critiques indicate that the GB does not reach very far down the poverty spectrum. Apparently, of the very poor who do receive microcredit of the GB, a high percentage often drops out after only a few loan cycles (Islam, 2006). Further, a study of the World Bank found out that despite the doubling of microcredit in Bangladesh over the period of 2000-2005, evidence seemed not to register a proportional rise in the number of enterprises and income (WBG, 2008). Tazul Islam suggests in his book "Microcredit and Poverty Alleviation" that by only providing microcredits, the needs of the poor are not met. Rather, a wider range of client-responsive, flexible, quality financial and non-financial services should be developed namely open access savings accounts, contractual savings schemes and life insurances (Islam, 2008).

To conclude, literature shows a divided opinion towards the question whether microfinance has been effective in poverty reduction or not. Yet, it is agreed on that a set of measures on provision of microfinance services for the poor, may be undertaken and the previous chapter before showed that microfinance has played a significant role in promoting women empowerment.

3.2.2. Reasons for progress

Bangladesh attained a respectable 6.7% growth in GDP in 2011, aided by conducive policies, strong export growth and favorable weather, according to the Asian Development Bank (ADB) (ADB, 2011). GDP growth was broad based since agriculture, industry, and services sectors all improved their performance through productivity gains.

3.2.2.1. Economic growth

Economic growth in Bangladesh is, in comparison to other countries, very much in favor of the poorest (Netz, 2011); because many low skilled workers were given the opportunity to count on regular income over the past years. Thanks to employment generation in the different industries, nonfarm sector and services, a new middle class has emerged. The middle class' higher demand for services, as well as rural development, industry growth and remittances, have greatly contributed to increases in GDP per capita (WBG, 2008). These developments are also increasingly leading to a rise of average monthly household expenditure, not only in urban areas but also in rural areas.

Furthermore the amount of households using mobile phones increased dramatically: From 11.3% in 2005 to 63.7% in 2010 (WBG & BBS, 2011). On the other hand, there is a divided opinion on whether microcredits have contributed to poverty alleviation in economic terms, even if access to financial services is essential.

In summary, productivity gains and employment generation are key factors associated with income increases and subsequent poverty reduction (WBG, 2008). According to the World Bank, much of the poverty reduction took place in the slow growth years. This fact has led to claims that it is possible to improve living standards by means other than extreme economic growth alone. On the other hand, it is only since the growth acceleration of the 1990s that poverty reduction has been achieved after a period of stagnation during the 1980s (WBG, 2008).

3.3. Water supply and Sanitation

Water supply and sanitation (WSS) is one of the most important areas in the fight against poverty because "investing in sanitation improves health, prevents child deaths and increases productivity. It also makes good economic sense: a return of around \$9 for every dollar invested" (Water Aid, 2011). Safe drinking water and hygiene are directly interlinked with the health of human beings. A small increase in better WSS can already have a positive effect on the overall situation (Water Aid, 2011). "Governments in the world's Least Developed Countries have an opportunity to realize huge gains for their people by addressing the basic needs for better sanitation, good hygiene and safe drinking water" said Tanzanians Minister for Lands and Human Settlements in 2011¹. In the following chapter the most outstanding findings of Bangladesh's WSS progress will be presented and the reasons for this success discussed.

3.3.1. Findings for progress

Bangladesh's WSS is a very challenging sector, as it has undergone remarkable progress in the recent years despite still facing many problems.

In the field of water supply, Bangladesh could be seen as a water-rich country due to its location at a river delta and on the coast. But the evidence shows that the applied practices for using the water resources are not very efficient. The reasons for this are the low water quality of the river (which is polluted), the salty unusable water from the coast and fluctuations of quality due to monsoon and dry season (ADB, 2007). The main source of drinking water is groundwater, but it is naturally contaminated with arsenic, which reduces the availability of safe water (WSSC, 2012).

Sanitation on the other hand is a huge challenge in itself because of the very dense population. Sanitation coverage in Bangladesh was until recently very low (Uddin, 2010), mainly because of limited attention given to hygiene, the unsafe management of human excreta and the increasingly high population density. However, the latest developments have slightly improved the situation, which has an overall impact on the population's development (ADB, 2007). The following composes the findings for progress in the field of WSS:

3.3.1.1. Increases in WSS

The important impact of WSS on poverty reduction explains the numerous national programs, but also the international support in this field. Up to now, national water supply and sanitation programs were often inefficient; NGO's, international organizations, international development aid and public-private partnerships became main players and sometimes even replaced government tasks (ABD, 2007). But still, the Government of Bangladesh (GoB) has a promising ongoing project (*Sanitation,*

¹ Professor Anna Tibajjuka, Tanzanian MP, Minister for Lands and Human Settlement and Chair of the Water Supply and Sanitation Collaborative Council (wateraid, 2011)

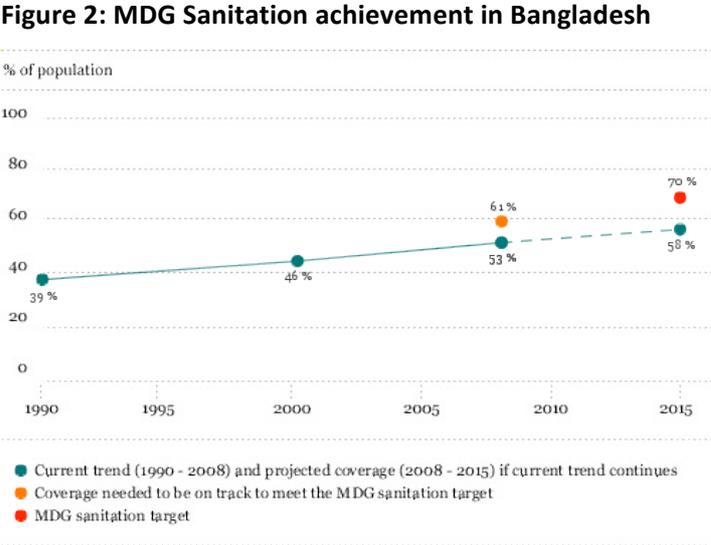
Hygiene Education and Water Supply in Bangladesh (SHEW-B) project, which was launched in 2007 by the Department of Public Health Engineering (ADB, 2012). This interplay of various actors has had an overall positive impact on the situation in Bangladesh and made it possible to increase the number of people using improved drinking water sources between 1990 and 2008 by 37.8 m. Additionally, 39.7 m people gained access to improved sanitation facilities between 1990 and 2008 (WSSC, 2012).

3.3.1.2. High number of wells for water access

The total number of 7.0 m wells is a great success for water access, especially in rural areas. The average number of people served by one well is 20. Wells have ensured a basic level of drinking water supply to most of the population, although the poor often still have no access close to their homes (ADB, 2007).

3.3.1.3. Progress for MDG (sanitation)

Even if Bangladesh is behind both the MDGs for WSS and the government’s target to provide full sanitation coverage by 2010, there are improvements compared to recent years (ADB, 2007). Target C of the seventh MDG is “Halve, by 2015, the proportion of people without sustainable access to safe drinking-water and basic sanitation” (Uddin, 2010). The graphic below shows Bangladesh’s progress in this field and the prognoses for the achievement of the MDG.



Source: WSSCC, 2012

3.3.1.4. Reduction of IMR

The improvement in WSS has had a remarkable effect on the reduction of child mortality. Bangladesh has achieved rank 48 in 2010 from rank 143 in 1990 for under-5 infant mortality. This means that the Infant Mortality Rate (per 1000 live births) has fallen from 99 in 1990 to 39 in 2010

(UNICEF, 2012). The fourth MDG has therefore been achieved even before 2015 (UNDP, 2012). This achievement has a positive correlation with the population growth: with less infant mortality, families can better plan births, as they know that the baby will survive. Especially in societies where males count more than females for economic reasons, a reduction of infant mortality has a great impact on the overall population growth (SDC, 2012).

The following graphic illustrates the most outstanding progresses of Bangladesh in the area of water supply and sanitation. As mentioned before, the most remarkable achievement is the reduction of Infant Mortality in the last years.

Figure 3: Most important progresses in WSS in Bangladesh

Facts	1990	2009
Water Supply (≠ safe water)	72%	80%
Sanitation Facility	20%	54%
Infant Mortality Rate (per 1000 live births)	99 (Rank 143)	39 (Rank 48)

Source: Own illustration, date source: UNICEF, 2012

3.3.2. Reason for progress

Following, the most important reason for Bangladesh’s progress in WSS will be introduced. First, the approach of Community-Led Total Sanitation, then other successful projects and last the new local focus.

3.3.2.1. Community-Led total Sanitation

Community-Led Total Sanitation (CLTS) is a new approach, developed in Bangladesh in 1999, to increase WSS. When the government decided to achieve 100% sanitation coverage by 2010, many projects were launched. However most of these projects were inefficient as only providing sanitation facilities did not automatically lead to usage of these (CLTS, 2012). Often, they also did not reduce hygiene problems. Therefore the CLTS was a more suitable technique for achieving this goal through an innovative methodology of mobilizing communities directly (Water Aid, 2012b). The aim was to reach the population directly through small projects and thus enhance people’s own will to achieve better sanitation (ABD, 2007). Large NGO’s practiced this technique all over the country and the GoB and BRAC also supported the project. In 2003, they launched the national sanitation program *Country Strategy Paper for Community Led Total Sanitation* (WAACC, 2012). Such cooperations between NGO’s and the government were very important for progress (ABD, 2007).

The CLTS achieved overall progress in sanitation development by simply increasing awareness that defecation in the open increased the spread of diseases (Water Aid, 2012). “CLTS triggers the community’s desire for change, propels them into action and encourages innovation, mutual support and appropriate local solutions, thus leading to greater ownership and sustainability” (CLTS, 2012). CLTS had a great impact on WSS in Bangladesh and can therefore be seen as one important reason for progress.

3.3.2.2. Successful projects

As discussed in the previous chapter, the number of governmental programs, international development aid and NGO projects in the area of WSS is very high in Bangladesh. Many cooperations and programs have been the source of progress. In particular, the emergence of large NGO’s in the last decades has played a very important role, as they developed strategies to directly reach the population through simple and inexpensive means. However, their strategies were not always harmonized with government programs (ABD, 2007). An example is BRAC, which provides Essential Health Care (EHC) in Bangladesh (BRAC, 2012). BRAC launched the Oral Therapy Extension Program (OTEP). OTEP is used to save many lives from dehydration due to diarrheal diseases. With a simple process of mixing salt and sugar with water and feeding this mixture to sick children, the aim of increased child survival in Bangladesh was achieved (Against the Odds, 2012). BRAC reached a large proportion of the population by the “door to door” technique (BRAC, 2010). OTEP led to a great success against child mortality, as it provided an inexpensive, simple way to avoid dehydration and can therefore be seen as a reason for progress.

3.3.2.3. Local focus

The local (community) focus has become very important and a keystone for progress in almost all areas of poverty reduction. The community empowerment program (CEP) led to different corporate values and mostly also to a higher awareness for the importance of sanitation, which led to great progress in WSS (BRAC, 2012). The market approach on the local level is another reason for success. Private involvement creates a new entrepreneurship that often functions more effectively than public programs (Poverty, 2012). Alone out of the 7.0 m constructed wells, 5.5 m were constructed by the private sector (ADB, 2007). General local focus leads to progress in WSS through a different awareness and more efficiency, e.g. through private involvement.

3.4. Education

Education provides human beings with knowledge and skills that are necessary for them to be able improve their own lives. It is a very important field, because it creates sustainable development, as knowledge is something that, once gained, no one can take away (Stromme Foundation, 2011). In regard to this, good education is a main reason for the reduction of poverty.

3.4.1. Findings for progress

The current situation in the field of education in Bangladesh is a very intense issue. Bangladesh has developed a new educational system, with new goals, in the last decade. Bangladesh's primary education system is one of the largest in the world, with 18m children enrolled in 62'000 primary schools. The system is divided in four levels: primary school, secondary school, higher secondary level and tertiary school (Globeserver, 2012). Education was always important in Bangladesh, but especially in recent years the educational system has made much progress (Tripod, 2012). In the following the most remarkable advancements will be presented.

3.4.1.1. Increased primary and secondary school enrollment

The number of enrollments in primary school has increased from 73% in 1990 to 87% in 2009, whereas the dropout rate in primary school has decreased from 53% in 1990 to 43% in 2009 (SDC, 2009). Through improvements in the educational system, better access to school was established. Providing school facilities also in rural areas generated an overall increase in enrollments. Secondary schools received advancements, which also led to an increase in enrollments.

3.4.1.2. High subsidized educational system

Bangladesh's government has subsidized the education system in order to provide education for all. Article 17 of Bangladesh's constitution says: All children between the age of six and ten years receive a basic education free of charge (UNICEF, 2012b). This is an important step for education in Bangladesh.

3.4.1.3. Conformity with MDG (education)

When the UNDP announced its MDG for 2015, Bangladesh was one of the first countries to adapt their objectives of Education For All (EFA). With the aforementioned Article 17 Bangladesh made the MDG its own goal. Bangladesh is on a good way to eventually achieve universal primary school enrollment (SDN, 2012). But it will be difficult to achieve universal access and completion by 2015 (WBG, 2012).

3.4.1.4. Increase in enrollment of girls

The enrollment of girls in primary schools has undergone a tremendous change: female enrollment (as a percentage of total enrollments) increased from 33% in 1991 to 48% in 1997 and

close to 55% in 2008 (WBG, 2012b). That means the proportion of girls in primary schools is high than of boys. In secondary schools it increased by 16% in the last 15 years and at the university level by 11% (GIZ, 2012). “Bangladesh has achieved one of the key MDG – gender parity in primary and secondary schooling. Bangladesh’s success in female secondary school education is now well established and the success has brought a revolution to woman’s status in the society” (WBG, 2012).

3.4.2. Reason for progress

The progress of Bangladesh’s education system has many reasons and indicators. The most efficient ones are: National projects and objectives support by international actors and the NGO-run non-formal schools.

3.4.2.1. National projects and objectives

Bangladesh has done a lot for a better education system in recent years, through reforms and national projects. One outcome is a nationwide integrated education system, which gives access to school to almost all children. The overall objective EFA is now contained in Bangladesh’s constitution and contributes a lot to the increased enrollments in primary schools (Globserver, 2012). Secondary level enrolment also improved through better national governance. One project in particular, *Bangladesh Female Secondary School Assistance Program (FSSAP)*, has had a great impact on the growing enrollments of girls in secondary schools. A central aim was to improve girl’s access to secondary education through scholarships (WBG, 2012b). Another approach, which led to progress in school enrolment, was the “food-for-education” movement (Globserver, 2012).

3.4.2.2. International education support

Despite national projects, Bangladesh receives enormous international support through cooperations, partnerships and independent projects in the field of education. The FSSAP got much support by the World Bank, as well as development aid from other countries (WBG, 2012b). The UNDP has also had an important role through the MDG 2, which Bangladesh is committed to fulfill (Globserver, 2012).

3.4.2.3. NGO-run non-formal schools

In the area of education, NGO’s are also an important actor. Meanwhile they provide a great number of NGO-run non-formal schools; the largest one is run by BRAC. Their aim is to reenroll students who have left school before completion. “The main objective of non-formal primary schools is to develop a school model for the underprivileged and primary school drop-outs, especially girls, to complete the 5 year primary school syllabus in 4 years” (BRAC, 2012). The program of BRAC is very reputed and functions well (BRAC, 2012). This form of education is an important part of the progress, as the “majority of beneficiaries are the poorest and most deprived” (SDC, 2009).

4. Development potential

In the following chapter the development potential of the four examined areas will be presented. This, to show which challenges still face Bangladesh, but also to provide areas with development potential for further strategies on poverty reduction. After having seen the progresses and the reasons for it, the development potential is important, because the focus should not only lay on what is working well, but also where problems remain.

4.1. Challenges for politics, culture and identity

In the area of politics, culture and identity, Bangladesh still faces many challenges which much be addressed in order to increase the effectiveness of government programs and international aid and allow the further empowerment of the Bangladeshi people.

4.1.1. Corruption

Corruption remains a problem encountered on all levels of Bangladeshi politics, which has a profound negative influence on all government programs. “Corruption weakens public service delivery, misdirects public resources, and holds back the growth that is necessary to pull people out of poverty” (World Bank 2000). This holds true, as the main problem facing government programs is the lack of effectiveness and efficiency of the government aid. It is estimated that 50% of funds are diverted away from the target group into overhead costs, hardware, and foreign and local consultancies. This represents a very high level of delivery costs, which show a problem in the design of the poverty alleviation projects. This is further aggravated by “transaction costs” often in form of bribes, paid by the poor to political intermediaries in order to access what should by rights be theirs, and made even worse by corruption in the government, which leads to thefts of funds by public functionaries along the way (Sobhan, 1998).

4.1.2. Human rights abuses and political repression

Especially when it comes to human rights, namely political rights and rights of workers, Bangladesh still has much room for improvement.

Though Bangladesh has a free press, the number of attacks and murders on journalists in Bangladesh is highly disturbing. The Committee to Protect Journalists (CPJ) has repeatedly called on the government of Bangladesh to “vigorously investigate and prosecute all those who murder, assault or threaten the country's journalists, in order to end a long cycle of violence against the media and enable journalists to do their jobs safely” (CPJ, 2004). Since 1997, at least eleven journalists in Bangladesh have been killed in reprisal for their work. Dozens more have been assaulted or threatened. The government still fails to investigate many of these attacks and prosecutions are very rare.

Political rights are also in jeopardy. Protest and strikes in 2012, called out by the BNP in response to the disappearance of their organizing secretary Ilias Ali, were brutally repressed by police forces, leaving at least two people dead (Associated Press, 2012) This is only one of many similar incidents, that again highlight the fragile and arbitrary way, in which the government treats its population and seeks to undermine and suppress any form of opposition.

4.1.3. Domestic violence

The patriarchal society however still remains a strong force hindering the further empowerment of women. Domestic violence is still prevalent, especially in rural areas of Bangladesh, including acid attacks as a form of revenge or out of jealousy (Bandyopadhyay, Mridula & Khan, 2003). Therefore, women who may be empowered through economic independence outside their household may face violence in their own household. An approach to reducing this problem may be to reintegrate males in the microfinance process, thereby forcing them to also take responsibility.

4.2. Economic challenges

Despite substantial progress indicated in the former chapter, there still remain some challenges. First, to be competitive against industry competitors, infrastructure must be extended. More must be invested in power plants and natural gas fields for example (NYTimes, 2010). According to the ADB, infrastructure shortage remains the major challenge. Severe shortages in port and transportation facilities impede the country's growth potential from being realized. This fact might unfortunately make poor working conditions remain one of the few comparative advantages. In addition, the flows of foreign direct investment (FDI) continue to be restrained by a weak domestic investment climate and the global financial crisis. To reduce the large infrastructure deficit, private sector participation in infrastructure provision should be enhanced, for example through public-private partnerships. Policy, legal and regulatory reforms may improve the business environment and as a result encourage more FDI. Higher FDI could significantly raise factor productivity and managerial efficiency as well as reduce market isolation and technological backwardness (ADB, 2011).

Moreover, to raise the share of manufacturing in GDP to 30% as envisioned in the Sixth Five-Year Plan, Bangladesh would need to diversify its industry. The export market faces the challenge of developing industries with demonstrated export potential. Currently, the garment industry accounts for around 70% of total exports. For instance, industries such as leather, pharmaceuticals, light engineering, shipbuilding, jute goods, frozen and processed foods and agricultural products, plastic toys and plastic products, medical instruments, toiletries, ceramic and melamine, electronics goods and other labor intensive products do have high export potential as well. Prospects for domestic market-oriented industries are encouraging too because of rising demand, rapid urbanization, and growing integration of agriculture with the industry sector (ADB, 2011).

4.3. Challenges for Water supply and Sanitation

The challenges that Bangladesh faces in the WSS sector are manifold and multidimensional. Bangladesh will probably not achieve the MDG for sanitation by 2015. Lack of water access, especially in rural areas, is still a very difficult topic and puts Bangladesh far behind others (SDC, 2012). Furthermore the water quality is a tremendous challenge. This, especially after the discovery of arsenic contaminated water in 16%-25% of all existing wells in 1993. “Unfortunately, although 80% of the population have access to some form of improved water supply, arsenic contamination of wells has complicated the situation by causing health problems” (ADB, 2007). Arsenic contaminated water is especially a big issue in rural areas, as people do not have other options to get water. In the last years the government and many other actors have tried to face the problem, but amount of arsenic contaminated water has only reduced slightly (SDC, 2012).

Sanitation is an even more delicate topic in Bangladesh. Sanitation facilities are still very scarce with only 50% coverage, in rural areas even less. Open defecation poses a serious health threat. The awareness of sanitation has grown but it is still very difficult to reach the whole population. The high density of population is also a factor, which duplicates problems of sanitation very quickly, especially when it comes to hygiene (GIZ, 2012).

4.4. Challenges for Education

Even though Bangladesh has made much progress in providing education, there are still many issues that need attention. Access to schools, especially in rural areas is still a main problem, which explains the enrollment rate of only 80% in 2009 (UNICEF, 2012). But even more problematic is the dropout rate of 48% in primary schools. This can be explained through the opportunity costs students have. Even if every child could go to school, sometimes they just are not able to as they have to help at home or earn money for their family (SDC, 2009). Another concern is the low rate of learning achievements (WBG, 2012). Even after completion of primary school many children have very low skills. 70% of all children after five years of primary school cannot read and write (GIZ, 2012). This low learning achievement is related to the lack of sufficient and qualified teachers (28% of all teachers are untrained) (WBG, 2012). Teachers are often underpaid and do not get the needed training for teaching (GIZ, 2012). Another issue is the lack of infrastructure and adequate school material. Without school books it is also difficult for teachers to achieve learning progress (GIZ, 2012).

These challenges for education show, that there is still the need for improvement and that even if education is provided to all children, quality plays a pivotal role for learning achievements. The MDG 2 has therefore still a deficit in regard to the discussed issues.

5. Conclusion

In order to evaluate Bangladesh's progress in poverty alleviation, an integrated model consisting of monetary, non-monetary and alternative factors was created. Since poverty is a multidimensional concept, it is of high complexity to assess the impact of the fight against it.

First of all, Bangladesh's consistent focus on poverty alleviation in combination with a vivid NGO presence and international attention offers good conditions for the fight against poverty. Another essential factor is the mind change in the society in terms of the role of women, family planning and – even more important – the Bangladeshi identity and empowerment. These developments show that Bangladesh has to a certain extent rehabilitated itself and overcome its historic trauma. The second field of research showed that economic growth indeed is very much in favor of the poorest. The major indicator for this is an emerging middle class that acts in the role of consumers as a multiplier of prosperity. But not only the industrial but also the agricultural sector has improved, which has helped to avoid an unreasonable migration into cities. Two other important drivers for development are education and sanitation. The nationwide approach to such projects on the one hand as well as the local and self-governmental character on the other hand is an essential advantage.

Despite substantial progress indicated in the former section, there still remain some challenges for Bangladesh. First of all Corruption, political repression and Human Rights abuses are still an often reported problem. In addition infrastructure supply also has to keep up with the enormous growth and industrial diversification is also a primary goal to be addressed. Moreover many advantages are based on poor working conditions, which hopefully will be improved. Last but not least in water access as well as education, there has to be a shift of focus from quantity to quality.

To sum up it can be stated that Bangladesh does show a unique progress in poverty alleviation. Despite confronted with huge challenges, the Bangladeshi seem to have mastered the task of development in an impressive manner. Still, there are many problems to be faced, but Bangladesh can definitely be regarded as a kind of role model for other so-called basket cases.

“Indeed, a high growth rate, complemented with efforts such as social protection programs (health, education, and employment), has the potential to lift millions out of poverty. “

- Hasanuzzaman Zaman, Journal of Poverty, 2011

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