Institute for Inclusive
Finance and Development (InM)

SDG 10
REDUCED INEQUALITIES

Bangladesh: Glimpses and Challenges

Since assets and human capabilities are unequally distributed historically, the benefits of growth in the context of a market economy tend to favour those who have a better endowment of assets and human capabilities to start with. The long term income inequality reduction strategy must therefore focus on reducing this initial gap. Human development strategy with emphasis on alleviating the access gap for the poor is one powerful instrument. Facilitating asset accumulation through better access to credit for the poor can be helpful for reducing income inequality. Better strategy for social inclusion by eliminating physical and social barriers is another important instrument. ….This calls for both increased public spending on social sectors (health, education, sanitation, water supply and social protection) and very importantly a well-designed personal income taxation system that taxes all sources of income at a progressive rate.

Seventh Five Year Plan FY 2016-FY 2020
Accelerating Growth, Empowering Citizens
Bangladesh Planning Commission

By 2030,
everybody will have equal opportunities
and
no one will be left behind

Institute for Inclusive Finance and Development (InM)

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- PKSF Bhaban, Agargaon, Dhaka-1207, Bangladesh
- InM Training Centre, H#30, R#03, Block: C, Monsurabad R/A, Adabor, Dhaka- 1207

Tel: +88-02-8181066 (Agargaon), +88-02-8190364 (InM Training Centre)
Fax: +88-02-8152796
Email: info@inm.org.bd
Web: www.inm.org.bd

Compiled and Edited by:

Sifat-E-Azam
Deputy Director
Knowledge Management Division

Editorial Adviser:

Mustafa K. Mujeri
Executive Director

Concept, Design and Illustration:

Sk. Jabeer Al Sherazy

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SDG10: Reduced Inequalities for Creating '*Sonar Bangla*'

In the world, richest 85 people own as much as the poorest half of humanity. In Bangladesh, the lowest 5 percent population has an income share 0.23 percent in 2016 (declining from 0.78 percent in 2010); while the income share of the top 5 percent households has increased to 27.89 percent in 2016, rising from 24.61 percent in 2010. The gap between the rich and the poor is getting wider.

Inequality fuels crime, corruption, poverty and many other evils in society. SDG10 is essential for achieving the country's desired goal of becoming a developed nation by 2041 and creating a better world for the future generations.

The government has the main responsibility for promoting equality in society, since inequality stems from structural conditions. An equal society is based on the principle of equal rights of all people regardless of gender, ethnicity, religion or belief, disability or origin, which also serves as a basis for an equitable distribution of resources, and economic and political influence in society.

Inequality is also a matter of disparities related to access, opportunities, resources and the ability to contribute to and make use of potential/emerging development opportunities. This is true at all levels; from differences in opportunities to individuals, specific social groups and geographic regions. Inequality tends to perpetuate poverty since extreme poverty in different dimensions makes it more difficult for people and society to benefit from development. Inequality is often a matter of inequitable access to resources and utilities, such as access to clean water and hygienic sanitation; and is therefore also a source of deprivation.

The issue of inequality is linked to most other SDGs. Quality lifelong learning for all is the key to building a democratic society and promoting social and gender equality. Equitable access to health services and to conditions that ensure good health also promote good quality of life and create opportunities for people to support themselves, including people with limited resources. Clear regulations on ownership, sale and inheritance of land that cover both women and men and different groups in society form the basis of sustainable use of natural resources and food security. Gender equality and empowerment of women and girls are keys to achieving greater equality in society. Peace and freedom from all forms of violence are essential to building sustainable societies in which all individuals and social groups can use their productive abilities to the maximum extent for enjoying greater social welfare and inclusive development.

10 REDUCED INEQUALITIES

Global Goals and Targets

Goal 10. Reduce inequality within and among countries

10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 percent of the population at a rate higher than the national average.

10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.

10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

10.5 Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations.

10.6 Ensure enhanced representation and voice for developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions.

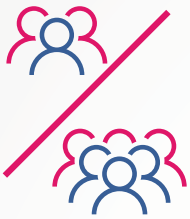
10.7 Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies.

10.a Implement the principle of special and differential treatment for developing countries, in particular least developed countries, in accordance with World Trade Organization agreements.

10.b Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, Small Island developing States and landlocked developing countries, in accordance with their national plans and programmes.

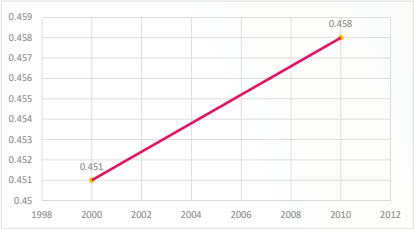
10.c By 2030, reduce to less than 3 percent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 percent.

SDG 10: Facts and Figures



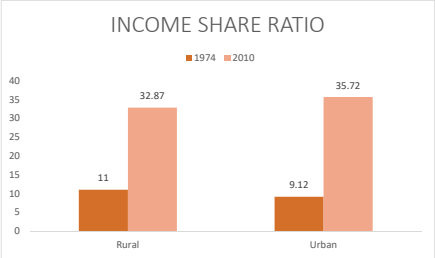
Income inequality in Bangladesh (Gini coefficient) has increased from **0.36** in 1974 to **0.483** in 2016; the Gini has increased from **0.35** to **0.454** in the rural areas and from **0.38** to **0.498** in the urban areas over the period. In general, the value of Gini concentration ratio has been higher in the urban areas than in the rural areas in all years for which data are available. This suggests the prevalence of higher income inequality in the urban areas than in the rural areas. Further, urban rural difference in income inequality has widened in the 2000s. By and large, income inequality is on the rise in Bangladesh.

Gini coefficient of **per capita income** during the 2000s shows that inequality has slightly increased in Bangladesh from **0.451** in 2000 to **0.458** in 2010; it increased from **0.393** to **0.431** in the rural areas over the period while it declined from **0.497** to **0.452** in the urban areas.



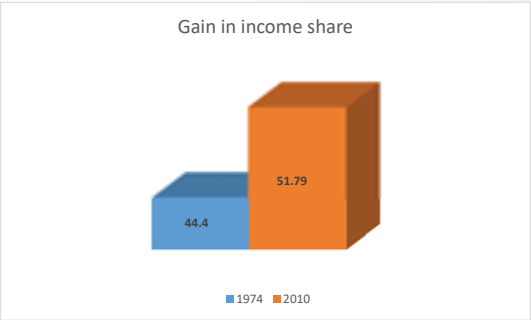
The **income share accruing** to the bottom **40** percent of the households has declined from **18.30** percent in 1974 to **13.01** percent in 2016.

The ratio of **income share** of top 10 percent to bottom 10 percent of the households has increased from **10.14** in 1974 to **37.78** in 2016 showing a rapid worsening situation for the bottom 10 percent households' share in total income. For the rural areas, the ratio increased from **11.00** in 1974 to **32.87** in 2010 while, in urban areas, the ratio rose from **9.12** to **35.72** over the same period. It appears that the income share of lower 10 percent households in urban areas worsened more than in rural areas. Further, urban inequality worsened more in the 2000s.



Over the 1974-2016 period, **income share** has declined for the lowest four quintiles while income share has increased in the top quintiles. There are clear indications that not only the poor, but the middle class has also suffered losses in the share of their incomes. The income share of the households in the lowest quintile decreased from **7.20** percent in 1973 to **5.22** percent in 2010. The income share of households in the 2nd quintile was **11.30** percent in 1974 which declined to **9.10** percent in 2010. The income share of the 3rd quintile also declined from **15.10** percent in 1974 to **13.33** percent in 2010. Similarly, the income share of the households in the 4th quintile also declined from **22.80** percent to **20.56** percent over the same period. It shows that the rate of loss in income share is inversely related with the economic status of the households. The poorer the households, the more they suffer in terms of losing income share.

An important question is: where has the income share of these low quintile households gone? The gain in income share of the households in the top quintile mostly answers this question. There has been a hefty gain in income share for the top quintile from **44.40** percent in 1974 to **51.79** percent in 2010. Similar losses and gains in income shares of quintiles are observed in both rural and urban areas.



Gender inequalities have widened even amid high rates of economic growth in Bangladesh. Today, more women are in the workforce, in politics, in leadership roles, breaking stereotypes and societal taboos. Yet, gender discrimination makes women prone to deeper disparities. They are also more likely than men to be in vulnerable employment, with more than 95 percent of women's jobs being informal or unprotected. Further, gender discrimination intersects with other types, such as age, disability, ethnicity, economic status and so on, multiplying the burden of inequalities many times. Social norms that treat women differently translate into structural obstacles to progress. Whether the issue is fiscal or other policies or safe migration or improved regulation of financial markets, different and potentially unequal outcomes for women and men persist and deliberate actions can only correct the situation.

Widening **income gaps** are the consequence of a series of factors including weak labour market institutions, inadequate social protection systems, low quality of governance, poor-quality of health and education services, inadequate access to credit and financial services and asset concentration.

The combined effect of on-going demographic transition and the growing labour force participation of women brings out new challenges of providing quality jobs to the new entrants and increasing productivity of the employed population. A key factor is to provide focused attention on three elements of economic policy to make economic growth inclusive, equitable and sustainable within and across generations: greater investment in building human capital of the poor; prudent use of safety nets; and policies to make growth greener. Income inequality cannot be effectively tackled unless the underlying inequality of opportunities is addressed.

Growth-Poverty-Inequality Nexus: Stylised Facts

Like any other country, economic growth is very critical to poverty reduction in Bangladesh. Bangladesh has been achieving sterling growth over the last decade which has now exceeded 7 percent per year; poverty rate has also declined substantially but the absolute number of people living in poverty still remains high. This calls for revisiting the growth-inequality-poverty nexus in Bangladesh to bring out new insights into their linkages.

Inequality matters for Bangladesh for a number of reasons. The concerns about inequality of both outcomes and opportunities are deeply embedded in the country's Constitution and the value system that underpins the country's progress. The Constitution maintains that: **"The State shall adopt effective measures to remove social and economic inequality between man and man and to ensure the equitable distribution of wealth among citizens, and of opportunities in order to attain a uniform level of economic development throughout the Republic... The State shall endeavour to ensure equality of opportunity and participation of women in all spheres of national life"**. [Clause 19 (2) and (3)]

Even though poverty reduction is the major concern for policy, the impact of growth on poverty is mediated through inequality. Bangladesh could have lifted more people out of poverty if the past growth could have been achieved without rising inequality. Further, inequality, in its different dimensions, could undermine the country's growth process itself through a number of channels and hence inequality is a major determinant of future growth of the country.

With commitment to SDGs and strong desire to emerge as a developed country by 2041, policy makers need to understand the role of inequality in the country's growth-poverty nexus and identify how and where inequality influences growth's transformation into poverty reduction. In the past, growth in per capita household income has been significantly lower than growth in per capita GDP in Bangladesh; and this partly reflects its relatively modest poverty reduction. Income inequality is another major mediating factor. Also the level of income (relative to the poverty line) is important; as this tends to increase the responsiveness of poverty reduction to both income and inequality changes.

Global research shows that lower-inequality and higher-income developing countries exhibit greater abilities to transform a given growth rate into poverty reduction. Such countries also enjoy larger inequality elasticities, suggesting that increasing inequality is more deleterious to poverty in these countries than in low-income developing countries. The results show that low-income countries require greater efforts on both income growth and decreases in inequality to reduce poverty levels.

Over the past years, nearly all of the success in poverty reduction of Bangladesh can be attributed to income growth rather than inequality changes. Different rounds of Household Income and Expenditure Survey (HIES) results show that changes in poverty since the 1990s are driven largely by changes in mean income rather than in inequality. These also show that level of education, access to facilities and markets, and other institutional factors are significant drivers of both poverty and inequality.

Further, adopting appropriate inclusive growth strategies requires an understanding of idiosyncratic attributes as abilities to translate economic growth to poverty reduction and crafting effective polices crucially depend on inequality and income profiles in the country. There are several main drivers of inequality in Bangladesh such as increasing skill premiums in returns to human capital; falling labour income shares; and increasing spatial

inequality especially between rural and urban areas. Overall, three key areas are important for inequality policies: efficient fiscal policy measures, interventions to address lagging regions, and more employment-friendly and inclusive growth. One must also take into account several broad conceptual issues including gender inequality, structural change and inequality, interactions between institutions and inequality, and redistribution and equity in fiscal policy.

A broad consensus seems to have emerged on the link between inequality and the quality of institutions. The negative impact of inequality on institutional quality is well established; ranging from political and institutional stability to property rights. At the same time, inequality also affects crime and violence and, through that, on the investment climate. One must also realise that greater inequality may lead to a political backlash where pressure groups would plead for populist policy measures and the political process may favour short term *adhoc* policies for benefiting the poor but which, in the long term, could harm efficiency and growth.

Recent studies, moreover, provide convincing evidence on inequality–growth relationship. Often a key distinction is made between short- and long-term growth which corresponds to differences in issues between 'igniting' growth and 'sustaining' growth over the long term. Often countries can ignite growth in the short term, but may not be able to sustain it. Inequality is a key variable explaining long-term growth. Thus, rising inequality dents not only the poverty impact of growth, but it can also affect the sustainability of growth. Establishing empirical linkages between poverty, inequality and growth is not easy in a country like Bangladesh; there are many factors at work and economic analysis is often constrained by data and methodological limitations.

SDG10: Bangladesh's Journey towards Progress

Bangladesh's recent development performance is spectacular in many respects. Rapid progress in key development indicators within a short span of time represents a unique model of success for the country. In particular, the progress in social sectors is noteworthy with several social indicators showing one of the fastest improvements in the history of development. As opposed to the typical 'income-mediated' (where rapid and broad-based economic growth plays the key role in social progress) and the alternative 'support-led' (in which case high public spending in social sectors is the key mover) pathways, Bangladesh's social development has rested more on pro-active government initiatives supported by grassroots activism and social organisations bringing about innovative and low-cost solutions to social problems.

Bangladesh now stands at a critical juncture. Growth that lifts all will be the key, for nearly 40 million people who still live in poverty. Further, for many of those who have escaped poverty, they suffer from multiple deprivations with high risks of falling back into poverty again. For sustainable progress, the poor and disadvantaged groups need integration with mainstream development; and women—who 'hold up half the sky'—need empowerment to take their rightful place in the socioeconomic fabric in society. In particular, 'nutrition poverty' of today's children—whose well-being will determine the extent to which Bangladesh will reap the much-needed demographic dividends—calls for priority attention.

With increasing labour productivity and rising real wages in the labour market, rapid rural transformation leading to growth of micro, small and medium enterprises (MSMEs), nonfarm employment and remittance incomes have led to a rapidly changing rural economy. While rapid changes are occurring across the entire economy along with a booming middle class, a major challenge relating to SDGs in Bangladesh is to put in place effective measures to mobilise resources, capitalise on new financing sources, channel more resources to development activities from private and business sectors using innovative social development models, and re-design the financial markets to ensure financial inclusion for the poor and other financially excluded groups and businesses.

For reducing inequalities (SDG10), efforts need to focus more on inclusive growth along with a major role of the government at all levels to ensure that public actions are effective and efficient. The key will be to strengthen the sources of inclusive growth and bring necessary reforms to enable the poor to access a greater share of the benefits of growth. Empirical evidence from Bangladesh strongly suggests that access to financial services enables individuals and businesses to meet unexpected fluctuations in income, smooth cash flows, accumulate assets, and scale up productive investments.

Overall, financial inclusion ensures better use of resources and better access to services that ensures the poor's higher quality of life. For the government, financial inclusion is an important enabler of development. Increasing financial inclusion will ensure that formal financial services such as loans, deposit and saving accounts, payment services and insurance are readily available to households and businesses that they can use actively and effectively to meet their specific needs.

Greater access to financial services will be a key enabler for many SDGs especially for SDG1 (no poverty), SDG2 (zero hunger), SDG3 (good health and well-being), SDG4 (quality education), and SDG10 (reduced inequalities) for households; small and medium sized enterprises in terms of SDG5 (gender equality) and SDG8 (decent work and economic growth) as well as for SDG9 (industry, innovation and infrastructure) and SDG13 (climate action). Success in financial inclusion will ensure both economic and social prosperity for all making it easier to reduce inequality (SDG10).

Recent global evidence indicates that largest increases in income inequality have taken place in faster growing developing countries showing that economic progress exacerbates disparities. Bangladesh is no exception. In the rapidly changing Bangladeshi society, the drivers of inequality are complex and multidimensional. Addressing inequality in such a complex situation requires a holistic approach to rectify the underlying factors that cause inequality and alter the conditions that generate inequality.

Although income inequality is a critical factor that determines non-income inequalities, there are other driving forces as well such as 'non-performing' institutions resulting in inefficient and ineffective service delivery, 'governance failure' creating corruption and absence of rule of law, and 'misdirected' public policy favouring the privileged. In practice, material inequalities are deeply intertwined with relational inequalities (e.g. in voice and agency) and such inequalities cannot be sustainably improved independently of improving relational inequality. This indicates the urgency of attacking inequality in a comprehensive manner covering all dimensions.

Household income inequality has been rising in Bangladesh. Many researchers argue that globalisation and skills-based technical change are important drivers of income inequality. These are often strengthened by existing patterns and intergenerational transfers of inequality resulting from skewed access to higher-level of education. However, the good news is that trends in income inequality are reversible; it is possible to shift from increasing to decreasing income inequality through appropriate policy reforms.

In Bangladesh, large disparities in education, health, nutrition and other non-income dimensions of well-being exist between households of different income levels in society. Disparities also exist among rural and urban households. Although declining, still gender gaps are significant in many indicators. Obviously, income inequality is an important determinant of non-income inequalities. However, income inequality alone does not explain such variations; social norms and behaviour, quality of governance and service delivery, and effectiveness of public policy also matter.

For reducing inequality, the key policy agenda for Bangladesh will be to ensure a more rapid and comprehensive transition to the inclusive growth agenda that systematically addresses the problems of income inequality; closes the gaps in key social indicators including education, health and nutrition across different social groups; and tackles the discriminatory institutions and norms including lack of empowerment of the disadvantaged groups. Such a transition towards inclusive growth requires a shift in the country's development paradigm to bring changes in the growth pattern such that low-income households can have higher than average income growth, can install effective redistribution policies favouring the poor, and can expand new avenues of economic and social opportunities for the poor and disadvantaged populations.

For closing social gaps, the focus has to be on provision of basic social services (e.g. education, health, nutrition) to groups suffering from greatest disadvantages. Innovative and quality service delivery programmes and well-conceived modalities including early childhood interventions and integrated healthcare systems tailored to specific needs of disadvantaged groups deserve careful consideration. Successes in these efforts need frontal attack on social exclusion that reinforces existing inequalities of outcomes and opportunities. The priority will be to build multi-stakeholder coalition in support of crafting inequality-reducing ideologies and actions as well as for widening the policy space covering evidence-based agenda in support of the premise that reducing inequality would benefit all in Bangladeshi society.

Addressing Pockets of Poverty and Inequality

Despite commendable successes in reducing poverty in recent years, pockets of poverty and inequality remain in Bangladesh both in terms of specific geographies and particular communities. Special programmes are needed to address the challenges on a sustainable basis, especially in terms of providing opportunities and income generating opportunities. More inclusive approaches to innovative development models will have to be pursued for SDG10.

Capacity building in the context of alleviating socioeconomic inequalities has to be emphasised by expanding the economy and, at the same time, giving assistance to the needy. In pursuing inclusiveness, the approach has to be anchored on two objectives: **(i) ensure equitable opportunities for all**; and **(ii) provide social safety nets for disadvantaged groups**. For the second objective, equitable access to health, education and basic infrastructure needs emphasis. Since there exist wide and entrenched disparities of economic opportunities and incomes, interventions including affirmative action programmes are critical to ensure a fairer distribution of opportunities and incomes among all social groups.

Bangladesh's financial inclusion strategy, particularly as it relates to increasing access to finance for the poor, could be phased into a short to mid-term strategy and a longer term strategy. The short-term focus needs to provide robust credit services and training (around empowerment and financial/skill education) for the poor and excluded. The second phase may be built on the first component, aimed at more sustainable and systemic

change in the regulatory environment and financial landscape, so that the rural poor can move away from financial support to financial inclusion and rural diversification.

The initiatives have to be anchored on the role of local stakeholders in directly addressing key inequality issues. The localising of inequality reduction programmes works for the convergence of government services and poverty/inequality alleviation efforts at the local levels. Specifically, the participatory and multi-stakeholder approaches in planning, decision-making, implementation, monitoring and evaluation are to be strengthened and institutionalised.

Addressing the challenges of inequality to effect changes or improvement in local capacity to satisfy basic needs of the population requires medium to long term investments and sustained interventions. It also requires direct and continued involvement of the local stakeholders and a systematic process of localising poverty/ inequality reduction initiatives, which gives way to meaningful convergence of the government, non-government and private initiatives. A systematic process of localising would ensure adequate, efficient, and prompt delivery of basic services to the poor.

Harmonising existing tools used in targeting poor beneficiaries is another priority concern. The national and local governments usually adopt different systems in identifying target groups. In order to inform the design of a more efficient and effective anti-inequality agenda, exploring the possibility of harmonising alternative approaches may be undertaken. One must realise that for reducing inequality, one major challenge is to reach the remaining poor who are harder to reach; they face difficult challenges—of isolation, limited assets, low levels of education, and poor health conditions.

It needs to be acknowledged that rapid economic transformation and growth have also contributed to rising inequality in income and opportunities. Some of the poor, especially those living in rural areas or small cities, have limited access to high quality education and health services, or to good jobs. With the rapid pace of urbanisation, the urban poor also pose a new challenge. A growing number of workers from rural areas are migrating to the cities to work in private industry and services, and many of these jobs are informal and lack employment benefits such as health insurance and pension.

As such, it is critical to make growth more inclusive, by expanding investments in rural areas and promoting higher productivity in agriculture, supporting labour-intensive manufacturing and micro, small and medium enterprises (MSMEs). Bangladesh needs also to improve its poverty reduction and social protection programmes so that more poor households benefit from them.

The local administration system needs to be more supportive of self-reliant, people-centred development which empowers the rural people by giving them a stake in the development process. Strong local ownership of programmes has also to be promoted through more active involvement of the poor. The current decentralised system needs adjustments to provide them with power and resources to act and participate in decision-making about issues that affect their lives.

Given a voice, resources, awareness of government commitment to reducing poverty and inequality, and transparency and responsiveness of the local administrative system to their felt needs, the rural poor could wage a relentless war against poverty and inequality. For the purpose, a much stronger commitment from the government to decentralisation --in terms of power-sharing and financial provision --is required, if the rural poor are to experience the benefits which devolution promises in theory.

Microfinance acts as an important safety net instrument and the microfinance movement seems to have reduced the influence of informal moneylenders. Microfinance also has wider social impacts, ranging from the empowerment of women to the improvement in self-esteem of the poor and unemployed. However, its overall poverty/inequality reduction effects remain doubtful in the absence of other complementary factors, such as entrepreneurial skills and the growth of overall demand in the economy.

It needs to be recognised that measures such as microfinance and appropriate land titling as part of redistributive land reforms aim at reducing inequality with focus on capital market imperfections, but ignoring other market imperfections. They assume that people living in poverty are all potential entrepreneurs, constrained only by their inability to access credit. However, if most people are potentially entrepreneurial risk-takers, when and where property rights are well guaranteed, then they will not be constrained by lack of access to credit; one would then expect to find a lack of people willing to work, as most people would want to start their own businesses. In reality, close to 75 percent of the working-age populations in most developed countries are employees, not employers (entrepreneurs). The creation of stable and decent jobs through appropriate policies and institutional support is far more likely to contribute to poverty/inequality reduction to facilitate achieving SDG10.

Policymakers in the past attributed inequality in part to behavioural problems and cultural deficiencies that could be corrected by special training and community action programmes for people living in poverty. The welfare reform consensus of the mid-1980s converged on the notion that mandated work and job training could best alleviate poverty and inequality. Neoliberals are keen on making welfare contingent on work, and want to discipline welfare clients, while liberal welfare reformers want to deliver more training, healthcare and childcare to the underprivileged. However, almost everyone seems to think that the best way to proceed is with programmes targeted at the poor. Thus, there has been a proliferation of conditional cash transfer programmes aimed at improving the education and health of the poor as well as temporary employment guarantee schemes, especially for the rural poor.

Research, on the other hand, shows that universal social protection systems are much more effective in reducing vulnerability, and it is possible to implement such systems in developing countries like Bangladesh with a modest increase of budgetary resources. Within the universal social protection framework, employment guarantee schemes can be extended to cover other vulnerable people in society, not just the poor and unemployed in rural areas. This is consistent with the objective of full employment and decent work for all. By acting as a buffer and as part of an active labour-market programme, this can help maintain full employment at a decent social wage.

While good governance can be an end in itself, the link between good governance and poverty/inequality reduction is much more complex, and can be obscured by the intrusion of political agendas. Furthermore, the country may not have fiscal and administrative capacity needed to achieve the onerous and adequate governance reform agenda. Thus, Bangladesh needs to be selective and aim for growth-enhancing and poverty/inequality-reducing governance reforms.

Women as Change Agents

Women play a key role in their societies at three levels in Bangladesh. At the aggregate level, as members of the labour force, they are an important, and with development an increasingly important, source of labour. Through their domestic roles, they contribute significantly to the capacity of other (e.g. male) members of their households to function effectively in the labour force. At the household level, they are producers of both marketed and non-marketed goods and services, much of which is either under-enumerated or not included in the national accounts.

Due to their vulnerability, women particularly value security. As a result, they are also an important source of savings and capital accumulation and often more effective savers than men. At the inter-generational level, as the bearers and rearers of the next generation of workers and citizens, they are critical

change agents assuming the primary responsibility for children's health and nutrition and most of the early processes of socialisation. Therefore, women are of critical importance for addressing inequalities at all three levels.

However, poor women in particular are seriously constrained in their capacity to contribute to household income and act as change agents by the impact of stereotyped gender roles. Gender affects women's participation in development through three basic channels. First, specific gender roles of each sex affect their needs and priorities. For example, because of their gender roles as wives and mothers, women have a greater need than men for convenient access to clean water, health clinics and inputs such as efficient stoves and electricity to improve the productivity of their domestic work.

Men, because of their role as family breadwinner, are likely to give higher priority to good roads to provide access to markets and to agricultural infrastructure. Poor women particularly suffer from the lack of attention and low priority given to women's needs as a result of women's low level of participation in decision-making. Poor women would benefit more than most other women from inputs to improve access to clean water and health care and from the public provision of facilities such as electricity that improve productivity. The public provision of water, electricity and other public services, which particularly benefit women and families, is highly correlated with poverty and inequality reduction.

The second way in which gender affects women's participation in development is through the effect of gender perceptions in development programmes. For example, the Agricultural Extension Department mostly assumes the farmers to be men and designs extension services accordingly. Although in reality, a significant and increasing proportion of farmers are women in the country. Gender stereotypes also lead policy-makers and development programmers to assume that women are primarily housewives and hence health and family planning programmes fail to adjust clinic times to the reality that most of the poor women in villages are out working in the fields, gathering fuel or engaged in off-farm work. Similarly, government programmes delivered through community development and women's organisations are often not readily accessible to the poor women because of their heavy burden of domestic and productive work.

Finally, gender affects women's participation in development because the heavy burden of domestic and reproductive work, particularly child care, is often an obstacle to women's participation in employment programmes and their access to services. High fertility and the consequent burden of the associated gender roles for women particularly handicap poor women, who tend to have the highest levels of fertility. Much of the success of Bangladesh in reducing poverty and the impact of poverty on women is undoubtedly due to the success of its national family planning programme in achieving a substantial and sustained fertility decline.

Poor women in particular suffer from the burden of gender roles and the adverse impact of gender-blind policies. Moreover, they benefit the least from gender-blind development programmes. A major component of the country's development strategy must therefore be the development of gender awareness among policy makers, planners and programmers. The above also underlines the importance of incorporating a gender perspective into its poverty/inequality reduction policies and programmes and of actively involving women as decision makers. Past experience identifies three major challenges ahead for Bangladesh:

- Integrate into policy formulation, planning and programming the active roles that poor women play in contributing to family incomes, wealth creation and development of human capital.

- Learn from the lessons from comparable countries that have experienced considerable success in reducing poverty and inequality, particularly in respect of those strategies that have yielded the greatest benefits for women.

- Work to more fully integrate a gender perspective and an active role for women in decision making in development and poverty/inequality reduction.

For moving forward, Bangladesh needs to:

- Take active steps to further develop and refine development strategies and programmes that will benefit poor women and thus contribute to reducing poverty and inequality especially of poor women.
- Encourage the collection and dissemination of sex-disaggregated statistics and data on gender issues such as the extent and importance of women's unpaid work, particularly in rural areas, in order to provide a better information base for policy formulation and programming.
- Support the conduct of public information campaigns in rural areas to increase recognition of the extent and importance of women's productive work with a view to improving the accuracy of data on women's labour force participation.

It is proven that rapid growth generates strong virtuous circles of prosperity and opportunity. Strong growth and employment opportunities improve incentives for parents to invest in their children's education by sending them to school. This may lead to the emergence of a strong and growing group of entrepreneurs, which should generate pressure for improved governance. Strong economic growth therefore advances human development, which, in turn, promotes economic growth and equity.

But the extent to which growth reduces poverty/inequality depends on the degree to which the poor participate in the growth process and share in its proceeds. Thus, both the pace and pattern of growth matter. A successful strategy of poverty/inequality reduction must have at its core measures to promote rapid and sustained economic growth. The challenge for policy is to combine growth-promoting policies with policies that allow the poor to participate fully in the opportunities unleashed and so contribute to that growth. This includes policies to make labour markets work better, remove gender inequalities and increase financial inclusion. Bangladesh must increasingly tackle this agenda of 'inclusive growth'.

No doubt, future inclusive growth will have to be based on an increasingly globalised world that offers new opportunities; but also new challenges. New technologies offer not only 'catch-up' potential but also 'leap frogging' possibilities. New science offers better prospects across both productive and service sectors. Future growth will also need to be environmentally sustainable. Improved management of water and other natural resources is required, together with movement towards low carbon technologies. With proper institutions, growth and environmental sustainability may be seen as complements, not substitutes. Bangladesh needs to identify more and better drivers of growth to improve policies; but the biggest determinants of growth will be the quality of leadership, policies and institutions. Overarching lessons from the development experiences from different countries for reducing inequalities may be summarised as follows:

There is no unique way to poverty and inequality reduction

It is futile to translate general policy principles into a unique set of policy actions. There are no best-practice policies that will always yield the same positive result. To sustain growth requires key criteria to be met, but there is no unique combination of policies and institutions for fulfilling them. For example, creating stronger incentives for private investment may require improving the security of property rights in one country, but enhancing the financial sector in another. Technological catch-up may call for stronger or weaker patent protection, depending on the level of development. This helps to explain why growing countries should have diverse policy configurations, and why attempts to copy successful policy reforms in another country often end up in failure.

Institutions matter

The institutional context is perhaps the single most important factor in determining whether a given policy will be appropriate or not. Institutions may crudely be seen as the framework in which markets operate: the basis of the rule of law and enforcement of property rights. Institutions are often deeply rooted and are difficult to change, though unlike some other contextual factors (such as climate and location), change is possible. A wide variety of events and policies are influenced by different institutional settings. For example, natural resource endowments can be beneficial to countries with well-defined and enforceable property rights, but are often detrimental in countries without these rights. This is because without well-defined property rights, there is a temptation for individuals to attempt to obtain the resources of others either illicitly (theft) or using the legal process (disputed ownership). Incentives for investment in physical and human capital, the scope for technology transfer and a whole host of other key conditions for growth depend on the institutional setting.

Timing is the key

Too often, research has focused simply on what is needed. The question of when it is needed has seldom been investigated, which has led to disastrous outcomes. Two separate factors are crucial: the sequencing of policies; and the speed at which they are introduced. In Eastern Europe, market-based reforms were introduced as 'shock therapy': quickly and simultaneously. Institutional reforms were left incomplete even as large parts of the state-run economy were privatised and deregulated. This contributed to the collapse in output in many of these countries in the early 1990s. In Brazil in the early 1990s, trade reforms were introduced rapidly, without much concern for the competitiveness of the exchange rate regime and the response of the manufacturing sector. In contrast, during the same period in India, trade reforms were introduced at a gradual pace, and so were designed to enable domestic firms to restructure and spread the costs of adjustment over time. The exchange rate was kept competitive to ensure export growth, and the Indian industrial sector flourished.

Right focus is crucial

Reform efforts need to be selective and focus on the 'binding constraints' on economic growth and inequality. The government must avoid the temptation to implement only the uncontroversial policies and instead focus attention where it is needed. This makes it vital to avoid the formulaic approach of the Washington consensus, to recognise the individual characteristics of a country and to undertake more rigorous economic analysis. While there is no fool proof method of identifying the binding constraints, common sense and economic analysis can help. For example, when investment is constrained by poor property rights, improving financial intermediation will not help fuel growth. When investment is constrained by a high cost of capital, improving institutional quality will not catalyse growth. Experimentation and learning about the nature of the binding constraints are an integral part of the reform process. It is not easy for the government to identify the binding constraints at a given point in time and stage of development, but 'growth diagnostics' could provide important starting points for Bangladesh.

Five Challenges to Financial Inclusion

Despite significant progress and increased resources devoted to financial inclusion in recent years, more than 80 million adults still lack access to basic financial services in Bangladesh. Access to financial services helps people to better manage their lives and plan for emergencies. For the large majority of the financially excluded people who are poor and disadvantaged in different ways, financial access and the underlying financial infrastructure such as savings accounts, debit cards or credit as well as the payment systems on which they operate, are not available. This greatly hinders the progress towards achieving SDG10.

The most basic financial service to which an individual needs access is an affordable financial account. Such accounts give people a safe way to deposit money, receive salary and other kinds of payments, and transfer funds to relatives. The financial account may either be a bank or a mobile-money account.

Another important aspect of financial inclusion is one of depth—providing disadvantaged groups with financial services beyond very basic options and improving their usage rates. A key to achieving the above goals is the affordability of services.

In terms of well-being, there is a clear and measurable link between financial inclusion and well-being. Given that financial inclusion is higher in richer countries, countries with more financial inclusion also have higher levels of well-being. However, among countries with same income level, those with higher levels of financial inclusion also have higher levels of well-being. In fact, empirical evidence shows that financial inclusion accounts for 11 percent of the difference in well-being among countries—above and beyond what can be explained by differences in income levels.

This is due to the fact that financial inclusion is linked with many aspects of well-being that have little to do with income. Analysis at the global level finds that three dimensions have a particularly strong association with financial inclusion—civil society, governance, and infrastructure. The link to infrastructure is particularly noteworthy since reliable electricity, access to internet, and well-developed mobile-phone networks are key tools for expanding access to financial services.

The real momentum in financial inclusion requires a solid foundation which has two major building blocks:

A sound and flexible regulatory structure that promotes innovation and competition while safeguarding consumers and the integrity of the financial system.

A robust infrastructure, including reliable electricity and telecommunications networks and a well-functioning payment infrastructure.

If these foundations can be ensured, financial institutions can drive rapid innovations to expand financial inclusion. While Bangladesh is making concerted efforts to bring basic financial services to the unbanked individuals, following five key hurdles exist which must be overcome in order to meet the financial inclusion goals.

Financial literacy and capability: Bangladesh needs to develop financial literacy programmes to ensure that people can take sound financial decisions; select financial products which best fit their needs; and know how to use related channels, such as ATMs or mobile banking. Often a lack of awareness prevents people from using suitable financial products and services. Research on behavioural insights across developing countries are helping to develop more effective, innovative and lower cost models of financial literacy for the financially excluded people which can improve the uptake of new accounts and increase savings, including through digital financial services.

Reliable identification documents: A valid and reliable ID that can be procured without much hassle is essential to ensuring wider access to financial services. Without a proper ID, it is difficult to ensure unhindered payment flows into transaction accounts. The process of obtaining an ID card and opening an account needs to be streamlined and simplified.

Consumer protection and regulation: Digital payment services like mobile money and e-money products are emerging as the key drivers of expanding financial access in Bangladesh especially among the poor and disadvantaged segments of the population. For smooth operations, it is critical to establish secured and reliable platforms to protect data privacy and funds. A key challenge is to promote confidence of the people in using electronic payments for which important elements are to treat new customers fairly; disclose key product information adequately to the users; and establish safety and reliability standards to enable the customers to make informed choices about the products to select.

Multiple uses: For financial inclusion, opening a transaction account is a necessary first step; but not the end goal. The expectation is that the transaction accounts will be useful and serve as a gateway to savings, credit, insurance, and other financial products and services. Although Bangladesh has one of the most successful mobile financial services market globally, having more than 54 million registered clients, millions still remit money in cash or over-the-counter. Bangladesh needs to adopt mechanisms that expand the reach of transaction accounts and retail payment instruments, making them more useful for end-users. Digital transactional platforms that enable transfers, value storage and additional services — increasingly offered by banks, non-banks and nonfinancial firms such as retail networks and MNOs in complex partnerships—can target the financially excluded and the underserved. These efforts to deliver other financial services from a digitally accessed transaction account can have greater significance for those who are financially excluded or underserved. The government and the private sector can play a key role in accelerating usage by depositing wages/salaries and other transfers into accounts rather than paying cash.

Women and the poor: All available information indicates that there exists significant gender divide in access to financial services in Bangladesh. Addressing this involuntary exclusion by expanding women's access is a policy priority for the government and the Bangladesh Bank. Available statistics show that less than 3 percent of the agents are women mostly due to women's lower mobility and cultural barriers. Further, real and perceived security issues exist with sensitivity around sharing phone numbers with men.

Moreover, digital products appealing to women are yet to hit the market and services are still dominated by P2P transfers. Phone ownership and usage is also an issue for women since the majority of low-income households tend to have one phone per household, often held by husbands or older children.

The English-language phone menus also have a disproportionate impact on women since the use of Bangla text is difficult on a basic feature phone. In practice, the proportion will always remain small as long as the use of feature phones for financial transactions requires a complex set of entries, responses and confirmations.

Realisation of the massive potential of digital financial services for women will remain a big challenge unless a totally different and enlightened investment is made to promote digital literacy among the poor and the excluded women. While supply side solutions are important, the demand side of digital financial inclusion still remains somewhat neglected.

Women are less likely than men to have an account and less likely to have borrowed from a formal financial institution. Financial institutions must adapt financial products to suit women's needs. This effort can range from providing women with valid ID cards and enabling them to independently open an account to enhance their ability to make basic financial decisions.

The factors that impact women's access to financial services are clearly complex, but bridging the gap is certainly possible. An important step for the providers and other stakeholders is to understand women's needs, preferences and usage of current products, services and channels. Steps are needed to engage more women as agents in places where women are comfortable in transacting, along with developing new delivery channels and products to offer.

The government could promote digital government transfers and provide women greater ease of access to registered accounts by looking at innovations around identity requirements. While smart phone penetration is still relatively low, it is rapidly gaining ground. Smart phones will provide an important opportunity to improve user interfaces and address literacy barriers across all clients. However, the important aspect for the providers would be to develop responsive products meeting women's needs, potentially working in partnership with MFIs who have learned so much about serving women in great numbers.

Low financial literacy, particularly among women at the bottom-of-the-pyramid segment, poses a challenge for them in transitioning from traditional models to mobile-based platforms. In such a situation, guiding women towards the use of mobile platforms can promote their uptake and usage. In addition to addressing the systemic barriers to access and usage, the financial service providers (FSPs) need to innovate in product design and delivery. There is significant scope for current mobile-based offerings to be tailored towards the needs of specific target audiences such as women. FSPs must recognise the need to create easy to use platforms that can operate on simple phones. At the same time, improving the value of these products and services is important. As smart phone penetration increases in rural areas, focusing on product feasibility, viability and usability can open a wide range of possibilities for both FSPs and women in remote areas.

One also needs to recognise that digitising financial transactions is one of several delivery channels that would ensure that financial services are easily accessible to women and the poor segment of the population. In the short run, mobile-based services can complement traditional channels of financial transactions–-as customers may continue to access the services of post-offices, brick-and-mortar banks and MFIs. All these options should be made available, allowing users the freedom to access and choose between these options which would be a step towards true financial inclusion.

From such a perspective, having a registered mobile money account in own name does not necessarily imply that a woman is financially included. Conversely, not having a mobile money account may not mean that a particular woman is financially excluded; she may have access to financial services through MFIs or other delivery channels. Moreover, the usual practice in low-income households is to share the usage of a mobile phone. Thus, using individual access as an indicator to measure financial inclusion may not adequately capture the household dynamics and complexities in access to these services. Even if we focus on individual access, financial services for the poor are ultimately consumed by the households. While FSPs strengthen their presence especially in rural areas, efforts are needed to understand the barriers that are preventing women and the poor from availing the benefits of these services under specific contexts.

Addressing the above challenges will be crucial to making financial inclusion a reality in Bangladesh. This will help reduce poverty and inequality; and boost shared prosperity for meeting all SDGs.

Socially Responsible Banking as Carrier of SDGs

The Bangladesh economy has been growing at more than 6 percent per year in real terms for more than a decade; and this has recently crossed the 7 percent landmark. One of the drivers of this high and stable growth is Bangladesh's success in pursuing inclusive development strategies, supported by socially responsible financing along with implanting these objectives into the country's financial sector.

The inclusive financing initiatives which allow credit and other financial services to flow to the vast majority of the small, marginal and tenant farmers; micro, small, and medium enterprises (MSMEs); and other financially

excluded groups/activities has helped to enhance macro-financial stability, along with incremental output on the supply side and additional employment and income generation on the demand side.

Bangladesh Bank, the country's central bank, has been adopting innovative policies for creating a banking sector that strives for doing business with a 'social purpose' through ensuring sustainability and complying with financial ethics. Bangladesh Bank emphasises that banks in Bangladesh have a mission of both contributing to social progress and ensuring financial viability of their activities.

The society at large is now more conscious and informed about the behaviour of the banking institutions, and expects that these financial institutions will take into account not only the needs and aspirations of their clients and stakeholders but also that of the excluded communities. In fact, the central aim of Bangladesh Bank's policy agenda is to promote socially responsible banking institutions in the country.

Further, with adoption of SDGs, Bangladesh is working towards developing its own frameworks for implementation and monitoring of these goals. The efforts recognise that the SDGs form a system within which an interdependent network of targets exists. These goals and targets are also interconnected both horizontally and vertically.

Obviously, a key challenge for socially responsible banking is to support the achievement of the SDGs. Even though there is no direct linkage of social banking with SDGs, there is a clear indirect connection through Goal 1 of SDGs which requires to 'end poverty in all its forms everywhere' and target 1.4 which identifies microfinance as one of the important components of social banking. Overall, the goal of socially responsible banking is to help tackle poverty and inequality, empower the poor and provide access to financial products and services to vulnerable social groups.

In parallel with 'green banking', Bangladesh Bank and regulatory authorities are working towards 'humanising' existing financial products and services. This needs financial operations that are consistent with the principles of sustainability which consider social environment in an integrated manner. The key is to ensure that access to financial instruments leads to a better quality of life especially for the poor and the disadvantaged. A major concern of socially responsible banking is to assist the poor to get out of poverty and deprivations. Further, such banking operations prioritise higher levels of social development for which appropriate products and services are to be designed and offered.

Since Bangladesh's aim is to expand the richness of human life, focus on creating fair opportunities and choices for all people, and emphasise on giving people more freedom and opportunities through developing their abilities and providing them chances to use them, socially responsible banking needs to have its own distinguishing features in relation to traditional banking.

The business policy of a socially responsible bank must define its role within the social environment. When a bank incorporates protection of social environment in its business policy, its policies and practices will focus on directing more resources to socially and environmentally responsible activities. Similarly, a socially responsible

bank will be hesitant to develop relationships with institutions engaged in socially and environmentally damaging activities such as generating environmental pollutants, violating workers' rights, and culturing unethical attitudes towards individuals and society.

Obviously, a socially responsible bank will invest in such activities that promote employment, create incomes for the low-income people, protect the environment, ensure sustainability, and foster social inclusion of the vulnerable and marginalised groups.

Furthermore, a socially responsible bank will assess the value for the use of its financial resources by adopting financial as well as social and environmental principles. For the purpose, the bank management will formulate and implement business strategies and policies consistent with these principles. Transparency will be a fundamental value that the bank will always uphold. Socially responsible financial products and services offered by the banks will have transparent cost structure, flexible approach towards clients, bias towards socially responsible activities, and respect for ethical and moral codes.

For socially responsible banking, it is important to realise that unbanked populations need, and they do want access to financial services that add value to them. One of the primary concerns of the unbanked people is a safe and efficient way of effecting remote payments. Therefore, the top priority of Bangladesh Bank and other regulators is to differentiate payment systems from banking systems with the sole purpose of creating an innovative, reliable, efficient and affordable national payment system accessible to all. Similarly, the priority is to set up low cost savings accounts which are widely accessible (e.g. through post offices, agent banking network, or similar other outlets) and use of biometric card with minimum conditions for opening and operating the accounts.

Can Digital Finance Empower Rural Women for Achieving SDGs?

A mobile phone can be used by women in Dhaka today to pay their gas bills, by young people in Dhaka to quickly send money to their parents living in a rural village in Kurigram, and by farmers in Jessore to receive payments for the sale of vegetables and flowers.

Formal financial services, including those accessed through a phone, are connecting people to economic opportunities and helping them escape poverty. Without a savings account, it can be difficult for the poor people to put away money for future investments in education or business. Without insurance, a crop failure can push farmers and their families into destitution.

'Rural women are much smarter than you think' observes a field staff of an MFI while explaining the financial behaviour of the poor women. They are obviously smarter; most people would be perplexed when faced with a monthly household income of under Tk. 5,000 with four or five family members to feed, traditional fuels to cook with, pay for children's educational expenses, access health facilities that may be located far away, and meeting the costs of social obligations. Rural women manage somehow and are smart in the sadly deprived environment in which they live; and their numbers are not small, there are nearly 9 million of them in the country. But the smartness does not necessarily translate into digital knowledge for changing the reality of these poorly educated, low income women and their families.

The massive potential of digital financial services (DFS) can significantly change their lives. According to BTRC, the total number of mobile phone subscriptions has reached more than 139 million at the end of August 2017.

However, it is not clear how many of these numbers refer to subscribers. We know that many families have three or more subscriptions for just three or four members. Thus, if 100 million people have an average of two subscriptions and another 39 million one subscription, mobile phone subscriptions would cover about 89 million. But whatever may be the actual number, the potential is very large.

Recent work by InM shows that less than 50 percent of rural low income families have mobile phones; and when they have, the phone is in the possession of the male head of the family and women have little or no access. Invariably the mobile phones they do have are traditional, USSD-enabled feature phones (with no internet connectivity), covered in dust and with scratched screens that have barely visible displays.

All available information indicates that there exists significant gender divide in access to digital financial services. Addressing this involuntary exclusion by expanding women's access to MFS is a policy priority for the government and the Bangladesh Bank. Available statistics show that less than 3 percent of the agents are women mostly due to women's lower mobility and cultural barriers. Further, real and perceived security issues exist with sensitivity around sharing phone numbers with men.

Digital products appealing to women are yet to hit the market and services are still dominated by P2P transfers. For identification, women are less likely to have the government IDs and birth certificates required to open mobile accounts. Phone ownership and usage is also an issue for women since the majority of low-income households tend to have one phone per household, often held by husbands or older children.

The English-language phone menus also have a disproportionate impact on women since the use of Bangla text is difficult on a basic feature phone. Only 30 percent of adults report the ability to send an SMS and the high use of feature handsets that must rely on a USSD session-based menu. Recently, some leading providers have taken initiatives to address the gender gap in digital inclusion and market opportunity for women.

Ever since financial inclusion has come to the forefront of the policy agenda, much has been written about the possibilities of DFS in bringing the excluded into the financial network. The exclusion of a large number of basic feature phone users from the digital economy needs adequate public education on the use of feature phones to conduct financial transactions.

In practice, the proportion will always remain small as long as the use of feature phones for financial transactions requires a complex set of entries, responses and confirmations. Such actions require a level of numeracy and literacy that the country's inadequate education system fails to provide for the financially excluded poor people. Realisation of the massive potential of DFS will remain a big challenge unless a totally different and enlightened investment is made to promote digital literacy in the short term; and overall literacy over the next decade. Educated people will pride themselves in their access to hardware and their sophistication with the software. While supply side solutions are important, the demand side of digital financial inclusion still remains somewhat neglected.

What is needed is not a few days of training classes; rather a massive effort to generate awareness among the financially excluded on the potential of DFS. The need is to transmit not a message about the possibilities of DFS; rather a few simple practical steps on the use of USSD feature phones for undertaking financial transactions. This needs to be a sustained effort of repeated communication and demonstration on a massive scale all over the country. Further it cannot be a one-sided effort where low income women and families become familiar with the mechanics of digital transactions on feature phones and then find that the local grocers, nearby health centres and agricultural input suppliers have neither the functioning hardware nor the inclination to accept digital payments.

The massive effort will no doubt require significant resources and will call for a level of mobilisation that is unprecedented in Bangladesh. Similar efforts in other countries indicate that the digital literacy effort does not require a substantial level of skills, just a commitment of no more resources than wastes incurred in many non-performing projects. The hardware challenge can also be addressed, mostly through a campaign that will bring together the telecom companies and financial institutions; groups that will gain from an increase in the number of mobile financial transactions. In Bangladesh, it is not the supply of hardware and software that is the bottleneck, the real challenge of DFS is the organisational effort required to stimulate and support the demand.

The factors that impact women's access to DFS are clearly complex, but bridging the gap is certainly possible. An important step for the providers and other stakeholders is to understand women's needs, preferences and usage of current products, services and channels. Steps are needed to engage more women as agents in places where women are comfortable in transacting, along with developing new delivery channels and products to offer. The government could promote digital government transfers and provide women greater ease of access to registered accounts by looking at innovations around identity requirements. While smart phone penetration is still relatively low, it is rapidly gaining ground. Smart phones will provide an important opportunity to improve user interfaces and address literacy barriers across all clients. However, the important aspect for the providers would be to develop responsive products meeting women's needs, potentially working in partnership with MFIs who have learned so much about serving women in great numbers.

Moreover, low financial literacy, particularly among women in the bottom-of-the-pyramid segment, poses a challenge for them in transitioning from traditional models to mobile-based platforms. In such a situation, guiding women towards the use of mobile platforms can promote their uptake and usage. In addition to addressing the systemic barriers to access and usage, the financial service providers (FSPs) need to innovate in product design and delivery. There is significant scope for current mobile-based offerings to be tailored towards the needs of specific target audiences such as women. FSPs must recognise the need to create easy to use platforms that can operate on simple phones. At the same time, improving the value of these products and services is important. As smart phone penetration increases in rural areas, focusing on product feasibility, viability and usability can open a wide range of possibilities for both FSPs and women in remote areas.

One also needs to recognise that digitising financial transactions is one of several delivery channels that would ensure that financial services are easily accessible to all sections of the population. In the short run, mobile-based services can complement traditional channels of financial transactions–-as customers may continue to access the services of post-offices, brick-and-mortar banks and MFIs. All these options should be made available to all individuals, allowing users the freedom to access and choose between these options which would be a step towards true financial inclusion.

From such a broader perspective, having a registered mobile money account in own name does not necessarily imply that a woman is financially included. Conversely, not having a mobile money account may not mean that a particular woman is financially excluded; she may have access to financial services through MFIs or other delivery channels. Moreover, the usual practice in low-income households is to share the usage of a mobile phone. Thus, using individual access as an indicator to measure financial inclusion may not adequately capture the household dynamics and complexities in access to these services. Even if we focus on individual access, financial services for the poor are ultimately consumed by the households. While MFS providers strengthen their presence especially in rural areas, efforts are needed to understand the barriers that are preventing women from availing the benefits of these services under specific contexts.

From Lighter Loads to Better Business: Empowering Rural Women

In patriarchal societies, women usually suffer more adverse effects than men from climate change. The reasons for this are many: they typically have lower education levels than men; meaning they are less aware of technology and opportunities. They are also often responsible for agricultural activities and ensuring that their families have food to eat. Agriculture is one of the sectors that is most exposed to climate change, given the close reliance of production on weather conditions. Since women have long association with farming, they are closely attuned to conservation of soil and water resources, and thus have great capacity to support adaptation – if they are empowered to act with appropriate knowledge.

Moreover, variations in rainfall, temperature and extreme events brought about by climate change will not affect women and men in the same way. In most cases, the reasons for different experiences are not due to physical differences, but due to gender differences. Gender refers to the roles that societies ascribe to women and men, determining what activities and responsibilities are appropriate for each sex. Most societies are patriarchal, meaning that men are at the forefront of decision-making and hold the bulk of power.

"When women come together, they are powerful," says Rasheda, a 35 year-old women farmer, who has three children and lives in a village in Patuakhali district in Southwest Bangladesh. As a girl, she watched women in her village mobilise to replace traditional water ponds as sources of drinking water with hand tube wells. The memory of this collective effort led her to form an informal women's group in 2008 to buy water storage tanks that were too expensive to purchase individually. She and her friends pooled together and bought the tanks for each member in rotation.

Gender roles in rural Bangladesh still adhere to traditional and cultural codes. Women do the heavy work of fetching and carrying water and fuel wood, in addition to household chores, childcare and tending crops. Many are left to run their small farms alone while their husbands migrate in search of paid employment in urban areas. Unlike their men folk, few women, especially among the older generation, have received education. High female illiteracy rates compound the problem of gender imbalance. These rural women are still largely excluded from decision-making within home and the community, and are unrepresented in leadership roles.

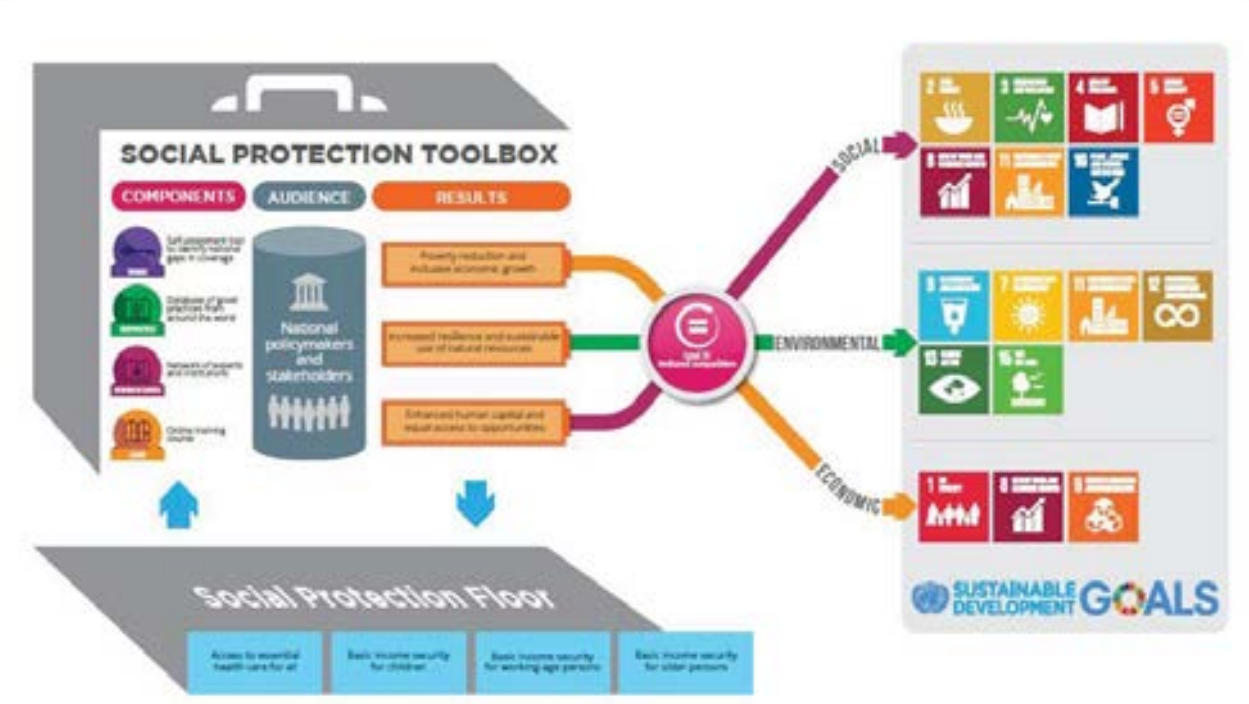
One of the main objectives of the social programmes being implemented by the government and non-government organisations is to make safe drinking water more accessible to communities in the saline southwest region of the country. But the impact ranges much further. The programmes have a strong focus on promoting gender equity and ensuring that women participate fully and benefit from these initiatives. "*We use water as an entry point for changing people's livelihoods,*" says one PO staff involved in PKSF's LIFT initiative. "*But we also bring a variety of other services to these communities, especially relating to health, sanitation, food security and other pressing issues. Water and health are both issues that touch particularly the women's lives.*"

To sustain supply of safe drinking water, PKSF is promoting various technologies such as, pond re-excavation, rain water harvesting, pond sand filters, reverse osmosis technology etc. through different approaches which have greatly improved local access to safe drinking water. For many, these changes are radical. Like other women, Fatema who lives in a remote village in Satkhira district, used to spend up to four to six hours a day fetching drinking water for her household of seven. The nearest source was 2 kilometres away, queues were long and sometimes the water was filled with sediment. Now Fatema spends just a few minutes fetching clean water from the new RO desalination plant located nearby.

Time saved can now be spent developing household plots and turning subsistence farming into profitable small enterprises. She has received training in a range of improved farming practices, introduced better livestock breeds and crop species, techniques to farm sustainably, and new skills such as bee-keeping, aquaculture and managing small businesses. The first thing that Fatema has done with the extra money she makes is to invest in their children's education. She may not have benefited from secondary education, but her daughters certainly will not go without education.

Some women with training work as community health workers. Armed with valuable knowledge about nutrition and basic health care, they have become role models in the communities, and others are keen to join the training groups. Fatema speaks for many local women when she says that the benefits she has received in terms of economic returns and improved living conditions have lifted her '*from nothing to something*'.

In the village where Fatema lives, like in most other villages in the country, women play a critical role in agriculture and food systems – not just as farmers, but also as food producers, processors and in many other roles. However, women still face major constraints in rural labour markets and in agricultural value chains. They are more likely to be in poorly paid jobs, without legal or social protection. This limits women's capacity to advance their skills, earn incomes and access employment opportunities.



The future of local as well as national food security in Bangladesh depends on unleashing women's potential. Achieving gender equality and empowering women are crucial ingredients in the fight against extreme poverty, hunger and malnutrition which is strongly recognised in the SDGs.

It is time to realise the fact that we will never overcome poverty and hunger without empowering women especially in the rural areas. Greater empowerment of women in rural and urban areas leads to higher economic growth and a better quality of life for women and men alike. Despite progress, still rural women's 'double burden' of farm labour and unpaid domestic work prevents them from participating fully and fairly in income-generating activities. A key challenge is to improve rural women's access to technologies that save time and labour that is essential to reducing their workloads. Transforming gender relations within the family is also crucial to empowering women and enabling them to make decisions about their lives.

In Bangladesh, women make up a large share of the agricultural labour force. However, they do significantly more unpaid work than men--especially in providing care to families and communities--limiting their capacity to earn incomes and advance their skills. Gender-biased social norms, laws and practices also limit women's access to essential assets including natural resources and education as well as social assets such as participation in rural organisations and other decision-making bodies. As a result, their ability to reach their full potential and influence decision-making in economic, social and political spheres, for example, is seriously undermined.

Measures that are crucial to ensuring rural women's economic empowerment in the changing world of work include improving their access to economic opportunities, productive resources, jobs, health services, social protection and education. It is seen that malnutrition rates fall significantly when women have access to education and employment opportunities. In addition, policies and programmes must address gender disparities in leadership and entrepreneurship, as well as the specific needs of millions of rural women working in the informal economy, by promoting their access to formal markets and value chains, innovative technologies and practices.

We need to realise that empowering women is one of the key steps to realising gender equality and achieving zero hunger. The rapidly changing world of work in Bangladesh--as patterns of economic activity shift--provides an opportunity to achieve these goals. Ensuring women have adequate access to land, equipment, productive assets and credit—including ensuring their sustained financial inclusion--will improve their lives and the lives of their families; potentially freeing millions from hunger. Enabling women to seize the rapidly unfolding opportunities in Bangladesh will transform Fatema's life and lives of millions of rural women and help bring the SDGs within reach of Bangladesh.

Rising Coastal Out-Migration: A Contributor to Greater Regional Inequality?

Migration (in and out) and human mobility are as old as humanity itself. Similarly, movement of people is a natural social process in different regions of Bangladesh. It is usual that unequal growth and opportunities lead to migration from un/underdeveloped to developed regions, from rural to urban, from agriculture to industrial urban life and from persistent disaster-prone to safer locations.

Historically, the southern coastal districts of Bangladesh are prone to natural disasters including recurrent floods, cyclones, river erosion and other calamities. Frequent incidences of disasters and inadequate resilience capacity of the poor cause drastic shifts in livelihood strategies and population dynamics in the coastal districts. All these have huge impacts on their livelihoods and well-being as well as on regional inequalities in Bangladesh.

A massive outmigration from the coastal districts to other regions is reflected in the 2011 Population Census. The overall population growth rate in the country is 1.47 percent but Barisal and Khulna divisions (comprising southern coastal districts) have population growth rates of 0.17 percent and 0.68 percent respectively, the lowest among all the divisions. According to the Census, only 58 percent of those people who were born in Barisal division are currently living there while the remaining population have migrated to other divisions. Outmigration impacts demographic and social compositions of population in

these districts; male out migration results in 'feminisation of society' although overall female labour force participation is still low. Recent years have also witnessed the growth of 'permanent family migration' as opposed to the earlier trend of 'individual temporary migration' from the coastal region which has wider implications.

In the coastal areas, the traditional rich multiple and multi-local livelihood activities have significantly been squeezed due to adverse ecology including salinity intrusion and climate change impacts. Although Green Revolution has transformed Bangladesh's agriculture sector, a 'saline area focused' agricultural revolution is yet to take place. With de-population, villages lose their vibrancy. Outmigration results in a loss of certain classes of people (e.g. the educated youth) and livelihoods which has negative effects on other sections in the community.

The challenges facing the southern coastal districts need policies with a coastal perspective. Unless there is a concrete focus on sustainable development of the coastal region, forced migration will continue to remain as a protection strategy for the affected people. Coastal communities have always been highly innovative, adaptive and enterprising but there has been little effort towards promoting these inherent traits.

Providing sufficient economic opportunities in the coastal villages through microenterprises and other farm and nonfarm activities are important for improving the quality of life of these people and retain the labour force. Along with agriculture and nonfarm activities, coastal regions are home to several high-value niche products (e.g. different varieties of fish, non-timber forest products, medicinal and aromatic plants) with immense potential for improving local livelihoods and promoting sustainable local development.

Coastal agriculture has scope for improvement as the yield, input and technology are low at present. New salinity tolerant high yielding varieties of crops are becoming available and a value chain approach to small farmers' development can bring significant dividends for the region's agriculture. There is also wide potential for developing organic agriculture in the region.

The south and southwest regions of the country have been identified as the USAID's Feed the Future (FTF) zone of influence. The FTF is the US government's global hunger and food security initiative to support country-driven approaches to address the root causes of poverty, hunger, and undernutrition. In Bangladesh, FTF's collective efforts aim to improve the livelihood and nutritional status of households through increased on-farm productivity, increased investment in market systems and value chains, enhanced food security policy and planning capacity, enhanced agriculture innovation capacity, and improved nutritional status of the rural poor. Success in these initiatives will contribute towards reducing different aspects of regional inequalities among different regions of the country.

A key challenge is to promote new inspirations and aspirations among the youth in the coastal region. They should be provided with alternatives to leaving villages to work outside and improve their livelihoods. Relevant institutions should work on developing role models to inspire youths to engage in productive and decent livelihoods locally and contribute to local development. For this, institutions that focus on coastal development are necessary. Developing enterprises for coastal niche products will help improve economic opportunities.

Overall, the plans and programmes for coastal development must take into account the needs and aspirations of the people from all classes including characteristics of local regions and support building of confidence, pride and creativity of the youth in the coastal economy. The rising out migration from the coastal areas requires policy re-orientation towards sustainable coastal development along with multi-sectoral integrated approach with strong institutional and policy coherence and support from civil society. This will help build opportunities for meeting the changing aspirations of the coastal people especially the educated youth.

Female Migration: Looking through Lens of SDGs

Migration is the movement of people from one place (or country) to another, either temporarily or permanently. People have many reasons why they might want to migrate; coming both from push and pull factors. In Bangladesh, migration is a key social phenomenon which represents a temporary movement of the working people to work abroad because of lack of productive and remunerative job opportunities in the country's labour market. Migration-related issues are not directly addressed in the SDGs but the implications of migration are embedded in a number of included goals.

Source: The SDGs seen through the lens of migration, IOM 2016

The Ninth Global Forum on Migration and Development Summit in 2016 highlights several issues such as respecting human rights of all migrants regardless of their migration status; accounting for the vulnerabilities of migrants, refugees and internally displaced persons; mitigating forced displacement and humanitarian crises; promoting international cooperation; strengthening the resilience of the host communities; and supporting the right of citizens to return to their country of origin for inclusion in the 2030 agenda for sustainable development.

Bangladesh's history is a history of migration. People are known to be mobile in the Bengal delta region for centuries. Every year, many Bangladeshis leave the country to work abroad. Bangladesh's economy depends heavily on the emigrants' remittances. Overseas employment in 2017 (up to the month of October) has been more than 800,000 of which about 100,000 are female workers. The country, however, does not have a dependable system of keeping record on returnee migrants. A RMMRU survey in 2015 shows that 9 percent of the migrant households are returnee migrants.

An InM book published in 2017 (*titled Spirited Women's Tales: Migration of Bangladeshi Women to the Middle East*) draws on the stories of twenty eight Bangladeshi women who went to the Middle East as domestic workers during 1995-2010. The book portrays the inner dynamics of their interactions with migration middlemen and employers and offers a complex understanding of their migration journey. It argues that a nuanced view of these women's engagement with migration middlemen from their social and familial circles and their conduct with their employers in the Middle East requires a critical consideration of Bangladeshi rural realities. The book generates important knowledge about Bangladeshi domestic workers' migration by utilising the methodological approach of Grounded Theory. From a critical epistemological point of view, the knowledge is particularly important as it is generated by the marginalised/disenfranchised Bangladeshi women and uses their otherwise unappreciated perspectives as the basis of knowledge creation.

The content of the book shows the utmost importance of ensuring the rights of Bangladeshi migrant workers--especially female workers--thereby enabling them to lead better lives while they work in destination countries and when they return home. New research shows ample evidence on positive outcomes of migration for the migrant families. In fact, migration has emerged as an important livelihood strategy for both women and men and makes a vital contribution to the Bangladesh economy. For both women and men – and the Bangladesh economy-- to benefit sustainably from migration and contribute to SDGs in multiple ways, the development potential of migration has to be realised fully by empowering the potential migrants through appropriate knowledge and skill training and adopting human rights based and gendered approach to labour migration from Bangladesh.

Urban Inequalities: Building 'Slum Resilience' in Dhaka City

In Bangladesh, the growth process has been changing the economic relations and social structure; thereby changing the income distribution. The income of a specific segment of the society increases relatively more compared with the rest of the society. Specifically, as the country advances; individuals in urban areas benefit from rising productivities and the gap between per capita incomes of urban and rural areas increases. The growing benefits in the urban areas also alter the structure within the society. Many individuals in rural areas decide to migrate to urban areas to take advantage of urbanisation and rising urban incomes.

The urbanisation process can change inequality in many ways. As urbanisation continues, the urban share rises; and changes are observed both in between and within urban and rural inequalities. The path that inequality follows is determined by the internal dynamics and specific socioeconomic structure of the country. As part of this process, 'leading' areas emerge, characterised by higher average standards of living than in 'lagging' areas. The spatial inequalities that emerge are often viewed as an inevitable part of the development process, rewarding higher productivity, economies of scale, and agglomeration effects in the more advanced sectors of the economy. While 'leading' and 'lagging' areas often correspond to urban-rural divides, spatial disparities may also be replicated on larger geographical scales, for instance in the form of East-West divides or intra-urban inequalities in Bangladesh.

Even if urban inequalities are linked to the process of development, these inequalities can be far from benign. Such inequalities may increase total inequality, which can diminish the impact of growth on poverty reduction. While unequal outcomes are expected to some degree as the country develops, if left unchecked these inequalities may emerge as structural inequalities that translate into inequalities of opportunity. Appropriate policies and

institutions can play a crucial role in rural-urban transformations and addressing urban inequalities. For example, as urban-rural welfare inequalities are strongly associated with differences in education attainment, policies must focus on equal provision of education (both in terms of quantity and quality) so as to narrow productivity and income gaps between leading and lagging areas.

It is observed that, among all migrants in Bangladesh, more than 55 percent migrate from rural to urban areas for better livelihoods and higher earnings. But the reality can be very different. Several studies show that migrants, as the first shelter, choose urban slums; and living conditions in urban slums are often appalling and, in fact, much worse than those in most rural areas. The Slum Census 2014 counts 2.2 million slum dwellers--more than 6 percent of the country's total urban population. The Census shows that slum/floating population has increased by 214 percent over a similar Census done in 1997. The 2014 Slum Census identifies eight reasons for migration to Dhaka city and taking refuge in slum areas: river erosion, uprooted, driven out, abandoned, meagre income, insecurity, for jobs and others.

The 2009 Multiple Indicator Cluster Survey (MICS 2009) provides a comparative picture of living conditions in urban, rural and slum areas using twelve indicators (Table 1). Social inequalities among the slum dwellers are extremely high relative to any other population groups and, because of the conditional status, they are the most vulnerable segment among all populations.

Slum settlements are characterised by tenure insecurity and evictions, and controlled by *mastaans*–gang lords who charge exorbitant rents and charges for basic services. Such a situation deters investments for improving living conditions by slum residents and agencies.

Poor quality and densely built housing is typical in Dhaka's slum settlements and basic public infrastructure for water, energy, sanitation and hygiene are non-existent or very limited. A combination of human and natural factors results in various urban hazards with serious impacts on the urban poor. Some of the key urban hazards in Dhaka include, widespread flooding and waterlogging due to poor drainage; windstorms cause havoc in slum settlements because of the weak construction of houses; unplanned urbanisation and sub-standard building practices pose great risk in the event of a major earthquake; urban fires are common and are often believed to be ignited intentionally. This is high time that focus should get into the urban slums of the Metropolitan Cities. It is time to adopt a new paradigm and start to invest in human capital development in the slums of Dhaka city.

Table 1: Living Indicator Comparison in Urban, Rural and Slum Areas

Indicator	Urban	Rural	Slum	Slum worse than rural (in percent)
U5MR (per 1,000 live births)	53	66	95	44
Skilled attendant at birth, percent	45	19	15	-21
Population using improved sanitation facility, percent	54	54	9	-83
Net attendance ratio in pre-school education, percent	26	22	13	-41
Net attendance ratio in school education, percent	84	81	65	-20
Pupils starting grade 1 who reach grade 5, percent	80	80	48	-40
Drop out in primary education, percent	1	1	8	700
Net attendance ratio in secondary education, percent	53	48	18	-63
Young women literacy (aged 15-24 years), percent	77	70	51	-27
Adult women literacy (aged 15-49 years), percent	66	48	35	-27
Gender parity index in secondary education	1.08	1.18	1.26	7
Birth registration, percent	53	54	28	-48

Source: Bangladesh MICS 2009

Rapid urbanisation and growth of slums in Bangladesh makes slum upgrading as an approach to address the problems of the urban poor. Dhaka is a rapidly urbanising megacity in one of the world's most densely populated and poorest countries, where almost 30 percent of its more than 14 million population lives in slums and faces the impacts of a range of hazards. Hence, there is a need for building resilience. A move towards success needs a proper understanding of the urban context to identify the challenges and opportunities for building resilience in slums, which may then be followed by a sequence of inter-related activities.

Depending on specific circumstances, this could consist of provision of training on concepts and applications of urban resilience and toolkits for risk assessment and action planning. There could be a community based participatory risk assessment (CBPRA) to identify the inter-related hazards and vulnerabilities affecting the slum residents, supplemented by a survey of institutional actors; and a set of pilot activities guided by community action planning (CAP) workshops, together with community capacity building and developing community organisations.

There could be different kinds of risks for priority action – inadequate drainage, inadequate waste disposal and poor sanitation (e.g. focus on drainage, community toilets, water supply, and water purification), solid waste management (household and community level waste collection and disposal), housing improvement (plinth-raising above flood level) and awareness raising (cleaning event and billboards). The activities should also include extensive training and capacity building activities. A long-term community development plan (CDP) may also be developed.

No doubt, a number of challenges exist in terms of local expectations, capacity building, and working in a booming megacity. Therefore, there should be adequate preparation for community consultation and participation, and face the unpredictability of political circumstances.

#GlobalGoals

1 NO POVERTY

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

SUSTAINABLE DEVELOPMENT GOALS

#GlobalGoals

Institute for Inclusive Finance and Development (InM)

PKSF Bhaban, E-4/B, Agargaon, Sher-e-Bangla Nagar, Dhaka - 1207, Bangladesh
InM Training Centre, House# 30, Road# 03, Block: C, Monsurabad R/A, Adabor, Dhaka - 1207.
PABX: +88-02-8190269, 8190364, Fax: +88-02-8190364
E-mail: info@inm.org.bd, Web: www.inm.org.bd

WWW.INM.ORG.BD