



Mitigating socio-economic inequalities
to accelerate poverty reduction:

Investing in Vulnerable Children

Aknowledgements

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Mitigating socio-economic inequalities
to accelerate poverty reduction:

Investing in Vulnerable Children

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Summary

The reduction of inequalities and investment in vulnerable children, in addition to macro-economic stability and economic growth, are powerful strategies to accelerate poverty reduction. Sustainably reducing poverty requires breaking the inter-generational poverty cycle. Breaking the inter-generational poverty cycle requires freeing poor children from the deprivation of basic services. Bangladesh in compliance with international conventions has formulated a number of national legal frameworks, policies, strategies and guidelines and implemented those to protect and promote children's rights. Elimination of poverty and inequality, gradual abolishment of child labour and creation of 'A World Fit for Children' are central to the development vision laid out in the revised Second National Strategy for Accelerated Poverty Reduction 2009-2011 and Government's Election Manifesto.

However, poverty, particularly child poverty and socio-economic disparities remain a very grave concern. In Bangladesh, children account for about 45 per cent of the total population. Of them, 46 per cent live below the national poverty line with one-quarter living in extreme poverty. While about half of the child population are poor children deprived of basic social needs – shelter, food, health, education, water, sanitation and information - they were directly allocated only about 9.8 per cent (Tk. 19 bill.) of the social safety net budget (Tk. 195 bill.) which is about 1.44 per cent of the national budget in 2010-11. Of the poor children, urban working children, street children and orphans in the poorest wealth quintiles are the most vulnerable. It is estimated that in 2011 there will be about 950,000 urban working children aged 10-14 years, 1,000,000 street children and 1,000,000 orphans aged 0-14 years in Bangladesh. In the fiscal year 2010-11, these children are provisionally allocated only about 0.66 per cent (Tk. 1.3 bill.) of the social safety net budget.

The Government of Bangladesh, recognizing the needs of the most vulnerable children, has launched three interventions jointly with UNICEF: Basic Education for Hard to Reach Urban Working Children (BEHTRUWC); Protection of Children at Risk (PCAR); and Amader Shishu (Our Children) respectively aimed at enhancing the developmental opportunities, living conditions and livelihood opportunities of urban working children, street children and orphans. However, the life span (40 months for BEHTRUWC, 12 months for PCAR and 18 months for Amader Shishu) of the interventions for each child and their coverage is negligible in contrast to the total number of vulnerable children in each group.

This study, keeping in mind the resource constraints of the country, has attempted to determine preliminarily a feasible budget and time-frame required to cover all the most vulnerable children under these three interventions with different life spans nationwide, and the scope of these interventions for employment generation and reduction of poverty in general. The study found that if these three interventions were to be scaled up nation-wide, it would take ten years to cover 1,070,000 urban working children aged 10-14 years, 1,120,000 street children and 1,520,000 orphans aged 0-14 years in the lowest two wealth quintiles. It would require on average only 2.4 per cent of the social safety net budget and 0.37 per cent of the national budget, an amount that is affordable given the relevance of sustainable poverty reduction. The total scope of job creation for these type of social interventions is in the order of 46,000.



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Investing in Reducing Socio-economic Inequities: Why?

Evidence exists¹ that besides macro-economic stability and economic growth, the reduction of inequalities is a powerful strategy to accelerate poverty reduction. Over the past decade, China, India and Brazil have made impressive progress towards poverty reduction, but Brazil, with only about one-seventh and one-fourth the economic growth rate of China and India respectively – where socio-economic inequalities are growing – has made more progress, relatively speaking, in poverty reduction than the latter two countries because it applied a robust policy of inequality reduction (annex). Bangladesh enjoys an economic growth rate more than double to that of Brazil, and by applying a similar strategy it might substantially accelerate poverty reduction as well.

The central message of the above mentioned paper is the importance of mitigating socio-economic inequalities to accelerate poverty reduction and economic growth: *“Brazil’s historically high inequality has clearly been a constraint on progress against poverty; high inequality meant that a low share of the gains from growth went to the poor, and the high inequality may well have retarded growth”*.

Investing in Vulnerable Children: Why?

Breaking inter-generational poverty cycles requires investment in children

Sustainably reducing the number of people living in poverty requires breaking the inter-generational poverty cycle. Breaking the inter-generational poverty cycle requires freeing poor children from the deprivation of basic services – shelter, food, health, education, water, sanitation and information. Ensuring the inclusion of the most vulnerable² children in the process toward achieving the Millennium Development Goals (MDGs) is therefore fundamental.

¹ *A Comparative Perspective on Poverty Reduction in Brazil, China and India* Martin Ravallion (World Bank) 2009

² Of the poor children, those who are in the street, working in urban areas and orphans in the lowest two wealth quintiles are identified as the most vulnerable children.

Sustainably reducing the number of people living in poverty requires breaking the inter-generational poverty cycle.

Child poverty reduction should become an essential element of poverty reduction through development strategies that directly address child poverty employing age-specific interventions.

Child poverty³ severely limits children's opportunities to develop in a way that lets them reach their full potential. Besides being a violation of children's basic rights, having a large proportion of its population growing up in poverty is a major constraint for human capital development in Bangladesh. Poor children engaged in child labour, often in hazardous and exploitative conditions, experience physical and mental damage. Orphans and street children frequently have to cater not only for themselves but for the welfare of younger siblings. Inter-generational poverty is linked to the denial of opportunities for human development⁴. Children with little or no education have little chance of securing a poverty free adulthood. In turn, they are unlikely to be able to provide their own children with adequate opportunities to reach their full potential. In this way, poverty is perpetuated within families from one generation to the next. Breaking this cycle is critical to sustainably reducing poverty. This can only be undertaken when child poverty is recognized as an essential element of poverty reduction and through development strategies that directly address child poverty employing age-specific interventions.

The realization of children's rights is the legal obligation of the Government

A number of international conventions and national legal frameworks have been adopted by Bangladesh to protect and promote children's rights. The universally accepted Convention on the Rights of the Child (CRC) sets out for the state parties to guarantee a child's right to survival, development and an adequate standard of living. These rights include entitlements to basic standards of health, education, food, shelter, welfare, and protection from exploitation and violence. Article IV of the Convention on the Rights of the Child (CRC) also indicates that state parties are obliged to undertake measures to the maximum extent of their available resources in order to ensure the fulfillment of children's rights. The Government of Bangladesh, with the aim of upholding children's rights, formulated the National Plan of Action for Children (2005-2010). In addition to this, a number of policies, strategies and guidelines were formulated and implemented for the purpose of the children. Elimination of poverty and inequality, gradual abolishment of child labour and creation of 'A World Fit for Children' are central to the development vision laid out in the revised Second National Strategy for Accelerated Poverty Reduction 2009-2011 and Government's Election Manifesto. However, poverty, particularly child poverty and socio-economic disparities remain a very grave concern.

Child Poverty and Disparities in Bangladesh

Poverty in Bangladesh is pervasive⁵ – around 40 per cent of the population

³ Child poverty is defined by Bristol approach as the severe deprivation of seven human needs – shelter, sanitation facilities, safe drinking water, information, food, education and health .

⁴ *Ending Child Poverty: the Challenge*. Department for International Development (DFID), 2002.

⁵ *National Report Bangladesh: Global Study on Child Poverty and Disparities*. UNICEF, September 2009. The Bangladesh version was prepared by Human Development Research Centre.



(estimated at 140.3 million in 2006) live below the upper poverty line⁶. Children account for about 45 per cent of the total population. Of them, 46 per cent live below the national poverty line with one-quarter living in extreme poverty. Because of being poor, children's involvement in work is very common in Bangladesh. An estimated 3.55 million children aged 7-14 years were in employment⁷ during 2005 - 2006. It is estimated that in 2011, the number of urban working children aged 10-14 years, street children and orphans (one or both parents dead) aged 0-14 years will be 950,000, 1,000,000 and 1,000,000 respectively. Such children are deprived of basic social needs – shelter, food, health, education, water, sanitation and information. A recent publication on child poverty and disparities in Bangladesh estimated that around 64 per cent

⁶ The official Bangladesh poverty measurement includes two types of poverty lines – upper poverty lines and lower poverty lines. An upper poverty line (absolute poor) represents a higher level of per capital household expenditure than a lower poverty line (extreme poor). In Bangladesh, the upper poverty lines are on average 20 per cent higher than the lower poverty lines..

⁷ Children in employment is a broad concept covering all market production and certain types of nonmarket production (principally the production of goods for own use) (see also Box 1). It includes forms of work in both the formal and informal sectors, as well as forms of work both inside and outside family settings. “Understanding children’s work in Bangladesh: An inter agency research cooperation project (ILO, UNICEF and World Bank)” 2009

The effective allocation of a government's budget can determine whether children have access to vital social services, and enjoy adequate social protection.

of the poorest children are deprived of sanitation facilities, 59 per cent of information, 41 per cent of shelter and 35 per cent of sufficient and adequate food. The Government, in an effort to honour its commitments has been implementing a number of social safety net programmes in the country aimed at providing the “temporarily poor” with an opportunity to graduate out of poverty.

Despite these programmes, the rate of poverty reduction over the last years has been slow (proportion of population below upper national poverty line reduced to 40 per cent in 2007 from 56.6 per cent in 1990)⁸. Recent research has shown that investing in poor and vulnerable children, and initiating age specific poverty reduction interventions to break the inter-generational poverty cycle are central to accelerated poverty reduction⁹. A study by DFID states that public spending has a direct impact on children’s wellbeing¹⁰. The effective allocation of a government’s budget can determine whether children have access to vital social services, and enjoy adequate social protection. A brief assessment of the social safety net budget allocations for the poorest children in Bangladesh is therefore pertinent.

Social Safety Net and Budget Allocation for the Poor Children in Bangladesh

In the fiscal year 2009-2010, the Government’s total budget (revised) was approximately Tk. 1,105 billion or USD 16 billion (1 USD = Tk. 68.6), of which Tk. 167 billion or USD 2.4 billion was allocated for social safety net programmes¹¹. This amounts to 15.12 per cent of the total budget and 2.42 per cent of GDP. In the fiscal year 2010-11, the proposed social safety net budget was 14.75 per cent (Tk. 195 bill.) of the national budget (Tk. 1,322 bill.) and 2.50 per cent of the GDP (Tk. 7,803 bill.).

Analysis shows that only 16 social safety net projects out of an estimated 84 are directly related to children, and that children were directly allocated only about 9.8 per cent (Tk. 19 bill.) of the social safety net budget which is about 1.44 per cent of the national budget in the fiscal year 2010-11. Of the 16 projects, only four projects directly target the most vulnerable children: urban working children, street children and orphans. These children have provisionally been allocated only about 0.66 per cent (Tk. 1.3 bill.) of the safety net budget.

With support from UNICEF, the Government of Bangladesh has launched the three projects: Basic Education for Hard to Reach Urban Working Children (BEHTRUWC); Protection of Children at Risk (PCAR); and Amader

⁸ *Millennium Development Goals: Bangladesh Progress report 2008*. General Economics Division, Planning Commission, Bangladesh.

⁹ *Child Poverty, Deprivation and Disparities in South Asia: Some Preliminary Findings and Policy recommendations*, UNICEF Regional Office for South Asia: A discussion note, 2009.

¹⁰ *Ending Child Poverty: the Challenge*. Department for International Development (DFID), 2002

¹¹ *Bangladesh Government’s National Budget 2009-10 and Social protection and social empowerment budget 2009-2010*, Ministry of Finance, Bangladesh

Only four out of an estimated 84 social safety net interventions directly target the most vulnerable children: the orphans, urban working children and street children. These children receive only 0.66 per cent of the safety net budget.

Shishu (Our Children) respectively aimed at enhancing the developmental opportunities, living conditions and livelihood opportunities of urban working children, street children and orphans.

Basic Education for Hard to Reach Urban Working Children (BEHTRUWC)

The BEHTRUWC interventions provide a comprehensive life skills based non-formal basic education in six city corporations for urban working children aged 10-14 years. This intervention places a special focus on girls who have missed opportunities to either go to primary school or have dropped out of primary schools. This earn-and-learn approach ensures children can continue to earn money to support their families while at the same time enjoying their rights to education¹². The overall objective of the BEHTRUWC is to increase opportunities for urban working children and adolescent to access their rights to education, protection, and development and participation.

The life skills-based education is a forty-month course and comprises five learning cycles. Each cycle is a term of eight months. Every child spends 2.5 hours a day, six days a week, at a learning centre. During this time, working children get some respite from their hazardous occupations in an enjoyable environment and achieve competency in Bengali, Environment and Life Skills at a level equivalent to grade five of the national curriculum; in Mathematics equivalent to grade three; and in English to a functional level. After completing cycle 3, children aged 13+ receive marketable livelihood skills training. They acquire livelihood skills related to communication, negotiation, job searching, Curriculum Vitae (CV) writing, etc.

Acquiring livelihood skills improve children's employment opportunities, leading to enhanced economic status and improved living standards for themselves and their families. Children with improved livelihood skills find it easier to move into safer employment and to earn a decent income. This model contributes to national efforts to eliminate the worst form of child labour and poverty in Bangladesh.

Protection of Children at Risk (PCAR)

PCAR protects street children without parental care from violence, abuse and exploitation. The first contact with children at risk is established through regular outreach activities. Children attend open-air schools in parks, markets and other public spaces, and receive non-formal education at drop-in centres. They are provided with twenty-four hour resting and sleeping areas, bathing and toilet facilities, recreation facilities, lockers, meals and medical treatment. Alongside their basic needs, abused children are provided with specialised services, such as counselling or psychotherapy, to address disturbing episodes in their lives. This intervention does not have a specific retention period for children.

At the drop-in centres, children are provided with vocational and life skills

Livelihood skills improve children's employment opportunities, leading to enhanced economic status and improved living standards for themselves and their families.

Personal development and practical life skills sessions help children cope with the everyday challenges of their lives.

¹² Basic Education for Urban Working Children, Fact-sheet 2008, UNICEF, Dhaka.



training focused on particular trades, business development, communication, critical thinking, self-esteem and negotiation. Children who successfully complete vocational training are assisted with job placement in non-hazardous environments or are provided with starting capital for their own small businesses. The personal development and life skills sessions help children cope with the everyday challenges of life.

The PCAR interventions assist abandoned, orphaned and lost children to be reconnected with their families. This includes helping children locate their families, and providing family counselling and livelihood support programmes to promote reintegration. In this way, this intervention helps to protect vulnerable children by reducing their risk of being exploited and abused, and linking them to family and non-formal education.

Amader Shishu (Our Children)

The Amader Shishu intervention projects orphaned and vulnerable children by promoting family-based care, providing conditional cash transfers; and strengthening the capacity of the social welfare system as well as establishing case management. Currently, the intervention is being implemented in Cyclone Sidr affected areas.

This intervention creates opportunities for orphans and vulnerable children to grow up in a familiar family environment with proper protection, development and access to services by strengthening the capacity of families' to protect and take care of the child.

Each care-giving family receives cash support of Tk. 1,500.00 per month for 18 months provided that the child being cared for attends school on a regular basis; is not married before the age of 18; and is not be engaged in any hazardous labour. This intervention has a dual purpose: it helps children realize their right to grow up in a family environment, and it helps families generate income and increase their economic status.

This intervention has a dual purpose: it helps children in advancing their rights to grow up in a family environment, and; it helps families to generate income and increase their economic status.

Coverage

These three interventions have limited life spans and coverage. BEHTRUWC covers only about 170,000 targeted urban working children aged 10-14 years; PCAR covers 10,000 street children in six city corporations; and Amader Shishu covers 2,100 orphans aged 0-14 years in Sidr affected areas.

Objective of the Study

Coverage of the BEHTRUWC, PCAR and Amader Shishu interventions is negligible in contrast to the total number of vulnerable children in each group. Therefore, the coverage of these three categories of very vulnerable children to scale up nationwide requires increased resource allocations to break the inter-generational poverty cycle. This study has undertaken a preliminary assessment to determine a feasible budget and timeframe required to cover all vulnerable children under these three types of interventions with different life spans, nationwide, before the jubilee year of the country's independence (2021). It also assesses the scope of these interventions for employment generation for youth and reduction of poverty in general.

Nationwide Estimation of the Number of Urban Working Children aged 10-14 years, Street Children and Orphans aged 0-14 years

Urban Working Children aged 10-14 years

Approximately, 12.6 per cent of the total population represents children within the age range of 10-14 years¹³, and roughly 5 per cent of these are urban working children¹⁴. Using this information, the total number of children and

¹³ Eight years' average proportion of population by age, from 2001-2008, was calculated from the Sample Vital Registration System 2008 of the Bangladesh Bureau of Statistics.

¹⁴ Calculated based on the data of the National Child Labour Survey 2003 of the Bangladesh Bureau of Statistics.



the number of working children aged 10-14 years was estimated for ten years, from 2011 – 2020 (Table 1, columns 1 and 2) using the country’s total projected population for each reference year.

In order to cover all the children in this age group over ten years, (before the jubilee year of independence in 2021) 10 per cent of the children for each reference year were calculated in column 4. Year 2011 of this column amounted to one 10th, year 2012 to one 9th and year 2013 to one 8th of the total targeted children. In this way, year 2020 accounts for the last one tenth of the targeted children.

It is assumed that the life span of BEHTRUWC would be seven years¹⁵. Therefore, each child would receive services continuously for seven years and the cumulative number of children in different rows (except the first row) of column 5 gradually increases compared to column 4. In column 5, row 1- or year 2011 (the first year) presents only 10 per cent of the targeted children. Year 2012 amounts to 10 per cent of the targeted child population for that year plus 10 per cent of the previous year. In this way, the year 2017 (the seventh year) accounts for 10 per cent of the targeted children for that year plus 10 per cent of the previous six years. The number of children who started receiving services in the first year were deducted in the eighth year. This means that each individual year, from 2018 to 2020, in this column shows children targeted for that year plus 10 per cent of the children belonging to the previous six years.

¹⁵ This assumes the development of a second 5-cycle BETHRUWC module covering educational needs from grade 5 to 8.

Table 1:
Estimated total number of Urban Working Children aged 10-14 years in Bangladesh in 2010/11- 2019/20

Year (1)	Number of total children aged 10-14 years (2)	Number of total Urban Working Children aged 10-14 years (3)	Number of children as 10% of the total Urban Working Children (4)	Cumulative number of Urban Working Children to be budgeted based on a 7-year retention period for each child (5)
2011	1,900,000	950,000	95,000	95,000
2012	1,900,000	970,000	97,000	192,000
2013	2,000,000	980,000	98,000	290,000
2014	2,000,000	990,000	100,000	390,000
2015	2,000,000	1,000,000	102,000	492,000
2016	2,000,000	1,010,000	104,000	596,000
2017	2,100,000	1,030,000	108,000	704,000
2018	2,100,000	1,040,000	112,000	721,000
2019	2,100,000	1,050,000	119,000	743,000
2020	2,100,000	1,070,000	133,000	778,000

Street Children

The Bangladesh Institute of Development Studies (BIDS) conducted a survey on street children in 2004 for the Department of Social Services of the Ministry of Social Welfare¹⁶. The study projected the number of street children nationwide to be 670,000 for the year 2004, 1.14 million for the year 2014 and 1.61 million for the year 2024. The average yearly increment between 2004 and 2014 was estimated at 47,000. Based on this information, the number of street children was estimated for the reference years, 2011-2020 (Table 2, column 2). Data in column 3 was calculated using the same procedure followed in Table 1. Since the retention period of street children is one year, each row in column 4 represents the same number as in column 3.

¹⁶ Estimation of the size of street children and their projection for major urban areas of Bangladesh. Bangladesh Institute of Development Studies, 2004.

Table 2:
**Estimated total number of street children in Bangladesh
in 2010/11-2019/20**

Year (1)	Number of total street children (2)	Number of street children as 10% of the column 2 (3)	Cumulative number of street children to be budgeted based on a 1-year retention period for each child (4)
2011	1,000,000	100,000	100,000
2012	1,005,000	105,000	105,000
2013	1,009,000	111,000	111,000
2014	1,140,000	118,000	118,000
2015	1,190,000	126,000	126,000
2016	1,330,000	154,000	154,000
2017	1,380,000	165,000	165,000
2018	1,420,000	181,000	181,000
2019	1,470,000	205,000	205,000
2020	1,520,000	252,000	252,000

Orphans aged 0-14 years (one or both parents dead)

Approximately 11.6 per cent of the total population are children aged 0-4 years, 13.2 per cent are children aged 5-9 years and 12.6 per cent are children aged 10-14 years¹⁷. Therefore approximately 4 per cent of the total children aged 0-14 years are orphans¹⁸. Based on this information, the number of orphans nationally was estimated. Of the total orphans, orphans of the poorest two wealth quintiles (44 per cent of the total orphans) were calculated for the reference years (Table 3, Colum 3). Since the retention period for orphans is two years, data in columns 4 and 5 were calculated following the same procedure as in table 1.

¹⁷ Eight years' average proportion of population by age, from 2001-2008, was calculated from the Sample Vital Registration System 2008 of the Bangladesh Bureau of Statistics.

¹⁸ MICS 2006 and Child Poverty and Disparities in Bangladesh 2008 report estimated the number of orphans by age, 0-17 years. Based on the information, the proportion of orphans aged 0-14 years was estimated.

Table 3:
Estimated total number of orphans aged 0-14 years in Bangladesh in 2010/11-2019/20

Year (1)	Number of total children aged 0-14 years (2)	Number of orphans aged 0-14 years as 44% of the total orphans (3)	Number of orphans as 10% of the column 3 (4)	Cumulative number of orphans to be budgeted based on a 2-year retention period for each child. (5)
2011	57,000,000	1,000,000	100,000	100,000
2012	57,000,000	1,010,000	101,000	201,000
2013	58,000,000	1,020,000	103,000	203,000
2014	59,000,000	1,030,000	104,000	207,000
2015	59,000,000	1,050,000	106,000	211,000
2016	60,000,000	1,060,000	109,000	216,000
2017	61,000,000	1,070,000	112,000	222,000
2018	62,000,000	1,090,000	117,000	230,000
2019	63,000,000	1,100,000	124,000	242,000
2020	63,000,000	1,120,000	139,000	263,000

Limitations: There are overlaps in the above three categories of children and therefore potential duplications in the number of children calculated in each group, for example, there is a chance that a certain number of orphans have been accounted for twice – as orphans and as street or urban working children. This may, to some extent, over represent the total budget calculated to cover these three groups of vulnerable children.

Projected and Estimated Social Safety Net Budget for the Most Vulnerable Children.

UNICEF has estimated the unit cost of each of these three interventions in 2009. The estimated cost per child per year for BEHTRUWC, PCAR and Amader Shishu interventions was Tk. 4,174.00 (USD 61), Tk. 17, 687.00 (USD 258) and Tk. 18,933.00 (USD 276) respectively¹⁹. In estimating yearly costs, 10 per cent of the population from each group were considered as units for each reference year, with an aim to cover all the targeted children before the jubilee year of the country's independence without disproportionately impacting the social safety net and national budgets. The target population in each group against the specific reference year was multiplied by the unit cost of that specific

¹⁹ Hossain Iftekhar (2010). *Towards a child Sensitive Social Safety nets Programme* (unpublished). UNICEF Bangladesh

The estimated cost per child per year for BEHTRUWC, PCAR and Amader Shishu interventions was Tk. 4,174.00 (USD 61), Tk. 17,687.00 (USD 258) and Tk. 18,933.00 (USD 276) respectively.

intervention to estimate the total budget required for the three interventions in each year (Table 4). Inflation was adjusted at a 6 per cent per year. The retention period of children in each intervention was also considered while estimating the budget.

In estimating the national fiscal budget for the reference years, from 2010-11 to 2019-20, the provisional budget (2010-11), the projected budget (2011-12 to 2014-15)²⁰ and the average rate of increase of ten-fiscal year budgets (12 per cent) were used for the remaining reference years. The percentage of the revised safety net budget (15.12%) for the fiscal year 2009-2010 was used to estimate the safety net budget for the reference years assuming that the economic growth will be sustainable. Data were analysed using MS Excel software (Table 4).

Table 4:
Projected and estimated budget (in Taka billion) – national budget, social safety net budget and three-intervention budget.

Fiscal Year	National budget	Safety net budget	Individual budget			Cumulative budget
			BEHTR-UWC	PCAR	Amader Shishu	
2010-11	1,321.70	199.84	0.42	2.00	1.87	4.30
2011-12	1,519.50	229.75	0.85	2.11	3.76	6.72
2012-13	1,745.20	263.87	1.28	2.23	3.81	7.33
2013-14	2,030.40	307.00	1.73	2.36	3.88	7.97
2014-15	2,342.40	354.17	2.18	2.52	3.95	8.65
2015-16	2,623.49	396.67	2.64	3.09	4.04	9.77
2016-17	2,938.31	444.27	3.11	3.32	4.16	10.59
2017-18	3,290.90	497.58	3.19	3.64	4.31	11.13
2018-19	3,685.81	557.29	3.29	4.11	4.53	11.93
2019-20	4,128.11	624.17	3.44	5.05	4.94	13.43

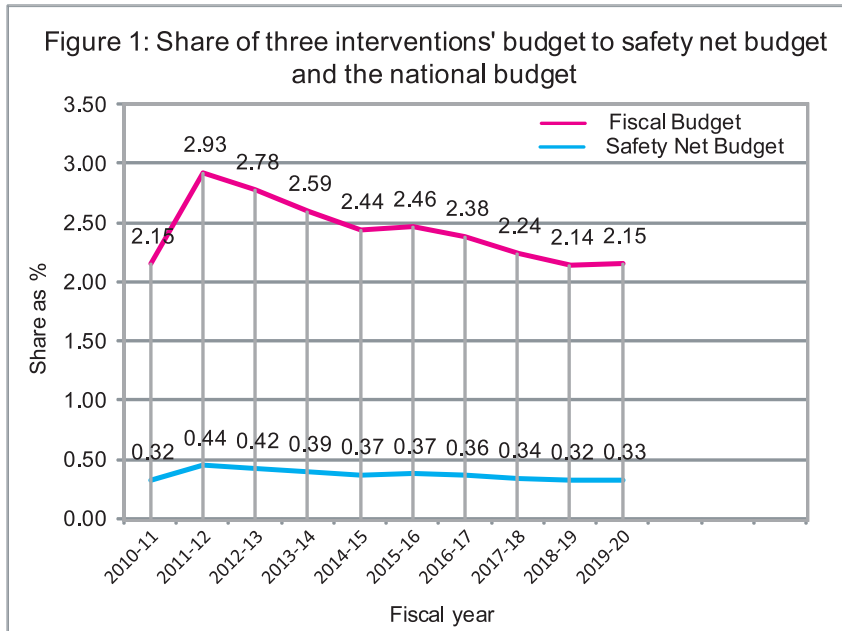
Impact of the Three Interventions' Budget on Safety Net and the Fiscal Budgets

It was assumed that if 10 per cent of the vulnerable children in each group are covered in each reference year, it will take 10 years to cover all the children under these three interventions. When the total budget of the three interventions is plotted against the projected safety net budget and fiscal budget, it reveals interesting trends. The figure below shows that the share of the three interventions' budget (BEHTRUWC, PCAR and Amader Shishu) combined

²⁰ Bangladesh MTBF 2010-11 to 2012-2013. Ministry of Finance.

would burden the safety net and fiscal budgets negligibly – only 2.2 per cent of the safety net and 0.3 per cent of the fiscal budgets for the fiscal year 2010-2011. Since the retention period of these interventions for each child varies from 1- 7 years, the share of the three interventions’ budget to the safety net and fiscal budgets sharply increases in the fiscal year 2011-12 (Figure 1). However, from the fiscal year 2012-13, the proportion of share of these interventions’ budget to the safety net and fiscal budgets gradually decreases over time.

The share of the three interventions’ budget (BETHRUWC, PCAR and Amader Shishu) combined would burden the safety net and fiscal budgets negligibly – only 2.1 per cent of the safety net and 0.3 per cent of the fiscal budgets for the fiscal year 2010-2011.



Scope of employment generation:

Investing in these groups of vulnerable children will not only benefit the children themselves by helping to break the inter-generational poverty cycle but will create employment opportunities for those who will provide services for interventions. Currently, in the case of the BEHTRUWC intervention, 7,380 people are employed to serve 166,150 children. If all the children (1,070,000) are covered in ten years, it would create employment for a total of 34,515 people. In the case of the PCAR intervention, a total of 130 people are employed to serve 10,000 children. If around 1,520,000 children are brought under this intervention in ten years, this will create employment opportunities for a total of 3,276 people. In the case of Amader Shishu, about 66 people currently are employed to serve 2,100 children. If this intervention is expanded, it will create employment opportunities for a total of 8,360 people to serve about 1,012,000 orphans. Therefore, the total scope of job creation for these types of social interventions is in the order of 46,000.

In the order of 46,000 jobs could be created if the Government decides to enhance investments in child poverty reduction. Most of these jobs could be allocated to youth.

Conclusion

This paper has argued that accelerated and sustainable poverty reduction strategy requires mitigation of inequality and breaking the inter-generational poverty cycle through allocation of increased resources for the most vulnerable children. In Bangladesh, urban working children, street children and the orphans are the most vulnerable among poor children. They deserve increased resource allocation. This study estimates the yearly budget required to provide services to these children with different retention periods and categorically suggests that the basic rights of Bangladesh's most vulnerable children can be realized without burdening the national budget. The study indicates that investing in these very vulnerable children will not only contribute to breaking the inter-generational poverty cycle but will create substantial employment opportunities for youth and adults.

Having considered the Government's resource constraints, the study has proposed to cover all urban working children of aged 10-14 years, street children and 44 per cent of orphans in the poorest two wealth quintiles in ten years (before the country's Jubilee year of independence, 2021) through these three interventions. It is estimated that about 1,007,000 urban working children aged 10-14 years; 1,520,000 street children; and 1,120,000 orphans aged 0-14 years would receive services during this period.

If 10 per cent of the total children of these three groups are covered yearly, the yearly budget required for these three interventions will be easily affordable for the government if poverty reduction investing in children is prioritized. The data shows that in the second year, the share of the three interventions to the social safety net and fiscal budgets would respectively increase to 2.9 per cent and 0.4 per cent in 2011-12 from 2.2 per cent and 0.3 per cent in 2010-11 because of the different retention periods of particular interventions for children. However, this burden would gradually decrease after the fiscal year 2011-12. It is worth mentioning that after 2020, the share of the budget that these three interventions would need would decrease significantly.

Data shows that, currently, the four social safety net projects that target the most vulnerable children - urban working children, street children and orphans - receive only 0.66 per cent of the safety net budget. Analysis showed that if these three interventions are scaled up nationwide, they will take on average only 2.4 per cent of the social safety net budget and 0.37 per cent of the national budget, an amount that is affordable given the relevance of sustainable poverty reduction.

Children aged 0-17 years represent about 45 per cent of the country's total population. A recent study on child poverty and disparities in Bangladesh showed that about 46 per cent of the child population of this age group is poor and deprived of basic social services. Evidence shows that these poor children do not receive a proportionate share of the social protection budget. Therefore, increased resource allocation for children combined with equitable distribution is crucial in breaking the inter-generational cycle of poverty and realizing the Government's commitment towards children.

The government has the opportunity to create more fiscal space for the most vulnerable children through increased revenue collection to eliminate poverty. Revenue collection in the country as a per cent of GDP is about 11.5 per cent in 2009-10 (revised) and 11.9 per cent in 2010-11 (provisional)²¹. If compared with other South Asian Countries, there is clearly huge potential for increased revenue collection in Bangladesh, especially if economic growth is sustained.

Budget allocation in many sectors is underutilized, for example, development expenditure in the fiscal year 2008-09 was only 64 per cent of the development budget²². These underutilized sectors can be identified and the budget from these sectors could be reallocated to these interventions for addressing the rights of vulnerable children. Additionally, donor support may be mobilized for broad based policy aimed at investing in children for reducing poverty.

In conclusion, investing in poor and vulnerable children should be a key priority component of Bangladesh's development strategy. Such investment also harmonizes very well with this Government's commitments toward poverty reduction and paving the way towards Vision 2021.

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²¹ Budget Brief, 2009-10 and 2010-11, Ministry of Finance: webpage: www.mof.gov.bd

²² Ministry of finance: webpage: www.mof.gov.bd

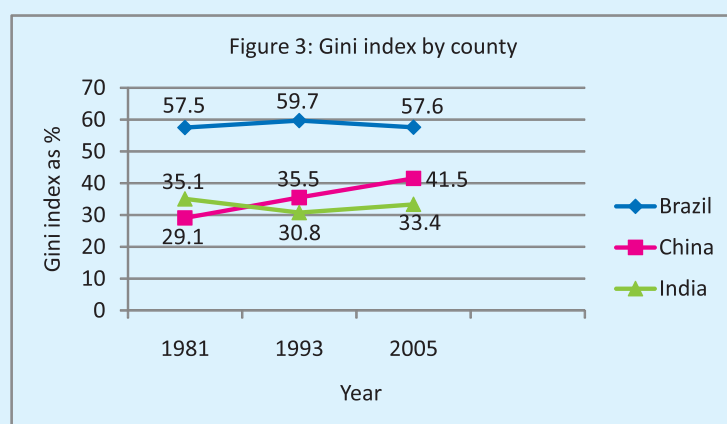
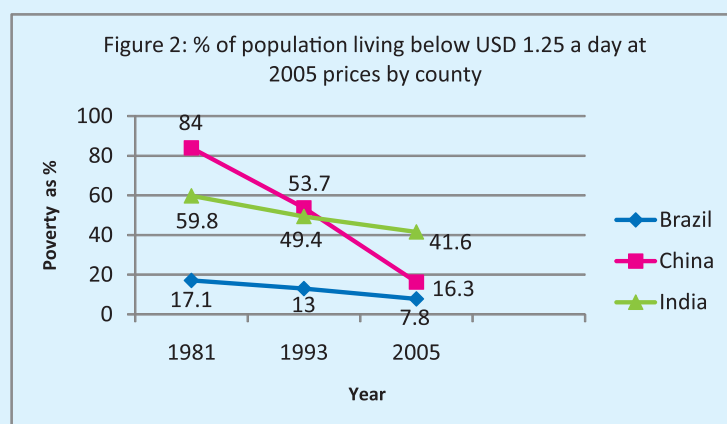
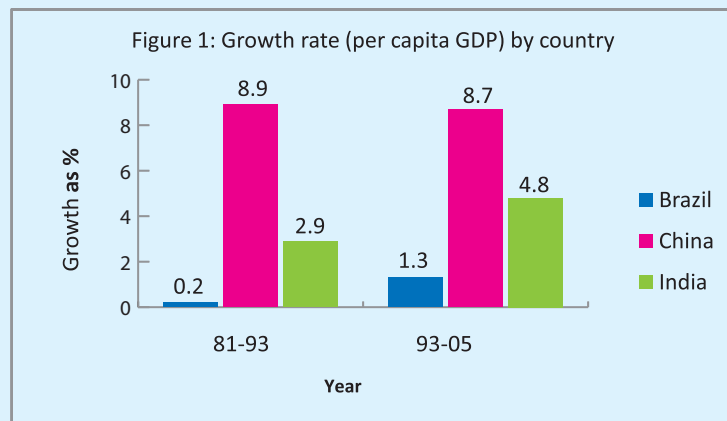
Annex

Poverty reduction performance in Brazil, China and India¹

From 1981-2007, China achieved the highest growth rate of the three countries, increasing its per capita Gross Domestic Product (GDP) by about 9 per cent. India had a growth rate of almost 5 per cent during 1993-2007, while in Brazil the growth rate was slightly more than 1 per cent during the same period (Figure 1).

Figure 2 shows that by 2007, the proportion of population in China, India and Brazil living in poverty had fallen to 16 per cent, 42 per cent and 8 per cent respectively (Figure 2). The proportionate rate of poverty reduction in China, from 1981-2007, was an impressive, about 6.6 per cent. During the same period, the rate of poverty reduction in Brazil and India was 3.2 per cent and 1.5 per cent respectively. When the poverty reduction performance of these three countries is calculated by unit growth rate (per capita GDP); it shows that Brazil's poverty reduction performance was about 5 times higher than China and 11 times that of India. This means that if India had Brazil's poverty reduction rate, India's growth rate would have delivered a rate of poverty reduction of about 16 per cent. It indicates that increased growth rate does not reflect poverty reduction performance. The question then is: what was the driving factor that made Brazil the best performer in poverty reduction among the three countries with only about one-seventh and one-fourth growth rate of China and India respectively?

The evident factor is that - Brazil applied a robust policy for inequality reduction. Data shows that inequality, as measured by the Gini index, rose over time in China and India (the initially low inequalities countries) and fell in Brazil (the high inequality country) (Figure 3). This means that rising inequality dampens the impact of growth on poverty, while falling inequality tends to enhance that impact.



¹ Martin Ravallion (2009), *A comparative perspective on poverty reduction in Brazil, China and India*, Policy research working paper 5080, World Bank; and Human Development Report 2009: *Overcoming barriers: human mobility and development*, UNDP, 1 UN Plaza, New York, NY 10017, USA.

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