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## **Poverty Dynamics, Competition and Regulation: Maymana and Mofizul's Story**

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## **POVERTY DYNAMICS, COMPETITION AND REGULATION: MAYMANA AND MOFIZUL'S STORY**

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### **Abstract**

This paper provides a case study of a poor household in Bangladesh and analyses why it became poor and why it stays poor. It identifies the ways in which ineffective competition and weak and/or non-existent regulation have contributed to Maymana and Mofizul's poverty. Their slide into poverty was occasioned by an unregulated private health sector which bled the household of assets and state failure to ensure that village courts give women their legal rights to husband's land. Their poverty is maintained by a slack labour market that provides them only with casual and low paid work and the failure of NGOs to provide poverty-reduction services to the chronic poor. Maymana and Mofizul live in an area where NGOs compete strongly for clients, but their focus on micro-credit leads them to exclude this household from their activities. The conclusion confirms elements of the present development policy orthodoxy, particularly the importance of pro-poor economic growth to increase demand for rural labour and the need to improve governance.

### **1 Introduction**

The origins of this paper lie in recent work done for the Chronic Poverty Research Centre(CPRC) on the dynamics of poverty - the ways in which individuals and households move in and out of poverty over time( see [www.chronicpoverty.org](http://www.chronicpoverty.org) for details). In some of that work (Hulme 2002) it became evident that ineffective competition and failed regulation drove people into poverty and contributed significantly to their staying poor. These issues are explored in the present paper.

Much of CPRC's research has been influenced by the 'big' approaches that shape thinking on poverty and poverty-reduction at the present time. Research is increasingly focussed on vast datasets – sometimes cross-country and sometimes panel data on specific populations or countries – that are used to measure 'how many' poor people there are, the ways in which this is changing and to identify policies that are associated with poverty-reduction. Contemporary approaches are also big in terms of the goals they set - particularly the eight Millennium Development Goals' (MDGs) with their 18 targets. Leading the MDGs, goal 1/target 1, is reducing the number of the absolute poor by half over the period 1990 to 2015 – planned poverty-reduction for hundreds of millions on a scale that was previously unimaginable. Thinking 'big' can clearly be a good thing, in terms of coming up with robust analyses; identifying policies that can be widely applied; and, mobilising resources and political commitment. However, it can also have a downside, in terms of 'torturing' datasets until they give the right answer (White 2002); prescribing policies for a mythical average country (Ravallion 2002); neglecting to state just how inaccurate the data may be (Wade 2002); and, placing those who have the data and work at a global level (most obviously the World Bank, IMF, UN agencies and major donors) at the head of the poverty-reduction process in aid recipient countries ( [ref](#) ).

In this paper I attempt a quite different approach. Rather than looking at ‘big’ datasets, aggregated information about thousands of households and grand explanations of poverty I focus on a single, small household in Bangladesh that has been poor for several years and that I suspect will be poor in 2015, if they survive that long. They will be bypassed by the MDGs. What can we learn by exploring ‘why’ Maymana and Mafizul are poor and ‘why’ they stay poor? There are clearly limits to such a nano-level approach, most obviously in terms of the dangers of trying to generalise from a single case – a 0.000000167 percent sample of the world’s US\$ 1 a day poor! But, there are also potential benefits, in terms of thinking through ideas about poverty and poverty-reduction for a real household, rather than in terms of faceless armies of the poor; and, gaining an understanding of the processes that shape poverty, rather than the impacts of policy on the ‘average’ poor household.

## **2 Poverty Dynamics: A Simple Analytical Framework**

There is a large literature on poverty dynamics and many debates about conceptualisation, that it is beyond the feasibility of this paper to address (for a discussion see Hulme et al 2001). Here, a simple framework should suffice. It has two main elements. First, poverty dynamics examine the ways in which individuals and households move in and out of poverty – with poverty understood as capability deprivation (Sen 1999) particularly in terms of inadequate income or consumption, low levels of assets, easily preventable ill health or death, lack of opportunities to acquire basic skills or education and exclusion from social and political arenas. Commonly, the unit of analysis is the household but we should never assume that all members of a household are experiencing the same types and levels of poverty.

Second, we can recognise three main forms of dynamic. Declines into poverty, when an individual or household’s capabilities decline so that they become poor or move into extreme poverty. Stability, when their poverty status (or non-poverty) remains broadly at the same level over a period of time. And, improvements, when an individual or household raises the level of their capabilities. Much policy seeks to promote improvements that lead to an ‘escape’ from poverty ie when a household moves above a poverty line and has good prospects of staying above it. While much poverty is transient (ie it occurs for only a short period of time, such as in the agricultural ‘lean season’ or due to an idiosyncratic event, and people move in and out of it) in many countries there are high levels of chronic poverty, and some households are poor for an extended period of time (say, more than five years), or all of their lives, and/or transmit their poverty to the next generation. As is argued later, Maymana and Mofizul appear to be in chronic poverty, as are perhaps around a quarter of Bangladesh’s population (Sen 2002).

## **3 Background to the case study**

Maymana and Mofizul live in a village about 30 kilometres outside of the city of Mymensingh. The area they live in is relatively ‘good’ in Bangladeshi terms as this area does not experience severe flooding, agricultural productivity has been rising with the spread of the ‘green revolution’ and fish farming and their village is near to a main road so that the economy is fairly diversified and services are accessible. In addition, there is a high density of NGOs operating in this area – the mega-NGOs, BRAC and Proshika are here, as well as

several smaller NGOs. The widely acclaimed Grameen Bank also has a large presence in the area.

Maymana and Mofizul were interviewed as part of a study of 42 households in Bangladesh looking in detail at the financial behaviours and preferences of the poor ( for full details of the methodology look at [www.etc](#) ). They were randomly selected from a stratified sample as a poor household – a categorisation that covers almost half of the households in this area. In October 1999 they answered an initial questionnaire and agreed to be part of the study. For the following year, at fortnightly intervals, our research officers visited them and collected information about their financial and economic activities over the previous two weeks and about the things that were happening in their lives. They also constructed a life history and heard from other villagers about what was going on in the area. At the end of the research year the principal researchers (Hulme and Rutherford) and research officers had a one and a half hour ‘completion’ interview with Maymana and Mofizul to check through the data and initial findings and ask a number of open ended questions about their lives and their plans.

This household was particularly interesting because of the detailed data available on its poverty dynamics. It was one of the poorest households in our small sample, being in the bottom quintile. While its history, structure and experiences are specific its poverty is not atypical of rural life: around 15 percent of households are headed by widows or abandoned wives who usually have few assets and suffer social discrimination (REF). Nor is its poverty particularly severe by Bangladeshi standards: throughout the research year there were no days on which they did not eat, they did not suffer from a natural disaster and they have a level of physical assets ( a mud hut and micro homestead ) that the hundreds of thousands of destitutes in the country can only dream of. In the following sections an examination of this household's decline into poverty and the persistent nature of that poverty are presented. Subsequently , the role that competition and regulation played in this decline and in blocking off escape routes are discussed with reference to the wider literature on Bangladesh. ( For a broader examination of their case see Hulme 2002).

#### **4 Maymana and Mofizul’s Story Phase 1: the Slide into Poverty**

In the middle of the 1990s this household had five members – Maymana, her husband Hafeez and their three children (two girls and a boy). Hafeez had three rickshaws which he hired out on a daily basis and an acre of paddy land. The household had a reasonably secure income and an asset base to fall back on in hard times. Had its position been assessed in terms of the official poverty line it would have probably been judged to be above the poverty line. It was what Hulme et al (2001) would term an ‘occasionally poor’ household: one that is generally not poor but may slip into income poverty if a shock (eg ill-health, a robbery, downturn in business) occurred but could soon return to its non-poor status. In Maymana’s words, life was ‘*balo*’ (alright /OK), although with two daughters approaching their teens there was the expense of dowry to think about and the youngest, Mofizul, had a growth on his back and was often unwell.

However, at this time Hafeez began to find his throat painful and coughed a lot. After getting medicines from a ‘pharmacist’ in the bazaar (almost certainly someone with no formal training) which made no difference, and visiting the nearby government run health centre, where the staff asked for bribes but did not seem very interested, he went to a ‘doctor’ in a nearby town (again, it is possible that this man may not have been trained or was only partly trained). This doctor recommended special medicines that were expensive, and when they did

not work referred him to a colleague in the nearest city, Mymensingh. This was expensive in terms of medical fees, medicines and travel costs so a rickshaw had to be sold to meet the bills. His condition worsened and X-rays and other tests were required. Another rickshaw had to be sold, weekly income plummeted with only one cycle to hire out and the family had to reduce its consumption and stop replacing worn clothes or old utensils. Hafeez got sicker. The elder daughter, now moving into a marriageable age, was concerned that the family would not have a dowry and so she would not be able to get married. She acquired a kid, fattened it, sold it and repeated this cycle ( we were never able to find out where the idea or the start-up capital came from). In this way she was able to save her own dowry and her younger sister adopted the same strategy of self-provisioning to marry. By now Hafeez was confined to the house and had lost a lot of weight. The rickshaws had all been sold off and the household was dependent on rice produced from its small plot of land and Maymana getting occasional work as a domestic help. Male members of the wider family, with some involvement from Hafeez, were able to arrange marriages so the girls were wed – much to Maymana’s relief, as with everything going wrong she had thought the girls might never reach that stage.

In 1998 Hafeez died (local key informants described the disease as throat cancer and they may be correct). Maymana was in despair with no husband, minimal income and a sickly child to care for. But things got worse. Her father-in-law took control of the household’s agricultural plot and so she had to start borrowing, gleaning and begging for food. Fortunately her married daughters, wider family, neighbours and the mosque committee helped and so she and Mofizul, they were now a household of two, survived. Although Mofizul was often sick at the age of 12 he started looking around for work and sometimes got casual employment at a local timber mill. His income helped, but at a daily rate of 10 taka ( 20 cents) it did not make a big difference. Despite threats and warnings Maymana took her father-in-law to the village court (*shalish*) in December 1999 and demanded that he return Hafeez’s land. Despite the fact that in Bangladeshi law she almost certainly had rights to the land the *shalish*, as is the norm in the country when women claim rights to land ( REF BRAC), ruled against her. Following the spirit of compromise that often guides the *shalish* her father-in-law did, however, tell the court that he would pay for any medical expenses arising from Mofizul having his back treated. Unfortunately, he has never honoured this promise. In terms of livelihoods analysis the household’s asset pentagon has shrunk dramatically over the late 1990s. Physical, natural and financial capitals have almost disappeared : social capital ,and the household’s constrained human capital ( illiterate, disabled and suffering ill health) are the basis for survival.

DIAGRAM

## **5 Maymana and Mofizul’s Story Phase 2: Chronic Poverty**

The first time we met Maymana, in October 1999, she and Mofizul occupied a one room, mud walled house with an old iron roof. They also had a small kitchen hut with mud walls and plastic sheeting on the roof. This, and its 0.06 acres of homestead land, was their main asset. They had no furniture, equipment or livestock (not even chickens) and only a small amount of old cooking utensils. This hut stood at the back of a number of better constructed buildings belonging to an uncle. Maymana did not know her age but was probably in her late 40s. She had two years schooling but was illiterate. She was also deaf (requiring people to talk loudly and to repeat themselves) and often tired or ill. Mofizul was 14. He had no

education, as remains the norm for children with an impairment in Bangladesh, and being 'disabled' was part of his social identity.

During the year (October 1999 to October 2000) that Maymana met fortnightly with our field-researchers, she and Mofizul patched together their livelihood from a variety of sources – casual work, gleaning, borrowing, begging and receiving charity. They survived, but they were not able to acquire or accumulate any significant financial, physical or natural capital. Their human capital remained at low levels, with no new skills acquired and their health often poor. As indicated below, their social capital was of great importance for survival, but as she had angered her father-in-law (see above) and was taking loans that were not being repaid, their social capital may have been eroding.

Their preferred survival strategy was to work. Despite his youth, disability, ill health and lack of education Mofizul was determined to work. This paid off and during the research year, as he matured, his wage rate was increased to half the adult male rate: that was a rise from 10 taka to 30 taka ( US\$ 0.60 ) a day. It was casual work, and so often he went without hire. When the mill owner shut the business down for a month in late 2000 times got very hard. Maymana told us that she tried for work as a domestic help – but, as she was aging, deaf and often unwell no one was prepared to hire her during the year. Whenever possible she gleaned rice from harvested fields and areas where grain is processed. When times were really hard she borrowed food and money. When desperate she begged. Sometimes they received gifts or charity. During Eid in the research year the mosque committee gave her 150 taka (US\$ 2.50 or the equivalent of four days pay for her son), a sari and meat to eat (a rare treat). At the beginning of the research year, she held a Vulnerable Group Development (VGD) card entitling her to 30 kilograms of wheat each month (9). This is World Food Programme grain that is provided to female-headed households that the local government councillor identifies as meeting the criteria for being vulnerable to hunger. However, she received only 7.5 kilograms and then had to return the card to the councillor. The reasons for this were complicated, but were related to the councillor belonging to a different political party than the uncle she is living alongside. It appeared that the uncle was worried about the motives of the councillor, suspecting that this was a means of getting the broader family to change their political allegiances. Whatever the exact detail, micro-level political economic machinations meant that a well-targeted VGD card was forfeited by its recipient.

The other two strategies were borrowing and begging. Distinguishing between these is not always easy as during the year Maymana arranged several loans from family and neighbours that she was not able to repay. These were described as loans but appeared to be gradually converting into 'gifts'. By October 2000 she had borrowed 500 taka from one daughter, 20 kilograms of rice from the other daughter, 15 kilograms of rice from a son-in-law, and 1.5 kilograms of rice from a neighbour. It was unclear how this could be paid back.

Despite these difficulties, she reported that 2000 had been much better than the previous year. Her son's earnings had reduced the need for her to beg for food and carefully managing that money meant that they could often substitute borrowing for begging (as they could plan to repay loans, at least in part, from future income). From discussions with key informants it was clear that Maymana and Mofizul were seen locally as 'deserving poor' – their poverty was not due to foolishness or wastefulness and they were constantly trying to provide for themselves.

In terms of poverty analysis, the household had been both income and capability poor for three or four years and this condition was likely to continue. Maymana is unlikely to ever get casual work again because of her age, hearing disability and illhealth. Mofizul's income is irregular and dependent on the relationship that he developed as a child with the mill owner. He is unable to acquire additional skills that would give him greater employment security or daily rates. They have no significant tangible assets from which they can derive rents and it is hard to see how they could accumulate savings that could be used to purchase assets.

Following their decline into poverty this poverty had endured. They were poor, but still well above the bottom rungs of deprivation in Bangladesh. They were not destitute – having a place to live, a major asset (house and micro-homestead), some earnings from the labour market and a social network that partly met their needs during periods of hardship. It was difficult to imagine how they might escape poverty but it looked as though they had the resilience to avoid the slide into destitution.

## 6 Why are Maymana and Mofizul Chronically Poor?

When Maymana was asked why she was poor she identified three main factors. At the heart of the explanation was the prolonged illness and eventual death of her husband. That had led to a dramatic decline in household income, a rise in expenditure and the selling of productive assets. Second, was the seizure of her husband's land by her father-in-law. If she could have held on to that then the household would have been ensured of producing some food each year. Finally, there was the structure of her household: two daughters needed dowries and could not earn much and her son's condition, having an impairment and being unwell, only aggravated things. When pushed for a further analysis of 'why' she explained that it was God's will – *inshallah*.

Advantages of class, wealth, education, race and gender make it possible for analysts of poverty to elaborate on these (*mea culpa*). There are two main phases to this household's persistent poverty. The first, as Maymana identifies, is concerned with the 'decline' or 'slide' into poverty from what was, by the standards of rural Bangladesh in the mid-1990s, a reasonably secure position. The second, relates to the post-slide period and focuses on why it has not been possible for them to improve their economic and social circumstances – why are they trapped in poverty? In Table 1 I attempt to summarise the main reasons why they have slid into poverty, why they

**Table 1: Understanding Maymana and Mofizul's Poverty**

Sectors	What support has this sector provided for them?	What constraints has this sector placed on their welfare and in what ways has it 'failed' them?
State	<p>?? VGD card</p> <p>?? Basic health services</p> <p>?? Primary education</p>	<p>?? Card withdrawn</p> <p>?? Poor quality, and has failed to regulate the quality of private health service providers</p> <p>?? Only taken up by Maymana for two years</p>

	?? Law and order	?? Failed to uphold Maymana's rights to land inheritance
Market	<p>?? Labour market</p> <p>?? Product market</p> <p>?? Insurance</p> <p>?? Health Services</p>	<p>?? Provides Mofizul with poorly paid, casual work. Maymana unable to get work</p> <p>?? Used by Maymana's daughters to sell goats for dowries</p> <p>?? No health or life insurance available to manage Hafeez's decline</p> <p>?? Provided services to Hafeez that did little for his health but dramatically depleted household assets</p>
Society	<p>?? Charity</p> <p>?? Mosque Committee</p> <p>?? Informal loans</p> <p>?? Village court</p> <p>?? NGOs</p>	<p>?? Neighbours give food when Maymana begs and permit her to glean from their land</p> <p>?? Provides gifts at Eid</p> <p>?? Neighbours provide loans of money and grain that may turn into gifts</p> <p>?? Cheated Maymana out of her land rights and greatly reduced her asset base</p> <p>?? Do not provide support to Maymana – not a suitable client</p>
Family	<p>?? Father-in-law</p> <p>?? Daughters and sons –in-law</p> <p>?? Uncle</p> <p>?? Maymana's father (mother is dead)</p>	<p>?? Seized her land, greatly reduced her asset base, does not buy health care for Mofizul</p> <p>?? Provide loans of food and money that may not be repaid</p> <p>?? Provides physical security (as the household is part of the uncle's bari) and food loans and gifts. Blocked Maymana from using her VGD card and discourages her from begging</p> <p>?? Unable to provide support as he is old, sick and poor. Maymana wishes she could help him</p>

remain poor and what they are doing to try to survive. This is structured in terms of the way in which their welfare has been supported or undermined by the actions (and inactions) of the state, market, civil society and family.

**The Role of the State** Public provision has done relatively little for this household. The failure of the health services to provide for the health needs of Hafeez and Mofizul has been central to their slide into poverty. This has been compounded by the failure of the state to regulate the private health sector, which bled the household of its assets during Hafeez's demise, and to oversee the village court and ensure that it does not discriminate against women. Public education has done little: only Maymana has been to primary school and she dropped out and is illiterate. The one really effective form of intervention – providing Maymana with a VGD card to get 30 kilograms of wheat per month – was blocked by her uncle because of local political economic machinations. This was a tragedy, as such an entitlement, running for 18 months, would have created an opportunity for Maymana and Mafizul to begin to accumulate other assets ( see Matin 2002a and Matin and Hulme 2003 for a discussion on the impacts of the VGD and related schemes). This was a potential 'escape route' from poverty that was lost.

**The Role of the Market** Prior to Hafeez's illness the market was the basis for household security and accumulation through the expansion of their rickshaw business. However, the market played a central role in the decline of the household by providing costly services to Hafeez that did not improve his health condition but which immiserised his family. The present status of private health services for rural people in the country is that they can provide little or no benefits to those with major, complex health problems – such as cancer. Many private doctors are providing services when they do not understand the patients condition. During the 'slide into poverty' the market did provide the opportunity for the two daughters to save for their dowries through raising goats. While many commentators frown on dowry, for these women it was their main personal priority.

One can also understand these issues in terms of failures in the formal insurance market – a market that this household has never encountered. Health insurance could have covered Hafeez's medical costs (and might have been a device through which the quality of medical services he received could be set at a minimal level). The formal health insurance market in Bangladesh for low income, rural people is a totally missing market. In contrast, the life insurance market for such households has begun to develop (Matin 2002b). One of the country's biggest insurance companies, Delta Life, has been selling its *Gono Bima* ( village insurance) policies that provides life insurance over 5, 10 and 15 years in return for small, weekly premiums. Had Hafeez known about *Gono Bima*, the policies are available in the Mymensingh area, he could have taken out life insurance to protect his family against his death. This said, it is fortunate that he did not take out such insurance, given that policies are not being paid out (ibid). Delta Life was unable to effectively administer its field staff so that some premiums were collected without a policy being registered and, even when policies were registered, the families of deceased policy-holders have not been paid out. Failures of corporate governance in Delta Life, and state failure to regulate the insurance market, mean that obligations to rural clients can be avoided. Low income households in rural Bangladesh are in no position to take large financial institutions to court – and those that have tried insurance are unlikely to recommend it to friends given the problems Delta Life has faced.

Post-slide the labour market has partly supported the household and the best thing that happened to Maymana and Mofizul during 2000 was his pay rise, from 20 cents to 60 cents a

day (see above). However, the abundance of labour in relation to demand means that rates are low and work is casual. Mofizul's disability means that he is likely to be discriminated against throughout his life in terms of daily rates and job security. Maymana is desperate to work, in preference to gleaning, borrowing and begging, but there are no opportunities for an illiterate, aging, deaf woman who is often sick.

**The Role of Society** Support from neighbours and local institutions is of fundamental importance to this household. Neighbours allow Maymana and Mofizul to glean from their land and provide no interest loans of food and money (Table 2). Despite her poverty, Maymana is engaged in reciprocal transactions and makes tiny loans to neighbours when times are hard for them. The mosque committee also provides her with gifts at Eid. Islamic principles of charity are part of the social support network on which she can draw. When times are really hard Maymana begs people in the village and nearby areas for food. She does not like doing this, however, as not only is it demeaning but it annoys the other people who live in her uncle's *bari*. The big change in her life in 2000, compared to earlier years, is that she is able to borrow rather than beg, as her son's income provides a flow from which loans can be repaid.

#### TABLE 2

The village court's ruling that her father-in-law can control the land that Hafeez farmed has been the biggest setback during the year. This was the only significant 'tangible' asset she and Mofizul had a claim. If they could have accessed it their livelihood would have been much securer. However, as is common in rural Bangladesh the *shalish* regards land as a resource that is controlled by men: a widow, and particularly an aging and deaf one with a disabled son, is not likely to acquire land in such a patriarchal setting.

And what of the NGOs, which have such a high reputation for poverty-reduction and which focus on women. The country's two largest NGOs, BRAC and Proshika, operate in this village, as does the Grameen Bank and several smaller NGOs. Maymana has never been approached by their fieldworkers nor by neighbours and relatives who are members of these NGOs, to join them. Her personal understanding is that all the NGOs concentrate on microcredit and she says that she would be worried about joining them as she is not sure that she could make the *kisti* (weekly repayments) and then the fieldworkers and other members would tell her off. As well as this 'self exclusion', there are probably also elements of social exclusion (other members may well see an aging, deaf widow with no secure income as a risk) and organisational exclusion (BRAC has done work with HelpAge International that revealed that field staff 'push' women in their 40s out of BRAC village organisations) (10).

**The Role of the Family** Maymana's blood relations are central to her and Mofizul's survival. Being part of her uncle's *bari* provides physical security and a social relationship that guarantees survival. He will not see them starve, but he is not concerned about their living standards much beyond this minimum criterion. As described above, he has also been an obstacle to their accessing a VGD card which might have created a chance for them to escape from penury. Her daughters and sons-in-law have provided loans of food and money (Table 3) to help her out during lean times and these seem likely to slip into becoming gifts as she cannot repay them(11).

#### TABLE 3

By contrast, her husband's relatives have undermined the household's livelihood by seizing Hafeez's land. There may be mitigating circumstances, such as Hafeez having borrowed money from them to pay for his medical costs that was not repaid, that we did not hear about. Whatever, the loss of access to land by widows remains a norm in rural Bangladesh, and family ties are both a source of support and a source of vulnerability for the poor.

## **7 Maymana and Mofizul: Competition and Regulation**

A complex web of factors are associated with this household's slide into poverty and its staying poor. Out of these it is possible to identify a number that relate directly to competition and regulation. By drawing on the wider literature on poverty-reduction in the country it is possible to gain insights into these processes.

At the heart of their slide into poverty lies the market in health services. Government curative health services, as was the case for Hafeez, are of low quality (Landell-Mills 2002). This has created an opportunity for private sector provision, sometimes within public premises, and there is a vast array of private pharmacists and doctors across the country. In rural areas these providers are entirely unregulated in terms of the training of personnel and the contents of the medicines that are prescribed often do not match their labelling. With little or no relevant information to use to choose between practitioners, but a desperate need for health care, Hafeez had liquidated most of his household's tangible assets on services that appear to have done nothing to improve his condition. The nature of competition in the market for rural health services is not such that it is driving up standards – millions of poor, and commonly illiterate households, are not able to develop local or wider institutions that can provide them with accurate information on the comparative quality of services or identify a minimum standard for provision. The lack of any broader framework, of self-regulation or state oversight, means that providers are in a position by which they can make a good income from uninformed diagnoses that have little relevance to a patient's condition. There are enough sick people in the country to ensure that they always have clients. NGOs are active in the health sector in Bangladesh, but their focus is on preventative medicine and mother and child health services. This is a logical prioritisation, but it does mean that they have not impacted on the curative health market in ways that make competition more effective.

The second main factor in Maymana and Mofizul's 'slide' was their losing access to Hafeez's land. This is a case of state failure to regulate the *shalish* and a traditional institution ruling in favour of a powerful male, and against a widow. Gradual processes of social change are making this less of a norm than was the case in the past (Kabeer) and NGO programmes, such as BRAC's 'Human Rights and Legal Education' programme – which educates groups of women about their rights by law and mobilises women into action groups that demand that national laws be applied – are forcing the pace of change. In theory, Maymana could go to the district court to press her claim for land. In practice, given the way in which court decisions can be 'bought' and the dubious practices of the legal profession at the local level (Landell-Mills 2002) she is wise not to challenge the village court. To act in such a way would anger the village's powerful patriarchy, lead to a withdrawal of social support, might threaten Mofizul's employment prospects, and require the payment of fees to solicitors. Losing such a case in court would likely result in destitution with the sale of the homestead to pay solicitors fees and the total withdrawal of support by family and neighbours. Against such high risks, accepting penury seems an attractive choice.

The third area in which competition and regulation have a direct impact on this household is the labour market. The lack of demand for labour in relation to its relative abundance means that wage rates are US\$1.20 a day and as a child Mofizul can only earn a half rate. The orthodox prescription for this, labour-intensive economic growth is clearly central to increasing both wage rates and the number of days that people can find employment. Maymana and Mofizul need pro-poor economic growth just as much as more economically active people. It must also be noted that had Maymana been able to retain access to land, or if they could access it in the future, they would have a partial means of using their labour productively when Mofizul cannot get work.

Finally, the question of competition between NGOs to provide poverty-reducing services needs some thought. Bangladesh has one of the best developed NGO sectors in the world, with perhaps half of poor households receiving some service from them. In the area where this household lives there is a significant NGO presence and competition for clients has developed (Matin). How is it that this household has not benefited from their activities? The main reason for this is the focus of almost all of these NGOs on microfinance. As has been extensively argued, a focus on microfinance leads NGOs to concentrate on poor households with relatively regular incomes and with characteristics that make it likely that they will not fall behind with repayments (Hashemi 2001; Hulme and Mosley 1996; Zaman ???). Maymana does not fit into this category and she has not had contact with NGOs because of self exclusion, social exclusion by other group members and exclusion by NGO personnel. Zohir (2001) argues that as the microfinance market has become saturated smaller and newer NGOs are beginning to serve households that are more deeply in poverty because of increased competition for poor clients. Perhaps Maymana will be recruited in the future, though there is a strong case that the services that she needs from NGOs are not microcredit but social security and advocacy.

## **8 Conclusion**

Maymana and Mofizul became poor and stay poor because of a complex set of factors. This nano level analysis does allow us to see the ways in which ineffective competition (in the markets for health, labour and poverty-reduction services) and weak or non-existent regulation (in the health and justice sectors) contributes to their problems. What can we conclude?

This case study confirms much of the contemporary orthodoxy on development, particularly the need for economic growth and improved governance. At the heart of Maymana and Mofizul's poverty is a state that rarely functions in ways that benefit its poorest citizens (Landell-Mills 2002). It points to two other arguments, one of which is about to become an orthodoxy and one of which needs much more attention.

First, it supports the UN Commission on Health and Macroeconomics that making basic health services available to the poor needs as much attention in national policy making as does the promotion of economic growth (Sachs 2002). This will require more money (ibid) but also a detailed understanding of how to weave the forces of competition and regulation together to provide effective services. The present vogue for 'partnerships' provides neat soundbites but does nothing to assist with the understanding of how state regulation, professional self regulation, client association and advocacy and competition can be harnessed to improve health services for the poor. Second, the focus of most of Bangladesh's NGO's on microfinance and income generation is leaving a gap in the market for NGOs that could

provide livelihood protection to the country's chronically poor. Responding to this need, and persuading donors to support such experiments, is a priority task for the country's burgeoning NGO sector.

### **Notes (don't fit in with text yet)**

1 A note on poverty as deprivation etc

2 If the MDG target of a 50 percent reduction in US\$ 1 a day poverty is achieved then that will leave 900 million people in income poverty in 2015 (Hulme et al 2001).

3 Though contrary to the way that they are sometimes presented (eg Dollar and Kraay 2000 and the coverage of that paper in the Economist and Financial Times) these analyses do not reveal laws of development, growth and poverty-reduction – development economics is not and never will be a natural science.

4 I believe that this approach is relatively original. The Voices of the Poor Study (Narayan 2000 and Narayan et al 2000) presented much testimony from different poor people, but this was splicing together different pieces of information from different people and not looking at any specific household in detail. The World Bank (2000:2) presents 'Basrabai's Story', but this is as much the story of a village as an individual or household. In addition, we have no account of Basrabai's personal history: although she has clearly had to struggle during her life. She is presently the head of a SEWA group and chair of the local council so there is a high probability that she is now non-poor. By contrast, Maymana and Mafizul have been poor for many years and have a high probability of staying poor and dieing in poverty. The reader should also note that I do not claim that this paper presents their 'voice'. It is my interpretation of a long conversation with them and of materials collected by research assistants over a 12 month period.

5 For a discussion of the concept of chronic poverty see Hulme et al (2001) and Hulme and Shepherd (2003). For details of the Chronic Poverty Research Centre and its publications see [www.chronicpoverty.org](http://www.chronicpoverty.org)

6 See Moore (2001) for a discussion of the intergenerational transmission of poverty.

7 Comparative international figures are hard to collect because panel data sets are relatively rare and the definitions of the time duration that determines chronic poverty varies from study to study. For reviews of the available data see McKay (2002 and 2003) and Shahin (2001).

8 It can appear somewhat esoteric to count the dead as the present day poor, but this is one of the contemporary frontiers of conceptualising poverty. A practical example illustrates this. An NGO in Ethiopia, Gemini, supporting poor households that have twins (a recipe for crisis in many contexts) has found that one of the factors associated with its clients improving their economic status (incomes and assets) is the death of a twin, or both twins. If we do not incorporate such child deaths in our assessment of poverty then the deaths of children are implicitly a good thing for poverty-reduction. To take things to a logical conclusion, those trying to achieve the MDGs would need to work out what increase in child mortality (goal 4/target 5) was acceptable to achieve the lowering of the headcount percentage (goal 1/target 1).

9 Note on how VGD works.

10 BRAC has operated the Income Generation for Vulnerable Group Development (IGVGD) Programme for many years in an attempt to reach women excluded from its main programmes. This has reached 'deeper' than its other activities, but some women are still excluded (see Matin and Hulme 2003 for a discussion). Recently BRAC has introduced the Challenging the Frontiers of Poverty-Reduction (CFPR) Programme, and Proshika its 'ultrapoor' programme to reach women such as Maymana

11 It is difficult to ascertain whether these loans are regarded as coming from a daughter, a son-in-law or the couple. Both the daughter and the sons-in-law were mentioned as lenders during discussions.

12 In the early 1990s I was a critic of Bangladeshi NGOs, especially when they claimed to reach the poorest of the poor. Having looked at NGO programmes in other parts of the world, however, I have revised my perspective and, adopting a comparative international perspective, I realise how wrong my doubts were. Bangladeshi NGOs rarely reach the country's poorest people but they go deeper than in most other countries.