Pursuing Social Development for Achieving Inclusive Growth: 
*Issues and Priorities*

Presented by

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Dr Debapriya Bhattacharya and Professor Mustafizur Rahman, Distinguished Fellows, CPD were in overall charge of preparing this report as Team Leaders.

Lead contributions were provided by Dr Fahmida Khatun, Executive Director; Dr Khondaker Golam Moazzem, Research Director; and Mr Towfiqul Islam Khan, Senior Research Fellow, CPD.

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Mr Towfiqul Islam Khan was the Coordinator of the CPD IRBD 2018-2019 Team.
Section I. Introduction
Following the national elections on 30 December 2018, the newly elected government has taken charge to govern the country for the next five years.

Before the national elections the ruling party had highlighted its achievements during the last two regimes; it also made several pledges to be fulfilled in the coming years.

The government is now entasked with delivering its electoral promises in economic fronts.

In order to do so, continuous evidence-based policy analysis coupled with stronger expression of support for the marginalised stakeholders will be necessary.

The government will have to build on its economic progress to consolidate the achievements and take necessary actions to address the emerging challenges with specific work plans.

The overarching objective should be to make development inclusive and sustainable by taking all aspects of development into consideration.
Development is a *multi-dimensional* process; hence achievement in one area does not capture the essence of development.

Economic growth or increase in per capita income

- **Economic Dimension**
- **Institutional Dimension**
- **Political Dimension**
- **Social Dimension**

Values and attitudes regarding material gain, hard work, saving for the future and sharing wealth

Amartya Sen’s “Capabilities Approach” sees development in the following way:

- **Capabilities are the freedoms in terms of choice of functioning**
- **To enhance the capabilities to function, provide healthcare and education for all**
- **Income or wealth, or even consumption cannot define well-being adequately**
- **Healthcare and education, as well as income and wealth, are necessary for well-being**
- **The true meaning of development is enhancing well-being for everyone**
Section II. Major Achievements in Recent Periods
Economic growth in Bangladesh has been rapid and resilient in the past decade.
GDP has been growing at more than 6% since 2011; in FY2018, GDP growth rate reached 7.86%.
In 2000, the share of population below the national poverty line was 48.9%; in 2015, this fell to 24.3%.

Figure: GDP growth rate at constant price (in %) (base year 2005-06)

Figure: Poverty Headcount at National Upper Poverty Line (% of population)

Source: GDP of Bangladesh, BBS

Source: Household Income and Expenditure Surveys, BBS

Bangladesh has achieved important milestones since 2015

**Milestones in the country’s development journey**

- **2011**: 6th Five Year Plan
  - Target for attainment of middle-income status by 2021 is set

- **2015**: LMIC graduation
  - Bangladesh joined the lower-middle-income country (LMIC) category on July 1, 2015

- **2018**: LDC graduation criteria met
  - Bangladesh met the least developed country (LDC) graduation criteria in 2018

- **2021**: LMIC graduation target
  - Bangladesh crossed the 2015 LMIC inclusion threshold of USD 1,046

- **2024**: LDC graduation
  - Bangladesh can graduate out of LDC status in 2024
Section III. Key Challenges
Key Challenges

- Despite impressive economic growth, some disquieting features are observed.

Two major concerns are:

- Higher growth could not generate adequate employment
- Benefits of growth are unequally distributed

- These issues threaten the inclusivity of economic growth.
Key Challenges

Youth unemployment

- Despite the increase in employment, the jobs created were not adequate to meet the market demand.

1.4 million people entered the country’s labour force during the period 2015-16 and 2016-17 (BBS, 2018).

Between 2015-16 and 2016-17, a total of 1,296 thousand jobs were created in Bangladesh (BBS, 2018).

- This implies that even if approximately 1.3 million jobs are created each year, about 104 thousand newly unemployed people will join the already significant amount of unemployed in the country each year, provided all other factors are held constant.

Rising inequality

- Income share held by the richest 5% of the households in Bangladesh increased from 18.85% in 1991–92 to 27.89% in 2015–16;
- Income share held by the poorest 5% of the households in the country fell from 1.03% in 1991–92 to 0.23% in 2015–16.
- In 2010, the richest 5% of the households were 32 times richer than the poorest 5%;
- This difference magnified astronomically in 2015 when the richest 5% was 121 times richer than the poorest 5%.

Source: Author’s illustration based on data from Household Income and Expenditure Surveys, (BBS).
Section IV.
Equitable Quality Education
Equitable Quality Education

Progress in Education Sector
Since 2000, Bangladesh has experienced notable progress in educational achievements in areas including:

- Improvement in near-universal access to primary education
- Increase in adult literacy rate from 56.9% in 2008 to 72.9% in 2017
- Increase in participation supported by expanding stipend scheme and free textbooks and improvement in student-teacher ratio
- Increase in teacher salary, implementation of student assessment reforms and improvement in school facilities
- Elimination of gender gaps in access to primary and secondary education

Figure: Gross and net enrolment trend from 2010 to 2017

Equitable Quality Education

- Education received 16.4% of total allocations of budget for FY2018.
- This is a departure from the development in actual expenditure, which was exhibiting an increasing trend from FY2013 to reach 19.1% of total expenditure in FY2017.
- Per capita real expenditure on education has increased by Tk. 445 during FY2009 to FY2017.

**Figure**: Share of education expenditure in budget expenditure and GDP

**Figure**: Per capita real expenditure on education

Source: Ministry of Finance (MoF), Bangladesh.
Note: AFY stands for Actual Budget in Fiscal Year; RBFY stands for Revised Budget in Fiscal Year BFY stands for Budget in Fiscal Year.

Equitable Quality Education

Major areas that need attention

- Raising allocation for public education budget to at least 4% of GDP and 20% of the national budget
- Decentralising education governance
- Reforming the Technical and Vocational Education and Training (TVET)
- Providing life-long learning opportunity
- Making teaching a prestigious and attractive profession
- Promoting expansion of quality pre-primary education
Section V. Healthcare for All
Bangladesh’s progress in health sector is manifested through improvements in a number of health indicators, such as:

- reduction in maternal mortality and under-five mortality; decline in total fertility; increased immunisation coverage; higher life expectancy at birth; and contraceptive prevalence rate

Table: Trends in major health statistics

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<th>Indicator</th>
<th>2007</th>
<th>2017</th>
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<tr>
<td>Life expectancy at birth</td>
<td>66.6</td>
<td>72.0</td>
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<tr>
<td>Crude birth rate per 1000</td>
<td>20.9</td>
<td>18.5</td>
</tr>
<tr>
<td>Crude death rate per 1000</td>
<td>6.2</td>
<td>5.1</td>
</tr>
<tr>
<td>Infant mortality rate per 1000 live birth</td>
<td>43</td>
<td>24</td>
</tr>
<tr>
<td>Under five mortality rate per 1000 live birth</td>
<td>60</td>
<td>31</td>
</tr>
<tr>
<td>Maternal mortality ratio per 100,000 live birth</td>
<td>351</td>
<td>172</td>
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Source: Sample Vital Registration Statistics (SVRS), BBS.

Targeted policies and investment in the sector by major involved players have contributed to these achievements.
Some of the policies and initiatives include Health, Population and Nutrition Sector Development Programme (HPNSDP), National Health Policy 2011, 4th HPNSP (2017-2022), Sector Wide Approach (SWAp), Health Care Financing Strategy (HCFS) 2012-2032, and Community Clinics (CCs).

Despite quantitative progress in health indicators, the quality of healthcare in both public and private health services is unsatisfactory.

Resource constraint, lack of professionalism, poor management and inadequate policy initiatives are the major reasons.
Rise in per capita public expenditure on health has been rather insignificant.

Per capita real public expenditure on health has increased by Tk. 205 during FY2009 to FY2018.

Figure: Per capita real expenditure on health

Source: Ministry of Finance (MoF), Bangladesh.
Note: AFY stands for Actual Budget in Fiscal Year; BFY stands for Budget in Fiscal Year.
Insignificant rise in per capita public expenditure on health has led to high out-of-pocket expenditure.

Over two-thirds of total health expenditure is financed by out-of-pocket spending. In Bangladesh, 71.8% of total health expenditures were out of pocket spending in 2015 which was highest among all South Asian countries.

**Figure: Out-of-pocket expenditure (% of current health expenditure) in South Asia in 2015**

Investing more resources on healthcare to reduce inequity in health outcomes

Investing in advanced research and developing strong database

Providing regular training for professional development

Improving governance of the healthcare system

Regulation and monitoring of healthcare institutes

Encouraging preventive and promotive healthcare

Major areas that need attention

Healthcare for All
Section VI.

Social Protection for the “Left Behind”
In promoting inclusive growth in an economy, social protection ought to take a central place in development planning.

In FY2019, the social security budget was 2.5% of the GDP, which exceeded the target of 2.3% of GDP outlined in the 7FYP.

However, a close scrutiny of the allocation for social security indicates that in FY2018, 41.3% of the budget for social security was allocated for the pension of government officials (GED, 2018).

The social security budget, excluding pension, has been on the decline - from 2.1% of GDP in FY2011 to 1.7% of GDP in FY2018.

**Figure: Social security budget as a % of GDP**

Source: Authors’ calculation based on Social Security Policy Support (SSPS) Programme data and budget documents.

*CPD (2019): Pursuing Social Development for Achieving Inclusive Growth: Issues and Priorities*
In FY2019, the coverage and allocation for eight out of the 10 largest social protection programmes has increased from the previous year.

However, per capita allocation for maternal, neonatal, child, and adolescent health programme has decreased by 19%.

Per capita allocations for three out of the 10 largest programmes increased by only 3%, while per capita allocation for five out of the 10 largest programmes remained unchanged.

Coverage of Vulnerable Group Development (VGD) programme has increased, with special emphasis on Teknaf and Ukhiya.

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**Figure: Change in coverage and allocation of largest social protection programmes between FY2018 and FY2019**

- Secondary Education Sector Investment Program
- Maternal, Neonatal, Child and Adolescent Health
- Test Relief (TR) Cash (man month)
- Vulnerable Group Development (VGD) (man month)
- Work For Money (WFM) (man month)
- Vulnerable Group Feeding (VGF)
- Employment Generation Programme for the Poor (man month)
- Old Age Allowance
- Honorarium for Freedom Fighters
- Pension for Retired Government Employees and their Families

Source: Authors' illustration based on data from budget documents, Ministry of Finance.

Social Protection for the “Left Behind”

Redistributing allocation of resources more equitably among the Safety Net Programmes (SSNPs)

Optimizing fiscal space and fiscal stance

Prioritizing SSNPs strategically

Improving inter-ministerial coordination

Monitoring and analysing programmes rigourously

Identifying critical areas - extreme poverty, hunger, and the most vulnerable groups
Section VII.
Reflection of Selected Social Development Issues in the Election Manifesto
Reflection of Selected Social Development Issues in the Election Manifesto

Youth Unemployment

- Improve education system to help build analytical competence of students
- Increase access to computers and broadband internet
- Develop skills through technical and vocational training
- Create self-employment through building entrepreneurship
- Create enabling environment for employment of female youth
- Giving highest allocations for education will be ensured
- A ‘Youth Plan’ will be introduced to take internet to the youth
- There will be youth training centre in every upazila
- There will be more investment in technical education and ICT
- A ‘Youth Entrepreneur Policy’ will be formulated
- Tk 2 lac collateral-free loan facility is being given on easy terms; will be expanded
- Augmented work for establishing women as successful entrepreneurs
- ‘Day Care Centres’ will be set up at public and private institutions
Reflection of Selected Social Development Issues in the Election Manifesto

Equitable Quality Education

- Increase public education budget to at least 4%, and eventually to 6%, of GDP
- Make teaching a prestigious and attractive profession
- Promote expansion of quality pre-primary education
- Provide lifelong learning opportunity
- Bring various levels of school education under one national administrative jurisdiction

Bangladesh Awami League Election Manifesto

- Giving highest allocations for education and the proper utilization of the fund will be ensured
- All out efforts to improve standard of education; for language and mathematics
- Encouragement and assistance will be provided to university teachers for research
- Disparities in the salary structure of primary school teachers will be dealt judiciously
Reflection of Selected Social Development Issues in the Election Manifesto

Healthcare for All

- Invest more resources on healthcare to reduce health inequity
- Impose higher taxes on products injurious to health, such as tobacco
  - Improve efficiency of resource utilisation
  - Provide regular training for professional development
  - Put regulatory framework in place and monitor for quality health services
- Encourage preventive and promotive health
- Recruit and retain human resources for a better health sector
- Improve governance of health system through decentralized structure

- Making the health and nutrition services available to every citizen of the country will be ensured
  - Every person below one year and above 65 will be given health services free of cost
  - Health service system will be made friendlier and fault-free by introducing modern technologies

- Increasing the number of doctors, improving the quality of services and the availability of medical persons in the rural health centres will be ensured
Reflection of Selected Social Development Issues in the Election Manifesto

Social Protection for the “Left Behind”

- Reevaluate existing SSNPs to improve targeting, reduce leakages and avoid overlaps
- Reorient SSNPs to attain the 2030 Agenda—‘leave no one behind’—by targeting the most vulnerable groups
  - Extensively examine and scrutinise the relative prioritization of SSNPs
  - Monitor programmes rigorously for transparency of resources and progress
- Steps will be taken to extend the number of inclusion and the amount of assistance under ‘Social safety network’ programme
- The coverage of the existing programme and expenditure for ultra-poor, widow and elderly women will be enhanced
- Allocate resources for capacity building of institutions for better implementation of the National Social Security Strategy (NSSS)
- Improve inter-ministerial coordination and ensure effective collaboration
Section VIII. Way Forward
Way Forward: Employment

- One of the structural features of employment generation had been shift from traditional (crop sector) to industry and service sector.
- A large part of the relocation of labour force had been in the informal sector.
- On the other hand, there has been a growing trend of youth unemployment, particularly among the educated youth.
- A fundamental reason in this case had been that the nature of economic growth did not create adequate employment demand.

Key recommendations

- Improve education system to help build analytical competence of students
- Increase access to computers and broadband internet, particularly in the rural areas
- Develop skills through technical and vocational training
- Give fair opportunity for all in the job market without nepotism
- Increase access to information on jobs at national, regional and local levels
- Create self-employment through building entrepreneurship
- Connect students with employers
- Start career counselling from an early stage
- Create enabling environment for employment of female youth
- Explore employment opportunities abroad
Way Forward: Education

- Successes were reflected in education in areas of achieving gender parity, higher school enrollment ratio and adult literacy.
- Although the allocation to the education sector has increased only marginally.

**Key recommendations**

- Increase public education budget to at least 4%, and eventually to 6% of GDP
- Align education objectives with national plans
- Decentralise education governance and strengthen upazila and district based-planning and management of basic and school education
- Make teaching a prestigious and attractive profession
- Improve quality of degree colleges
- Support non-formal alternatives for out-of-school children
- Promote expansion of quality pre-primary education
- Provide life-long learning opportunity
- Reform Technical and Vocational Education and Training (TVET)
- Bring all school education under one national administrative jurisdiction
Way Forward: Health

- In case of health sector, infant mortality, under-five mortality, maternal mortality, low birth rate and child immunisation did register commendable improvement.
- Rise of non-communicable and climate-related diseases remain a major concern.
- Inequality in accessing health service and low allocation of budgetary resources impeded further improvement in the health sector.

**Key recommendations**

- Invest more resources on healthcare to reduce health inequity
- Mobilise resources from new and innovative sources
- Improve efficiency of resource utilisation
- Recruit and retain human resources for a better health sector
- Provide regular training for professional development
- Put regulatory framework in place and monitor for quality health services
- Encourage preventive and promotive health
- Improve governance of the health system through decentralised structure
- Invest in advanced health research
- Develop strong database for the health sector
Way Forward: Social Protection

- Social protection related activities led to higher coverage of target population facilitated by higher allocation of public resources.
- These interventions often lacked coordination and harmonisation

Key recommendations

- Re-evaluate existing SSNPs to improve targeting, reduce leakages and avoid overlaps
- Reorient SSNPs to attain the 2030 Agenda – ‘leave no one behind’ by targeting the most vulnerable groups
- Extensively examine and scrutinise the relative prioritisation of SSNPs
- Carry out comprehensive mapping of most vulnerable groups to design SSNPs
- Consolidate distribution of SSNPs for effective interventions
- Monitor programmes rigorously for transparency of resources and progress
- Improve inter-ministerial coordination and ensure effective collaboration
- Put greater emphasis on moving towards social protection measures from SSNPs
- Allocate resources for capacity building of institutions for better implementation of the NSSS
Thank You

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