

LINKING GROWTH TO EQUITY IN BANGLADESH



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IN BRIEF

- » Although Bangladesh's recent economic growth has resulted in poverty reduction, inequality remains high
- » Equitable growth will require targeted interventions and conscious reallocation of resources in favour of the poor
- » Linking equity with growth in Bangladesh requires greater equality in the formation of human capital

Although Bangladesh's economic growth over the last two decades has resulted in poverty reduction, inequality remains high. Shamsul Alam of the Planning Commission's General Economics Division (GED) asked the IGC to contribute to the Government of Bangladesh's Seventh Five Year Plan (2016-2020): Accelerating Growth and Equity. In particular, the priority was to commission a background paper on the link between economic growth and equity in Bangladesh.

The research reviews the rigorous economic literature on public sector interventions aimed at reducing inequalities in health and education. The paper draws on the latest economic literature to identify which policy tools have been more successful in reducing health, and education outcomes between the first and the last quintile of the income distribution. The policy note also considers the local institutional framework and provides technical comments on how to better integrate these tools in the local context.

The conclusion of this analysis is that a necessary precondition for linking equity with growth in Bangladesh is to ensure greater equality in the formation of human capital. Future equitable growth will require greater public expenditure on health and education through targeted public sector interventions and conscious reallocation of resources in favour of the poor. In particular, unconditional cash transfers, informational meetings, and school meal programmes are highlighted as cost effective. The policy document also provides a detailed analysis of the success and failures of such programmes in Bangladesh and provides policy advice on how to improve health and education programmes. Finally, the authors advise the government to increase its effort in piloting and evaluating pro-poor health, and education policies before scaling-up potential programmes.