

Regional Disparity in Bangladesh: An Emerging Concern

The Centre for Policy Dialogue (CPD) organised a dialogue titled *Regional Disparity in Bangladesh: An Emerging Concern* on 24 November 2008 at the BRAC Centre Inn, Dhaka. Professor Rehman Sobhan, Chairman, CPD moderated the Dialogue. Honorable Advisor to the Caretaker Government Dr A B Mirza Azizul Islam attended the dialogue as the Chief Guest and Dr Akbar Ali Khan, Former Adviser of the Caretaker Government was the Special Guest. Keynote presentation to initiate the discussion was made jointly by Dr. Hassan Zaman, Lead Economist, and Dr. Ambar Narayan, Senior Economist, both at the Central Poverty Reduction Group, Washington D.C. Office, World Bank.

Key Issues Discussed

- Though there has been a declining poverty trend in the recent past, a major emerging concern has been the growing regional disparity, between eastern and western part of Bangladesh. Poverty level in Khulna, Barisal and Rajshahi divisions tended to be significantly higher compared to Dhaka, Chittagong and Sylhet divisions.
- There are relative strengths in using income and consumption indicators for measuring regional disparity. Some consider income measure to be more appropriate to identify the level and changes in regional disparity.
- Although between 2000 and 2005 poverty has declined, there is a debate with regard to poverty situation after 2005. According to the keynote paper, pace of poverty reduction has slowed after 2005 although percentage of people below poverty line declined when compared to 2005. Some of the other estimates, however, indicated that both the number and percentage of population below poverty line has increased. Studies conducted by the CPD, Shamunnoy, WFP/FAO, Dr Mahabub Hossain and Professor Abdul Bayes indicated that due to high inflation poverty situation has seen some worsening in post-2005 period.
- Remittance is one of the major driving factors in reducing poverty level. Areas with higher incidence of remittance are less likely to be poor.
- Inequality between East and West has increased over time as a result of uneven development and access to opportunities that drive growth. Major metropolitan cities are in the eastern part of Bangladesh which tend to attract human and financial capital with relatively more ease and consequently results in in-migration favouring these relatively developed areas. Western region is handicapped by poor connectivity with the urban centres, insufficiency or absence of public infrastructure. Areas which are prone to natural disasters and seasonal shocks are more likely to be poor.
- Some discussants pointed out the centre-periphery aspect of regional disparity (disparity between Dhaka, the centre and other districts, the peripheries) rather than the east-west divide. This required an emphasis on development of areas where poor people are concentrated rather than looking at the relevant issues at divisional level. This was also particularly because divisions are not homogeneous and there is heterogeneity in terms of poverty and level of development even within each of the districts.
- Although a significant change in terms of primary education is found across income groups, considerable disparity linked with economic background is observed in secondary education enrollment. Poor people are mostly absent at the tertiary education level. In Bangladesh children in the rural areas are lagging behind significantly in terms of getting quality education.
- Prevalence of malnutrition, early marriage among girls are higher in the western Bangladesh.
- Infrastructure is an important determinant of level of development and intensity of disparity. Physical connectivity, gas, electricity are of crucial importance to stimulate the process of industrialization. The Jamuna Multipurpose Bridge played an important role behind some poverty reduction in the northern Bangladesh, but its worth will perhaps take more time to materialise fully.
- Agriculture-dominated regions tended to develop at a slower pace compared to regions where growth was engineered by industrial and service sectors.
- There is a marked gap in yield between eastern and western region. Recently developed new drought and salinity-resistant rice variety BR33 demonstrated positive impact on the people of the Rajshahi division and these varieties ought to be widely disseminated.
- Public investment has a critical role in development. Estimates show that, per capita public expenditures were higher in Dhaka, Chittagong and Sylhet compared to the three other divisions (Rajshahi, Barisal and Khulna).

Suggested Policy Recommendations

- The rising disparity in terms of poverty and inequality between various regions in Bangladesh will not be reduced without proper planning and implementation programmes at the local level. Local level intervention should involve the population of the locality in the region, implementation and monitoring of the development activities. Local government should spearhead these activities with support from the government agencies, private sector and NGOs. Financial support should be provided directly to upazilas to implement their respective plans. Transparency, accountability and overall good governance will need to be ensured in the administration of the development works at local level.
- Particular attention should be given to development of small towns which should be developed as hub of economic development of respective regions. This would help in diverting growth and decentralizing the process of growth favouring the underdeveloped regions. Strengthening the autonomy of local government is also important. Inclusion and participation of grassroot organizations in development works at local levels could strengthen this process.
- To stimulate investment facilities and employment opportunities in the lagging regions special incentives will not be enough. Along with these support in the form of adequate infrastructure, access to utilities, services and other forms of support will be required to be provided to the lagging regions. A comprehensive plan for exploitation of natural resources such as coal resources of the lagged region is needed.
- To minimize the yield gap in the western side, more investment has to be provided in the lagging region for improved technology. Further investment in agriculture research, dissemination of agricultural technology such as use of power pump and power tillers and locally available high yielding varieties of crops should be encouraged.
- Access to quality education and creation of employment opportunities are needed to reduce regional inequality. Women empowerment and creation girls' education are important factors to be considered in this connection. Human resource development strategies such as development of tertiary level educational institutions and private universities need to be encouraged in the backward regions.
- Characteristic of ultra poor varies across region. As the poverty tends to be different across regions, strategies should be taken considering the local specificities. Within even developed regions there are pockets of poverty where the situation is similar to underdeveloped regions. To develop new strategies, it is important to give emphasis on the risk factors associated with the backward regions. Quality of life in the urban slums is worse off than the rural poor. Special programmes for urban poor are needed.
- Intra-regional disparity often drives disparity at regional levels. These lagged sub-regions should be identified and focused programmes will need to be developed for them.
- Strategies need to be taken to reactivate Mongla port for increased income and employment opportunities in the western part of Bangladesh. Work on Padma Bridge should be accelerated. Remittances should be encouraged to be used to stimulate productive ventures. Initiatives to send more people from lagging regions for overseas employment would have positive impact to reduce regional inequality. Special skill development programmes and credit support programmes should be developed towards this.
- Higher level of public expenditure and extended coverage of social safety net programmes in the deprived region should be the norm. Ownership of productive assets by low income and land less households will need to be supported, and opportunities will need to be created for them to take part in income generating activities. Micro-credit facilities should be expanded to the share croppers in the lagged region.
- The government has assured that at least 40 per cent of public imports be carried out through Mongla port. An additional column to indicate implications for regional development, has been added in the Development Project Proforma (DPP). Such targeted interventions ought to be expanded and improved.
- Programmes to address poverty and reduce regional disparity should be based on comprehensive poverty analysis comprising both income and human poverty, as well as levels and sources of inequality.
- Appropriate and targeted data to estimate regional poverty, income, inequality and consumption situation should be generated. This will help address the attendant issues more adequately.
- There is a danger that addressing intra-regional disparity could translate into programme-driven interventions. The focus ought to be a policy-driven one where overall macroeconomic management is geared towards an equitable development.

