

# Is Bangladesh all set to be a middle income country?

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BD has recently been upgraded from low income country (LIC) to lower-middle income country (LMIC) as per the World Bank's classification. There is an aspiration to graduate from the LDC status to that of a middle income country by 2021 as per the United Nations' classification. In this context, it is very important to assess the capacity of the country's social infrastructure in achieving the desired level of economic growth rate and subsequently the targeted per capita income level.

As far as the social infrastructure, in terms of education and health, is concerned, there is a valid question to ask, whether Bangladesh is poised to leap towards a middle income country. In this article, we focus on two indicators, public expenditure on education as a percentage of the GDP and public expenditure on health as a percentage of the GDP. It is well established in economic literature that strong bases of education and health are needed for a country to accelerate and sustain economic growth.

In Figure 1 and Figure 2, we have presented two scatter-plots involving public expenditure on education as a percentage of the GDP and public expenditure on health as a percentage of the GDP respectively against the log of GDP per capita for the lower-middle income countries and upper-middle income countries as per the World Bank's classification. The data are the averages for the years between 2010 and 2014 and they are derived from World Bank's WDI. In both scatter-plots, the horizontal line at the level of 8 of log GDP per capita separates lower-

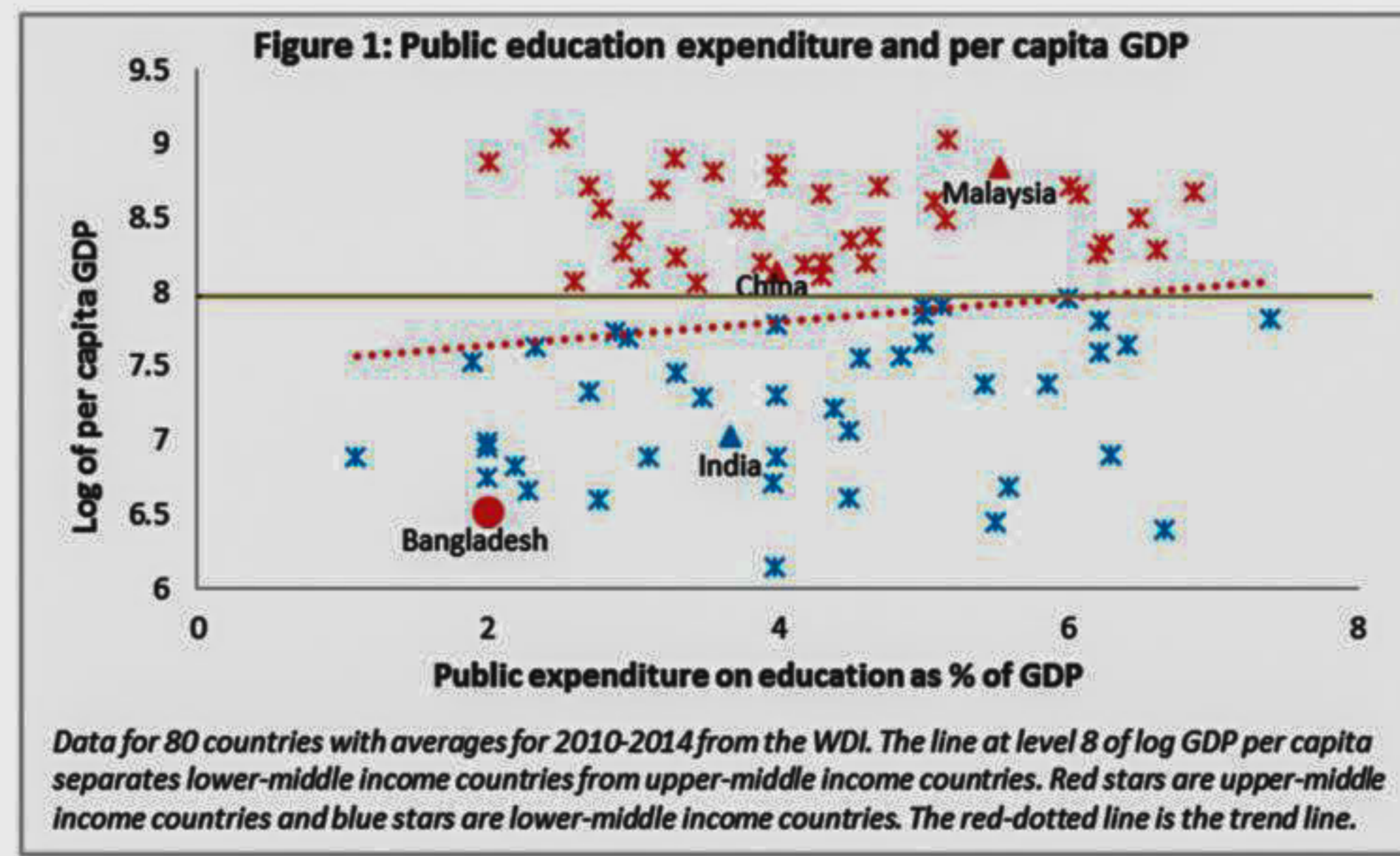


Figure 1: Public education expenditure and per capita GDP. Data for 80 countries with averages for 2010-2014 from the WDI. The line at level 8 of log GDP per capita separates lower-middle income countries from upper-middle income countries. Red stars are upper-middle income countries and blue stars are lower-middle income countries. The red-dotted line is the trend line.

middle income countries from upper-middle income countries. Bangladesh's position is shown by the red circle.

Even these simple scatter-plots present some very interesting insights. In Figure 1, the trend line suggests that the association between public expenditure on education as a percentage of the GDP and the log of GDP per capita for 80 countries (involving both lower-middle income and upper-middle income countries) is positive. This evokes that countries with a higher public expenditure on education as a percentage of the GDP tend to be associated with a higher GDP per capita. It is interesting to see that all upper-middle income countries are well above the trend

line, whereas, most of the lower-middle income countries are well below it while some of them are just on the trend line. Bangladesh's position is among the worst performing countries, as its public expenditure on education as a percentage of the GDP (around 2 percent) is much lower than that of all upper-middle income countries, and is even lower than most of the lower-middle income countries. Similar pattern is observed, as depicted in Figure 2, in case of the association between public expenditure on health as a percentage of the GDP and the log of GDP per capita. Once again, Bangladesh appears to be among the worst performing countries with only 1.2 percent share of public expen-

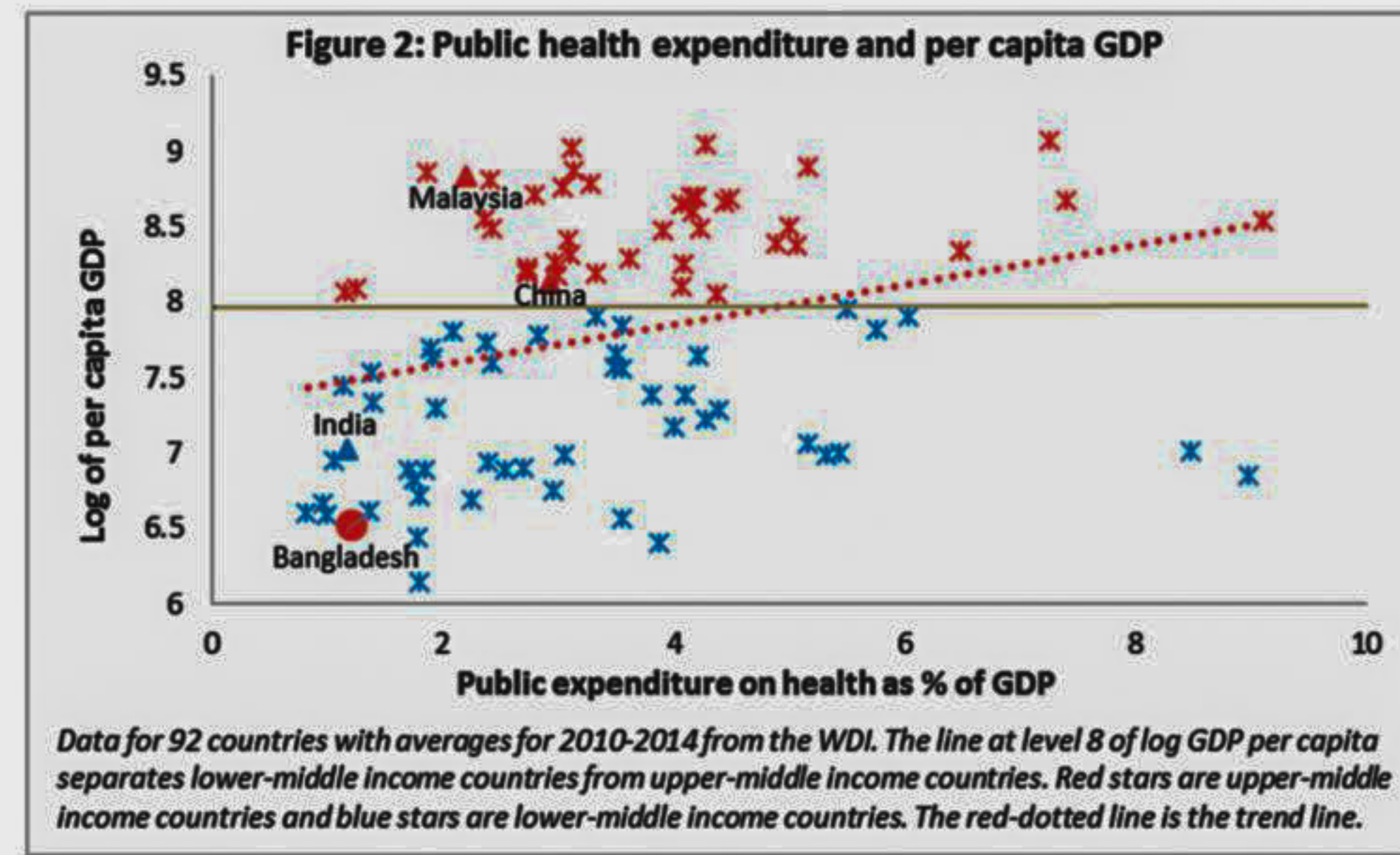


Figure 2: Public health expenditure and per capita GDP. Data for 92 countries with averages for 2010-2014 from the WDI. The line at level 8 of log GDP per capita separates lower-middle income countries from upper-middle income countries. Red stars are upper-middle income countries and blue stars are lower-middle income countries. The red-dotted line is the trend line.

diture on health in GDP. Interestingly, the positive association between health expenditure and GDP per capita (Figure 2) seems to be stronger than that between education expenditure and GDP per capita (Figure 1), which is supported by empirical literature that health expenditure has a relatively more immediate positive effect than education expenditure on economic growth.

The aforementioned exercises suggest that Bangladesh has to improve social infrastructure significantly in her way towards a middle income country. There are two critical lessons for Bangladesh. First, the current allocations for education and health expenditure as percentage of the GDP need to be almost dou-

bled from their current meagre levels (China and Malaysia, depicted in Figures 1 and 2, are good examples). Second, the efficiency of the public expenditure on education and health in Bangladesh needs to be improved. There are some countries (both in categories of lower-middle income and upper-middle income) who have been able to achieve much higher levels of GDP per capita than Bangladesh even with similar proportions of education and health expenditures that Bangladesh has.

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## Linking rural development with SDGs

DR. CECEP EFFENDI and M.H. KAWSAR

THE 2030 agenda for sustainable development undoubtedly proposes an exciting vision, and promises a future of peace and prosperity; but these goals will not be easy to achieve unless we develop effective global partnerships and learn from the outcomes of Millennium Development Goals (MDG). We need to investigate both the successes and failures of MDGs, set our focus on result-oriented development, and encourage government and their development partners to think about the linkages between plan, policy, delivery and monitoring in resource mobilisation and management.

Globally, extreme poverty was reduced by half as the number of people living on less than \$1.25 a day decreased from 1.9 billion in 1990 to 836 million in 2015; some 2.6 billion people have gained access to pure drinking water since 1990, achieving the target of halving the proportion of people without access to pure sources of water five years ahead of schedule. The Asia-Pacific region has also made significant progress in achieving MDGs, particularly in reducing levels of poverty. As per the latest Asia-Pacific Regional MDG Report, the proportion of the region's population living on less than \$1.25 per day fell from 53 to 14 percent between 1990 and 2012. However, the region is still struggling on some targets, particularly those related to health and global partnership.

If we have a close look beyond aggregate results, considerable disparities can be seen both across countries and within them in terms of accomplishment against the targets. The region's least developed countries had struggled with several of the MDGs. Some sub regions and countries have made faster progress than others; Bangladesh, for example, has achieved most of the targets, including poverty eradication, reduction of child mortality and communicable diseases. Vietnam has achieved most of the MDGs ahead of schedule; similarly, Indonesia, which exceeded the goal of halving the percentage of population living in poverty, are on track regarding the targets related to the reduction of child mortality and enrolment for primary education; Nepal has halved its maternal mortality by doubling health spending. However, in the case of Afghanistan, the

country was late in concentrating on MDGs due to security and political instability issues.

The unfinished MDG agendas in the poorest countries need careful attention of the international community as billions of people still live in extreme poverty. Hunger, epidemics, social injustice, environmental degradation, climate change, conflicts and crisis, and socio-political instability in different parts of the interconnected world can be serious threats to our common goal of sustainable development.

and smart card to give poor households better access to healthcare and education; Iran has introduced environmental education in school curriculums to increase environmental awareness. Thailand has been promoting sufficiency economic philosophy that promotes development from within, suggests moderation in consumption, and calls for the sustainable use of resources through analysing the environmental trade-offs due to economic decisions.

We need to evaluate the risks and criticism

investment in these sectors is around \$1.4 trillion, implying an annual investment gap of between \$1.9 and \$3.1 trillion.

Another key challenge for us would be localising SDGs as per the need and context of different regions and countries. Some may argue that rural development has lost value as a development agenda in the age of urbanisation and industrialisation, but in the broader sense, the new agenda clearly recognises the centrality of rural development as it binds 8 out of 17 goals together.

It would be ironic if we all talk about food security and zero hunger but undermine agriculture, and if we talk about ending poverty and inequality without prioritising development of rural areas that houses 3.3 billion people leaving in extreme poverty around the world - which counts for 70 percent of the global poverty. Similarly, reaching SDG targets will be impossible without a strong and sustainable agriculture because it is related with health, malnutrition, protection of territorial eco-system and livelihood.

Moreover, the goal of cutting poverty cannot be seen separately as it is rooted in a whole system of inequality and injustice. Inequalities and disparities within countries resulted from various contributing factors like marginalisation and discrimination on the basis of class, gender, location and ethnicity must be addressed. Global and regional partnerships require our sincere attention as it is important that international community extend their support to less-developed countries particularly through capacity building, technology transfer, trade facilitation and resources sharing.

The goals will lead us towards the equilibrium of social and economic development and environmental protection only if we envision the SDGs as long-term people-centred endeavours by localising the SDGs, considering different conditions and characteristics of each nation. Moreover, we need to look beyond crude measurements like GDP per capita, and concentrate on equality, social justice, and empowerment of communities so that the intrinsic value of each and every human being is properly recognised leaving no one behind.

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*It would be ironic if we all talk about food security and zero hunger but undermine agriculture, and if we talk about ending poverty and inequality without prioritising development of rural areas that houses 3.3 billion people.*



PHOTO: STAR

The 17 cross-cutting sustainable development goals and the 169 associated targets envisage a development-centric pathway based on three dimensions of sustainable development: social justice, environmental protection and economic wellbeing.

The good news is that some of the countries have already started to integrate SDGs in their national programme. Indonesia, for example, increased budget allocation for social development programmes introducing health card

surrounding the agenda as some argue that goals and indicators of targets are not clearly specified while others point out that financing this expensive endeavour will be a major challenge. The World Investment Report 2014 by UNCTAD estimates that every year \$5 to \$7 trillion investment is needed to achieve SDGs at the global level, of which investment in developing countries in key SDG sectors are estimated at \$3.3 to \$4.5 trillion per year over the proposed SDG delivery period while the current

**QUOTABLE Quote**

**JAMES BALDWIN**

*True rebels after all, are as rare as true lovers, and in both cases, to mistake a fever for passion can destroy one's life*

**CROSSWORD BY THOMAS JOSEPH**

**ACROSS**

- 1 Block
- 6 TV's Philbin
- 11 Make blank
- 12 Game spot
- 13 Gave a hoot
- 14 Put too much dressing on
- 15 "Modern Family" network
- 16 French friend
- 18 "Gnarly!"
- 19 Use deceit
- 20 John, to Ringo
- 21 Watcheog sound
- 22 Like some peanuts
- 24 Pollux's mother
- 25 Figures out
- 27 Praise
- 29 Letter after kappa
- 32 Seriesending abbr.
- 33 Writer Brown
- 34 In medias--
- 35 Ultimate
- 36 radio's Glass
- 37 In addition
- 38 Pageant topper
- 40 Irritate

**DOWN**

- 1 Model art
- 2 Mideast peninsula
- 3 French cubist artist
- 4 Exploit
- 5 Went biking
- 6 Ham's need
- 7 Mess up
- 8 French cubist artist
- 9 Spiritual
- 10 Keanu's "Speed" co-star
- 17 Like some furniture
- 23 Turner of TV
- 24 Moon craft
- 26 Party snacks
- 27 Of a spring period
- 28 Hun head
- 30 Strip
- 31 Comparison to the ocean
- 33 Personal log
- 39 Workout unit
- 41 Suffering

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