



ESID Briefing No. 27

The Bangladesh Paradox: Why has politics performed so well for development in Bangladesh?

INTRODUCTION

Bangladesh is widely seen as a 'paradox' in terms of governance and development because of the apparent imperfections of its political institutions and its leading players. It scores low/very low on many indicators of the quality of governance. It is close to the top of the global league table for corruption. But, over the last quarter of a century, it has maintained economic growth around a steady 5 to 6% per annum, has out-performed India on most social indicators and has brought down its fertility rate from more than 6 to around 2.2 births per woman. It has made great progress with the Millennium Development Goals, especially with poverty reduction but also in fields seen as especially difficult for a Muslim majority country – maternal mortality has dropped dramatically and girls match/outnumber boys at primary school level. Its government disaster management programs have reduced deaths from super-cyclones by more than 99% (they used to drown up to 500,000 people in the 1970s but now mortality levels are well below 5000). Bangladesh is a 'success'!

This briefing paper examines why and how political processes in Bangladesh have performed so well when the main theories of governance and development would predict economic and social stagnation. Using the lens of 'political settlements' '... the balance or distribution of power between contending social

groups and social classes, on which any state is based' ESID's work has analyzed the country's recent experience in education, health, women's empowerment and economic growth.

We explore the way in which three areas of elite interaction – competitive politics, the pursuit of economic opportunities and social provisioning – have created formal and informal institutions and public policies that have supported social progress and economic 'deals' that have ensured growth. Political and economic alignments across competing elites have often meant that interests and ideas have supported national advancement. While the actions (and/or inactions) of Bangladeshi leaders and political and business elites are at the heart of these processes, transnational influences and external actors – aid agencies, investors, businessmen and INGOs – have proved important in several fields at key moments.

However, since 2013 there has been a shift in the political settlement away from the multi-party competitive form, in which goods and services are exchanged for political support, towards a dominant party form. This means there are no grounds for complacency. Whether the contemporary dominant party model can continue to achieve the governance-development paradox that has seen the country make economic and social progress is a major cause for concern. Politics in independent Bangladesh have always been imperfect: but, can the post-2013 forms of political imperfection continue to deliver national development?

GROWTH

In the past 40 years since independence, notwithstanding many external and internal shocks, Bangladesh has increased its per capita income four-fold, cut poverty by more than half, and achieved many of the Millennium Development Goals. Bangladesh's economic growth rates in recent years have been higher than most of the South Asian countries and many of the sub-Saharan African countries. These positive development experiences provide the basis for optimism that, despite many policy and institutional constraints and global uncertainties, Bangladesh will perhaps be able to continue with the current rate of economic growth. Such reasonably high and steady growth performance (and also remarkable progress in some social development indicators) of Bangladesh has been perceived as a 'paradox' or 'development surprise' by the World Bank (on both growth and social development related achievements) as well as by other observers of Bangladesh's development (World Bank).

“ Bangladesh has increased its per capita income four-fold, cut poverty by more than half, and achieved many of the Millennium Development Goals ”

when one may have expected that the high intensity of competition in Bangladesh's polity may have led to the shortening of time horizons of political elites in the deals that they offered to economic actors.

Why has an ordered deals environment persisted, even when the political settlement moved decisively to a competitive multi-party settlement where goods and services are exchanged for political support? There are two reasons. Firstly, there is a strong *ideological preference for market-led growth* among political elites. Given their fragile democratic legitimacy, political elites felt that they needed to prioritize the simultaneous building of developmental legitimacy, hence the incentives to nurture and promote the private sector (by supplying a reasonable degree of predictability and stability in the economic domain), in a country largely deprived of natural resources. Secondly, the business community has become politically stronger, as manifested in policy/regulatory capture, increasing dominance over party, parliament and electoral political processes, leading to the de facto establishment of *vertical political integration* — ‘...the blurring of the lines between the asset holders and the government...’ (Habe et al, 2003: 31) An ordered deals environment has consequently been an outcome of such integration.

The persistence of ordered deals has created enabling conditions for growth. These include *de facto* credible commitment of the state and transactional certainty – both of which are critically important to the private sector for economic growth to take place. The support of political elites for such growth enhancing governance has been a defining feature of the political settlement in Bangladesh for the past few decades, and is the key explanatory factor for the maintenance of strong growth in the country.

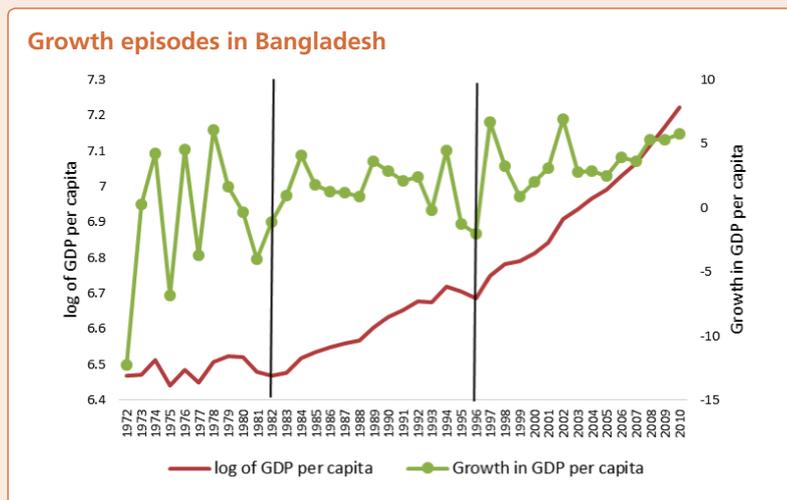
With the shift of the political settlement to a dominant party settlement since 2013, it is likely that the political equilibrium that underpinned the closed ordered deals environment in Bangladesh's key magician (export orientated competitive) sector may become unstable over time, possibly calling into question the sustenance of the Bangladesh paradox.

The political economy of education quality reform

Bangladesh was feted as a success story for expanding school provision for girls and poor children in the 1990s and 2000s. This success derived from a longstanding elite consensus on mass education as central to national development, and from the political incentives of basic education provision as a means of gaining popular legitimacy for distributing goods and services that the population want and need. But despite progress on access and basic competencies in education in the 2000s, quality and attainments remain low (see Table 1).

A key problem in the system has been identified as time-on-task: students get too little learning time. Teachers and students are frequently late or absent; school days are short, and subject to numerous closures; and learning time in lessons is used ineffectively. This means that how well students learn depends substantially on their family background and on private tuition. There are some signs that recent quality reform efforts, including curriculum and teacher training programmes, are bearing fruit, but improvement has been slow. A key question is: why has Bangladesh found quality reforms so challenging to bring about and to implement, when there is clear and enduring political commitment to mass education provision?

“ Efforts to improve quality often fail in these contexts because teachers, typically a large, organized, and powerful political lobby, resist reforms to hold them accountable for their performance ”



The conventional narrative on economic growth in Bangladesh tends to ignore the role of deep determinants of growth - political institutions and processes, rent management strategies, and the deals environment - and mainly emphasizes the proximate determinants such as appropriate industrial policy, trade policy, and savings. The conventional narrative sees Bangladesh as a paradox since steady and a reasonably high rate of growth took place in the context of 'bad' or 'weak' governance. The fundamental assumption here is that standard 'good governance' or 'market enhancing governance institutions' are pre-conditions for a high and sustained growth rate in the economy.

In contrast, our research provides an alternative explanation of the so-called Bangladesh paradox. It argues that strong economic growth has been possible in Bangladesh (despite the lack or weaknesses of many of the market-enhancing institutions) since a reasonably robust form of 'growth-enhancing governance' exists in the country. Such a growth-enhancing governance is characterized by de facto rent sharing across political divides - i.e. sharing of rents between political parties, no matter who is in power. It is also characterised by the political elites' ability to separate economic and political rents based on contingent needs.

More critically, a largely ordered deals environment has been robust and resilient over time, irrespective of being open, closed or semi-closed in various sectors of the economy. The ordered deals environment continued to exist, even during the competitive clientelist settlement phase,

Table 1 Basic facts about basic education in Bangladesh

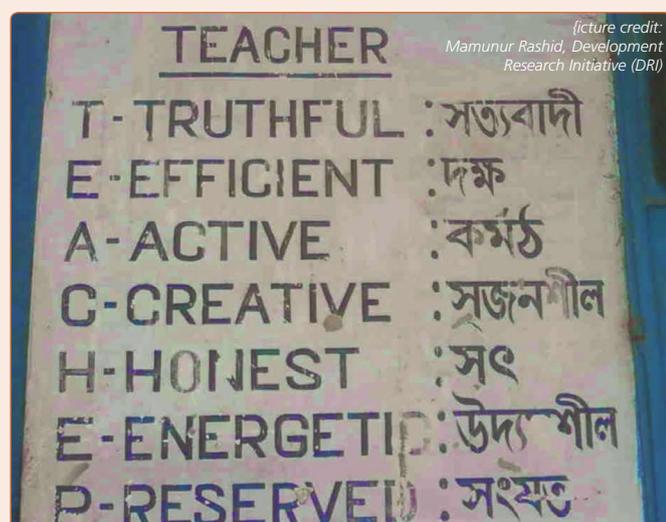
1	Total enrolment Schools	19.6 million (at gender parity) 107,000, in 24 categories/types
2	Ministry of Primary and Mass Education-managed schools	68,000 64% of all schools 80% of all pupils
3	Primary school teachers Of which government system Women as % of total	467,000 69% 57
4	Students receiving: stipend (conditional cash transfer) school feeding	7.7 million > 3 million
5	Budget Primary ed as % of pub exp % of GDP	USD8bn (2014) 10 2
6	Performance at or above grade level (2013 figures)	
	Bangla	75% of Class 3 students
	Mathematics	57% of Class 3 students 25% of class 5 students
7	Primary Education Completion Examination (PECE) (2013 figures)	95% eligible students (2.5 million) participated 99% pass rate

Source: 1 & 2: 2013 school census; 3: (DPE 2014b); 4: (MOPME n. d.); 5: (DPE 2014b)); 7: (DPE 2014b))

Our research on education explores how the political economy conditions which were so favourable to expanding basic education shaped the prospects for reforms to raise standards of quality and attainment. Tracing the quality reforms of the recent Primary Education Development 3 (PEDP3) programme the research finds that the political settlement matters for the kinds of quality reforms that get adopted, and how they are implemented.

Bangladesh is not alone in being a country in which expanding access to basic education tends to be politically easier than tackling quality reforms. Efforts to improve quality often fail in these contexts because teachers, typically a large, organized, and powerful political lobby, resist reforms to hold them accountable for their performance.

Bangladesh has had what is known as a competitive or multi-party settlement, in which political groups have competed for power, and goods and services are exchanged for political support on a relatively short term basis, over electoral cycles. Theory predicts that this would make it more difficult for Bangladesh to address politically-difficult quality reforms. Teachers are important to the political settlement, and both major parties and all political regimes tend to tread carefully on their interests.



Picture 1. Sign outside a school in Naogaon

Yet surprisingly, Bangladesh has done more in recent years to address quality in education than we would expect, and is in fact showing more signs of improvement than countries where the political settlements feature dominant parties such as and to a lesser extent Uganda, both of which have failed to address education quality, despite having dominant party systems with longer time horizons. ESID research indicates that this surprising difference in outcomes may reflect how dominant single political actors make it harder to challenge policies which deter improvements in quality. In Bangladesh, a high degree of official centralization leads to de facto decentralization with respect to how schools actually operate in practice. The research uncovers instances of lower-level coalitions involving communities and school management collaborating to solve problems of insufficient time-on-task, encouraging teachers and students to attend regularly and focus on learning.

Teachers are a core concern for education quality reforms. Teachers remain important as a political constituency and perform a great many non-teaching tasks for the Government, including election administration. Yet the status of teachers has declined compared with the past: where it was previously a highly respected profession, teachers are now relatively poorly-paid and have lost much of the respect they once possessed as the most educated people in the community. The feminization of the profession (the result of successful efforts to attain gender parity in enrolment) may also be a factor. This decline in status has an impact on teachers' innate incentives for performing, which reforms have attempted to address through training, new salary structures and entitlements. Efforts to discipline teachers and hold them accountable are weak to non-existent, in both policy and practice. The centralized administration and its weak incentives to enforce unpopular reforms ensure discretion at the frontline/school level, so teacher performance depends ultimately on their inherent motivations. Increasing the pace and impact of quality reforms in basic education in Bangladesh depends on whether and how teachers can be accommodated within the political settlement in ways that encourage them to give more time to teaching, and to perform better in the classroom.

Health

Health sector performance in Bangladesh has been part of what is called the 'development surprise'. Despite the complexity of the sector and stagnant or declining investment in health, the country has made exemplary progress towards Millennium Development Goal (MDG) 4 on child mortality, and only narrowly missed the maternal mortality reduction goals of MDG 5. Recently, Bangladesh was praised by the UN as an example of 'good health at low cost'.

Table 2: Distribution of births (%) in the last three years preceding the survey DHS 2004-2014

	2004	2007	2011	2014
Antenatal care	51	53	55	64
Delivery by Medically trained provider	16	21	32	42
Facility birth	12	17	29	37
Caesarean	4	9	17	23
All births	100	100	100	100

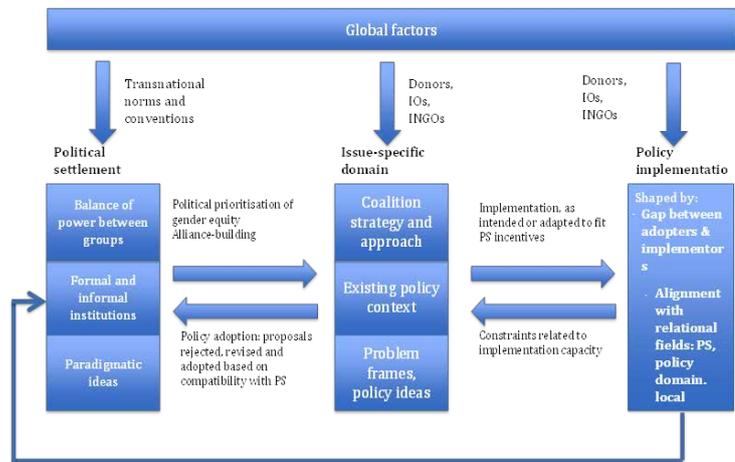
Source: Demographic and Health Surveys

Despite this positive overall picture, health delivery at a local level can be problematic. In the Bangladesh health sector the main tendencies in the national political settlement are a mix of cooperation and conflict at different levels. Policy implementation at local and grassroots level is conflictual and rendered less than efficient by an absence of democratic accountability mechanisms, high levels of rent generation and distribution and long standing hostility between the two directorates: health and family planning. Maternal health care is a particular victim of this conflict. While there is a general policy consensus to reduce maternal mortality rate to reach MDG5 following the national Strategy for Maternal Health declared in 2001, and cooperation at the local level to achieve this target, there is evident conflict at the local level with respect to the delivery of specific maternal health services.

These conflicts are evident in such governance challenges such as the inability to maintain qualified staff at local level facilities, unauthorized absenteeism of key medical staff (often overlooked by superiors), vacancy of key staff at upazila and union levels, irrational recruitment and posting of junior medical officers to fulfil election pledges, private practice of government doctors allowing market forces into public facilities and lack of monitoring and oversight of private facilities at upazila and district levels.

However it is cooperation amongst the main elite actors with respect to policy formulation that has resulted in an exemplary broad based pro poor and pro women health system. A further influential explanation for the gains in the health sector is that they have been made possible due to the pluralistic health system with multiple stakeholders, featuring partnerships between government agencies and non government organizations and community based approaches to deliver innovative low cost interventions. Our research shows that this state of affairs can be explained as the somewhat predictable consequence of a political settlement in which two main parties, though sharing an ideological commitment to pro-poor development, nevertheless compete for supporters through clientelistic means. The result is a somewhat unregulated and pluralistic health sector in which real gains exist alongside considerable inefficiency and sub-optimal resource allocation.

Conceptual Framework of the political settlement and policy domains



The need for a law on domestic violence was packaged and made more palatable as a human rights violation issue and not a private matter between family members. Donors also played a central role in promoting and funding the expansion of primary education, and as a by-product of this, education for girls.

This instrumentalist approach also involved conducting a political analysis at the outset of the campaign to map key players who may resist. This shows the need to unpack the role of the informal and understand the incentives of the key actors for promoting or resisting gender equity concerns – crucial for developing a clear analysis of what kind of changes are possible for women/gender equity.

Of key importance in both policy cases is the extent of the alignment between each policy reform and the dominant interests and ideas of the ruling coalition and thus the capacity and commitment accorded to each agenda. The Domestic Violence Act of 2010 faced greater resistance and had to be diluted in ways that have helped to maintain male privilege such as excluding marital rape. It does not fit the incentive structure of the ruling coalition in that unlike primary education it does not confer electoral legitimacy or offer scope for dispensing patronage.

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Women’s Empowerment

In Bangladesh there is a paradox when it comes to securing gender inclusive development outcomes. Since 1991, women have occupied the highest political office and women’s presence is increasing due to the existence of gender quotas. Recently, Bangladesh has been lauded for its remarkable pace in reducing maternal mortality and fertility rates, reaching gender parity in primary and secondary school enrolment, and for enacting laws addressing violence against women.

However, this interpretation overlooks the complex ways power and politics operate in Bangladesh, including the difficulties of mobilizing women as a political force in a patriarchal, informalized, clientelist context. Women, as a political group, have little to offer to the ruling elites in Bangladesh as they do not vote as a block, gender equity concerns have little currency in mainstream politics, and women’s organizations are weak actors in the formal political arena.

Our research looked at two policy cases, the Domestic Violence Act 2010 and the expansion of access to primary education for girls. In the domestic violence case a key finding was the extent to which in the context of Bangladesh’s competitive clientelist settlement progress on passing the act was made through the high degree of personal, historical and informal relations with supportive people in government. Opportunity was created by a key moment of state formation which opened up an absence of partisan politicking and a supportive advocate at the centre of government.

Transnational actors, events and discourses are able to tip the balance in favour of women’s rights and south-south exchanges can play a vital role in the promotion of women’s rights.

Instrumentalist alignment with transnational ideas and discourses matters such as those on human rights and the Millennium Development Goals.

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The expansion of access to primary education for girls was never about gender equity but was rather carried along by the wave of political support for the expansion agenda which fitted closely with powerful political logics concerning ideas, patronage, distribution, legitimacy and international support. This lack of fit between the Domestic Violence Act and the ruling coalition’s ideas and interests is also seen in the slow pace of enforcement.

One of the reasons is that there is a disconnect between the rule makers and the rule enforcers and the coalition needs to be involved in implement the act. In addition, the multi-party competitive system in Bangladesh, where goods and services are given in return for political support reduces the incentives to deliver rules based policies, let alone those that threaten dominant interests and ideas and carry little political weight behind them. Failure to deliver is not politically costly and doesn’t threaten the stability of the regime. For the public bureaucracy to play a progressive role requires that the normal rules of the game within this competitive clientelist political settlement are somehow disrupted.

An aerial photograph of a densely populated city, likely in South Asia, showing a mix of modern high-rise buildings and older, more modest structures. A river flows through the lower part of the image, with a green park area on its bank. The sky is clear and blue.

POLICY IMPLICATIONS

- Both a strong ideological preference for market-led growth amongst political elites together with a politically strong business community are needed to support a persistent ordered deals environment. The persistence of ordered deals creates enabling conditions for growth.
- It helps to conduct a political analysis at the outset of the key people who will oppose a development agenda and identify how to align policy agendas to minimise opposition.
- Development in areas such as education and women's empowerment is supported when there is an alignment with dominant ideas and incentives that shape the ruling coalition.
- When development agendas don't align with the dominant ideas and interests of the ruling coalition, local level collaborative coalitions are needed, to run counter to national level policy and come up with problem-solving fixes.
- Incentives within the political settlement should be identified to improve the status of the teaching profession, encourage teachers to perform better and hold teachers accountable.

FURTHER READING

ESID Working Paper 23 (2013) Political Settlement Dynamics in a Limited Access Order: The Case of Bangladesh, by Mirza Hassan

ESID Working Paper 67 (2016) The Politics and Governance of Basic Education: A Tale of Two South African Provinces. By Brian Levy, Robert Cameron, Ursula Hoadley, and Vinothan Naidoo.

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ABOUT THIS BRIEFING

This briefing draws on research undertaken by the Effective States and Inclusive Development Research Centre (ESID) in collaboration with the Brac Institute for Governance and Development (BIGD). It was drafted by Anna Webster, ESID, with inputs from Naomi Hossain, IDS on education, Simeen Mahmud, BIGD on health, Sohela Nazneen, IDS on women's empowerment and Kunal Sen, ESID, The University of Manchester on growth.

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ESID is led by David Hulme, Chief Executive Officer; Samuel Hickey and Kunal Sen are Research Directors; Julia Brunt is the Programme Manager; and Pablo Yanguas is Research Associate.

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