

## **Regional Differentials in Development Outcomes: Is There a Need for Budgetary Fine-tuning?**

M. Asaduzzaman

This paper uses recent statistical sources to show that while there had been in aggregate improvements in various development outcomes such as reduction in incidence of poverty, primary enrollment, maternal health and child malnutrition and the like, the aggregate pictures hide a very substantial difference across divisions of the country. There are variations across divisions in their economic activities, levels of income, family characteristics, and social and cultural factors. If these variations are controlled, the differences across divisions should be insignificant. However, this has not been found to be the case. Purging the effects of as many variables as possible still leaves substantial and systematic differences in these development outcomes. Most interestingly, there appears to be no pattern by division in the outcomes. Some divisions are doing better in some areas while not in others. Also, income or wealth appears to be poor correlate of social (health or education) outcomes.

Thus it has been found that if there are 100 poor households in Barisal and we draw samples of same size from exactly similar households in other divisions, there would be only 35 poor households among them in Sylhet while in Rajshahi and Khulna divisions the numbers will be 66-67. Similarly, for each 100 malnourished children in Barisal, there will be only 50-70 such children in most other divisions. Then again for 100 children enrolled in primary schools in Barisal, the number will be the lowest in Rajshahi, only 35 or so.

Unfortunately, locational differences which may lead to differences in development outcomes are not known well. Yet, given that on the whole there have been improvements in the aggregate; time has come for budgetary fine tuning in resource allocations across regions/divisions.

Budgetary allocations should take the differences in development outcomes as guidance for the future. May even have regionally disaggregated budgets, as far as possible. But for such budget allocations to be effective one should find out what locational factors actually lead to differential development outcomes across regions. This is not known well yet.