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Launching the Bangladesh Institutional Diagnostic Tool

The Economic Development and Institutions Research Programme is pleased to launch Bangladesh as its third country study for the institutional diagnostic tool together with the South Asian Network for Economic Modelling (SANEM).

The objective of the Institutional Diagnostic is to design an 'institutional diagnostic' tool that will **permit policy-makers to identify weak institutional areas that restrict development, and indicate appropriate directions for reform**. The institutional diagnostic tool was originally inspired by the 'growth diagnostic' tools developed by Hausmann, Rodrik and Velasco, but is meant to go beyond this by focusing on the institutional weaknesses responsible for binding economic restrictions. In this research endeavour, 'institutions' are broadly defined as the 'formal or informal rules of the game expected to be followed, individually and collectively, by political, social and economic actors'. As such, they touch upon a variety of areas – political, judicial, economic, cultural, religious, etc. The methodology for designing this tool is based on in-depth case studies of a few countries, aimed at comprehensively exploring the relationship between the characteristics and the functioning of a country's institutions and its economic development performance and constraints.

This research activity is managed in line with the overall objective of EDI: *to produce a body of evidence and insights into what practicable actions produce institutional changes that improve economic outcomes and increase growth.* There is an emphasis on ensuring the research has clear operational relevance and has a strong practical focus, with the vision of being both high in academic quality and influential in terms of policy reform debates and initiatives.

This activity will take place in five countries across Sub-Saharan Africa and South Asia, with the first two countries being Tanzania and Benin. The EDI programme directorate is now pleased to launch the third country of study: **Bangladesh**. Here, EDI will partner together with SANEM (South Asian Network of Economic Modelling). The executive director Selim Raihan will be leading the study together with the EDI's Research co-director François Bourguignon. The official launch of the programme will take place in September 2018 in Dhaka, Bangladesh.

Economic Development and Institutions

Institutions matter for growth and inclusive development, but there is little evidence on how positive institutional change can be achieved. The Economic Development and Institutions (EDI) research programme will fill this knowledge gap, and take an innovative approach to ensuring world-class research is translated into positive policy change.

One unique aspect of this programme is its focus on policy engagement. The research team will seek to reflect policy 'demand' when defining research questions and engage key decision-makers throughout the course of the programme. This will involve listening to the challenges encountered by in-country policymakers and looking out for opportunities to engage with and support ongoing reform processes.

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