

**GOOD GOVERNANCE IN BANGLADESH:
NEED FOR INSTITUTION BUILDING AT LOCAL LEVEL**

BY
MOHAMMAD KHABIR HOSSAIN

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DEPARTMENT OF PUBLIC ADMINISTRATION
UNIVERSITY OF DHAKA
DHAKA, BANGLADESH
MARCH 30, 2004.

M. Phil

401401



**GOOD GOVERNANCE IN BANGLADESH:
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BY
MOHAMMAD KHABIR HOSSAIN

A thesis submitted to the University of Dhaka, Bangladesh
for
the degree of "Master of Philosophy (M. Phil.)"

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DEPARTMENT OF PUBLIC ADMINISTRATION
UNIVERSITY OF DHAKA
DHAKA, BANGLADESH
MARCH 30, 2004.

Declaration

The material embodied in this thesis is original and has not been submitted in part or full for any other diploma or degree of any University.

401401



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30/03/2004

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March 30, 2004.

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and
Supervisor

Dedication

My respectable Parents

Begum Kulsum Afsar

And

Mohammad Afsar Uddin

GOOD GOVERNANCE IN BANGLADESH: NEED FOR INSTITUTION BUILDING AT LOCAL LEVEL

Abstract

Good governance has become a popular concept figuring on the top of the list of concerns of aid agencies, governments, researches and the media particularly in the developing countries. This study attempts to recognize as well as discuss the role and application of good governance in the local level of Bangladesh society.

There have some objectives of the study. These include (i) to identify and describe the features and scope of good governance and analyze its linkage and relationship with development, (ii) analyze the existing situation, weaknesses and problems regarding governance with particular focus on poor/bad governance affecting socio-economic development of Bangladesh, (iii) to analyze the measures taken by the government of Bangladesh to improve governance in rural development and financial sectors of the country and (iv) suggests measures, recommendations and policy actions short term/long term to improve governance in Bangladesh.

The nature of the study requires combining analytical as well as empirical approaches in the methodology. Accordingly, both qualitative and quantitative information and data have been required. In order to generate database of the study, all necessary information have also been collected from different secondary sources. Data have been analyzed and presented through the use of necessary figures, tables and graphs.

The study comprises with four chapters. The first chapter attempted to identify and describe the salient features and scope of good governance and analyze its necessity and importance for development. Governance may be characterized in

three types, (i) Decentralized Governance, which is appropriate for ensuring peoples participation, (ii) Shared Governance, in some parts of decentralized governance, the government somewhat failed to perform its duties smoothly, the private sector ultimately be allowed to accomplish those activities with shared governance, and (iii) Good Governance, means the efficient performance of state responsibilities for the protection of the rights and interests of the people and delivery of services to meet the basic needs of the people within the available resources of the country.

Some salient features of good governance are of strategic importance and more relevant in this regard are described briefly in this chapter. Among these the accountability, transparency, predictability, peoples participation and free and responsible media are mostly mentionable.

In the second chapter an attempt has been made to discuss and analyze some of the major issues and problems relating government agencies in Bangladesh. This chapter mainly focuses on the existing situation regarding Governance: weaknesses and problems of administration in Government Organizations, i.e, Size of the Government Organizations, focus on secondary goals to the neglect of Primary Goals, overemphasis on prerogatives and procedures that dramatize Bureaucrat's status, fear of censure, sub-unit Goal Internalization, Client dissatisfaction, Line & Staff struggles, problems of commitment. Other problems in Public Bureaucracy has been discussed here, i.e, weaknesses and Problems of Planning and Budgeting System, weaknesses in cash and resources management, policy and expenditure evaluation is minimal, Public Accounts, Internal Control, Accountability and Transparency: various aspects of Governance, accountability in the Government Organization, various obstacles to improve Public Sector Management, transparency in the Government Organization, accountability of government to Parliament, Parliamentary Transparency, weaknesses and problems of Parliament, strengthening Parliamentary Oversight, corruption: various Sectors, procurement: a source of major corruption and waste,

the C & A G: a storehouse of corruption, Corruption: Export Import Business and Foreign Investment, bribe deteriorates the Law and Order situation, the Low performance of Chittagong Port and Frequent Disruption in Utility Services, underhand Money is the Impediment to Foreign Investment, lack of Reliability and Continuity in National Policy.

The chapter three analyses the needs, areas and scope of improvement in local governance i.e, assessing local government of Bangladesh, vision for local government, building a new local government system, administrative setup (National/Central), rationale of decentralization, upazilla administration, organizational setup of upazila administration, scope and functions of Upazila Parishad, socio-economic profile of Upazila, Union Parishad, awareness, interaction, community participation and development, coordination, financial management at local level, office management, managerial capacity and competency at local level, managerial efficiency at local level, management and operation, democratic practice at local level, factionalism and local politics, rural development, various dimensions of rural development, striking point of rural development, the Comilla Rural Development Program and Comilla Model.

Forth chapter deals with suggestions for improving local governance at union level. This chapter includes the Union Parishads, field level government machinery / functionaries, local civil society organizations, the local community, measures to strengthen local democracy and appointments and promotions to be based on merit.

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Mohammad Khabir Hossain

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Abbreviations

ADP	Annual Development Program
ACR	Annual Confidential Report
ACB	Anti Corruption Bureau
ADB	Asian Development Bank
BPATC	Bangladesh Public Administration Training Centre
BRDB	Bangladesh Rural Development Board
BPSC	Bangladesh Public Service Commission
BNP	Bangladesh Nationalist Party
BUGC	Bangladesh University Grants Commission
BOI	Board Of Investment
BARD	Bangladesh Academy for Rural Development
BB	Bangladesh Bank
BDF	Bangladesh Development Forum
BPI	Bribe Payers Index
BEPZA	Bangladesh Export Processing Zone Authority
CAO	Chief Accounts Officer
C&AG	Comptroller and Auditor General
CARE	Centre for American Relief Everywhere
CPI	Corruption Perception Index
DEPZ	Dhaka Export Processing Zone

DS	Deputy Secretary
DU	Dhaka University
ERD	Economic Relations Division
GDP	Gross Domestic Product
GOB	Government Of Bangladesh
HDR	Human Development Report
IMED	The Implementation, Monitoring and Evaluation Department
IRDP	Integrated Rural Development Program
IRBD	Independent Report on Bangladesh's Development
JS	Joint Secretary
KSS	Krishok Samobaya Samity
LLP	Local Level Plan
LGED	Local Government Engineering Department
LCDI	Local Capacity Development Initiative
MOF	Ministry Of Finance
MOE	Ministry Of Establishment
MOU	Memorandum Of Understanding
MPLADS	Members of Parliament Local Area Development Scheme
MP	Member of the Parliament
NGO	Non Government Organization

NILG	National Institute of Local Government
PARC	Public Administration Reform Commission
PUC	Public Undertakings Committee
PIC	Project Implementation Committee
PAC	Public Accounts Committee
RRP	Roads and Railway Portfolio
RIBEC	Reforms In Bangladesh Expenditure Control
SEO	Securities and Exchange Ordinance
SEC	Securities and Exchange Commission
SOE	Statutory Organization & Enterpriszes
TTDC	Thana Training and Development Centre
TI	Transparency International
TIB	Transparency International of Bangladesh
TIP	Thana Irrigation Program
UP	Union Parishad
UNO	Upzilla Nirbahi Officer
UPWARD	Union Parishads Working to Achieve Real Development
UNDP	United Nations Development Program
VFM	Value For Money
VGDP	Vulnerable Group Development Program
WB	World Bank

Introduction

1. Background

Good governance has become a popular concept figuring on the top of the list of concerns of aid agencies, governments, researches and the media particularly in the developing countries. However, today, some one decade after its rebirth, several questions appear to have continuing pertinence with regard to the use of "good governance" as a policy metaphor: what exactly does it mean? Is it a universal concept or does it vary from context to context? At the micro level, the term "good governance" has different understanding to different people. Similarly, even at the macro level, this concept has more than one meaning for countries concerned. The institutional characteristics for managing development vary significantly among countries and do not permit easy generalization as often made by the international development partners.

The complexity arises from the unique imprint of history, geography and culture on each country's institutions, rules, and multidimensional nature of governance as a concept. Because each individual country is at a different level of political, economic and social development reflecting a wide array of historical and geographic and cultural factors. Therefore, interventions for good governance suggested for a country by international development partners may yield nothing if it is not applied to an individual country in its own context. This study attempts to recognize as well as discuss the role and application of good governance in the local level of Bangladesh society.

2. Purpose of the study

Bangladesh is a developing and at the same time agri-based country. It needs to be efficient, capable, accountable, responsible as well as transparent to ensure

good governance. Because, no socio-economic development of Bangladesh can be fruitful without the well practices of good governance. Hence, it is imperative in Bangladesh for the sake of her good future, fortune and total betterment. And somehow this betterment depends on the good relation and cooperation of political parties both the ruling and opposition party.

Because political culture is an important aspect of good governance. It is seen that the political parties do not practice democracy neither among themselves nor with in their parties. The government and the opposition are always in conflict. But the socio-economic development of this country requires a good relationship among the major political parties. So, the purposes of this research work are actually based on the topics mentioned above. The following issues will be explored and analyzed in this study.

3. Objectives of the study

- a) To identify and describe the features and scope of good governance and analyze its linkage and relationship with development.
- b) Analyze the existing situation, weaknesses and problems regarding governance with particular focus on poor/bad governance affecting socio-economic development of Bangladesh.
- c) To analyze the measures taken by the government of Bangladesh to improve governance in rural development and financial sectors of the country.
- d) Suggests measures, recommendations and policy actions short term/long term to improve governance in Bangladesh.

4. Importance of the study

There is no alternative way of good government for the socio-economic development of Bangladesh. Poverty alleviation, poverty eradication, smooth running of the judiciary system, ensuring sound education system, raising awareness of the common people in every side, good governance can play a vital role.

Bangladesh is considered to be one of the least developed countries of the world. For the emancipation of the vicious cycle of least developed countries, Bangladesh needs a system of good governance, which is essential for the betterment of the country. Nevertheless, the World Bank has lauded the role of Bangladesh Supreme Court in ensuring good governance and stressed the need for providing adequate support to the judiciary to make law enforcement prompt and effective.

Political culture is an important aspect for good governance to run the economy in a development norm. Another crucial factor in the process of evolving good governance in Bangladesh is political leadership. The major parties should give more emphasis on merit and sincerity in choosing proper persons in manning a political party.

Good governance, in respect of administration, is the quality of services and standard of performance that would generally satisfy the needs and expectations of the people. Good governance is needed not to satisfy the donors merely to get increased aid for us. We need it to satisfy our own needs, as well as for the sake of economic development.

5. Methodology of the study

The nature of the study requires combining analytical and empirical approaches in the methodology. Accordingly, both qualitative and quantitative information and data have been required. In order to generate database of the study, all necessary information have been collected from different secondary sources. Data have also been analyzed and presented through the use of necessary figures and tables.

CHAPTER - 1

Good Governance: A Theoretical Analysis

Good Governance is almost imperative for socio-economic development of Bangladesh. Poverty alleviation, smooth running of the judiciary system, ensuring sound education system, raising awareness of the common people in every side, good governance can play a vital role. This chapter attempted to identify and describe the salient features and scope of good governance and analyze its necessity and importance for development.

1. 1 Governance

The term "governance" means different things to different people. Governance is defined by UNDP as the exercise of political, economic and administrative authority to manage a society's affairs.

The concept of governance is concerned directly with the management of the development process, involving both the public and the private sectors. It encompasses the functioning and capability of the public sector, as well as the rules and institutions that create the framework for the conduct of both public and private business, including accountability for economic and financial performance, and regulatory frameworks relating to companies, corporations and partnerships.

The Oxford dictionary defined governance as "the act or manner of governing of exercising control or authority over the actions of subjects and a system of regulations".

To accommodate the broadly defined "governance" proposed here, one has to go beyond the conventional definition and composition of "State" and look at both its formal and informal constituents or organs. Schematically this is shown below through comparison in Figures I and II.

Figure 1 : Conventional Definition and Composition of State

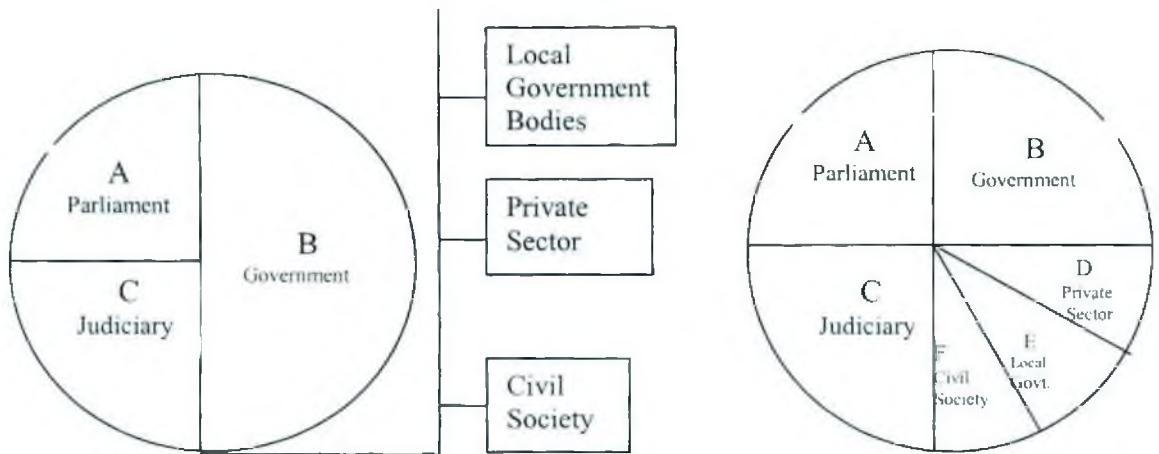


Fig. I: Conventional State

Fig. II: State Redefined

It is argued that modern nation states in their early stage, and for many years subsequently, remained responsible for "Governance" only or mainly through formal organs as represented by A, B and C in figure I. Private sector of business and industries and the community based organizations (civil society) either exist in their fledgling conditions or are not-existent at this stage, while local government bodies are used as mere adjuncts of the government branch lacking autonomous existence. Though all three organs of "State" exercise powers and discharge functions of governance, it is the executive branch - the "government" – which plays the dominant role because of its sponsoring of legislation, enforcement of

laws and undertaking of multifarious activities, both regulatory and developmental.¹

Governance may be characterized in three types -

1.1.1 Decentralized Governance

In this type of governance the administrative structure is divided into various stages, areas, persons as well as the institutions so that the activities of the central level may be reduced. Decentralized governance is appropriate for ensuring peoples participation. However, this type of governance somewhat failed in ensuring positive response to its concerned activities in some developing countries. Hence, emerged the shared governance concept.

1.1.2 Shared Governance

In some parts of decentralized governance, the government somewhat failed to perform its duties smoothly, the private sector ultimately be allowed to accomplish those activities. For instance, Non-Government organizations, industrial and commercial banks, political parties' etc. When this type of governance failed to perform its respective activities effectively, the development planners thought that good governance would be capable to perform its activities smoothly.

1.1.3 Good Governance

Good governance means the efficient performance of state responsibilities for the protection of the rights and interests of the people and delivery of services to meet the basic needs of the people within the available resources of the country.

¹ Hasnat Abdul Hye, **Good Governance: A Social Contract for the New Millennium**, Governance: South Asian Perspectives (Edited), University Press Limited, 2000, Page - 19

Good governance is being increasingly recognized as a requirement in the present global context. In fact, good governance is what the people in general expect the government to do for the people in respect of the problems that confront them in their day to day life. It is the quality of services and standard of performance that would generally satisfy the needs and expectations of the people. The perception of good governance may vary from country to country, depending on their backgrounds and stages of development. The fundamental aspects of good governance is to establish the rule of law and ensure people's right to participate in deciding the role and conduct of public institutions in shaping their lives. Good governance, therefore, calls for enhancing the scope for the common people to watch, debate and influence laws, policies, actions and their outcomes in protecting and promoting their rights and privileges.

We may identify some broad features of good governance.² Some of these include-

- Promotions of democracy and open pluralistic societies with free and fair electoral process.
- Strengthening of transparent, accountable, efficient and effective national and local government.
- Promotion of respect for human rights.
- Reinforcement of rule of law, including fair and accessible legal and judicial system
- Promotion of independent media and the dissemination of information

² M. Asaduzzaman, Salahuddin Aminuzzaman and Mobasser Monem, **Perception of Governance: The Unheard Voice**. March 2002, Page: 4-5

- Anti-corruption initiatives and efforts to reduce excessive non-developmental expenditure.

1.1.4 Poor/Bad Governance

Bad/Poor governance means the inefficient performance of state responsibilities for the protection of the rights and interests of the people and delivery of services to meet the basic needs of the people within the available resources of the country.

The fundamental aspect of bad governance is to violate the rule of law and deteriorate the people's right to participate in deciding the role on conduct of public institutions in shaping their lives. It calls for reducing the scope for the common people to watch, debate and influence laws, policies, actions and their outcomes in protecting and promoting their rights and privileges.

There are some syndromes for recognizing the poor/bad governance in our country. Among these syndromes some are mentioned below³:

- a) Sharp income inequalities and intense distributional conflicts diminish the utility of a democratic process and governance. This leads to political instability and creation of room for abuse of power by a selected privileged minority.
- b) Concentration of power in the hand of political elite has created a space for violating the rights of the rural poor.

³ Ibid, Page: 15

- c) Absence of internal democracy in the political parties creates platform for individuals to become more important than policies to the erosion of popular confidence in political system.
- d) Democracy is reduced to a luxury of a few when money and Mafia exercise great influence on election results.
- e) Absence of proper checks and balance causes democracy to lose much of its efficiency.
- f) With ignorance and pervasive poverty prevailing, democracy often locks the poor into a patron-client relationship with their political representatives. Self-serving politicians abuse ignorance of the electorates and make them perpetually dependent on them for any social and economic services they seek from them.⁴

1.1.5 Local Governance and Good Governance

The local government usually refers to administrative bodies, boards, committees appointed or setup by the government. They are composed of a number of inhabitants appointed or nominated by the government. They exercise powers that are delegated to them by the order of the government. They act, on the whole, as the agents of the government. On the other hand, local self-government has been defined in different ways by various authorities.⁵

According to the Encyclopedia of Social Sciences, local self-government involves the conception of a territorial non-sovereign community possessing the legal right and the necessary organization to regulate its own affairs. Local self-government has also been defined as a representative organization, responsible to a body of

⁴ Ibid, Page: 15.

⁵ Akhter Hussain, **Local Level Governance in Bangladesh, Local Capacity Development Initiative (LCDI)**, Local Government Engineering Department, Dhaka, May 2002, page: 4

electors, enjoying wide powers of administration and taxation, and functioning both as school for training in responsibility and a vital link in the chain of organisms that make up the government of the country.

According to the United Nations, local self-government refers to political subdivision of a nation or state, which is constituted by law and has substantial control of local affairs, including the power to impose taxes or exact labor for prescribed purposes. The governing body of such an entity is elected or otherwise locally elected. The Bangladesh Constitution defines government as bodies composed of persons elected in accordance with law.⁶

Local government is an integral part of the whole governance process. Like the central government the local government institutions at different levels perform many of the similar functions such as, agriculture, health, education and infrastructure development etc., within their legal jurisdictions. The scale and scope of these activities are however, limited.

But being closer to the community the development activities and the services provided by the local government institutions can have immediate impact on their lives. The division of functions between the central government and local bodies when determined on distinct and clear-cut principles can ensure productivity and efficiency and cost effectiveness for both and thereby improve overall governance.

As local government institutions are nearer to the community these can ensure community and peoples participation in the planning and implementation of development programs and projects; supervision of various local institutions like, schools and colleges, hospitals and other publicly funded institutions and organizations, mobilization of support for various initiatives like campaign against dowry, child labor, human trafficking etc. and mobilization of local resources.⁷

⁶ Ibid, page: 4

⁷ Ibid, page: 6-7

Moreover, local government institutions as the representative organization of the people can ensure accountability of the national government authorities. The more aware, vigilant and active the community becomes through their participation in the local government units, greater will be the pressure on these institutions to become transparent and accountable.

1.2. The Salient Features of Good Governance

There are various elements/components of good governance. But in the perspective of Bangladesh, we think that the elements, those are of strategic importance and more relevant in this regard are described briefly below:

1.2.1 Accountability

Accountability is very essential to make the public officials answerable for their behavior and responsive to the entity from which they derive their authority. This may be achieved differently in different countries depending on the history, cultural milieu and value system involved.

Accountability also means establishing criteria to measure the performance of public officials, as well as oversight mechanisms to ensure that the standards are met. Lack of accountability tends in time to reduce the state's credibility as an economic partner. It undermines the capacity of governments to sustain the long-term business confidence essential for growth enhancing private sector investment.⁸

What accountability requires, however, is that that the powers given to government are neither absolute nor without limits. One of these limits on government is that

⁸ **Governance: Sound Development Management**, Prepared by Asian Development Bank, Manila, Philippines, August 1999, Page: 8-9

these powers are exercised in accordance with principles of good administration. These principles require that public administration:

- Must be honest and not corrupt,
- Must be conducted to serve the public at large, not the private interests of those in the public service,

- Must observe the rules of good financial practice, and

- Must be efficient, responsive to the needs of the public.

1.2.2 Transparency

Transparency refers to the availability of information to the general public and clarity about government rules, regulations and decisions. Thus, it both complements and reinforces predictability. The difficulty with ensuring transparency is that only the generator of information may know about it, and may limit access to it. Hence, it may be useful to strengthen the citizens right to information with a degree of legal enforceability.

Access to accurate and timely information about the economy and government policies can be vital for economic decision making by the private sector. On grounds of efficiency alone, such data should be freely and readily available to economic agents.

Transparency in government decision-making and public policy implementation reduces uncertainty and can help inhibit corruption among public officials. To this end, rules and procedures that are simple, straightforward and easy to apply are preferable to those that provide discretionary powers to government officials or that are susceptible to different interpretations.⁹

⁹ Ibid, page :11-12

1.2.3 Predictability

Predictability refers to the existence of laws, regulations and policies to regulate society and their fair and consistent application. The importance of predictability cannot be overstated since, without it, the orderly existence of citizens and institutions would be impossible. The rule of law encompasses well-defined rights and duties, as well as mechanisms for enforcing them and settling disputes in an impartial manner.

The importance of rule-based systems for economic life is obvious. They are an essential component of the environment within which economic actors' plan and take investment decision. Government policies affect the investment climate directly, and economic actors require reasonable assurance about the future behavior of key variables such as prices, the exchange rate, and employment levels.

Predictability can be enhanced through appropriate institutional arrangements. For example, it has been argued that an autonomous central bank could lead to more predictable monetary and exchange rate policies. Many governments face the challenge of regulating money supply, while pursuing expansionary fiscal policies to encourage investment.

1.2.4 Peoples Participation

The principle of people's participation derives from an acceptance that people are at the heart of development. They are not only the ultimate beneficiaries of development, but are also the agents of development.

People's participation is often related to accountability, but not necessarily. So in representative democracies, where citizens participate in government through the

electoral process, public officials are, indeed, accountable ultimately to the electorate.

At the grass roots level peoples participation implies that government structures are flexible enough to offer beneficiaries, and others affected, the opportunity to improve the design and implementation of public programs and projects. This increases "ownership" and enhances results. At a different level, the effectiveness of policies and institutions impinging on the economy as a whole may require the broad support and cooperation of major economic actors concerned.

Peoples participation in economic life by agents other than the state would cover not only the role of the private sector, but also the activities (growing in recent times) of NGOs. These elements of civil society offer an alternative means of channeling the energies of private citizens. They can be helpful in identifying people's interests, mobilizing public opinion in support of these interests and organizing action accordingly.

Good governance is built on the rule of law. Modern societies, especially those in cities, are extremely complex. Those that remain organized and prosperous do so because rules and expectations closely correlate to how administrative procedures and market function.

From the above discussions a table is made with the four pillars (which is seen at the Table - 1) of good governance.¹⁰

1.3 The Other Features of Good Governance ✓

Besides the above discussed elements of good governance, there have some another elements/features, through which good governance can be achieved. Among these, under mentioned are mostly popular:

¹⁰ Asaduzzaman, op'cit., Page: 4-5

1.3.1 Free and Responsible Media

One of the main points that have been highlighted several times in the Human Development Report 2002 is that a free press is crucial for any democracy. A free press performs the role of a public watchdog and raises stimulating debates on economic policy, monitors elections, exposes human rights abuses, political corruption and empower women.

For any democratic nation, a free media functions with responsibility as mandatory institution. It represents the concerns of average citizen and reports on incidents of corruption and injustice in the society.

In a democracy, a free press is a channel of information on the use of funds and a forum for mobilizing public opinion and a bringing it to focus on abuses of funds. Like audit, it can have a preventive deterrent effect as well as a transparency-promoting detection effect.

Competition for circulation encourages sensationalism at the expense of objectivity. Journalists' need professional training in investigates journalism and journalistic ethics and this would raise their credibility in reporting business and government affairs. Of all the informal checks on the abuse of Executive power, the press is undoubtedly the most important. An unfettered, virile and professional press is central to good democratic governance.¹¹

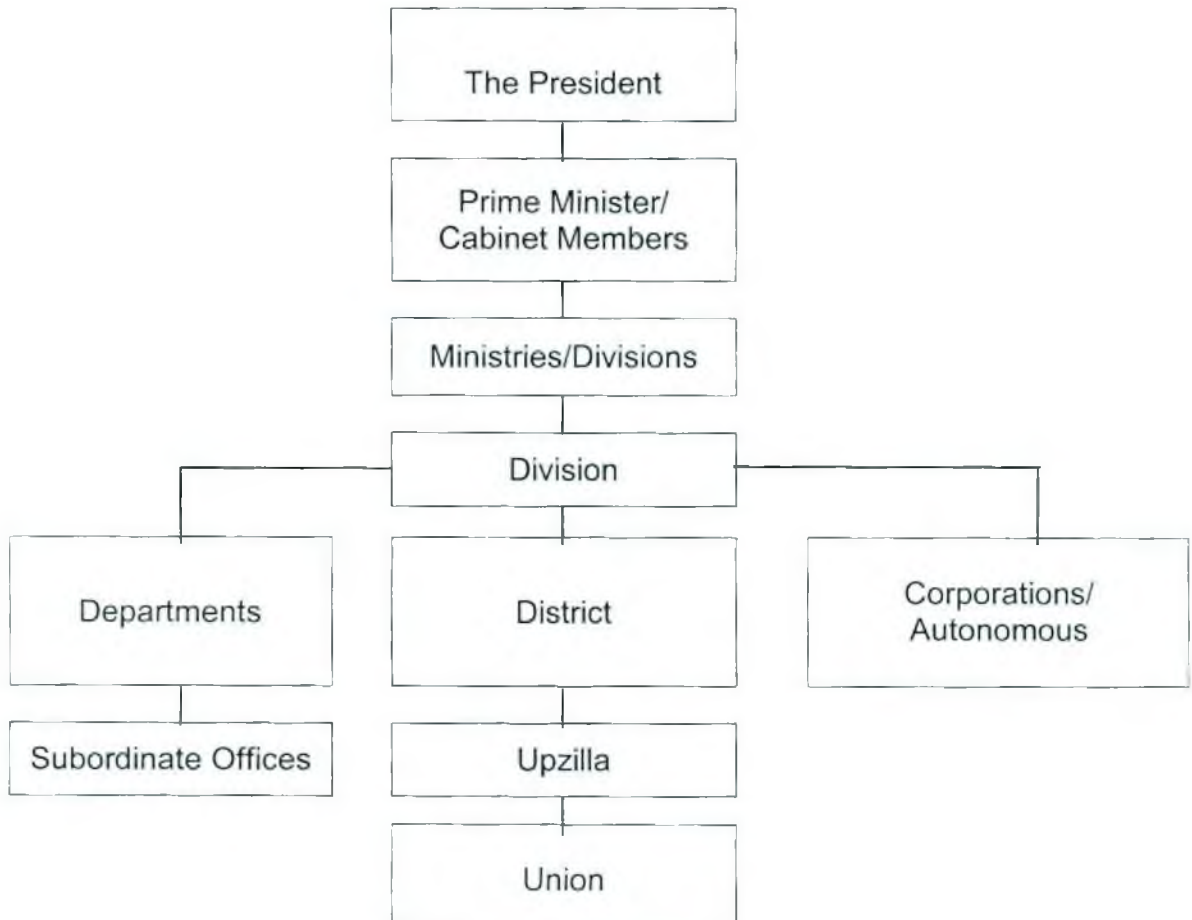
¹¹ **Bangladesh: Financial Accountability for Good Governance**, A World Bank Country Study The World Bank, Washington, D.C. May 2002, Page – 73.

1.3.2 Structure of Bangladesh Government

Through a Constitutional amendment in 1991, Bangladesh adopted a Parliamentary form of Government with the Prime Minister as its Chief Executive, and the President as the Head of State. The country's executive powers are thus exercised by the Prime Minister who heads the Cabinet of Ministers; the cabinet, in turn, is collectively responsible to Parliament. As such, the unicameral Parliament is the supreme legislative authority, as well as the ultimate repository of public accountability. The government organization can be conceptualized as a two-tier administrative system.

The Central Secretariat (defined as the conglomerate of all Ministers and Divisions) is supposed to provide the policy and clearing house functions, while general administration (law and order, land administration and revenue collection), delivery of public services, and implementation of development programs is carried out at the sub-national levels –divisions, districts, upzilla - representing the central level ministries/departments. Moreover, there is entire range of local government authorities such as municipal corporations in cities, districts councils, upzilla committees and union councils. They have some elected representatives and performed limited, but very diverse administrative and development functions.

Figure 2 : Government Structure of Bangladesh¹²



The Government's functions are performed through the following organizational arrangements¹³:

1.3.3 Ministries and Divisions

The apex of government is formed by the ministries and divisions who are responsible for policy formulation and for monitoring programs and projects. While

¹² Mothar Hussain, **Development Administration in Bangladesh**, Hasan Publishers, Dhaka, First Edition, October 1994, Page: 82.

¹³ **Reforming the Public Sector, Government That Works The World Bank**, The University Press Limited, First Published July, 1996, Annex-1, Page: 1-2.

the political head of a ministry is a minister or a state minister, the administrative head and Chief Accounting Officer responsible for managing the ministry's tasks is the secretary (in some instances additional secretary). A ministry could be made up of one or more divisions. Given the ever-changing shape of government, and the realignment of ministerial jurisdictions and transfers of functions, it is hazardous to categorize ministries, but they can be at least broadly classified as three types: economic, including Ministries of Finance, Planning and Commerce; development, including Education, Health, Road and Road transport, and, service-oriented or welfare, including the Ministries of Relief, Social Welfare, Labor and Manpower. When ministerial functions cross-organizational boundaries, or consultation is required to enrich the decision, the highest coordination body is the Cabinet and its committees. Inter-ministerial coordination also occurs at the bureaucratic level.¹⁴

1.3.4 Departments and Directorates

The task of implementing the Government's development programs lies primarily with the departments and directorates. Currently, there are 178 departments. Departments differ greatly not only in size, but also in status and character. Some directorates are only service bodies in that they either provide a public service (such as the Directorate of Motor Vehicles), or regulate economic activities (such as the Directorate of Textiles). Some of these have a significant interface with the public, such as the Customs and Tax Departments and those agencies attached to the Education and Health ministries, such as the Director-General (DG) of Secondary Education, and the DG of Health Services.¹⁵

1.3.5 Autonomous Bodies and Corporations

These are set up as statutory organizations under special Presidential Orders, Ordinances, and Acts. The public sector organizations thus created provide a

¹⁴ Mothar, op'cit., Page : 83

¹⁵ Ibid, Page : 83

range of goods and services. A number of these, such as the Bangladesh Jute Mills Corporation and the Bangladesh Chemical Industries Corporation, are involved in managing manufacturing enterprises (there are 153 such SOEs). The employees of the corporations include administrative, operational and marketing staff and workers. The formers are civil servants, while workers are governed by various labor laws.¹⁶

¹⁶ Ibid, Page : 84

CHAPTER - 2

Issues and Problems of Governance in Bangladesh

The Problems afflicting the public agencies in Bangladesh are well known and well documented. Since independence there has been a doubling in the size of Government, which now employs over a million people and accounts for about 20 percent of all formal sector employment. Civil servants are underpaid and, despite receiving in-kind benefits that are neither efficient nor equitable, their remuneration has declined in real terms, adversely affecting service delivery. While Government activity is pervasive throughout the economy in activities that are best left to the private sector, such as running textile mills, it has been less successful in ensuring the rule of law, providing a well functioning regulatory and policy environment. Outdated commercial and financial regulations and discretionary authority, together with weak accountability and poor working conditions, have resulted in a system that is corrupt and unkind to its citizens.¹⁷ In this chapter an attempt has been made to discuss and analyze some of the major issues and problems relating government agencies in Bangladesh.

2.1 Existing situation regarding Governance: Weaknesses and Problems in Government Administration

A comprehensive reform of the bureaucracy, with special focus on its depoliticization, would no doubt make a significant contribution to the nation stride for building a truly democratic society and promoting good governance. It is a challenging but certainly not an impossible task. Given the goodwill and determination, the political leadership and the civil servants can meet this

¹⁷ For a Comprehensive Discussion of the Public Sector Reform Agenda, **Bangladesh: Government That Works**, The World Bank, World Bank Bhaban, Dhaka, 1996, page: 45

challenge and accomplish the task through their combined efforts in the foreseeable future.

In a democratic polity, the elected representatives of the people are, depending on their performance, either rewarded or rejected after regular intervals of five years through the process of free and fair polls. On the other hand, the bureaucrats have a virtually assured service span of three decades or more. They, therefore, have the opportunity to make wide ranging and long lasting influence on the nation. Of course, the nature of their influence, whether benign or malignant, is contingent upon how they conduct themselves and serve the nation. Viewed from this angle, a committed, disciplined, dignified, efficient and motivated civil service is a sine qua non for good governance. The public officials are expected to be fearless, honest and impartial in the performance of their duties and responsibilities. Likewise, they are duty-bound to uphold the supremacy of law and refrain from carrying out any unlawful instruction, from their superiors in hierarchy or political leadership.

The continued existence of organization serves certain vested interests and the intended objectives for which it was created remain unattended to or are relegated to a secondary place. Broadly, goal displacement in a bureaucracy occurs in the following major ways:

2.1.1 Size of the Government Organizations

Since independence, the size of the government of Bangladesh has virtually doubled in terms of ministers, departments and officials. The number of ministers in Bangladesh (40), is large compared with other countries such as Malaysia (24), South Korea (25), and Thailand (14). Though all bureaucracies change in response to changing priorities, in Bangladesh the changes have been,

regrettably, unidirectional. The usual practice has been to create a new ministry, division or department. But what is absent is an underutilized.¹⁸

2.1.2 Focus on Secondary Goals to the Neglect of Primary Goals:

An organization has multiple goals, some of which are primary and others are secondary. When the attainment of secondary goals receives priority, especially if it is rewarded, the primary goal in all probability is likely to be neglected. For instance, it is the objective of a library to make books available to the students for purposes of study. For this purpose, it is also necessary that books should remain intact and pages should not be torn off. A librarian may focus on this latter aspect and not allow books to be moved away from shelves. When the head librarian of the larger library system visits the library and finds all books intact, no book damaged, etc., he may reward the performance of this librarian.

In such a case, the behavior of the librarian, which has been commended, is reinforced and repeated. The consequence is fairly obvious. Books will not be circulated among those for whom they are intended. A similar situation may develop when some aspects of a goal are measurable and others are not so measurable. Measurable aspects are likely to be emphasized upon to the neglect of the not so measurable aspect. For example, in a school, instead of quality improvement, pass percentage of students is likely to receive attention if that becomes the yardstick to judge the performance of a school.¹⁹

2.1.3 Overemphasis on Prerogatives and Procedures that Dramatize Bureaucrat's Status

In Bangladesh, a bureaucrat enjoys certain privileges and prerogatives of his office in order to discharge his functions. In order to make best use of his time, certain

¹⁸ **Reforming the Public Sector**, op'cit., Annex-I, Page: xvi.

¹⁹ R. A. Sharma, **Organizational Theory and Behaviour**, Published by Tata McGraw-Hill Publishing Company Limited, page 172.

procedures for his functioning are laid down. An egoist and extrovert official often overemphasizes these prerogatives and procedures that dramatize his status. He does it, at times, at the expense of organizational goals themselves for the attainment of which these facilities are granted to him.

A bureaucrat may issue instructions that all problems should first be discussed with his personal secretary before they are placed before him. In the meanwhile, in a business organization, a significant order may be lost. For example, a salesman wants to talk to the marketing manager for certain instructions regarding discount facility to a customer. When he makes a telephone call to the marketing manager, according to the office procedures, he is advised to talk first to his secretary. In this process, the organization may lose business. If a hospital has a procedure that a patient must first be examined by junior doctors and only those cases which they are unable to handle should be referred to the senior doctors, a patient in a critical condition may die if a senior doctor insists upon following this procedure. In other words, in a bureaucracy, there is a tendency on the part of a bureaucrat to enhance his own importance, even at the expense of organizational goals.

2.1.4 Fear of Censure

The real picture of Bangladesh is that the people in organizations have an upward focus. When this is the general situation in a bureaucracy, no one is willing to assume risks by reinterpreting rules unconventionally or by handling a new problem with which they have familiarity. The fear of censure from the boss dominates their behaviour. Thus, instances of over conformity and resistance to change are motivated by anxious concern with the attitudes and opinions of superiors. Rules and their literal enforcement becomes the end towards which the bureaucrat is striving. They would rather avoid taking a decision in a new situation or otherwise strictly adhere to the rules and regulations. Rules and regulations have drawn the legendary Laksman's line and the letters of the rules are inviolable or sacrosanct for them, irrespective of what happens to the organization goals for

which rules are developed.²⁰ This is how red-type traditions tend to continue and persist.

2.1.5 Sub-unit Goal Internalization

All organizations divide their work into divisions, departments or units and among levels, ultimately resulting into a pyramid. People working in these units internalize the goals assigned to respective units. As we know that this leads to bifurcation or splitting of interests. This functional segmentation conditions their perceptions and the sub-goals become enclaves of authority and influence. The accomplishment of these sub goals becomes the sole objective for people working in a particular unit. It is also fairly well known that these sub-goals are, at times, contradictory and conflict with each other. Though all different units are working in their own ways towards the attainment of a common objective of the same organization, the incompatibility of sub-goals leads to bitter struggles between the departments. This may be due to the fact that they are unable to relate their goals with the overall organizational goal, which is generally ambiguous and phrased in general terms capable of different interpretations suiting different parties.

The less the operationally of overall goals, the more the focus on sub-unit goals which are hard to relate to overall goals. This gives us a basis for understanding how a bureaucrat can operate oblivious of the goals of society or the organization in which he works. At times, he may be actually working against them. This also explains why the specialist can be indifferent to the consequences of his work. Moreover, people working in different departments differ in terms of their perceptions, backgrounds, levels, information, etc., and many of them are not even aware of overall organizational goals, such organizational realities of Bangladesh administration tend to hamper development initiative of the government.

²⁰ *Ibid.*, page 173.

2.1.6 Client Dissatisfaction

In Bangladesh, a client interacts with the organization to obtain satisfaction of his problem. The bureaucrat applies the rules, which are highly impersonal, and maintains aloofness and formality in his dealings with the client. If the response on the part of the bureaucrat is not satisfactory to the client, he calls it arbitrary and not appropriate to his unique problem, which, according to him, is different from that of others. Moreover, the status of an Bangladeshi official who represents the organization and applies the rules to be better than that of the official concerned, denigrates him and threatens to get things done by his superior. The superior is already under pressure to uphold the point of view of the subordinate as no organization can ever function smoothly if the superior overrules the subordinate.

After all, he is operating within the rules in the development of which he had no hand and which were handed down to him by the organization. So almost invariably, an appeal to the hierarchy meets with failure and the subordinate's viewpoint is upheld. Consequently, the dissatisfaction of the client is further accentuated. This stress on depersonalization-application of rules regardless of any personal considerations, howsoever rational it may sound, rids the bureaucrat of emotions and sentiments, which often develops, rigidity, arrogance and haughtiness²¹, as the client interacting with our administration normally faces.

2.1.7 Line & Staff Struggles

The basic assumption in any organization of Bangladesh is that individuals who come to occupy positions possess the adequate capacity to match their authority in a particular position. But with the heightened complexity of organizations and growing specialization in limited field of endeavor, it is almost impossible for any office-holder to handle all kinds of problems without depending on others.

²¹ Ibid, Page: 173

Therefore, professionals who specialize in various functions are employed to help the bureaucrats to discharge their functions. Their role is advisory in nature and the bureaucrats in the line agencies execute the policies formulated by them. Because of their differing orientations and the kinds of duties and responsibilities the two types of personnel come to perform in the organization, mutual jealousies and rivalries tend to develop and the struggles between the two are already a part of organization folklore.

Besides, the professionals, on the one hand, are subject to organizational goals and controls, as they have to operate within a framework and on the other, they are subject to the control of their profession, professional colleagues and have client goal orientations. They are trained in particular ways by their professions to help their clients and are governed by the regulations of the professional bodies.²² Thus, in Bangladesh administration, often inter individual conflicts develop between what they are expected to do by the organization and what their profession has taught them to do.

2.1.8 Problems of Commitment

The bureaucrat of Bangladesh is committed or wedded to the rules and policies of the organization, whereas any ruling political party instead of amending these rules and policies, looks for committed bureaucracy-committed to its political thinking, so that the wishes and aspirations of people who have elected the government may be fulfilled. This thinking implies that whenever there is a change in the ruling political party, the whole administrative posting has to be dismantled. All key position-holders or top bureaucrats have to be replaced. This is a negation of the very concept of bureaucracy which is expected to be committed to the organizational policies and nor permit their personal views to interfere with the discharge of their duties.

²² Ibid, Page: 175

The elected representatives here assume that a bureaucrat is aligned to a particular thinking (of a political party) and therefore, consider the bureaucrat a stumbling block so that whenever their policies fail, they blame the execution part and discredit is heaped on the bureaucrat. The bureaucrat has no forum to communicate his reasons for failure to the general public collectively and therefore, creates problems for elected representatives either by withholding correct information or placing many cases, making it difficult for them to cope with them all.²³ The higher level of bureaucracy in Bangladesh suffers from this administrative malady.

2.2 Other Problems in Government Agencies

The impediments to efficient bureaucratic performance noted above in no way condemn Bangladesh to poor governance. In every country-developed and developing-public bureaucracy must struggle to instill disciplined adherence to the formal rules at the expense informal personal networks. Everywhere in the world, the behavior of the public officials derives from a balance between the prevailing social norms and the institutional incentives he or she faces. The latter in turn depend on an individual's perception of his or her self-interest given the system of rewards and punishments he or she faces. This rationally is conditioned by a set of complex conditions as to how best to survive and prosper given the realities confronting each individual. The governance challenge in Bangladesh is no different-it is to recognize the realities in each situation and establish incentives, which will achieve the desired outcomes.

Notwithstanding the difficult environment, the same incentives to good performance apply in Bangladesh as anywhere else.²⁴ Notably, these include-

- Rewards that are consistently and fairly given for good performance and poor performance sanctioned.

²³ Ibid, Page:176

²⁴ Bangladesh: Financial Accountability for Good Governance, op'cit., Page: 79

- Transparent and monitorable performance benchmarks that are agreed and tracked
- Rigorous enforcement of the rule of law.

The task in Bangladesh, as elsewhere in South Asia and in many other developing regions, lies in bringing about these conditions in a social context where, in the absence of strong formal institutions, relations are highly personalized and where personal loyalties are valued more highly than the “rules” of formal organizations. This is not such an unrealistic proposition as might appear at first sight. The Bangladesh Supreme Court is a good example of public institution functioning according to its own distinct and well-established rule.²⁵

Thus, the distance (in terms of social norms) between home and office, though significant, can nonetheless be bridged satisfactory. This requires a conscious decision by the political and bureaucratic leadership to establish and enforce clear institutional rules of conduct backed by rewards and sanctions firmly but equitably administered. The government already has “rules of business”, but they seem honored more in their breach than in their practice. These rules urgently need to be updated and then applied consistently and firmly.²⁶

In reality, in Bangladesh, as in most countries, government leaders are hardly likely to volunteer to introduce measures that will limit their freedom of action in any way. Historically, such reform have only come about when forced on political leaders by public opinion, as happened for example in 1996 when a non stop hartal host the government of the day to introduce a constitutional amendment providing for elections to be run by a neutral caretaker government-a remarkable innovation with strong popular support that has gone a long way to protecting

²⁵ Sharma, op'cit, Page:176

²⁶ Ibid, Page:179

Bangladesh's still fragile democracy from electoral fraud. This constitutional device has contributed crucially to building public confidence in the elections, giving legitimacy to elected governments and hence political stability to a country prone to political upheaval.²⁷

There is wide recognition that at present there is a serious disconnection between what is supposed to be the behavior of public officials and their actual conduct. Judging from the local Press over the past three years, the voice of informed public opinion has become increasingly vocal in calling for greater adherence to the rule of law, and, more generally, for more honest, open and responsive government. Fortunately, from within the elite there is a significant group of individuals advocating reform that may be termed 'reform champions'. While still a small minority, the pressure of public opinion led by these reform champions can bring about change. Reform programs need to recognize the importance of supporting this group through deliberate measures that strengthen civil society and build respect for rules of modernized public institutions and the rule of law.

In this context, development can be seen to be dependent on promoting alliances among the "champions" for better governance through judicial and police reform, greater transparency in public transactions, and strengthen systems of accountability. The reformers are the agents of change who will move Bangladesh from a closed to a more open society where individual rights are more secure. If they are indeed to be vehicles of change they will need 'fuel'- the commitment of resources to activities, which vested interests would not support on their own, namely²⁸:

- Mobilization of the voice of ordinary people through genuine democracy in all institutions, including the political parties.

²⁷ Bangladesh: Financial Accountability for Good Governance, op'cit., Page: 81

²⁸ Ibid, Page: 24

- Participation of all stakeholders in development programs and projects.
- Pluralism and competition in markets and service delivery, and
- Basing public service on merit rather than political clientalism and a strict age hierarchy.

The successful implementation of such a strategy, which is further elaborated later in this report, will depend on building a wide public consensus on the need for and importance of such change- implying the need for a new discourse with in civil society focused on establishing viable modalities for reform. This discourse would recognize corruption, nepotism, arbitrary discretion, secrecy, rigid hierarchies and the like as intrinsically inimicable to the sound functioning of modern public organizations – as bad attributes to be overcome in order to achieve better governance. In their place, there would be clear rules firmly imposed, rewards based on measured performance, fair competition, inclusiveness, and a high degree of transparency.

2.2.1 Weaknesses and Problems of Planning and Budgeting System

The planning and budgeting system of Bangladesh continues to remain beset with a number of deficiencies, which diminishes the transparency and accountability of how public funds are allocated and spent. While consultation has improved in recent years, particularly with business groups on matters related to tax policy, civil society provides very little input into the budget. Expenditure outcomes get very little attention and are not subject to sufficient parliamentary scrutiny.

A report of the World Bank has pointed out that the budget is not framed within a consistent macroeconomic and medium-term expenditure framework. This de-links the level and composition of expenditures and the financing of the deficit from other macroeconomic aggregates such as GDP growth, inflation and interest rates. Such de-linking also erodes allocative efficiency and undermines effective macroeconomic management.²⁹

The Annual Development Program (ADP) and recurrent budget are prepared and approved on parallel tracks. This compartmentalization creates a mismatch between the investment program and the recurrent budget, and capital expenditures frequently saddle the recurrent budget with requirements that it is unable to meet. As consequences, the country is not able to benefit fully from an asset already built- for example, a hospital without medicines or a school without a teacher.

As it has been the practice in Bangladesh, the recurrent budget continues to be formulated on an incremental basis. The previous year's allocation is used as a base for next year's budgetary submissions, resulting in an upward reaching on an automatic basis. Since several components of expenditure, such as salaries and debt servicing, are non-discretionary in the short-run, much needed expenditures on operations; maintenance, supplies and services get crowded out. The rational and priority of projects in the ADP need improvement. Projects under the ADP get approved if they conform to the sectoral strategy and targets outlined in the five-year Development Plan. In practice, the sectoral strategies contained in the plan document are so broad that they provide a pass through to almost every project that is presented for consideration. As a result, scarce resources are spread thinly across a large number of projects, several of which have a low public good content and might not be of the highest priority.

²⁹ **Challenges Bangladesh: Key Challenges for the Next Millennium**, Improving Governance, World Bank, April 1999, Page: 20

This limits the development impact by reducing the rate of return on investment; for example, a review of the Roads and Railway portfolio indicated that at current levels of funding, ongoing projects would require about 11 to 12 years to be completed.³⁰

Besides the problems discussed above, there are some other deficiencies in planning and budgeting, which need to be addressed in a phased manner. These are as follows:

First, Cash and resource management needs strengthening. Shortcoming in formal cash management has caused wide month-to-month fluctuations in government borrowing from the Bangladesh Bank. This also results in increased, and avoidable, interest cost to Government and undermines monetary management. For example, the sales of savings certificates, which are available on tap at high rates of interest, has added to the Government's debt service burden and worsened domestic indebtedness.³¹

Second, Policy and expenditure evaluation is limited. The focus of audits is almost exclusively on inputs and compliance; little attempt is made to assess impact or the effectiveness of service delivery. Audit reports have been several years in arrears; consequently, the feedback that an audit can give to improve budget formulation and implementation is lost. An effort is now underway to catch up.³²

Third, Over the years, there have been many donor-supported initiatives to improve financial management, but with limited success. The most notable exception is the RIBEC (The Reforms in Budgeting and Expenditure Control) is a modern and existing public financial management system has

³⁰ Ibid, Page: 21

³¹ Ibid, Page: 22

³² Ibid, Page: 22

demanded a fundamental change in organizational culture, habits and traditions. such a challenging task requires a carefully phased process aimed at building up stakeholder support) project. This past experience suggests that technocratic interventions alone are not sufficient and need to be complemented by institutional and structural reform. Reforms should attempt to alter or build on existing systems, rather than create new ones. For example, the ADB funded technical assistance that has made many valuable contributions to the Ministry of Finance's policy work, but has not yet been integrated as part of the Ministry of Finance and hence the sustainability of its impact is in doubt.³³

2.2.2 Weaknesses in Cash and Resources Management

Shortcomings in cash expenditure monitoring inhibits cash management and deficit control and also causes wide month to month fluctuations in Government borrowing from Bangladesh Bank. This also results in increased, and avoidable, interest costs to Government and undermines monetary management. The computerization of Government expenditures under the RIBEC project is a step in the right direction and will result in improved expenditure monitoring.

Modernizing the existing public financial management system has demanded a fundamental change in organizational culture, habits and traditions. Such a challenging task requires a carefully phased process aimed at building up stakeholder support. The Reforms in Budgeting and Expenditure Control (RIBEC) Project is one of the rare examples where this has been achieved in Bangladesh.

In 1995 the Bangladesh government lacked adequate timely information on public expenditure. The budgetary system was repetitive and overlapping. The classification system was antiquated. The manual processes were inordinately

³³ Ibid, Page: 23

cumbersome and excessively centralized. Rules and regulations were totally out of date. Accounts staffs were very poorly trained.

2.2.3 Policy and Expenditure Evaluation is Minimal

The focus of audits is almost exclusively on inputs, and very little attempt is made to assess impact or service delivery. Audit reports are often in arrears by 4-5 years; consequently, the instructive feedback that an audit can give to budget formulation and implementation is lost. This makes it very difficult for parliamentary oversight committees responsible for reviewing Government finances to do their job effectively.³⁴

2.2.4 Public Accounts

The Bangladesh government accounts are poorly maintained. They are kept on a cash basis and also are not always complete. Assets and liabilities are not appropriately recorded in the books of government. Payments required on an emergency basis are often recorded in unknown or suspense accounts. It is not uncommon to find a lack of reconciliation and misclassification of expenditures that lead to inaccurate data. The true financial position of the government is consequently impossible to establish.³⁵

The accounting records, in many cases, do not include direct disbursements for goods and services by donors for projects supported by external aid. Grants, loans, and aid funds for development projects involving millions of takas are not recorded in the public accounts as required by law. They are passed on directly to project or special accounts and reflected separately in the accounts of development projects.

³⁴ Akhter Hussain, *Local Level Governance in Bangladesh*, op'cit., page-14

³⁵ Taming Leviathan: *Reforming Governance in Bangladesh, An Institutional Review*, The World Bank, March 2002, Washington D.C., 20433, USA , Page : 42

There is no constitutional requirement for the development of an audited consolidated statement of assets and liabilities. The government's overall financial position is not prepared for parliamentary scrutiny. Therefore, significant changes in the nation's overall financial position go unnoticed.

The receipt management system is also unequal to the task. Reportedly, there are over 100 different revenue collection systems in various departments, each with its own peculiarities. None of the systems has the built-in checks and balances needed for effective monitoring and control. Thus, the consolidated receipts and expenditures of the state may not be accurately or consistently reflected in the government's public financial accounts.

Bangladesh Bank acts as the custodian of all government funds. In the recent past significant un-reconciled differences between the government's records and the records of the Bangladesh Bank have arisen. Furthermore, monitoring of financial and operational activities is weak. Management information system are unreliable, modern monitoring and evaluation capacity is practically non-existent, and any useful information that may be available to support judgments on the nature and extent of malfeasance is unlikely to be released to the public given the widespread lack of transparency.³⁶

There is a conspicuous absence of any effort to strengthen the quality of the budgeting process and make it more transparent. And the same may be said of the accounting for and the management of the national debt. There are also no significant initiatives aimed at building and strengthening the capacity needed to maintain the physical asset base of the state and to oversee the process of privatization, or to assess the quality of foreign aid projects. Another neglected area is tailoring of investments in information technology to strengthen financial accountability.

³⁶ Ibid, Page : 42

In sum, the public accounts presented to Parliament are almost always late, unreliable, and of limited use to the parliamentarians. Moreover, the Minister of finance does not officially sign off on the presentation, so there could be serious inaccuracies, amounts unrecorded, and irregularities that are going unchecked. As such, they are of scant use in the budgeting process. And the responsible ministry does not provide any representation on the accuracy or completeness of financial information provided to parliament.³⁷

2.2.5 Internal Control

The Ministry of Finance (MOF) acts as the budget authority and overall supervisor of public sector transactions. The Secretary for each ministry enjoys delegated power to transact business under his or her jurisdiction. The Secretary is designated the “principal accounting officer” and is charged with the responsibility to ensure that all transactions are duly approved and authorized under law. He or she is expected to be answerable to the Minister and to Parliament for prudence and propriety. The Office of the Chief Accounts Officer (CAO) was created in the early 1980s to assist the Secretary in the discharge of his or her responsibility as principal accounting officer.³⁸

The concept of ministerial accountability to Parliament for the sound financial management of public resources is not well appreciated by the bureaucracy. In addition, the role of the Ministry of Finance is blurred. The division of rights and duties between the line ministries and MOF is not clearly stated or understood by the stakeholders. The risk of a breakdown in internal financial control and consequent mismanagement is always high when roles and responsibilities are unclear.

An example of the failure to exercise financial control is the operation of the much abused ‘Personal Ledger Accounts’ –pools of funds maintained outside the books

³⁷ Ibid, Page: 44

³⁸ Ibid Page: 44

of accounts – which are not permitted under the financial rules of the state. These accounts are used to make withdrawals of funds without any reference to approved budgets. This abuse of power appears to be extensive. The accounts and the audit trail of these funds are very weak.³⁹

The reasons for these suspense accounts merits further investigation and the matter brought to the attention of the Parliament's Public Accounts Committee (PAC). There appears to be a clear breakdown in internal control. There is little information available to the public on how the government intends to resolve the issue, or even if it is willing to do anything quickly about this obvious breach of parliamentary control. The CAG has publicly observed that there exists practically no effective internal control system in ministries since 1983⁴⁰. The internal control system is required by law but has not been put into practice by the government. In the CAG's view the huge number of irregularities and incidents of malfeasance in public expenditure and investment can be directly attributed to the failure to establish a well-structured internal control and accountability system.

There are outstanding allegations of systemic corruption in the pre-audit function carried out within the Ministry of finance by the staff of the Comptroller General of Accounts. In addition, certain dependents, such as Public Works and Highways, which operate independently of the CAG are reportedly even worse offenders. Internal control is an area that has been identified as the biggest gap in the financial accountability process. This goes to the heart of the issue of fraud, waste, and abuse, and is the main cause of the high number of irregularities and the malfeasance pointed out by the watchdogs. It is curious to note that the government has not identified this specific area for further scrutiny and reform. There is no clear indication or articulation of a demand for the Ministry of finance to take responsibility for the strengthening internal control within the government.

³⁹ Ibid Page: 44-45

⁴⁰ Bangladesh: Financial Accountability for Good Governance, op'cit., Page: 45

The Implementation Monitoring and Evaluation Department (IMED), for instance, does not provide any useful information to the public on the results of its monitoring activities. Nor does it claim to have conducted systematic ex-post evaluations of the results of government programs and activities. IMED lacks the capacity to undertake independent evaluations.⁴¹

There is also no specific requirement for the government to periodically self-assess its accounting and internal control systems and to publicly disclose the results of such assessment. This is unfortunate, because the real test of capacity is willingness to reform within.

The internal control system of government is so weak that not much corrective action can be expected without determined leadership at the highest political and civil service levels. The principal accounting officers have not taken ownership of the responsibility assigned to them by law. The secretaries rarely examine either monthly or annual appropriation accounts prepared by the chief account officers and they have not established any significant form of performance reporting. As such, the effectiveness of the stewardship function of the Ministry of Finance comes into question. In addition, the Audit Officer maintains the payment function and compiles accounts of the government. This pre-audit function reporting to the CAG continues, and it raises questions about the independence and effectiveness of the Audit Office.⁴²

There is also little attempt to publish ministerial objectives on a department basis and to provide funds on that basis. The absence of such control muddies the accountability relationship between Parliament and bureaucracy; and responsibility for results remains unclear. Systemic issues of internal control and accountability are largely neglected, despite repeated warnings from the CAG, media, and civil society. This lack of control implies that there is no assurance that projects,

⁴¹ Taming Leviathan, op'cit., Page: 45-46

⁴² Ibid, Page: 47

including Bank and other donor funded, and related procurement are immune from corruption, waste, fraud, and abuse.⁴³

2.3 Lack of Accountability and Transparency in Government Agencies

Lack of accountability is seen in the government as well as private organizations in Bangladesh. Without accountability no organization can run well to perform the day-to-day work. So, we have to take steps in this respect strongly. Such accountability mentioned bellow:

2.3.1 Accountability in the Government Organization

Accountability in the government of Bangladesh is based on a system inherited from former British (1757-1947) and Pakistani (1947-1971) administrations, amended to meet additional needs from time to time, and reaffirmed in the Constitution of 1991 after 16 years of military rule. Articles 81-92 and 127-132 of the Constitution make parliament the source of all authority to raise revenues and make expenditures and define the role of the President and the Comptroller and Auditor-General (C&AG) and the basic requirements for estimates, demands for grants, charged expenditures, annual Appropriation Acts, supplementary estimates, votes on account and the regulation of public moneys.⁴⁴

There is little 'horizontal' accountability to beneficiaries of government services, except in some projects in which community-based organizations participate with government agencies in monitoring outputs and outcomes. Almost all accountability lines are up hierarchical chain through project directors, line directors, department heads, secretaries and ministers to the elected representatives of the people in Parliament. In the elected local government

⁴³ Ibid, Page: 46

⁴⁴ Bangladesh: Financial Accountability for Good Governance, op'cit., Page: 17

institutions, there is vertical accountability both to elected local councils and vertically to the central government through the Ministry of Local Government.⁴⁵

Accountability starts with every officer being trained in the Regulations, and having ready access to an updated copy. A Rules and Regulations Unit has been set up in the Ministry of Finance, in coordination with a similar unit in the C&AG office, which will ensure dissemination of regulations. It is then the responsibility of Secretaries, as Principal Accounting Officers and personnel are properly supervised and required to comply with regulations.⁴⁶

The level of accountability in a country depends on internal controls within the executive branch and external controls exercised by oversight (watchdog) agencies. Internal executive controls in Bangladesh are exercised principally by the Finance Division, which is primarily responsible for maintaining financial discipline throughout the public sector, and Internal Audit Cells, which exist in about a dozen large ministries and in all the sector corporations.

2.3.2 Various Obstacles to Improve Public Sector Management

It is evident that public administration reform has been perceived by the leadership as politically risky and there has been a particularly strong disinclination to initiate reform in the lead up to an election. The BNP government, in the period 1991-96, and the AL government, in the period 1996-2001, both postponed reforms that were perceived as offending powerful vested interests. The inevitable consequence was that the vast majority of the populations have continued to suffer from poor or non-existent public services.⁴⁷

⁴⁵ Ibid, Page: 17-18

⁴⁶ Ibid, Page: 23

⁴⁷ Taming Leviathan, op'cit., Page: 11

The efforts made by the donors to support institutional reform, principally through technical assistance both as self-standing projects and as components of other projects, have had some limited success in strengthening individual institutions. But inevitably, in the absence of a strong government drive for reform, progress has been slow. The systemic problems have mostly remained and some respects have even deepened (e.g. the role of the public sector unions in undermining the efficiency of the ports, and the power and telecommunications utilities). The donors have provided technical assistance that has typically promoted technical solutions when, in reality, the main obstacles to improve public sector management are social and political. This proposition may be made clearer by three observations:

First, as in most developing countries where formal institutions are weak, so in Bangladesh people are forced to rely heavily on personal networks, which results in pervasive patron-client relationships. This is a rational economic response in managing risk. However, these deep structures adversely affect bureaucratic performance which, in turn, leads to a widespread lack of public trust in the country's formal "modern" institutions. Moreover, development in recent years has lessened the traditional social controls that regulated village life. And, the tremendous pressures resulting from the rapid expansion of population, together with the pressures of a global consumer society, have led to fierce competition for scarce resources.⁴⁸

The outcome, put bluntly, is a society where "muscle-power" generally takes the place of the rule of law, especially in the rural areas and urban slums where together 95 percent of the population live.

⁴⁸ Ibid, Page: 11

Second, as in all societies, Bangladesh has a number of well organized interest groups that largely determine political decisions; in particular: the military; the public bureaucracy; private business; the trade unions; religious groupings; the NGOs; and the donors. Understanding the dynamics of these competing interest group is essential in explaining political decision making. Because these groups are far from monolithic, there is in practice plenty of room for political maneuvering. On the contrary, interest groups tend to be fractious and are frequently divided and overlapping.⁴⁹

For example, the private business based on exporting have different and conflicting interests with those based on trading or import substitution. Most trade unions split along political party lines and there may be several competing unions in one industry or enterprise. Religious groups are fragmented, too, though the most organized and influential are the Islamic fundamentalists. The bureaucracy is divided between the different classes and cadres. The NGO movement is also divided with strained relations between those who believe in mobilizing "people power" now and the rest who advocate a less confrontational strategy with a more phased approach to social and political reform.

This fragmentation results in much contention and distrust, which inhibits collective action for reform. Any public sector reform is likely to run up against the organized resistance of one or more interest groups.

Third, all the evidence points to a significant discrepancy between the private agendas of the principal public actors and their formal public agendas. The political, business, trade union and bureaucratic power structures in Bangladesh have been partially captured by an underworld that uses 'muscle-power' to enforce its authority with the connivance of the police and even certain members of the lower judiciary.

⁴⁹ Ibid, Page: 12

In the districts, the powerful often gain the support of the police and even certain members of the lower judiciary for their own benefit, to the disadvantage of the poor. The rural elites are able to exploit their links to patrons within the higher echelons of the formal power structure who seem able to by-pass the normal constraints of the law. As in the past so today, the poor, to survive, need the support and protection of patrons.⁵⁰

Indeed, almost everyone needs a patron to progress, since patron-client relationships are ubiquitous and particularly so in the public bureaucracies. In these respects Bangladesh power structures differ little from that of most other poor countries around the world.

The above critique of the way politics are conducted in Bangladesh is not new. The 1998 Independent Report on Bangladesh's Development (IRBD) cited earlier, written by some of Bangladesh's most respected intellectuals, contains a scathing indictment of the country's governance practices. The report sets out with great candor how the present power structure effectively condones the fraud that is often perpetrated by officials and how major bank defaulters are not called to account for fraud, even where their activities have damaged the economy and compromised the government.⁵¹

The private sector is also infused with the same patron-client characteristics, as are the public bureaucracies, although the need to survive commercially limits and modifies behavior that is dysfunctional for successful business. In multinational companies bring to the workplace their corporate behavioral norms, while Bangladeshis who have worked abroad also bring back different ways of working.

⁵⁰ Ibid, Page: 12

⁵¹ Ibid, Page: 12

Nonetheless, in their interactions with the state, businessmen are bound to conform to the social norms prevailing within the bureaucracy, which means accepting in most situations that the bureaucrats who hold power must be appeased.

Not surprisingly, this environment encourages corruption; more particularly because poorly paid public officials desperately seek to acquire more resources, which they can use to meet their own family and social obligations. Furthermore, the functioning of markets depends on an effective and predictable regulatory environment, which is at odds with the personalized authoritarian practices in public regulatory agencies. In the situation, it is hardly surprising that serious abuses –misprocurement, rent seeking and the like--- occur. The counter part of authoritarian bureaucracies is crony capitalism and political nepotism.⁵²

2.3.3 Transparency in the Government Organization

Transparency implies that records are open and accessible to citizens, since government activities are undertaken on their behalf. Currently, records are classified into Top Secret, Secret, Confidential and Restricted, and the Official Secrets Act makes unauthorized disclosure a criminal offence. The whole culture of the government in Bangladesh, as in many other countries, is one of secrecy.⁵³

Rotation of officers is widespread but not regular or systematic. Many frauds are brought to light only when the relevant officers are transferred. A more systematic transfer policy in all posts having access to public funds should be introduced. Corrective action is conceived almost entirely in terms of recovery of losses from delinquent officers. The strengthening of systems and the punishment of offenders to prevent and deter recurrence of irregularities are poor.

⁵² Ibid. Page: 11-13

⁵³ Bangladesh: Financial Accountability for Good Governance, op'cit., Page: 83

Conflict of interest rules exist but are not enforced. Similarly, the limit on the value of gifts that a public officer may receive is not enforced. Fines can be imposed by administrative action only on junior officers (class III and IV). Senior public officer and parliamentarians are rarely punished. Cadre rivalry prevents action being taken by a member of one cadre against another. Political protection may hinder effective correction.⁵⁴

2.3.4 Accountability of Government to Parliament

Parliamentary accountability is the bedrock of good governance in a democratic system. However, parliamentary accountability has not worked well in Bangladesh. There are a number of problems. Some relate to the heavy weighting of power of the Executive—a problem shared by the oldest parliamentary democracies—while others are caused by the non-observance of standard parliamentary norms and procedures and weak capacity. It is vital for good governance that Parliament becomes more prominent in national life, thereby increasing its effectiveness.⁵⁵

2.3.5 Parliamentary Transparency

There is a serious transparency issue. The Rules of Procedure require that meetings be held in camera. Much of what the PCs do remains unnoticed by the public and by other MPs. Except by the PAC, none of the PCs has issued regular reports to the House, such as annual performance report covering its activities, findings, recommendations and results. Lack of resources is one reason for this.⁵⁶

Another reason is that some Chairmen misunderstand their constitutional role and deal only with departmental officers to whom they issue 'directives'. The Workshop on Parliamentary control emphasized that PCs are not executive agencies and

⁵⁴ Ibid, Page: 83

⁵⁵ **Reforming The Public Sector**, op'cit., Page: xxii

⁵⁶ **Bangladesh: Financial Accountability for Good Governance**, op'cit., Page: 68

their decisions are only recommendations. If they are ignored, which has frequently been the case, their resource is through the House, e.g. by asking the Minister in charge to take action. They may ask for Secretaries to report back to them, but if they fail to comply PCs have no enforcement powers.

If they were given enforcement powers, it would be a takeover of the executive branch of government. As committee members gain experience, and as Secretaries are called to explain each year's irregularities, the committees can follow up on their previous recommendations and ask what progress has been made. However, they need to have a simple system of monitoring and recording actions taken, recoveries and adjustments made, etc.

The Oversight Conference recommended that an annual performance report should be required from each PC Chairman to the Speaker, and the reports of the financial committees should be debated in the House. In addition, all PAC meetings should be open to the media and public possibly without television cameras if these would introduce undue political partisanship into the meetings) and the Rules should be amended accordingly.⁵⁷

2.3.6 Weaknesses and Problems of Parliament

The arbitrary mutation of the parliamentary form of government onto a one-party presidential monolith provided the bureaucracy the opportunity to truly and formally become part of the political process. Senior officers, inducted into the central committee of the only 'legal' party in the country, were now the confidant of the president (the former prime minister) who consulted them on all key issues of governance, often bypassing ministers, appointed many of them governors of districts, and selected some for positions normally the preserve of politicians.

⁵⁷ Ibid, Page: 69

However, before the bureaucracy could realize its full potential, the regime was liquidated by a military coup.⁵⁸

The main opposition Awami League did not get the opportunity to question the PM in the fifth and sixth sessions. The party boycotted the PM's question-answer sessions, as its questions were not included in their list. Apart from the questions tabled, the PM was asked 12 scripted questions in the sixth session and 36 supplementary, of which the treasury bench put forward 27.⁵⁹

The Transparency International of Bangladesh (TIB) research covered the notices, bills, resolutions, thanks motions on the presidential address, lack of the parliamentary committees, walkouts, private members bills and resolutions and the speaker's role. It concluded that only proactive relations between the government and the opposition could make the parliament really functional.

2.3.7 Strengthening Parliamentary Oversight

Under the Bangladesh Constitution, the legislature has the ultimate responsibility and the authority to hold government to account for its performance and this is particularly true when it comes to accounting for the issue of public funds and assets. But, as we have seen the Bangladesh Jatiyo Sangsad (Parliament) does not perform this function openly and effectively. The Public Accounts and Public Undertakings Committees have issued reports that are critical, yet little corrective action has resulted. The government does not respond on a timely basis. Waste and corruption seem accepted and have become institutionalized.⁶⁰

A crucial link in the accountability process must be the independent and impartial assessment of the financial and performance information provided to Parliament

⁵⁸ **Reforming The public Sector**, op'cit., Page: 24

⁵⁹ **Bangladesh: Financial Accountability for Good Governance**, op'cit., Page: 69

⁶⁰ **Taming Leviathan**, op'cit., Page: 33

by the government. The CAG is expected to carry out this third party verification function. The Constitution requires that the CAG's reports be submitted to the President who in turn shall cause them to be laid before Parliament.

The PAC has been especially active in recent years. The Number of hearings held in the last two years has reportedly increased from the previous two years. The Committee despite some flaws discussed below has generally functioned as intended, but the government has taken little action on its recommendations. This represents a breakdown in the accountability system- the government reportedly has "had a tendency to bypass and/or defy directives".

According to the third report of PAC: "the committee has noticed with great regret that no ministry has complied with its directives to regularize excess expenditure. This not shows that the clear directives of the committee are violated, but also reveals the extent of indifference of ministries to check the financial irregularities in government. It is the considered view of the PAC that this indifferent attitude hinders the prospect of ensuring accountability and transparency at every level. Ministries are urgently directed to comply with all directives issued in the past". This is striking evidence of the ineffectiveness of legislation aimed at good governance when the spirit of the law is disregarded by the Executive itself.

The effectiveness of the PAC is limited by several factors:

First, PAC hearings are not open to the public, despite the public interest and the supposedly non-partisan nature of its mandate. This lack of transparency is on sharp contrast with comparable committees in more developed democratic countries such as the United Kingdom, Canada, and the United States. In these countries, the public has right of access and any member of the public can attend hearings unless for special reason (e.g. security) the hearings are "in camera". In such cases, the public is informed of the reason for the decision. Without such transparency, the accountability loop is

incomplete. The consequences of the close-door approach are reduced public pressure for change. Furthermore, the public is not fully aware of the performance of their representatives in parliamentary committees.⁶¹

Second, there is a perceived conflict of interest. PAC is chaired by the ruling political party, not the Opposition. This contrasts with the practice, for example, in the United Kingdom, India, and Canada. The procedure is not fully consistent with best practice and should be changed.⁶²

Third, the PAC has not formally requested special audits in specific areas of public concern. Nor has the Committee had much influence on the nature and scope of the work undertaken by the Audit Office. The risk here is that the work of the less than fully independent public auditor may not always cover matters of current interest to the members and the public. There is also an issue about the timeliness of the CAG's reports and related PAC security. In many countries, the Audit Offices welcome general direction from parliamentarians, especially dealing with scope of work and resources. But the procedure is easier to implement when the Audit Office is fully independent of the government and acts as a servant of Parliament- an idea that may be worth pursuing in Bangladesh.⁶³

Fourth, the PAC suffers from lack of adequate staff and research capacity to support their activities. This is a serious concern; the quality of the PAC work would considerably enhanced if some reallocation of resources were made in favor of the committee. For instance, the PAC is unable to follow up on its work because of a lack of continuity and permanent staff.⁶⁴

⁶¹ Ibid, Page: 34

⁶² Ibid, Page: 34

⁶³ Ibid, Page: 34-35

⁶⁴ Ibid, Page: 36

Fifth, PAC has an urgent need for greater research capacity (staff and equipment) to assist the committee in strengthening its follow-up actions.⁶⁵

Sixth, the effectiveness of the PAC is further constrained by lack of any legal requirement for the Executive to respond to the PAC's report within a set period of days. This, too, is a major failing, and it is inconsistent with best practice. Moreover, PAC has submitted several reports to Parliament in the past few years, but these have never been discussed and the Executive has chosen not to present any response to the reports of the PAC. Time limits need to be set otherwise the necessary discipline will not be there.⁶⁶

Seventh, PAC, contrary to best practice, does not invite professionals and specialists from outside the government to act as witnesses or provide advice as needed. This practice, if adopted, would allow the Committee to formulate recommendations with greater insight onto areas that would enhance financial accountability and efficiency. It would add a great deal of value to their work.

Such weaknesses may not appear to be significant if viewed one by one, but the collective impact on the effectiveness of parliamentary scrutiny is to leave Bangladesh without an effective system of public financial accountability. Strengthening the PAC in a sustainable way would help induce a demand for changing current public financial management practices, and is therefore a goal worth pursuing.

Though less well documented, the weakness in the functioning of the PAC is mirrored in those of other parliamentary committees. The Public Undertakings Committee (PUC) reviews the performance of state owned enterprises and public authorities. There is quite limited published analysis of the detailed workings of the

⁶⁵ Ibid, Page: 35-36

⁶⁶ Ibid, Page: 37

PUC. Apparently the committee has met infrequently in the past 18 months and has not issued any written reports. Here again, the workings of the Committee are in camera which again is not conducive to achieving accountability and transparency.⁶⁷

During the fifth Parliament (1991-95), the PUC produced a vivid report describing the nature of the corruption, irregularities and mismanagement that plagued public sector organizations. In its first report, the Committee observed that most organizations were involved in corruption. It reported that corrupt officials had illegally appointed relatives and large numbers of employees in return for cash and other benefits, in defiance of the directives of the government.

In its second report, the PUC reportedly unveiled widespread corruption in the largest nationalized commercial bank. The allegation was that rules were manipulated and large loans granted to friends and relatives. The Committee also noted that despite repeated requests, many organizations failed to supply relevant documents and respondents refused to turn up to give evidence. Other lapses identified by the PUC included rewarding reported culprits and granting contracts without tenders to friends and relatives at much higher rates than actual cost. The committee identified organizations and persons responsible in the public sector and made specific recommendations to rectify the lapses. The absence of any effective follow –up Parliament or any response from the Executive reflects the power of the respective vested interests and, in contrast, the weak voice of public opinion.

The work of a number of other parliamentary committees might be expected to reinforce the legislature's impositions of financial accountability.⁶⁸

⁶⁷ Ibid, Page: 39

⁶⁸ Ibid, Page: 41

- i) The Committee on the Estimates is expected to scrutinize government's budget estimates and identify where economics, improvements in organization, efficiency; or administrative reforms may be affected.
- ii) The Committee on Assurance has the duty to scrutinize the assurance, undertakings, and promises given by government ministers to Parliament and to report on the extent of their implementation.
- iii) There is a Privilege Committee and a Standing Committee for each ministry. Members of Parliament head these ministries, although the ministries are reportedly permitted to be members of the committees. The committees are expected to convene regularly and to be active participants in the process of ongoing scrutiny. The committees have the power to gather information submitted in writing or to accept verbal contributions from an authorized representative of the ministry concerned with their findings.

In practice, these committees have been weak instruments of public financial accountability. They need to be greatly strengthened. There is considerable scope for Bangladesh's development partners to assist parliamentary committees in developing and adopting best practices and improving their capacity and operational performance beyond the support now being provided by UNDP. Progress in this area will inevitably take time, but it is crucial to improving accountability in Bangladesh.

2.4 Corruption: Various Sectors

Corruption is a social malady, which has many economic implications. It is said that corruption takes its root when market price of anything stays above the suppressed official rate and when salaries of the service-holders are kept very low compared to cost of living. In a narrow sense, bribery is identified as a major type of corruption and due to widespread practice of bribery common and innocent

people are harassed and exploited while they go to any organization to get work done. But in a broad sense, corruption or malpractice covers many things.⁶⁹

A man may be called corrupt if he shirks his duty, a teacher may be flayed if he does not teach seriously and sincerely in the class-room and open up a tutorial home in his own house to make money, a doctor may be castigated if he does not give enough time to diagnose a disease of a patient but charges exorbitant fees, an officer may be criticized if he enjoys official facilities more than entitlements, etc. Moreover, abuse of power, nepotism and illegal interference also fall under corruption. Corruption breeds up and forments social dissatisfaction and creates inequality of income. Application of law and imposition of punishment by the legal authority can prevent corruption to some extent but it is not always feasible due to various reasons; therefore, ethical, moral and religious values and commitment to honesty can free the society from corrupt practice largely.⁷⁰

According to Transparency International, Corruption negates good governance and the endemic nature of corruption in Bangladesh is a major impediment to sustainable economic development. But in order to address corruption, TIB believes one has to increase transparency, accountability and participation of citizens in every sphere of life. TI thinks that corruption is both petty and grand. It is also systemic in nature. Corruption affects the poorest sections of the society the greatest. Corruption increases the cost of doing business and makes Bangladesh unattractive for foreign investors. It reduces the annual growth rate and lowers the quality of public services.

According to the Corruption Perceptions Index (CPI) 2002, released at a press conference at the Jatiya Press Club in the city on 28th august by Transparency International (TI), Bangladesh tops the list of 102 countries in terms of the degree

⁶⁹ M.A. Aziz Khan. **We and Our Rule of Law - v**, The Observer Magazine, March 23, 2001, Page- 25-26

⁷⁰ Ibid, Page- 26

of corruption perceived among the public officials and politicians. In that conference Prof. Mozaffar Ahmed, trustee member of the Bangladesh chapter of TI, said, " The CPI focuses in the public sector and defines corruption as the abuse of the public office for private gain." ⁷¹

The report express that the five countries namely Indonesia, Kenya, Angola, Madagascar, Paraguay, Nigeria and Bangladesh, where corruption is highly prevalent scored less than two out of ten. And it is Bangladesh, which became the most corrupt country with a lowest score of 1.2. ⁷²

However, Transparency International brought out the complementary information by publishing Bribe Payers Index (BPI). The index addresses the propensity of companies from top exporting countries to bribe in emerging markets, since the CPI only focuses the intensity of corruption among the developing countries.

2.4.1 Procurement: A source of Major Corruption and Waste

In all countries, public procurement is a potential source of major corruption and a huge waste of public resources. Bangladesh's current procurement system has particularly grave defects. The annual volume of public procurement is around \$3 billion. Much of this is handled by public corporations and semi-autonomous bodies, though their authority to award contracts is very low- under \$2 million. Contract between \$2 and 5 million may be decided by a Ministry; larger contracts are subject to the approval to a Cabinet committee. Actual implementation is far from satisfactory. Not only do substantial delays occur, but also the procedures used are seriously deficient, and there is a widespread perception of extensive corruption, political influence, and pressure from union CBAs effecting procurement decisions. Public trust in the process is generally lacking. ⁷³

⁷¹ Ibid, Page- 26

⁷² Ibid, Page- 27

⁷³ Taming Leviathan, op'cit., Page: 72

The Constitution has no direct provision relating to public procurement, nor is there any formal procurement law or decree. A Compilation of General Financial Rules, originally used under British rule and revised in 1954 under Pakistan rule, was reissued in 1994 and again 1999 with few changes. The Rules refer to a Manual of Office Procedure (purchase) dating to the 1930s which has been little revised since then. The 1994 version of the Rules refers to Guidelines for foreign funded projects issued by the External Relations Division, modeled on the World Bank's procurement guidelines.⁷⁴

While no major conflict exists between the government procedures and the World Bank's guidelines, actual implementation is far from satisfactory with, for example, inadequate advertising poor specification, non-disclosure of selection criteria, award of contracts by lottery, and re-building without good cause. The inordinate delays are particularly serious, as they add substantially to the cost of contracts, generate complaints, and reinforce the impression that the process is being interfered with. More than a third of the procurement cases handled in FY97-98 took over a year. A fifth took over 500 days.⁷⁵

In this respect, the selection of consultants is especially defective, with review by layers of committees often each overturning the recommendations of the lower layer. Decisions tend to be postponed until postponement is no longer possible. Consequently, limiting the permissible elapsed time, is one measure to bring discipline to the whole process.

Lack of staff well grounded in handling public procurement is one deficiency that may easily be corrected by instituting a crash training program with suitable technical assistance. Once initiated, training should be a continuous process, with substantial of attention to the selection of training institutions, preparation of curricula, hiring of trainers and the like. Making the whole process more

⁷⁴ Ibid, Page: 73

⁷⁵ Ibid, Page: 73

transparent is another important way to improve the practice and enhance the integrity of the system. Promulgating a new public procurement law and regulations based on best practice (a model law has been drafted by the UN Commission for International Trade), supplemented by a set of standard bidding documents is also needed to eliminate the present ad hoc procedures and restore public confidence in public procurement. The Country Procurement Assessment Report has a set of detailed recommendations that merit the government's priority consideration.⁷⁶

2.4.2 The C & A G: A Storehouse of Corruption

In theory the CAG is independent of the government but, in practice, this independence is severely circumscribed, and the Office of the CAG acts like a department within the Ministry of Finance, subject to all the rules that apply to the civil service. Its budget is tightly controlled by the government. There is no fixed tenure for the appointment of the CAG except that he must retire at age 60. The President appoints the CAG based on the recommendation of the government. The criteria for selection and the process for selection and appointment have been kept secret. This failing is representative of the attitude of the Administration toward concepts of openness and accountability. In the interests of good governance and 'open' government, selection criteria applicable to appointments to such an important independent public office should be made more transparent and consultative.⁷⁷

The CAG does not have the authority to hire the qualified and professional auditors and accountants he needs. He cannot restructure the office, promote staff, or purchase equipment without prior approval from the Ministry of Finance and/or the Ministry of Establishment. Flexibility to enhance methodology and

⁷⁶ Ibid, Page: 76

⁷⁷ Ibid, Page: 41

productivity is limited. This limitation is inconsistent with the notion of a truly independent supreme audit.

The CAG conducts audits of about 22,000 administrative units of different ministries, government departments, public utilities, public sector corporations, state owned enterprises, and local government institutions. In the traditional format, the directorates send audit teams consisting of 2-3 junior level auditors to the audited organizations to check transactions, vouchers, and other records on test basis and to comment on the transactions. Due consideration is given to the responses of the audited organization.⁷⁸

A welcome shift nevertheless has been taking place in the approach of audit in the last three years. The CAG is now placing more emphasis on issue-based rather than transaction-based audits. The audits are noteworthy in that they focus increasingly on serious weaknesses in internal control and irregularities that impact the system as a whole, rather than focusing on individual transactions. The emphasis is on "value for money" (VFM), or special audits in areas of public interest.

Since January 1996, over 100 such special audits have been completed and are being reported to the PAC. In its second report, the PAC has requested the auditor general extend VFM auditing to at least 1 percent of public sector organizations by the year 2000. Gross irregularities, involving 900 million takas, were revealed in this kind of audit alone.⁷⁹

There are many irregularities being reported, and while some may be trivial and dated, they reflect the widely held belief that the problem of internal control has hardly been taken seriously. There is no doubt that the quality of audit could be improved; but it is the lack of capacity at the Ministry of Finance to implement

⁷⁸ Ibid, Page: 43

⁷⁹ Ibid, Page: 43

sound internal control in areas of public interest within government that is the central issue at this time, not the quality of audits.

Notwithstanding its limitations, the Audit Office has been highly critical of the government's performance. Although the quality of audit work needs much improvement, given the operational environment, the CAG has done more in recent years to promote financial accountability than any other state institution. The Audit Office reports and highlights areas of concern regularly, and it is working with various development partners to improve its methodology and welcomes ideas for further improvement.

Two technical assistance projects have been initiated to strengthen the CAG audit directorates, improve the skills of audit officials, and raise the quality of audit reports. It is likely to be a slow process given the enormity of the job, but the importance of modernizing the office has been recognized, and corrective action has been initiated in line with the offices' absorptive capacity.

The CAG has correctly identified for areas of improvements: computerization of payroll, provision of new offices for the Audit Office, improve training facilities, and establishment of the Office of the Ombudsman as a complementary pillar of the integrity system. The CAG has also taken the initiative to help the government strengthen its accounting through the Reforms in Budgeting and Expenditure Control project, mentioned earlier. However, sustainability of these various efforts is uncertain, given the lack of emphasis on strengthening internal control, the lack of independent legislative audit, and the limited use of modern audit, reporting and computing techniques.

The CAG is one of the few departments of the government to publish an annual performance report. That it does so demonstrate a praiseworthy concern about transparency. The Annual Report provides information on the operations of the Audit Office – the cost of both auditing and accounting. The coverage of audit is

explained well, the role of audits is clearly communicated, and the service provided to the PAC and other parts of Parliament and the government are described. It is noteworthy that the amount of money recovered or adjusted from the results of audits exceeds the amount allocated for conducting audits.

The Annual Report clearly highlights the shortcomings in management of public funds: expenditures incurred without budget allocation; excess expenditures in various contingencies and miscellaneous categories; and the provision of enhancement for budget allocations that appears to be inconsistent with past requirements. A key concern is that the executive departments failed to give satisfactory explanations for instances of mismanagement identified by the Audit Office.

For example, in the Ministry of Agriculture, financial irregularities amounting to TK.210 million were reported in one fiscal year; 2 percent involved loss, damage or wastage; and 2 percent was attributed to theft, embezzlement, fraud and misappropriation of funds. The CAG report gives many such examples from various departments. The problem of financial management appears to be pervasive. Interestingly, the CAG Annual Report highlights that the category of waste, damage and loss is the major contributor of financial irregularities, not necessarily misappropriation, theft and fraud.⁸⁰

The CAG does not normally provide press releases on his findings, nor can staff explain the contents of the report to the media. This is a sharp contrast to practice in countries such as the United Kingdom and Canada, where media relations and communication are integral parts of audit methodology.

In conclusion, for the auditor general of Bangladesh to be effective, the Audit Office must be competent and objective. The country needs an independent Audit Office, with the auditor general reporting directly – administratively and functionally

⁸⁰ Ibid, Page: 49

– to parliament. To perform his constitutional role effectively, and freedom from restrictions that impact on quality of staffing and auditing. The rules that apply to the bureaucracy should be examined by an independent third party to see if they unduly restrict CAG work. The constraints to the effectiveness of audits appear to be overwhelming. The office requires trained professionals that can conduct sound, control-oriented financial and value-for money audits.

The need to strengthen the capacity for audit should be kept in perspective. Strengthening may only have a marginal impact at this time. The quality of audit is not the main issue; rather it is the failure of the internal controls, which should be exercised by government, that is the more fundamental problem. More or better audits, by themselves, cannot solve this.

Remembering that bureaucracies do not reform without external pressure and politicians do not react to “professional” advice, there is no real substitute for public opinion calling for change. Many CAG staff do not favor any structural change, such as the separation of accounts from audit because they see such reforms as making them personally worse off. A successful reform strategy will need to take full account of this resistance and find ways to make reform attractive to the staff concerned.⁸¹

To build a constituency for reform, stakeholders, particularly civil society and the poorest groups need to be better informed on the impact of waste, fraud, and abuse of public funds. Transparency could be a powerful instrument for creating public pressure for reform. To this end training Bangladesh’ financial journalists to better understand and report on the issues would be helpful.

The shift from purely compliance-based auditing to Value-for-Money auditing requires reorganization and development of the human resources in the new type of auditing skills and techniques. The CAG is trying to train his staff in new skills

⁸¹ Ibid, Page: 41

and techniques of auditing with his existing resources, and external assistance. The Financial Management Academy has been upgrading its capacity with computers and audiovisual equipment. A program to enhance training capacity and the quality of the training courses offered by the academy is under way. There is a strong justification to provide enhancing donor support to help overcome the shortage of teachers and other costs.⁸²

2.5 Corruption: Export Import Business and Foreign Investment

A survey report, conducted by the Japanese Commerce and Industries Association in Dhaka on existing situation of Bangladesh related to export-import business as well as the foreign investment, presented to Finance and Planning Minister M. Saifur Rahman by Japanese Ambassador in Dhaka Matsushiro Horiguchi, termed the official process in Bangladesh "very slow", saying the universal concept of "time is money" was absent in Bangladesh.

2.5.1 Bribe Deteriorates the Law and Order Situation

Japanese investors in Bangladesh accused government officials of demanding bribes for customs, clearance, visa issuance, work permit, permission for selling products and other services in a recent survey. Pointing out the poor law and order, they said they were the victims of regular robbery and theft of materials by armed Mafia at construction sites mainly outside Dhaka.⁸³

⁸² Ibid, Page: 75

⁸³ A Survey Report, conducted by the **Japanese Commerce and Industries Association in Dhaka**. Published in the Daily Star on September 2, 2003, Page 1 Column 6

In the survey conducted by the Japanese Commerce and Industries Association in Dhaka, many firms reported that bribes demands for the renewal of a re-export permit for construction machinery ranged between Tk. 50,000 and Tk. 3,00,000.⁸⁴ They alleged that the import duty was determined arbitrary at the discretion of the assessing officers. The customs authorities also demanded money in clearing machinery bound for Japan for repair. The above report, to some extent reflects present reality in government agencies.

2.5.2 The Low Performance of Chittagong Port and Frequent Disruption in Utility Services

The performance of Chittagong port is poor, while immigration and tender process in the public and other sectors are time-consuming, the investors said. They said they often found contents in parcels “missing”. The Japanese companies also alleged frequent disruption in utility services like, power, gas, water and telecommunications.

2.5.3 Underhand Money is the Impediment to Foreign Investment

In one case, the Dhaka Export Processing Zone and Uttara Customs Authorities demanded Tk. 10,000 and Tk. 15,000 respectively as “underhand money” for the purpose, the investors said.⁸⁵ The survey was conducted in January, 2003 to find out various impediments to foreign investment in Bangladesh. The decision to conduct the survey was taken at the twelfth meeting of the Japan-Bangladesh Joint committee for Commercial and Economic Cooperation in April last year.⁸⁶

Citing an instance of robbery and theft at construction sites, the report said one Japanese firm had experienced theft incidents for more than 200 times in last one

⁸⁴ Ibid, Page 1 Column 6

⁸⁵ Ibid, Page 1 Column 6

⁸⁶ Ibid, Page 1 Column 6

and a half years. The stolen materials including steel bars, timber, fuel, batteries, cement and cost the company about Tk. 25,00,000 in losses.⁸⁷

Apart from theft, there are cases of assault on local employees by Mafia groups. Sometimes, explosives were also hurled at the construction site to create panic. The law-enforcement agencies are not serious to curb such activities of the criminal groups, they observed.

2.5.4 Lack of Reliability and Continuity in National Policy

The Japanese investors also found lack of reliability and continuity in national policies, attention to existing foreign investment companies and long term policies for developing industries.

Although Japanese investors were supposed to get a new work permit with in three to four months and its renewal with in one to two months, there are several examples where the permits were not issued even in six months because of non-payment of bribes, they alleged. The average amount of bribe for a work permit is Tk. 9,600 and for a multiple visa Tk. 4,300.⁸⁸

Based on above analysis, one may say that Export / Import sector suffers from serious corruption problems, which have been badly affecting our economy and development efforts of government.

⁸⁷ Ibid, Page 11 Column 6

⁸⁸ Ibid, Page 11 Column 6

CHAPTER - 3

Scope for Improvement of Governance at Local Level

Bangladesh has a long experience of experimenting on area development, rural development as well as poverty alleviation a number of approaches for rural development over the years. Rural development of Bangladesh is the task of nation building. It is not only a part of the nation building, but it is the most crucial component of the nation building. It is an ideal arena for development agents in the public sector to play a leading role for the benefit of the less privileged people in rural Bangladesh, who constitute the majority of the nation. The public sector seems to be less efficient and effective than the NGO sector. This is not because the public sector is under-staffed, low-caliber or corrupted. It is seen that this is because the development agents working in the public sector is under-utilized and poorly coordinated. This chapter analyses the needs, areas and scope of improvement in local governance in Bangladesh.

3.1 Governance: An Inward Looking Approach

Concept of Governance as perceived by the common people in Bangladesh matches more with the conceptual framework of "Human Responsive Governance". Aim of responsive governance is to develop a system and process whereby a condition is created to extend and consolidate the room for poorer and disadvantaged section of the society to effectively engage in decision making processes, get adequate access to resources and public services. Responsive governance also refers to a condition whereby opportunities are created to mobilize public opinion against any denial of civil and political rights.⁸⁹

⁸⁹ Asaduzzaman, op'cit., Page:15

Following are some of the approaches that could be addressed at various levels to create a condition of humane and responsive governance:

- i) Improving the management of public delivering system, reforming public sector/institutions and administrative procedures to reach the poor and the disadvantaged
- ii) Sustainable improvements in livelihoods and basic services for the poor and those vulnerable to poverty
- iii) Initiating policy reforms in favor of poor and disadvantaged
- iv) Initiating broad based and pro-poor growth and pro-poor budgetary policies
- v) Ensuring better law and order system to protect life and security of the poor people
- vi) Creating a system of Governance that is transparent and responsive
- vii) Mapping Governance needs of the poor
- viii) Improved realization of human rights and improvement in the positions of women and disadvantaged in the society

A brief outline of interventions that could facilitate the process of a responsive governance are as follows:⁹⁰

A. Government Perspective:

- i) Delegation of selected responsibilities and functions to Local Government, CBOs and NGOs.

⁹⁰ Ibid, Page:18

- ii) Design of institutional structure for partnership with NGOs, CBOs and local government.
- iii) Reorientation of bureaucracy with the values and philosophies of New Public management.
- iv) Revision of existing rules/ regulatory framework and process/elimination of secrecy act.
- v) Involvement of Civil Society, CBOs and NGOs in process of governance (planning, budgeting and community monitoring and evaluation).
- vi) Introduction of transparency through public hearing and debate.
- vii) Active Parliamentary Committees specially the Petition Committee.
- viii) Public briefing of governmental interventions at local level.
- ix) Development of "Governance manual" a handbook describing how to approach government (who does what, where, how, at what cost, who has ultimate authority and is functionally responsible).
- x) Introduction of Gender Analysis of budget.

B. Civil society/NGO/CBO Perspectives:

- i) Policy Advocacy lobbying on pro-poor issues.
- ii) Mobilization of public opinion.
- iii) Participation in policy formulation process as experts.

- iv) Facilitating in public hearing/policy workshop/seminar.
- v) Pressurizing the Government through Media.
- vii) Lobbying with the donor on pro-poor issues.
- viii) Policy Analysis, Research and Review.

More specifically areas of activities/ involvement of Civil Society/NGOs

- i) Formation of client/ beneficiaries groups.
- ii) Participation in public hearing/debate.
- iii) Formation of "Client Committee" for functional areas of GOB intervention like health, education, agriculture etc.
- xiii) Review and Action research on anti-poor law and policies.
- iv) Incidence Analysis of Budget keeping in views the need and priorities of the poor, women and children and other disadvantaged groups.
- v) Capacity building of the GBOs in analyzing and understanding governance related issues with particular focus to poor and disadvantaged community.
- vi) Sensitizing Public Officials on Governance related issues.
- vii) Undertake governance mapping for the community.
- viii) Lobbying for establishment of independent Anti Corruption commission.

- ix) Mobilizing public opinion for strengthening the Parliamentary Committees and creating room for public hearing for such committees.
- x) Initiate public debate and forum on policies.
- xi) Undertake Public Interest Litigation (PIL).
- xii) Act as Independent Performance Auditing body on public bureaucracy.
- xiii) Formulation of Social audit team.

3.2 Assessing Local Government of Bangladesh

A number of authoritative sources exist regarding decentralization and local governance in Bangladesh. In assessing the development strategy for Bangladesh was a felt need for a strong local government by the developers of the First Five Year Plan. Many of the programs of the First Five Year Plan focused on rural sector to formulate and implement the five-year plan.

The Report of the Task Forces on Bangladesh Development Strategies for the 1990's in Volume II entitled "Managing the Development Process" also provides a review of decentralization initiatives. This report concludes that local government system is needed not only to fulfil the objective of training in political system but also to make national level bureaucracies operating at the levels responsible and responsive to the demands and sensitivities of the local people. More recent studies include the 1993 "New Local Government System in Bangladesh" sponsored by the Local Government Division (GOB, 1993). This study outlines the salient features of the Union Parishad and the Pourashova. The study also outlines the salient features of the Gram Unnayan Committee (Village Development Committee) and the Thana Unnayan Samannyan Committee (Thana

Development Co-ordination Committee). Finally, there is the 1996 co-sponsored study by the UNDP and the Government of Bangladesh entitled "Local Government in Bangladesh: An Agenda for Governance."⁹¹

3.3 A Vision for Local Government

The 1996 UNDP study on local government system provides a vision statement, which can form the basis of developing a consensus on the issue of governance at the local level. Supporting the intent of the Constitution of Bangladesh, the UNDP study prepared for the Government of Bangladesh suggests four fundamental vision statements.⁹² These are:

- i) The Bangladesh is capable and resilient, despite adversities, and is deserving of trust and management of public goods and services.
- ii) Self-governance is possible and is a desirable outcome of democratic institution building.
- iii) The inclusion of all social groups is a fundamental necessity for autonomous local government.
- iv) Local government is an integral part of a comprehensive national governance vision of partnership between central government units and local government units.

The UNDP study goes on to suggest challenges for implementing a system based on these four vision statement. First, people at all levels in Bangladesh are organizing themselves. Second, governments at all levels should be cognizant of

⁹¹ Hasnat Abdul Hye, **Governance: South Asian Perspectives**. Edited by The University Press Limited, Published 2000, Page-236-237.

⁹² Ibid, Page- 237.

this fact and must respond to the needs of the people or the people are likely to withdraw their consent. Third, the apparent complexity of local conditions will require re-thinking regarding local government not being as a single uniform entity but a broad framework which can show many different shapes and configurations.⁹³

Finally, different levels of local governments can have completely different functions, or that the same function can be performed at different levels. For example, the study notes that from an organizational perspective, the Union can serve as the focal point for economic development and local planning, the village or ward may be the appropriate place for community decision-making, participation and local leadership, while resource mobilization and allocation may be at a higher level than the union and the district may serve as the training ground for national political leadership.⁹⁴

3.4 Building A New Local Government System

There is enough evidence to clearly show what has not worked at the local level in Bangladesh⁹⁵. In this respect, the factors that stand out include:

- i) Process tinkering and tweaking the existing system
- ii) Uniformity and standardization of structure
- iii) Reforming structures
- iv) Utilization for partisan strategic and political alliances micro-management from the top.

On the other hand, there are some clear indications of what may work. These include:

⁹³ Ibid, Page: 238

⁹⁴ Ibid, Page: 242-243

⁹⁵ Ibid, Page: 243-244

- i) The adherence to the concept of elected representatives at the local level
- ii) Facilitating the process which foster the development of local choice and decision-making process
- iii) Enhancing the process of linking community private economic and social organizations with statutory local government as an essential element for good local governance.

The prime focus for building a new local government system should be on the purpose and functions and not on structures and administrative control from the higher levels. The national legislature should in accordance with the Constitution provide the guiding principles. An example of a guiding principle is the direct election of members at all levels. Let the levels decide how many members and the format of the election, the position of the Chairman, the process of removal etc. that the local government system should have.

Another guiding principle may be that elections will be held every five years and all local elections will be managed by an independent local government election commission. All levels will therefore, prepare for election every five years and the levels should decide how they prepare for local election. Another guiding principle may be the accountability of public funds and annual audit by independent auditors. Let the levels account for their use of public funds and audits will inform the community of how funds were expended. Still another guiding principle is the transparency of decision-making process.

Let the communities and the local media and community group evolves their own process of transparency. The guiding principles can define in broad terms such aspects as the responsibilities of the different levels, the taxing authority, types and conditions of national level assistance programs, and sources of local

government derive their own process, leadership and management style, responsibility and accountability to its citizens.⁹⁶

To conclude that the local government system in Bangladesh is weak. However, not to undertake significant functional innovation and change in support of enhanced local governance and statutory local government is to deny the social, economic and political realities in Bangladesh today.

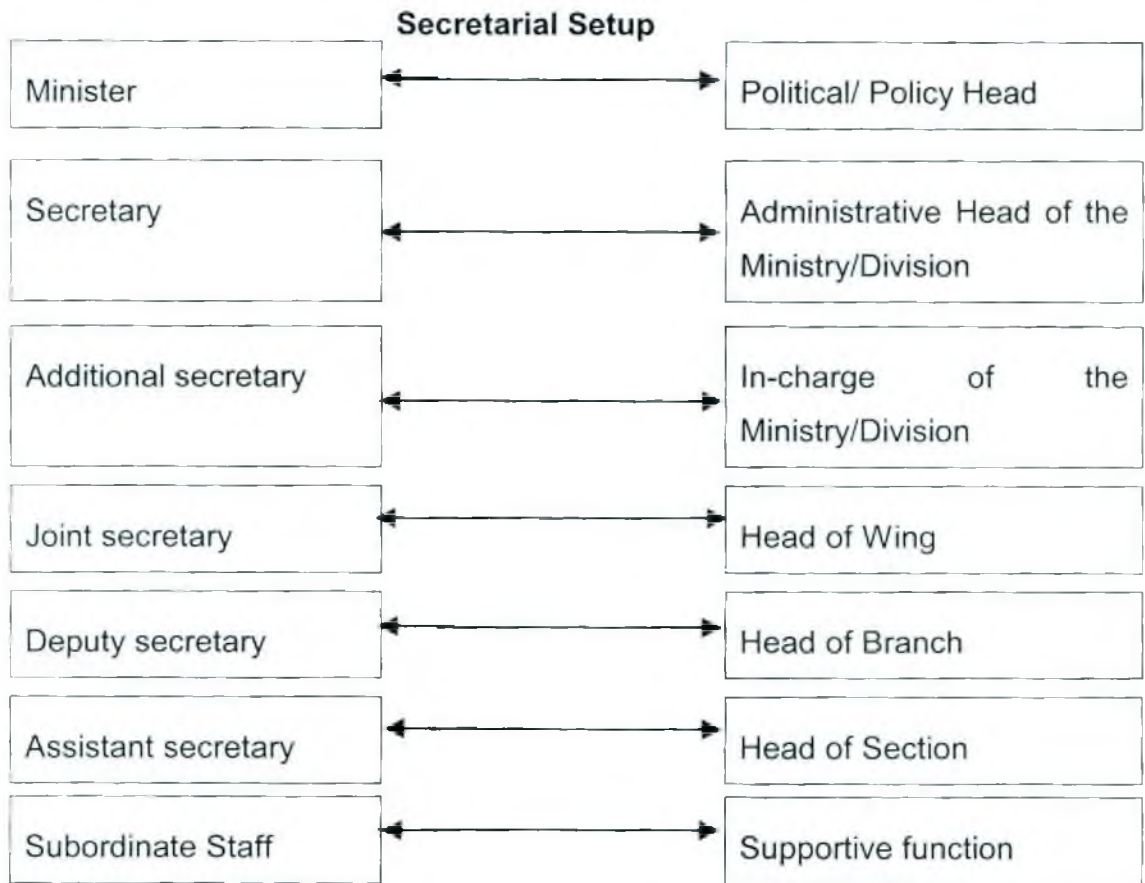
A local government, autonomous and able to advance community wishes and aspirations but strategically aligned with national economic development and social justice programs and effort will require abandonment of the current uniform structure and process and designing of a multi-layered, locally designed local governance supported by a set of guiding principles which will allow communities to elect representative and make them accountable to the local people. Communities should be charged to provide the leadership for local government design and the national government should facilitate the development without controlling the process.

3.5 Administrative Setup (National/Central)

The apex organization of the national administration is the secretariat, the nerve center of entire administrative organization and the main spring of all governmental activities. It is the hub of administration, and the main center of policy-making. The secretariat consists of all ministries. A ministry is composed of one or more divisions. A division is divided into wings, branches and sections. A Minister is the political head of ministry and a Secretary is its administrative head. Next to Secretary, there are in descending order, Additional Secretaries, Joint Secretaries, Deputy Secretaries and Assistant Secretaries which is shown in the following figure¹

⁹⁶ Ibid, Page: 243.

Figure 3 : Secretarial Setup



The Ministries are responsible for the formulation of government policies and the implementation of those policies are the functions of executive agencies, called attached departments and subordinate offices. The attached departments, also called directorates, are responsible for providing executive directions required in the implementation of policies laid down by the ministries to which they are attached. Subordinate offices are responsible for detailed execution of the policies at the field levels.

3.6 Rationale of Decentralization

Decentralized governance systems represent one, if not the single most important means of implementing and exercising administrative checks and balances. In that regard, decentralization has two manifestations. First, it is manifested in terms of decentralization of the capacity to exercise power within a government. That means, as regards structures of governance that as political philosophers such as Montesquieu and Madison have argued, it is critical that no single unit, branch or actor be allowed to exercise all aspects of power and decision making within a government. In most cases, this has meant establishing independent judiciaries and law making bodies.⁹⁷

A second benefit of decentralization is that it serves to create additional civic space. By generating more centers of power, there are inevitably more venues in such civil society organizations- interest groups, business associations, labour unions and the media etc.- can develop and find sustenance.

Decentralized governance also helps create opportunities for the emergence of opposition political groups and in particular create resources for opposition political parties. The existence of decentralized governance generally and local government in particular in fact to provide an opportunity for political oppositions to mobilize and seek to concentrate their efforts in order to gain the political power that comes from holding an important office.⁹⁸

Decentralized system creates numerous training grounds for the development of democratic skills and practices. As noted earlier, beginning with the writing of Rousseau, many observers have suggested that the local government provides

⁹⁷ Allan Rosenbaum, **Decentralization, Governance and Democracy, Democracy, Decentralization and Development**, E.H. Valsan, published by the International Institution of Public Administration in Paris, Page - 5

⁹⁸ Ibid, Page - 6

not only a stepping stone to higher office but indeed, serves as an initial training experience for many people in the process of negotiation, compromise and the like that are necessary elements in the process of democratic governance.⁹⁹

Decentralized governance provides more options for individual citizens seeking a positive response from government. In essence, having alternative levels of governance provides options for individual citizens seeking the provision of a particular kind of governmental service or the redress of a particular problem. It more readily provides for diversity in response to popular demands. Obviously, in the case of many countries, different regions have different kinds of resources, different kinds of needs and are the home to different ethnic, regional or tribal groupings. It often provides the citizenry with a greater sense of political efficacy.¹⁰⁰

In general, people tend to respond more positively to government that is nearer to them and more tangible. This will often be the case even though the policies pursued by the government may not necessarily be the most favorable to the individuals involved. This is seen frequently for example, in developed countries where the local tax system may be a more regressive one but the citizenry tend in public opinion polls to characterize their local rather than the national, government as more responsive to their needs.

A decentralized governance systems provides, at the same time opportunities for certain measure of uniformity across a country but also opportunities for making required local adjustments in order to be more responsive to the needs and interests of the local population. Highly centralized governance systems tend to concentrate both political and economic power in the capital city of the nation. This concentration often serves to work against the interests of other cities and communities with in a country. When power is highly centralized, communities

⁹⁹ Ibid, Page - 6

¹⁰⁰ Ibid, Page - 6

some distance from the capital city often have great difficulty in creating the environment that can facilitate community and economic development. They typically will lack revenue to invest in the kind of infrastructure necessary to make it feasible for private economic development to take place.¹⁰¹

The potentials of local government institutions can be realized more effectively where there is decentralization and devolution power. Accountability, transparency, participation, empowerment, equity and all the other attributes of good governance can be in full play and become a part of the daily work of both the government and local government bodies when decentralization and devolution take place.

Decentralization and devolution ensure that the needs of the disadvantaged groups in the community are addressed adequately and environmental issues receive due attention because of the proximity to the decision-making authority. Transparency and accountability in decentralized units encourage people to take more interest in local affairs and to pay their dues timely. Without decentralization and devolution local government bodies remain paper organizations without any effective role. It will be no exaggeration to say that it is in a decentralized local government system that most of the attributes of good governance have a chance to survive and prosper. Strengthening of local government institutions can, therefore, be seen as a positive trend towards good governance.¹⁰²

In general, decentralized government can be a very important element in the facilitation of an active and lively civil society. The more decentralized the government is, and the stronger local governance capacity is the more opportunities-in essence, the more arenas-are provided for the emergence of civil society institutions. In fact, very often it is the existence of local governance,

¹⁰¹ Ibid, Page - 7

¹⁰² Hasnat , **Good Governance: A Social Contract for the New Millennium**, op'cit., Page - 19

combined with the emergence of local civil society institutions that truly creates the pluralism that is so central to democratic institutional development. In that regard, local governments can and have played crucial facilitating roles in the development of vibrant civil societies. Local government policy and administrative practice can profoundly impact upon the capacity for civil society to emerge and play a role in governance. Likewise, the actions of local political leaders can either be supportive of or create major impediments to civil society development.

While there is obviously a strong case to be made for the decentralization of governance, there are also some dangers inherent in such a development. Given some measure of independence and autonomy, people can behave very well and very poorly, very tolerantly and very intolerantly, very honorably. Just as opening up more venues for individual actions creates more possibilities for people to behave well, it also provides more possibilities to behave poorly. Likewise, the actions of local political leaders can either be supportive of or create major impediments to civil society development. On the other hand, by having multiple centers of the authority and levels of governance, one does provide more opportunities for those who behave responsibly to limit or counter-balance the damage done by those who behave irresponsibly.¹⁰³

3.7 Upazilla Administration

To take government administration nearer to the rural people and to facilitate their effective participation in administration and development, the Bangladesh government under the leadership of President Ershad decided to reduce the hierarchy in administration as well as to develop administrative powers and to decentralize planning and development activities at local level. Based on the Administrative Reform Committee Report of 1982, the government's recent push

¹⁰³ Ibid, Page - 19

towards decentralization has been carried out by upgrading of thanas now called Upazilas.¹⁰⁴

Under this system the upazila has been made as the focal unit of administration and socio-economic development at local level. There are at present 460 upazilas in the country. With the creation of upazilas, a direct relationship between the upazila and the district has been established by abolishing sub-divisional level administration.

Notable features of upgrading of thanas into upazilas are the following¹⁰⁵:

- More officials have been placed at the upazila level
- Enhancement of the status of upazila level officials
- Rapid construction of physical facilities at the upazila level
- A new local government body, namely, upazila parishad has been established with having more functions; more government funds are allocated to upazila directly.

An important feature of upgrading of thanas into upazilas is the placement of a large number of senior technical officers in upazilas. Most of the line ministries such as health, agriculture, rural development and education, etc. have their officers at upazila level.¹⁰⁶

In addition there are six regulatory officers as well as judicial officers (Magistrate and Munsiffs) posted in upazilas. Each upazila is headed by an elected Chairman who is assisted by an administrative civil servant designated the Upazila Nirbahi Officer (UNO). Upazila Nirbahi Officer provides expert administrative and

¹⁰⁴ Ibid, Page - 20

¹⁰⁵ Ibid, Page - 20

¹⁰⁶ Lutful Hoq Choudhury, **Administrative Reforms: Current Decentralization Measures in Bangladesh**; paper presented in SAARC conference on Reform in Civil Service held in New Delhi from January 13-17, 1986, Page - 6

national government at the upazila level looking after law and order and other regulatory functions. All government officials posted to upazilas have been placed at the disposal of the upazila parishad and they are accountable to upazila parishad. Adequate powers have been given to the Chairman to ensure that his staff in particular the UNO are accountable to him. In this way, an effort has been made to ensure the institutional supremacy of the upazila parishad.¹⁰⁷

3.7.1 Organizational Setup of Upazila Administration

The local government Ordinance of 1982 provided for the creation of Upazila Parishad consists of One Chairman elected directly by the people the Chairmen of Union Parishads as representative members, three women members, official members, Chairman of Upazila Central Cooperative Association and One nominated member. Since 1985 the Chairman of Upazila had elected for three expected to years and ensure better administration, increased participation and improved living conditions through over seeing development works.¹⁰⁸

Under upzila administration, the officers and staff dealing with the transferred subjects were placed at the disposal of the Upazila Parishad and were accountable to it. Later, they were deputed to the Upazila Parishad. Hence, They were subject to all terms and conditions applicable to the government officers on deputation. They, therefore, drew their salaries, allowances, etc. from the respective Upazila Parishad. For this purpose, the government made necessary grant to it. However, the government and the respective departments had responsibility of appointment, transfer, promotion and discipline of the officers. The Nirbahi Officer and the Assistant Commissioner, (later designated as Assistant Commissioner, Development) working at the Upazila level were also deputed to

¹⁰⁷ Ibid, Page-5-7

¹⁰⁸ M. Shamsur Rahman, **People's Participation at the Upazila Level: Problems and Prospects**, A Study of Twelve Upazilas in Bangladesh, Dept. of Political Science, University of Rajshahi, June-1991, Page-16

the Upazila Parishad and they continued to perform their duties and functions in respect of subjects retained by the government.¹⁰⁹

The line ministries controlled the services and functions of the officers dealing with the retained subjects. The Upazila Parishad could simply coordinate functionaries except the Magistrate and the Assistant Judge. Thus, keeping in view the independence of judiciary, the architect of Upazila scheme made the Upazila judiciary separate and independent. Given the entire organizational setup of administration, the Upazila judiciary was a separate entity functioning under the Assistant Judge and Magistrate who disposed of the cases independently. However, while coordinating the functions of the officers dealing with retained subjects. The Upazila Parishad could call report from them and also summon them for hearing. The Parishad was also empowered to inspect their offices and report to the government for any laps in the discharge of their duties.¹¹⁰

3.7.2 Scope and Functions of Upazila Parishad

The government Resolution 1982 that laid down the foundation of Upazila decentralization divided the government functions at the upzila level into retained subjects and transferred subjects. The responsibility of transferred subjects was given to the Upazila Parishad but the Resolution did not provide the list of transferred subjects. It simply provided the list of retained subjects.

The subjects included civil and criminal judiciary, administration and management of central revenue, maintenance of law and order, registration, maintenance of essential goods including food, generation and distribution of electricity, irrigation schemes involving more than one district, education above primary level, large scale industries, etc.

Since the government Resolution of 1982 did not provide the list of transferred subjects, by adopting the method of exclusion the subjects which were not include

¹⁰⁹ Ibid, Page:16

¹¹⁰ Wahhab, *Decentralization in Bangladesh*, op'cit., Page-72-74.

in the retained list may be regarded as the transferred subjects.¹¹¹ They are stated below:

- Agriculture including extension services, input supply services and irrigation.
- Small and cottage industries.
- Primary education and child development program.
- Health and family planning including Upazila Health Complex, MCH and all population control services.
- Fishery.
- Livestock.
- Cooperative.
- Rural Works Program.
- Food for Works Program.
- Disaster relief including VGA, IGF, etc.
- Social welfare.

The above distribution of government functions is generally found in a federal state. In the federal state like the United States of America, the power and functions of the central government are fixed and residuary powers and functions have been given to the states (provinces). This distribution has been done by the constitution. In the British India and in the United Pakistan also this type of distribution existed between the central government and the provincial governments. The provincial governments through legislation worked out the spheres of responsibility between them and the local government institutions. Bangladesh is a unitary state, and the reform measures of 1982-84 were

¹¹¹ Ibid, Page- 74.

introduced by a military government when there was no legislature and constitution was suspended. Hence, the sharing of functions between the national government i.e., the Upazila Parishad was implemented in the form of government Resolution. The only strength of the Resolution was that it had the sanction of the Cabinet consisting of senior armed forces officials and appointed Ministers.¹¹²

The development functions of Upazila Parishad comprise formulation, implementation and monitoring the evaluation of Upazial level development plans and programs, preparation of UZ development plans on the basis of union development plans; assistance and encouragement to the Union Parishads in their activities; promotion of health, family planning and welfare; management of environment; training of Chairman, member of secretaries of UPs; implementation of policies and programs of Government of Bangladesh with in UZ supervision, control and coordination of function of officers serving in the UZ; promotion and encouragement of socio-cultural employment generating activities, and extension of cooperative movement in the UZ; assistance to Zila Parishad in development activities, planning and execution of rural public works program; promotion of agricultural activities for maximizing production, educational and vocational activities; and promotion of livestock, fisheries and forestry.¹¹³

3.7.3 Socio-economic Profile of Upazila

The well discussion of the socio-economic profile of Upazila, its plan and planning process are needed to be discussed clearly. By plan we generally mean the economic activities of the Government. More specifically it is the blue prints of total or partial economic activities and its possible implementation directly or indirectly with in a specified period. The planning process was introduced in Bangladesh at the macro level since 1973 and ended in 1978. From 1978-80 there was two-year plan. The second Five-Year Plan started from 1980 and ended in 1985.

¹¹² Ibid, Page: 74-76.

¹¹³ Shamsur Rahman, **Peoples Participation**, op'cit., Page-17

The third Five-Year Plan began in 1985 and ended in 1990 and since July 1990 we were under the fourth Five-Year Plan. More or less the objectives of all plans are the same as reduction of poverty, elimination of illiteracy, reduction of population growth, attaining self-sufficiency in food, expanding opportunities for employment, achieving high degree of self reliance and improving the quality of the life of the people and also the promotion of participation of people in development activities.¹¹⁴

The national or central plan in worked out sectorally such as agriculture, industry, infrastructure, transport and so. In order to ensure peoples participation at the development efforts the concept of local level plan has been repeatedly stressed by the policy planners and they have provided the following rationale for local level planning-

- i) To identify and mobilize the local resources needed for a comprehensive development of the upazila and villages.
- ii) Prepare a comprehensive perspective plan for development.
- iii) Contribute to the development the national or macro-plan consistent with local needs.
- iv) Implement development plan with greater efficiency.
- v) Perform the task of planning and management with proper knowledge and skill.

These are also the objectives of Local Level Plan (LLP). And the Upazila administration has been effected for fostering the local level planning.¹¹⁵

¹¹⁴ Ibid, Page - 48

¹¹⁵ Ibid, Page- 49-50

3.8 Union Parishad

Over the years, the Union Parishads could not emerge as efficient and effective institutions and thereby ensuring good governance at the local level. A number of factors are responsible for such state of affairs. Governance at the Union level depends on certain component elements. These elements constitute the whole process of governance. These elements are the Union Parishad itself; national bureaucracy functioning at the field level especially at the Upazila level; the local community; and the civil society organizations operating or functioning at the local level. Harmonious and synergic interactions among the above stated elements are essential for having desired level of governance i.e., good local governance.¹¹⁶

As stated earlier, the effectiveness and efficiency of Union Parishads could not reach the desired level for a number of factors. These could be termed as internal and external. The internal factors are embedded with the Union Parishad itself. On the other hand, the external ones are related with its relationships and interactions with other elements of the local level governance environment mentioned earlier.

3.8.1 Awareness

It has been seen that there is a low level of awareness among the elected chairmen, members and officials of UPs about the actual scope and limitations of the functions, powers and authority of the Union Parishads. The chairmen are observed to be better aware than the male and female members. The male member's awareness level was found to be average usually. The women members are evenly distributed between average and below average. The Secretaries' awareness levels are observed usually to be good in several Unions.

¹¹⁶ Akhter Hussain, op'cit., Page: 8.

Here, Table – 4 shows that the Union Parishad regulation specifies 38 functions for a Union Parishad. These are classified as compulsory and optional functions.

Further, with respect to role performance, the UP chairmen and members (both male and female) are not fully aware and knowledgeable about their roles and responsibilities as elected representatives of the local communities; nature of relationship between them and the members of the local bureaucracy with whom they need to deal with on a regular basis. These activities fall within the boundaries of UPs. But it has been observed that there persists confusion as to the relationships between them. This lack of knowledge and awareness hinder the effective functioning and role performance by the Union Parishads functionaries both elected and appointed as the UPWARD study indicates.¹¹⁷

3.8.2 Interaction

One important way of measuring interaction between the elected representative and the community by looking at the level/frequency of consultation between the councilors and the stakeholders or citizens. There is the practice indicating that 95% of respondents is of the view that such consultation takes place in the UPWARD study (see Table - 5).

With regard to the frequency of consultation and meetings between UP members and stakeholders, it is seen that these meetings take place. Through interaction and consultations the councilors become aware of the needs of the community. Do the elected representatives in the relevant forums articulate these demands? The UPWARD Project shows that the interaction and participation of unions seem to have representatives who raise community demands (see Table - 6). Although the rate of raising demands in the UP by the women councilors in two sets of sample of union does not vary much but the demand raised by the women of the UP reflect the problems of the community more realistically and precisely.

¹¹⁷ Zarina Rahman Khan, Monirul Islam, **Union Parishads Working to Achieve Real Development (UPWARD)**, Final Evaluation Report, University of Dhaka, May 2001, Page: 11

Hence, the problem of women and the community are more likely to be addressed in the UP. In this regard all member respondents recorded their roles in such an activity. It is an interesting finding that UP councilors are actively representing the people and raising demands on their behalf.¹¹⁸

It is evident from the findings of different studies that the elected representatives and the stakeholders that peoples participation and decision of the programs of UPs. However, the level and frequency of meetings in the intervention unions is higher in proportion degree than in the control union.

3.8.3 Community Participation and Development

Community development is the process by which the people combine their efforts with those of governmental authorities with a view to improving the socio-economic and cultural life of the communities. According to B.Mukherji, community development has two essential elements such as participation of people by themselves in an effort to improve themselves as much reliance possible on their own initiative and providing the technical and other services by the government to encourage people's initiative and self help.¹¹⁹

The picture on community participation in development projects in the locality is quite frustrating. In the several unions nearly half reported they do not participate with the highest number of non-participants being from one district 73% (see Table - 7). Some reported to have participated In area selection and some in need assessment.

¹¹⁸ Ibid, Page: 12

¹¹⁹ Shamsur Rahman, **Peoples Participation**, op'cit. , Page-5

3.8.4 Coordination

The practice of coordination activities with the government and non-governmental organizations in the union level is very good. The effectiveness of coordination meeting conducted by the UP is noteworthy as it helps identify the problems in relation to service offered by different governmental departments. It came out from the findings of the focus group discussion that the outcome of the coordination meetings had been much different and result-oriented because of the interaction between the UP members and stakeholders.¹²⁰ Courtyard meeting provides the councilors with the opportunity for learning about the problems, they faced with the government offices providing services. The absence of doctors from the government clinic is a relevant example.

This is pointed out in the courtyard meeting and the problem was raised with the respective persons in the coordination meeting. The control UPs lagged far behind in this respect as one finds from the field study. Nonetheless the room for complacency is not very wide for the intervention UPs because service delivery has several problems to be addressed within the purview of coordination meetings.¹²¹

Coordination meeting follows a long agenda. Observing important national days is one of the areas where joint programs are organized and implemented. Coordination meetings accord large emphasis to the discussion on community problems. The opportunity for the UPs to use the coordination as a forum for correcting and streamlining the activities of the line dependent is higher because of the interaction with the community at the courtyard meeting.

¹²⁰ Zarina Rahman, op'cit., Page: 12

¹²¹ Ibid, Page: 12

Traditional UPs are less oriented to listen to the problems of the community and take initiatives for its resolution. Since the gap between the community and the UPs has reduced in the intervention UPs thus the problems have been discussed at a greater extent.¹²²

3.8.5 Financial Management at Local Level

Access to budget information has increased significantly. This is evident from the comparison with the baseline (only percent in the baseline reporting to have seen it). Particularly important is the stakeholders' access to the content of the budget. Comparative situation in the area clusters is noticeable better than the control clusters. However, it is learnt from the focus group discussion that the educated and the well off took larger interest in UP budget.

Large proportion of the stakeholders and councilors know about the appropriate place where budget is kept/displayed. In traditional UPs budget is not displayed on the notice board.

The result of one project indicates that the distance between the UP office and the neighborhood could explain the lag. Councilors are more aware than the stakeholders about the place where budget is displayed. Financial practices have improved and now more systematic. Improvement is notable as it shows better situation than both baseline and control cluster. With regard to multi-year budget difference among the unions cannot be ignored.¹²³

¹²² Ibid, Page: 14

¹²³ Ibid, Page: 14

3.8.6 Office Management

Proper maintenance of records is a manifestation of good office management. Proper maintenance means updating the records regularly. For example, if the resolutions taken in all UP meetings are filed then it should indicate good record maintenance and updated as well. Having the latest governmental circulars on UP also indicate updating of information. However, the notion of good office management does not confine to the above only.

UP records should consist of information derived from authentic sources. It includes government statistics, government order and the UP activities. If it is based on guessing then its quality should be called into question. The difference between the intervention and the control Ups are revealed in the table (see Table - 7) cannot be considered big and in favor of the former. In some respect opposite is noticeable in the way of control UPs having better performance.

3.8.7 Management Capacity and Competency at Local Level

The Union Parishads are by law required to discharge certain functions. Effective and efficient performance of functions and responsibilities require certain level of management capacity and competency. The study reveals that the UPs have poor management capacity and lack competency in different areas related to their functions and responsibilities. Here, it may be mentioned that as an elected body the affairs of the Ups are run by elected chairmen and members with the help and assistance of the appointed officials, such as, secretaries, Dafadars and Gram polices. But most of the elected officials do not have competencies in office management, budget preparation, planning, implementation and monitoring of development projects, procedural aspects of Gram Sarkar and personnel management of the staff of the Parishad.

With respect to budget preparation, it was revealed that budgets in all the Unions under the study generally prepared by the UP Secretaries with guidance from the chairmen. Members both male and female are not involved in the budget preparation process. Here, it may be mentioned that in the Up regulation, there is no provision for activities for competency development through training and awareness development programs.¹²⁴ (See Table - 2)

However, some orientation and training programs are organized by the national government for the Up functionaries. But it has been reported that all of them did not have the opportunities to attend to those programs. These efforts are insignificant in context to needs and demands. As a result, efficiency and effectiveness of Ups suffer. UP meetings cover wide-ranging issues. It includes discussion on budget, coordination of the activities made by the government departments and NGOs, chalking out programs to observe special days, PIC discussion and others. Procedures followed to set agenda for the meeting has improved when compared with the baseline situation but the control unions are not lagging much behind in this regard.¹²⁵

For example, a recent report conducted by a renowned NGO indicates that more than 68 percent said that the chairmen or secretaries at the baseline situation unilaterally set the meeting agenda. Only 25 percent said that councilors determined agenda of the meeting while it raised to 46 percent in final evaluation. Meetings are held in the intervention unions after the notices are served. This indicates that the unions follow proper procedures to hold UP meetings. Relevant statistics are very high showing satisfactory performance. Although control unions (in the light of the report) lag behind in this respect but they also made noticeable achievement.¹²⁶

¹²⁴ Ibid, Page: 27

¹²⁵ Ibid, Page: 28

¹²⁶ Ibid, Page: 28-29

The recording of meeting procedures at UP has improved from the baseline situation. It is also better when compared with the control union. However, there is scope for further improvement.

3.8.8 Managerial Efficiency at Local Level

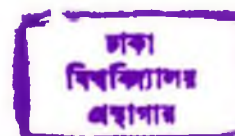
Budget management is concerned with the value for money achieved with given allocations. A major loss of resource efficiency arises from the organizational and procedural separation of sectoral programs into a "Revenue Budget" and a "Development Budget" as there is no formal machinery at the budget scrutiny level to ensure that the operating and maintenance costs of capital projects are estimated and included in the Revenue Budget from the date that they come to completion and are adopted by the Government.¹²⁷

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The Constitution requires that expenditure 'on revenue account' be distinguished in the overall statement, but this has been misinterpreted as expenditure on projects and activities that are wholly funded by the Government, with no aid component. This contributes to the common syndrome of countries using similar dual budgeting systems: roads without maintenance, hospitals without doctors and schools without books.

Another potential danger in a decentralized system is that the various local units of government may be captured by quite narrowly based, but highly organized, local elites. Ideally, the problem would be solved by means of a medium-term rolling plan which would bring together, project by project, the respective capital and current expenditures, and match the total expenditure with the projected resources and current fiscal policies. However, a Committee on Reforms in Budgeting and Expenditure Control in 1990 did not recommend the integration of planning and budgeting personnel and procedures, presumably because the major changes in

¹²⁷ Ibid, Page: 26



ministry functions and staffing would then have been unacceptable. No changes in ministry responsibilities are envisaged.¹²⁸

3.8.9 Management and Operation

Management and operation include office management, record keeping and personnel management. By law, Union Prishads are required to maintain and preserve a large number of register books (general office management, village courts, test relief programs, food-for-work programs, VGDP i.e, Vulnerable Group Development Program and RMP). In reality, not all required register books are actually maintained. Even if maintained these are not updated regularly.

It has been observed even wherever there are Union Parishad offices, these are not opened on a regular basis or in other words regular office hours are not maintained. A typical Union Parishad has salaried officials like, a Secretary, Dafadar and a few Gram police. The office administration is run by the Secretary under the supervision and guidance of the chairman. In the studied Unions, only chairman attends UP offices but not regularly. It was further revealed that members in all the Unions do not attend offices at all.¹²⁹

In most of the cases, the UP office is run and maintained by the Secretaries. But they also lack competencies in office management, record keeping and even writing resolutions of the Parishad meetings. These seriously undermine the smooth operation and management of the UP administration.

3.8.10 Democratic Practice at Local Level

Chairmen of Union Parishads are directly elected by the total electorates of the Union. On the other hand, members are elected from respective wards. Women

¹²⁸ Bangladesh: Financial Accountability for Good Governance, op'cit., page – 6

¹²⁹ Akhter Hussain, op'cit., Page: 11

members are elected from earlier bigger wards designated as 'reserved seats'. Due to this fact, the chairman occupies a predominant position over other members both male and female of the Parishad. It has been observed that such position induces him to operate in authoritarian manner. The collective role of the full house, in most of the cases, is not encouraged practiced. It was revealed that in the studied Unions also chairmen dominate the operation and functioning of the UPs. This practice undermines the principle of cohesiveness that is so essential for effective functioning of the Parishads as a whole.¹³⁰

Committee system is one of the important features of the principle of participatory management and democratic decision-making process within the Union Parishad. But in most of the Unions under study, only a few committees have been constituted. Again, the constituted committees play only a symbolic and ineffective role. Issues are not usually referred to these committees for scrutiny, threadbare discussion, debate and subsequent submission to the Parishad for decision-making.

Further, it has been revealed that the overwhelming majority of the chairmen and members of Ups lack knowledge and understanding of the operational procedures of functioning of the Union Parishad. Bu law, UPs are required to hold a monthly meeting on a fixed date. But in the studied Unions it was reported that monthly meeting notices are not served at all. Here it should be mentioned that the constituent number of an UP is 13 (1 chairman, 12 members, 3 women members from reserved seats). It was further reported that meeting minutes are not prepared on time. And these are not at all distributed to all the members.¹³¹

¹³⁰ Ibid, Page: 11

¹³¹ Ibid, Page: 8-9, 11

3.8.11 Factionalism and Local Politics

This is a discussion about local politics. It has been taken from a study, financed by Asia Foundation. This part of the study attempts to explore the nature and extent of factionalism and clique groups that affect administration and over all role and functioning of the UP.

The respondents were asked to identify the possible number of persons in their descriptive areas whom they consider hold and exercise power in the local areas. A significant majority of the respondent believe that local power in general is concentrated within as high as 9 persons. This observation varies moderately among the respondent categories. 60 percent of the respondent Chairman of the UP's identified the number of powerful persons in the rural habitat is below 10. Such observation is maintained by 50 percent of the respondent Secretaries, and 39 percent of the UP members.

However, in general about 44 percent of the total respondents believe that rural power structure is composed of about 10 persons in the areas concerned. One general observation can be drawn from this findings- that Chairman and UP Secretaries tend to identify the number of power holders a little smaller compared to the UP members. We were interested to identify the basis that considered being crucial factor in one's power yielding process in the rural habitat.¹³²

The table (Table - 9) gives a detail bivariate distribution of the respondents according to their opinion regarding the factors, which determine power. It is generally said that rural politics is very much characterized by factionalism and cliques. Findings of this study also supplement such observation.

¹³² Lutful Hoq, *Administrative Reform*, op'cit., Page: 40

It is found that about 54 percent of the UP Chairmen, 57 percent of the UP Secretaries believe that there is cliques and factionalism within UP. However, on the other hand significant majority (73 percent) of the UP members tend to deny the existence of such cliques or factionalism. This finding while statistically tested found to be highly significant. In other words opinion of the UP Chairmen and Secretary varies significantly with UP members in recognizing the existence of factionalism or clique at UP level.¹³³

3.9 Rural Development

Rural development has emerged as a distinctive field of policy and practice and of research in the 1970s, particularly since the inception of the new strategy for development planning by the World Bank and UN agencies. The term refers to a distinct approach, which is at once broader and specific than agricultural development. To be specific, rural development essentially means continuous and self-sustaining improvements in the evolves of living of rural people.¹³⁴

The World Bank's definition of Rural Development as"..... a strategy to improve the economic and social life of a specific group of people-the rural poor, appears to be very narrow; it does not include the need and program for modernization of the whole rural economy.

Johnston and Kibly's understanding of the concept of rural development as "advancing structural transformation, raising the welfare of the farm people, and fostering changes rural attitudes and behavior that will have beneficial effects on the process of modernization."¹³⁵

¹³³ Ibid, Page: 40-41

¹³⁴ **Rural Development in Retrospectives, Twenty Years of BRDB, 1971-1999.** BRDB Bhaban, December 1999, Dhaka, Page: 19

¹³⁵ Ibid, Page: 21

Democracy as an institution is new and still fragile in Bangladesh. Over the last three decades since her independence Bangladesh has witnessed several political hiccups including the assassination of two presidents, two army coups and two major political movements that caused the down fall of political regimes.

Poverty is acute and persistent in Bangladesh. There is mounting evidence that poverty is associated with poor governance. Since the poor lack the resources to give bribes, they do not get equal access to government services.

Women are more vulnerable in all form and measurement of poverty. The burden of poverty falls disproportionately on women on the areas of nutritional intake, access to gainful employment, wage rate and access to maternal health care. Households dependent on female earners have a higher incidence of poverty than those dependents on male earners.

Rural class relations are based on landholding and the effective control of other key resources such as water, fisheries, and forests. The vast majority of members of parliament and bureaucracy come from the rural elite and landed gentry. Thus administrative practices and processes therefore tend to support the prominent interest of the rural elite and the privileged class. At both the national and local levels the elite has achieved tight control over resources and opportunities distributed by the state and through the imperfect markets of the private sector.

Poverty focused programs could not emerge as an effective institutional approach to address the plight of the poor. All major poverty alleviation programs in Bangladesh are found to be loosely coordinated and lacked adequate institutional framework. Due to the lack of central coordination these programs have been mostly sectoral in approaches.

The poor are least able to fend for themselves lacking both the resources and the knowledge to assert their rights. The instruments of governance are controlled by

a self-serving elite whose behavior is reinforced by deep-rooted social norms of dominance and subservience characteristics of patrimonial society. At the grass root level of governance, the over all picture is indeed passive Union Parishad (UP) being an age old institution of about 130 years is still far from being a local body having any institutional credibility.¹³⁶

3.10 Various Dimensions of Rural Development

There have some dimensions of rural development. Among them, some popular dimensions are discussed bellow:

3.10.1 Striking Point

It is to be noted here that “invisible and unrecognized groups” have hardly identified any role of the market system in the process of achieving Good Governance. Rather a greater expectation is echoed for the larger and extended role of Government/public sector in governance.¹³⁷

3.10.2 The Comilla Rural Development Program

Bangladesh Academy for Rural Development (BARD) established in 1959 initiated a cooperative system development program under the leadership of its founder head Akhtar Hamid Khan after the dissolution of the Village-Aid Program. This cooperative approach to development later on came to be known as “Comilla Experiment”, “Comilla Cooperative System” and “Comilla Model”.¹³⁸

The basic institutional framework consisted of a two-tier cooperative structure (a) the village based primary cooperative societies (KSS) formed by the villagers – Agriculture Cooperative Association, (b) Thana Central cooperative Association,

¹³⁶ Ibid, Page: 36

¹³⁷ Asaduzzaman, op'cit., Page: 15

¹³⁸ Rural Development in Retrospectives, op'cit., Page: 26

Federation of KSS. There were adequate vertical and horizontal feedback mechanisms.

The program included the following four major components¹³⁹:

- i) The two-tier cooperative system to distribute credit and other inputs as well as for mobilizing savings.
- ii) A Thana Training and Development Center (TTDC) to provide training to all concerned people including government officials in different necessary subjects.
- iii) Thana Irrigation Program (TIP) to provide tube-wells and low-lift pumps.
- iv) Rural works program using rural poor for infrastructural development.

3.10.3 Comilla Model

Members of KSS used to identify local needs and evolve measures for solution. Government inputs would come only after group consensus on needs and production plan.

KSS members were also very active in making all operational decisions debating each single issue/problem in compulsory weekly meetings.

Cooperatives provided supervision in the implementation of the program. The rural people could participate in implementation as hired employees, extension agents, and member of consultative groups.

Major contributions of the "Comilla Model" were the role played by the cooperative system in the actual administration and coordination of the program. An attempt

¹³⁹ Lutful Hoq Choudhury. **Peoples Participation and Development in Bangladesh**, The Bergen – Dhaka Administrative Development Project, Department of Public Administration, University of Dhaka and Department of Administration & Organization Theory, University of Bergen, LOS-SENTERET, Bergen, 1994, Page : B 1-2.

was made to devolve development responsibilities to the local people through the cooperative system, which worked reasonably well to achieve development. One of the main benefits of the Comilla Model was the increased access of the people particularly small farmers to program inputs. Without the support of the cooperative system, the small farmers would have little or no chance at all to get government credit and other agricultural inputs.

At the bottom level (KSS level), the managing committee and its members played the major role in the administration and management of the program. At the upper level (KTCCA Level) the elected members from the villages served as a consultative group in coordinating the overall operation of the program.¹⁴⁰

3.10.4 Integrated Rural Development Program (IRDP)

Under IRDP system the need for participation of KSS members to prepare a formal joint production plan after long discussion among themselves became unimportant because of the KSS could get credit and other development inputs without a production plan. Such relaxation in granting credit made IRDP personnel more influential in initial decision making which under the Comilla Model, where exclusively left to the KSS members themselves.

Required weekly meetings were not held regularly. Attendance in the meetings occasionally held was very low. KSS members, as such, had little participation/involvement in the ongoing activities of the cooperative.¹⁴¹

3.10.5 Bangladesh Rural Development Board (BRDB)

Rural Development is a gigantic task for the developing world. its efforts primarily addressed to the eradication of mass poverty is a complex but dynamic process.

¹⁴⁰ Ibid, Page: B2-3.

¹⁴¹ Ibid, Page: B 5-6.

Rural development involves redistribution of current opportunities and participation of hitherto left out. Bangladesh Rural Development Board is the biggest Government agency for rural development and poverty alleviation. The main objective of the board is to uplift the living standard of rural life organizing and engaging the farmers, women and poor people in self-employment and modern agricultural program. In order to attain this object Board has implemented a number of projects including main scheme. Till today it has implemented 54 projects. BRDB has implemented 18 projects in 1999-2000 out of which 12 were exclusively for poverty alleviation¹⁴².

During 1999-2000 year 317 crore taka has been distributed as micro credit under Poverty Alleviation Program and Taka 242 crore has been realized Since inception to poverty alleviation program an amount of Tk. 1050 crore has been issued as micro credit. & Taka 904 crore has been realized out of Taka 948 crore due for realization and the rate of realized out of Taka 948 crore due for realization and the rate of realization stands at 95%.¹⁴³

Special emphasis has been given on environment development with all other normal activities under poverty alleviation projects. It includes social afforestation, growing saplings, multifarious use of family ponds, HTW installation for drinking water, and distribution of sanitary latrines and improved "Chulli" etc. Besides members are also trained about cooperative acts and rules, women rights, separations, dowry lowest wages rates and process of leasing "khas" ponds and water areas. It also arranges rally for observing national program of EPI, Mother's milk feeding and women's rights, etc. The year 1999-2000 was important for BRDB, as it has handed over a successful RD-12 poverty alleviation project to "Palli Daridra Bimochan Foundation." The Hon`ble Prime Minister has inaugurated its activities on last 9th July 2000.¹⁴⁴

¹⁴² Annual Report, 1999-2000, Bangladesh Rural Development Board, BRDB Bhaban, Dhaka, Page: 9

¹⁴³ Ibid, Page: 13

¹⁴⁴ Ibid, Page: 17

The Human Development Report (HDR) 2002 brought out by the United Nation's Development Program (UNDP) Propagates the main Concept that politics matter for human development and countries can promote human development when they have good governance systems that are accountable to all the citizens. The subject of this year's HDR is very relevant for Bangladesh on many grounds. The report makes note of the lines between poverty alleviation and good governance as a precondition for human development. The report goes on to elaborate how good governance promotes sustainable economic growth in a number of ways, such as, improved transparency deduces corruption and enhances the efficiency of Government. Increased participation at the central and decentralized levels means that policy decisions are more in line with the needs of the people and thus more effective. Improving the rule of law increases foreign and local investment enabling Bangladesh to improve its growth potential.¹⁴⁵

The issues identified as constraints to poverty alleviation include lack of physical infrastructure (roads, railways), extortion and economic violence, lack of effective local government and decentralization, quality of public services education. Health and other social services, lack of coordination among the development agencies and their institutions etc.

Poverty is acute and persistent in Bangladesh. There is mounting evidence that poverty is associated with poor governance. Since the poor lack the resources to give bribes, they do not get equal access to government services.

Women are more vulnerable in all form and measurement of poverty. The burden of poverty falls disproportionately on women on the areas of nutritional intake, access to gainful employment, wage rate and access to maternal health care. Households dependent on female earners have a higher incidence of poverty than those dependents on male earners.

¹⁴⁵ Lavina Ambreen Ahmed, **No Trade-Off Between Democracy and Development**, Cover Story, Star Magazine, August 2, 2002, Page: 9

Rural class relations are based on landholding and the effective control of other key resources such as water, fisheries, and forests. The vast majority of members of parliament and bureaucracy come from the rural elite and landed gentry. Thus administrative practices and processes therefore tend to support the prominent interest of the rural elite and the privileged class. At both the national and local levels the elite has achieved tight control over resources and opportunities distributed by the state and through the imperfect markets of the private sector.¹⁴⁶

Poverty focused programs could not emerge as an effective institutional approach to address the plight of the poor. All major poverty alleviation programs in Bangladesh are found to be loosely coordinated and lacked adequate institutional framework. Due to the lack of central coordination these programs have been mostly sectoral in approaches.

¹⁴⁶ Ibid, Page: 17

CHAPTER - 4

Suggestions and Recommendations on Improvement of Local Governance In Bangladesh.

This chapter deals with suggestions for improving local governance at union level. In the light of the findings of the study, the following recommendations are made. Specific program interventions are recommended in each of the constituent elements of the governing process at the Local level. This includes the Union Parishads, the local bureaucracy, the local civil society organizations and the local community.

4.1 The Union Parishads

The study reveals that the UP chairmen and members are lack awareness about their roles, responsibilities and functions: as chairmen, members of the Ups; interaction with field level national government machinery / functionaries; Member of Parliament; Civil Society and NGOs/CBOs; and the local community. In this area, it is recommended that awareness development programs such as, orientation programs and workshops could be taken up to raise the awareness level of the UP chairmen and members.¹⁴⁷

Now, women are directly elected to the UPs from 3 'reserved' seats. But realities suggest that women members are subjected to resistance from male chairmen and members in discharging their designated roles and responsibilities. This happens because they lack gender sensitiveness. As such, it is suggested appropriate gender sensitization program in the form of gender training should be organized for the UP functionaries both elected and appointed. National Institute of Local Government (NILG) may be entrusted with this training program.

¹⁴⁷ Akhter Hussain, op'cit., Page: 20

We have also found that the UPs lack competency in the areas like, office management; development project preparation and implementation (identification, formulation, monitoring and evaluation); financial resource management (budget preparation, accounting and internal auditing); local resources generation (assessment procedures, mechanism of revenue collection, identification of new sources of revenue, development and implementation of projects for internal resources generation); and operation of Gram Adalat. To develop competencies in the above stated areas, training programs, production workshops and action programs in appropriate areas may be organized both by National Institute of Local Government (NILG) and other NGOs interested to promote and develop institutional capability of local government institutions.¹⁴⁸

Union Parishads suffers from financial resource constraints. The grant from the national government and resources generated from the local sources are inadequate to discharge roles and responsibilities effectively. As such, it is recommended that block financial grants could be made to them. In this respect, appropriate accounting procedures and practices should be introduced to maintain accountability and transparency in utilizing these funds provided as grants to the UPs.

Union Parishads in most of the cases do not have needed infrastructure e.g. office premises and logistics like, typewriters, office furniture etc. In view of the above, it is recommended that office premises (buildings) be provided to or constructed for the UPs with appropriate logistics support.

The honorarium currently being provided to the UP chairmen and members are considered insufficient. It is recommended that incentive package in the form of higher honorarium should be given especially to the UP chairmen and members.

¹⁴⁸ Ibid, Page: 21

4.2 Field Level Government Machinery / Functionaries

The study reveals, under the current legal setting, the Union Parishads have very close and intimate relationship with national bureaucracy functioning at the local level especially at the Upazilas. The effective and efficient functioning of the UPs to a large extent depends on active cooperation of the bureaucracy. But the relationship is observed to be controlling rather than facilitating in nature. Two factors are responsible for such kind of relationship, the nature of the UP legal framework and the traditional perception and or mindset of the members of the bureaucracy about the competence of the Union Parishads and their functionaries.

It is believed that if the traditional perception and or the mindset of the members of the bureaucracy could be changed the relationship would be more facilitating rather than controlling in nature. As such, it is recommended that orientation programs and production workshops should be organized for them highlighting the functioning of the local governments institutions under democratic setting and facilitating the role of national bureaucracy.¹⁴⁹

4.3 Local Civil Society Organizations

It has been observed that local civil society organizations and institutions lack awareness and proper understanding of roles and functions of the UPs and vis a vis their possible role in these. On the other hand, Up chairmen and members are also not aware about the positive roles that the civil society can play for ensuring effective functioning and transparency and accountability of the UPs.

It is therefore, suggested that awareness development program like, orientation programs and workshops should be organized for the local civil society

¹⁴⁹ Ibid, Page: 22

organizations highlighting complementary and supportive roles of the UPs and the civil society organizations for their mutual benefits. In addition, pilot development programs may be taken up for ensuring collaboration of the UPs and the civil society organizations.¹⁵⁰

4.4 The Local Community

It has been observed that the local communities at Union level are not very familiar and knowledgeable about the role and functions of the Union Parishads and their possible role in them. It is recommended that awareness development programs in the form of mass media campaign about role and functions of the UPs; and the role of the local communities in them should be organized.¹⁵¹

Various aspects of bureaucratic organizations suggest that assumptions, which Weber made when he developed a bureaucratic mechanism, have changed significantly. Besides, the mechanism has led to certain consequences, which he never anticipated. In his own lifetime, Weber was so disgusted with bureaucracy that he came to attack the apparatus he helped to immortalize. It seems, therefore, necessary to think of devising ways of reducing the evils of bureaucracy, if not wholly eliminate them. An organic-adaptive structure, as suggested by Bennis, is an effort in this direction.

Before we attempt to analyze how to reduce the evils of bureaucracy, let us reiterate that an organization free from bureaucratic characteristics does not seem to be in the offing even in the realm of imagination in the near future. Therefore, the suggestion that bureaucracy is faced with death is in the nature of wild speculation and at best a mere theoretical possibility.

¹⁵⁰ Ibid, Page: 22

¹⁵¹ Ibid, page : 22

This organic-adaptive structure of Bennis has to be viewed in the context of changes in the environment, but with a clear understanding that bureaucratic apparatus has to stay in some form or the other. Bureaucracy is slow in its responses and resistant to evolution, but for the same reasons, it does not allow reforms, revolutionaries and tyrants to trample upon people's rights and ways of life.¹⁵²

We must not forget that it performs the indispensable function of stabilizing and preserving a government and civilization. Although it may cause some disenchantment among impatient critics, it offers the comforting dependability of a formalized structure built upon a constitutional and statutory foundation. Therefore, it is not only impossible to think of organization without some kind of bureaucratic characteristics, but it is also desirable to retain some elements of it.

The condemnation of bureaucracy received strength because of the fast changing environment and the evils, which have crept into and flown from it. Bureaucracy has been unable to cope with the requirements of the changing environment and so it is not considered to be a suitable vehicle for social change. This is not meant that we should throw away the baby with the bathwater.

When we find that bureaucratic characteristics are necessary, let us think of how we can reduce the evils and make bureaucracy an effective instrument for social change. In environment, the most important change is in regard to population characteristics and technology. The nature of organization is determined by the combination of technology and the social system. With the spread of education, professionalism is growing; standards of living are improving; and the aspirations of people are being aroused. Therefore, the nature of technology and the nature of people both warrant a change in the nature of structure.

¹⁵² Ibid. Page: 20

Pfiffner and Sherwood have visualized the organization of the future to be characterized structure which will not be pyramidal but rectangular, or as Leavitt and whilst contemplate, "football balanced upon the point of a church bell".¹⁵³

This suggests that in the face of these changes, bureaucratic characteristics have to impart dynamism and flexibility to themselves. One way to achieve this seems to lie in the approach suggested by Hersey and Blanchard in the form of the situational leadership theory. That is, whenever people seem to have attained task-relevant maturity, authority can easily be delegated to them. Both task behavior and relationship behavior can be reduced. As more and more people likely to have task-relevant maturity in future, especially at middle and higher levels, the presence of bureaucratic characteristics should decline. An organic-adaptive structure of Bennis becomes relevant only at these levels.

In fact, Burns and Stalker speak in the same vein. They have already observed the classical principles of division of labour, span of control, hierarchy of authority, etc., being sharply followed in stable industries using stable technologies called "mechanistic system" and not so sharply being followed in organizations using dynamic technologies called "organic system". When Galbraith talks of the predictability of the task and the uncertainty of the task, he also has more or less the same thing in mind.¹⁵⁴

In the light of these studies also, it is evident that whenever there is uncertainty of the task and dynamic technology is being used, the classical principles are not being sharply followed. Coupled with this is the growing task-relevant maturity of People. That is, bureaucratic characteristics have to be loosened in organizations using dynamic technologies and containing people with task-relevant maturity.

¹⁵³ Sharma, op'cit. Page-177

¹⁵⁴ Ibid, Page -177

This analysis will also apply to different levels in the same organization. Thus, the evils of bureaucracy can only be reduced and not wholly eliminated as long as bureaucracy exists in some form or the other. And bureaucracy has come to stay as it has its utility also.¹⁵⁵

4.5 Measures to Strengthen Local Democracy

To strengthen the democratic character and development role of the local authorities, consideration should be given to the following measures:

To reduce the inevitable tension between the MP and the Upzila Chairman built into the present institutional arrangements, Upzila Chairman, MPs should stand for election at the same time; this should help reduce the discrepancy in the political, policy and program stance of these two key local personalities. As proposed in the report of the Public Administration Reform Commission, the role of MPs as Advisers to the Upzilas should be considered.¹⁵⁶

For efficient service delivery and ensuring accountability the centrally appointed Thana- based officials and staff (extension workers) should be placed fully under the control of Upzila Parishads. This would include police, primary education, social forestry, fishery, livestock and health staff. And the transfer should be phased so as to ensure that the acquired the necessary capacity and established the procedures to avoid discontinuity. The central government would need to provide the required finance on a grant basis. This will ensure better accountability as well as improved service delivery. Initially, this approach is piloted in a few Upzila.

There should be a legal compulsion for elected local government to maintain regular contact with their electorate and consult them with regard to the planning

¹⁵⁵ Ibid, Page-177-178

¹⁵⁶ Lutful Hoq, **Administrative Reform**, op'cit., Page: 40

and implementation of their development projects. Such practice has been instituted in West Bengal and has worked well. Union Parishads, as an elected local body people, could be legally empowered and institutionally strengthened to conduct shalish (village level arbitration).

Annual reports on the performance of the local government bodies should be prepared by all local government bodies and made public, as well as submitted to the Ministry of Local Government, Rural Development & Cooperatives. Civil society organizations should be encouraged to track and publish report cards on public service delivery, part of which could be based on surveys of citizen's views and experiences. NGOs can be mobilized to help with this.¹⁵⁷

Mechanisms for recognizing, highlighting and rewarding the innovative and successful projects/collaborative programs should be initiated as a means of motivating and encouraging the local government bodies. The present practice of performance appraisal of Union Parishads by only measuring their efficiency in tax realization should be changed. Their efforts on planning, innovative schemes for rural development and best practices should be used as parameters for performance rating and rewarding.¹⁵⁸

Purposive interaction and networking of local government institutions with the rural developing agencies operating in the public and private sector would be useful in achieving their goals. For this it needs to be established at the local level.

4.6 Appointments and Promotions to be Based on Merit

A system of appointments and promotions on merit is central to creating effective incentives for good performance. Recruitment is based on a quota system and special preferences are given to specific groups of candidates. Particularly at the

¹⁵⁷ Wahhab, *Decentralization in Bangladesh*, op'cit., Page: 76-77

¹⁵⁸ Ibid, Page: 76-77

lower levels, political pressures improperly influence-hiring decisions. Far greater transparency is needed to build public confidence in the impartiality of the recruitment process.

Promotions are perceived as being based on time served and good contracts (*tadbir*). Promotions of all class one officers are given effect on approval by the Prime Minister. Promotion of junior officers and other employees are dealt with at lower levels. In these case promotion is automatic on completion of 812 and 15 years of service. For posts at the level of Deputy Secretary and Joint Secretary there is a quota overwhelmingly (80%) in favor of the Administration cadre. This is a cause for long standing dissention within the public service, which remains to be settled. Besides, quota reservations cannot draw the best available to the key policy making posts in the Ministries.¹⁵⁹

The recruitment and assignment of officers in this system undermines the building professionalism. The replacement of quota system by the principle of equal opportunity for all is recommended and time scale promotion should be replaced by a system of promotion strictly on merit.

For the administration cadre, timely promotion to the level of a deputy secretary is critical if the officer is to eventually reach the rank of secretary. The Superior Selection Board takes into account length of service (10 years is the minimum), 'batch' seniority, a minimum 'score' of 80% in the officer's Annual Confidential Report (ACR), and a clean record from the Anti-Corruption Bureau. The final decision rests with the Prime Minister who may take into account other information.

While the key element in this process is seniority, ambitious officers will be keen to ensure a good ACR, which in Bangladesh's social context loyalty will be a significant factor and may lead to providing personalized services to one's

¹⁵⁹ Taming Leviathan, op'cit., Page : 70

superior. Private secretaries to ministers are known to score very well on their ACR. The score for abuse is considerable.¹⁶⁰

A recent change in the promotion system is the selection of officers from amongst Deputy Secretary for training as a prelude to promotion, on the basis of a minimum of 80 percent marks in the ACR and a minimum of 8 years of service before retirement. The group of Joint Secretary is selected on the basis of minimum of 85 percent marks in the ACR and a minimum of 5 years of service before superannuating. Each group is then given 2.5 months training- one month at home and 1.5 months in the UK to make them eligible for promotion.¹⁶¹

The first batch is undergoing training already. This is a welcome development in that it recognizes the urgent need for training at this level and it introduces an element of meritocracy. However, given the flaws in the ACR system, open competitive exams for training overseas is to be preferred. This has worked as a powerful incentive in the training of accounts staff.¹⁶²

To overcome the disincentive effect of being passed over for promotion, consideration should be given to introducing a well-ordered system of pay scales of duration at lower levels at the time of the next pay revision together with annual increments related to the achievement of clearly measurable performance targets. Indeed assessment against annual performance targets needs to be built into the ACR process for every public official.

Two ways to enhance the capacity of the ministries would be to allow, indeed encourage, and lateral entry at various levels from the private sector and to greatly reduce job rotation. Greater staff mobility between the public and private sectors would enhance mutual comprehension and increase the ministry awareness of the needs of business of the needs of business. Excessive job

¹⁶⁰ Ibid, Page: 72

¹⁶¹ Ibid, Page: 77

¹⁶² Ibid, Page: 79

rotation in the Ministries obstructs the acquisition of professional expertise of the particular Ministry.

For example, in recent years the tenure of an Assistant Secretary in the Ministry of Post and Telecommunication has varied from 2 months to 22 months, averaging 14 months. The Deputy Secretary averaged 27.5 months, Joint Secretary 13.3 months and Secretary 12 months in the same Ministry. The situation is similar in other ministries. That this clearly has a very damaging impact on the quality of work has been frequently pointed out by the donors, but to no positive effect. The practice continues unabated.¹⁶³

Another negative development has been the creation of the posts of Additional Secretary and Administrative Officer, two unnecessary layers have been added to the process of decision making in the Ministry. The practice of passing files slowly up and down an inordinately long hierarchy of officers, combined with a distaste for talking decisions, and lack of client service orientation makes dealing with the bureaucracy a nightmare for the ordinary public. The way out is to use *tadbir* and pay bribes, which means that decisions are not taken on their merit and those with poor social networks and few resources (i.e. the poor) are at a great disadvantage.¹⁶⁴

¹⁶³ Ibid, Page: 72-74

¹⁶⁴ Ibid, Page: 68

Concluding Remarks

For the overall development of Bangladesh, good governance is exigent. And for this, a good relation between the government and the party in opposition can play a vital role in this regard. In a democratic set-up parliament is the institution where members of both ruling and opposition parties could play a pivotal initiatives in formulating, amending and altering laws. The national parliament will be the focal point of all political activities. People's representatives are under obligation constitutionally to ensure accountability to the people.

In the parliamentary democracy the roles of both the ruling party and the opposition are equally important. In Great Britain, for example, the opposition party in the House of Commons forms shadow government to hail or criticize the formulation of laws and decisions on any national and international issue to ensure the good governance. Democracy in the country can only be successful by strengthening the parliament and its operations, also by establishing good governance and the rule of law.

Former US president Bill Clinton, during his first election campaign, introduced the slogan, "Its the economy, stupid" to underscore that to solve all contemporary problems in the US one needed to tackle the economy first. For us it is governance. In our view that most of our problems, including the fundamental issues of growth and poverty alleviation would be significantly resolved if we can give even a semblance of good governance to Bangladesh.

Governance is an issue that talk about but, I think, very few of us understand. We tend to think of it as something that the government does and that also at the highest level. We also think of police actions, and those of other organs through which a sitting government carries out oppressive actions against dissenting citizens. In fact governance is seen more in its repressive and negative context than its more progressive and proactive context.

Governance should be fundamentally a positive concept rather than a negative one and it is far more pervasive and all encompassing than we have so far understood it to be. The faster we realize that governance lies at the heart of our other problems the quicker we will be able to solve them.

The rules of business of our government may be all clear and well laid down but whether anybody is performing their duty according to their jobs there is none to monitor. If there is an attempt to enforce the rule then one is bound to run foul of a whole range of vested interest, including the unions. Most of our unions are linked to political parties and to powerful individuals within those parties. Therefore practically nothing can be done against the wrong doers.

A departmental head or even higher level official prefers to look the other way, not always due to corruption or for favour but often just to complete a peaceful tenure. They are fully aware that if they take a position, which their official duty impels them to, they will not receive the type of backing from superiors that he or she needs. And hence the motivation to overlook wrongdoing and let things run as it is. The fact is that things never run as it is, it gets worse and worse.

That is precisely what has happened in Bangladesh. Total lack of accountability of a government functionary, complete absence of the culture of time-bound action and very little interest in getting the best job done with least cost involved, have together brought disaster to our governance process.

The only way to get things done in our country is to catch the fancy of the Prime Minister, powerful cabinet ministers or members of the 'royal' family or those who operate in their name. If you don't have access to any of the above then 'pay, pay, and pay' and then your job will get done.

Lack of good governance lies at the very heart of most of our present day problems. It is caused by the absence of a whole range of factors like education, efficiency, commitment, work environment, healthy competition, adequate pay, etc. Add to that corruption and you really have a recipe for disaster.

However, one single factor that is making everything even worse and preventing the solving of any of the problems and that is "Politicization". It is a process that started with the birth of our country and was followed by all political parties, including the BNP and AL. Today it has reached such proportions that it is destroying practically all our institutions. We can already see the consequences of this process. Even to register a case in the local thana one has to have the right political colour. Otherwise, police will not even hear you. Please take note; if we do not stop this process no political party will be able to govern Bangladesh in the future.

Appendix

Table 1 : Four Pillars of Good Governance

<p>Accountability (Building Government Capacity)</p>	<ul style="list-style-type: none"> - Public sector management - Public enterprise management and reform - Public financial management - Civil service reform
<p>Transparency (Information Openness)</p>	<ul style="list-style-type: none"> - Disclosure of information
<p>Predictability (Legal Framework)</p>	<ul style="list-style-type: none"> - Law and development - Legal frameworks for Private sector development
<p>Peoples Participation (Participatory Development Process)</p>	<ul style="list-style-type: none"> - Participation of beneficiaries and affected groups - Public/Private sector interface - Decentralization of public and service delivery functions - Empowerment of local government - Cooperation with Non-government organizations.

Table 2 : Good Governance Indicators Based on Capacity

SI No	Capacity	Good Governance
01	Institutional Capacity	<ul style="list-style-type: none"> - Accountability - Transparency - Adaptability - Judicial independence
02	Technical Capacity	<ul style="list-style-type: none"> - Perspective planning and projecting future investment needs - Management of services and infrastructure - Financial management and accounting practices
03	Administrative Capacity	<ul style="list-style-type: none"> - Grievance redressal system - Personnel Policy - Flexible and decentralized decision making - Performance evaluation
04	Political Capacity	<ul style="list-style-type: none"> - Articulation of local needs in the context of organizational capacity. - Mechanism for participation of stakeholders - State local relations in policy formulations and fiscal transfer.

Table 3 : Field Level Government Functionaries

Program Intervention	Strategy	Target	Expected Output
Programs for changing the traditional perception and/or mind set of the field level government official	Orientation programs Training programs	UNO, TE,PIO, ADLG and other officials of the government line agencies working at the local level	The traditional perception and mindset of the field level govt. officials changed.

Table 4 : Awareness of Democratic Principles of UP as per Report conducted by UPWARD Project

Democratic principles	Different Clusters								
	Jessore (n=226)		Gaibandha (n=226)		Netrokona (n=223)		Base Line Survey (n=700)	Total (n=675)	
	Working area (n=192)	Control area (n=34)	Working area (n=192)	Control area (n=34)	Working area (n=190)	Control area (n=33)		Working area (n=574)	Control area (n=101)
Establishment of democratic right	45.3	17.6	23.4	0.0	32.1	6.1	12.0	33.6	7.9
Respecting the opinion of others	42.7	17.6	20.3	0.0	26.3	3.0	7.8	29.8	6.9
Equal wage to men & women in the same work	9.9	5.9	35.4	0.0	62.1	3.0	3.6	35.7	3.0
Right to cast vote freely	70.8	35.3	93.2	17.6	92.6	33.3	8.8	85.5	28.7
Establishing justice for all	17.2	20.6	15.6	2.9	16.3	0.0	18.0	16.4	7.9

Freedom to express own opinion	32.3	17.6	49.0	2.9	24.2	3.0	6.6	35.2	7.9
Establishment of social security	30.2	20.6	24.5	0.0	8.9	9.1	19.9	21.3	9.9
Establishment of women's dignity	15.6	8.8	12.0	0.0	26.3	3.0	2.5	17.9	4.0
Religious freedom for all believers	29.7	2.9	60.9	8.8	48.4	0.0	2.9	46.3	4.0

Table 5 : Formal Interaction/Consultation between the Members and the Stakeholders as per UPWARD Project

Consultation	Different Clusters							
	Jessore (n=170)		Gaibandha (n=170)		Netrokona (n=170)		Total (n=510)	
	Working area (n=150)	Control area (n=20)	Working area (n=150)	Control area (n=20)	Working area (n=150)	Control area (n=20)	Working area (n=450)	Control area (n=60)
Yes	92.7	80.0	95.3	35.0	96.0	45.0	94.7	53.3
No	7.3	20.0	4.7	65.0	4.0	55.0	5.30	46.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 6 : Raising Demand for the Community by the Female Members in the UP Level

Response	Different Clusters								
	Jessore (n=12)		Gaibandha (n=13)		Netrokona (n=12)		Base Line (n=36)	Total (n=37)	
	Working area (n=9)	Control area (n=3)	Working area (n=10)	Control area (n=3)	Working area (n=9)	Control area (n=3)		Working area (n=28)	Control area (n=9)
Yes	77.8	100.0	90.0	66.7	100.0	100.0	61.1	89.3	88.9
No	22.2	0.0	10.0	33.3	0.0	0.0	38.9	10.7	11.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 7 : Nature of Participation in Development Work/Project in the Locality

Participation	Different Clusters								
	Jessore (n=170)		Gaibandha (n=170)		Netrokona (n=170)		Base Line	Total (n=510)	
	Working area (n=150)	Control area (n=20)	Working area (n=150)	Control area (n=20)	Working area (n=150)	Control area (n=20)		Working area (n=450)	Control area (n=60)
Need assessment	32.7	0.0	9.3	0.0	3.3	0.0	3.1	15.1	0.0
Area selection	52.0	0.0	17.3	0.0	8.7	0.0	2.6	26.0	0.0
As a PIC member	10.7	0.0	14.0	0.0	2.7	0.0	1.9	9.1	0.0
No scope for participation	1.3	0.0	19.3	0.0	10.7	0.0	10.5	10.4	0.0
Don't participate	20.0	5.0	34.0	0.0	75.3	0.0	84.6	43.1	1.7

Table 8 : Updating of Union Parishad Records (In the light of UPWARD Project)

Response	Different Clusters							
	Jessore (n=8)		Gaibandha (n=8)		Netrokona (n=8)		Total (n=24)	
	Working area (n=6)	Control area (n=2)	Working area (n=6)	Control area (n=2)	Working area (n=6)	Control area (n=2)	Working area (n=18)	Control area (n=6)
Yes	100.0	100.0	100.0	100.0	100.0	50.0	100.0	83.3
No	0.0	0.0	0.0	0.0	0.0	50.0	0.0	16.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 9 : Factionalism and Local Politics at Local Level

Sources of Power	Number of persons who exercise power in rural areas				
	N	0-9	10-14	15-19	20+
Land Occupancy	76	30 (39%)	24 (32%)	16 (21%)	6 (6%)
Education	68	24 (35%)	44 (21%)	19 (28%)	11 (16%)
Family background	57	7 (12%)	22 (38%)	12 (21%)	17 (29%)
Business services	50	21 (42%)	11 (21%)	8 (17%)	10 (20%)
Political/Administrative Connections	43	13 (29%)	11 (26%)	9 (21%)	10 (24%)

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