

The State of Governance in BANGLADESH 2009



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ENTITLEMENT
RESPONSIVENESS
SUSTAINABILITY



Institute of Governance Studies
BRAC University

The State of Governance
in BANGLADESH 2009

The State of Governance
in BANGLADESH 2009
Entitlement, Responsiveness, Sustainability

Institute of Governance Studies, BRAC University

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Acknowledgments, Report Team and Contributors

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CHAPTER 2

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CHAPTER 5

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Acronyms

100-DEGP	100-day Employment Generation Program
A2I	Access to Information
ADP	Annual Development Program
BADC	Bangladesh Agricultural Development Corporation
BAIRA	Bangladesh Association of International Recruiting Agencies
BASIS	Bangladesh Association for Software and Information Services
BAU	Bangladesh Agricultural University
BBS	Bangladesh Bureau of Statistics
BCC	Bangladesh Computer Council
BCF	Billion Cubic Feet
BCIC	Bangladesh Chemical Industries Corporation
BCTL	Bangladesh Telecommunications Company Limited
BERC	Bangladesh Energy Regulatory Commission
BINA	Bangladesh Institute of Nuclear Agriculture
BMET	Bureau of Manpower Employment and Training
BOESL	Bangladesh Overseas Employment and Services Ltd.
BOI	Board of Investment
BOP	Balance of Payments
BPDB	Bangladesh Power Development Board
BPL	Below Poverty Line
BPR	Business Process Re-engineering
BRRI	Bangladesh Rice Research Institute
BTRC	Bangladesh Telecommunication Regulatory Commission
BUET	Bangladesh University of Engineering Technology
CCA	Controller of Certifying Authority
CCPP	Combined Cycle Power Plant
CEACR	Committee of Experts on the Application of Conventions and Recommendations
CeC	Community e-Centers

CFA	Committee on Freedom of Association
CFW	Cash for Work
CNG	Compressed Natural Gas
CPD	Centre for Policy Dialogue
DAE	Department of Agriculture Extension
DAP	Diammonium Phosphate
DATA	Data Analysis and Technical Assistance
DB	Digital Bangladesh
DDCSP	Domestic Data Communication Service Provider
DMSS	Directorate of Movement, Storage and Silo
DoF	Directorate of Food
EP	Essential Priorities
FAO	Food and Agriculture Organization
FBCCI	Federation of Bangladesh Chamber and Commerce and Industry
FFE	Food For Education
FFW	Food For Work
FHH	Female Headed Household
FPMU	Food Planning and Monitoring Unit
FSVGD	Food Security Vulnerable Group Feeding
FY	Fiscal Year
G2B	Government to Business
G2C	Government to Citizens
G2G	Government to Government
GCIM	Global Commission on International Migration
GITR	Global Information Technology Report
GoB	Government of Bangladesh
GR	Gratuity Relief
GWh	Gigawatt Hours
Ha	Hectares
HFO	Heavy Fuel Oil
HIES	Household Income & Expenditure Survey
HT	Hill Tracts
HYV	High-yielding variety
ICCPR	International Covenant on Civil and Political Rights
ICESR	International Covenant on Economic and Social Rights
ICT	Information Communications and Technology
IDCOL	Infrastructure Development Company Limited

IFPRI	International Food Policy Research Institute
IGS	Institute of Governance Studies
IGVGD	Income Generating Vulnerable Group Feeding
ILDTS	International Long Distance Telecommunication Services
ILO	International Labour Organization
IOCs	International Oil and Gas Companies
IOM	International Organization for Migration
IP	Intellectual Property
IPP	Independent Power Producer
IPS	Instant Power Systems
ISP	Internet Service Provider
ITU	International Telecommunication Union
Kcals	Kilocalories
Kgs	Kilograms
LAN	Local Area Network
LE	Large Employer
LGD	Local Government Division
LGED	Local Government Engineering Department
LSD	Local Supply Depot
MCF	Million Cubic Feet
MFU	Milling and Fortification Unit
MoA	Ministry of Agriculture
MoEWOE	Ministry of Expatriates' Welfare and Overseas Employment
MoF	Ministry of Finance
MoFDM	Ministry of Food and Disaster Management
MoI	Ministry of Information
MoL	Ministry of Labour
MoP	Muriate of Potash
MoPT	Ministry of Post and Telecommunication
MoSICT	Ministry of Science, Information and Communications Technology
MoU	Memorandum of Understanding
MPs	Members of Parliament
MR	Modified Rationing
MSW	Ministry of Social Welfare
MT	Metric Tons
MTO	Money Transfer Operator
MW	Megawatt

MWCA	Ministry of Women and Children's Affairs
NCCBL	National Credit and Commerce Bank Ltd.
NEP	National Energy Policy
NFPCSP	National Food Policy Capacity Strengthening Programme
NGO	Non-Government Organisation
NILG	National Institute of Local Government
NWPGC	North West Power Generation Company
APSCL	Ashuganj Power Station Company Limited
EGCB	Electricity Generation Company of Bangladesh
OECD	Organisation for Economic Co-operation and Development
OMS	Open Market Sales
OP	Other Priorities
PFDS	Public Food Distribution System
PIL	Public Interest Litigation
PK	<i>Pallitathya Kendra</i> (village information centre)
PMO	Prime Minister's Office
PMT	Proxy Means Test
PPP	Public Private Partnership
PPPP	Public Private Peoples Partnership
PR	<i>Palli</i> Rationing
PSC	Production Sharing Contract
PV	Photovoltaics
REB	Rural Electrification Board
RPCL	Rupantarita Prakritik Gas Company Limited
RTI	Right to Information
SAP	Structural Adjustment Program
SCA	Seed Certification Agency
SHS	Solar Home Systems
SICT	Support to the ICT Task Force
SMS	Short Message Service
SRDI	Soil Research Development Institute
SSNP	Social Safety Net Program
TCF	Trillion Cubic Feet
TR	Test Relief
TSP	Triple Super Phosphate
UDHR	Universal Declaration of Human Rights
UISC	Union Information and Service Centers

UN	United Nations
UNCITRAL	United Nations Commission on International Trade Law
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNIFEM	United Nations Development Fund for Women
UP	Union <i>Parishad</i>
USD	United States Dollar
VGD	Vulnerable Group Development
VGF	Vulnerable Group Feeding
VOIP	Voice Over Internet Protocol
WB	World Bank
WEF	World Economic Forum
WFP	World Food Program


Preface

The Institute of Governance Studies has the pleasure of presenting the fourth edition of its flagship publication, *The State of Governance in Bangladesh 2009 Report*. The first three Reports focused on the institutions and politics of Bangladesh from a governance perspective. The present Report is a departure from the examination of cross-cutting macro themes to that of sectors, and in this Report we have examined the state of play of governance in four critical areas – energy, food security, e-government and international labour migration. One of IGS' major activities is to undertake research on governance, and since its inception in 2005 IGS has endeavoured to break new ground by undertaking in-depth research with a particular focus on public policy. IGS strongly believes that research has a significant role to play in terms of reviewing existing policies, development of new policies and also, how policies translate into effective implementation.

The 2009 Report is also the first opportunity for IGS to examine the achievements of the new government *vis-à-vis* the mandate given by the electorate – the citizens of Bangladesh. The last general elections took place at the end of 2008 and the landslide victory of the Awami League has put the new government in a very strong position to fulfill its promises. Furthermore, after three years of assessing the governance of institutions and politics of Bangladesh, IGS felt that there was a need to shift the focus to citizens, especially the vulnerable. This citizen-centric approach is also reflected in the now IGS-trademarked triple-barreled title of such Reports – Entitlement, Responsiveness, Sustainability. We, as citizens, have certain entitlements, and governments need to be responsive in ways that effectively addresses these legitimate claims: policy-making, implementation and institution building. But both entitlement and responsiveness have to be sustained over time. This brings us back to good governance principles and practices. This virtuous cycle, which is presently missing, needs to be established in Bangladesh. In this Report IGS has put forward many 'doable' recommendations for promoting good governance in Bangladesh. We urge the leadership and policy-makers to consider them in earnest.

I am delighted to inform the readers that the present Report was fully produced in-house by an IGS team of young scholars under the able and strong leadership of Ms. Irum Shehreen Ali. I also would like to put on record the fact that for the first time this year IGS has successfully published summary reports on the four sectors in both Bangla and English prior to the publication of the full Report. The summary reports were meant for a media launch, which has taken place and was a success. Both print and electronic media have given the 2009 Report extensive coverage. I would like to express my deep gratitude to our well-wishers in media for their encouragement and support.

Unlike the previous three Reports we have not included a chapter containing quantitative analysis of governance but we intend to bring out a separate report on this – we feel that such a quantitative report can unfairly takes away attention from a qualitative report of this nature. As it is customary, I thank the team who produced this Report, a Herculean feat given IGS' constraints, and the many other people and organisations whose contributions were indispensable in assuring the standard and quality of this Report. I would like to express my appreciation to the Embassy of the Kingdom of the Netherlands who has financed the printing and dissemination of this Report.



Manzoor Hasan, OBE
Director

Overview and Executive Summary

1 The purpose

The State of Governance in Bangladesh 2009 is the fourth annual report published by the Institute of Governance Studies (IGS) at BRAC University. This Report is the product of an ongoing, long-term research programme on governance in Bangladesh initiated by the Institute in 2006. IGS views the concept of governance as the sum total of the institutions and processes by which society orders and conducts its collective and public affairs. The Institute's mission is to identify, promote and support effective, transparent, accountable, equitable and citizen-centric government in Bangladesh and South Asia. In pursuit of this mission, the Institute is dedicated to understanding the strengths and weaknesses of governance in Bangladesh and South Asia through academic and policy-focused research. It prides itself on being the only governance report on Bangladesh, from Bangladesh.

The State of Governance in Bangladesh reports traditionally focus on the current state of public, political and private institutions in Bangladesh, highlighting core governance successes and gaps within these institutions. They are committed to providing well-researched, balanced analyses of Bangladesh's governance arena: searching for, and highlighting successes, but also unequivocally and objectively engaging with areas of concern. Previous Reports have concentrated on the predominance of partisan politics in all areas of governance and the performance of accountability mechanisms. *The State of Governance in Bangladesh 2006* laid out the fifteen-year context of the governance debate in Bangladesh, portraying how the penetration of partisan politics into public institutions, local government and even civil society ultimately undermines formal accountability mechanisms. Following a year of political upheaval and change that brought political parties under greater public scrutiny than ever before, *The State of Governance in Bangladesh 2007* documented reforms to political governance. It focused on the reforms undertaken by the Caretaker Government aimed at ending partisan capture of state institutions; analysing changes to the legal frameworks, formal rules and procedures dictating governmental affairs, as well as institutional restructuring. It noted that while there was limited success regarding institutional reforms and anti-corruption activities, the scope and implementation of reforms created new significant gaps in government accountability and had a detrimental effect on short-

term economic activity. *The State of Governance in Bangladesh 2008* built on the findings of the previous reports but narrowed the perspective to focus on reducing the high stakes of politics through an accountability framework, arguing that effective, accountable and transparent mechanisms in the political, parliamentary and judicial arena were vital, though absent, in making Bangladeshi democracy functional.

It is against this backdrop that *The State of Governance in Bangladesh 2009* presents its findings. While previous reports have focused on more 'traditional' areas of governance, this Report marks IGS' first foray into analysing sectoral governance. With its central theme **Entitlement, Responsiveness, Sustainability**, this Report reflects the shift in the global governance focus from institutions to citizens. *The State of Governance in Bangladesh 2009* contextualises and examines governance, understood as policy planning and institutional implementation for citizen service delivery in key national sectors such as food, energy, e-governance and migration. These sectors have been chosen because they are either key components of citizens' welfare, in the case of food security and consistent energy provision, or because they are of increasing importance to national life, as with migration and the prospect of e-government. In the architecture of national governance, these sectors are essential building blocks to ensure long-term good governance outcomes for citizens and strengthening them is an essential task. As in previous years, the Report optimistically notes Bangladesh's high levels of sustained economic growth and advances in overall development. It also notes that Bangladesh has taken encouraging policy initiatives, created successful short-term sectoral programmes, addressed key legislative weaknesses and drawn up long-term visions in these sectors that have and will ultimately benefit its people. However, the lack of coordinated policy planning and implementation, penetration of partisan political interests dictated by the five-year political cycle and lack of accountable, transparent and stable institutions and mechanisms of policy implementation severely jeopardise the quality of governance in these sectors, resulting in poor quality service delivery for citizens. The Report not only examines the historical context of sectoral performance, but also looks at key trends in 2009 and their effects, which are tracked until mid-2010.

2 Context

The State of Governance in Bangladesh initiative's annual reports traditionally take as their starting point relevant political and institutional events in the year under review and focus on how these have affected the quality of governance within chosen areas of the political and public domain. After undertaking a fifteen-year governance review in 2006, this approach has been particularly relevant in 2007 and 2008, when Bangladesh faced an interruption to parliamentary democracy. The upheaval, which resulted in the declaration of a state of emergency on 11 January 2007, the cancellation of elections, the installation of the Caretaker Government and the eventual holding of elections on 29 December 2008 necessitated the analysis of reform and governance in this period through a primarily political lens. The previous Reports examined the deepening hold of partisan politics over all aspects of public life as well as the lack of functioning accountability mechanisms in both the state and private spheres. The Reports argued that overcoming these institutional governance deficiencies was the key to advancing development and establishing a functioning, ultimately flourishing democracy. The election to office of the Awami League through a landslide victory in December 2008 at the end of the Caretaker Government's tenure re-established a democratically elected government and began another five-year electoral cycle. Given that the incumbent government's tenure intended to focus on the improvement of citizen's quality of life via far reaching institutional reforms in the nation's vital sectors, the time seemed appropriate to turn the lens away from assessing governance in the traditional political, parliamentary and institutional spheres.

As a research goal, IGS concerns itself deeply with the way in which governance affects the everyday reality of Bangladeshis. The Institute understands that the key to enhancing citizens' quality of life is the presence of functional, transparent and accountable institutions that can meet their needs and achieve development objectives. It is with this in mind that *The State of Governance in Bangladesh 2009* undertakes analysis of sectors that are vital to the provision of citizens' welfare and have been the centre of intense political interest and media attention since the last general elections:

- **Energy:** A consistent, reliable and affordable energy supply is a key driver of economic development and an instrument for raising people's standard of living.
- **Food security:** The achievement of food self-sufficiency is an important step in national development, guaranteeing the fulfilment of the most basic of people's needs.
- **e-Government:** The establishment of e-government facilities are a way of harnessing information, communications and technology tools to further development and strengthen poverty reduction by improving citizens' ease of access to government services.
- **International labour migration:** The flow of labour migrants to other nations is a crucial feature of the economy, as a source of income for both migrants' families and the nation itself.

The sound functioning of these sectors, among other interests will result in improved development indicators and the overall improvement of national wellbeing. The current Report provides the required contextual background to understand the importance of these sectors for the nation, before undertaking extensive analysis of the governance outcomes in sectoral performance and reform. It uses evidence-based research to provide specific recommendations aimed at improving sectoral performance.

3 Methodology and report structure

The Institute views the analysis of governance as the examination of the processes by which the institutions charged with achieving development accomplish their objectives. This includes non-governmental organisations, civil society organisations and private firms as well as the public sector or state. In this vein, the Report takes a multidimensional view of sectoral governance that aims to go beyond policy plans and implementation indicators to contextualise governance outcomes in how they impact citizen welfare and quality of life. This multidimensional view of governance determines the Report's research strategy. Given the contextual nature of governance and the variety of the sectors under review, there is no single theoretical framework or analytical model that appears suitable for all sectors. Thus, this Report takes an evidence-based multidisciplinary approach where relevant frameworks are employed in each chapter.

The Report's chapters are primarily based on a review of the published literature, including grey literature and newspaper sources, in conjunction with a large number of semi-structured key informant interviews with officials from government agencies in the relevant sectors, as well as academics and members of civil society. These interviews serve to validate secondary data and explore in greater detail dimensions of governance that may not be covered extensively enough in the available literature. The preparation of each chapter entailed detailed thematic guidance from experts in the field and extensive comments regarding content and analysis from academic reviewers who are themselves engaged in research in the area. Specifically, each chapter aimed to engage with both the governance successes and gaps that characterise regulatory and accountability mechanisms in a particular sector from both an institutional and citizen-centric point of view,

i.e. highlighting issues of access, quality, reliability, consistency and participation. For this Report, we not only examined contextual and historical information regarding each sector, but also analysed the trends in sectoral performance between 2009 and mid-2010.

As previously mentioned, this is the first time that IGS has undertaken sectoral governance analysis. Thus, it was important to establish the sector's historical, legislative and policy context against which an analysis of governance of the sector could be carried out. Each chapter begins with a detailed overview of the contextual background and prevalent governance scenario, before moving on to a description of the legislative framework. This is followed by a summary of the government's policy goals and a description of the organisational framework for policy implementation in the sector. The chapters then examine sectoral reforms, analysing the outcome of reform initiatives in terms of both good and bad governance, as well as analysing the success or failures of institutional structures. The chapters conclude with sector-specific recommendations to improve institutional accountability, engage political support, enhance policy implementation, provide more citizen-centric services and ensure long-term sector sustainability. There are slight variations in this general structure according to each chapter's specific objectives and analytical approach.

The four chapters included in the Report are:

- Energy crisis: Planning Deficit, Policy Failure and Reforms for the Future.
- Food Security: Increasing Availability, Diversifying Access and Strengthening Governance.
- Digital Bangladesh: The Beginning of Citizen-Centric e-Government?
- International Labour Migration: Making Migrant Worker Welfare Central to Governance.

The Report's concluding chapter summarises the crosscutting themes across all the sectors analysed and presents a set of executive recommendations specific to each sector.

It remains IGS' intention to build local research capacity, and to this end the Report highlights the work of a new generation of Bangladeshi researchers who contributed to the dynamic debate over the Report's shape and findings. This Report has been produced in its entirety by IGS' in-house team of researchers. More so than has previously been the case, the Report has been an opportunity for younger scholars to develop their research, analysis and writing skills. And it is this report team that takes full responsibility for the contents of the Report.

4 Thematic framework and cross-cutting findings

The theme of this year's report is: **Entitlement, Responsiveness, Sustainability**, reflecting the citizen-centric nature of the research. It is with this overarching framework that the Report analyses governance successes and gaps in the four sectors under scrutiny. The Institute believes that one of the basic premises for a democratically elected government is that citizens have **entitlements** that are manifested in the meeting of basic needs via equitable service provision. The sectors in this Report all deal with services that citizens are entitled to:

- The provision of a consistent and affordable **energy** supply.
- The provision of basic **food** supplies, in both times of crisis and not, as well an enabling environment for food provision.

- The provision of countrywide access to government services and easily accessible information regarding government policies, in this case via **e-government** facilities.
- The provision of a safe, fairly priced and well-regulated **migration** process that allows Bangladeshis to work abroad, be assured decent working conditions and the ability to safely and easily remit their earnings home.

Governments have a duty to be responsive regarding the entitlements of its citizens when designing legislation, envisioning long-term policies or building institutions able to implement them. Ensuring citizen entitlements in the long term is only possible if institutions and policy implementation systems are stable and free from partisan influence. This creates a cycle of good governance that feeds back into outcomes for the people.

Our research revealed findings that were specific to the functioning of each specific sector. Nonetheless, and keeping the above framework above in mind, the following general findings were common to all sectors:

- a) **Enabling environment exists:** The state recognises the entitlements of citizens in all the sectors studied, and often enshrines this in legislation that clearly calls for the provision of these entitlements. In all the sectors we see the presence of, or the steps being taken towards creating an enabling legislative environment and/or to review outdated legislation. The state also often takes the next step, i.e. designing policies that prioritise citizen-wellbeing and development. Additionally, there are some noteworthy and successful policy initiatives across all the sectors, such as the creation of regulatory bodies, short-term responses to sectoral crises and stand-alone pilot policy initiatives. However, there is a substantial gap between legislation, policy and implementation.
- b) **Ineffective regulatory bodies present:** While the legislation to guarantee citizen entitlements exists, all sectors are characterised by weak and **unresponsive** regulatory bodies. These institutions lack the capacity, incentives, transparency, accountability, autonomy and coordination to implement policy in an efficient and equitable manner. Officials responsible for regulation and ensuring service delivery are rarely incentivised to perform well, nor have they the technical skills required to implement policy. In addition, many ministries and regulatory bodies have overlapping responsibilities and barely any performance monitoring.
- c) **Policy design and implementation with a populist approach:** While legislation takes a long-term view, the policy planning that underpins its implementation is short-term. Governments plan according to the 5-year electoral cycle, which, while politically expedient, is not the most **sustainable** means of ensuring development, especially in sectoral governance. In addition to short-sighted planning, policy implementation decisions are made with the vote bank in mind, so that electoral returns become far more important than good governance. The government is often reluctant to take politically unpopular decisions that are for the overall good of the nation. In terms of policy implementation on the ground, political consideration also plays a part in 'who will benefit' from service provision, as it is those who have political connections to the party in power who benefit the most. Previous **State of Governance (SoG)** reports have commented extensively on the 'winner takes all' mentality of Bangladeshi governance, meaning that the party in power has all the traction in terms of policy decision-making and can concentrate rewards on its functionaries and supporters.

- d) Institutions matter:** This Report argues that a main reason why citizens' needs are not met is the fact there is no political will to address the problem of failing institutions that are neither **responsive** nor **sustainable**. Institutions are the best system by which a state can ensure service delivery and citizen-welfare. However, across all sectors there is a lack of political commitment to the institutional reform necessary to build efficient institutions. This is partly due to the fact that a mandate to comprehensively overhaul the institutional framework may be politically unpopular within the public sector. As a result, the majority of reforms have been superficial, without truly moving institutions towards better governance.

5 Findings

The State of Governance in Bangladesh 2009 is cautiously optimistic about the prospects for good governance in the sectors examined, noting worthwhile progress, especially in the form of substantial commitment to addressing legislative weaknesses, formulating promising policy initiatives and the success of one-off programmes within sectors. While it is hard to generalise across sectors, the Report takes the view that in each of them there is often the presence of an enabling legislative framework and adequate regulatory institutions that would allow for policy implementation and monitoring in a manner that is consistent with good governance outcomes. However, it argues that it is the lack of commitment to long-term policy implementation, limited coordination between policy implementation bodies, dearth of able, accountable and transparent regulatory institutions and the focus on politically motivated decision making that greatly effect quality of governance in these sectors. The key findings related to each chapter are briefly presented below, with the Report's policy recommendations summarised in the conclusion.

Chapter 2 – Energy Crisis: Planning Deficit, Policy Failure and Reforms for the Future

This chapter argues that Bangladesh's development efforts are constrained by an energy crisis characterised by a growing deficit in power and gas supply. Rapid industrial development and consistent economic growth call for an uninterrupted supply of energy on a large scale, which can be currently provided only by using electricity and gas. While the nation has sustained high levels of economic growth over the past years (5 to 6 per cent), unless the increasing energy shortfall in electricity and gas is addressed, it will slow down industrial operations, jeopardise trade and economic growth, trigger political instability and cause significant deterioration in citizens' quality of life. The chapter does not attempt to examine all pertinent areas of the energy sector where governance plays a pivotal role, but focuses instead on how governance, or lack thereof, impacts the institutional and policy framework, supply constraints and reform implementation in the power and gas sector. The findings suggest that the quality of governance in the energy sector is marred by a number of factors: (a) decision making led by partisan considerations instead; (b) the short term planning horizons of successive governments; (c) the lack of incentives for enhanced staff performance in public sector energy bodies; (d) the dearth of an appropriate operational environment for private sector energy companies and (e) the absence of an effective regulatory body.

When specifically examining the current situation in the electricity and gas sector separately, the chapter makes more nuanced arguments regarding the reasons for and outcomes of governance gaps. The chapter notes that poor electricity sector performance over the past two decades has been due to the unavailability of domestic capital for financing long-term investment, lack of institutional capacity for efficient production,

poor management procedures, limited specialised knowledge in key policy making positions, and low employee commitment. It singles out increased private sector participation in electricity production and the establishment of the Bangladesh Energy Regulatory Commission (BERC) as the two main positive outcomes of electricity reform, observing that both of these developments are potentially transformational for the sector. However, the analysis shows that the precedence of political considerations over operational efficiency, the lack of bureaucratic incentives for accountable and competent job performance and the absence of effective regulation have hampered performance in the sector. The electricity crisis is closely linked to a severe shortfall in gas, the most important source of commercial energy in the country. It is the lack of incentives for international oil and gas companies (IOCs), bureaucratic planning failures and adoption of misguided policies and once again, the primacy of electoral considerations driven by a populist agenda that impedes efficient gas production and distribution.

The government has so far taken a mix of long, medium and short-term measures to tackle the energy crisis. With regards to increasing gas supply, it has initiated the process of natural gas exploration in offshore boundaries and withdrawn a nine-year injunction on inland gas explorations by international oil companies under production/profit sharing contracts (PSCs). While these steps are positive and will ultimately result in augmenting the national gas supply, they are unlikely to ameliorate the short-term gas shortage. The power shortfall is being addressed via the implementation of upcoming power generation projects (many of which are surprisingly, gas based) and marginally increasing the electricity tariff to provide greater sectoral income for the government. However, price increases generally are not an effective supply-side response to a shortage. Additionally, the government is engaging in energy management through a variety of measures, such as holding bilateral talks with other countries regarding energy import and trying to attract foreign direct investment through international road shows. These energy management strategies have been described as ill conceived and unlikely to have long-term effect on the energy crisis, whereas the impact of the road shows is yet to be publicly disclosed.

Although the current government inherited the energy crisis, its initiatives have not addressed the core problem of poor governance of the sector at all levels. While it may be still early to state whether or not the government will be successful in fulfilling their vision for making electricity available for all by 2021, there exist some serious concerns regarding the current state of the sector. Firstly, the implementation of the Annual Development Program (ADP) allocation in 2009-10 by the Power Division has been disappointing, bringing to light the urgent need to improve implementation capacity and quicken service delivery. Secondly, we are yet to see a full commitment towards the politically challenging decision of redressing energy under-pricing. Thirdly, although the government has expressed concern over the excessive use of gas for generating power, it contradicts itself by continuing to permit installation of gas based power plants and CNG stations, while keeping existing ones shut for a number of hours each day. Fourthly, political considerations that influence decision making within the energy sector undermine the institutional autonomy of bodies such as BERC, which is crucial for achieving an effective and responsible regulatory mechanism. Fifthly, there is a need to formulate a pragmatic long-term plan to help guide the reform initiative and take into account the bureaucratic and IOC incentive structure, so that their role in the energy sector is more assured and service-oriented. Lastly, a major policy shift is needed in order to address the underlying problem of primary energy shortage. At present, there is no clear indication as to how the government would like to diversify the fuel mix for power generation. Many global bodies and national governments are looking towards renewable energy sources as a means of diversifying their fuel mix and reducing reliance on fossil fuels. In Bangladesh, research and praxis in this area is in its infancy, especially government-sponsored initiatives, despite the widespread use of biomass fuels by the majority of the population.

Chapter 3 – Food Security: Increasing Availability, Diversifying Access and Strengthening Governance

Bangladesh's progress in poverty reduction and towards food self-sufficiency in the last decade has been noteworthy. But while numbers hint at a success story, a more nuanced look at the story behind the numbers may bring little dis-comfort. Unprecedented shocks to food security are not new to Bangladesh. Its history is dotted with famines, cyclones and floods, which have elicited mature responses in dealing with food crises. The consequences of the recent global food price hike have been severe in Bangladesh, as have been the effects of two cyclones, *Sidr* and *Aila*. Over 40 per cent of the population still live below the food-consumption based poverty line and lack the income and assets to protect themselves against livelihood fluctuations, disease, *monga* (lean season hunger) or natural disasters. Food insecure households typically respond by decreasing diet diversity, consuming smaller food portions, reducing the number of daily meals and taking on unmanageable levels of debt to procure a minimum level of food. The hardest hit are fixed-income earners and rural households experiencing crop failure. This chapter finds that food security governance is characterised by the following: (a) inconsistency and non-functionality of key policies, with relevant institutions lacking capacity to carry out essential reforms or undertake actions to ensure food availability; (b) despite government commitments regarding land distribution and tenancy contracts to increase crop productivity, implementation is absent; (c) lack of monitoring and presence of corruption and rent-seeking behaviour in many government institutions related to food and (d) despite the evolution of a more pro-poor focus in the Public Food Distribution System (PFDS) and in Social Safety Net Programs (SSNPs), high levels of leakage and imperfect targeting mechanisms weaken outreach and impact. Overall, while there is a willingness to ensure food security, the Government is not deeply committed to implementing the steps required to reach this goal by avoiding politicisation of food policies and programmes.

Food security as understood by the Government of Bangladesh rests on three important pillars, i.e. availability, access and utilisation of food. This recognises that the government should, firstly, produce, make possible the production of and/or ensure sufficient quantities of food either through domestic production or through imports and food aid. Secondly, it should ensure people's economic and physical access to food through boosting household income and government transfers. Finally, it should ensure proper utilisation of food through dietary diversity and health care. This framework was used as the chapter's analytical lens. However, while the chapter explores availability and access to food in detail, it does not address food utilisation due to space constraints and the fact that the major governance concerns are in the areas of food production and distribution.

An analysis of food availability in Bangladesh finds that attempts to incentivise production by increasing access to land have mostly been ineffective. Redistributive land reforms have been unsuccessful, with government lands which landless people are entitled to either being expropriated by both corrupt officials and influential citizens, or left undistributed. In addition, tenancy contracts are discriminatory, favouring landowners over tenants. With regard to increasing the productivity of land, though fertilisers and seeds are more available in the market following Structural Adjustment Program (SAP) reforms, there remain significant distortions in pricing and in the quality of these agricultural inputs. Fertiliser is the key agricultural input and production is critically affected by price variation, subsidies, quality, quantity and distribution. Fertiliser management in Bangladesh is characterised by high prices: inelastic demand, unscrupulous hoarding and international price volatility means that fertiliser prices have increased substantially. Although the government sets factory gate prices of fertiliser, it lacks the capacity to enforce and monitor whether the dealers maintain the set price,

allowing for distortion by unscrupulous dealers and corrupt politicians. Bottlenecks in fertiliser supply mean that farmers cannot access an adequate amount of fertiliser during August-October and January-March, the growing seasons for the main rice crops like *aman* and *boro*, partly due to the severe shortage in the supply of electricity and gas to production facilities, the inability to meet demand because of poor production capacity and misguided demand calculation and supply management. There is a lack of enforceable legal mechanisms to protect the quality of fertilisers, leading to the distribution of low quality and adulterated fertiliser resulting in lower quality and quantity of crop yield for farmers. While good quality seeds can increase rice yield by 8 to 10 per cent, the government agency in charge of seed production and marketing has largely been unable to ensure efficient seed delivery and secure the active participation of private and public actors, thereby hampering the possibility of maximising productivity. Lack of good governance within the seed production, marketing and distribution system has meant that existing seed prices do not incentivise production. Neither are the seeds subject to strict quality control to avoid weeds, pests and disease. The lack of coordination in research, development and promotion of new seed varieties also limits productivity severely. The government procurement drive each year does not meet the target because of low price offers, high rent seeking behaviour and lack of storage and collection capacities. Various government bodies that are tasked with ensuring food availability are hampered by weak monitoring mechanisms and poor institutional capacity.

Hunger is not just caused by a reduction in the availability of food, but also by the inability of the people to get access to it. Regardless of whether they are food producers or not, many poor and vulnerable households do not enjoy food security as they are unable to afford a minimum basket of nutritious food items through their own production, cash earnings, market purchases and other resources. Transitory food insecurity caused by sudden natural disasters and price hikes have a direct detrimental effect on people's livelihoods, manifested by indebtedness, sale of assets and loss of cultivable land, all of which further limit their ability to access food. The focus of government policy has gradually expanded to ensuring accessibility of food at the household and individual level by increasing purchasing power and people's access to food. This is done through transitory shock management, effective implementation of targeted food assistance programmes and employment generating income growth. The access section of this chapter focuses on targeted food assistance programmes, beginning with an analysis of the hub of all food distribution activities, the PFDS, and follows an examination of the financing, allocation, administration and level of leakage in SSNPs. Given the availability of data on the Vulnerable Group Development Programme, its targeting performance, leakages and impact on beneficiaries can be evaluated. Findings suggest that though the PFDS has evolved a more pro-poor focus, its distribution channels do not reflect this. Despite increasing budget allocations for SSNPs, the targeted interventions are not pro-poor and targeting mechanisms in general have been found to be weak with high levels of leakage. SSNPs in general are characterised by poor institutional governance and lack of policy implementation. However, the VGD programme showed no major abnormalities in its targeting mechanisms, though leakages were found at multiple levels. Overall, its impact on income and nutrition was quite positive. Lastly, beneficiaries felt that the government's response to the 2008 food price hike, the 100-Day Employment Generation Programme (100-DEGP), was a success despite facing many administrative and implementation problems, such as, inaccurate targeting, under-coverage of beneficiaries and fund misappropriation.

Chapter 4 – Digital Bangladesh: The Beginning of Citizen-Centric e-Government?

The incumbent government's unprecedented political initiative to 'make Bangladesh digital' provides an opportunity to use Information and Communications Technology (ICT) tools to further development, strengthen poverty reduction and improve citizens' quality of life. The Digital Bangladesh (DB) vision is

being developed by the United Nations Development Programme (UNDP) funded Access to Information (A2I) Programme and is based in the Prime Minister's Office (PMO). It envisions utilising ICT tools to foster socio-economic development by the year 2021, and consists of 4 pillars: developing human resources for the 21st century, connecting citizens in ways that are most meaningful, taking services to citizens' doorsteps and making the private sector and market more productive and competitive through the use of ICTs. Given that the primary goal of governance is to improve citizen wellbeing, quality of life and ease of access to government services, this chapter focuses on the two citizen-centric pillars of the DB vision and asks how and what is required to achieve the goal of using technology to enhance pluralistic and pro-poor service delivery. The chapter argues the following: (a) the DB initiative is noteworthy and has the potential to change the way in which citizens access services; (b) existing legislative and regulatory frameworks, though subject to recent reforms, are inadequate to support the proposed types of service delivery under the DB agenda and (c) the flagship initiative of the DB implementation programme, the Union Information and Service Centres (UISC), while commendable, is not sufficiently accessible to and does not adequately cater to the rural poor. There is a need for more incremental, sustained steps if Digital Bangladesh's citizen-centric mandate is to become a reality.

The chapter notes that the incumbent government deserves praise for providing unprecedented political support to the development of ICT tools for citizen empowerment through the Digital Bangladesh agenda. However, it argues that it has achieved mixed results regarding its willingness to implement the citizen-centric initiatives that the DB vision and strategy proposes. In its current state, ICT development and infrastructure in Bangladesh is woefully inadequate to support the DB goals. The government's new regulatory and institutional initiatives — in particular passing the ICT Act 2009 and establishing high level committees devoted to the proliferation of ICT— are positive steps. However, much depends on whether new legislation is effectively implemented and whether these committees are successful in mainstreaming ICT at both governmental and citizen access levels. While many of the 53 initiatives will bring benefits to citizens in terms of providing information and specific services such as bill payment, 30 of the initiatives will most likely not translate in any significant changes or improvements to the existing system and only about 24 (13 of which will be in citizen services, and 6 in database development) may bring about some improvements to government infrastructure and systems. In order to create an enabling environment, there is not only a need for a change in legislation, but also for reform within the institutional structures that oversee the implementation of legislation.

The main initiative under the Access to Information Programme, the Union Information and Service Centre (UISC), is intended to realise the two citizen-centric pillars of the DB agenda —that is, connecting citizens and delivering services to the citizens' doorsteps. As of 2009, a hundred UISCs have been established and there is a strong political impetus to establish a thousand more by the end of 2010. While these centres aim to bring information to the people by connecting citizens and providing services, initial observations from site visits indicate that they are not sufficiently accessible to the poor and do not have adequate rural-relevant content. Despite the fact that this is a government initiative, local government support is critical for the centres to survive and thrive, and financial sustainability is a concern since the money UISCs currently earn is not sufficient to break even without external assistance. The information and services provided by UISCs have not changed citizens' accountability relationship with the government, and community awareness is essential if citizens are to engage meaningfully with the technology available to gain access to government services.

Although the current manifestation of DB may allow Bangladesh to enter the interaction and transaction phase of e-government maturity, this will be severely compromised unless the necessary infrastructural

initiatives such as business process re-engineering, adequate data and security provisions are implemented. In addition to comprehensive institutional and process reforms, a truly transformational view of e-government encompassing government-to-citizens, government-to-business and government-to-government backend initiatives is necessary to truly attain ICT enabled development outcomes. Furthermore, a long-term commitment to creating an ICT policy implementation road map and to institutional restructuring and capacity building is essential. A real threat is the discontinuation of the DB agenda beyond the tenure of the current government, given its highly politicised nature.

Chapter 5 – International Labour Migration: Making Migrant Worker Welfare Central to Governance

International labour migration is a crucial feature of the Bangladeshi economy –both as a driver of economic development and a means of livelihood for migrants’ families– and has been hailed as an economic success story. Government data shows that since the mid 1970s an estimated 7.5 million Bangladeshis migrated all over the world for economic reasons, while other sources claim that currently there are 5.4 or even 6 million out-migrants, highlighting the paucity of accurate figures. Remittances from migrants have been rapidly growing over the past decade and a half, amounting to USD 10.72 billion in 2009, i.e. approximately 11 per cent of the Gross Domestic Product (GDP). These have contributed significantly to economic growth and substantially improve the nation’s Balance of Payments (BoP) position. However, the recent global recession has caused dramatic losses in employment opportunities for Bangladeshi migrants in many countries, not only in the form of reduced job availability but also in the form of massive layoffs among the current labour force. This not only has a negative impact on the economy but also severely endangers the livelihoods and wellbeing of migrants’ families who depend on remittances. Additionally the costly and complicated migration process, the poor treatment that Bangladeshi migrant workers are subject to while they are abroad and their lack of protection by the Bangladesh government are also causes for severe concern. Against this backdrop, this chapter argues that governance in the international labour arena is characterised by: (a) a legislative framework that has recently changed its paradigm to see the state as a facilitator of international labour migration and a protector of migrant welfare; (b) weak and inadequate regulatory institutions that are unable to manage and monitor the complex migration process and ensure compliance with the sector’s fiduciary and procedural regulations; (c) an extremely long and complicated migration process where Bangladeshi migrants often pay double of what their counterparts pay in neighbouring countries; (d) the poor treatment, unfair payment practices and often inhumane working conditions that migrants are subject to abroad and (e) the poor response from successive governments regarding negotiating better terms for migrant workers and their general failure to protect their welfare.

The chapter focuses on the governance of international labour migration, primarily to the Middle East and South East Asia, the key destinations of both official and unofficial labour migrants from Bangladesh. In examining the legislative and regulatory framework regarding international labour migration in Bangladesh, we can conclude that there have been substantial improvements in the legal framework for labour migrants. The government now acknowledges the state’s role in supporting rather than opposing those who intend to leave the country, reflected in renaming of the relevant ministry in 2001 as the Ministry of Expatriates Welfare and Overseas Employment. Legal provisions have been made to protect migrants’ legal rights; their entitlements have been strengthened and welfare schemes have been established. December 2002 saw three new sets of rules framed regarding the migration process, the agents and bodies involved in migration and the provision of workers’ welfare. The Overseas Employment Policy of 2006 further elaborated workers’ rights

and welfare issues, while the pending threat of the global economic recession motivated the government to formulate in 2001 a new nine point strategy that considered the urgent need to both increase migration through bilateral agreements with receiving countries and improve governance in the sector. However, despite an enabling regulatory framework, the complex process of labour migration management is often left in the hands of a confusing multitude of public institutions that lack the capacity or the incentives to ensure regulatory compliance.

At a national level, labour migrants' contributions have been widely acknowledged and the risks and malpractices of labour migration have been disclosed and publicly debated. However, the process of labour migration is extremely cumbersome, involving interface with multiple agencies and institutions, and becoming difficult to negotiate and often expensive for the potential migrant. The convoluted nature of the process also means that it is inefficient and poorly governed, with corruption and vested interests coming into play at almost every operational level of the migrant's recruitment, administrative and departure processes. This creates serious governance issues that not only make the migration journey more challenging for prospective migrants but also make it extremely difficult to regulate, damaging the whole industry's credibility and efficacy.

The chapter argues that the core problematic feature of the labour migration process as it exists is that the private-government nexus reaps most of the profits, whereas workers bear the heavy costs, as well as risks and uncertainties. Systematic malpractices against prospective and current migrants are rife both amongst public and private migration facilitators. In recent years, malpractices by private recruitment agencies and local agents, have been highlighted, discussed and addressed quite frequently by the media, the state and as well as civil society organisations. However, despite the diverse mechanisms set in place to enable this, the state's inability to hold licensed agencies and unlicensed sub-agents accountable has led to a continuation of abusive and exploitative practices that negatively impact migrant workers, and thus the industry as a whole. From a governance viewpoint, the low availability of credit and easy remittance facilities for migrant workers presents a bottleneck that creates further governance malpractices. While policy makers have been quick to extol the virtues that the remittances make to the national economy, they have yet to implement meaningful measures that financially facilitate migrants' departure and family welfare. However, private sector intervention, mainly by some banks and telecom companies has improved the accessibility of financial services. The chapter also studies the treatment of migrant workers by their foreign employers. While the latter are theoretically required to comply with international and national minimum wage and working conditions regulations, they often ignore them. The main difficulties reported by migrant workers are low, delayed, partial or prolonged non-payment of salaries, as well as maltreatment by employers, extremely poor working conditions, abuse from employers and lack of welfare provision or help from Bangladeshi missions in the receiving countries. In addition to the difficult working conditions, female migrant workers face the increased threat of physical and mental abuse in the form of rape and sexual exploitation, as well as high risks of exposure to sexually transmitted infections and HIV/AIDS. The media, human rights watchdogs and civil society generally agree that it is the responsibility of the state and regulatory bodies to ensure that migrant workers, who contribute so greatly to the national economy, are not 'punished' for their weak social positions by manipulation, mistreatment and abuse.

6 Conclusion

The efficient, inclusive and sustainable functioning of the energy, food, e-government and migration sectors is essential to ensure long-term good governance outcomes and improvements in citizens' welfare and quality of life. Analysing the governance successes and gaps in these sectors is a vital part of making them more citizen-centric and institutionally accountable. The Report optimistically notes that Bangladesh has taken some notable and encouraging policy initiatives, created successful short-term sectoral programmes, addressed key legislative weaknesses and drawn up long-term visions in these sectors. However, the lack of coordinated policy planning and implementation, the penetration of partisan political interests motivated by the five-year electoral cycle, and the lack of accountable, transparent and sustainable institutions and mechanisms are some very serious shortcomings in establishing good governance in Bangladesh. After the sectoral focus of chapters 2 to 5, chapter 6 completes the overview with a set of crosscutting themes emerging from the analyses and summary recommendations on each sector.

The Energy Crisis: Planning Deficit, Policy Failure and Reforms for the Future

Bangladesh's development efforts are constrained by an energy crisis characterised by a growing deficit in power and gas supply. Unless addressed, this will slow down industrial operations, jeopardise trade and economic growth, trigger political instability and cause significant deterioration in citizens' quality of life. This chapter finds that the quality of governance in the energy sector is marred by: (1) political considerations; (2) short term planning horizons of successive governments; (3) lack of incentives for bureaucrats and the private sector and (4) the absence of an effective regulatory body. It does not attempt to examine all pertinent areas of the energy sector where governance may play a pivotal role, but focuses instead on how governance, or lack thereof, impacts the *institutional and policy framework, supply constraints and reform implementation in the power and gas sectors*. Even though the majority of the nation relies on the consumption of traditional biomass fuel, electricity and gas access is essential to industrial development, economic progress and improvements in household quality of life. The abundance of literature, data and multiple sources of information regarding the power and gas sector facilitate a detailed analysis.

This chapter is primarily based on a review of the published literature, including grey literature and newspaper sources as well as a large number of key informant interviews with officials and staff of government agencies in the energy sector, as well as academics and members of civil society. It begins with a detailed contextual overview of the governance crisis in energy before moving on to a summary of energy sector policy goals over last 15 years and a description of the organisational framework for policy implementation. Secondly, it examines power sector reform, analysing the outcome of electricity reform initiatives in terms of good and bad governance. Given its prevalence and media scrutiny, a special section on 'load shedding' studies the causes and impacts on citizen welfare and economic development. Thirdly, it tackles the various aspects of governance failure that led to the shortfall in gas supply. Fourthly, in an effort to look at how the current state of the sector can be improved, it then assesses the short and long run prospects of enhancing energy production by reviewing current initiatives undertaken by the government, before offering a set of recommendations to strengthen the sector's governance focus for a more citizen-centric approach to service delivery. A separate section on renewable energy acknowledges the importance of biomass fuel as a source of energy for the

majority of the nation's households and look towards new forms of energy production. Lastly, the chapter concludes by highlighting the major findings and making recommendations for improving governance.

1 The context of the energy crisis

Before briefly outlining the background to the energy production and consumption crisis in Bangladesh, the following section examines the reasons for this chapter's focus on electricity and gas. Bangladesh's primary energy consumption comprises of 47 per cent commercial energy and 53 per cent renewable energy, which is mostly biomass (Technoconsult International Limited 2009). Of the commercial fuels, natural gas accounts for almost 75 per cent while the remainder is made up of imported oil, coal and hydropower. Biomass or traditional fuels include crop residues, animal dung and fuel wood (Asaduzzaman, Barnes and Khandker 2009). Although biomass is a vital energy source in rural Bangladesh, rapid industrial development and consistent economic growth calls for an uninterrupted supply of energy on a large scale, which can be currently provided only by using electricity and gas. Scaling up of renewable energy to match the productive capacity of electricity and gas would require an as yet unplanned capacity building at national and regional levels.

That electricity enhances the quality of life and serves as a key component for economic growth is universally accepted (Khandker, Barnes and Samad 2009). However, only 40 per cent of the total population and less than 30 per cent of rural residents in Bangladesh have access to electricity or gas (Asaduzzaman, Barnes and Khandker 2009). A vast majority of the rural households and businesses can benefit significantly from moving up the energy ladder. Therefore, an analysis of the power and gas sectors becomes essential for finding ways to increase access.

Growth in power generation has been negligible since 2002, with the existing power supply being increasingly inadequate and unreliable to meet the needs of a growing economy (World Bank 2009). Concurrently, demand for power continued to increase at the rate of over 500 megawatt (MW) per annum (World Bank 2009). As one of the lowest energy producers in the world, with average per capita electricity generation of 184 kilowatt-hour (kWh), Bangladesh's available power generation capacity of 3,600-4,300 MW is insufficient to satisfy demand of about 5,200 MW (Kabir 2010, World Bank 2009). Unofficial estimates place the level of electricity shortfall on a given day at 2,000 MW ('Outage mounts as gas runs low', *The Daily Star*, 28 March, 2010). IGS' own survey research and key informant interviews also highlight low access to energy, regional discrimination in access provision (the lowest share of electrified households in the poorer northern districts) and the high degree of consumer dissatisfaction with the energy situation (IGS forthcoming)¹. Generation capacity deficits result in frequent power failures which have impeded economic growth and industrial development; and most importantly, affected the general population's quality of life. Frequent outages have prompted industries, shops and households to install their own back-up power supplies, pushing up the cost of living and doing business. Estimates equate the cost of electricity shortages at two percent of annual gross domestic product (GDP) growth (World Bank 2008). Indirect negative impacts of the power crisis, such as temporary closures of several fertiliser plants to divert natural gas to electricity generation could raise costs by much more.

As the size of the population and economy continue to grow, total demand is projected to increase to 9,786 MW by 2012 and 13,993 MW by 2020 (Bangladesh Power Development Board [BPDB] 2008). The incumbent Awami League-led government has projected the provision of an additional 9,000 MW by 2014-15 (Majid

1 See Annex 1 for a map of district-wise access to electricity.

2010). This means that the potential total power generation could approximately be 13,000 MW in another five years. These targets are highly unrealistic given the pace of implementation of ongoing and planned generation projects (Centre for Policy Dialogue 2009).

Power shortages are mainly caused by ageing power plants and, more importantly, an inadequate supply of gas which fuels 85 per cent of Bangladesh's power generation capacity (Asaduzzaman, Barnes and Khandker 2009, Centre for Policy Dialogue 2009). Demand for gas has escalated in recent years, spurred by the growth of captive power plants and the use of compressed natural gas, and is predicted to rise. This is due to absence in availability of any other major energy source and due to an undeveloped coal sector. Even though Bangladesh has been producing gas for over three decades, the major gas fields remain underdeveloped and exploration activities have been almost stagnant in the last decade (Technoconsult International Limited 2009). While public sector resources are limited and unable to meet the scale of required investment for gas sector development, there has been little effort at creating an enabling environment for mobilising private sector involvement. Until and unless there is a major breakthrough, all future activities have to be based on the existing, fixed and recoverable reserve of 7.2 trillion cubic feet (TCF) (Petrobangla 2008). Assuming that an alternative fuel has not replaced gas, to meet the projected demand for gas in 2020, an additional 24 TCF of gas is required. This necessitates a massive investment of USD 8 billion for further exploration, development and production and a further USD 1.5 billion for transmission and distribution (Petrobangla 2008).

1.1 The assessment of energy governance

Poor public service delivery arising from lack of citizen-centric institutions has been a popular governance discourse in Bangladesh (World Bank 2009, World Bank 2008, General Economics Division 2005). This chapter assumes that weak public service delivery in the energy sector is more to do with governance aberrations than supply factors. Symptoms of bad governance in the energy sector are marked by high levels of system loss, poorly maintained plants, financial insolvency of energy entities, low public and private investment, weak accountability of service providers, malpractices in procurement and contract award process etc. The eventual cost of bad governance is borne by the citizens through higher cost, unreliable energy supply and lower quality of living. Generating good governance is an essential part of energy sector development and without identifying and removing existing governance bottlenecks, investment alone cannot solve the energy sector crisis. This chapter uses four parameters for assessing governance in the energy sector. Based on an already existing framework developed by Ivanyina and Shah (2010), the four dimensions of governance outcomes are:

- (I) **Responsive governance** – The extent to which the government promotes and delivers services consistent with citizen preferences.
- (II) **Fair/equitable governance** – The extent to which the government focuses on consensus building, inclusiveness and protection of the poor, minorities and disadvantaged members of the society.
- (III) **Responsible governance** – The extent to which the government authority is carried out following due process with integrity, reliability, fiscal prudence and concern for efficient service delivery.
- (IV) **Accountable governance** – The extent to which the citizens can hold the government accountable for its actions.

These parameters were chosen over others, such as the Overseas Development Institute's 'World Governance Assessments' and the World Bank's 'World Governance Indicators', because all four take a citizen-centric approach. This simple framework captures the quality of governance by assessing how the outcomes of various measures undertaken by the government in the energy sector "serve, preserve, protect and promote public interest based upon values and expectations of the citizens" (Ivanyna and Shah 2010, p.5).

2 Sector overview: policy and institutional framework

Major weaknesses in the policy and institutional frameworks of the power and gas sectors have led to bad governance. Firstly, 'good' policy goals have remained unmet over many years and mistaken policy targets do not get rectified. Secondly, the institutional arrangement for policy implementation appears to be diverse and complicated, leading to inefficient coordination between the two sectors.

2.1 Energy planning

Successive governments have acknowledged the importance of energy sector development and their commitment is manifested in the form of various planning documents outlining their vision and policies for the power sector. These documents include: Power Sector Reforms in Bangladesh (1994), National Energy Policy 1996 (NEP), 2000 Vision and Policy Statement for Power Sector Reforms and the Power System Master Plan Update (2006). Some key objectives for the sector are summarised below:

The 2000 Vision and Policy Statement for Power Sector Reforms made the following vision statements (Power Division 2000):

- Make electricity available for all.
- Ensure reliable and quality supply of electricity.
- Provide electricity at a reasonable price.

In line with the vision statements, power sector reform objectives included:

- Provision of electricity for all citizens by 2020.
- Improvement in management and financial viability of the sector.
- Increasing private sector participation.
- Use of natural gas as a primary fuel for generation and exploration of the possibility for power export.

This policy period was marked by a temporary surplus in the supply of gas and the only goal that was successfully attained was the development and use of natural gas as a primary fuel. Unfortunately, this policy also encouraged rapid and uncontrolled use of gas, which ultimately created the existing gas crisis. Private sector participation was partially allowed only in power generation.

The Power System Master Plan Update (2006) had the following objectives, reiterating some from previous policy documents (Nextant 2006b):

- Make electricity available to all by 2020.
- Ensure reliable and quality supply of electricity.

- Increase the sector's efficiency.
- Develop demand management and energy efficiency measures.
- Develop alternative/renewable energy sources.
- Base new generation on a least cost expansion plan.
- Expand transmission in balance with the generation capacity

Unfortunately, most of these objectives remained unfulfilled at the end of the successive government's term, indicating slow progress in policy implementation and major shortfalls in meeting long term goals for 2020. Moreover, the document did not recognise the impending gas supply shortage that was to become apparent in 2007. Nevertheless, the document recommended the need to ensure fuel availability for upcoming power plants.

The current Awami League-led government in their election manifesto of 2008 pledged to increase total power generation to 5,000 MW by 2011 and 7,000 MW by 2013 (Bangladesh Awami League 2008). Their related visions include:

- Making electricity available for all by the year 2021.
- Ensuring a reliable and quality supply of electricity.
- Providing electricity at a reasonable and affordable price.
- Making Bangladesh free of load shedding² beyond 2013.

Given that all previous governments set policy goals during their tenure that remained unfulfilled, these visions and goals are blatantly overambitious. The end result is that after almost two decades of undertaking a planned approach towards energy development, development goals continue to be unrealistic. In a drastic move away from earlier policy emphases on increasing gas use, the incumbent government has now announced the urgent need for using alternative primary fuels such as coal, imported oil and even nuclear energy both in its election pledge and in the 2009-10 Budget Speech (Finance Division 2009). However, policy shift has come at a time when the country is already facing a severe gas crisis. Given the enormous lags between planning and policy implementation, it may be a while before actual steps are taken to implement such plans for fuel diversification.

2.2 Organisational structure of the energy sector

Attaining energy policy objectives depends on the role and performance of various institutions concerned with energy development in the country. Over the last 15 years, the energy sector has evolved from a "government department to a series of state owned, business-oriented companies focusing on different lines of business (generation, transmission and distribution)" (World Bank 2009, p.4). However, there is a general feeling among government officials working in the power sector that the government may have created 'too many companies to handle too little power generation and transmission', leading to gaps in coordination and expertise ('PDB's hasty bid process unnerves power bidders', *The Daily Star*, March 13, 2010).

2 Load shedding refers to the intentionally engineered power outage on certain lines when the demand for power becomes greater than the supply (Nextant 2006b).

Overall sector management is undertaken by the Ministry of Power, Energy and Mineral Resources, which has two divisions, the Power Division and Energy and the Mineral Resources Division giving overall policy directions to the power and gas sectors. The Bangladesh Energy Regulatory Commission (BERC) regulates energy sector activities. Established through a legislative act of the National Assembly in 2003, BERC did not become fully functional until 2007-08. BERC's key responsibilities include issuing licenses for electricity generation, distribution and marketing; approving tariff revision; approving standards; initiating energy audit; and taking remedial action against dishonest business practices (BERC 2010). According to BERC officials, its achievements to date include: (a) revised bulk power tariff in October 2008; (b) revised retail power tariff in March 2007 and March 2010 ('Power tariff raised from 4 to 7.62 pc', *New Nation*, March 3, 2010); (c) issuance of 847 licenses in the power sector and 138 licenses in the gas sector and (d) increased gas prices in certain customer categories.

I. Power sector

Key power sector entities and their functions are as follows (Asaduzzaman, Barnes and Khandker 2009):

- a. The Bangladesh Power Development Board (BPDB) operates most state owned power generators and some urban distributors. The BPDB acts as a single buyer of electricity from public and private generators and sells to other distributors.
- b. The Power Cell initiates power sector reforms.
- c. There are five regional power distribution companies, and the Rural Electrification Board (REB) undertakes nationwide rural energy distribution.
- d. The Power Grid Company of Bangladesh operates the national transmission grid.
- e. The Independent Power Producers sell electricity to the transmission company.
- f. The Chief Electrical Inspector and Electrical Advisor's office ensures standards and provides licenses to power sector entities (Nextant 2003).

II. Gas sector

Key gas sector institutions and their functions are as follows:

- a. The Bangladesh Oil, Gas and Mineral Corporation, also known as *Petrobangla*, is a monopoly supplier of fuels to power plants (Nextant 2006b).
- b. There are three state-owned gas production companies, one of which is also engaged in gas exploration activities³.
- c. International Oil and Gas Companies (IOCs) are private sector, foreign owned exploration and production entities operating under Production Sharing Contracts.

3 Bangladesh Petroleum Exploration Company, Bangladesh Gas Fields Company Limited and Sylhet Gas Fields Limited.

- d. The Gas Transmission Company Limited receives gas from public and private production companies and delivers gas to various distribution companies.
- e. There are four state-owned, regional distribution entities⁴.
- f. The Rupantarita Prakritik Gas Company Limited is a CNG marketing entity.

It is obvious from the plethora and complexity of the organisations involved in the production, sale, purchase, distribution and regulation of the electricity and gas sector that effective governance is a tall order.

3 Governance and reform in the electricity sector

3.1 Why initiate reform?

By the end of 1990s, the majority of Organisation for Economic Co-operation and Development countries (OECD) and over 70 developing and transition countries had adopted initiatives towards reforming their electricity sectors (Bacon 1999). The reforms occurred under a broad paradigm shift from centralised organisation of infrastructure and state ownership to market oriented structures, public regulation and private ownership often identified with the World Bank's Structural Adjustment Programs (Joskow 2002). For developing countries the reasons for reform were due to dissatisfaction with prevailing arrangements such as the fiscal burden of energy subsidies, low service quality, weak tariff collection, high network losses, poor service coverage and growing demand for energy (Joskow 2002).

3.2 Electricity reform in Bangladesh

Bangladesh's power sector performed poorly throughout the 1980s and 1990s. The main sectoral constraints were: (a) unavailability of long-term domestic capital for financing investment, (b) lack of institutional capability for efficient operation, (c) limited foreign exchange debt service capability of the country, (d) poor management systems and procedures and (e) low employee commitment (Nextant 2006b). Consequently there was a demand for reform from various quarters leading the Power Sector Reforms in Bangladesh (1994), which outlined a reform process to address these constraints (Nextant 2006b). In 1996, the National Energy Policy was developed.

The subsequent power sector reform process has been gradual (Power Division 2008a). First, separable technical functions were unbundled into generation, transmission, and distribution. Second, private sector participation in generation was allowed. Third, state enterprises, mainly in distribution, were corporatised. Fourth, the BPDB became the owner of some of the corporatised and decentralised bodies of the previous state-owned subsystems⁵ and began to operate as a single buyer of electricity. And lastly, in order to separate sector regulation and operation, BERC was formed to monitor downstream operations (sale and distribution), while upstream operations (exploration and production) fell under BPDB and Petrobangla regulation.

4 Titas Gas Transmission and Distribution Company Limited, Bakhrabad Gas Systems Limited, Jalalabad Gas Transmission and Distribution Company Limited and Pashchimanchal Gas Company Limited.

5 BPDB has 4 subsidiary companies (BPDB 2010)

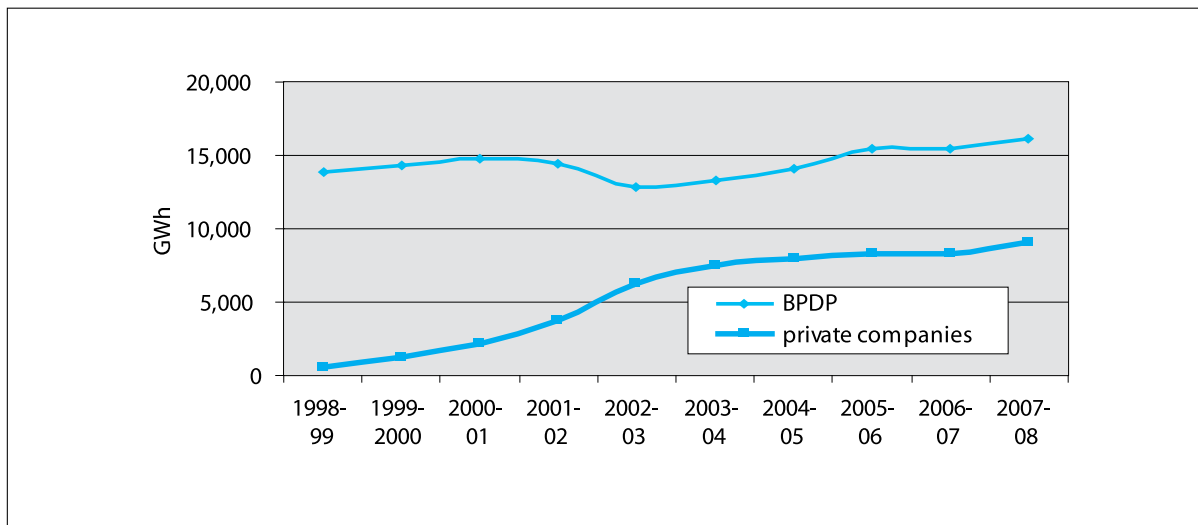
3.3 Good governance outcomes associated with reform

These reform measures have contributed to some good governance outcomes that are described below and their impact on the overall quality of governance is assessed using the four governance parameters introduced earlier.

I. Increased private sector participation

In a move away from the dominant state involvement of the past, the reform programme allowed a more conducive climate for private investment in electricity generation. This has led to positive governance outcomes by promoting private sector participation in electricity generation, directly addressing people’s need for increasing generation and improving access to modern energy. As of 2008/09 the cumulative installed capacity of independent power producers (IPPs), including small power plants and power rental companies, stood at 2,100 MW. This is 35 per cent of overall installed capacity of 6,033 MW (Majid 2010), indicating that in the future the private sector holds significant prospects for adding capacity to the national grid if provided the correct incentives. **Figure 1** illustrates the sharp increase in private power generation in terms of gigawatt hours (GWh) from 1998/99 to 2002/03, after which there was a marked reduction in the rate of increase as no new major generation capacity was added since then (WB 2009).

Figure 1: Energy generation



Source: Bangladesh Power Development Board 2008

II. Establishment of a regulatory body

The electricity sector regulatory body BERC has taken a number of positive steps towards enhancing governance. It is in the process of implementing a unified system of accounts for energy utilities, which is expected to create a more transparent, consistent and comparable system of financial recording. A substantial

portion of BERC's budget was covered from its own earnings in 2007-08, signifying its growing financial independence. The government allocated Tk.10 million as budget support for BERC, but it independently earned Tk.34 million through various fees and charges (Finance Division 2008). According to its senior management, the Commission has by now become entirely independent, signalling the potential to conduct operations free from political interference. In order to be more responsive to the concerns of citizens, BERC has introduced open meetings and public hearings, typically for the review process of tariffs and license applications, providing citizens with the opportunity to voice their suggestions and complaints. These public sessions involve wide stakeholder participation by consumer group representatives, business associations, energy sector entities, the media and NGOs among others. It has also started an outreach programme at the district level, which involves senior officials responding directly to complaints from local energy consumers. Although regulatory decisions by BERC are not ultimately based on these public interactions, it is nevertheless a first step towards building a sustainable and transparent process in which public service providers can be held accountable for their actions.

3.4 Governance factors undermining reform outcome

Despite some encouraging positive outcomes, the broad objectives of the power sector reforms agenda remain unfulfilled (Khan 2010). While reform initiatives were essential, they were not sufficient to bring about the necessary improvements. The major obstacles to reform implementation and improving governance outcomes are outlined below:

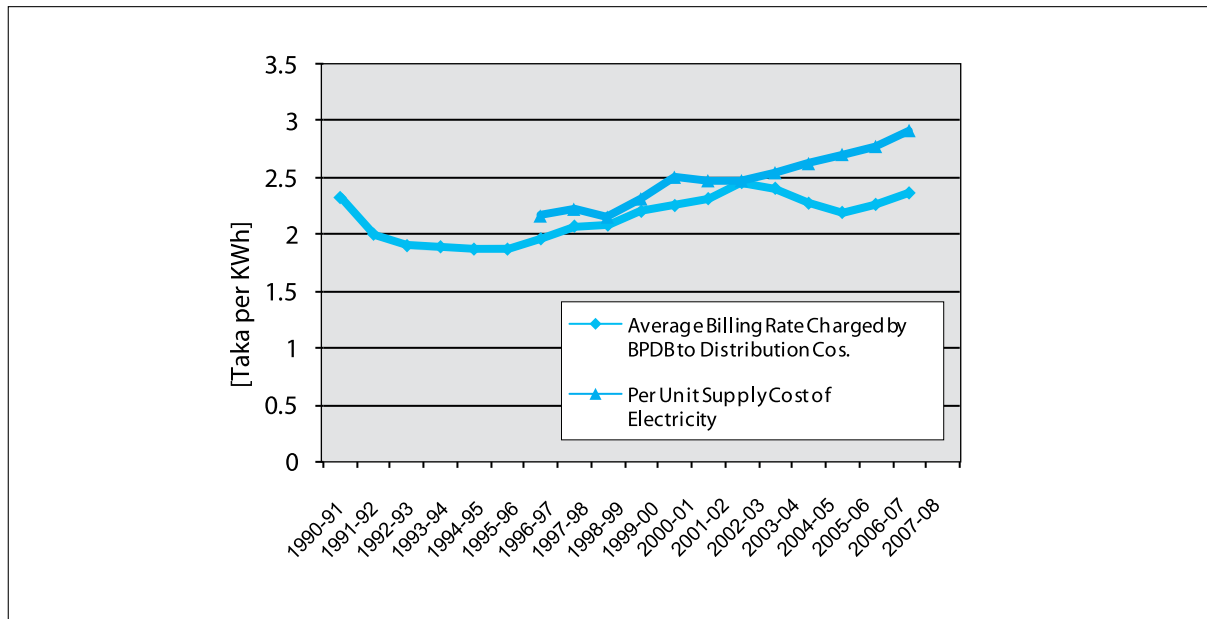
I. Political considerations

According to expert and key informant interviews, political considerations and interference constrain the quality of governance in multiple ways. Lack of understanding of the fundamentals of reform and an unwillingness to be politically unpopular has led to tariff under-pricing by successive governments. Given the five-year life cycle for political parties in power, incumbent governments are reluctant to raise the price of electricity for fear of upsetting the vote bank. The artificial pricing mechanism is supported by a market structure that follows the single buyer model, where the BPDB is the sole buyer of electricity. **Figure 2** compares the average billing rate charged by the BPDB to distribution companies to the BPDB's per unit supply cost of electricity over time. It highlights that the BPDB's average billing rate remained almost unchanged over two decades: it was Tk.2.3 per kWh in 1990-91 and Tk.2.4 per kWh in 2007-08. Meanwhile, the per unit supply cost of electricity increased steadily over the last decade, from Tk.2.2 per kWh in 1996-97 to Tk.2.9 per kWh in 2007-08 (BPDB 2008). Consequently, the subsidy means there is a widening gap between the power tariff and cost of supply in recent years. Despite mounting BPDB losses, its average billing rate actually declined during 1991-92 to 1994-95, 2003-04 and 2005-06, presumably due to political pressures.

Due to this chronic under-pricing, sectoral reforms failed to correct the financial losses of state-owned entities, slowing down coverage expansion and service improvement, and ultimately placing enormous pressure on the national budget. While BERC has raised bulk and retail power tariffs, these were moderate increases and not sufficient to fully cover costs. So although the fiscal pressure on the government has declined in recent years, it is still significant. Among the energy entities, the BPDB has the largest net financial losses of Tk.9.8 billion in 2007-08 (BPDB 2008). Given its large outstanding balances in unpaid customer electricity bills, it has failed to meet its debt service obligations to the government over many years. In 2007-08, the BPDB's long-term liabilities amounted to Tk.65.5 billion, of which government loans were Tk.42 billion and foreign loans

were Tk.23.5 billion (BPDB 2008). The government is forced to service power sector debt out of its revenues, thereby continuing to provide large sectoral subsidies that enable high levels of inefficiency in operation. In terms of the consumer, the main beneficiaries of these subsidies are not the poor who do not have electricity coverage, but the urban middle and upper-middle class households with access. Because utilities have been insulated from market pressure for so long they are unresponsive to customer needs, ultimately resulting in poor governance outcomes.

Figure 2: Trends in the BPDB’s average billing rate and electricity supply cost



Source: Bangladesh Power Development Board 2008

The quality of governance is also marred by the deep mistrust and historically non-cooperative and adverse relationship between the two leading political parties. With one party blaming the other for the energy crisis, the focus is taken away from the goal of delivering power to the citizens. There is also no meaningful parliamentary engagement on energy policy matters. This drastically slows down the policy implementation process. Interviews with rental power plant bidders revealed that political considerations are often pivotal in awarding contracts to private actors for electricity production, meaning that they often do not go to the most able companies, rather those with political connections. In addition, the politicisation of labour unions and day-to-day political interference in operations has delayed improvements in the commercial operations of utilities.

II. Lack of bureaucratic incentives

Bureaucrats play a critical role in determining how state-owned bodies function and what policies are adopted. Any electricity reform that aims to inject competition and reduce the discretionary power of bureaucrats will face tough opposition in implementation. A donor agency representative comments that this became apparent when BPDB staff resistance to power sector reforms led to the creation of a separate reform

implementation entity called the Power Cell. Absence of the right incentive structure has created a system that lacks support from bureaucrats and has low accountability, leading to expensive delays in decision-making and policy implementation. A 10-year delay in the implementation of a Tk. 3.4 billion power project incurred the government an additional implementation cost of Tk.5.4 billion ('Delay to cost govt Tk.536cr', *The Daily Star*, April 20, 2010). Bureaucratic incentives and responsibility structure is hampered by: (1) Frequent transfers that create discontinuity in senior management and prevent reform effectiveness and ownership; (2) Centralised decision making and interference by the Ministry on matters of staff appointment, promotion and transfer; (3) Appointment of unmotivated and unqualified staff; (4) Lack of autonomy and fiscal freedom of the operating companies and (5) Low salaries compared to equivalent jobs in the private sector. This results in a sector that is managed by often inefficient, unengaged and politically influenced bureaucrats who may not always have the optimal operation of the organisation or the maximisation of public satisfaction in mind.

III. Absence of effective regulation

BERC's regulatory process has often failed to create a governance environment that is transparent, inclusive and citizen-centric. According to several consumer group representatives who are also regular participants at BERC's public events, following a change of government in 2009, there has been a slide in the Commission's effectiveness and ability to work as an autonomous and impartial agency. They disclosed that alleged political interference in the changing of the organisation's leadership and scope of work, e.g. when and how BERC should respond to retail tariff applications have compromised its moral authority to function independently (World Bank 2009). The Commission's rationale and impartiality in awarding licenses was also questioned when it continued to approve installation of CNG stations and gas-fired power plants at a time when the country is experiencing an unprecedented gas crisis ('BERC okays installation of 22 more CNG stations: approval comes when existing ones face gas crisis', *New Nation*, January 20, 2010). A consumer group member claimed that the verdicts of BERC's hearings, intended to improve transparency and accountability of the regulatory system, are actually decided in an arbitrary manner.

BERC's autonomy is weakened to a large extent by its continued dependence on the Ministry. Key informant interviews reveal that the Ministry undertakes appointment and removal of senior management without following due process. Moreover, the introduction of the government pay structure for BERC staff does not provide incentives for the appropriate mix of qualified workforce⁶. To date the most serious form of protest against BERC's actions has been in the form of a legal notice served by a consumer organisation in 2009 challenging the government for what the organisation considered an 'illegal' appointment of a senior staff, in contradiction to provisions laid out in the BERC Act 2003 ('Govt served with legal notice to cancel 'illegal' appointment of BERC member', *New Age*, May 26, 2009). To what extent consumers can hold BERC accountable remains to be seen.

In addition to the above weaknesses in power sector governance that ultimately lead to poor outcomes for energy consumers, the power crisis is largely a result of the power sector's heavy reliance on gas for primary fuel and the failure to effectively govern the gas sector. These are discussed in greater detail in the next section. **Box 1** below, outlines, contextualises and analyses the on-going problem of electricity load shedding that severely affects citizen's quality of life and impinges on business efficiency and industrial productivity.

6 The Chairman and Members are under a separate compensation structure.

This problem was critical during 2009, especially in the summer months, and the situation has continued to worsen, negatively impacting national life during the current year. It has received a lot of media attention and is a source of public frustration across the nation.

The cause of this intensified load shedding regime has been the slow effort towards increasing power supply. The last major addition to generation capacity was in 2002, when the power sector witnessed a dramatic improvement in supply and lowest level of recent load shedding (WB 2009). While it is clear from this chapter's analysis that increased power generation capacity is vital, the government's ad hoc demand management measures have done little to ease the suffering of consumers.

Box 1: Load shedding

Load shedding refers to the intentionally engineered power outage on certain lines when the demand for power becomes greater than the supply (Nextant 2006b). Load shedding generally results from insufficient power generation capacity or inadequate transmission infrastructure to deliver sufficient power to a certain area, and is done to avoid a total blackout of the power system. Routine load shedding is a staple of daily life in Bangladesh, despite promises by successive governments to eradicate it. This year has been particularly severe due to the increasing shortfall in gas supply for the power plants and the shortage in rural electricity supply to power irrigation systems in the planting season. Many areas across the country face acute load shedding, during both day and night, with rural customers affected more disproportionately. Many rural farmers and residents interviewed report having access to electricity sporadically and often only a few hours in the day. Although in cases of planned load shedding the government informs consumers in specific areas, many parts of the country and Dhaka city continued to experience unplanned outages.

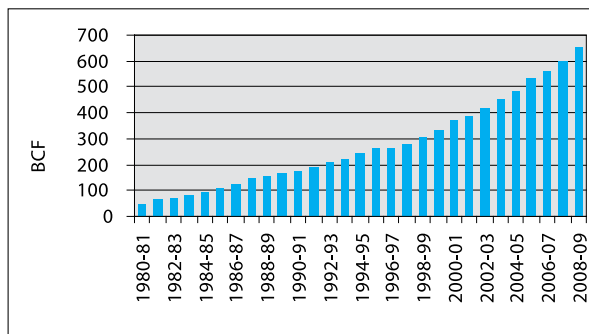
While the problem was severe in 2009, the situation worsened in March 2010 with the government imposition of two-hour long load shedding every two hours in Dhaka. This replaced the regular practice of load shedding at every alternate hour in order to convince the public that there were fewer outages ('Two hour load shedding to resume today', *New Age*, March 28, 2010). However, the new schedule was met with strong criticism and resentment from electricity consumers who felt that they were worse off. Households and businesses with stand-by generators found it difficult and expensive to run their generators for two hours at a stretch. The previous schedule of one-hour long load shedding every alternate hour resumed in April ('PM asks for load shedding every alternate hour', *The Daily Star*, April 8, 2010). Official estimates calculate the load shedding shortfall at 1,500 MW. However, unofficial estimates hover around 2,000 MW, demonstrating that the situation is worse than the government is willing to admit.

4 State of governance in the gas sector

4.1 The demand-supply gap: reasons for the governance failure

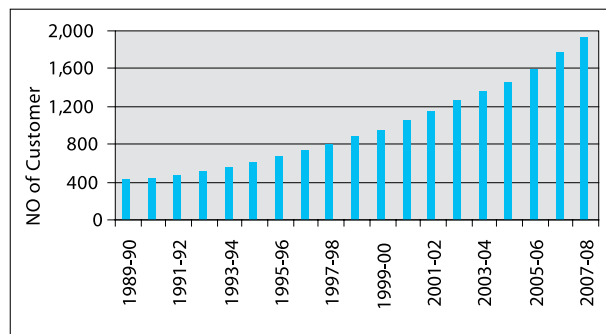
The electricity crisis is closely linked to a severe shortfall in gas supply. Bangladesh started fuel switching from oil to gas in the early 1970s, when an oil embargo forced all countries to look for alternative fuels (Petrobangla 2008). Two and a half decades later, gas has become the most important source of commercial energy in the country. **Figure 3** illustrates that from 1980-81 to 2008-09, annual gas production rose from 49.9 billion cubic feet (BCF) to 653.9 BCF, representing an exponential growth in the country's gas producing capacity (Petrobangla 2008). **Figure 4** shows the increase in number of consumers from a little over 400,000 to almost 2 million during this period (Petrobangla 2008). Government estimates place total proven recoverable reserves at 15.6 TCF, of which 8.4 TCF have already been produced and 7.2 TCF remain as recoverable reserves (Petrobangla 2008).

Figure 3: Total gas production



Source: Petrobangla 2008

Figure 4: Growth of customer base



Source: Petrobangla 2008

Since the late 1990s the gap between demand and supply of gas widened rapidly. The current daily gas supply shortfall is estimated at 300 million cubic feet (MCF) ('Energy crisis puts economy at risk', *The Daily Star*, April 4, 2010). A bureaucrat interviewed commented that in absence of a relatively cheap alternative fuel, demand for gas grew beyond what was projected, mainly led by industries wanting to take advantage of cheap energy. However, rising demand could not be matched by uninterrupted and sustainable supply. Gas supplies have not been augmented due to a variety of reasons. Neither the government nor the IOCs have carried out significant new exploration activities since 2001. Petrobangla's projections estimated that existing proven reserves would support gas-based activities at the current rate of demand until 2011 Petrobangla (2008). However, the shortfall in gas supply occurred much earlier in 2007, implying that the demand-supply gap was widening faster than predicted. Unless new gas reserves are discovered or a viable alternative fuel is used in its place, all future gas-based activities will have to be based on the remaining but depleting volume of gas (Petrobangla 2008).

In key informant interviews, sectoral experts claim that deteriorating quantity, quality and access to public sector delivery of gas reflects a failure on the part of successive governments to make bold decisions on matters of national priority, and their continued inability to address some basic citizen needs. The gas crisis can be attributed to the following governance shortfalls:

I. Lack of incentives for international oil and gas companies (IOCs)

The government's inability to provide an incentive mechanism that protects national interests yet makes gas exploration attractive for IOCs has been one of the biggest governance failures in the gas sector. Consequently, there has been no significant new exploration activity for over a decade, putting existing reserves under enormous pressure. The scale of investments required, the enormous risks involved and public resource constraints for exploration and production activities make it vital to engage the IOCs in gas sector development. Academicians interviewed revealed that IOCs produce more than 50 per cent of gas while controlling less than 40 per cent of the reserves. The intentions and role of IOCs have been viewed with suspicion since several gas field blowouts⁷ caused extensive loss of natural gas and grave environmental and ecological damage. These provoked large-scale criticism of the exploitative role of the IOCs by media and civil society. The government's hesitation in deciding how much foreign involvement would be appropriate, their reluctance to take unpopular decisions and inability to maintain focus on the end goal of providing citizens with access to modern energy has in turn created the following disincentives for the IOCs to engage in new exploration:

- a. **Lack of market assurance:** Academicians and international donor agency representatives interviewed have argued that compared to IPPs, IOCs in Bangladesh operate under more stringent conditions and lack market assurance. In 1999, there was a short-term surplus of gas estimated to satisfy demand for ten years (Tamim 2009). But due to low foreign exchange reserve holdings and relatively low demand for gas at the time, the government was unable to provide market assurance on gas purchase from IOCs. A proposal by an IOC for the pipeline export of gas to India was also turned down since the PSC terms did not provide for this possibility⁸. However, this proposal initiated vigorous national debate (Tamim 2009). The dominant public view was that the PSCs allowed too much foreign control of a domestic resource and that reserves should instead be saved for domestic consumption. Two outcomes resulted: (1) The government's inability to provide some sort of market assurance to the IOCs came at a cost as the IOCs stopped drilling for new gas fields, except in areas where they were obligated; (2) The government's policy thrust turned towards intensified domestic use of gas, in order to suppress the question of gas export.

The decision to ignore the findings of two reports prepared by two different committees formed by Energy Ministry that examined issues related to gas export showed poor decision making and short sightedness in the government's part⁹. One committee advised that if the government's decision to prevent gas export by the IOCs lead to 'non-exploration for more gas by the IOCs as well as non-availability or insufficiency of financing for Petrobangla's own efforts, then indeed far greater energy

7 In 1997, there was blowout at a well drilled by Occidental. In 2005 there were two consecutive blowouts in gas fields operated by Niko Resources Limited. ('Bangladesh: gas explosion: compensation from Niko, Unocal demanded', *New Nation*, June 13, 2006; 'Two separate blowouts in Feni gas-field: govt. to resolve Niko issue out of court', *New Nation*, February 7, 2010).

8 When a commercial discovery is made, PSCs allow Petrobangla the first right of refusal. If Petrobangla is unable to buy the gas, then IOCs can sell it any local third party. However, in the event the third party refuses to buy, IOCs are allowed to export gas in the form of liquid natural gas (LNG) and subject to other conditions (Tamim 2009).

insecurity would result, leading to a dead-end situation' (Committee on Utilisation of Natural Gas in Bangladesh 2002, p.58). Thus the Committee recommended that IOCs should be allowed to export their share of gas from newly discovered reserves only (Tamim 2009). The rationale for this was that additional revenues would act as an incentive to invigorate exploration, increase gas reserves and generate revenues for the government to implement necessary reforms and development programmes. This finding was supported by the second committee report on demand projections, which stressed the urgency of finding new gas reserves in order to avoid a supply shortfall as early as 2010 if new discoveries were not made (Committee on Utilisation of Natural Gas in Bangladesh, 2002, p.58; Tamim 2009). According to a field expert, the government did not act on the report findings because they feared a political backlash. By postponing a politically difficult decision that is economically advantageous and extremely consequential for the country's energy situation, the government chose to protect its immediate political survival while disregarding strategic needs of citizens. At the same time, the government also did not seriously engage its national company in exploration activity (Tamim 2009). The result of this negligence was uncontrolled and unplanned expansion of domestic gas use, but without significant discovery of new gas fields for over ten years.

- b. Public Interest Litigation (PIL):** New gas exploration activities have been almost stagnant since 2001 due to a writ petition filed at the High Court as Public Interest Litigation in 1998, following a massive gas field explosion in the previous year ('Govt. mulls fresh round of onshore bidding for gas, oil', *Financial Express*, April 28, 2010). Following the petition, the High Court issued an injunction against all future onshore and offshore gas exploration activities under PSCs. This prevented Petrobangla from conducting any exploratory activities with the help of IOCs, and effectively delayed gas sector development. In 2006, the injunction order was modified by the High Court to exclude offshore blocks from the PSCs. The injunction was finally lifted by the High Court in January 2010 after the government filed a prayer to the court for its withdrawal in 2008 ('Bangladesh court overturns gas lease injunction', *Reuters India*, January 29, 2010). Interviews with a senior Petrobangla official reveal that although the High Court decision is expected to restart on-shore gas exploration activities, any discovery (assuming there is successful exploration) is unlikely to produce positive results in terms of production before 2015-16. The almost decade-long delay in lifting the injunction, despite the growing need for large-scale exploration efforts has resulted in governance that is slow in responding to citizens' urgent need for an increased gas supply.
- c. Long bidding process:** Interviews with field experts revealed that long delays in awarding contracts to bidders, because of unqualified Petrobangla staff lacking knowledge on the bidding process is a major disincentive to IOCs and has delayed the much needed gas exploration activities. For the offshore bidding round that was launched in 2008, the decision to award the PSCs was made more than a year later and even then, negotiations remained incomplete ('Bangladesh govt awards offshore blocks to ConocoPhillips and Tullow Oil', *Energy-pedia News*, August 25, 2009). Given that bids are expensive, this is enormous waste of government funds.

9 The Committees were: Committee on Utilization of Natural Gas in Bangladesh and Committee for Gas Demand Projections and Determination of Reserve and Gas Resource Potential in Bangladesh. Their reports were on: 1) the resource potential for recoverable reserves and future demand and (2) options for better gas utilization.

- d. Low prices:** The relatively low price of gas is a major disincentive for IOCs to participate in gas exploration and production. Tamim (2010) states that Petrobangla has purchased gas from IOCs at an average price ranging between USD 0.8 per MCF and USD 1.7 per MCF during the last ten years. This is extremely low compared to gas trade prices in the international market¹⁰ and is thus a disincentive for IOCs to operate in Bangladesh. Gas experts believe that the third Licensing Round for offshore exploration blocks launched by the Caretaker Government in 2008 received low response from potential bidders, particularly the major IOCs due to the comparatively low price of gas¹¹. By pandering to political sensitivities regarding foreign oil companies, the government kept better known and experienced bidders away and restricted what could have been a more competitive bidding process.

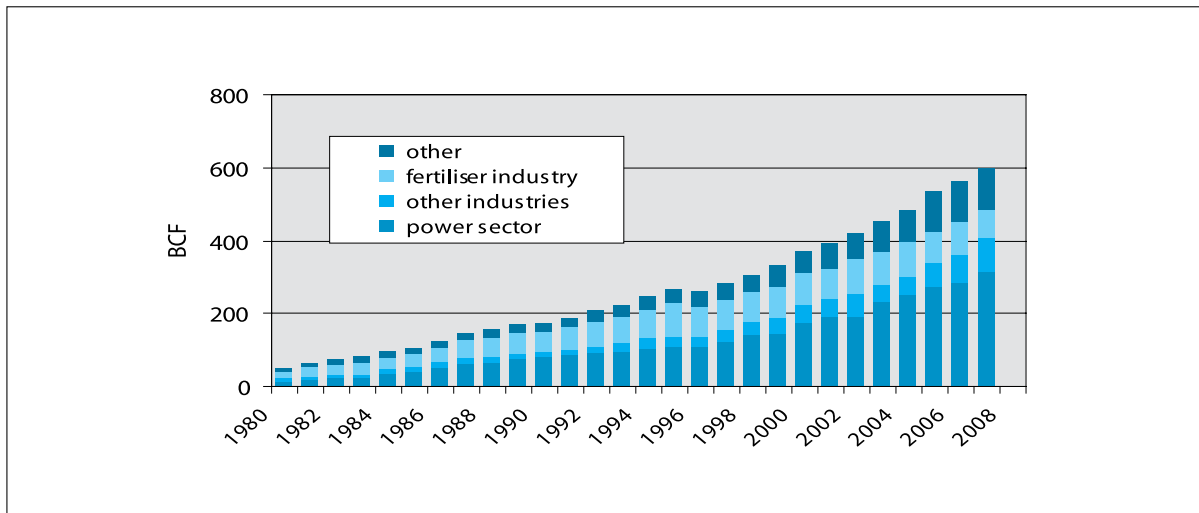
II. Planning failures and mistaken policies

Despite increased dependency on gas by the power, fertiliser and industrial sectors between 1980-2008 (**Figure 5**), sectoral policies and reforms have been invariably formed on an *ad hoc* basis and without serious planning and coordination by the government and between energy entities, such as BPDB and Petrobangla (Technoconsult International Limited 2009). Weak governance in the gas sector is reflected in the previous misguided policy thrust towards gas-based power generation, intended to meet the immediate fuel requirements of power plants. However, this does not ensure adequate fuel supply availability which should be a prerequisite. A former bureaucrat stated that it is only in recent years that Petrobangla has acknowledged that there may not be a sufficient supply of gas available to meet incremental demand. Concerns over gas supply have now compelled the government to shift policy focus from single-fuel to the more expensive dual-fuel power plants (Finance Division 2009; '5 deals signed on power plants', *The Daily Star*, April 27, 2010). According to an international donor agency representative, in the absence of a 'planned approach', such a shift in policy focus is simply a 'crisis management approach' that could have been avoided had there been a thorough assessment of the supply and demand situation and a long-term gas management strategy based on such assessment. There is much indecisiveness over fuel diversification through coal development and new gas-based power plants and CNG stations are still being established (Al-Mahmood 2010). This suggests that the energy crisis will be extended due to the government's inadequate planning and slow response towards meeting people's needs.

10 Qatar recently signed a 20-year flat rate LNG contract with Japan for 4 tcf at \$10.75 per one thousand British thermal unit.(mBtu) (Tamim 2010)

11 Media reports attributed poor bid participation by IOCs to: (1) an inadequate international campaign to attract investors; (2) insufficient seismic data on the hydrocarbon blocks offered for exploration; (3) rigid PSC conditions; (4) concurrent tenders in India and Myanmar which diverted potential bids away from Bangladesh; and (5) concerns about the proximity of maritime boundaries of some blocks to India and Myanmar. ('Petrobangla draws poor bidding response for exploring hydrocarbon', *Priyo News*, July 6, 2008; 'Lukewarm response to offshore bidding', *The Daily Star*, May 8, 2008)

Figure 5: Growth in demand for gas



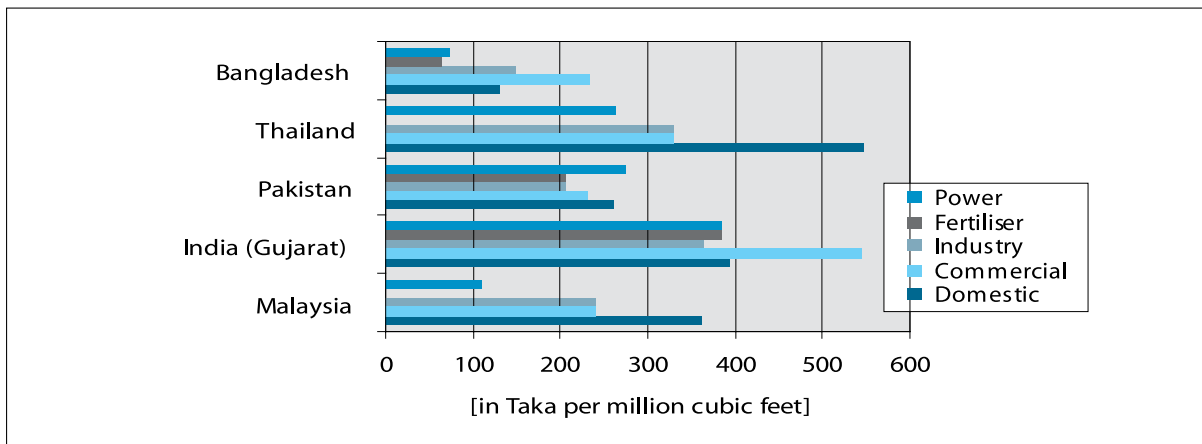
Source: Petrobangla 2008

In addition to the above governance shortcomings that are specific to the gas sector, there are governance failures in gas sector management that are common to the power sector.

III. Political considerations driven by populist agenda

As evidenced by the government’s populist policy for gas under-pricing, political considerations have a detrimental effect on augmenting gas supply. Comparing Bangladesh’s gas prices with its neighbours and other Asian countries, **Figure 6** illustrates that Bangladesh’s natural gas tariff is the lowest in almost all consumer categories (Petrobangla 2008). A key bureaucrat interviewed explained that the justification for the government’s populist approach was partly that relatively low energy prices would facilitate industrialisation, higher agricultural output and general improvement in quality of life for the general public. But more importantly low prices would appeal to households and businesses and thus minimise the threat of vote bank alienation. In reality, low gas pricing has led to the wasteful and unsustainable use of gas and high opportunity costs in terms of foregone resources that could have been mobilised to support the sector’s massive development financing needs (Technoconsult International Limited 2009).

Figure 6: Gas tariff in Bangladesh and neighbouring countries



Source: Petrobangla 2008

IV. Bureaucratic mismanagement

Gas experts believe that with efficient management of existing Petrobangla wells, there is ample opportunity for production enhancement up to 300 million standard cubic feet per day. However, this is unlikely to occur. The time lag in gas field explorations, neglect in taking up new activities in known fields and the slow progress towards improved management in the sector are caused by bureaucratic inefficiency and poor executing agency leadership. Similar to the power sector, there is little incentive for senior bureaucrats to take risks or build capacity to ensure better governance quality. Centralised decision-making has resulted in unnecessary interference by the ministry. Moreover, the poor pay structure in Petrobangla and its companies does not match the worldwide trend of high-energy sector salaries, even in government owned companies. As a result, bureaucrats who have limited technical knowledge or commitment to the sector’s development often handle critical gas sector issues.

5 Initiatives undertaken by the government and challenges faced

The Awami League-led alliance won a landslide victory in the ninth national parliamentary elections held on December 29, 2008. The party detailed their energy sector vision and strategy to address the current crisis in their manifesto (Awami League 2008). As outlined and analysed below, the government has so far taken a mix of long, medium and short-term measures to tackle the energy crisis. While many of these steps are timely and important, none of them address the pivotal problem of poor governance:

5.1 Natural gas exploration in off-shore boundaries

The government has awarded three off-shore gas blocks in the Bay of Bengal to two IOCs for hydrocarbon exploration and extraction (Quadir 2009). However, an academician in the field reports that the process for finalising the PSC is yet to be completed even though the round of bidding for offshore exploration has been underway since March 2008, indicating that it will be a lengthy wait before this initiative yields tangible results.

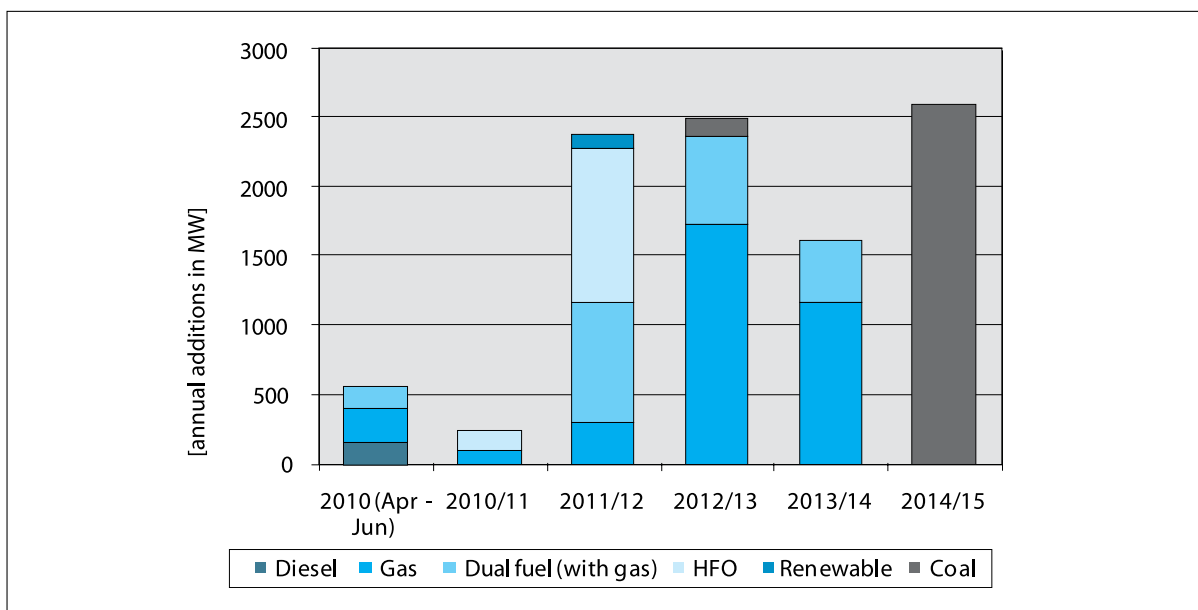
5.2 Withdrawal of nine-year injunction on inland explorations under PSCs

A nine-year-old injunction that prevented the government from awarding any onshore gas exploration contracts to IOCs under PSCs was withdrawn in January 2010 ('Bangladesh court overturns gas lease injunction', *Reuters India*, January 29, 2010). Although this development may infuse more dynamism into onshore gas exploration activities, it is unlikely to add to gas production capacity in the short term.

5.3 Upcoming power generation projects

The government expects to generate an additional 9,901 MW power by 2014-15 through both private and public endeavours (Majid 2010). **Annex 3** provides a detailed list of upcoming power generation projects from the last quarter of 2009-10 until 2014-15 (Majid 2010). Provided these projects are completed successfully and on time, there will be additional power generation of 552 MW in April-June 2010; 240 MW in 2010-11; 2,389 MW in 2011-12; 2,500 MW in 2010-13; 1,620 MW in 2013-14; and 2,600 MW in 2014-15. Given that the government has acknowledged the need for diversifying the fuel mix ('Bangladesh plans dual-fuel policy for power plants', *Reuters India*, May 17, 2009), it is surprising that many of the upcoming power plants continue to be gas based, as **Figure 7** demonstrates. Immediate efforts to generate more power include a temporary diversion of gas from fertiliser factories to the power sector. This required the government to close down several fertiliser factories in 2010 ('Govt. decides to stop gas supply to three fertiliser factories', *New Nation*, March 31, 2010).

Figure 7: Expected power addition from upcoming power plant projects



Note: (1) HFO = Heavy fuel oil. (2) Sources of renewable energy include solar power and wind power.

Source: Majid 2010 [Annex 3]

5.4 Attracting foreign direct investment through road shows

The government organised the Bangladesh Investment Conference and Road Show on Power and Energy Projects in London, Singapore and New York between December 2009 and January 2010 in order to attract USD 5 billion in foreign investment for nine power projects, ('Bangladesh seeks \$5 billion foreign investment', *The Daily Star*, December 13, 2009). The impact of the road show is yet to be publicly disclosed.

5.5 Energy demand management

The government has taken several measures to manage energy flow and save power. According to a BPDB official, these measures include reducing business hours for shops; replacing incandescent lamps with the energy saving compact fluorescent lamps; introducing the daylight saving time; restricting use of air conditioning units during peak hours and providing fiscal incentives for the production of renewable energy. However, the measures have been criticised as 'amateurish', 'ill-conceived' and ad-hoc solutions to the actual problem ('Power crisis: government floundering in response', *The Daily Star*, April 1, 2010). Moreover to what extent some of the demand management measures could be enforced and monitored is uncertain ('Darkness deepens', *The Daily Star*, March 31, 2010). The cabinet permanently cancelled Daylight Saving Time system as a measure to reduce the power supply shortage, given its ineffectiveness ('Cabinet Cancels Daylight Saving Time', *The Daily Star*, March 22, 2010).

5.6 Increased power tariff

In an effort to address the politically challenging issue of inefficient energy pricing, BERC marginally increased retail power tariffs of four distributing companies by 5.98-6.99 per cent with effect from March 1, 2010 ('6-7 Percent rise in power tariff', *The Daily Star*, March 3, 2010). Successive governments have found it necessary to raise power tariffs at regular intervals to support the enormous subsidies provided to energy entities. However, many question whether the increase in utility rates are a lasting, positive solution for increasing power supply, particularly given that price increases are not an effective supply-side response to the energy shortage ('Effecting hike to CNG price, power tariff is no sustainable solution', *The Financial Express*, June 17, 2010).

5.7 Increasing energy trade

The government has held multiple bilateral talks with other countries regarding energy import. These include:

- a. A memorandum of understanding (MoU) with India for open-ended import and export of power. Among other issues, the MoU covers: (a) grid interconnection between India and Bangladesh; (b) the joint-venture installation of two coal-fired power plants in Bangladesh with cumulative generating capacity of 1,320 MW and (c) training of BPDB staff in India ('1,320MW plant: Dhaka, Delhi sign MoU', *The Daily Star*, February 21, 2010).
- b. Developing a regional power grid that can potentially allow energy trade among member countries ('SAARC summit opens in Thimpu, Hasina for regional power grid: Himalayan Council, IARC to combat impact of climate change urged', *New Nation*, April 29, 2010).

- c. A MoU with Russia to develop a nuclear power plant that can produce up to 1,000 MW. ('Bangladesh signs MOU with Russia for nuclear power', *Reuters*, May 13, 2009). However, since the agreement was signed in October 2009, there has been no progress on actual installation ('Outage mounts as gas runs low', *The Daily Star*, March 28, 2010).

Although the current government inherited the energy crisis, its initiatives have not addressed the core problem of poor governance of the sector at all levels. While it may be still early to state whether or not the government will be successful in fulfilling their vision for making electricity available for all by 2021, there exist some serious concerns over the government's capacity to effectively manage the energy sector. Firstly, implementation of the Annual Development Programme (ADP) allocation in 2009-10 by the Power Division has been disappointing, as in other years. ADP power sector allocation of Tk.38 billion was revised down to Tk.26 billion, a cut of over 30 percent (Finance Division 2010; 'Power Ministry may seek Tk 5,200 crore¹² allocations in coming budget for power sector', *UNB Connect*, April 5, 2010). This brings to light the urgent need to improve implementation capacity and quicken service delivery. Secondly, the government is yet to show full commitment towards the politically challenging decision of redressing energy under-pricing. Although there have been increases in power tariffs, there are not enough. Thirdly, although the government has expressed concern over the excessive use of gas for generating power, it contradicts itself by continuing to permit installation of gas based power plants and CNG stations. Fourthly, political considerations that influence decision making within the energy sector undermine the institutional autonomy of bodies such as BERC, which is crucial for achieving an effective and responsible regulatory mechanism. Fifthly, the government must formulate a pragmatic long-term plan to help guide the reform initiative and take into account the bureaucratic and IOC incentive structure, so that their role in the energy sector is more assured and service-oriented. Sixthly, even if they were enforceable and duly enforced, the various measures for demand management can only have a negligible impact on aggregate electricity usage. These directives to citizens do not address the core problem of insufficient power and gas supplies and citizens' needs, but are rather ad hoc measures to ration power consumption. Ultimately there is no alternative to adding electricity generative capacity. Lastly, a major policy shift is needed in order to address the underlying problem of primary energy shortage. At present, there is no clear indication as to how the government would like to diversify the fuel mix for power generation.

5.8 Renewable energy

Many global bodies and national governments are looking towards renewable energy sources as a means of diversifying their fuel mix and reducing reliance on fossil fuels. In Bangladesh, research and praxis in this area is in its infancy, especially government-sponsored initiatives, despite the widespread use of biomass fuels by the majority of the population. **Box 2** examines the state of renewable energy utilization in Bangladesh and looks towards future applications.

6 Recommendations and conclusions

Any meaningful reform in the energy sector will only be possible if carried out in conjunction with far-reaching governance reform. The following recommendations aim to strengthen governance in the energy sector and help the government provide energy access to its long-suffering citizens.

12 A crore is Tk.10,000,000, i.e. ten million.

Box 2: Renewable energy

Renewable energy systems hold much promise for rural Bangladesh where renewable energy in the form of traditional biomass is the primary energy source. Non-biomass renewable energy sources in Bangladesh are solar power, wind power, hydropower, and biogas (Asaduzzaman, Barnes and Khandker 2009). The Caretaker Government prepared a Renewable Energy Policy in 2008, but its recommendations are yet to be implemented (Power Division 2008b). Using information adapted from Asaduzzaman, Barnes and Khandker's detailed review of the sector (2009), the major sources of renewable energy are reviewed below:

- Bangladesh's solar energy programme is one of the most successful and fastest growing renewable energy programmes in the world. Solar photovoltaics (PV) are used widely throughout the country, with more than 430,000 solar home systems (SHS) installed as of 2009 (Asaduzzaman, Barnes and Khandker 2009). Scaling up of solar PV systems has been supported by international donors such as the World Bank, UNDP, USAID, and implemented through Infrastructure Development Company Limited (IDCOL) and Rural Electrification Board (REB) through various NGOs, microfinance institutions and private institutions operating in the rural areas.
- Biogas, from animal and municipal wastes, is another promising renewable energy source. Currently there are tens of thousands of household and village level biogas plants throughout the country. Biogas technology is seen as a potential source of energy for cooking and rural and peri-urban electrification, particularly during periods of power shortfalls (Power Division 2008b).
- Progress in the utilisation of wind energy has been limited to coastal areas and islands with strong winds. At present, the country has 2 MW of installed wind turbines in operation.
- The potential for hydropower is also limited. Bangladesh has a large facility at Kaptai, installed some 40 years ago, which produces 1,000 GWh per year (Asaduzzaman, Barnes and Khandker 2009).

Bangladesh's renewable energy sector largely developed on an ad hoc basis and the sector's institutional arrangement is yet to mature. Key sector institutions and their focal areas are (Asaduzzaman, Barnes and Khandker 2009):

- Grameen Shakti, a Grameen Bank subsidiary, focuses on SHS (5,000 systems installed over the past two years); household biogas systems and improved stoves.
- The REB centers on household and village scale, off-grid PV systems. It has installed nearly 2,000 SHS.
- The IDCOL focuses on household and village scale, off-grid PV systems. It has successfully facilitated private sector participation in developing infrastructure projects in Bangladesh since 1997. It is a government owned financial intermediary, governed by an independent board of directors with representatives from both the government and private sector.
- The Institute of Fuel Research and Development, within the Bangladesh Council for Scientific and Industrial Research focuses on small and medium-sized biogas digesters.
- The Local Government Engineering Department (LGED) handles small and medium sized biogas digesters.
- Bangladesh's largest NGO, BRAC, works with SHS, having supplied nearly 1,200 systems, and biogas installations.
- Proshika, a leading NGO, focuses on biogas installations.

There is a great need to utilise the potential offered by renewable energy resources given the limited availability of fossil fuel, the environment cost of utilising fossil fuels and the growing need for energy security (Power Division 2008). However, renewable energy use is yet to assume commercial proportions in Bangladesh and scaling up efforts would require capacity building at national and local levels. The size and economic potential of these resources have not yet been determined and the capacity of renewable energy development remains low (Power Division 2008).

6.1 Planning and coordination

The energy sector needs to adopt a comprehensive, coordinated, pragmatic and long-term master plan that articulates the national energy vision and implementation strategy, in line with resource availability and citizens' interests. The planning process should be inclusive of all stakeholders, so as to maintain political continuity, as the timeline for dealing with the crisis will span several electoral cycles. An important lesson learned from the gas crisis is that production planning for each energy source should be based on resource availability and that there should be greater coordination among the institutions. According to experts, acknowledging that the fuel supply shortfall is the main constraint in the energy sector, the government's best option in the short-term is to enhance Petrobangla's gas production by improving technical efficiency and investment, and strengthen efficiency in existing plants. In the long-term, new gas fields should be explored and the coal sector developed.

6.2 Policy implementation

Rigorous and responsive policy monitoring is vital for ensuring faster and more complete implementation of sector programmes that address public needs. Since implementation is often disrupted by lack of political commitment and frequent change of leadership within institutions, there needs to be greater dialogue and transparency in discussions on controversial policy issues, such as energy trade and foreign investments. Parliamentary engagements need to be more relevant, better informed and inclusive. Given the prevailing discord between political parties in government and in opposition, increased participation of a wider audience will lend political support, reliability and legitimacy to the policy process and outcome. Furthermore, it will improve information base for potential private investors.

6.3 Package of incentives

An endemic problem in energy sector service delivery has been the failure of accountability mechanisms i.e. the absence of checks and balances, and a responsibility-reward method for the enforcement of good governance. For any reform to be successful and ensure operational efficiency, the bureaucratic incentive structure must be aligned with the intended outcome of the policy/overall reform. Designing the right policy and institutional framework would require an incentive package which will limit frequent staff/management transfer, appoint qualified staff and align wages with performance. Additionally, it is vital to create incentives to attract private and foreign investments. Since lack of an assured market was a disincentive for IOCs, it is important to design PSCs that offer more flexible options while still protecting national interests. At the same time, the process by which IOCs are selected should be a more transparent and inclusive one. An academic specialising in energy notes that opponents of IOC involvement should be made aware that the alternative to *not* exploring for natural gas is to import gas at USD 7.0-8.0 per MCF, a price much higher than the price at which Petrobangla can buy from the country's own fields i.e. USD 1 per MCF from IOCs and USD 1 per MCF from BAPEX¹³.

13 Bangladesh Petroleum Explorations and Production Company (BAPEX) is the state owned gas exploration and production company.

6.4 Strengthening regulatory capacity

While there have been some positive governance outcomes from BERC's interactions with citizens, the Commission needs to resolve its own governance deficiencies that undermine its' relevance. In order to win citizens' confidence as an institution that regulates fairly and responsibly, BERC needs to gain institutional capacity and authority in order to be able to ignore political influence. Greater transparency, independence and accountability in decision-making, e.g. regarding staff appointment and verdicts of hearings, would bring the BERC's activities closer to fulfilling its mission to improve citizens access and experience of energy provision. Some of this could be achieved if BERC implemented the Right to Information Act 2009 (Iftekharuzzaman 2009). Given that consumer groups in the energy sector have demonstrated the ability to act in an organised manner, implementing the Act would provide unprecedented opportunity to further empower the citizens. This would improve BERC's responsiveness to their needs and eventually build an environment of trust between the service providers and consumers (Iftekharuzzaman 2009). BERC's effectiveness could be further reinforced by learning from the regulatory experiences of neighbouring countries such as India, which is challenged by similar governance bottlenecks and has garnered substantial experience in its attempts to establish independent regulatory commissions (Rao 2004).

6.5 Commitment to change

To free the energy sector from political manoeuvring, politically expedient decision making and agendas will require strong political commitment to enforce all the necessary governance reforms. Additionally, operating companies and the regulatory commission should have the required autonomy so that important decisions are not made on their behalf by the Ministry or through political considerations, resulting in greater structural clarity. Removing vested interests from energy sector operations and regulation would allow faster policy implementation, better institutional coordination, and ultimately more citizen-focused service delivery. Functional autonomy of energy entities is essential in resolving the chronic under-pricing of energy. Removing governance bottlenecks that support artificially low prices is essential in providing the right market signals to stakeholders in both the private and public domain. This will not only allow the market structure to attain greater efficiency and transparency, but will also help the reform agenda by promoting greater commercialisation of state entities. However, care should be taken to ensure that the majority of citizens are not priced out of gaining or retaining access.

There is no quick and easy solution to the existing energy crisis. Generating good governance is an essential part of energy sector reform, and without identifying and removing existing governance bottlenecks, investment alone cannot solve the crisis. While this chapter analyses the governance-related reasons for the provenance and continuation of the energy crisis, it does not claim to provide an exhaustive assessment of governance problems in the sector. The energy crisis is a result of accumulated governance missteps over many years. Major weaknesses in the energy policy framework and an uncoordinated and complex institutional arrangement of the power and gas sectors have generated governance lapses. In the power sector the chapter identifies some good governance outcomes of sectoral reform: (1) participation of the private sector in generation and (2) establishment of a regulatory body that interacts regularly with citizens. However, reforms were not entirely successful since they did not incorporate into their design some elements of good governance such as (1) resistance to political considerations (2) improved bureaucratic incentive structure and (3) regulatory autonomy and impartiality. The crisis in the power sector is closely linked to the crisis in the gas sector, because gas is the most important source of commercial energy in the country and

there is an acute shortfall in gas supply. The gas crisis was brought about by major failures in governance that generated uncontrolled, unplanned demand for gas and halted gas exploration activities for ten years, resulting in a failure to adequately increase gas supply. This chapter identifies the following combination of governance factors that contributed to the current state of the gas sector: (1) IOCs did not carry out necessary exploration activities due to poor incentive arrangements brought about by lack of market assurance, a High Court injunction on PSCs, low prices and an inefficient and lengthy bidding process; (2) a misguided policy thrust that increased domestic availability and use of gas without ensuring adequate fuel supply availability. Other governance problems in the gas sector are common to those in the power sector, namely: political considerations for maintaining artificially low retail prices and lack of incentives for bureaucratic efficiency.

The government has so far taken a mix of long, medium and short-term measures to tackle the energy crisis. This chapter argues that no significant change in the gas production is likely to take place in the short-term. However, experts believe that energy crisis can be addressed in the short-term by making the best use of available fuel and power plants i.e. by improving the existing production capability of power and gas sector entities by enhancing investment and technical efficiency. Otherwise, the government will be compelled to import gas. In the long term, there is no alternative to exploring for additional gas reserves and developing the coal sector. This means a long-term, concerted effort by all stakeholders, and with citizens accepting that the process will not be painless. Based on the need for a long-term strategy, this chapter proposes the following recommendations: (1) pragmatic, citizen-focused planning and careful coordination among sector entities; (2) policy implementation with greater dialogue and process transparency; (3) appropriate incentive mechanisms for bureaucrats and private/ foreign investors that are aligned with intended policy outcomes; (4) an autonomous regulatory body that has the capacity to respond to stakeholder interests and (5) a strong political commitment to undertake all these improvements to sectoral governance. Providing reliable energy for Bangladesh's citizens will be a gargantuan task, but one at which governments of today and tomorrow cannot afford to fail.

Food Security: Increasing Availability, Diversifying Access & Strengthening Governance

Bangladesh's progress in poverty reduction and move towards food self-sufficiency in the last decade has been noteworthy. But while numbers hint at a success story, a more nuanced look at the story behind the numbers may bring little comfort. Over 40 per cent of the population still lives below the food-consumption based poverty line and the overall incidence of poverty remains high (World Food Programme [WFP] 2010). Almost 58 million people still cannot afford an adequate diet that allows for livelihood security (Food and Agriculture Organisation [FAO] 2009). Malnourished and highly vulnerable, they lack the income and assets to protect themselves against livelihood fluctuations, disease, *monga*¹ or natural disasters. This chapter finds that food security governance is characterised by the following: (1) inconsistency and non-functionality of key policies, with relevant institutions lacking capacity to carry out essential reforms or undertake actions to ensure food availability; (2) despite government commitments regarding land distribution and tenancy contracts to increase crop productivity and secure livelihoods, implementation is absent; (3) lack of monitoring and presence of corruption and rent-seeking behaviour in many government institutions related to food and lastly, (4) despite the evolution of a more pro-poor focus in the Public Food Distribution System (PFDS) and in Social Safety Net Programmes (SSNPs), high levels of leakage and weak targeting mechanisms weaken outreach and impact.

This chapter reviews the published literature, including grey literature and newspaper sources, and information gathered through a large number of key informant interviews with officials and staff of government agencies in the food sector, as well as academics and members of civil society. It starts by briefly outlining the context of food security in Bangladesh. Then, using the Government of Bangladesh's (GoB) National Food Policy 2006 as a basis for policy analysis, it scrutinises the state of food availability and access by looking at the nature of governance challenges in these areas, especially institutional incapacity, bottlenecks in policy design and implementation, as well as external factors. The performance of the government in handling the price hike of food and essentials in 2008 is then explored in order to give a sense of national disaster management

1 Lean-season hunger

and preparedness *vis-à-vis* food. The chapter concludes by highlighting the major findings and providing recommendations addressing governance shortcomings in the provision of food by the government and achieving access to it for citizens.

1 The context of food security

Unprecedented shocks to food security are not new to Bangladesh. Its history is dotted with famines, cyclones and floods, which have elicited mature responses in dealing with food crises. However, assessing the state of food security in 2009 *vis-à-vis* governance becomes imperative when we consider that the events of the previous three years have created difficult governance challenges. The consequences of the recent global food price hike have been severe in Bangladesh, as have been the effects of two cyclones. Food insecure households typically responded by decreasing diet diversity, consuming smaller food portions, reducing the number of daily meals, taking on unmanageable levels of debt and increasing household expenditure on food. In December 2008, one in four Bangladeshis was severely food-insecure as a result of the food price hike and there was a significant increase in severe malnutrition from 2005 levels (FAO 2009).² An additional 7.5 million people joined the ranks of the hungry³. This increased the hungry population to 65 million, or 45 per cent of the population, pushing up the rates of poverty that have been on a decline in the past decade (WFP 2010). The hardest hit have been fixed-income earners and rural households experiencing crop failure. The situation deteriorated further as two cyclones in 2007 and 2009 — *Sidr* and *Aila* — left around three million people in need of food assistance.

In 2007, the FAO placed Bangladesh on the list of 37 countries suffering from a food crisis and requiring external assistance. In 2008, Bangladesh was again classified by the FAO as being on the list of 33 countries suffering from severe localised food insecurity. 2009 saw favourable increases in the production of food leading to declining food prices. However, by December 2009 inflation reached 9.50 per cent, on the brink of touching double digits for the first time in 14 months, once again spiralling food prices out of the reach of many (Matin *et al.* 2009). Food security is a highly visible and sensitive public policy issue in any developing country as it directly and immediately impacts the lives of citizens. It tests the social contract between a government and its citizens, and is always an important part of the political agenda. This is evidenced by the fact that one of the main election pledges of the ruling party Awami League was a reduction in the price of essentials and the achievement of food self-sufficiency by the year 2013 (Awami League Election Manifesto 2008).

1.1 Food security and governance

The concept of food security in Bangladesh has evolved over the years to reflect changes in food-related government policies. Food security as understood by the Government of Bangladesh rests on three important pillars i.e. **availability**, **access** and **utilisation** of food. This recognises that firstly, the government should produce, make possible the production of and/or ensure sufficient quantities of food either through domestic production or through imports and food aid. Secondly, it should ensure peoples' economic and physical

2 Nationwide survey conducted by WFP, the United Nations Children's Fund and the Government in November–December 2008 to assess the impact of high food prices on the population.

3 The number of people who consume less than the minimum daily-recommended amount of food, i.e. 2122 kcals/day/person.

access to food through boosting household income and government transfers. Finally, the government should ensure proper utilisation of food through dietary diversity and health care (National Food Policy, Plan of Action 2008-15). This framework has been used as the chapter's analytical lens. However, while the chapter explores availability and access to food in detail, it does not address food utilisation due to space constraints and the fact that the major governance concerns are in the areas of food production and distribution.

Food security governance, i.e. the process by which the production, distribution and utilisation of food is managed by the government, includes a complex web of public and private actors. A plethora of ministries, departments and agencies under the government are in charge of production, procurement, storage and distribution of food. These are the Ministry of Food and Disaster Management (MoFDM), Ministry of Agriculture (MoA), Ministry of Fisheries and Livestock (MoFL), Ministry of Local Government, Rural Development and Cooperatives (MoLGRDC), Ministry of Women and Children Affairs (MWCA), Ministry of Social Welfare (MSW) and the Ministry of Health and Family Welfare (MoHFW). The Food Planning and Monitoring Unit (FPMU) chaired by the MoFDM includes representatives from all these ministries and is responsible for planning and monitoring the overall national food security efforts, including food utilisation and nutrition issues and to provide directives to formulate and implement food policy-related programmes around the country (National Food Policy 2006). On the other hand, private actors are actively involved in importing food and supplying key agricultural inputs such as seeds, fertilisers and irrigation equipment. Thus, there is a need to ensure synergy among the government policies, institutions and other private sector actors for achieving food security.

2. Availability of food

The availability of food refers to the existence of sufficient and nutritionally adequate food supplies that are accessible to a country's entire population. It is influenced by four factors — domestic production, commercial imports, food aid and procurement. Although all of these factors are important, subsequent governments have placed greater emphasis on boosting *domestic production* and *procurement*, which will form the basis of discussion in this section through the analysis of access to land and agricultural inputs and producer price support methods. The overarching objective of the government in making food available for all is to achieve self-sufficiency in food through increasing production of all crops (National Agricultural Policy 1999). Self-sufficiency means that the entire national food requirement should be grown within the country. The government is thus obligated to increase domestic production by making land available to farmers, ensuring their easy access to agricultural inputs such as fertiliser, seeds, irrigation and agricultural credit, as well giving incentives to farmers by offering high prices for their produce through procurement drives.

This section finds that attempts to incentivise production by increasing access to land have mostly been ineffective. Redistributive land reforms have been unsuccessful, with government lands which landless people are entitled to either being expropriated by both corrupt officials and influential citizens, or are left undistributed. In addition, tenancy contracts are discriminatory, favouring landowners over tenants. With regard to increasing the productivity of land, though fertilisers and seeds are more available in the market following Structural Adjustment Programme (SAP) reforms, there remain significant distortions in pricing and in the quality of these agricultural inputs. On the procurement side, the government procurement drive each year does not meet the target because of low price offers, high rent seeking behaviour and lack of storage and collection capacities. Various government bodies that are tasked with ensuring food availability are hampered by weak monitoring mechanisms and poor institutional capacity.

2.1 Agricultural production

Over the past three decades Bangladesh has experienced a 'Green Revolution' in rice production, with production tripling from around 10 million metric tonnes (MT) in the 1970s to almost 30 million MT in FY2007-08 (Asaduzzaman *et al.* 2009). This was the result of cultivation of high-yielding varieties (HYVs) with the use of chemical fertilisers. Yet, self-sufficiency in the real sense has not been achieved. In FY2007-08, food production was 29.77 million MT against the target of 32.55 million MT. Moreover, in FY2008-09 food production was 32.16 million MT against the target of 34.33 million MT (FPMU 2009). Thus, while food production has been increasing, it has still been falling short of domestic demand, with food and grain imports covering this gap (Asaduzzaman *et al.* 2009). In recognition of this, Bangladesh has been implementing a policy of food self-reliance, i.e. importing food from the world market when prices are cheaper than growing it at home (Deb *et al.* 2009). Between 2006-2008, the country suffered major setbacks in domestic food production both due to natural disasters and lack of adequate agricultural inputs. The price hike in the international food market coupled with an export ban imposed by many food exporting countries placed the government in a difficult situation in meeting domestic demand. Thus, the debate began to shift back to achieving self-sufficiency rather than self-reliance (Deb 2009). Against this backdrop, the current government came to power in early 2009 and pledged to achieve food security for all. This is reflected in the Awami League's election manifesto, which states their commitment to achieve food self-sufficiency by 2013 (Awami League Election Manifesto 2008).

Table 1 summarises government policies and governance challenges in regard to the pivotal factors of production, i.e. agricultural inputs, namely land, fertiliser and seeds, which are analysed in detail in this section. Land administration and land reforms have occupied a central place in the discourse on food security in Bangladesh, as this is a rapidly decreasing asset in a country with a burgeoning population. Bangladesh's land-to-man ratio is 0.06 hectares (ha) (Ahmed, Ministry of Agriculture 2010). This is very low, when considering that the agriculture sectors' contribution to the economy is 22 per cent of the GDP, with 48 per cent of the country's labour engaged in this sector ('Public land grabbed', *The Daily Star*, January 12, 2007; Bangladesh Bureau of Statistics [BBS] 2008). Consequently, the need for agricultural inputs to increase productivity of scarce land naturally ensues. The following discussion also analyses the effects on the fertiliser industry and seed usage (among other agricultural inputs) of SAP reforms, as these had the most wide-ranging and controversial effects.

Table 1: Policy framework for ensuring food availability

Objective: to achieve food self-sufficiency		
National Agricultural Policy 1999 and National Food Policy 2006		
Factors/inputs of production	Major initiatives	Major governance challenges
Land	a. Ensure maximum utilisation of land	a. Corruption/lack of oversight in distribution of <i>khas</i> land. b. Discriminatory tenancy contracts
Fertilisers	a. Ensure adequate and high quality fertilisers to farmers. b. Ban production, import, sales and distribution of any fertiliser harmful to soil. Form district and <i>thana</i> level committee to monitor fertiliser distribution	a. Weak monitoring and oversight of fertiliser prices and distribution system. b. Lack of oversight to eliminate the use of adulterated fertiliser and to stop fertiliser smuggling. c. Miscalculation of demand, which negatively affects supply.
Seeds	a. Ensure quality and availability of seeds to the farmers. b. Encourage private sector to produce, import and market seed. c. Strengthen Bangladesh Agricultural Development Corporation (BADC) to provide seeds.	a. Lack of the BADC capacity to meet adequate seed demand. b. Lack of capacity to certify quality of seeds.

2.1.1 Land

Land, which is becoming scarcer by the day, is the main source of livelihoods in rural Bangladesh. It is the primary factor of agricultural production and a critical asset to achieving food security. Cultivable land in Bangladesh is shrinking at the rate of 1.13 per cent per year due to demographic pressures and demand from non-agricultural sources (Hossain and Bayes 2009). This is a clear threat to the volume of agricultural production. It is not just the dismal land-to-man ratio, but the existing disparity in land ownership is also a cause for concern. In 2007, households owning up to 0.4 ha of land constituted about 70 per cent of all households but overall controlled only 20 per cent of the total land. On the other hand, households owning up to land of two ha and above controlled about one-third of the total land (Hossain and Bayes 2009). As it is estimated that a household of six requires a minimum of 0.4 ha of land to feed its members, marginal farmers and smaller farms are not economically viable (Hossain and Bayes 2009).

The government's task then, is to ensure that limited land resources are used optimally to increase productivity for farmers. There is also a need for proper land administration and management in order to increase food

production by farmers. Direct support is also required to increase the productivity of land through ensuring agricultural inputs for farmers. Both of these issues are explored below:

I. Land administration and management

The following governance issues form barriers to the effective administration and management of land, causing greatly unequal access, livelihood instability and poor productivity.

Ineffective land reform

Unequal land ownership has typically been addressed through attempts at redistributive land reform. In 1984, in an effort to make land ownership more equitable, the Land Reform Ordinance prohibited the accumulation of land beyond three ha. However, given that only three to four per cent of households in the country own above three ha of land, the surplus they own would not be adequate for redistribution among the 10 million landless and near landless households in the country (Hossain and Bayes 2009). Thus, this strategy has not been adequate.

Corruption in *khas* land distribution

A more realistic option for the government has been the distribution of government controlled *khas* land to the landless. While this has been an important part of the political agenda in order to build vote banks, it has remained as mere manifesto rhetoric. The 1984 Land Reform Ordinance stipulated that up to five *katha* (0.08 acres) of *khas* land were to be allotted to landless farmers/individuals. However, this directive has remained ineffective, partly because wealthy and politically influential people often illegally occupy land put aside for distribution ('Public land grabbed', *The Daily Star*, January 12, 2007).

As no comprehensive government survey has ever been conducted on *khas* land, significant portions of land remain unidentified. The absence of an up-to-date, systematic and universally accepted source of information on land resource availability and land rights is part of the reason why land reforms are difficult to implement and land appropriation so common (Centre for Policy Dialogue [CPD] 2000). Studies show that almost 2.5 million acres of excess *khas* land can be released and distributed among landless people ('Land Administration Policy', *The Daily Star*, November 18, 2006). However, approximately 1.3 million acres of *khas* land, both farm and non-farm, including large forest swathes, has been expropriated and held in illegal possession by individuals, industries and businesses over the years, demonstrating the endemic nature of the problem. ('Lost Land Areas should return to public', *The Daily Star*, February 6, 2010).

In rural areas, existing *khas* land distribution is manipulated by local elites. Across 436 *upazila*'s⁴, 'Khas Land Allocation Committees' have members of parliament (MPs) and *upazila* chairman as advisers, and local administration officials such as the chairman and members of the union *parishad*⁵ (UP) as members, with no

4 The six divisions of Bangladesh are further separated into 64 districts, which are in turn divided into 482 sub-districts called *upazila parishad* (UZP), or *thana*. The *upazilas* are the second lowest tier of administrative government in Bangladesh.

5 Union *parishads* are the lowest administrative level of the government.

representatives from those to who the land is to be distributed (Kader 2008). Interviews with key informants reveal that high levels of corruption in local government mean that committee members generally allot land to relatives and political associates. This exemplifies successive government's incapacity to enforce land use policy and avoid the illegal occupation of *khas* land.

Discriminatory tenancy contracts

Although land ownership patterns are highly unequal, the command of land under small and marginal farmers has almost tripled from 1988 to 2007 (Akanda *et al.* 2008). This means that farmers have been generating livelihoods by renting land through the tenancy market. The share of pure tenants and tenant owners⁶ has risen from 28 per cent in 1988 to 41 per cent in 2007. By and large, small and marginal farm households now cultivate more than four-fifths of the total land in rural areas (Hossain and Bayes 2009). However, the effect of tenancy on incentives to produce depends on the terms and conditions of rental. The 1984 Land Reform Ordinance capped the land rent at 33 per cent of harvest yield (without input sharing) and at 50 per cent if the landowners paid 50 per cent of material input costs (Akanda *et al.* 2008).

In theory, this should increase returns to tenants, encouraging them to intensify production. But in practice, tenant farmers receive much lower net returns than landowners because they pay explicit costs for tillage and hired labour in addition to their share of material inputs, family labour and management (Akanda *et al.* 2008). Sadly, the major share of income from land goes to only one-fifth of the total landowners in Bangladesh (Kader 2007), due to landowners dictating the terms of tenancy. Unfavourable terms for tenant farmers thus mean that profits are marginal, which in turn discourages production. The security of tenancy is also an issue as fixed-rent contract terms are changed after a certain time. The Ordinance stipulates that the contracts are only valid for a period of five years and does not ensure that tenant farmers have equal rights and possession over the land and agricultural products. Thus, the current system of land rental invites misgovernance as it weights the balance in favour of land owners and against tenant farmers, further endangering the productive capacity of the country's limited land resources.

2.1.2 Agricultural inputs

The second and equally important task of the government is to create an implementable policy framework that supports farmers in acquiring agricultural inputs to increase productivity. The supply and prices of crucial agricultural inputs such as fertilisers, seeds and irrigation system need to be effectively managed to ensure enhanced and sustained growth in crop productivity. This involves adequate supply of and good quality fertilisers, proper distribution of seeds and pesticides, uninterrupted and low cost irrigation during the cultivation time and farmers' easy access to agricultural credits to purchase these inputs.

Bangladesh's post-independence development strategy championed direct government interventions in all agricultural sector activities. Its socialist ideology encouraged cooperative farming and the agricultural inputs market consisted of a single channelled public delivery system, the Bangladesh Agricultural Development Corporation (BADDC). Buying and selling in input markets was restricted for the private sector and the government distributed large subsidies for fertilisers and irrigation equipment (Murshid 2000).

6 For a detailed description on the form of tenancy in Bangladesh please see Hossain and Bayes (2009), p.63

However, the beginning of the 1980s marked a sudden shift from state-led to more market-oriented agriculture policies. The government started agricultural reforms under the much-debated Structural Adjustment Programs (SAP) prescribed by the World Bank (WB) and International Monetary Fund (IMF). These aimed to reduce government control in both agricultural inputs and outputs markets. According to Azmat and Coghill (2005), the reform initiatives focusing on agricultural inputs were:

- Withdrawal/reduction of input subsidies (e.g. fertilisers).
- Privatisation of fertiliser distribution.
- Withdrawal of ban on private sector imports of irrigation equipment.
- Shrinking the role of the BADC, the largest para-statal in the agricultural sector in the import, sale and distribution of agricultural inputs.
- Privatisation of seed production beyond the foundation stage, while retaining the government monopoly on the five 'notified' crops, including rice⁷.

The process of privatisation, deregulation and liberalisation removed government restrictions on production, processing and distribution of agricultural inputs by the private sector. Over the years, the impact of SAP reform on agricultural inputs, production and food security have generated considerable controversy. Input liberalisation, especially for irrigation has had a very significant impact in bringing about the 'Green Revolution', i.e. a sustained increase crop yield (Fang *et al.* 2008; Hossain 2009; Murshid 2000). Four-fifths of the poor farmers in rural Bangladesh now use irrigation on cultivable land, either by owning irrigation pumps or through a very competitive 'water market' (Hossain and Bayes 2009). However, the liberalisation of the government monopoly of the fertiliser distribution system and withdrawal of price subsidies have had mixed effects. The seed market has also been subject to similar problems. The next section examines the problems the farmers face regarding the availability and utilisation of fertilisers and seeds, as these two were identified in expert interviews as areas with complex and long-standing governance problems.

I. Fertiliser management

Among agricultural inputs, fertiliser is the key input, contributing between 50-60 per cent to crop production and increasing crop yields (Basak 2009). In Bangladesh, fertiliser utilisation increased sharply with the introduction and proliferation of HYV seeds. HYV *Boro* rice is highly responsive to, and requires an adequate supply of fertilisers to achieve target production. Thus, the price, subsidies, quality, quantity and distribution of fertilisers critically affect production. Critically, an acute market failure following the SAP reforms in the fertiliser market poses a heightened risk to agricultural production, and ultimately, food security.

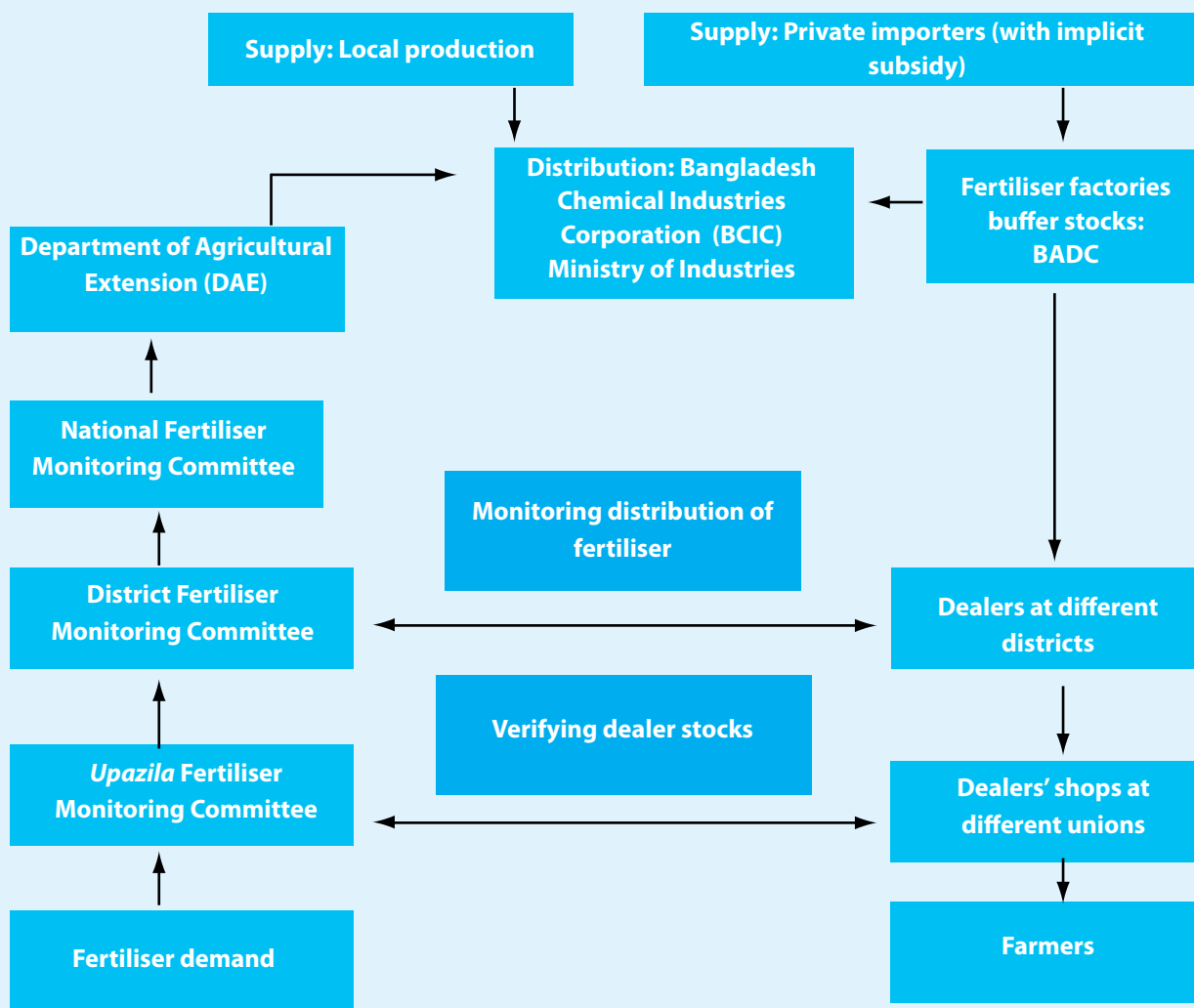
High prices and weak monitoring mechanisms

Until 1991, fertiliser production, import, distribution and marketing were handled by the BADC. Post liberalisation, private dealers bought fertilisers from the factory gates or ports and sold at their own prices. In the early days, this policy offered private traders flexibility in price-setting and trading. However in 1995, a

7 A 'notified crop' is one where the private sector follows procedural guidelines, e.g. receiving government permission prior to its import and marketing. The other notified crops are: rice, wheat, jute, potato and sugar cane (Azmat and Coghill 2005).

serious fertiliser crisis forced farmers to buy fertiliser at incredibly high prices. A lack of government regulation and monitoring systems meant that fertiliser availability could not be adequately monitored. Additionally, a lack of buffer stocks and government-appointed dealers mean that the government was unable to bolster fertiliser supply. The crisis forced the government to rethink the distribution policy and tackle the following major challenges: preventing monopoly in the fertiliser market and ensuring accountability of the traders in distributing fertiliser among the farmers.

Figure 1: The fertiliser distribution system in Bangladesh



Source: Shah et. al 2008

Figure 1, above identifies the existing fertiliser distribution channels. The total production and import of Urea and small quantities of TSP, MoP, and DAP⁸ are still controlled by the BADC. These fertilisers are distributed

8 TSP = TripleSuperPhosphate, MoP = Muriate of Potash, DAP = Diammonium Phosphate.

through Bangladesh Chemical Industries Corporation (BCIC) appointed dealers. The import and marketing of the remaining TSP production, as well as DAP and other fertilisers are controlled by the private sector (Basak 2009). **Figure 1** shows that though the Department of Agriculture Extension (DAE) identifies and monitors the fertiliser demand and supply distribution process, the appointment process of fertiliser suppliers is carried out by the BCIC. Around 4,800 dealers are appointed by the BCIC at the district, *upazila* and union levels to keep stocks of urea obtained from the BADC. These dealers in turn serve 14,000 union level sub-dealers who sell to farmers at a rate fixed by the dealers (Asaduzzaman 2009). However, misgovernance is rife in the process due to a number of factors: the lack of clear rules for the selection process of private traders/dealers means that many dealers are political appointees, while others are dishonest. Also, despite the presence of a monitoring process in theory, private traders continue to set excessive prices in many areas.

Inelastic demand, unscrupulous hoarding and international price volatility means that fertiliser prices have increased substantially. Urea is heavily subsidised and a 15 per cent implicit subsidy on imported TSP, DAP and MoP can be obtained through a lengthy bureaucratic process. Since the 1980s reforms, the price of Urea has increased by 24.7 per cent, TSP by 187 per cent and MoP by 180 per cent (Sarwar 2008). The fertiliser market is highly inelastic and demand spikes every two seasons of crop production. Therefore, dealers hoard fertiliser to stifle supply and increase prices, especially during crises. For example, informant interviews reveal that while a farmer may require 10 bags of urea, he may only receive as few as three bags from government appointed dealers. He has to acquire the rest from other sources such as the black market at a much higher price, thereby increasing his cost of production and reducing his profits.

Although the government sets factory gate prices of fertiliser, it lacks the capacity to enforce and monitor whether the dealers maintain the set price. The existing monitoring committees do not have any enforcement powers to penalise private dealers as they are only tasked to report mismanagement. **Box 1** offers a temporal snapshot of how government subsidies during 2008-09 attempted to temper fertiliser price fluctuations.

Box 1: Fertiliser subsidies: 2008 and 2009

During 2008, fertiliser prices rose very sharply. The cost of TSP and MoP rose from Tk. 16 in 2007 to Tk. 50 and Tk. 40 per kg in 2008. The cost of Urea was maintained at Tk. 6 per kg only by a high implicit government subsidy of up to USD 800 per tonne on imported urea. Comparatively, TSP and MoP received only a 15 per cent subsidy and imports declined while prices increased rapidly. This created an imbalance in the use of different types of fertiliser. Given the cropping intensity of farming in Bangladesh and the low soil organic matter in many districts, it is imperative for the government to be involved in fertiliser procurement and distribution to ensure fairness in distribution in a time of perceived fertiliser shortage. A failure to do this compromises the nation's food security and further aggravates already serious soil fertility and soil nutrient imbalances. Given the current situation of the international fertiliser market, the government is promoting state-to-state trade, which seems to be a good initiative in the short term (Deb *et al.* 2009).

The new government has decided to provide subsidy on non-Urea fertilisers to promote balanced fertiliser use and reduction in the cost of production. On January 13 2009, the government fixed the price of TSP, MoP and DAP at Tk. 40, Tk. 35 and Tk. 45 per kg, respectively (Deb *et al.* 2009). It has introduced a process of distributing fertilisers in accordance with the amount of land farmers possess. The Union Revenue Officer (*Tahasildar*) is entrusted to check the land record to ascertain the area of land in possession of farmers. Farmers then receive a card or a slip from the block supervisors (Sub-assistant Agriculture Officer) of their respective unions to procure fertiliser from the officially enlisted dealers at a subsidised price according to their fertiliser requirements. Yet, in many places dealers do not sell at the new price and the small number of fertiliser outlets lead to long queues. The current distribution system is time consuming and cumbersome, lacks adequate monitoring of the dealers, and provides government officials with many opportunities for corruption. In informal interviews, farmers have expressed dissatisfaction with the current system.

Bottlenecks in fertiliser supply

One of the major problems in the fertiliser sector is that farmers cannot access an adequate amount of fertiliser during August-October and January-March, the growing seasons for the main rice crops like *Aman* and *Boro*. Fertiliser factories have been unable to adjust their production schedule according to demand, partly due to the severe shortage in the supply of electricity and gas to production facilities, and partly due to the inability to meet demand because of poor production capacity. The present production by the BCIC's six Urea plants has been at about 78 per cent of the rated capacity (Quader 2009).

Another reason for the inadequate supply of fertilisers is demand miscalculation. The total fertiliser requirement estimated for 2008-09 was too low given the targeted level of yield for various crops (Deb *et al.* 2009). The production strategy should emphasise means of increasing crop yields. **Table 2** highlights a gap of 960,000 MT between the total estimated demand and the fertiliser required to attain the high yield goal. In FY2008-09, this gap was estimated to be 990,000 MT. **Figure 2** shows that meeting fertiliser demand is heavily dependent on imports. This is worrying, given international market volatility for fertilisers such as Urea, TSP, DAP and MoP. Thus, a fertiliser availability policy must take into account optimising production as well as ensuring an uninterrupted supply of imports in order to ensure an adequate and timely supply to the farmers.

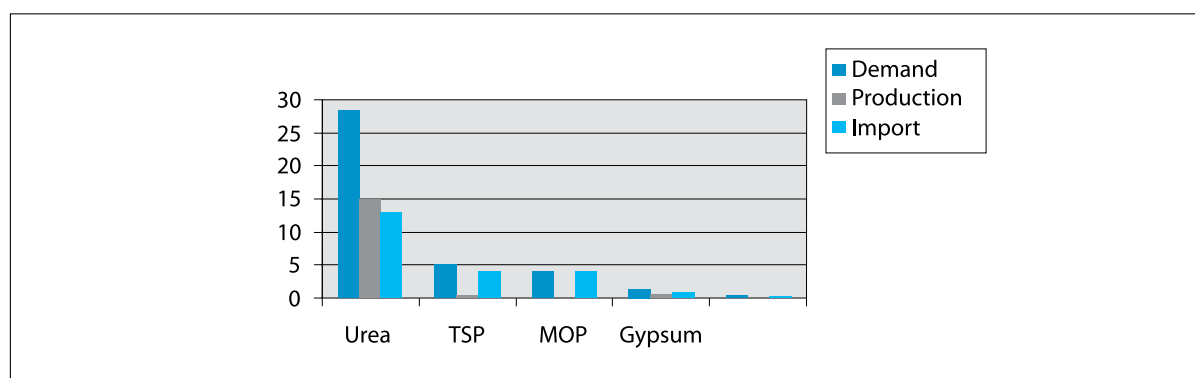
Table 2: Fertiliser demand to attain high yield goal in FY2008-09

Fertiliser	MoA ¹ estimated demand in FY 2008-09	Fertiliser required to attain high yield goal FY2008-09	Gaps in FY2008-09
Urea	280,500	350,000	600,500
TSP	500,000	500,900	90,000
MoP	400,000	500,000	100,000
DAP	200,000	300,200	100,200
Total	390,500	490,400	900,600

[Units: Metric Tonnes (MT)]

Source: Deb et al. 2009

Figure 2: Fertiliser demand, production and import in FY2008-09



Units: Lakhs (1 lakh = 100,000)

Source: Kafiluddin et al. 2008

Supply shortages are also exacerbated by a few large private traders who generally lack the incentive for maintaining adequate warehouse facilities, proper distributional channels and monitoring the seasonal demand of fertilisers, safe in the knowledge that they will be able to sell at any price. Some traders also sell fertilisers outside their districts of registration, perpetuating the scarcity of fertilisers in certain localities. Since the price of Urea in neighbouring countries is higher than the government set price domestically, fertiliser smuggling also aggravates fertiliser shortages. For example, the price of per kilogram of Urea is less than Tk. 6 in Bangladesh while it can retail at Tk. 20 in Myanmar. Thus, Bangladeshi smugglers benefit from a huge price difference of Tk. 15 to 16 per kg. Estimates suggest that annual urea smuggling to Myanmar amount to 150,000 MT, worth Tk. 2250 crore⁹ (Islam 2005). These unscrupulous practices on the part of dealers exacerbate the inconsistency of supply during critical times.

Low quality fertilisers

There is lack of enforceable legal mechanisms to protect the quality of fertilisers. Poor quality and adulterated fertiliser leads to poorer quality and quantity of crop yield for farmers. Interviews with experts suggest that there should be provisions to take strict action against companies and traders who import and produce fake fertiliser. A Soil Research Development Institute (SRDI) study shows that the production and marketing of spurious fertiliser is growing rapidly (2009). In the case of TSP, Diammonium Phosphates and organic fertilisers, the percentage of fake fertiliser on the market was found to be 60, 30 and 70 per cent respectively (SRDI 2009). The SRDI reported that in FY2008-09, the overall figure of adulterated fertiliser was an alarming 52 per cent. In January 2009, almost 2,575 tonnes of substandard TSP fertiliser was seized in Jessore ('Tk 10 cr low quality fertiliser seized in Jessore', *The Daily Star*, 31 January, 2009). However, such interventions in the proliferation of adulterated fertiliser are few and far between and this remains a governance problem that adversely affects farmers across the country.

II. Seeds

Good quality seeds can increase rice yield by 8 to 10 per cent, and Bangladesh has seen the introduction of several high yield and hybrid seed varieties in recent times. In 2002, these seed types accounted for the production of an additional 2.1 million metric tonnes of rice (CPD 2003). Yet the government agency in charge of seed production and marketing has largely been unable to ensure efficient seed delivery and secure the active participation of private and public actors, thereby hampering the possibility of maximising productivity. Lack of good governance within the seed production, marketing and distribution system has meant that existing seed prices do not incentivise production. Neither are the seeds subjected to strict quality control to avoid weeds, pests and disease. The lack of coordination in research, development and promotion of new seed varieties also severely limits productivity. As a result of these issues, crop yields suffer, posing a grave threat to agricultural production in Bangladesh.

Low price incentives for growing and marketing seeds

The government's 1998 seed policy allowed the private sector and non-government organisations (NGOs) to operate in the seed production, import and delivery system. The BADC also has an extensive marketing network with 1300 licensed seed dealers who can sell BADC seeds with its brand name. But the main challenge in the seed market is lack of incentives for the production of breeder seeds¹⁰.

The BADC, NGOs and private dealers commission contract growers to grow breeder seeds and sell it to them. However, because the BADC's price is not as competitive as the other actors, growers are reluctant to be contracted by them. Consequently, the BADC is able to provide only five to six per cent of total rice seed required, which means it has no control over the prices that seed dealers charge the farmers. Private seed dealers make a profit of Tk. 1-1.50 per kg for marketing BADC rice seeds, which is much lower than the margin

9 1 crore (cr) = 100 lakhs.

10 This is a new variety of seed that has the highest purity, and is produced, developed, controlled and provided directly by the breeders.

in marketing seeds supplied by private agencies and NGOs. The selling prices of private sector paddy seeds were 50 per cent higher than the price of BADC seeds (CPD 2003). Given that the shortage of BADC seeds forces farmers to buy from private dealers, they buy seeds at much higher prices.

Weak research-extension link

There is a lack of public-private coordination in research for the development and promotion of new seed varieties. The Bangladesh Rice Research Institute (BRRI), the Bangladesh Institute of Nuclear Agriculture (BINA) and the Bangladesh Agricultural University (BAU) are the major institutions responsible for rice research. However, because these institutions are under three different government ministries, farmers cannot easily obtain comprehensive up-to-date information about seeds. Despite the fact that using the same seeds for multiple harvests reduces crop yield, they continue to use a number of varieties that were released more than three decades ago. This is a reflection of the weak research-extension linkage, ineffective public sector extension system and the absence of a sound seed market (Hossain and Bayes 2009).

Quality control of seeds not enforced

The government-established Seed Certification Agency (SCA) authorises seed certification and variety release. Its role is to maintain seed quality and enforce the market price of seeds. However, the SCA's manpower crisis results in inadequate seed market monitoring and results in the presence of poor quality seeds. It is estimated that the SCA needs more than 600 seed experts to effectively certify all the seeds in Bangladesh but the current number is far below that target ('600 post of seeds experts to be created', *The Daily Star*, March 20, 2005). Also, the government has not established an internationally accredited laboratory that is permitted to issue seed quality certificates. This makes it difficult for private seed companies to import seeds to Bangladesh because the standards of certification are absent and quality control is hard to implement.

2.2 Producer price support

Aside from increasing domestic production, the second priority of the government has been the procurement of food grain produced throughout the country. Food prices in Bangladesh vary year-to-year and season-to-season. Annual fluctuations are generally the result of erratic climatic events such as floods, cyclones and droughts and are tempered through private and commercial imports of food grain. Seasonal variations are generated by seasonality in production. The government uses a two-pronged policy approach to protect both producers and consumers of food from seasonal price variations: the domestic procurement programme and Open Market Sales (OMS). This section focuses on procurement as it directly affects production, and therefore, food availability. In order to provide adequate production incentives for increased domestic production and increase farmer's income, the government attempts to procure food grains at prices higher than the average production cost (National Food Policy, Plan of Action 2008-15). Yet the government's efforts have been largely unsuccessful in this regard due to a variety of governance failures in the procurement structure.

Ineffective procurement system does not benefit farmers

Cultivating a particular crop requires investments on various agricultural inputs. Producers, i.e. farmers, thus need to know what the return to their investment is likely to be. If expected prices are low compared to the cost of inputs, they might lose the incentive to make similar investments in the future, thereby making

the production cycle suffer (Islam 2010). Thus, it is crucial to set a procurement price that sends the right production signals to farmers before the planting season begins. Correctly forecasting the size of the *Boro* and *Aman* harvests is crucial to price setting. However, this is more difficult in the case of *Aman*, which is grown during the monsoon, and procurement prices have usually been lower than the average wholesale market price. As a result the government has been unable to meet procurement targets. For *Boro* however, the price has been set excessively high (Shahabuddin 2009).

Procurement prices which are substantially higher than the market price heavily drain the public exchequer and produce illegal behaviour such as rent-seeking and corruption amongst traders, rice millers and government officials involved in the public procurement system (Shahabuddin 2009). The Directorate of Food (DoF) enters into contracts with private rice millers to buy rice. The rice millers in turn buy paddy from local traders, mill the paddy into rice, and deliver the rice to the DoF (Mondal 2009). Interviews with experts reveal that when there is a large gap between the market price for paddy and the procurement price for rice, rice millers and corrupt DoF officials are able to split the difference. Rent-seeking behaviour also occurs during efforts to maintain quality. While procurement officials are entrusted to make sure that rice millers buy only good quality paddy, the large number of millers and incentives for collusion between government officials and millers mean there is little quality monitoring of the purchased paddy (Adams 1998).

That the government buys rice from the rice millers and not the farmers directly is a serious weakness of the procurement mechanism. Because the government's procurement centres are few and far between, farmers are not generally able to sell rice directly to them. Given the high cost of transport and the pressure to repay debts taken to meet production costs, farmers sell rice to local traders, millers and hoarders at lower prices (Shahabuddin 2009). There are also no farmer cooperatives whereby they can demand higher procurement prices for their harvest. Also, most Bangladeshi farmers lack sufficient land access to produce a net marketable surplus to sell to the government. Over the full year, most are net consumers of food. The 2005 Household Income and Expenditure Survey (HIES) indicated that 70 per cent of rural households are net consumers of food. Thus, even if procurement prices are high, they are unable to take advantage of them. For the average farmer, therefore, the effect of the government's procurement programme is quite small (Adams 1998).

Shortage of food grain storage capacity

Shortage of storage capacity is another reason why procurement drives fail to reach targets. In 2009, the government's target of procuring 1.2 million MT of *Boro* rice and paddy accounted for less than seven per cent of the projected *Boro* output of 18 million MT. The government's food department has a total grain storage capacity of only 1.4 million MT. However, half the granaries were already filled with old stock, leaving little room for new stores (Ahmed 2009). The government's inability to procure enough food grain is a disincentive for farmers to produce for the next year. In October 2009, the MoFDM announced that it had taken measures to establish 141 food warehouses to increase the government's food grain storage capacity. Most of these are to be in the northern region, called the 'nation's granary' (Mondal 2009). This would increase the government's food grain storage capacity to 2.2 million MT. While still vastly inadequate, it would be a positive step towards facilitating procurement.

However, ensuring food security is not only a matter of increasing the country's food production, but also to administer and distribute food, food-aid and food related development initiatives in an efficient and timely manner to the neediest populations. Given that most Bangladeshi households are net consumers of food, the

task of ensuring access to food is an important one for the government. The PFDS, the government's major food distribution channel, will be examined in detail in the following section.

3 Access to food

Ensuring food security is not simply a matter of increasing production and availability of food grains. Hunger and famine are not just caused by a reduction in the availability of food, but also by the inability of the poor to get access to food (Vyas 2000). Over 40 per cent of the population lives below the food-consumption based poverty line, lacking sufficient resources to afford a diet of 2,122 kilocalories (kcal) per person, per day (WFP 2010). Poverty incidence remains high in rural Bangladesh: 48 per cent among households headed by a member working in the agricultural sectors and 67 per cent for landless rural households (National Food Policy, Plan of Action 2008-2015). Regardless of whether they are food producers or not, many poor and vulnerable households do not enjoy food security as they are unable to afford a minimum basket of nutritious food items through their own food production, cash earnings, market purchases and other resources. Given that the lowest income group spends about 63 per cent of their income on food, the slightest threat to income can seriously compromise their food security (WFP 2010).

While poverty leads to chronic food insecurity, the population also remains vulnerable to transitory food insecurity caused by sudden natural disasters and food price hikes. These events have a direct detrimental effect on people's livelihoods, manifested by indebtedness, sale of assets and loss of cultivable land, all of which again affect their ability to access food. Worryingly, different areas of the country enjoy varying degrees of access to food highlighted by the fact that 79 per cent of the aggregate reduction in the poverty headcount is attributed to only two divisions – Dhaka and Chittagong (National Food Policy, Plan of Action 2008-2015). Among a range of distributional schemes, the government's initiatives to address regional inequalities in food insecurity under the rubric of SSNPs are explored below.

The focus of government policy has gradually expanded to ensuring accessibility of food at the household and individual level (National Food Policy 2006). A core objective outlined in the National Food Policy (2006) is to increasing purchasing power and people's access to food through transitory shock management, effective implementation of targeted food assistance programmes and employment generating income growth. These policies address the government's short, medium and long-term objectives. The first calls for disaster preparedness and management through maintaining an adequate national security stock, including both government and private stocks. The second involves targeted food operations such as Vulnerable Group Development (VGD) and Food-for-Work (FFW) schemes, known as SSNPs. The third involves implementing micro-credit or training programmes, distribution of land and other entrepreneurship development activities.

This section focuses on targeted food assistance programmes, beginning with an analysis of the hub of all food distribution activities, the PFDS. It will then explore the SSNPs by looking at their financing and allocation, administration and leakages. Given the availability of data on it, the VGD has been chosen as an example of the SSNPs. Its targeting performance, leakages and impact on beneficiaries are all evaluated. Findings suggest that though the PFDS has evolved a more pro-poor focus, its distribution channels do not reflect this. Despite increasing budget allocations for SSNPs, the targeted interventions are not pro-poor. Targeting mechanisms in general have been found to be weak with high levels of leakage. However, the VGD programme showed no major abnormalities in its targeting mechanism, though leakages were found at multiple levels. Overall, its impact on income and nutrition is quite positive. Lastly, beneficiaries felt that the government's response to

the 2008 food price hike, the 100-Day Employment Generation Programme (100 DEGP) was a success, despite facing many administrative and implementation problems.

3.1 The Public Food Distribution System (PFDS)

Towards a pro-poor focus

The PFDS began as a public food rationing system. Though in principle the subsidies extended to the entire population, in practice the rations had an urban and middle class bias, with very few ration dealers operating at the rural level. The Modified Rationing (MR) programme was designed to provide subsidised food grains to the rural poor. However, various field studies revealed that around 50 per cent of all MR food grain was leaked (or sold) on the open market, and that 80 per cent of all remaining MR food grains went to urban groups. As a result, no more than 12 per cent of the rural population ever received benefits from the MR programme (Adams 1998). Negligent government supervision of private ration dealers allowed rent-seeking dealers to divert part or all of their food grain allotment for sale in the open market. In 1989, *Palli* (village) Rationing (PR) replaced MR and worked in a similar way, with the exception that Members of Parliament (MP) were entrusted to select private ration shop dealers. But this resulted in collusive behaviour, with dealers splitting profits with the MPs. During this period, only around 30 per cent of the PR actually reached the poor (Adams 1998).

In the 1980s, major external donors pressured the government to reduce all government subsidies on food as part of the SAPs. The emergence of targeted interventions allowed national leaders, especially authoritarian regimes, to gain popular legitimacy by directly reaching the rural poor. This was partly achieved by building direct relationships with local political elites, which proved crucial to the delivery of safety net programmes as will be seen later (Hossain 2007). Thus, the PFDS came to have a much more pro-poor focus, though it was still rife with governance issues.

The rationale for the PFDS is that it addresses key aspects of market failure and ensures re-distribution. This means making food grains available to poor households who would otherwise not have access to adequate food, distributing food during emergency situations and stabilising market prices to avoid excessive price increases. In addition to the core food insecure population, other segments of the population who are susceptible to sporadic food emergencies fall into two broad categories. The first are the urban dwellers depending on the market for their supplies. In the event of supply shortages leading to unaffordable prices, government supply channels, such as Open Market Sales (OMS), are released to ease the pressure on prices. The second are members of the rural subsistence economy who are generally self-sufficient. But in the event of poor harvests and/or natural disasters, they lack the necessary resources for purchasing food from the market. These groups are targeted with special relief and development programmes (MoFDM 2005).

As it is the core of the government's food security related initiatives, it is important to examine the PFDS' operational performance. Its 15 distribution channels can be broadly categorised into eight monetised (sale) and seven non-monetised channels. The latter consists of food-based safety net programmes, which make up 71 per cent of PFDS' total distribution. Rice takes up 68 per cent of total non-monetised distribution (Ahmed 2007). The effective delivery of food that a beneficiary is entitled to depends on institutional governance and coordination in executing operations and stock management, while ameliorating leakages and economic and social costs.

Problems in food stock storage and rotation

The PFDS' current national food stock levels are at 800 thousand MT. To manage import arrival uncertainty and enable emergency distribution, it is advised that the government maintain stock levels of one million MT., 300 thousand MT of this are held as a buffer stock for unprecedented food security threats (Shahabuddin *et al.* 2009). Though the PFDS aims to provide safety nets, stabilise prices and provide emergency relief, it cannot achieve these three objectives simultaneously. Keeping in mind budgetary constraints, there are inevitable trade-offs between these priorities (Shahabuddin *et al.* 2009). The 'optimal stock' is thus a dynamic concept, depending on distribution and procurement. Unnecessarily high levels of stock imply increased costs due to storage losses, quality deterioration, high transit costs and suboptimal use of the administrative structure (Ahmed 2004).

A study found that 35 per cent of distributed food grain was more than nine months old (IFPRI 2004). In FY 2001-2002, due to the Directorate of Movement, Storage and Silo (DMSS) depending on district stock reports that did not specify the age of stored stock, the cost of the stock deterioration was estimated to be Tk. 105 crore (Ahmed 2004). Rice cannot be stored for more than six months without quality deterioration and stocks have to be rolled over twice a year. In contrast, wheat can be stored for longer periods. Stock deterioration is not just inefficient, but has negative nutritional implications for those receiving food aid.

Losses in the PFDS

Due to the elimination of inefficient safety net and rationing programmes, losses in the PFDS have substantially declined since the 1990s. Transit and storage losses decreased from 3.5 and 1.5 per cent respectively in the 1980s to 0.3 and 0.72 per cent between 1998 and 2002. However, the average value of losses was still large, at Tk. 23.6 crores for rice and wheat (Ahmed 2004). Food aid arrivals also frequently coincided with the government's procurement season, resulting in higher losses due to frequent movements and higher stock rotation time. Adopting a private trader arrangement, where transporters assume sole responsibility for delivering the full invoice quantity in order to cut losses has been suggested (Ahmed 2004).

Is distribution really pro-poor?

The PFDS' allocation and distribution over the past three years are shown in **Table 3**, highlighting two encouraging observations. Firstly, approximately 92 and 93 per cent of the PFDS' allocation was distributed during FY2007-08 and FY2008-09 respectively. Secondly, around 60 per cent of the PFDS distribution is targeted to the poor through non-priced channels, implying a pro-poor focus. However, the OMS has the highest (FY2007-08, FY2009-10) or the second highest (FY2008-09) allocation in the past three years. It is questionable why the government has allocated so substantially to this distribution channel given that this is a priced channel with very low caloric transfer values of 23 kcals/person/day (see **Table 5**). Its distribution has only been around 50-60 per cent and it is largely implemented in urban areas. Comparatively, the VGD has seen more than 100 per cent distribution, indicating that the need for targeted programs exceeds the amount allocated for them. Thus, there is a pressing need for the government to both expand the targeted programmes through higher procurement and allocation of food grains and to re-evaluate the efficacy of and resource allocation for OMS.

Table 3: Sector-wise public distribution of food grains FY2007-10

Distribution channel	PFDS allocation (FY2007-08) '000 MT	PFDS distribution %	PFDS allocation (FY2008-09) '000 MT	PFDS distribution %	PFDS allocation (FY2009-10) '000 MT
Priced					
Essential Priorities (EP)	256	81.64	256	85.55	279
Other Priorities (OP)	27	77.78	26	84.62	45
Large Employers (LE)	12	103.33	133	7.52	22
Open Market Sale (OMS)	389	68.69	370	52.7	600
Flour mill/fair price					
Sub total	684	74.62	785	56.82	946
Non-priced					
Food for Work (FFW)	185	83.78	331	119.34	375
Test Relief (TR)	150	50.67	263	139.92	400
Vulnerable group Development (VGD)	265	100.75	265	105.28	265
Vulnerable Group Feeding (VGF)	274	68.61	500	101.4	550
Gratuity Relief (GR)	64	59.37	64	67.19	64
VGF (Relief)					
Hill tracts/others	75	126.67	92	122.67	75
Sub total	1013	103.71	1498	112.42	1729
Total	1697	91.98	2283	93.3	2675
% of PFDS going to non-priced channels	59.7		65.6		64.6

Source: Adapted from the Food Planning and Monitoring Unit (FPMU), GoB

The number of beneficiaries the PFDS actually reaches also requires close examination. The bulk of PFDS assistance distributed during FY2007-08 was provided through the OMS, VGF and the VGD. A study estimated that 30.5 million individuals would be reached through the PFDS in 2007 based on distribution; ration sizes and the duration of assistance of each programme (Fang *et al.* 2008). However, this does not attempt to account for 'overlap': where a beneficiary household is participating in more than one programme, resulting in lower than the estimated level of benefits (Fang *et al.* 2008). Given that the number of food insecure people had reached 65 million by that time, the government's targeting of less than half that population reflects a chronic gap in the PFDS' coverage that year. No estimates of beneficiaries are available for FY2008-09 and FY2009-10.

To further explore the PFDS' reach and its impact on their food security status, the next section on SSNPs evaluates performance, targeting and leakages.

3.2 Social Safety Net Programmes (SSNPs)

With poverty figures of 56 million and a food insecure population of 65 million, SSNPs acquire a great importance in the government's agenda to reduce vulnerabilities (WFP 2010). SSNPs are designed to help and transfer resources to poor and vulnerable groups with the aim of poverty reduction, social empowerment and employment generation, and are critical given the high incidence of poverty and food insecurity in Bangladesh. There are 30 SSNPs which include direct transfers to the poor, whether in cash or in kind, and with or without a work requirement (Ahmed 2007). Among these, four are unconditional and three are conditional food transfers. The unconditional food based programmes are the VGD, Vulnerable Group Feeding (VGF), Gratuitous Relief (GR) and Community Nutrition Programme. VGF and GR are generally used in times of natural disasters or seasonal downturns, whereas the VGD and Community Nutrition Programme are ongoing. The conditional food based programmes are the FFW, Test Relief (TR) and Food Support for the Chittagong Hill Tracts (Ahmed 2007). Since the SSNPs' food-based programmes are its' largest and are distributed via the PFDS, this section contains an overall analysis of the SSNPs' budget allocation, administration and performance. The findings show that though budget allocations for SSNPs are increasing, the targeted interventions are not pro-poor, with weak targeting mechanisms in general suffering from high levels of leakage.

Increasing budget allocations for SSNPs

Government spending on SSNPs has historically been low and declining in Bangladesh, at less than one per cent of the GDP and 4.4 per cent of public expenditure. These figures are lower compared to what other countries at similar levels of development were spending on social protection programmes (World Bank 2006). Recently however, given higher GDP growth rates the government was able to set higher targets for providing social security to the poor. For the FY2007-08, SSNPs accounted for 13.32 per cent of the budget and 1.8 per cent of the GDP. Of the food-based programmes, OMS, VGF, FFW and VGD received the highest budget allocations respectively. In FY2008-09, the share further increased to 16.94 per cent of the budget, which was 2.76 per cent of the GDP (Bhattacharya 2009). It is a positive step towards food security that SSNPs are beginning to gain priority in the government's development outlook.

Targeted programmes not pro-poor

Increased budgetary allocations alone however reflect little about the programmes' reach to the neediest populations. The question is how pro-poor the SSNPs' targeted programmes are (e.g. VGF, VGD) relative to the non-targeted programmes (e.g. OMS). Overall, the coverage rates in **Table 4** suggest that the programmes are pro-poor, as the percentage of households that benefit from targeted programmes progressively decline for higher quintiles (Ahmed 2007). However, 41 per cent of the beneficiaries of all targeted programmes are in the top three quintiles compared to 45 per cent of all non-targeted programmes. As the difference between the two is marginal, the targeted programmes cannot be said to be more pro-poor and efficient than the non-targeted ones (Ahmed n.d.). Changing this is essential to ensuring that those who require food aid the most are being served.

Table 4: Incidence of targeting by per capita consumption quintiles

Programme	Lowest Quintile	2nd Quintile	3rd Quintile	4th Quintile	Top Quintile
VGD	31.7	29.1	19.4	14.3	5.5
TR	38.9	22.2	18.9	13.3	6.7
VGF	36.1	25.0	20.7	13.0	5.2
Old Age Pension	31.9	20.0	21.1	20.5	6.5
Total (targeted)	34.2	24.6	20.0	15.2	6.0
Total (non-targeted)	30.9	23.8	21.6	16.2	7.5

Source: Household Income & Expenditure Survey (HIES) 2005 in Ahmed (2007)

System leakage

SSNPs have an estimated 20-40 per cent leakage (Rahman 2006). Studies point to leakages of the magnitude of 10-50 per cent for food-based programmes and 5-25 per cent for cash-based programs (World Bank 2006). These show a strong correlation between the number of intermediaries in a programme's transfer process and its degree of leakage. A recent FAO report estimated that 11-12 per cent of SSNP funds drained out through several channels ('12 pc Social Safety Net Lost on bribe, flaws', *The Daily Star*, February 19, 2009). One per cent of the benefit leaks out through bribery, seven per cent through poor targeting and three to four per cent due to receiving less than the prescribed amount. Having close relationships with local representatives, paying bribes and belonging to the vote bank of an influential member of local government are important qualifications for receiving benefits. The same study reported that around 14.5 per cent of the beneficiaries engaged in bribery (of whom two-thirds managed to access benefits), while one-fifth received benefits through social connections. A startling one-third of the beneficiaries were selected purely on the basis of poverty. The study concluded that local government managed the programmes reasonably well with limited overlapping, an overall low degree of leakage and misuse of funds ('12 pc Social Safety Net Lost on bribe, flaws', *The Daily Star*, February 19, 2009). It is difficult to accurately judge efficacy given that there seems to be no unanimous agreement on the level of leakage.

Weak targeting mechanisms

Low coverage results partly from weak targeting mechanisms, which are homogenous among all programmes. As a general guideline, the implementing ministry sets a quota taking into account the total number of beneficiaries, the number of beneficiaries per union and the amount of transfer per beneficiary. The quota also caps the number of male and female beneficiaries per union or ward. The quota employs certain targeting criteria according to the theme of the programme, which could include income levels, assets, household structure and demographic features. Based on this, local union officials, in consultation with other local agencies employ different targeting criteria to identify beneficiaries. This is a questionable practice (Ahmed

2007). For example, there is considerable doubt about targeting criteria using land possession as a way of differentiating between the poor and non-poor. Currently, people who own at most five decimals of land are classified as very poor. However, given the fact that 59 per cent of the poor have less than five decimals of land, as does 36 per cent of the non-poor; a random selection of households could lead to selecting over one-third of the non-poor (World Bank 2006). Thus, scarce resources are potentially being diverted to the non-poor.

Another problem with targeting is that budget allocations do not take into account geographic variations in poverty across different divisions in Bangladesh. In 2005, the change in poverty due to SSNPs was most prominent for Sylhet (CPD 2005). Though Sylhet has the highest share of SSNP participation and beneficiary households – receiving 24.31 per cent for rural and 11.25 per cent for urban household – Khulna deserves the highest allocation due to poverty incidence while receiving the lowest allocation — 11.03 and 4.23 per cent respectively for rural and urban households respectively. The VGF has the highest number of beneficiaries – 33.34 per cent of the total – with Sylhet having the highest number of beneficiaries. Following this was the VGD programme, providing assistance to 17.11 per cent households, with Dhaka having the most beneficiaries (Ahmed 2007). The government and donors jointly fund most of these programmes. However, while donors generally have interests in targeting based on food insecurity and vulnerability maps, governments at times targets less food-insecure areas – a reflection of their own political agenda and the need to reward local political actors who are very influential in the PFDS.

Though Bangladesh's growth rates in recent years have resulted in decreases in the percentage of the poor, the absolute number of poor people has not declined (Ahmed 2007). The combined coverage of the SSNPs among the bottom 10 per cent of the population is only 23 per cent while for targeted programmes it is approximately 16 per cent. Also, coverage in urban areas is very poor, with five per cent SSNP membership compared to 15 per cent of rural households (Ahmed n.d.). As a result, the overall level of coverage stands at only four to five million or 10 per cent of the poor. Accounting for leakage and targeting errors, only around six to seven per cent of the poor are actually covered (Ahmed 2007), is regarded as very modest by international standards. NGOs and microfinance institutions have had remarkable success in their ability to reach the poor through a combination of labour intensive and community based targeting which are not always feasible for government bureaucracies to adopt (Sharif 2009). Nevertheless, the government should adopt a community-based beneficiary selection system linked to the proxy means test (PMT), which accurately selects poor households. Efforts to de-subsidise the PFDS and increase targeted food programs over the years should have resulted in better coverage and reduced leakages. Why this has not happened could partly be explained by institutional weaknesses.

Weak policies and institutional misgovernance

Thirteen line ministries including the MSW, the MoFDM and the MWCA carry out the planning and implementation of SSNPs. The government has engaged other stakeholders such as NGOs and microfinance organisations to aid in the implementation of these programmes. However, the involvement of multiple actors has caused considerable overlap in programmes, straining the administrative and resource capacity of the government. An analysis of the Household Income and Expenditure Survey (HIES) has shown that over 11 per cent of households participated in at least two of the three SSNPs analysed in the survey — the VGD, Food for Education (FFE) and FFW (World Bank 2006). There is little to no coordination between the several ministries in charge of implementing different SSNPs. For example, both the MSW and the MoFDM run the public work programs but have little knowledge about each other's activities.

There are no integrated national guidelines for developing SSNPs. Coordination is hindered by the fact that many programmes are directly financed with donor assistance to individual ministries. Most programmes are also ex-post coping initiatives, responding after natural disasters or food shocks. Ex-ante programmes are preventative and allow for protection before risks emerge. However, these require resource and financial investment that the government has not been able to provide (Ahmed 2007).

A rigorous internal monitoring and evaluation system is required to assess the impact on beneficiary's food security status of each SSNP. This is important for ensuring quality, proper ration allocation, appropriate card possession and regular detection of malpractices. Four factors are crucial here: the type of safety nets based on an appropriate risk analysis, the right blend of programmes, efficient targeting to the intended beneficiaries and administrative efficiency in operating the programmes. Regular evaluations are required to measure the intended impact of the programme and to assess whether people are graduating to a less vulnerable position. This has been done in the past. Due to high costs and leakages, the *Palli* rationing programme was abolished and replaced with the innovative FFE programme in 1993. There has also been a shift from food to cash based programmes given the high level of leakages of the former. Recently, the FFE was transformed into a cash-based stipend programme and the FFW programme is replacing the Cash-for-Work (CFW) (Ahmed n.d.).

3.2.1 Vulnerable Group Development

One of the most well-established and largest targeted food-based programmes under the SSNPs is the VGD programme. It is implemented nationwide and covers approximately 750,000 (7 lakh) women from ultra-poor households who participate in development activities and receive monthly rations of rice, wheat or *atta* in an 18-month programme cycle (Data Analysis and Technical Assistance [DATA] 2007). Since the VGD is one of the most widely evaluated programmes¹¹ (both by government and non-governmental actors), this section examines it as an example of food-based SSNPs, exploring targeting, leakages, impact and the political economy of VGD delivery. However, there were no similar governmental impact evaluations of the VGF and GR, reflecting a lack of monitoring and evaluation measures for these programmes. Findings reveal that while the targeting mechanism functions without any major abnormalities, leakages at multiple levels hamper the efficacy and impact of the VGD.

11 Many studies have conducted impact evaluations of VGD cycles in different years. See Ahmed *et al.* 2009, Ahmed *et al.* 2007, DATA 2007, Hossain 2007 and Ahmed 2004 for further details. The statistics quoted in the analysis above are not compared across studies but rather give a flavour of the programme's features.

Programme characteristics

No major targeting abnormalities

The fact that many different actors have been involved in informally scrutinising the VGD beneficiary selection process has resulted in no major abnormalities in the process (Hossain 2007). Ninety-four per cent of VGD cardholders fulfilled at least one of the five selection criteria of the programme, as is the minimum requirement (Ahmed *et al.* 2004). However, 77 per cent of the beneficiaries did not hold their VGD cards, reporting that Union *Parishad* (UP) officials kept them. Around 10-16 per cent of the cardholders said that UP members made them 'share' their card with a non-cardholder. As a result, they received only half their ration entitlement. Although this is a clear violation of programme rules, it is difficult to see this phenomenon purely as a form of corruption or leakage as it could be an ad hoc attempt to address the gap between the current size of the VGD and the large number of eligible candidates who have been inadvertently excluded from the programme. Indeed, 86 per cent of VGD cardholders who had to share their cards considered that the non-cardholder recipient either as poor as or poorer than themselves (Ahmed *et al.* 2004).

A 2007 study on the beneficiaries of the 2005-06 cycle, disaggregated the components of the VGD — the Income Generating VGD (IGVGD) and the Food Security VGD (FSVGD) (DATA 2007). The IGVGD programme exclusively targets poor women who receive a monthly food ration over a period of 24 months. IGVGD also has a built-in mechanism to provide credit to its participants. The FSVGD programme also targets poor women and provides a combination of food and cash to programme participants. Given the fact that 67 and 63 per cent of the IGVGD and FSVGD households would have belonged to the poorest 30 per cent of all households in the income distribution in the absence of the programmes, the programme's targeting mechanisms worked reasonably well. However, only 31 and 21 per cent of participants respectively fulfilled the criteria of being female-headed households (FHH). In addition, the study showed malpractice among the selecting authorities. Female UP members who have the task of selecting 50 per cent of the VGD programme's women are not allowed to do so due to pressure from male members of the UP. UP chairman and members are also alleged to have taken bribes ranging from Tk. 500-1000 from each woman in exchange of FSVGD cards, using them as a tool to get votes in UP elections. Despite this, there is a general consensus that the VGD programmes are well targeted to very poor women (Ahmed *et al.* 2007; Hossain 2007), further explained in subsequent sections.

Leakages at multiple levels

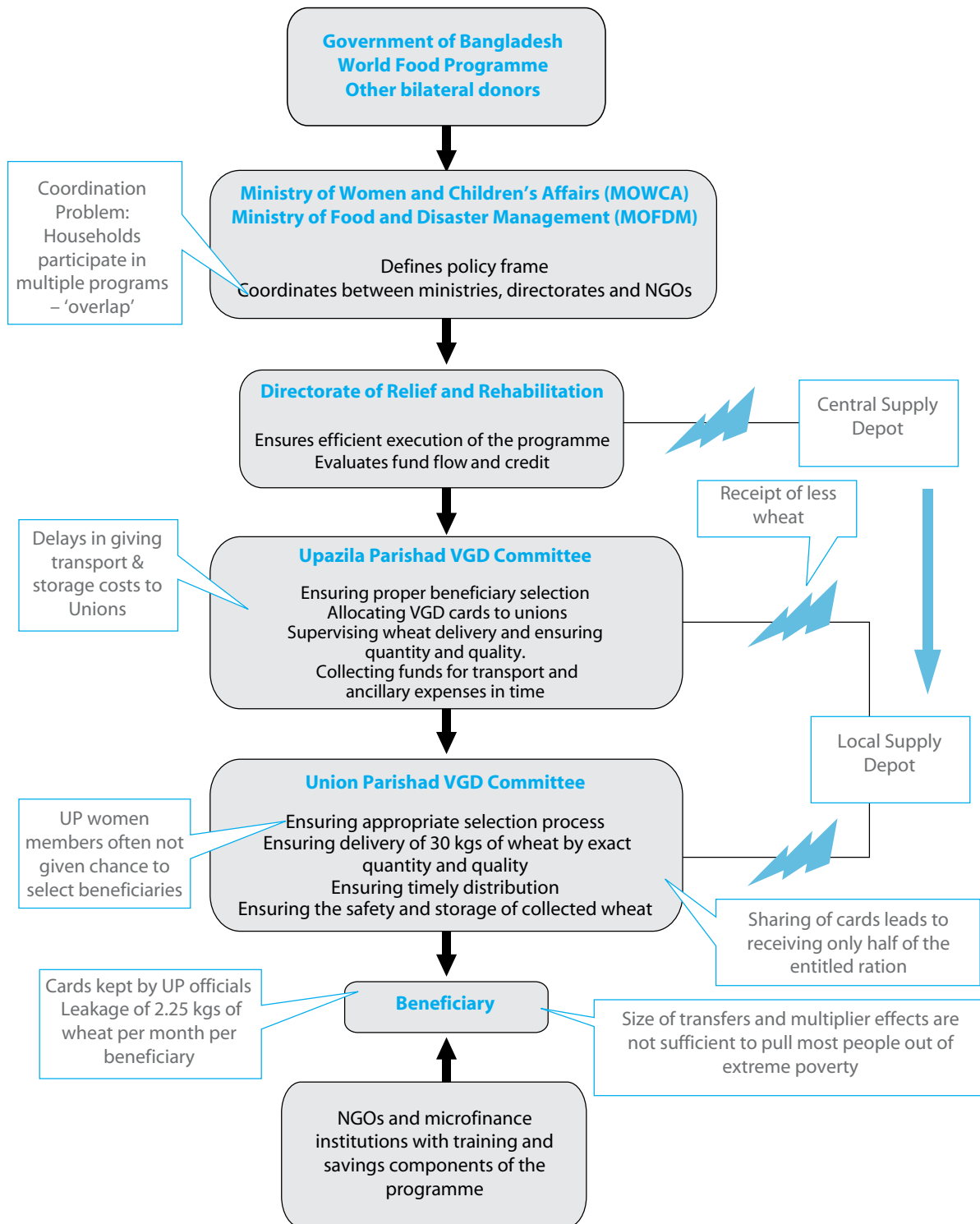
Whilst the VGD demonstrates targeting efficiency, corruption and leakage are rife. One of the largest problems in the programme is the 'short ration' i.e. the gap between what the programme officially distributes and what recipients actually receive, estimated at an extremely high 15-21 per cent (Hossain 2007). A portion of this loss is attributed to the transport and handling of grains for distribution to the beneficiary. UP chairpersons and members distributing food grain are supposed to receive transport and handling costs from the government, but complain about long delays and in some cases non-receipt of their dues. The UP leaders themselves cover transport and handling costs by selling the grain, depriving the rightful recipients in the process. They also report receiving 3.5 per cent less wheat than originally allocated from the Local Supply Depots (LSD). This could be an indication of illicit sales at or en route to the LSD, a matter which implicates the district officials and the Directorate of Relief and Rehabilitation in misgovernance (Ahmed *et al.* 2004).

Another common problem has been the absence at the distribution sites of a standardised ration-weighting system with respect to rice and wheat. This makes efforts at estimating leakage difficult, as it is not possible to say with certainty as to whether beneficiaries' entitlements have been deliberately withheld or whether it is a consequence of weighing inaccuracies. Leakage at the beneficiary level is the difference between the transfer entitlement and the amount of transfer actually received by an officially listed beneficiary. Using this definition, the average leakage was calculated at 7.53 per cent, or 2.25 kilograms per month per beneficiary. In 2007, this leakage was worse for the FSVGD compared to the IGVDG (Ahmed 2007). Cash payments were also received unevenly in both programmes due to delays in fund release from the donors to the government, irregular flow of funds from Bangladesh Bank to local commercial bank branches due to administrative problems and also because the FSVGD was in its last phase in 2006 (Ahmed 2007).

Other methods of leakage also threatened the programmes integrity. The leakage due to 'under coverage' was 0.48 per cent, i.e. when the actual number of beneficiaries is less than the officially determined number for whom the food was allocated. Using an inclusive definition of leakage, the total leakage amounted to 13.57 per cent of the total wheat allocation. Other studies note a leakage related 'inclusion error', i.e. food secure individuals receiving assistance, to be a rather high 24 per cent (Fang *et al.* 2008).

As has been mentioned before, the amount of leakage increases with the number of intermediaries in the process, implying that programmes targeting a large number of people are likelier to have higher leakage. It is difficult to assess the overall state of leakage from the VGD programme, given that there is no agreement on leakage related figures, though it is evident that this figure is quite high. A representation of the VGD delivery mechanism is featured below in **Figure 3** highlighting where leakage takes place. It is evident that many of the problems occur at the lowest administrative levels, but also at the local supply depots.

Figure 3: VGD delivery mechanism



Impact on food security

Evidently the most important outcome of an SSNP, in this case the VGD, is its efficacy in improving beneficiary food security status. This can be achieved through directly improving the nutritional status or through boosting income and/or assets that enhance the capacity to purchase food. The VGD seems to have fared well in both these dimensions but again, with little gains for the ultra poor.

Income increases, but not for the ultra poor

At first look the VGD seems to have a strong impact on the household income and poverty reduction. The combination of food and cash transfers from the FSVGD increased household income, by 32.3 per cent, while the IGVDG food transfers increased income by 27.8 per cent. In monetary terms this means that for a Tk. 100 transfer, income increased by Tk. 167 and Tk. 151 for the FSVGD and IGVDG respectively (Ahmed 2007). The transfers reduced extreme poverty by 20 (IGVDG) and 30 (FSVDG) per cent. However, the size of the transfers and their multiplier effects on income are not sufficient for most households to graduate out of extreme poverty. Most of those who graduated out of poverty were already closer to the poverty line. The rest only benefit from the consumption of temporary food aid (Ahmed 2007).

Atta transfers bring positive nutritional outcomes

Ensuring that the VGD brings positive nutritional outcomes is a challenge because it depends on beneficiaries' nutritional status before assistance and the type of food and caloric transfer value of the assistance used to fill the consumption gaps. Across many transfer programmes it was found that *atta* transfers bring about the largest improvement in food security, especially for poor women (DATA 2007). The government has nutrition-oriented complementary interventions under the VGD such as the *atta* fortification in Milling and Fortification Units (MFUs) and the collaboration between the VGD and National Nutrition Project. The micronutrient-fortified *atta* in sealed bags preserves nutritious value, ensures the weight, maintains quality standards and avoids leakage and pilferage (Matin *et al.* 2009).

The net effect on food consumption is larger for the FSVGD because 93 per cent of the rations are micronutrient fortified *atta* (as opposed to 40 per cent in the IGVDG, the rest being rice rations) and the amount consumed is far higher than would have been consumed without the transfers (DATA 2007). Participation by an adult female in either the IGVDG or FSVGD programmes did not lead to increased calorie intakes by pre-school children. However, the food interventions that provided rice such as IGVDG had a larger effect on men's calorie intake, whereas the opposite was true in the case of FSVGD which provided *atta*, increasing the share of food that went to women relative to men (Ahmed 2007).

Caloric transfer values are calculated taking into account ration sizes, duration of assistance and the amount of beneficiaries covered. **Table 5** shows that for the VGD programme initiated during the food price hike in FY2008-09 this was estimated at 177 kcals/person/day. With an average consumption gap of 228 kcals/person/day for the food insecure population, the VGD fell short by 51 kcals/person/day. To ensure food security for its 3.8 million potential beneficiaries, the VGD would have needed to transfer 19 thousand MT of food for the year 2008-09. This is beyond its current capacity, and highlights the need for substantial expansion.

In sum, although the VGD's contribution to increasing household level calorie intake has been noteworthy, more efforts are needed to target the rest of the households who still do not consume three square meals a day. Efforts need to be much more nuanced in order to improve the nutritional status of different groups: pre-school children, women and men.

Table 5: Assistance requirements of SSNPs

Amount of tonnes needed to reach 2122/kcals/cap/day						
Programme	Gap before assistance (kcals/cap/day)	Transfer value* (2008-09) (kcals/cap/day)	Gap after assistance (kcals/cap/day)	Gap after assistance (kg/cap/year)	Planned beneficiaries** (millions)	Needs to reach 2122 kcals/cap/day ('000 tonnes)
OMS	254	23	231	23	12.4	288000
VGD	228	177	51	5	3.8	19000
VGF	228	25	203	20	22.5	458000
FFW	228	150	78	8	8.3	66000
TR/GR/HT	228	77	151	15	11	166000
CFW-GoB	228	107	121	12	10	121000
Non-GoB programmes	228	292		n/a	8.1	n/a
Total					76.1	1118000

* Transfer values in the table reflect differing durations across the programmes, and are therefore not directly comparable

** Beneficiaries refer to programme participants and their family members. The total of 76.1 million includes those likely to receive assistance; Includes recipients associated with inclusion based targeting errors.

Source: Fang et al. 2008

Political economy of VGD delivery

Despite high levels of leakage, the VGD programme seems to be favourably viewed by several studies, begging the question of why it is perceived to work well (Ahmed 2004, DATA 2007, Hossain 2007, Ahmed et al. 2009). The answer lies in the political economy of VGD delivery, with local political actors occupying a central role in the process. *Upazilas* and union *parishads* implement programmes and policies, with district and divisional levels playing a less visible role. The efficacy of local social and political leadership is judged by its capacity to attract state resources to the community. Programmes like the VGD create a platform through which local political leaders can earn support in poor areas (Hossain 2007). The targeting and selection of beneficiaries, allocation of VGD cards and the delivery and distribution of grains are avenues through which local elite's powers are

manifested. Many informant interviewees have acknowledged that these actors have complete discretion over the success or failure of SSNPs. This is due to an absence of realistic alternatives to food distribution by this political class, as well as the lack of an effective administrative structure that reaches the grassroots level. As a result, there is a 'trade-off between the informational advantage of communities which improves targeting efficiency and an accountability disadvantage' (Hossain, 2007, p. 12). In other words, the question is whether the local political class extends full support and fairness to the programme's beneficiaries or behave as patrons to reward their clients, thus compromising accountability to the community (Hossain 2007).

As it turns out, there seems to be a balance between the two interests, with the VGD being well targeted to very poor women, a politically strategic move. But while the women selected are almost all eligible, many more are necessarily excluded – perhaps even 90 per cent, despite their eligibility (Hossain 2007). Thus, beneficiary selection serves twin objectives, both of the programme as well as the local elite – of targeting very poor women while also exercising selective patronage among them. This gives rise to active lobbying amongst the most vocal and organised poor women. By raising their profile and making it politically costly for them to be excluded, they secure a chance of being selected in the programme (Ahmed 2004). In interviews ministry officials noted that UP officials withhold cards as a manifestation of the control they enjoy.

Given this situation it is very difficult to label the entire process as corrupt and ineffective. The system is faced with a dilemma in the absence of a better outreach and distribution programme. On the one hand corruption acts as an incentive for a well-functioning programme with minor problems, while on the other removing these incentives risks even greater leakages and bottlenecks in implementation of the programme.

3.2.2 The 100-day Employment Generation Programme (100 DEGP)

In 2008, the global surge in food prices plunged the country in a food crisis. From June 2006 to June 2008, wholesale and retail prices of local coarse rice increased by 78 and 82 per cent respectively. In response to inflationary pressures and seasonal unemployment during September to November, the government introduced the 100-DEGP in September 2008 to reach the jobless poor in order to increase their purchasing capacity. Unlike the VGD, a long-term SSNP, this was a short-term initiative that was allocated Tk. 20 billion in the FY2008-9 budget. It is the government's largest employment generation programme and is intended to reach two million beneficiaries with the objective of generating 200 million 'person' days of employment per year. This section analyses this programme as a government response to transient vulnerabilities and concludes that while it faced a multitude of administrative and implementation problems, it has been an overall success. Given that the price hike occurred not too long ago, not many impact analyses and evaluations of the government's response have been carried out. This section adapts key arguments made by Fiorillo *et al* (2009) and Khatun, Rahman and Nabi (2009) in their studies of the food price hike and its consequences for food security.

Mis-targeting and under coverage of beneficiaries

Last year, the National Food Policy Capacity Strengthening Programme (NFPCSP) carried out an assessment of the first phase of the programme. As per the guidelines, unemployed and unskilled poor aged between 18 and 60 as well as landless and marginal farmers were eligible. The study however found that the programme's beneficiary identification process did not conform to the implementation guidelines. Although the programme was supposed to target five per cent of the extreme poor in each *upazila* using poverty maps, this did not

happen. Instead, the programme's selected individuals from the most vulnerable areas such as the *monga* prone, *haor baor*, *char*¹² and flood affected areas. It also did not achieve its objective of tackling seasonal unemployment (Fiorillo *et al.* 2009). There was substantial mis-targeting and 2.2 per cent of the beneficiaries belonged to the richest 20 per cent of the population. However, approximately 67 per cent of the beneficiaries were from the poorest 40 per cent, while only 37 per cent were from the poorest 20 per cent of the population. Field officials were not properly trained on how to identify the extreme poor and also on whether only the extreme poor should be targeted (Khatun *et al.* 2009). However, food insecurity levels of the beneficiaries were significantly higher than the non-beneficiaries.

The guidelines instructed influential members of the community to select beneficiaries. But in many cases the UP chairman or members did not consult these individuals and distributed cards to personal acquaintances, in order to build vote banks (Fiorillo *et al.* 2009). The selection procedures were undisclosed to the public. Although a union-level supervising officer was entrusted to review and check the beneficiary list, they had limited authority to challenge the choices made by the UP chairmen and members. Many beneficiaries also had to pay bribes ranging from Tk. 100 to 500 per person in order to be included (Khatun *et al.* 2009). However, some positive targeting measures emerged: they conformed to the officially set age range (18-50), avoided overlap with beneficiaries of other SSNPs and attracted a large number of previously unemployed women's participation (28 per cent) (Fiorillo *et al.* 2009).

The programme's total registered members numbered 1,997,075, but only 1,793,720 beneficiaries on average were employed per day. **Table 6** shows that the first phase of the programme utilised 76 per cent of its Tk. 12 billion allocation.

Table 6: 100-day Employment Generation - First Phase (as of 1 December 2008)

Divisions	Registered Beneficiaries	No. of Extreme Poor	Budget Allocation (Tk.)	Disbursement (Tk.)	Amount Spent (%)	Started Projects	Completed Projects	Progress Rate (%)
Dhaka	539,895	10,915,090	3256920000	2499770040	77	24,687	11,950	48.4
Barisal	142,180	2,833,020	853080000	681974900	80	22,743	9,090	40.0
Chittagong	321,680	6,453,110	1930080000	1490524200	77	6,301	3,479	55.2
Khulna	219,400	4,401,180	1316400000	1024977340	78	11,139	4,784	42.9
Rajshahi	656,520	13,170,610	3939120000	2963979000	75	8,135	3,800	46.7
Sylhet	117,400	2,355,120	704400000	474098200	67	28,040	17,805	63.5
National	1,997,075	40,128,130	12,000,000,000	9,135,323,680	76	100,775	50,908	50.5

Source: Adapted from MoFDM and HIES 2005

12 *Haor baor*-Freshwater wetlands; *Char*-naturally reclaimed land.

Work incomplete in first phase

In 2008, the first phase of the programme was from September to the end of November, i.e. the lean season when daily labourers and marginal farmers are unemployed. However, projects could not be started and completed within the set time period. A 15-day adjustment slot to address the variability in agro-ecological characteristics in different parts of the country was assumed as a built-in flexibility in programme implementation. However, this may have caused delays in programme execution. Additionally, it was not viable to implement some of the projects, e.g. construction, as *haor* and *char* areas remained submerged due to floods during the project period. As a result, most unions ran the programme for around 50 days, rather than the 60 prescribed, leaving the beneficiaries with lower than the prescribed amount of wages (Fiorillo *et al.* 2009). **Table 6** reveals that of the total number of projects started, only around 50 per cent were completed. The selection of 100 DEGP projects was not carried out in a participatory manner, as directed by the guidelines. The decisions were centrally made, though this could have been a result of the limited time stakeholders had to prepare and plan before the programme.

Fund misappropriation

The government made use of the pre-existing system of the 'Cash-for-Work' programme to distribute 100 DEGP funds throughout the country. While this was to minimise leakage, it instead led to considerably high transaction costs. Every single daily payment of the 100 DEGP benefit involved a form that had to be signed by six officials. This was extremely cumbersome, given the dearth of financial and human resources at field level. There were long delays in receiving funds to administer the programme, which affected the logistics and supervision of the work. Fund distribution to the *upazila's* was not adequate for the number of beneficiaries they had. As a result, instead of daily, payments were made often on a weekly or even bi-weekly basis (Fiorillo *et al.* 2009). During payment, a large number of beneficiaries were not required to put their signatures or fingerprints in any records, certifying payment. This left much scope for fund misappropriation. Often, the number of names in the record book was higher than the number of labourers who were actually working at the site. Since the release of funds depended on the recorded number of workdays, the false workdays meant that a significant amount of resources was transferred to the project provider's pockets (Khatun *et al.* 2009).

Beneficiaries report positive impact

The programme beneficiaries felt it had a positive impact, with more than three-fourths noting an improvement in their overall economic condition. Seventy-seven per cent of participating households observed an improvement in either the quality or quantity of food consumption, or both (Fiorillo *et al.* 2009). They also reported an investment in productive and non-productive household assets.

Since the 100 DEGP was a response to the emergency arising from the food price hike, the government made a trade-off between a speedy intervention to relieve the suffering of the poor and taking ample time to prepare the programme. This lack of appropriate planning manifested itself in all the stages of programme implementation. The lack of proper grievance redress mechanisms meant that the potential beneficiaries of this programme were also victims of this. Ministry directives prioritised reporting and addressing grievances, and *upazila nirbahi* officers¹³ were responsible for following up all complaints with an enquiry. Although

13 The chief executive of a *thana*/sub-district. This title was later changed to '*thana nirbahi officer*'.

beneficiaries attempted to complain, no grievances were recorded (Fiorillo *et al.* 2009). Experts agree that the 100 DEGP needs to be transformed from an employment generation initiative to an employment guarantee scheme to make the provision of work mandatory. Placing it within a legal-institutional framework would provide a legal guarantee for jobs to be provided within 15 days of issuing of the beneficiary cards and for free medical treatment for injuries, among other benefits (Khatun *et al.* 2009).

This section demonstrates that ensuring access to food for the poorest of the poor has not been achieved primarily through the lack of good governance in the institutional framework that governs food access. Though the PFDS has evolved to a more pro-poor focus, its distribution channels do not reflect this. While budget allocations for SSNPs are increasing, the targeted interventions are not pro-poor. Targeting mechanisms are generally weak with high levels of leakage. The VGD, which is the flagship SSNP, showed that even though targeting occurred through unofficial channels, it did reach the appropriate groups. However, leakages were found at multiple levels in the programme. Overall, its impact on income and nutrition were positive. As a response to a contextual food emergency, the government's 100 DEGP had positive impacts on income and food consumption for the beneficiaries it reached, despite a multitude of design, implementation and administrative flaws.

4 Recommendations and conclusions

4.1 Availability of food

I. Ensure security of land ownership and access

The security of land ownership and access is missing, even though this is a key incentive to farmers to produce more. The government should ensure that tenancy arrangements have proper documentation and are enforceable by both parties. A land survey that calculates the amount of *khas* land is urgently necessary to aid land distribution to the extreme poor. To ensure transparency and safeguard against land misappropriation, the land distribution committee needs to incorporate representatives from the landless community and have enforceable monitoring mechanisms.

II. Re-evaluate fertiliser policy and administration practices

The supply of fertiliser is chronically inadequate compared to the demand. Government agencies need to correctly ascertain the yearly demand of fertiliser for both agricultural and commercial purposes in order to plan to meet it. Monitoring mechanisms need to be implemented to ensure proper distribution of fertilisers, appropriate price control, execute quality control and prevent cross-border smuggling. A Citizen's Committee comprising of farmers, dealers, members of local government and government administration officials can be formed to monitor fertiliser delivery and quality.

III. Increase incentives for seed production

The government should increase seed production by expanding the capacity of the BADC and establishing a special seed production zone through public-private partnership (PPP). Increasing the budget allocation for research and development will increase domestic production of hybrid seeds and development of new

varieties. Also, farmers having expertise and indigenous knowledge in quality seed production should be provided with proper price incentives to grow seeds.

IV. Re-evaluate procurement drive system

The food procurement strategy should be based on correct predictions of market price, so that farmers have an incentive to sell to the government. The government also needs to develop a grassroots system of collecting and storing paddy, including increased storage capacity at the union level. The establishment of rural government procurement centres would mean that farmers can directly sell their product at these points.

4.2 Access to food

I. Improve targeting efficiency

Given the poor record of SSNPs in targeting the poorest, the government should devise more efficient targeting mechanisms. This can be achieved through the use of WFP poverty maps, data on district level food prices and PFDS distribution figures available from the Directorate of Food. Given the unequal distribution of wealth and poverty incidence, geographic targeting becomes very important. Even though very few SSNPs use these mechanisms, self-selection based on a work requirement, proxy means testing and community based targeting mechanisms are effective and should be taken up more programmes.

II. Institutionalise monitoring and evaluation

Continuous monitoring of programme implementation allows for progress assessment against objectives and identification of procedural impediments. As exemplified by the VGF and the GR, programme evaluations are tellingly absent in most SSNPs. Assessing programme impact with regard to increasing food security, income and asset generation, in addition to judging the quality of targeting and resource leakage, is crucial in deciding whether to expand or downsize a programme. The government often lacks evaluative capacity in the relevant ministries to implement such measures, but institutionalising these processes is essential, as is the importance of contracting out independent external agencies to carry out randomised evaluations.

III. Improve inter-ministerial coordination

The government should develop a national policy on the SSNPs that facilitates inter-ministerial and inter-departmental coordination in the delivery of the programmes, minimise overlaps between programmes and standardise targeting criteria for programmes that are similar. Re-evaluation of existing food policy with a focus on implementation is also necessary. Forums or platforms of exchange between ministries on policy developments, administration and weaknesses in programme delivery should be explored in order to better inform operational performance.

IV. Strengthen local government

Local political actors greatly influence the delivery and efficiency of the VGD, among other SSNPs. However,

this does not rule out the importance of creating independent, self-governed and functional local government structures. Donors and foreign implementing partners may have occupied too large a role in designing and implementing food programmes over the years, compromising local ownership of, and responsibility for, food security. Decentralisation and capacity building of local government is crucial to facilitate accountable programme implementation.

Overall, an examination of the food availability and access scenario shows that while the government is willing to ensure food security, it is not deeply committed to implementing the steps required to reach this goal. Though commitments regarding land distribution and tenancy contracts are present, their implementation in practice is absent. Many government institutions either lack the capacity to carry out implementation and monitoring processes, or are subject to corruption and rent-seeking behaviour. This is true also in the case of key agricultural inputs such as fertilisers and seeds as well as in the procurement drive. These factors impede high yielding food production and may explain why the country is yet to achieve food self-sufficiency.

On the other hand, reforms in the PFDS have been far reaching and the government has shown willingness to scrap programmes that were riddled with corruption and leakage. Targeted interventions were prioritised but the goal to reach the ultra poor has not been achieved. However, it must be kept in mind that these were donor-driven reforms. In order to really ensure food security for all, the government should increase capacity in the relevant ministries and institutionalise these reforms to create ownership. This must be reflected with true political will to avoid politicisation of food policies and programmes, so that the deserving reap the benefits.

Digital Bangladesh: The Beginning of Citizen-Centric e-Government?

In its election manifesto, the incumbent Awami League government declared a desire “to make Bangladesh digital [by] 2021” (Awami League Election Manifesto 2008). This unprecedented political initiative provides an opportunity to use Information Communications and Technology (ICT) tools to further develop and strengthen poverty reduction and improve citizen’s quality of life. The Digital Bangladesh (DB) vision is being developed by the United Nation Development Programme (UNDP) funded Access to Information (A2I) Programme and is based in the Prime Minister’s Office (PMO). It envisions utilising ICT tools to increase socio-economic development by the year 2021 and consists of four pillars: (1) developing human resources for the 21st century; (2) connecting citizens in ways that are most meaningful; (3) taking services to citizen’s doorsteps and (4) making the private sector and market more productive and competitive through the use of ICTs (Access to Information Programme 2009). The two key pillars of the DB vision— ‘connecting citizens’ and ‘facilitating pro-poor services at the citizens’ doorstep’— if successfully implemented will exemplify innovative and pluralist service delivery models that cater to the poor.

Given that the primary goal of governance is to improve citizen wellbeing, quality of life and ease of access to government services, this chapter focuses on the two citizen centric pillars of the DB vision and asks how and what is required to achieve these goals by using technological innovation to enhance service delivery. This chapter is based on a review of the existing literature, extensive interviews with experts and key informants and site visit to two Union Information Service Centres (UISC) which are providing connectivity to citizens in Tangail and Sirajganj. However, many other important ICT initiatives that are occurring within and beyond the DB agenda such as the Support to the ICT Task Force (SICT) under the Planning Division are outside the purview of this chapter due to space constraints.

The following section sets the context for the chapter by examining the current status of ICT in Bangladesh, finding that overall ICT development is very poor and that many improvements will have to be made if ICT service delivery is to become a reality. The chapter then describes the Digital Bangladesh vision and places it within the greater, long-term Access to Information (A2I) project undertaken in Bangladesh. In an attempt to provide definitional and conceptual clarity, the following theoretical section compares the Digital Bangladesh

concepts with core definitions of electronic-government, which is commonly called 'e-government'. The analysis suggests that while the DB agenda is similar to traditional conceptions of e-government, it also contains additional elements specific to increasing service delivery in Bangladeshi context. Following this is an in-depth review of the current ICT legal and regulatory framework and an analysis of whether it can adequately support DB's ambitious plan of connecting citizens and delivering services to the citizen's doorsteps. As it stands, the current legislation is not sufficient to support the service delivery models that are planned under the DB agenda. In order to create an enabling environment, there is not only need for change in legislation and regulation, but also for reform within the institutional structures that oversee the legislation's formulation and implementation. A review of the flagship initiative of the DB agenda, the Union Information and Service Centres (UISC) follows. While these centres aim to bring information to the people by connecting citizens and providing services, initial observations from site visits indicate that they are not sufficiently accessible to the poor and measures such as community awareness and participatory approaches are required to improve this service delivery model. The analysis provides both long and short-term suggestions to enhance their access and impact. The chapter closes with recommendations that prioritise institutional, regulatory and process reform, as well as the depoliticisation of the ICT from development agenda and continuation of consistent efforts to address the digital divide that prevents poorer citizens from accessing services. There need to take incremental, but sustained steps if Digital Bangladesh's citizen-centric mandate is to be a reality.

1 The context of ICT in Bangladesh

Bangladesh has not kept up with ICT development worldwide, even compared to other nations in a similar economic position, and the overall ICT infrastructure is poor. As it exists, the current state of ICT is woefully inadequate to support DB goals.

Computer adoption and internet usage is low, with comparatively high hardware and access costs that make it unfeasible for the majority of the population to utilise ICT. As of 2007-8, the proportion of internet users was only 0.35 and the proportion of households with computers was only 1.9. (UN-ITU 2008; 2007) Both poor telecommunications infrastructure and extremely poor landline teledensity of 1.028 million, i.e. less than 1 per cent, also make internet access difficult (Bangladesh Telecommunication Regulatory Commission [BTRC] 2010). **Box 1** summarises the state of ICT in Bangladesh. The quality of internet speed is unsatisfactory, with individual bandwidth varying from a

Box 1: ICT statistics for Bangladesh¹

- **Proportion of households with computer:** 1.9 (2007).
- **Proportion of households with internet access:** 1.3 (2007)
- **Fixed-line telephones per 100 inhabitants:** 0.84 (2008)
- **Mobile phone subscribers per 100 inhabitants:** 27.9 (2008)
- **Internet users per 100 inhabitants:** 0.35 (2008)
- **Domain names registered under .bd:** 5,987 (December 2007)
- **Broadband subscribers per 100 inhabitants:** 0.03 (2008)
- **Internet domestic bandwidth :** No data available

¹ "The access indicators are presented as the proportion of households with [equipment, Internet access]. Indicator values are calculated by dividing the number of in-scope households with [equipment, Internet access] by the total number of in-scope households." (UN-ITU 2007; 2008)

Sources: UN-ITU 2008; 2007

very slow 128 Kbps to high speeds of 8 Mbps (Hoque 2005). Although the Bangladesh Telecommunications Company Limited (BTCL) decreased internet charges by 20 to 40 per cent in February 2008 and charges for monthly office use decreased to about USD 10 from USD 14.3, access rates are still high compared to that of neighbouring countries. For example the rate in Bangladesh is ten times higher than that in India (Raihan 2009).

Public sector ICT infrastructure and usage is quite meagre, with inadequate hardware resources (Taifur 2006) and a lack of information technology expertise in most government offices. Many of the existing Personal Computers (PCs) are outdated and insufficient — for every 100 employees there are 30 computers at the ministry level and 8 computers at the division level. On an average at the ministry and division level, only 48 per cent of PCs are connected to the internet (Taifur 2006).

In comparison, the mobile telephone sector has grown rapidly. Deregulation and the introduction of competition policy account for the phenomenal sectoral growth. Despite analysts predicting mobile teledensity at a low 10 per cent by 2010 (Raihan 2007), the real figure had crossed 22 per cent by 2007 (BTRC 2008). As of June 2010, all the mobile service providers had 59.98 million subscribers combined, which is approximately 36 per cent of the population (BTRC 2010; 'Free complaints irk telcos', *The Daily Star*, August 11, 2010). Mobile coverage stood at over 85 per cent in 2008. Growth and competition among mobile telecom operators have led to a reduction in call rates, with Bangladesh offering the lowest mobile phone call rates in South Asia (Samarajiva and Zainudeen 2008; quoted in Raihan 2009). Some operators offer calls for only USD 0.4 per minute, the floor rate fixed by the regulator (Raihan 2009).

Despite impressive strides in mobile telephony, Bangladesh's overall ICT status is weak *vis-à-vis* other nations. The World Economic Forum (WEF)-INSEAD prepared 'Global Information Technology Report (GITR) 2009-2010' reviewed Bangladesh's placement on 3 key ICT indicators: (1) environment (infrastructure, market and political), (2) readiness and (3) usage. These indicators gauge preparedness to leverage ICT advances for increased competitiveness and development in general and in comparison to other nations. GITR 2009-2010 reports that Bangladesh ranks 118 out of 133 countries. Other than Nepal, all other South Asian countries ranked higher. India ranks at 43, highlighting its leadership in ICT compared to its neighbours (see **Box 2**). Bangladesh falls among the bottom five in terms of investment in human resources, citizens and business usage, while in some of the other indicators it ranks among the bottom twenty (e.g. political and regulatory environment, government readiness and government usage of ICT). The country's overall low ranking highlights the urgent need for improvements in areas such as (i) improving the regulatory framework, (ii) developing human resource capacity, (iii) providing greater access and increasing usage of ICT by citizens and (iv) investing in ICT infrastructure.

The lack of ICT infrastructure, low level of ICT preparedness, penetration and usage mean that the DB agenda in regards to citizen connectivity and service delivery is an ambitious one. In order to create the possibility of achieving these goals, the government has to address problems highlighted below.

Box 2: Bangladesh's ICT status

Overall, Bangladesh ranks 118 among 133 countries but fares worse than most of its South Asian counterparts in the ICT sector.

Criteria	Bangladesh	India	Sri Lanka	Pakistan	Nepal
Overall rank	118	43	72	87	124

Infrastructure: India, Sri Lanka and Pakistan rank higher than Bangladesh. Bangladesh's low ranking on infrastructure is due to factors such as low level of secured internet servers, lack of widespread and consistent electricity supply and low internet bandwidth. Bangladesh is ranked as one of the lowest in the world (130) in human resource capacity, i.e. in terms of investment by companies in staff training and employee development.

Market and political environment: Bangladesh is at its weakest in terms of lack of venture capital availability to fund innovative but risky projects. There is also a heavy burden of government regulation and starting a business can be a lengthy process.

Criteria	Bangladesh	India	Sri Lanka	Pakistan	Nepal
Environment	122	53	84	98	123
ICT infrastructure	128	83	89	115	130
Market	94	35	60	68	108
Political and regulatory	123	46	90	97	115

Readiness: The country is unprepared in terms of education, staff training, research and investment and infrastructure. India ranks highest at 22, followed by Sri Lanka at 44 and Pakistan at 59.

Criteria	Bangladesh	India	Sri Lanka	Pakistan	Nepal
Readiness	100	22	44	59	107
Individual	61	7	47	39	55
Government	117	35	36	90	123
Business	127	23	77	70	122

Usage: Individual usage takes stock of ICT penetration and diffusion at the individual level, whereas business and government usage assesses ICT penetration in business and government respectively. Bangladesh fares worst in South Asia at usage by all the different stakeholders, highlighting this is the area that requires significant government focus. It ranks 130th (out of 133) in the presence of ICT tools in government agencies, showing extremely poor penetration and diffusion of ICT in government agencies. India ranks highest at 64, followed by Sri Lanka at 82 and Pakistan at 93.

Criteria	Bangladesh	India	Sri Lanka	Pakistan	Nepal
Usage	126	64	82	94	129
Citizens	127	109	101	102	125
Business	126	26	61	80	121
Government	115	48	59	91	124

Source: WEF–INSEAD GITR 2009-2010

2 What is Digital Bangladesh?

'Digital Bangladesh' (DB) has become a catchphrase these days, one that is synonymous with the incumbent government. Despite the extensive use of the term by the government, media and in common parlance, what it means in practice remains unclear to many Bangladeshis. This section begins with a discussion of the concept of DB as articulated in government documents and then makes an attempt to align the DB agenda with accepted core concepts of e-government.

2.1 The concept

During the 2008 elections, the Awami League election manifesto 'Vision 2021 Bangladesh: A New Horizon' introduced the concept of 'Digital Bangladesh'. It was to be an integral component of its vision for 2021, which sees Bangladesh as "a middle income country where poverty will be drastically reduced; [and] where our citizens will be able to meet every basic need" (Awami League Election Manifesto 2008). The DB concept was also reiterated in the government's updated manifesto (July 2009), which briefly outlined that it will entail a digitised government, ICT-enabled services, nationwide internet connectivity, a high-tech park for businesses and ICT-trained human resources.

When the incumbent government came to power in early 2009, the task of preparing the implementation strategy for DB was given to the Access to Information Programme (A2I), a United Nations Development Programme (UNDP) funded project that provides technical assistance to the e-government cell in the Prime Minister's Office (PMO). However, over a year after the introduction of the concept, a strategy document is still absent. The only official conceptualisation of DB is within a draft concept note, which stresses that it is not a technology-focused vision, but that it aims to leverage ICT for economic and social development of the country.

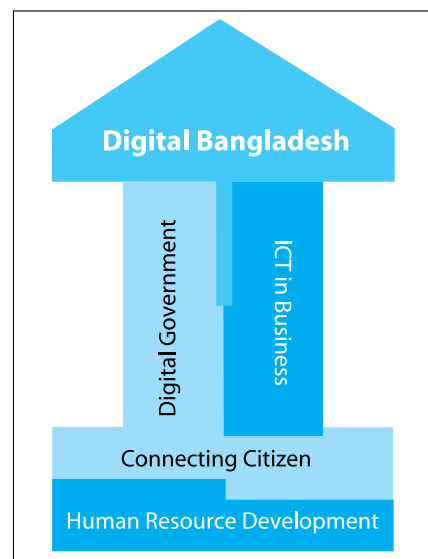
Thus, the basic premise is that DB agenda exists not as an end in itself but as a means to fulfil the larger goal of development. The note adds: "the all-encompassing nature of the vision demands a fundamental shift of mindset" and "not only thinking anew but new ways of thinking" (Access to Information Programme 2009, p.6).

The DB agenda is composed of four pillars (see **Figure 1**) that outline key areas in which ICT can be utilised immediately. These are:

1. Human Resource Development aims to "make the best use of new technologies to build world class skills in all areas of study especially mathematics, science and English" (A2I Programme 2009, p.6).

2. Connecting Citizens focuses on reducing the digital divide by strengthening ICT awareness and capacity of communities, ensuring innovative channels for citizens and providing local language and locally relevant digital content. This pillar also focuses on establishing two-way channels to promote participation of grassroots in policy discourse.

Figure 1: Digital Bangladesh



Source: Access to Information (A2I) Programme 2009

3. Digital Government for pro-poor services aims to provide citizens with efficient and effective access to services at their doorstep. The first subcomponent of the pillar is e-services, which intend to ensure services 'anytime,' 'anywhere' and to 'anyone' at an affordable price. The concept of 'pro-poor', i.e. affordable services is joined to the idea of 'services at the doorstep', i.e. easily accessible to the whole population. Developing strategies that would aim to achieve the two simultaneously may not be simple, as pro-poor strategies require participatory and targeted approaches. The second subcomponent under this is e-administration, involving strengthening the planning, implementation and monitoring process of the government including field administration through the use of decision support systems. These systems would entail the easy sharing of data and information across various agencies of the government across ministry and geographic boundaries.

4. Private Sector (ICT in business) deals with three broad issues namely access to market, business productivity, and developing the ICT industry for local and export markets.

In addition to the four pillars, the DB agenda also includes five other 'enablers' that will mainstream DB into the national development agenda: (1) providing an appropriate institutional framework, (2) ensuring an adequate policy and legal framework, (3) developing infrastructure for banking and financial transactions, (4) providing appropriate delivery channels for taking services to citizen's doorsteps and (5) identifying modalities where the private and public sector can work together to enrich government services. The DB agenda correctly focuses on areas in dire need of immediate attention, as highlighted in the section above on the ICT sector in Bangladesh. It is a long term-vision which views ICT as an enabler for socio-economic and human development by 2021. The next section examines how DB fits in with conventional definitions of 'e-government'. The chapter argues that while DB agenda is aligned with traditional e-government definitions, to achieve its vision DB will need to emphasise changing current government culture, not just digitising processes.

2.2 'Digital Bangladesh' and 'e-government'

I. What is e-government?

'E-government' is more than the presence of a government website on the internet (Backus 2001). The concept of e-government is the use of ICT tools in a government's daily operations. Two perspectives are common when discussing the concept. A transactional view of e-government is the 'interface' between government and citizens, and how that is affected by the use of ICT tools (Silcock 2001 and West 2005, quoted. in Mayer-Schönberger and Lazer 2007, p.2), and the online delivery of public services (Mayer-Schönberger and Lazer 2007). In a broader view of e-government, the focus shifts from the interface between government and citizens to reforming public administration. Over the years, a number of definitions have conceptualised e-government.

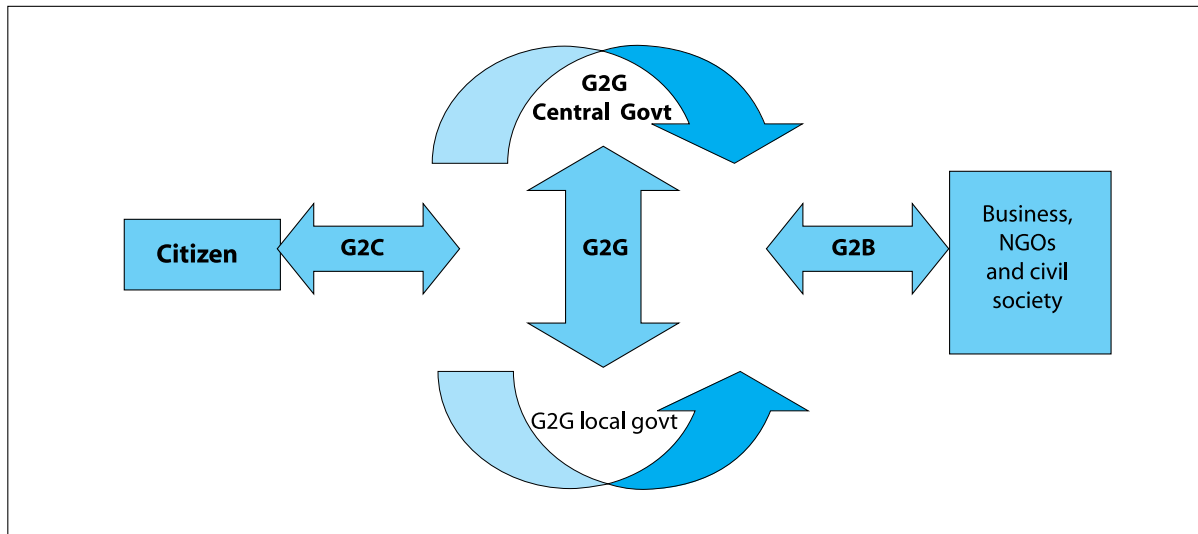
The World Bank's E-government Handbook (2002, p.1) defines e-government as:

" ... The use of information and communications technologies (ICT) to transform government by making it more accessible, effective and accountable. E-government includes: providing greater access to government information; promoting civic engagement by enabling the public to interact with government officials; making government more accountable by making its operations more transparent and thus reducing the opportunities for corruption; and providing development opportunities, especially benefiting rural and traditionally underserved communities."

The United Nations (UN) Public Sector Report’s (2003, p.3) definition emphasises that “a government that applies ICT to transform its internal and external relationships”. It notes that the utilisation of ICT increases government obligations to ‘remain useful, legitimate, transparent and accountable” and its use is justified if it provides people with enhanced public administration and service provision capacity (UN 2003, p.3). Both the above definitions focus on ways of bettering governance operations to increase development outcomes through “using information technology to improve the delivery of government services to citizens, businesses and other government agencies” (Palvia and Sharma n.d., p.2). Given the development objectives of DB, the working definition of e-government used in this chapter is the one above from the World Bank as it emphasises the core principles of good governance.

Within e-government definitions however there is a distinction between the transformational objectives for internal government operations and the objectives for external services. The external objective at the front end of e-government is to meet public needs and expectations by simplifying their interaction with various online services. These include Government-to-Citizens (G2C) and Government-to-Business (G2B) services (Backus 2001). The internal objectives at the back end of e-government are to facilitate a speedy, transparent, accountable process to perform government activities (Backus 2001). These include Government-to-Government (G2G) solutions.¹ **Figure 2** below illustrates the interactions between the external and internal main groups within e-government:

Figure 2: Interactions between main groups in e-government



Source: Backus 2001

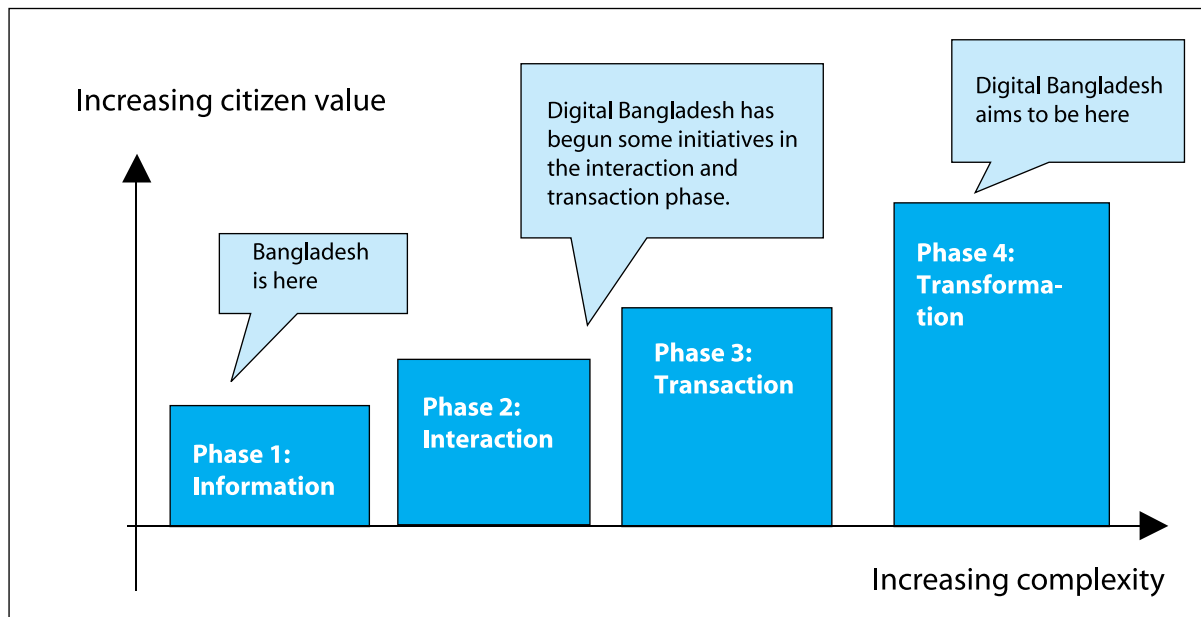
1 “Front-end and back-end are terms used to characterise programme interfaces and services. A “front-end” application is when users interact directly. A “back-end” application serves indirectly in support of the front-end services, usually by being closer to the required resource or having the capability to communicate with the required resource”. (<http://searchdatacenter.techtarget.com> 2010)

Gartner (quoted in Backus 2001, p.4) formulated a four-phase e-government model that describes how e-governments mature in different phases and what that entails. In the first phase of **information**, e-government means being present on the web and providing the external public with relevant information. Internally, the government can also disseminate information using an intranet. In the second phase, **interaction** between the government and the public is enhanced using various applications. People can ask questions via e-mail, use search engines for information and download forms and documents. These applications reduce the time taken for citizens to interact with the government. Internal government organisations also use local area networks, intranet, and e-mail to communicate. In phase three, the **transaction** phase, complete transactions can be done online. Internally, the government processes also will have to be redesigned to provide good service. In the fourth **transformation** phase, all information systems are integrated and the public can get G2C and G2B services at one virtual counter. The goals of DB and their link to the different phases of e-government development are discussed below.

II. The link between Digital Bangladesh and e-government

Given the rapidly evolving nature of e-government in Bangladesh, this chapter utilises a flexible framework to capture key issues. Using Gartner's (quoted in Backus 2001, p.5) four phase e-government maturity model to assess DB's objectives, it emerges that in order to 'connect citizens' and bring 'services to the citizen's doorsteps' would require the government to be in the interaction and transformation stage of e-government rather than the information stage that it has just entered (see **Figure 3**). These goals are also reflected in the activities being implemented through the Access to Information Programme discussed later in the chapter particularly through the establishment of the online or mobile short message service (SMS) based bill payments and a case appeal tracking system.

Figure 3: E-governance maturity model



Source: Adapted from Backus 2001

Table 1 further places the DB agenda in the context of e-government maturity by comparing e-government solutions present in the different stages of e-government maturity model (Gartner quoted in Backus 2001) with the ones that the DB plans to undertake. It illustrates that Bangladesh is in the information stage of maturity, and that DB has begun initiatives in the G2C and G2B sector that may allow Bangladesh to enter the interaction and transaction phase. However, without any G2G back end initiatives in either the interaction or transaction phase, Bangladesh's entry into the two phases will be limited.

Table 1: E-Government maturity and Digital Bangladesh

Objectives	E-government solutions	Digital Bangladesh
Phase 1: Information		
G2C: Government to citizens	Local/departmental/ national information, mission statements and organisational structure, addresses, opening hours, employees, telephone numbers, laws, rules and regulations, petitions, government glossary news.	Ministry websites exist with postal addresses, telephone numbers, some laws and regulations.
G2B: Government to business	Business information addresses, opening hours, employees, telephone numbers, laws, rules and regulations.	Already exists in Bangladesh.
G2G: Government to government	Knowledge base (static intranet), knowledge management (Local Area Network [LAN]).	Many government offices already have their own knowledge bases. The planning division under the Science, Information and Communications Technology (SICT) Programme took steps to set up interconnectivity among key government agencies.
Phase 2: Interaction		
G2C: Government to citizen	Downloading forms from websites, submitting forms, online help with filling in forms (permits, birth/death certificates), intake processes for permits etc., e-mail, newsletters, discussion groups (e-democracy), polls and questionnaires personalised web pages notification.	The pillar on citizen services focuses on this. A government website already exists where one can download official forms. However, polls, questionnaires and discussion groups are not included and not noted specifically in the agenda.
G2B: Government to business	Downloading forms from websites, submitting forms, online help with filling in forms (permits), intake processes for permits etc., e-mail notification.	The ICT in business pillar focuses on this. The Board of Investment (BOI) has started an e-registry in order to provide easy, one-stop access to information about laws, rules and regulations regarding governing business activities in Bangladesh. Information concerning the most basic business licences and other formalities are also available.

Objectives	E-government solutions	Digital Bangladesh
G2G: Government to government	E-mail, interactive knowledge databases, complaint handling tools.	Some government agencies have e-mail but not interactive knowledge bases. DB does not mention enhancing government e-mail, interactive knowledge databases and complaint handling tools as a specific aim. However, the second subcomponent under the pillar on citizens' services mentions that systems will share data and information across various agencies. Efforts to begin this have not started yet.
Phase 3: Transaction		
G2C: Government to citizens	Licence applications/renewals, renewing car tags, vehicle registration, personal accounts (mytax, myfines, mylicenses etc.), payment of (property) taxes, payment of tickets and fines, paying utility bills, registering and voting online.	DB wants to accomplish this through two pillars: connecting citizens and providing services at citizens' doorsteps. Payment of bills online and via SMS is already operational.
G2B: Government to business	Licence applications and renewals via website, payment of taxes, procurement.	BOI website enables the tracking of service requests online and will soon allow businesses to register online.
G2G: Government to government	Inter-governmental transactions.	DB does not mention this at all.
Phase 4: Transformation		
G2C: Government to citizens	Personalised website with integrated personal account for all services.	DB wants to accomplish this through two pillars: connecting citizens and providing services at citizen's doorsteps, however it is not available yet.
G2B: Government to business	Personalised website with integrated business account for all services.	DB aims to accomplish this in the future.
G2G: Government to government	Database integration.	DB does not mention this as an objective.

Source: Adapted from Backus 2001

There are 53 'quick win' citizen services under the two pillars of connecting citizens and bringing services to the citizens' doorsteps that are being supported by the Access to Information Project (see **Annex 3** for the complete list). The idea of the 'quick-win' projects is to highlight the impact of the service delivery mechanism to the citizens and allow the government the necessary time before they are implemented nationwide (Access to Information Programme 2010a). The presence of the quick wins and an analysis of them strongly suggest that the DB strategy is limited in its objectives and will only achieve the transaction phase of e-government:

Citizen services: 20 projects focus on citizen services and they include initiatives as diverse as the provision

of mobile phone access to all government doctors at the *upazila* level to the establishment of Community Information Centres that provide livelihood information on different sectors.

GOB automation: Fifteen projects aim to develop databases/automate different government programmes and this ranges from developing simple databases to monitoring and tracking aid and resource allocation, to computerisation of land management systems to provide land records services to citizens.

Websites: Ten quick wins include the development of websites and these usually relate to the development of basic websites.

Other: Three are in the other category and this includes content development to the development of the Bangladesh television channel.

Unclear: It was unclear for five projects what those wanted to accomplish based on information provided in the A2I website.

While many of the 53 initiatives will bring benefits to citizens in terms of providing information and specific services such as bill payment, 30 of the initiatives will most likely not add any significant changes or improvements to the existing system and only about 24 (of these 13 will be in citizen services, six in database development) may bring about some improvements to government infrastructure and systems. None of the initiatives will bring about the major changes to processes and procedures in the long term that are required to transform the government to e-government (see the list of quick wins in **Annex 3**). Moreover, there are no plans in place to ensure funding and maintenance that would enable these activities to continue beyond the project period, or beyond the political sponsorship of the current government. **Box 3** reveals the short sightedness of the DB plan and its inherent inability to sustain itself over time.

While DB is aligned with more conventional e-government definitions, the concept and activities under it appear to be short-term goals. In order to meet the long-term citizen-centric mandate that will encompass all the pillars, strong foundations are required in the following areas: an appropriate institutional framework, an adequate policy and legal environment, developing the financial infrastructure required to sustain

Box 3: Will the quick wins be short lived?

The A2I programme website highlights the creation of the 64 district web portals and internet connectivity between the Cabinet Division and offices of Deputy Commissioners as a success story. These are part of the A2I supported quick win initiatives. The programme provided technical assistance and hardware to the Deputy Commissioner and *upazila nirbahi* offices and facilitated their connectivity to the central government. At first glance, this looks like the first step to digitising Bangladesh's field administration. However, unless the hardware and websites belonging to the district level administration are included in the departmental Table of Organogram and Equipment (TO&E), there will not be any budgetary allocation made for their running and maintenance.

Discussions with the related government officers in the Cabinet Division found that while implementing this initiative no plan was made to include the new assets in the TO&E. Additionally, given the scarcity of technical knowledge within civil administration, how the web portals were to be run and regularly updated had not been addressed. Soon after the web portals were set up for district administration level several of them were hacked. The problem of maintenance, both in terms of budgetary provision and technical expertise suggest that these quick wins will not be sustainable over the long term, nor meaningfully transform government.

e-government initiatives and the creation of adequate delivery channels for e-government services. Most importantly, Bangladesh must change government organisational culture and processes in order to enable DB goals to be established and e-government to develop through its different stages of maturity.

3 The ICT Institutional and Regulatory Framework – The need for an enabling environment

Bangladesh has a relatively young ICT sector and an evolving regulatory framework with a few laws and policies regulating the ICT sector, while multiple institutions implement these laws. This section reviews key legislation including the ICT Policy 2009, ICT Act 2009, Telecommunications Act 2001, the Broadband Policy 2009, and the Right to Information Act 2009. A review of the policies, the existing literature and in-depth discussions with experts reveal that due to legal and institutional weaknesses, existing government policies in their present form are likely to have little impact in improving service delivery as envisioned by the DB agenda. While present policies contain action points geared to enhancing access to services, the overall policy agenda is too broad and there is insufficient prioritisation on where to focus both budget and implementation. This is in keeping with the evaluation of Bangladesh's lack of infrastructure, enabling environment and preparedness for ICT utilisation in the section on ICT context.

3.1 Overview of ICT laws

I. The National ICT Policy

Bangladesh introduced its first ICT Policy in 2002. The policy had the ambitious vision of delivering services to citizens (ICT Policy 2002, Paragraph 3.6.1), stating that the "Government shall implement ICT systems to provide nationwide coverage and access by any citizen to the government databases and administrative systems which can be used to extend public services to the remotest corner" (Paragraph 3.6.2). Due to weak implementation capacity, this policy was never fully realised. However, it led to the creation of an ICT Cell in each ministry (National ICT Policy 2008, proposed). The ICT Focal Point in each ministry cell is responsible for implementing specific action items in the ICT Policy and coordinating all ICT related activities.

While the government first passed the Information and Communication Technology (ICT) Act in 2006, it was not based on or had any connection to the ICT Policy of 2002. Major portions of the new Act were based on the United Nations Commission on International Trade Law (UNCITRAL), the Singapore Electronic Transactions Act and the Indian Information Technology Act 2000 and contained provisions to facilitate electronic communications and allow electronic filing of documents (UNESCAP n.d.). However, the rules and regulations to implement the Act were never formulated and thus the Act was not implemented.

Post election, the incumbent government revived the ICT policy and legal framework to enable their DB vision. The government approved the new ICT Policy in 2009. The e-government agenda, while not specifically mentioned in the policy, is embedded in the vision of using ICT tools to bring about a "transparent, responsive, and accountable government" (ICT Policy 2009, p. 3, para. C). **Table 2** below outlines the ICT regulations, legislation and implementation initiatives undertaken since 2001. It shows a raft of ICT related plans on the table awaiting implementation.

Table 2: Overview and status of ICT policies

Policy	Responsible agency	Implementation status
2001 <ul style="list-style-type: none"> • Telecommunications Act 	Ministry of Post and Telecommunications and Bangladesh Telecommunications Regulatory Commission (BTRC)	Approved and resulted in liberalisation of the telecom sector
2002 <ul style="list-style-type: none"> • ICT Policy 	Ministry of Science and Information and Communications Technology and Bangladesh Computer Council (BCC)	Not implemented
2006 <ul style="list-style-type: none"> • ICT Act 		Not implemented
2009 <ul style="list-style-type: none"> • ICT Policy • Broadband Policy • ICT Act 	Ministry of Science and Information and Communications Technology, BCC, Ministry of Post and Telecommunications, BTRC and other ministries	Recently approved and implementation has just begun
2010 <ul style="list-style-type: none"> • Digital Bangladesh Strategy • Framework on e-government interoperability • Amended Telecommunications Act • International Long Distance Telecommunications Services (ILDTS) Policy 	Prime Minister's Office (PMO), Ministry of Post and Telecommunications, Ministry of Science, Information & Communication Technology (MoSICT) and other ministries	Under preparation

The 'current' 2009 policy includes 306 planned action items for all the key sectors which if implemented will lead to an improvement in the provision of service delivery. The draft ICT Policy 2008, which later became ICT Policy 2009 mentions that the 306 action points are incorporated in an effort to build ownership, which the previous policy lacked. The planned implementation and monitoring is to be carried out by the Ministry of Science, Information & Communication Technology (MoSICT) with support from the Bangladesh Computer Council (BCC).

Table 3 highlights the strengths and weaknesses of ICT policy at a glance. Its main shortcomings are that the 306 action points are not prioritised and that it fails to address institutional reforms and changes that are needed, particularly in the administrative rules and procedures, to implement these actions. The policy also does not provide a role for civil society and the private sector to engage in implementation, nor does it allow citizens to file grievances through electronic means which can enhance accountability relationships between the government and citizens.

Table 3: Strength and weaknesses of ICT Policy in Bangladesh

Strengths	Weaknesses
1. Enhances scope of citizen's access to information and services.	1. Lacks ICT mechanisms that will allow citizens to voice grievances to policymakers.
2. Recommends filing of public grievances through electronic means.	2. Lacks attention to the cross-government institutional challenges.
3. Provides institutional buy-in and incentive mechanism to leverage ICT.	3. Insufficient prioritisation of action items.
4. Gives ICT Focal Points budgetary authority.	4. No role for private sector and civil society.
5. Provides for separate allocation in the national budget for implementing action items.	5. Lacks attention to administrative rules and procedures
6. Makes all public tenders online.	6. Needs to include business process engineering
	7. Lacks focus on automation.

Source: ICT Policy 2009

II. The ICT Act 2009

In addition to the ICT Policy 2009, the ICT Act 2009 was also promulgated. This was almost exactly the same as the ICT Act 2006, which was never adopted. The only change was an amendment to Clause 18, which had stipulated that the Controller of Certifying Authority (CCA) should be appointed within 90 days of the promulgation of the (2006) Act. The CCA is the issuing authority of licences to entities that authenticate electronic signature. Since the ICT Act 2006 was never adopted, the clause expired and an amendment to the clause became necessary to establish the CCA. This is a necessary step for citizens to conduct online transactions in a secure manner and its lack of institutionalisation has hindered e-commerce in Bangladesh. Key staff at the BCC said that following the adoption of the 2009 Act, the Executive Director of the BCC has already been appointed as the controller. The draft rules for the operation of the CCA have been prepared and the BCC is taking steps to establish the office of the CCA.

The ICT Act 2009 (amended 2006 Act) contains provisions (articles 5-12 and 16-17) that provide legal recognition to electronic records and digital signatures. It also contains provisions for e-communication that includes clauses on attribution, acknowledgement and dispatch of electronic records (articles 13-15). The ICT Act 2009 also has provisions (articles 54-84) that define the different types of crimes and stipulated timelines in prison for violation of e-security and privacy and damage to information systems and networks.

However, a weak point of the Act (Article 11) is that it has not been made mandatory for the government and its agencies to accept, or prepare, electronic records or deeds. This may create problems for institutions, particularly the financial institutions intending to deal in electronic deeds (Saber, Srivastava & Hossain 2006). In addition, the data privacy and security provisions are not sufficient and the Act does not link the provisions in the Act to any necessary reforms or business process re-engineering that may be necessary to implement the Act. **Table 4** below briefly summarises the strengths and weaknesses of the ICT Act 2009.

Table 4: Strength and weaknesses of ICT Act, 2009

Strengths	Weaknesses
1. Provides legal recognition to electronic records and signatures. 2. Contains provisions that define and stipulate timelines in prison for cyber crimes.	1. Needs to strengthen data privacy and security provisions. 2. Failure to implement the Copyright Act 2000. 3. Does not mention necessary changes in administrative rules and regulations. 4. Needs to make it mandatory for government agencies to accept electronic deeds.

Source: ICT Act 2009

III. Other ICT related legislation

As outlined in **Table 3**, there are a host of other legislative tools that seek to regulate the technology sector in Bangladesh. However, these are not coordinated and often overlap in their areas of concern, while most have large gaps in implementation. The Telecommunications and Telegraph Act 2001 was promulgated following the liberalisation of the telecommunications sector from domination by the government owned Bangladesh Telegraph and Telephone Board (BTTB) to a dynamic industry with many private telecom players. The liberalisation of the telecom industry has been seen as a huge success in Bangladesh's technology arena. The government created the Bangladesh Telecommunications and Regulatory Commission (BTRC) under the Act to oversee regulatory activities in the sector, and compared to other regulatory bodies it has been active in its tasks.

The International Long Distance Telecommunication Services (ILDTS) Policy was drafted in 2007 and the Telecommunications and Telegraph Act 2001 has been amended. Both have been sent to the Parliament for approval. The proposed amendments in the latter will give the Ministry the authority to issue and renew licences, approve services and set telecom operators' tariffs at prices that are consumer friendly. The Act also includes clauses that will bring the hitherto unregulated Voice Over Internet Protocol (VOIP) business under a legal framework. However, experts have raised concerns about the draconian nature of some of the amendments and worry that it may have a negative affect on the sector, rather than provide consumer protection. Many have questioned the Ministry's ability to handle licence issuance, as well as pointed out its lack of expertise on telecom tariff pricing. Some predict that this will delay the approval of tariffs set by telecom companies, resulting in less competition between operators to offer lower tariffs, ultimately depriving the customer of competitive prices. It may also affect the business of new and smaller operators ('Tough law on way for errant telcos', *The Daily Star*, June 13, 2010). The amendments also have controversial provisions that include a fine of up to Tk. 300 crore for breaching the Act and approval for BTRC to impose unilateral changes to clauses in operator licences. Under the proposed bill, the regulator or police can file a case on suspicion, arrest any telecom company official without a warrant and deny operators the right to appeal regulatory decisions ('Tough law on way for errant telcos', *The Daily Star*, June 13, 2010).

The National Broadband Policy was approved in 2009 to facilitate the growth of high-speed internet services at affordable prices across Bangladesh (Taifur 2009). The policy aims to develop network access, encourages content development and use of open source software (Taifur 2009). If properly implemented the Policy will improve internet tariffs and increase access. To protect the ICT sector and the country's software products, the government amended the Copyright Act 2000 in 2005. However, due to lack of law enforcement, software piracy continues to be a problem (Raihan and Habib 2007).

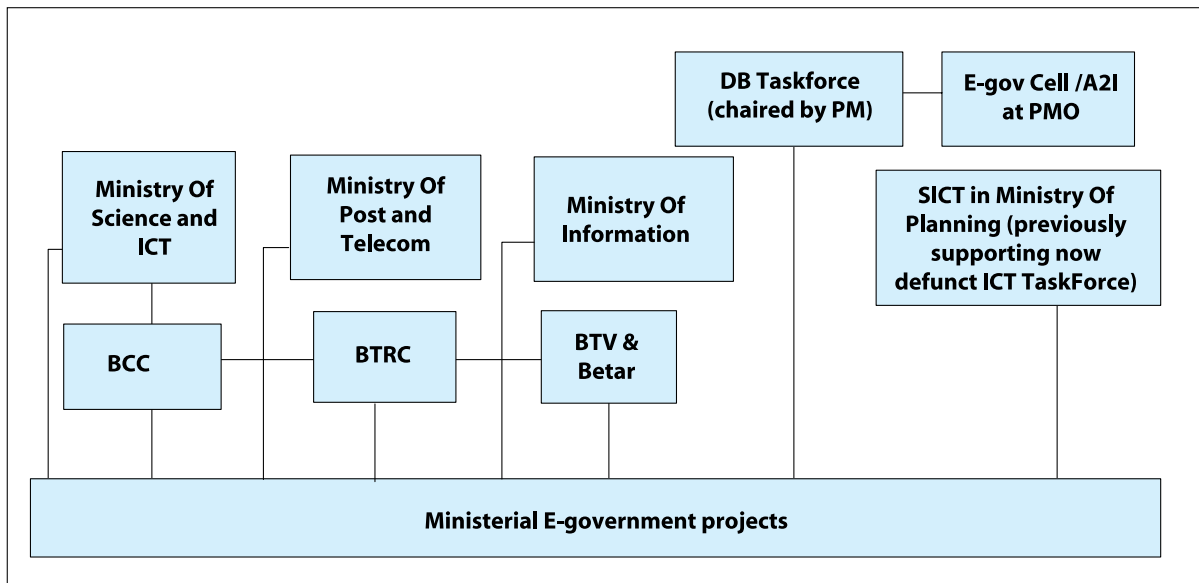
The milestone enactment of the Right to Information (RTI) Act 2009 can be a primary enabler for citizen empowerment through equitable access to information and for improved, transparent and accountable governance on the part of the government. However, the delivery of information to citizens using ICT tools will require a detailed implementation strategy, increasing the capacity of the Information Commission to deal with the devolution of information control, a change in the culture of secrecy that surrounds the government and its bodies, the creation of a RTI-friendly legal environment and the presence of RTI-friendly technology infrastructure (Iftekaruzzman 2009). In addition, citizens will have to be made aware of their right to demand information and be given tools that enable them to utilise this right.

The framework on 'Standards and Interoperability Norms' is currently being prepared to harmonise different benchmarks and procedures so that different government departments can communicate. Its implementation will allow multiple government agencies to provide integrated services under 'one roof'. Alongside this, a DB implementation strategy is being prepared by the UNDP funded Access to Information Programme located in the Prime Minister's Office (PMO). A2I programme officials have noted that this strategy will be integrated into the five-year plan of the current government. The strategy includes ten sectors: (1) Agriculture, (2) Health, (3) Land Administration, (4) Local Government, (5) Social Safety Nets, (6) Disaster Management, Environment and Climate Change, (7) Commerce and Investment, (8) Law Enforcement and Judiciary, (9) Parliament and (10) Civil Service. The draft strategy was available for consultation with the public in mid-2010 (Access to Information Programme 2010b).

3.2 Overview of institutions

There are multiple institutions implementing ICT related policies and legislations in Bangladesh, as delineated in the **Figure 4**. The following analysis examines, in conjunction with interviews with key experts, the role and capacity of each ministry to implement policies and e-government projects. The findings reveal that the institutions responsible for the oversight and nurturing of the ICT sector have limited implementation capacity and unclear, sometimes overlapping mandates that severely weaken sectoral policy execution and programme implementation.

Figure 4: Key government entities involved in the ICT sector in Bangladesh



The Ministry of Science, Information & Communication Technology (MoSICT) formulates ICT policies, helped by technical support from the Bangladesh Computer Council (BCC). The BCC is also responsible for regularly monitoring implementation of ICT policy. However, neither the MoSICT nor the BCC have the capacity to implement and coordinate the different ICT projects existing in different ministries (Raihan and Habib 2007). This is reflected in MoSICT’s inability to coordinate the ICT allocation in Annual Development Programme (ADP) for use by different ministries to develop ICT tools and usage. The allocation for ICT under the ADP in FY2010 is expected to be Tk. 138.58 crore, as opposed to Tk. 126.39 crore in FY2009, signifying the growing emphasis placed on ICT integration by the current government (Centre for Policy Dialogue [CPD] 2009). However, execution of various proposed ICT projects has been slow, with the budget analysis for FY08-09 indicating that the 2007 implementation rate was exceedingly unsatisfactory, ranging from 0.5 to 29.5 per cent completion (CPD 2009). Accordingly, the aforementioned GTR ranks Bangladesh 127 out of 133 nations in the government’s procurement of advanced technological products. While experts agree that far-reaching institutional reform is required to ensure that MoSICT is capable of carrying out ICT development and project execution, government officials and policymakers seem reluctant to engage with this.

The Ministry of Post and Telecommunication (MoPT) is responsible for the development of the telecommunications sector in Bangladesh, while the Bangladesh Telecommunication Regulatory Commission (BTRC) is the licensing authority that regulates telecom service providers. A key issue for MoPT, BTRC and MoSICT is convergence. Convergence means the provision of multiple services with varying content over the nation’s high-speed internet network. The resulting ‘converged’ services within the telecommunications, broadcasting and computing sectors will significantly change the mode of operations and bring into direct contact two markets — telecommunications and media — that have traditionally been regulated very differently (Singh and Raja 2008). As convergence has already begun, the joining of Domestic Data Communication Service Provider (DDCSP) licences with nationwide Internet Service Provider (ISP) licences in 2008 should ameliorate some convergence operational issues. However, the growth, regulation and service provision in the sector will be better served with the integration of the MoPT, MOI, and MoSICT (Raihan and Habib 2007).

The Ministry of Information's (MoI) role is to disseminate information through both electronic media i.e. Bangladesh Television and Bangladesh Betar and print media. The Ministry is also responsible for the implementation of the Right to Information Act 2009, which it has failed to successfully achieve, much to the detriment of national governance outcomes.

Following the formulation of the National ICT Policy in 2002, the government formed 'ICT Task Force' (chaired by the Prime Minister) tasked with mainstreaming ICT throughout the government. It consisted of all the major stakeholders in the ICT sector including key ministries, private sector representatives and members of civil society. A Support to ICT Task Force (SICT) project was formed in the Ministry of Planning in 2003 to identify and implement e-government projects and functionally take over some of MoSICT's responsibilities (Taifur 2006). However, until the end of 2009 the taskforce met only thrice since its establishment (Raihan and Habib 2007). Discussions with experts reveal a general consensus that the SICT failed in the successful mainstreaming of ICT and implementation of e-government projects.

An 'E-government Cell' was established in 2006 under the Prime Minister's Office, tasked with the coordination and monitoring of ICT related activities within government (Taifur 2009). The United Nations Development Programme (UNDP) funded Access to Information Programme (A2I) was responsible for providing technical assistance to the Cell. So far, the A2I Programme has carried out the strategic planning for the DB initiative. As the A2I Programme is donor funded and driven agenda, there is little or no ownership of the initiative within the civil service.

When the Programme ends, the drive to plan and implement the DB agenda's pillars may also run out of both ownership and funding. The project based policy implementation that has characterised the government

Table 5: Role of institutions in the ICT sector

Institutions	Responsibility
GOB Ministries	
Ministry of Science and Information and Communications Technology (MoSICT)	Formulate policies and mainstream ICT in government ministries
Bangladesh Computer Council (BCC)	Support MoSICT and provides training
Ministry of Post and Telecommunications (MoPT)	Formulate policies and develop telecom sector
Bangladesh Telecommunications and Regulatory Commission (BTRC)	Regulate telecom industry
Ministry of Information (MoI)	Disseminate information through print and electronic media
Task Forces	
UNDP funded Access to Information Programme (A2I)/E-government Cell in the Prime Minister's Office (PMO)	Oversee Digital Bangladesh agenda
ICT Task Force renamed as the Digital Bangladesh Task force	Mainstream ICT in government, advise ministries and monitor milestones
Support to ICT Task Force (SICT) in Ministry of Planning (now defunct)	Provide support to Task Force and identify and implement e-governance projects

approach to ICT in Bangladesh is a major issue. Project cycles inevitably end, taking funding, knowledge, ownership and sustainability with them without leaving behind a long-term institutional infrastructure.

As part of the DB initiative, the 'National ICT Task Force' was restructured and renamed the 'Digital Bangladesh Task Force' in early 2010. This is a ministerial level taskforce that is responsible for monitoring milestones in the DB policy and strategy document, and for advising various ministries on challenges to achieving DB milestones. The Prime Minister chairs it and the Secretary of MoSICT is the Member Secretary (Access to Information Programme 2010b).²

Specialised committees and taskforces have also been established, including the 'National Information Management Committee' chaired by the Planning Minister to develop a digital citizen identification platform based on the national identity card system for service delivery. It is also working to ensure technical interoperability across all major government e-service delivery systems. This will allow citizens to identify and authenticate themselves across different government agencies in a legally compliant manner while receiving services (Access to Information Programme 2010b). The 'National ICT in Education Task Force', chaired by the Education Minister, was established to determine how ICT tools can improve educational skills and quality. The 'Domestic Network Coordination Committee' chaired by the Principal Secretary has the mandate to explore options to provide high-speed broadband connectivity to union *parishads* and schools (Access to Information Programme 2010b).

Institutional initiatives under the DB agenda have just begun. In order for them to have an impact, the instituted task forces and committees have to follow their mandates rigorously. Of the key tasks that have been assigned to the 'National Information Management Committee', the establishment of the single ID system to identify citizens during the delivery of services will be the crucial one, as it will enable a unified method of authenticating and coordinating service delivery to citizens. However, the confrontational nature of party politics in Bangladesh puts the continuation of DB initiatives beyond the term of the current government in a tenuous position. The opposition's support and input should be actively sought through their memberships on the DB Task Force, key committees, and consultation meetings in order to depoliticise the agenda. The next section provides some recommendations to improve the institutional and legal framework.

2 Other members of the Task Force are the Finance Minister, Planning Minister, Telecommunications Minister, Commerce Minister, State Minister for the Science, Information and Communication Technology Ministry, the Principal Secretary, the Secretary to the Prime Minister, the Secretary of the Telecommunications Ministry, the Commerce Secretary, the Chairman of the Bangladesh Telecommunications Regulatory Commission (BTRC), the Executive Director of the Bangladesh Computer Council (BCC), a representative of the Computer Science and Engineering Department of the Bangladesh University of Engineering Technology (BUET), a representative of the Computer Science Department of Dhaka University, the President of the Bangladesh Computer Society, the President of the Bangladesh Association for Software and Information Services (BASIS), the President of the Federation of Bangladesh Chamber and Commerce and Industry (FBCCI), the Executive Director of D-Net, Mr. Anir Chowdhury, Adviser to the Prime Minister's Office (PMO) Access to Information Programme (A2I), Dr Munaj Ahmed of BUET, Shameem Ahsan of the Bangladesh Association for Software and Information Services and Dr. Yeasmin Haque, Professor, Department of Computer Science, Shahjalal Science and Technology University.

3.3 Improving the legal and institutional framework

In Bangladesh the use of information technology for improving governance is still in its infancy (WEF–INSEAD GITR 2009-10). This section argues that despite recent efforts, the government’s vision of using ICT to improve citizen’s quality of life by improving service delivery has not been adequately embedded in the regulatory framework. Additionally, the institutional framework is also not strong enough to support the implementation of the DB service delivery vision. The following are some specific recommendations to enhance Bangladesh’s ICT policies and the regulatory framework.

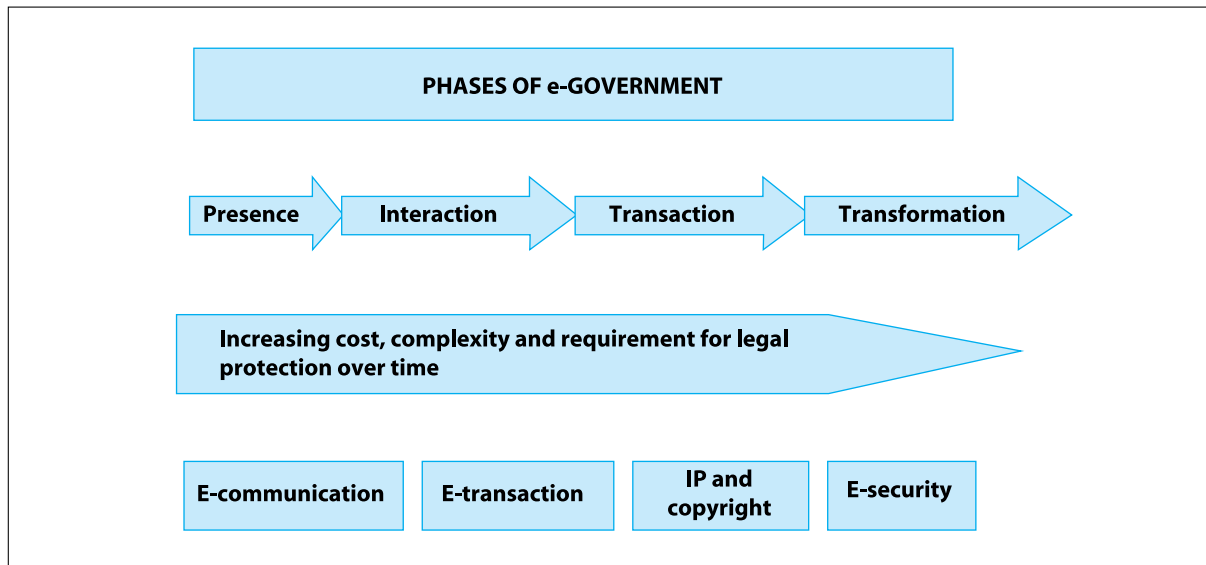
I. Ensure business process re-engineering and adequate ICT infrastructure

Without business process re-engineering and better infrastructure, the delivery of citizen services will not be very effective, with the provision of a few services via mobile SMS or the internet in the guise of ICT service provision. In order for ICT to serve as a change agent in traditional service delivery models (e.g. reduction in costs, improvement in quality, better monitoring of services) the DB strategy and the ICT policies that it is based on should include provisions for business process re-engineering (BPR), allowing automation to make processes faster and more efficient for citizens.³ The ICT policies and strategy do not mention the establishment of adequate ICT infrastructure (e.g. Wide Area Network, central data service, software applications to automate various services). However, this is necessary to allow citizens to conduct transactions using ICT tools and applications.

II. Establish adequate data privacy and security provisions

The focus of ICT policy legislation is either on providing greater access to ICT (e.g. the Broadband and Telecommunications Policy) or on enabling transactions for citizens (ICT Policy and Act). However, the current data privacy, intellectual property rights and security provisions in the law are inadequate to support online transactions. As demonstrated in **Figure 5**, Bangladesh is in the presence stage of e-government. The incorporation of copyright and data privacy laws will allow it to move to the advanced stages.

3 Business process re-engineering (BPR) involves documenting existing procedures and simplifying them into tasks that can be completed in fewer steps. However, for fear of losing discretionary authority and their jobs, civil servants thus often resist this type of change (World Bank 2004), making it a sensitive but important area.

Figure 5: E-government phases and legal protection

Source: Adapted from Saber, Srivastava & Hossain 2006

Thus, in order for citizens to feel secure performing transactions online (as they would need to do for e-services), the ICT Act should include provisions requiring government agencies and/or businesses to implement a comprehensive data privacy and security programme that ensures the confidentiality of sensitive personal information and protects against unauthorised access to it. One of the action items in the ICT Policy 2009 is the review and amendment of the ICT Act. The committee monitoring the Policy should take this opportunity to address data privacy and security issues.

III. Provide a roadmap for ICT Policy implementation

The ICT Policy 2009 has been drafted as a vision statement, without guidelines as to how to achieve the goals within it. Its 306 action points seem disjointed and are bound to experience challenges in its implementation. While there are many action points that focus on increasing access of citizen to government services, the tools that enhance citizen's participation are not included in the policy. It also does not provide monitoring and evaluation plans for these services. In order to achieve its goal of increasing citizen's access to services the government has to make the policy implementable. The proposed strategy document should align itself to the vision and goals of the Policy and include an executable roadmap and guidelines.

IV. Implement the Right to Information Act 2009

The implementation of the Right To Information Act 2009 using ICT will be important in making the government more transparent and accountable to citizens. ICT tools can be used to make RTI a reality by providing the broadest possible distribution of information through e-mail, mobile phone and the internet, and by reducing the time required to access information. A key issue that needs to be addressed by the Act is that of digitisation and archiving. Enabling citizen's access to government records both current and historical would enhance transparency of government access. The government should also review RTI legislation to

avoid duplication of or contradictions with current ICT policies and activities. The implementation of RTI involves the appointment of an 'Officer in Charge' of information in all ministries, who would essentially be doing the same tasks as the E-governance Focal Points that are to be established. These positions involve overlapping functions, and could thus be combined.

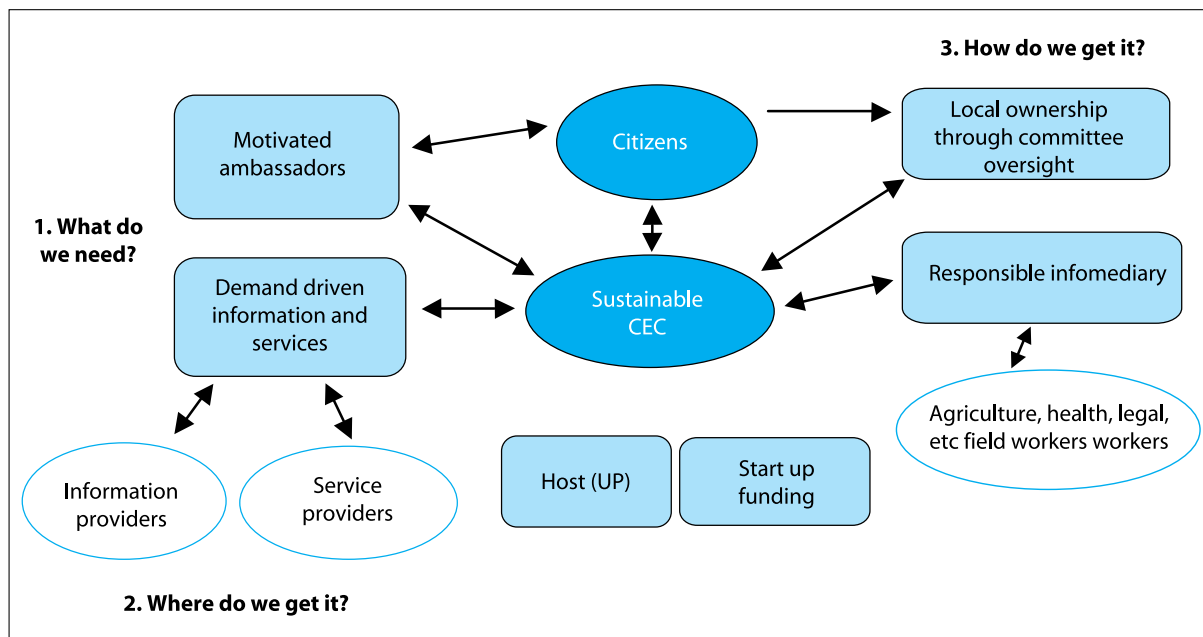
V. Institutional restructuring, reforms and capacity building

DB's attempts to provide services to citizens using ICT tools are being carried out under a weak and fragmented regulatory and institutional framework. Institutional restructuring and capacity building are required to mainstream ICT in the provision of government services to citizens. First, a mechanism within central ministries (e.g. the Ministry of Planning, Ministry of Finance or Cabinet Division) needs to be institutionalised to coordinate ICT projects. This is because MoSICT and the institutions under it do not have the capacity to coordinate service delivery by different ministries across the government. Second, as mentioned previously, the Ministry of Post and Telecommunications (MoPT), Ministry of Information (MoI) and MoSICT should be merged in order to facilitate convergence. The question remains as to whether the citizens will use online, offline, or mobile-based services and content. Strong incentives, such as high content quality, greater access and low costs will encourage citizens to avail these services. There are also concerns that certain disadvantaged groups may find themselves further deprived due to lack of access, awareness and affordability to ICT, thus deepening the digital divide instead of engendering equity. Even if there is widespread access to the internet or increasing mobile teledensity over the next few years, the government must ensure online privacy and high standards of e-security in order to build citizens' confidence in online interactions. The above changes are vital to enabling the provision and utilisation of ICT enabled services.

The following section examines the flagship service of the Access to Information Programme, the Union Information and Service Centre (UISC) to assess how effective the ICT initiative has been to improve rural citizen's access to government services and information.

4 Union Information and Service Centres (UISCs) – connecting citizens and bringing services to citizen's doorsteps?

The main initiative under the Access to Information Programme, the Union Information and Service Centre (UISC) is intended to realise the two citizen centric pillars of the DB agenda – (1) connecting citizens and (2) delivering services to the citizen's doorsteps. As of 2009, a hundred UISCs have been established and there is a strong political impetus to establish a thousand more by the end of 2010 (Khan 2010). If successful, the UISC model will provide ICT access to the majority of Bangladesh's rural citizen. It uses the Public Private Peoples Partnership (PPPP) model, developed from a successful 2007 UNDP initiated pilot programme of 'Community e-Centres (CeC)' in Madhainagor Union *Parishad*, Sirajganj district and the Mushidhat Union *Parishad*, Dinajpur district. **Figure 6** illustrates the access model: interactions take place between the community, the infomediary (the entrepreneur), the union *parishad* and the information providers.

Figure 6: The Community e-Centre (CeC) Model

Source: UNDP 2008

Under the UISC PPPP model, the centres are housed at a publicly accessible location, e.g. a union *parishad* office and are run by a villager or local entrepreneur (Mahmud 2009). Individuals from the community either manage the centres by being part of a Supervisory Committee or take part through direct financial investment or hardware procurement. As a means of start up funding, the A2I Programme provides additional hardware and digital content. The Local Government Division (LGD) is responsible for coordinating the programme's overall activities and building capacity of the relevant personnel and beneficiaries. The local entrepreneurs who run the UISCs charge nominal fees from users, which help them to meet the centre's expenses. Basic services that are provided include word processing, printing, online services (internet access and e-mail), offline services (information on livelihood issues, government forms etc), as well as computer training (Mahmud 2009). In the pilot versions of the CeC and the UISC, a government-private partnership was ensured through the joint ownership and involvement of locals and the union *parishad*. A participatory approach was used in the design and implementation of the centre. The stakeholders involved included development partners, ministry officials, local people and union *parishad* members (Mahmud 2009). The goal of this approach was to elicit support from these key actors and deepen an understanding of on the ground needs and contexts.

The UISC model is not new in Bangladesh. D.Net's *Pallitathya Kendra* (PK), i.e. village information centre, has a similar model that has been implemented in selected rural areas (D.Net 2010). The PK initiative, established in October 2005, was motivated by the rural poor's lack of access to livelihood information. By the end of 2008, there were 105 PKs around the country providing IT skills training on basic computer operations, advanced IT courses, ancillary services and livelihood information services (Pallitathya 2010). Citizens use these centres to access information regarding common rural agricultural problems, medical issues, financial services and socio-legal advice through an 'Infomediary', i.e. an ICT-trained person who provides information to customers.

Based on a policy of non-exclusion, the PK reaches those who cannot physically come to the centre by means of mobile infomediaries called 'InfoLadies'. Their impact on rural society is briefly discussed in **Box 4**. The PK experience has demonstrated that even in a context where the majority of people do not have the skills or resources to benefit from online government services, innovative ICT solutions can benefit poor households.

India's experience in implementing e-centres holds useful lessons for Bangladesh. A critique of the Gyandoot Intranet Telecentre Initiative in Madhya Pradesh describes it as a phenomenon that transforms attitudes and governance negatively, arguing that rather than dissolving social structures, telecentres re-emphasise power relations within the existing social structure by placing those

who can provide ICT access and those who can access above those who cannot (Sreekumar 2007). A study of the e-gram telecentre initiative in Gujarat argued that to be effective these centres must be located within the social equity and justice framework (Nuggehalli n.d). E-grams have been successful due to their focus on below poverty line (BPL) families, their mechanism for community involvement and to enable two-way information flows and their ownership by the local administrative system (not by the computer operators). This allows for innovations at the centres to be driven by the development mandate of the district administration rather than by the business motives of the operating entrepreneurs.

The following sections review two already established UISCs that have been reviewed through the lens of access, quality and reliability, cost and sustainability.

4.1 A closer look at UISCs

Visits to two UISCs in Sirajganj and Tangail districts and conversations with local entrepreneurs, service users, the union *parishad* Chairman and staff were used to study the UISC model and explore whether they were successful in using ICT tools to improve rural citizen's lives with access to information. Information obtained from the field visits are analysed below to determine whether the UISCs can adequately address service delivery issues of access, cost, quality and reliability. This chapter argues that while the PPP model of

Box 4: Info Ladies from Pallitathya Kendras

InfoLadies are a group of young women on bicycles equipped with notebooks, phones, and medical equipment who deliver ICT access to rural people. They are the bearers of information in an information-scarce society. Their netbooks come loaded with village-relevant content that is translated to Bengali. "From agriculture to health, sanitation and disaster management, the content follows simple text, pictures and engaging multimedia animations to include all users, many of whom are illiterate." (Kumar 2009) They also carry items like blood pressure monitors and pregnancy kits in their bags, and are able to send pictures of simple diseases and skin conditions to Dhaka for diagnosis. Because rural women suffer most from a lack of knowledge about medical, legal and social issues, a female information provider bridges the divide, making them more likely to be open. While in the past the young, modern InfoLadies were regarded as something of a 'scandal,' they have now become the source of information for individuals looking disparate information such as their blood pressure reading or ways to increase crop yield. The programme is being piloted by D-Net.

Source: Kumar, 'Two wheeled triumph', The Guardian, November 23, 2009

UISCs are a useful approach to sensitise rural people on what ICT can do for them, the current model does not meet the primary objectives of facilitating access to information and delivering pro-poor services.

I. Access

In the rural areas familiarity with mobile phones is widespread among the villagers (Ahmed 2010). Discussions with UISC beneficiaries in Borohor Union of Sirajganj revealed that the centre provides computer/internet access and computer training courses mostly to middle and high income young villagers, with the majority of clients being male and in their early to mid-twenties. While the prices are reasonable when compared to prices for similar services in Dhaka, they remain inaccessible for the poor (**Box 5**).

Those who run the centre run it as an entrepreneurial exercise, with a revenue generation target to cover expenses and make nominal profit to cover living expenses as their main goal. Thus, services are designed and priced with this in mind. This has meant that the poor and marginalised are priced out of the ICT access opportunity created by the UISCs. Given that 80 per cent of population live on less than Tk. 140 (approximately USD 2) a day (UNDP 2009), the services have to be subsidised to make them affordable to the majority of people. However, studies have shown that the poor will spend on valued non-food consumables such as cigarettes, cosmetics and clothing indicating (Rahman *et al.* 2009). Thus, if people are aware of the values UISCs can add to their lives and livelihoods, they will be likely to utilise the services provided. If participation of the poor and the marginalised can be ensured at the initial stages of service design, this may influence them to utilise the UISC when it is operational.

Training is the UISC's most popular service. The provision of free computers and access to a rent-free space enables the UISC management to charge a fee for the training, reported by villagers as Tk. 3000 that is much lower than the prevailing market rate. However, few villagers envision using the UISC beyond receiving IT training. Thus, UISCs do not seem different from regular IT training centres or cyber cafes except that it is located in the Union *Parishad* (UP) and has an attendant who can assist customers to download forms, check results online, etc. To increase access and reach of the poor, most of whom have no or limited education,

Box 5: IT Service Prices at Borohor UISC

Type	Unit	Price in Tk. Union	Price in Tk. APTECH NIIT**
Advanced Computer Course	3 month	1500	4000
Diploma Computer Course	5 months	2500	7000
Internet use	1 hour	10	20
Email	-	-	-
Information collection	-	-	-
Photo printing	1 copy	20	-
Photo taken	1 copy	7	-
Scanning	3 copies	30	30
Compose	1 copy	20	10
Ringtone Download	1 copy	15	20

** These are rates in Dhaka, the price will likely be lower in districts and regional centres.

Source: Borohor Union Parishad, APTECH, NITT Dhaka, 2010

extensive awareness raising campaigns and sensitisation programmes are required to make the UISCs relevant to rural life. As shown by D.Net's Infomediary/InfoLady model, UISC entrepreneurs need to be committed to providing relevant content, services that people cannot easily attain and the possibility of mobile information and service provision to be embraced by villagers. The provision of a tiered fee structure, where the poor receive services at a subsidised rate and middle-class and wealthy people compensate by paying higher fees, while administratively costly to operate, will generate high social benefit. It is doubtful whether the private sector will bear these costs and a government subsidy may be required (Proenza 2001). D.Net's Director also notes that government support is key to sustaining such initiatives.

D.Net's experience with *Pallithathya Kendras* and A2I's findings from the two pilot projects demonstrates that information needs vary from village to village. Thus, information provided at UISCs should be focused on information needs identified by rural communities and the cognition and skill level of the beneficiaries. Hence, the local entrepreneurs running the centres must always look for new ways to serve these evolving needs through new and enhanced services (Proenza 2001).

II. Cost

All of the UISC users interviewed mentioned that the cost of training is lower than the market rate as the union *parishad* and the A2I Project already provide the space and computers. The centres are located at a convenient location, helping beneficiaries save on travel cost. Before the UISCs, villagers had to travel long distances to access the IT services that the UISC provides. Beneficiaries were very happy to get government forms, e.g. passport forms, etc and assistance from UISC providers in filling them out. However, given that automated and online government services are not available, the UISCs have not had an impact on the cost for citizens to avail these services. The current value of the UISCs is the 'potential' they provide for the future. The larger the number of services available at the centres, the greater the benefits for and demand from villagers. The main means by which ICT will benefit the rural population is through the provision of multiple services through a single site, thus increasing efficiency and reducing cost (Bhatnagar 2004). In the short term, the union *parishads* can conduct a service needs assessment to find out what other services will be advantageous to users, and then provide them in conjunction with the UISC management. The D.Net *Pallithathya Kendra* model took this approach and improved service quality and delivery.

III. Quality and reliability

According to the UP chairmen, the centres operate from 9 am to 5 pm everyday. The beneficiaries in Sirajganj noted that they were happy with the operating hours, the availability of UISC manager, the quality of training and other ancillary services. However, as mentioned above, given that automated and online government services are not available, the UISCs have not had an impact on the quality of government service provision. The primary user complaint is that recurrent power outage lead to frequent interruptions in service. Generators provided by the National Institute of Local Government (NILG) and the A2I Programme cannot be used due to high fuel costs and the high incidence of power outages requiring almost constant generator operation. Stakeholder participation at the UISC design stage could have identified the need for battery-operated power delivery systems such as Instant Power Systems (IPS) at the centres. Given how often power outages occur, it is doubtful that these would have the opportunity to charge properly between uses. However, they would be a cheaper solution over the long-term.

IV. Sustainability

The financial sustainability of the UISCs is a concern. Fees from the training courses cover operating costs, but are not adequate for the UISC to break-even without external assistance. All entrepreneurs get basic training on computers, internet and computer peripheral use from the NILG. In the future, as the services provided expand and citizen's demand become more complex these skill sets will need expansion – an additional cost. Critically, the local UISC entrepreneurs lack skills in marketing, financial management and planning, all of which are necessary to establish, sustain and expand a successful business.

In addition to financial sustainability, political sustainability is also a cause of concern. Despite the fact that this is a government initiative, the union *parishad* (UP) chairman's support is critical for the centres to survive and thrive. A change of individual in the UP chairman's post may cause the centre to be closed, the managers to be changed, etc. Some of the UISCs sign a Memorandum of Understanding (MOU) with the UP. The MOU states that during the first two years of operation all income will go to the entrepreneur so that s/he can cover costs associated with running the centre. Although such a system may give some protection to the local businessperson, the responsibility of honouring this MOU ultimately rests with the leadership of the UP. As long as the A2I Project exists, the entrepreneur can seek the assistance of project counterparts if the UP chairman fails to fulfil the MOU. However, formal channels do not exist through which the entrepreneur can seek assistance in case of lack of compliance on the part of the local political leadership.

V. Accountability

Discussion with UISC beneficiaries revealed that information and services provided have not been able to change citizen's accountability relationship with the government. The implementation of RTI requires authorities to provide access to government information regarding use of public funds and implementation of policy coupled with the use of ICT tools to make this information accessible to all at time or location. This has not occurred. However, the very people that RTI aims to benefit are unaware of the type of information they are entitled to. Nevertheless, the UISCs can provide a space for constructive engagement between government and citizens, becoming an important tool for accountability. By proactively providing information online the government can enhance transparency and accountability. Examples of useful information include: (1) decisions on procurement and awarding of licences; (2) information from government databases such as land records and status of tax-payment; (3) data on performance indicators about government departments at both the central and local level and (4) mechanisms to file grievances relating to government service providers (Bhatnagar 2003). Additionally, citizens should also be able to seek information via the internet or using mobiles relating to (1) how public funds are being utilised; (2) the basis on which a child's school admission was denied; (3) pensioner records held by government; and (4) the award of tenders (Institute of Governance Studies 2010). An interactive mode of exchanging information between government and citizens is vital to creating accountable governance.

While UISCs have been providing useful services to middle and high-income villagers by providing them computer and internet training, the services available remain inaccessible to the poor. The UISC experience in Bangladesh reflects experiences in India where rural ICT initiatives like telecentres rather than diffusing the social dynamics, can take their shape and reinforce pre-existing power relations. The issues of sustainability and inaccessibility also confirm that it may be better if UISC ownership lies with the local administrative system and not with local entrepreneurs, computer operators or private sector companies. If the ownership is with

the local administrative system it has the opportunity to achieve the development mandate of the centres. The dependence of UISCs on local political support for survival and growth also limits their long-term efficacy and impact.

4.2 Recommendations

This chapter makes the following recommendations regarding future UISC establishment that will allow them to provide greater access, be more effective and sustainable over time:

I. In the short-term

- Enhancing community demand and awareness through publicity campaigns so that the poor realise UISC's value and thus access the services.
- Adopting a participatory approach, including a community needs assessment during the design of the services and content to be provided so that they meet the needs of the community (including poor and vulnerable groups).
- Providing government information proactively and teaching citizens to seek information from the government in turn.
- Offering flexible, responsive, and innovative public-private investment mechanisms to support the establishment of new UISCs. The A2I Project may consider moving ownership away from the computer operators to a committee run by the union *parishad*.
- Adopt a tiered price structure that makes it easier for citizens of varied income levels to access the services.
- Presenting well-packaged, easy-to-replicate community services such as computer literacy training, telemedicine, remote learning, financial remittances, and e-government.
- Supplying flexible, ongoing training and support to users and service providers.
- Ensuring low-cost, easy-to-implement technology platforms, including affordable and stable internet connections for rural areas.

II. In the long-term

- An enduring political commitment to the UISC model as an important contributor to development.
- Front and back end automation and integration, including business process re-engineering that allows for automation in government agencies that would allow for a one-stop web portal that provides multiple services to citizens.
- Appropriate ICT infrastructure to provide long term UISC support.

5 Recommendations and conclusions

The current government deserves praise for providing unprecedented political support to the development of ICT tools for citizen empowerment through the Digital Bangladesh agenda. However, the chapter argues that it has achieved mixed results on its willingness to implement the citizen-centric initiatives the DB vision and strategy proposes. The government's new regulatory and institutional initiatives — in particular passing the ICT Act 2009 and establishing high level committees devoted to the proliferation of ICT for development — are positive. However, much depends on whether new legislation is effectively implemented and whether these committees are successful in mainstreaming ICT at both governmental and citizen access levels. In addition, 53 quick win initiatives that are being implemented across different ministries are directly aimed at benefiting students, although the short-term nature of the quick wins is a cause for concern. Although, the current manifestation of DB may allow Bangladesh to enter the interaction and transaction phase of e-government maturity, this will be severely compromised unless the necessary backend initiatives such as business process re-engineering are implemented. A truly transformational view of e-government encompassing government-to-citizens, government-to-business and government-to-government backend initiatives in addition to comprehensive institutional and process reforms are necessary to truly attain ICT enabled development outcomes. A real threat is the discontinuation of the DB agenda beyond the tenure of the current government, given its highly politicised nature. The focal point of the strategy must thus shift from a merely technology implementation paradigm to one that focuses on utilisation, with built-in outcome monitoring.

Without addressing the overall problems identified below, the DB strategy will remain unsuccessful in creating meaningful change in citizen livelihoods and wellbeing.

5.1 Implement institutional restructuring and process reforms

The current implementation capacity is weak and a centralised body must be institutionalised that can coordinate with ministries and execute the necessary reforms to make achievement of the citizen-centric pillars of the DB vision a possibility. In addition, front and back end automation and integration (including business process re-engineering that allows for automation) in government agencies would allow for a one-stop web portal that provide multiple services to citizens.

5.2 Strengthen the regulatory framework

The ICT Act 2009 must be amended to provide adequate data privacy and security provisions so that the citizens can transact online in a secure manner. This is of particular concern in revenue based ICT access models such as Union Information and Service Centres (UISC), which are being rolled out nationwide. The Policy must have a roadmap and guidelines for the implementation of the 306 action points. Finally, the Right to Information Act 2009 must be put into action using enabling ICT tools, so that citizens can access information quickly and effectively.

5.3 Build ownership within the bureaucracy and depoliticise the agenda

The DB agenda is being planned and implemented by the UNDP funded Access to Information (A2I) Programme without building adequate ownership with the bureaucracy. This is vital as it is the main agent of policy execution. Bureaucratic ownership could be achieved through the provision of training, support and adequate incentives. Resources must also be allocated and steps must be taken so that the current initiatives can be sustained over time. In addition, given the highly politicised nature of the agenda, input from the opposition leaders must be sought through providing them key membership positions in taskforces and committees. True political will from all political parties that is sustained over many electoral cycles is required to create a Bangladesh where ICT tools facilitate true empowerment.

5.4 Bridge the digital divide through greater community awareness and pro-poor service provision

UISCs, as they are currently designed and implemented have not been able to meet the needs of the poor. Awareness raising and competitive pricing is essential, as people need to see a value to these centres in order to use them. In addition, adopting a participatory approach, including community needs assessment, in the design of services and content provided so that they meet the needs of the wider community. The Access to Information (A2I) Project should offer flexible, responsive, and innovative investment mechanisms as well as engender community ownership to support the establishment of new Centres and make them sustainable in the long term.

DB strategy and implementation needs to take into account the above deficiencies and provide a framework that is capable of supporting its citizen-centric mandate. If not, 'Digital Bangladesh' will continue to be seen as just another clichéd political slogan that in reality does not create positive development outcomes for citizens, particularly those who are poverty stricken and marginalised.

CHAPTER 5

International Labour Migration: Making Migrant Worker Welfare Central to Governance

International labour migration is a crucial feature of the national economy – both as a means of livelihood for Bangladeshis living abroad and as a means of income for their families at home. The UN Convention on the Rights of Migrants defines a migrant worker as a “person who is to be engaged, is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national” (United Nations Educational Scientific and Cultural Organization [UNESCO] 2010). Government data shows that between 1976-2009 an estimated 7.5 million Bangladeshis migrated all over the world for economic reasons (Bureau of Manpower, Employment and Training [BMET] 2010), while other sources claim that currently there are 5.4 or even 6 million out-migrants, highlighting the paucity of accurate figures¹ (International Organization for Migration [IOM] and United Nations Development Fund for Women [UNIFEM] 2009). Remittances from migrants have been rapidly growing over the past decade and a half, amounting to USD 10.72 billion in 2009, i.e. approximately 11 per cent of the Gross Domestic Product (GDP) (Bangladesh Bank 2010). They contribute significantly to economic growth and substantially improve the nation’s Balance of Payments (BOP) position. However, the recent global recession has caused dramatic losses in employment opportunities for Bangladeshi migrants in many countries, not only in the form of reduced job availability but also in the form of massive layoffs among the current labour force. Saudi Arabia, a major migrant destination, has reduced its annual intake from 150,000 workers to about 15,000 (BMET 2010; Palma 2010). While remittances increased in 2009, the drastically lower numbers of new migrants has already resulted in reduced remittances in the first months of 2010 (Bangladesh Bank 2010). Not only does this have a negative impact on the economy, but it also severely endangers the livelihoods and well-being of those who depend on remittances. However, this chapter finds that the prospect of fewer departures and lower remittances are not the only areas which are problematic.

A migration process overseen by a weak and inadequate regulatory framework and institutions severely lacking in capacity, transparency and accountability all contribute to the poor state of governance in the migration arena. The extremely long and complicated migration process, high costs of migration, resulting debts incurred

1 Out-migration is when people leave a location (usually their home country or region) to settle in another.

by migrants prior to departure and unscrupulous migration agencies are some glaring examples. One of the major findings of this chapter is that Bangladeshi migrants often pay double of what their counterparts pay in neighbouring countries for the migration process due to the severe lack of implementation of policies and legislation and an absence of monitoring. The poor treatment that Bangladeshi migrant workers are subject to while living abroad and their lack of protection by the Bangladesh government are also causes for severe concern. Between 2004-2009, a total of 8,701 Bangladeshi workers died abroad and more than 900 of these deaths occurred during the first 5 months of 2009 (Palma 2009; Odhikar 2010). Reports of inhumane working conditions, unfair employment practices and breaches of migrants' human rights are common in the local media, as are inadequate responses to these situations from the government. Thus, apprehension about the governance of the labour migration process is well grounded.

It is against this challenging context that the subsequent discussions of this chapter are set. The chapter's analytical focus will be on analysing the governance of international labour migration, primarily to the Middle East and South East Asia, the key destinations of both official and unofficial labour migrants from Bangladesh. It reviews the published literature, including grey literature and newspaper sources, as well as incorporating information gathered through a large number of key informant interviews with government officials, as well as academics, area experts and members of civil society. The chapter opens with an overview of the discourse on the rationale for governing labour migration and then an identification of global and regional lenses through which emergent issues of governance of international labour migration in Bangladesh can be examined. The second section then examines the legislative and regulatory framework regarding international labour migration in Bangladesh, as well as looking at how well the complex web of institutions involved in migration governance functions. The section closes with an analysis of the process of international labour migration in Bangladesh, identifying key areas of governance failure both within the state and the private sector. The chapter concludes with an argument for re-envisioning the government's current role to one as a 'governance watchdog'. The chapter makes recommendations aimed at improving the governance of international labour migration in all its facets: the migration process, pre-departure, within the duration of the employment abroad and return to Bangladesh.

1 Governing migration – emergent discourses and global conventions

Based on International Labour Organization (ILO) estimates, there are currently about 190 million people around the world living in countries other than their birthplace; of those about 100 million are international labour migrants (ILO 2009). A growing number of nations are involved with migration as countries of origin, destination or transit, or all three. Contemporary international migration is propelled by a diversity of factors including the growing developmental differences between countries, lack of gainful employment and human security in certain parts of the world and the growing demand for both high and low-skilled workers in destination countries, as well as geographical proximity and historical linkages between origin and destination countries (Martin and Widgren 2002). Migration has significant social, economic and political impacts on far more people than those who migrate, both in home and destination nations. As Castles and Miller (2003, p.5) note: "There can be few people in either industrialised or less developed countries today who do not have personal experience of migration and its effects."

There is a strong consensus that labour migration issues should be integrated into the mainstream of national employment, labour market, poverty alleviation and development policies. The ILO 'Multilateral Framework on Labour Migration' reiterates this link through principle 15 where it notes that labour migration's role in

employment, economic growth, development and alleviation of poverty should be identified and maximised for the advantage of both sending and receiving countries (ILO 2006a). Another study looking at the relationship between poverty, migration and remittances for 74 low and middle-income developing countries found that international migration has a strong, statistically significant impact on reducing poverty in the developing world: "On average, a 10 per cent increase in the share of international migrants in a country's population will lead to a 1.6 per cent decline in the poverty headcount" (Adams and Page 2003, p.1). The same study also states that international remittances viewed as a proportion of the country's GDP also have a statistically significant effect on poverty indicators with the poverty headcount measure indicating on average that a 10 per cent increase in the share of remittances in country GDP leads to a 1.2 per cent decline in the share of people living in extreme poverty (less than USD 1 per person per day). Other poverty measures show a slightly larger impact on poverty reduction, with a 2 per cent decline in the depth and/or severity of poverty in the countries studied (Adams and Page 2003).

There is an increasing focus on governance in many recent discourses on international labour migration. The 2005 'Report of the Global Commission on International Migration (GCIM)' states that, "in the domain of international migration, governance assumes a variety of forms, including migration policies and programmes of individual countries, interstate discussions and agreements, multilateral fora and consultative processes, the activities of international organisations, as well as laws and norms" (GCIM 2005, p.65). A cursory review of recent literature reveals that most engagements with the topic have focused on managing and/or regulating and protection as centrepieces of governance. The recently published 'India Migration Report 2010' strongly argues that "India has operated in a policy vacuum" and that "this has led to an adverse selection with the less qualified workers, exploitative employers, and greedy middlemen getting together" (Rajan and Kumar 2010, p.246). It suggests that "the policy has to focus on facilitation and management" rather than merely protection (p. 254). Stalker (2008) argues that better admission and recruitment procedures and refining bilateral agreements or memoranda of understanding (MoUs) will lead to improved governance.

However, there are warnings against the conflation of 'migration management' with 'migration governance'. A recent ILO report succinctly discusses three major pointers in this regard:

First, they imply that a state has more or less complete control over migration and can effectively manage it. Yet the overwhelming historical experience is to the contrary. In practice, it is often not possible to turn migration on and off like water from a tap. Policies based on the assumption that migrant workers can be brought in when needed and then sent home when no longer needed have failed in every region where they have been tried. A second problem with the concept of migration management is that it is linked to a view of unilateral migration control by destination countries. The dividing line between migration 'management' and migration 'control' is indeed thin. Third, migration management can imply a top-down approach that encourages governments to regulate migration in an isolated way, that is, without consulting other stakeholders, such as social partners, migrant workers and broader civil society. This is an overly simplistic approach, given the complexity of migration. For example, it has been noted that the very use of this term 'suggests a slightly old-fashioned, pre-globalisation assumption of state control over migration processes' (Newland 2005, p. 15), whereas in fact states are only one among a number of important kinds of actor. 'Regulation' is a better term, which deals with the question of overseas employment administration, but it carries potentially negative connotations of bureaucratic procedures (2010, p.144).

The ILO 'Multi-lateral Framework on Labour Migration' provides many principles and guidelines in establishing and evaluating aspects of good governance, including consistency with international standards and good practices, policy coherence, gender sensitivity, transparency and flexibility, social dialogue, and evidence or data based policy formulation (2006a). The primary focus of the upcoming discussion is on international standards and conventions that emphasise migrant rights. The following section explores the role of specific institutions and oversight bodies and discusses the emergent rights-based agenda and governance related issues in the Bangladeshi context.

1.1 Protecting migrant rights — international conventions and standards

Recent years have seen the increased primacy of a rights-based governance discourse in migration debates due to advocacy organisations and the global media bringing to light the severity and widespread nature of migrant abuse. These debates increasingly draw upon international conventions and globally accepted standards as referents for benchmarking and points for advocacy. A brief review of key international conventions (both binding and non-binding) that define and advocate migrant rights follow.

At the broadest level, there are 3 international instruments which together comprise the United Nations' International Bill of Human Rights – the Universal Declaration of Human Rights (UDHR), the International Covenant on Economic, Social and Cultural Rights (ICESCR), and the International Covenant on Civil and Political Rights (ICCPR) – which guarantee all migrant workers, irrespective of their status, their entitlements to universally accepted human rights. These are briefly discussed below:

I. Universal Declaration of Human Rights (UDHR)

The Universal Declaration of Human Rights, adopted by the UN General Assembly in 1948 applies to every member of the human family in every part of the world, regardless of whether or not states have formally accepted its principles and grants anyone the right to file a complaint. Rights particularly relevant for migrant workers are the right to be free from slavery or servitude; equality before the law and equal protection of the law; protection against discrimination; effective remedy by national tribunals; freedom from arbitrary arrest, detention or exile; freedom of movement and residence; peaceful assembly and association; and social security. There are Articles specifically addressing work and employment which grant the right to work; free choice of employment; just and favourable conditions of work and protection against unemployment; equal pay for equal work without any discrimination; just and favourable remuneration; the formation and membership of trade unions; rest and leisure, including reasonable limitation of working hours and periodic holidays with pay; adequate standard of living; and security in the event of unemployment, sickness, disability or other lack of livelihood (Articles 23, 24 & 25).

II. International Covenant on Economic and Social Rights (ICESR)

The International Covenant on Economic, Social and Cultural Rights was adopted by the UN General Assembly in 1966 and is legally binding on those states that have accepted it by ratification or accession. Among economic rights is the right to work, including the right to receive technical and vocational training; to just and favourable conditions of work; to fair wages and equal remuneration for work of equal value; to safe and healthy working conditions; to equal opportunity for promotion in employment; to rest, leisure and reasonable limitation of working hours and holidays with pay; and to form and join trade unions and to take strike action (Articles 6–8).

III. International Covenant on Civil and Political Rights (ICCPR)

The International Covenant on Civil and Political Rights was also adopted by the UN General Assembly in 1996 and is legally binding on those states that have accepted it by ratification or accession. The covenant states that no one shall be held in slavery or servitude or required to perform forced or compulsory labour. It also provides the right to form and join trade unions (Article 8 & 22).

Apart from the three broad international instruments, there are also specific standards and rights provided by the ILO to migrant workers. In 1998, the ILO turned its focus on 8 conventions in 4 key areas in its Declaration on Fundamental Principles and Rights at Work. These 8 fundamental conventions contain what are considered human rights regarding employment. All member states of the ILO have an obligation arising from the very fact of membership to comply with these core conventions, regardless of whether or not they have ratified them. The four fundamental principles are:

1. Freedom of association and the effective recognition of the right to collective bargaining:

The Committee of Experts on the Application of Conventions and Recommendations (CEACR) and the Committee on Freedom of Association (CFA) have repeatedly reaffirmed the fundamental rights of workers, including migrants and those of irregular status, to form and join trade unions and to be protected against any act of discrimination on the grounds of trade union activities.

2. The elimination of all forms of forced or compulsory labour:

The Forced Labour Convention, 1930 (No. 29), 11 and the Abolition of Forced Labour Convention, 1957 (No. 105), 12 prohibit forced and compulsory labour for all persons, irrespective of the type or location of their economic activity. Convention No. 29 prohibits work exacted under the menace of penalty where the individual has not offered him/herself voluntarily. It also disallows forced labour for private entities and severely restricts its use by public authorities to imminent necessity, when it requires that wages be paid to workers. Convention No. 105 requires states to implement 'effective measures to secure the immediate and complete abolition of forced or compulsory labour'.

3. The effective abolition of child labour:

The elimination of child labour is covered by the Minimum Age Convention, 1973 (No. 138), 14 and the Worst Forms of Child Labour Convention, 1999 (No. 182), 15 Convention No. 138 prescribes specific age limits for the admission of children to work, including

Box 1: ILO conventions specific to labour migration

- Equality of Treatment (Accident Compensation) Convention, 1925 (No. 19)
- Protection of Wages Commission, 1949 (No. 95)
- Plantations Convention, 1958 (No. 110)
- Labour Inspection (Agriculture) Convention, 1969 (No.129)
- Minimum Wage Fixing Convention, 1970 (No. 131)
- Nursing Personnel Convention, 1977 (No. 149)
- Occupational Health & Safety Convention, 1981 (No. 155)
- Safety & Health in Construction Convention, 1988 (No. 167)
- Convention on the Rights of Labour Migrants and their Family Members (1990, ratified in 2003)
- Working Conditions (Hotels & Restaurants) Convention, 1991 (No. 172)
- Maternity Protection Convention, 2000 (No. 183)

a prohibition on children under 18 years engaging in hazardous work. Convention No. 182 calls for 'immediate and effective measures to secure the prohibition and elimination of the worst forms of child labour as a matter of urgency'. It defines the worst forms of child labour as (a) slavery and forced labour, including child trafficking and forced recruitment for armed conflict; (b) child prostitution and pornography; (c) production and trafficking of drugs and (d) work likely to harm the health, safety or morals of children. The exact types of work to be prohibited as hazardous work under category (d) are to be determined at the national level, after consultation with the employers' and workers' organisations and taking into consideration relevant international standards.

- 4. The elimination of discrimination in respect to employment and occupation:** The Discrimination (Employment and Occupation) Convention, 1958 (No. 111), 16 requires ratifying states to declare and pursue a national policy aimed at promoting equality of opportunity and treatment and eliminating all forms of discrimination in employment and occupation based on race, colour, sex, religion, political opinion, national extraction and social origin. The Equal Remuneration Convention, 1951 (No. 100), 18 requires states to pursue a policy of equal remuneration for work of equal value carried out by men and women workers. The two conventions apply to nationals and non-nationals alike without distinction of status.

Apart from these core conventions, the ILO also has another set that are particularly relevant to labour migration (see **Box 1**). Two broad themes in these conventions deserve discussion:

- **Conventions on social security:** There are two related conventions and an accompanying recommendation on social security rights that aim at equal treatment of migrant labourers with national workers. These are the Equality of Treatment (Social Security) Convention, 1962 (No. 118), the Maintenance of Social Security Rights Convention, 1982 (No. 157), and the Maintenance of Social Security Rights Recommendation, 1983 (No. 167). All current ILO social security standards stipulate that the personal scope of coverage applies irrespective of nationality, and almost all contain similar clauses on equality of treatment for native and foreign workers in the destination country.
- **Convention on private employment agencies:** The Private Employment Agencies Convention, 1997 (No. 181), is particularly relevant to migrant workers especially since private agencies are now heavily involved in the transfer of workers between countries. The Convention requires that states implement a system of licensing or certification of agencies. It prohibits the denial of workers' rights to freedom of association and collective bargaining; the practice of discrimination against workers; and the charging direct or indirect fees to workers. With regard to migrant workers, states are required to ensure adequate protection for and prevent abuses against those recruited or placed in their territory by private recruitment agencies. States are encouraged to enter into bilateral agreements to prevent abuses and fraudulent practices against migrant workers who use private recruitment agencies and must have procedures to investigate complaints by workers. In addition, there must be adequate protection for among other things, minimum wages, working time and other working conditions, social security benefits, and occupational safety and health.

The UN too has been cognizant of migrant rights and has devoted a convention to the protection of migrant workers and the furtherance of their rights. The 1990 **International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families** provides a broad range of protections for

migrant workers and their families in many areas of life and work. However, it took more than a decade until 20 countries had finally ratified it by July 2003, thus giving it the full status of a convention. Although Bangladesh signed in 1998, no government has ever ratified it.

Box 2: Key UN Conventions related to labour migration

- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families, 1990
- UN Convention Against Transnational Crime, 2000

A quick stocktaking of the impact of these conventions and standards reveals that overall, the world map of signatories documents a great disparity between signing countries where migrants tend to originate, and non-signatories where migrants tend to work. A classic case is the 1990 International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families, which no European or Middle Eastern country has signed. This lack of commitment can be seen as one indicator of governance failure. The convention primarily defines the rights of migrant workers as a human rights issue and aims to protect them from any violations. In this document, the term migrant worker is rather comprehensive, and ‘refers to a person who is to be engaged, is engaged or has been engaged in a remunerated activity in a state of which he/she is not a national’.

2 Labour migration in Bangladesh

In Bangladesh, as in other nations, the nature of legal provisions and the effectiveness of institutions play a major role in strengthening the governance of labour migration. The discussion below commences by reviewing the legal framework governing labour migration in Bangladesh before moving on to key institutions that play a role in it.

2.1 Legal frameworks and transitions

An early and central piece of legislation in Bangladesh relating directly to migration is the Emigration Ordinance 1982, promulgated on behalf of the Chief Martial Law Administrator. This is a strong piece of legislation that regulates all types of international labour migration, establishing an elaborate and clearly defined institutional setup of supporting offices. At the same time, it strongly criminalises any acts of non-compliance, if the same is ‘not in the public interest’. This puts the State in charge of defining and deciding whether or not a person is permitted to leave the country. Another crucial aspect of the regulation was the granting of licences to ‘whoever desires to engage, or to recruit, or to assist, any person to emigrate’ (Emigration Ordinance 1982). This regulation remains a core piece of legislation in terms of governing the entire process of labour migration. Recruiting agencies are prohibited from charging higher than the prescribed amount of fees for their services. Cancellation or at least suspension of licences and the forfeit of security deposits can take place in cases of improper conduct and violation of the law or prescribed code of conduct. However, the Ordinance stipulates that such measures can be taken only after the licensee is given an opportunity to explain their position. Maximum punishment is an up to one-year imprisonment and a fine not exceeding Tk. 5,000. Considering the enormous profits that could and still can be made in this sector and the slow pace of adjustment to inflation over the following two decades, it is obvious that such provisions are utterly insufficient to stop violations and fraud. However, the Ordinance leaves no grounds for a review of its provisions — “the decision of the Government shall be final and shall not be questioned in any court of law” (Section 10).

In December 2002, the government initiated a set of rules under the Ordinance of 1982 which are The Emigration Rules 2002, the Rules for Conduct and Licensing Recruiting Agencies and the Rules for the Wage Earners Welfare Fund. These document a marked shift in paradigm from a highly restrictive one to one focusing on the needs and rights of the workers and are discussed in **Box 3**.

Box 3: The 2002 Rules — aiming at providing an enabling environment

The Emigration Rules are an extended and elaborated version of the Emigration Ordinance 1982. They explicitly expand on the authority, duties and decision-making procedures of the Registrar, who is to be the Director General of the Bureau of Manpower, Employment and Training (BMET). As noted in the 1982 Ordinance, the labour attaché is liable for providing registration to migrants who are working abroad but do not have registration under the Ordinance. The Rules also specify that a number of attachés would be appointed by the government and placed in different Bangladeshi missions abroad. Their rank would be the same as the registrar and their specific duties and responsibilities are explained in detail (sections 4-7).

The Emigration Rules strictly reinforce the previous Ordinance's stipulation that without permission from the registrar no agents are allowed to appoint any sub-agents or even change their address. Another important feature is the stipulation regarding the provision of group visas. The Rules state "the Bureau shall not accord permission to divide the group visa into a group of fewer than eight persons of personal visa" (Section 18/2). A crucial provision refers to transportation costs, stating that the employer should bear the transportation costs. In case the employers do not bear these expenses, the recruiting agency needs to do so (Section 17). A detailed section on complaint disposal is also introduced: in cases of complaints against the employer, the labour attaché should conduct an inquiry; in cases of complaints against the recruiting agency, the government and the registrar are liable to inspect, settle or clear the issue.

The Rules for Conduct and Licensing Recruiting Agencies discusses the procedure of registration for manpower agencies, including application, validation and license renewal. After the submission of the necessary documents and application form by a recruiting agency, the Director General of the Manpower Bureau should scrutinise the veracity of papers (within 10 days) and assess the credibility of the applicant (within 30 days). After due inspection, the registrar should prepare a recommendation and forward it to the government. After reviewing this recommendation, the government can then either accept or reject the application. If not cancelled or suspended, licences are valid for one year (sections 3 and 4). The Rules also state that the government will settle and update the fees, such as licence fees, security holding, renewal fees etc, from time to time. Currently, it is Tk. 100,000 for new licences and Tk. 40,000 for renewals, with a security deposit of Tk. 1.5 million. Any agent violating the Rules and found guilty may face rigorous imprisonment of up to five years or a fine, or both.

A crucial addition is the renewal section, where it is mentioned that for certain misconduct the government may not renew an agent's licence. This could happen if the recruiting agent is liable for "[...] any misconduct or his performance is not satisfactory or he is guilty of any offence relating to overseas employment or if there is evidence against him of taking extra money for overseas employment. Licences can also be cancelled if there is previous evidence against him for illegal emigration or he contravenes the provisions of the ordinance or rules" (section 5/4). One core requirement is that "every recruiting agent shall have to be sure that the migrant must not get less salary and enjoys less benefit than those stated in contract" (section 7). Another important stipulation is that there should be an oral or written understanding between the employer and the agent regarding salary and other benefits.

The third piece of legislation is the Rules for the Wage Earners Welfare Fund, which was already mentioned in the Emigration Ordinance 1982 and was initiated by the government in 1990. This fund collects contributions from multiple sources (Section 3). These include the interest from the security money deposited by recruiting agents to the registrar, the benevolent fee and briefing fee; an institutional donation of 10 per cent of the fees collected through Bangladesh missions abroad, including attestation fees, welfare fees received for rendering welfare services to workers, as well as money received from other sources. The Rules specify that the fund should be managed by an 11-member governing body, with representatives from the Ministry for Expatriates' Welfare and Overseas Employment, Ministry of Foreign Affairs, Ministry of Home Affairs, Ministry of Law, Justice and Parliamentary Affairs, Ministry of Civil Aviation and Tourism, Ministry of Finance, and representative of the Bangladesh Association of International Recruiting Agencies (BAIRA) and the Bureau of Manpower Employment and Training (BMET). It is in the board's mandate to allocate or utilise the fund worker welfare. 'Welfare' is further specified to include organising briefings and trainings, establishing welfare desks, building worker hostels, providing legal aid to workers and assistance to workers or their families in case of injury or death (section 6 & 7).

The changing nature of labour migration and its increasing impact on the national economy has affected policy responses from the government. The Overseas Employment Policy, published in the Bangladesh Gazette in November 2006 reflects this transition. In its preamble, the Policy reiterates the economic significance of labour migration in Bangladesh by pointing out that 'manpower is a major export sector for Bangladesh economy and [... that] the government has taken decision to undertake long term programme for ensuring the welfare of the Bangladeshi expatriates' (2006). The preamble also states 'in performing this constitutional responsibility, the government is responsive and active in generating employment within the country as well as creating job opportunities abroad for its citizens' (Overseas Employment Policy 2006). The Policy also specifically emphasises migrant workers' economic contributions: 'remittances from Bangladeshi expatriate workers have greatly helped to maintain a stable foreign currency reserve and reduced dependence of the country on foreign aid' (2006).

The policy also recognises the need to support and strengthen the governance of labour migration:

... promote transparency and instil dynamism in the trade, facilitate qualitative change in the trade, reduce fraudulent practices, migration cost and ensure better salary, create an environment for accessibility of aspirant migrants to migration process from all areas of the country and to ensure overall welfare for the dependents of the Bangladeshi expatriates and migrant workers (2006).

Given this new acknowledgement, workers' welfare and safeguarding it becomes a crucial responsibility of the government. This includes the collection and review of human rights practices and labour laws of receiving countries and the provision of legal assistance to expatriate Bangladeshi workers who require it. While noting the competitive global job market, the policy also states the need to articulate and press for rights and related issues, 'in league with other labour sending countries' (Overseas Employment Policy 2006). Given its growing economic importance, the government is to continue and even increase labour migration to foreign countries.

To this end, many steps are being taken. One-stop service centres are to be expanded in order to facilitate recruitment processes. Passports and police clearances are to be issued within 15 days of application. Increased surveillance of the recruitment process includes registration in a database and closer monitoring of recruitment

agencies in order to minimise illegal and unauthorised employment by the latter. However, the high costs of migration for migrants, particularly when compared to neighbouring countries need consideration. While the Overseas Employment Policy can be seen as a major step in facilitating labour migration and safeguarding the interests of workers, its basis on the Emigration Ordinance 1982 means that it does not provide a new, rights-based legislative framework (Siddiqui 2005).

The incumbent government has also placed labour migration governance on their agenda. The Awami League's 2008 election manifesto includes a section on labour migration, stating that 'increase in labour export and investment of remittance received from expatriate Bangladeshis in productive sectors will be ensured (Bangladesh Awami League 2008). They also point out the necessity of producing skilled manpower and pledge the promotion of training to meet international requirements. In July 2009, the State Minister for the Ministry of Foreign Affairs, Dr Hasan Mahmud identified two main priorities: to secure and ensure the flow of remittances and to utilise them properly (Ministry of Foreign Affairs 2010). Reducing the cost of transferring money within the countries would facilitate the former, while the issuance of targeted bonds at higher interest rates for migrants by Bangladesh Bank and the subsequent investment of funds raised in building migration infrastructure would greatly help the latter. He emphasised the need to maintain good relationships with host countries and to develop a need-based approach to train migrant labour.

In response to the recent global economic crisis, the government has drafted a 9-point strategy aimed at the expansion of existing labour markets and increasing skill development capacity to provide more skilled labour, as well as to highlight a 'special focus on export of female workers' (Talukder 2009). One major outcome of the initiative to support migrant workers is the 'smart card', which is a tag with a computer chip, introduced in February 2010. This is designed to ease the immigration process, help the migrants while they are abroad and help the government to keep accurate information on all Bangladeshi workers overseas. They will be issued by BMET and will contain all the information furnished in the passport, such as the migrant's fingerprint and the name and licence number of the recruiting agency so that the authorities can identify all parties involved in the migration process. It will also bear proof of the migrant's valid documents. The card will be instrumental for Bangladeshi embassies abroad when workers face problems and emergencies. Importantly, it will also be helpful for families of dead or injured migrant workers who face great difficulties in extracting compensation from BMET or district manpower offices. The card will also include the names and photographs of nominees, making it easy to identify them.

Overall, there have been substantial improvements in the legal framework for the labour migrants: their legal rights and entitlements have been strengthened and welfare schemes have been established. At a national level, their contribution has been widely acknowledged and the risks and malpractices of labour migration have been disclosed and publicly debated. While government institutions to govern labour migration have been in existence since the 1970s (see below), the first substantial amendment to the Emigration Ordinance 1982 was in December 2002, when three new sets of rules were framed relating to governing the migration process, the agents and bodies involved in migration and the provision of worker welfare. The Overseas Employment Policy of 2006 further elaborated worker rights and welfare issues, while the pending threat of the global economic recession motivated the government to formulate a new 9-point strategy in 2009 that kept in mind the urgent need to both increase migration and improve its governance.

In terms of institutional provisions, these rules and the new policy clearly document a shift in paradigm with regard to regulating governance of labour migration. The government now acknowledges its role in facilitating

rather than opposing those who intend to leave the country, reflected in the renaming the relevant ministry in 2001 the Ministry of Expatriates Welfare and Overseas Employment (MoEWOE). These changes also reflect a different understanding at the global level where the crucial role of labour migrants and the need to secure their human and labour rights has been increasingly acknowledged. The following section briefly summarises the institutions that have been created in order to administer labour migration and discusses shortcomings in institutional cooperation.

2.2 Institutional framework of international labour migration

The organisation and governance of international labour migration in Bangladesh is incredibly complex. Analysts have called it 'a maze' and argue that it needs simplification (Das 2009; Siddiqui 2002). In addition to the involvement of various ministries, there are also intricate layers of public and private entities that have been designed to facilitate and manage the process of labour migration. However, the institutional framework has transformed into a multi-layered network of service providers who mainly follow their own interests. Overall, the sector as in many other Asian nations, can be characterised by what Hugo describes as "[the] siphoning off of the wages of migrant workers by recruiters, agents and money lenders and other intermediaries" (2009, p/41). He argues that "improving governance of international labour migration [...] is going to involve confrontation with well established vested interests operating inside and outside the existing level system which are often not operating in the interests of the migrant[s]" (Hugo 2009, p.41). This is also true of Bangladesh, where migrant interests are disregarded between the operation of unscrupulous private manpower agencies and the inefficient and over-complicated government bodies tasked with governing the migration process. Below is a brief overview of the organisations involved in administering the sector:

The Ministry of Expatriates' Welfare and Overseas Employment (MoEWOE) is the nodal ministry for labour migration. Until 2001 it was called the Ministry of Labour and Employment, and its renaming signifies a change in the ministry's role. As the name suggests, it has two major functions: to ensure expatriate worker welfare and to create and manage overseas employment of Bangladeshis. It is also responsible for facilitating the recruitment process, regulating the recruiting agencies and maintaining regular contact with the labour wings of foreign missions. As elaborated in **Box 3**, the Ministry has promulgated three important legislations regarding the organisation, management and regulation of international labour migration and migrant worker welfare (see also Siddiqui 2005a and Sikder 2008).

Two other ministries of importance are the Ministry of Home Affairs which issues passports and is responsible for all emigration clearances at the point of departure and the Ministry of Foreign Affairs which is responsible for all foreign missions. The latter is crucial for negotiating bilateral memoranda of understanding (MoUs) with labour receiving countries and being an intermediary between foreign companies and Bangladeshi recruiting agencies. While workers are abroad, this ministry is responsible for the provision of consular services and the improvement of their welfare. To facilitate these responsibilities, by 2008 Bangladeshi missions had established 12 'labour wings', mainly in the Gulf region, as well as in Singapore, Korea and Libya. Additionally, the Ministry of Civil Aviation and Tourism also supports migrants during departure by arranging security checks, boarding passes and other documents.

Reflecting the growing importance of labour migration, the MoEWOE has received a substantial increase in budget allocation of more than 200 per cent over the past four years. While the increase in revenue budget was nominal during the 2006/07 to 2008/09 period, this has changed for the current fiscal year when it was more

than doubled (see **Figure 1**). However, the overall increase hides allocation discrepancies within the Ministry with a large portion of the budget allocation going to labour offices abroad, the administration at home (i.e. the Secretariat) and to international organisations. However, the body in charge of logistical organisation of labour migration, the Bureau of Manpower Employment and Training (BMET) discussed in detail below has had to face budget cuts (see **Figure 2**). Overall, their budget is currently less than half of that of either the Secretariat or of international organisations.

Figure 1: Budget allocations to MoEWOE (2008-10)

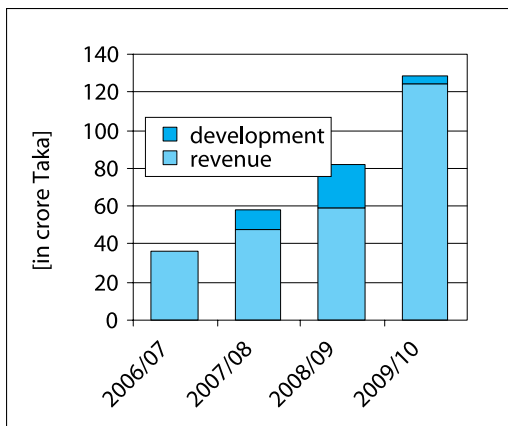
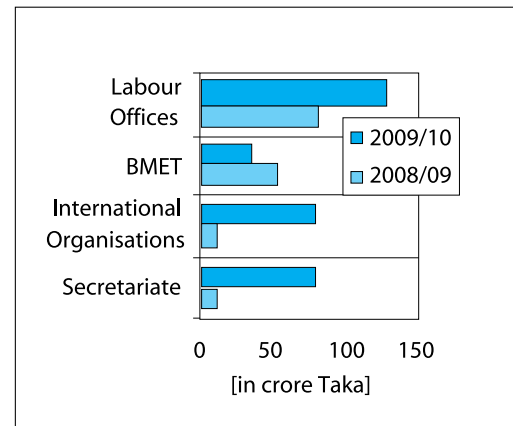


Figure 2: Budget allocations within MoEWOE (2008-10)



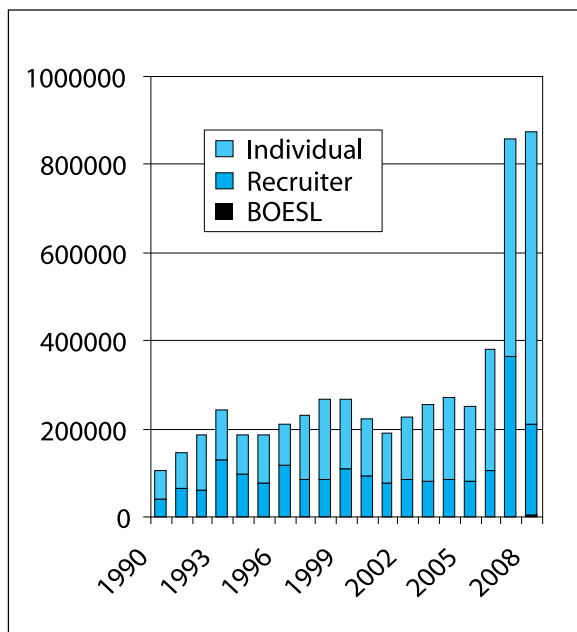
Source: MoEWOE 2009a

The Bureau of Manpower Employment and Training (BMET), established in 1976 is the MoEWOE’s oldest entity. It is responsible for providing employment opportunities at home and abroad and as well as for human resource development. It conducts a range of activities including the collection and dissemination of labour market information and maintaining an online database of all job seekers who register. It processes foreign demands for workers, monitors the activities of local regulating agencies, designs and develops tools for effective monitoring and conducts need-based worker training programmes (Siddiqui 2002; 2005a). Importantly, it is tasked with ensuring worker welfare while abroad, solving legal disputes and working towards the prevention of money laundering.

BMET is partly staffed by those on deputation from different ministries who usually hold the higher positions. It is chronically under-staffed compared to the ever-increasing numbers of labour migrants, with the same number of positions now as when it was established in 1976 (BMET 2010). This is in striking contrast to the fact that according to BMET’s own estimates, during the 1970s about 6000-10,000 workers left annually, while now approximately 2,000 persons leave every day (2010). Political considerations mean that leadership changes occur every two to three years including the position of the director general, greatly affecting the overall performance of the organisation. A major constraint affecting good governance practices is the fact that two different ministries provide BMET’s budget and that coordination between them is often problematic. The Ministry of Labour (MoL) provides the development budget and the MoEWOE supplies the revenue budget. Opportunities for infrastructural and performance enhancement are at times lost due to ministerial miscommunication. For example, the plans of a prominent international development partner to support

BMET in establishing a training centre in Sylhet were stopped by the MoL, who felt that they should have been involved in the planning process. Similarly, recent years have seen the establishment of 26 new Technical Training Centres across the country at a substantial cost of Tk. 550 crore. However, the request for adequate staff has been pending for the past three years.

Figure 3: Number of migrants sent by different organisations



Source: Martin 2009

The Bangladesh Overseas Employment & Services Ltd. (BOESL), established in 1984 is a semi-government office situated at the interface of the public and private sectors and the only state entity to export manpower. It was founded as a public limited company, with 51 per cent of shares held by the government. The BMET states that the purpose of creating the BOESL as a company 'is to provide honest, efficient and quick services to the [sic] valued foreign employers in the matter of deployment of manpower development' (2010). As a state owned recruiting agency, one of BOESL's major tasks is to project Bangladesh as a reliable source of manpower by promoting it through advertising features in different international media. It also helps to process the demand for migrant workers from foreign governments and private sector companies. It also aims to carry out effective campaigns to enhance recruitment from Bangladesh in foreign countries and to secure already existing employment opportunities.

BOESL is tasked with facilitating the process of migration for prospective migrants, including the arrangement of

medical tests, employment tests and travel arrangements. Usually, it is assigned to deal with private and skilled migration (Fee and Rahman 2006). Despite this comprehensive mandate, BOESL's contribution to overall migration is quite low. Between 1984-2008, it deployed only 14,800 workers (Martin 2009, Sikder 2009). The lion's share of workers were processed by private recruiting companies or left individually (see **Figure 3**).

BOESL cooperates closely with the Bangladesh Association of International Recruiting Agencies (BAIRA), an association of licensed manpower-recruiting agencies established in 1984 (Sikder 2009). BAIRA currently has 724 member companies and it acts to protect their rights and promote their activities. Additionally, it liaisons between foreign employers and migrant employees and amongst various foreign missions in Bangladesh, as well as disseminating information regarding government notifications, encouraging workers to remit through legal means and recommending appropriate legislation. BAIRA is also assigned to undertake welfare measures for workers abroad and their families at home. Another of its major tasks is to collect information about host country labour laws and distribute these amongst Bangladeshi migrants for their knowledge and protection. Furthermore, BAIRA sets and helps to achieve recruitment targets for its members. Based on the 'Recruiting Agent's Conduct and Licence Rules' (2002) member agencies need to renew their memberships annually by paying a substantial renewal fee (currently Tk. 40,000). According to the Rules, in order to renew their licenses, agencies need to maintain proper documentation regarding their operations. Every agency under

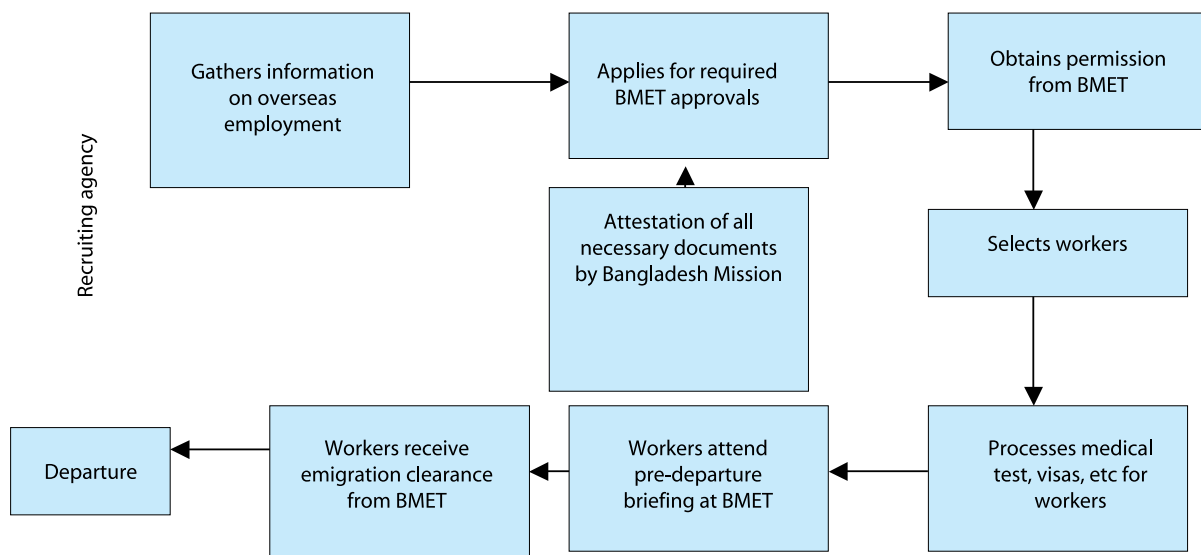
BAIRA is supposed to submit an annual report to the Ministry of Labour and Employment documenting their calendar year activities in their entirety. Given the wide-ranging and important nature of BAIRA's mandate, it could play a crucial watchdog role over its members, regulating those who do not conform to the required standards and promoting industry best practices. However, despite its extensive and important mandate, BAIRA is often unsuccessful in adequately fulfilling assigned duties. According to key informant interviews, the reason for this was a combination of shortcomings in staff abilities, the impact of agents' vested interests and operational overlap in tasks with other organisations such as BOESL and BMET. The over-complicated and poorly coordinated process of international labour migration makes it difficult for the organisations involved in its facilitation, management and governance to carry out their functions. The following section briefly summarises and compares the process of a migrant's journey from initial information gathering regarding overseas employment to departure both as it *should* happen and as it *actually* takes place.

2.3 The process of labour migration

The process of labour migration is extremely cumbersome, involving interface with multiple agencies and institutions, and for the potential migrant it is difficult to negotiate and often expensive. The convoluted nature of the process also means that it is inefficient, poorly governed and has many junctures where corruption and vested interests come into play. How the process is theoretically organised is very different from how it actually operates. Using information gathered from interviews with key informants at government ministries, migration management and regulation organisations, recruitment agencies and migrants themselves, the following section compares the proposed process of migration with the reality.

In theory, the process of going abroad to work should proceed as depicted below:

Figure 4: Proposed/formal recruitment system for overseas workers through a recruiting agency



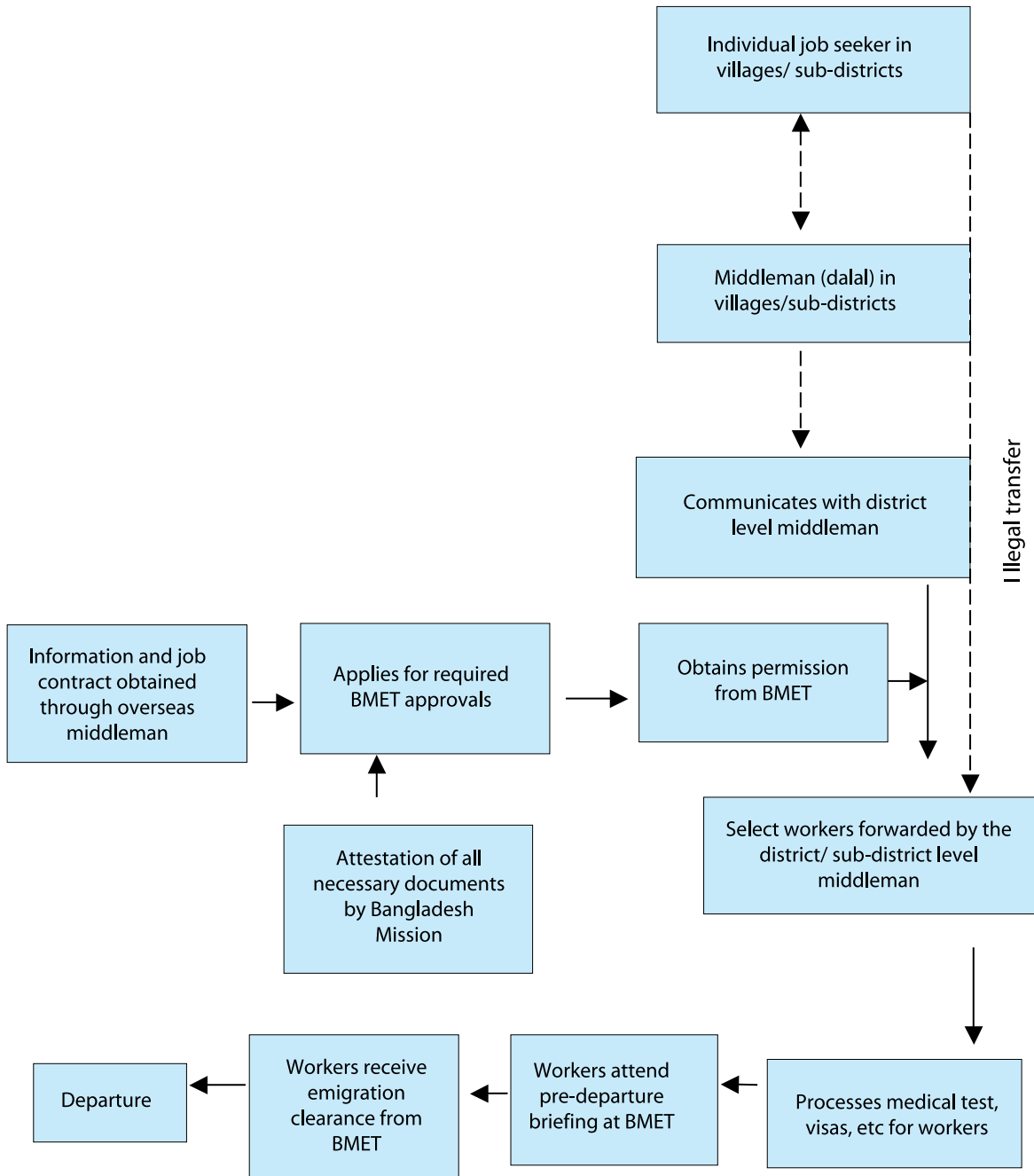
Source: Based on Miah 2010

A work order is a document that elaborates on employment opportunities in foreign companies. Generally, recruiting agencies provide information for jobseekers on employment opportunities from foreign companies. However, sometimes those already working in a host country arrange work orders, i.e. paper documents from companies regarding job description and availability for their friends and relatives through their own contacts. The process usually begins with the recruiting agency gathering market information on available overseas employment opportunities including demand notes, job contracts and power of attorney statements regarding specific jobs. The agency then applies with all the necessary documentation to BMET for permission to start recruiting workers, while at the same time Bangladesh Missions in the target countries are approached so that they can attest relevant documents such as visa advices. Agents gather necessary documents including demand notes, job contracts, power of attorney statements, etc. Once permission is obtained, the agency starts recruiting workers who if selected then undergo a mandatory medical test, obtain visas, attend a pre-departure briefing and then receive the final clearance to emigrate from BMET.

Under government-managed recruitment, workers are recruited through BOESL and BMET. Initially, the BMET was directly involved in the sending process, a function later on transferred to BOESL. BOESL maintains a separate database of job seekers alongside the list maintained by BMET. Foreign companies in receiving countries contact BOESL directly if they wish to recruit through them, with Bangladeshi foreign missions acting as the intermediary in this process. The receiving companies then issue authorisation letters accompanied by other necessary documents. BOESL then consults its database and tries to recruit the workers from it. If necessary, it also publishes recruitment advertisements in national dailies. It then shortlists workers from all the applicants and sends the list to the employing company for final approval. Upon receiving this, BOESL finalises the recruitment.

However, according to key informant interviews, the process works rather differently in reality, involving layers of subcontractors/agents and informal payments. Using **Figure 4** as a basis, **Figure 5** outlines how the proposed process of migration actually plays out with the intervention of illegal middlemen and interference from multiple sources. This demonstrates the very important role of village, sub-district and district level middlemen play in the sourcing and selection of migrant workers for jobs abroad. They act as subcontractors and agents, using illegal payments to insert chosen groups of workers into contention for job selection. Thus, workers are not neutrally selected and processed from the job seeker's lists maintained by BOESL, BMET and some reputable agencies, but through contacts, process manipulation and influence mongering. Corruption and influence mongering exists at almost every operational level of the migrant's recruitment, administrative and departure process. This creates serious governance issues that not only make the migration journey a more challenging one for prospective migrants, but damages the whole industry's credibility and efficacy. These governance issues and bottlenecks are explored in detail below.

Figure 5: Operational/informal recruitment system for overseas workers through a recruiting agency



Source: Based on interviews and Miah 2010

3 Governance gaps in labour migration

The core problematic feature of the labour migration process as it exists is that the private-government nexus reaps all the profits, whereas workers bear the direct costs, as well as risks and uncertainties. In the current governance context, there are no incentives for any of the parties who reap the benefits in changing this arrangement in favour of the workers (Hugo 2009). Any move towards the adoption of a good governance framework requires a transition from a system that favours those who facilitate and govern migration to an emphasis on the centrality of migrant rights and entitlements.

This section highlights four areas in international labour migration where governance gaps, poor regulation and lack of legislation implementation all have negative consequences for not only migrant workers, but for the system as a whole. The first three segments analyse systematic malpractices against workers while the last examines the governance failures in adequately managing labour migration abroad. Firstly, it explores malpractices in service provision, both public and private within Bangladesh to prospective and current migrants. Secondly, it reviews the role of the banking sector which benefits substantially from remittances sent by migrant workers. Despite this, they have been reluctant to provide loans to prospective migrants who chronically struggle with access to credit. Thirdly, it studies the treatment of migrant workers by their foreign employers. While the latter are theoretically required to comply with international and national minimum wage and working conditions regulations, they often ignore them. Thus, it is crucial to investigate the lack of legislation and standards implementation in the migrant labour receiving countries.

3.1 Malpractices by local migration service providers

In recent years, malpractices by private recruitment agencies and local agents (*dalals*) have been highlighted, discussed and attempted to be addressed quite frequently by the media, the state and as well as civil society organisations. As per existing legislation, the state has the responsibility to not only regulate the institutional framework of labour migration but also to monitor the process and arbitrate grievances. It provides licenses to private recruitment agencies through its legislative and regulatory provisions, in particular the Emigration Ordinance 1982, and the 2002 Rules relating to labour migration and worker welfare. However, despite the diverse mechanisms set in place to enable this, the state's inability to hold licensed agencies and unlicensed sub-agents accountable has led to a continuation of abusive and exploitative practices that negatively impact both migrant workers and thus the industry as a whole.

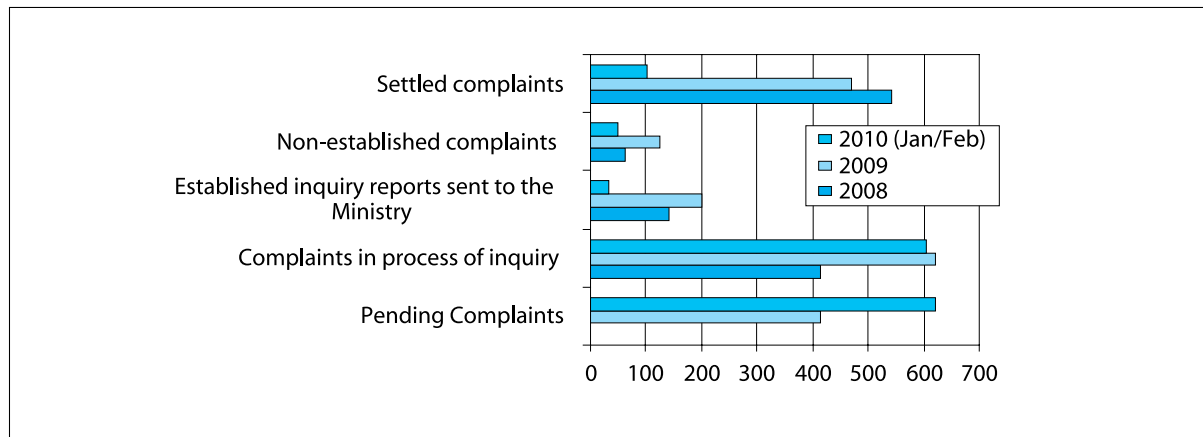
The most common offences are related to collecting far higher service charges than permitted under law. For example, the government has fixed the cost of migration to Malaysia at Tk. 84,000, but in reality workers often pay more than Tk.200,000 ('Bangladeshis pay high price for migration', *The Daily Star Business Report*, March 22, 2010; Ullah 2009). Similarly, the fees for migration to Singapore are officially set at SGD 2500 (i.e. Tk. 129,120 approximately), but most workers end up paying SGD 6000-8000 (Tk.310,000-413,000 approximately). One of the major findings from key informant interviews is that Bangladeshi migrants often pay double of what their counterparts pay in neighbouring countries for the migration process due to the severe lack of implementation of policies and legislation and an absence of monitoring. In other cases, ruthless agents send workers without proper work permissions who are stranded upon arrival. Afsar (2009) calls this phenomenon 'the search for a *bhalo* (good) visa'. Many malpractices are related to wages: often workers are forced to agree to wages that are below those specified in their contracts and in many cases, wages are not only lower than specified on the contract but even lower than the minimum wage of the country they are working in. Workers can even end

up at a different workplace or with a different job than the one they have signed up for. For example, trained workers are often made to work in semi-skilled or unskilled jobs. Such 'transfers' are often carried out in order to legitimise lower wages.

What makes it difficult to track these transactions, manipulations and transfers is that in the majority of cases, prospective overseas migrants pay their fees to brokers or agents in cash. Thus there are few or no records to document payment transfers, making them unauditible. Additionally, recruitment agents often buy visas from unauthorised middlemen in receiving countries, making payments via informal banking channels in a process known as '*hundi*'. In key informant interviews, experts argue that it is essential that the government makes it mandatory for jobseekers to transfer their fees and agents to carry out payment transfers only through banks in order to limit fraud. While the existing Rules prescribe such a procedure, it is rarely followed in practice (Palma 2010).

Prospective labour migrants also face difficulties when interacting with public migration facilitators. While passport issuance should be a standard service available from the state, the process is often made more complex. Besides overly long queues to submit application forms and collect passports, there are often undue delays in passport delivery, police verification and forgery of attestations (IGS 2008). Many migrant workers rely on recruiting agencies to obtain passports and travel documents who often do not follow due practice. Sometimes workers do not even sign their own passport application forms and find themselves in problematic situations when their signatures do not match when they go abroad (Siddiqui 2005). Forthcoming research from the IGS reveals that only 4 per cent of respondents described their interaction with manpower export offices and passport offices as fully satisfactory. In terms of physical accessibility, almost 70 per cent of the respondents stated that passport offices are located at places that are not very convenient, while 65 per cent say the same about manpower agencies. Additionally, a significant portion of the respondents did not have a clear idea about the location of either of these offices (IGS, forthcoming).

Interviews with experts in the field and migrants themselves revealed that the processes of applying for migration opportunities, facilitating the necessary payments and paperwork and finally duly departing for the country of destination are fraught with complications, unnecessary delays, unofficial payments transfers that are far above the legislated rates and interventions by uncertified agents and middlemen. This means that migrant workers, many of whom are illiterate village residents are often manipulated and swindled into not only paying higher charges but also into working at lower wages and in worse jobs. Given the information asymmetry that exists in the market and the large amounts of money migrants pay to go abroad (often borrowed at high rates of interest, as discussed below), they are forced to accept the situation. However, the current state of the migration process indicated many large governance gaps where regulation fails to implement existing legislation, with workers being those who are most disadvantaged.

Figure 6: Complaints against manpower agencies 2008-09

Source: Martin 2009

Currently, the Emigration Ordinance 1982 does not allow for direct legal prosecution by labour migrants with complaints needing to be filed via the BMET. Nevertheless, there are an increasing number of complaints (see **Figure 6**). In 2008, the BMET received nearly 400 complaints about recruiting agencies and settled cases worth a total of Tk. 90 million (Martin 2009). However, for 2009 the total number of settled complaints has further decreased and by the end of the year there were about 600 complaints still in the process of inquiry. While the placement and resolution of complaints is a start to redressing some of the malpractices by recruiting agents, there are many cases where compensation was not possible due to lack of adequate documentation (see also Afsar 2009).

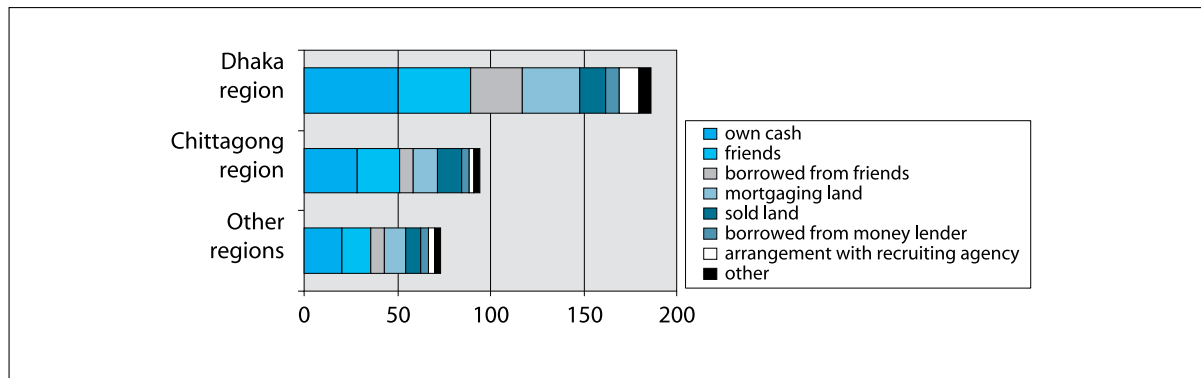
3.2 The financial sector in the migration process

Formal credit institutions play a critical role in the migration process, both in terms of mobilising remittances and in providing much needed credit support to prospective migrants. Most discussions on financial institutions focus only on the remittance collection role which needs to be scrutinised, systematised and regulated, as discussed further below. However, for migrants, loans prior to departure are critical, although they struggle to receive these through official credit channels. Martin points out that “at least four Bangladeshi banks have pre-departure loan programmes but they make few pre-departure loans” (2009, p.19). He notes that banks such as the National Credit and Commerce Bank (NCCBL) (in 2008) have announced migrant loan schemes such as the ‘Overseas Employment Loan Scheme’ for those who have valid foreign employment contracts. Yet, he argues that there is no data on how many pre-departure loans have been approved or disbursed.

In analysing pre-migration credit and debt situation of migrant workers, Sharma and Zaman (2009) clearly document that only about one fourth of them had their own (and their family’s) cash resources as the main source of financing migration, with friends being a large source of co-funding. They also demonstrate that mortgaging and selling property and borrowing from moneylenders is still extremely prevalent (see **Figure 7**). Another study shows that 33 per cent of respondents borrowed from moneylenders, often at exorbitant interest rates such as 10 per cent per month (2009). Prospective migrants are often forced to take drastic

measures such as those mentioned above that endanger their families' livelihoods and entrench their future with that of ruthless agents because they are often denied access to formal credit mechanisms in the financial sector. They are not perceived as either a priority or a good credit risk by the very banking and credit institutions that are more than happy to handle their remittances. Often, migrant families are unable to use money remitted for many months as it is used to repay loans taken at high rates of interest to cover the costs of the migration process. This situation needs urgent redress so that migrants can finance their departures without jeopardising their and their families' financial futures.

Figure 7: Arrangements for covering migration costs



Source: Sharma and Zaman 2009

The ever-increasing flow of remittances demands a systematic inquiry into the mechanisms of transfer. Formal systems for remittance transfer include banks, postal services, money transfer operators (MTOs), other wire transfer services and credit unions. While banks and postal services offer reliable remittance services in almost all host and home countries, difficulties with regard to transferring remittances through formal systems include high costs, transaction delays, unfriendly customer service and complex paper work. As a result, unofficial channels such as the *hundi* (informal transfer of money) system are vital for migrants. Haque and Bashir (2009) found that this type of transfer was very common for migrants in Saudi Arabia but much less so for Malaysia, a pattern also found for Nepalese migrants abroad (Graner and Seddon 2004). This means that there are remittance inflows that are not being accounted for in the national accounts.

The nation's central bank plays a crucial role in increasing the inflow of remittances through formal channels. Bangladesh Bank permits banks to establish drawing arrangements with foreign banks and exchange houses to facilitate remittances by Bangladeshi nationals living abroad. The World Bank estimates the cost of remittance transfers to be approximately between 13-20 per cent of the amount remitted, with banks charging higher rates than informal remittance mechanisms (Rahman and Yeoh 2006). However, transfers from banks usually take up to a week in the case of receiving banks situated in Dhaka. If the banks are located in localities in other districts (e.g. in rural areas), the delivery time may extend to a few weeks. In some host countries, especially Singapore and Malaysia, migrant workers report a lack of customer-friendly attitude among the staff of exchange houses established by Bangladeshi banks. Many migrants report negative experiences during their contact with such agents (Rahman and Yeoh 2006). Add to this bureaucratic hassles and the absence of

banking services in many rural areas of Bangladesh, and it is clear why many favour the informal remittance market. Migrants and their families put a high premium on sending the money easily and receiving the money quickly, leading to the prevalence of using informal means.

From a governance viewpoint, the lack of available credit and easy remittance facilities for migrant workers presents a bottleneck that creates further governance malpractices. While policy makers have been quick to extol the virtues of the contributions remittances make to the national economy, they have yet to implement measures that financially facilitate migrants' departures and family welfare. This is essential not only for worker and family welfare, but to ensure that the entirety of the remittance flow contributes to the national economy.

3.3 Migrant maltreatment in destination countries

It is a crucial feature of labour migration that the institutional framework in countries 'importing' foreign labourers is usually protective of their employers but much less so of the foreign workers. Even when there is legislation to safeguard the interests of the latter, the respective governments are often rather negligent in implementing these. Siddiqui argues that "since the 1980s [...] employers have changed from being migrant friendly to migrant exploitative" (2005a, p.96). Thus, the mistreatment faced by migrants does not end when they arrive at their destination countries. There are often complications regarding entry due to inappropriate visas, invalid paperwork and dubious job contracts issued by corrupt recruiting agents. According to expert interviews, this could lead to deportation and loss of the entire fees paid by the migrant to facilitate the migration process. Given the discussion above, this leaves many migrants and their families in dire financial straits. Once in service, the main difficulties reported by migrant workers are low, delayed, partial or prolonged non-payment of salaries, as well as maltreatment by employers, extremely poor working conditions and lack of welfare provisions or help from Bangladeshi missions in the receiving countries.

As previously mentioned, in some cases wages are lower than specified in the working contract and contract substitution by employers is a widespread phenomenon. In the latter case, instead of being able to work at the jobs they were promised, workers are forced to sign a second contract upon arrival. This usually means lower wages and worse living and/or working conditions. Commonly cited examples by key informants were cases in Malaysia, where workers whose original contracts were for factory jobs end up working on plantations. Ullah's case studies record how a substantial number of workers were 'channelled' into Malaysia on Thai tourist visas, despite having paid the 'regular', i.e. inflated fees to their agents (2009). Very often migrant passports and documentation are not handed over until the day or point of departure, making it difficult for the workers to ensure the correct paperwork or visa provisions. In Saudi Arabia, workers are often hired as cooks and security guards and then sent to work as agricultural labourers (Siddiqui 2005b).

In many instances, a considerable number of workers try to leave their 'new' jobs and seek alternate employment. Through networks of Bangladeshi workers who are already working in the host country, some migrants manage to obtain jobs with better terms and conditions. However, by leaving the jobs for which they had obtained visas, they risk becoming undocumented workers, vulnerable to many additional forms of exploitation ('Lost in migration', *The Daily Star Weekend Magazine*, June 25, 2010). Above all, most employers withhold all legal documents such as job contracts, travel documents and even passports from the workers in efforts to curtail their movements, and in practice prevent them from leaving abusive workplaces ('Neglected

Heroes', *The Daily Star Weekend Magazine*, June 20, 2007). In Malaysia, in particular, workers are routinely harassed or jailed by law enforcement agencies if they fail to produce valid identification in the wake of minor offences ('Malaysia must end abuse of migrant workers', *The Daily Star*, March 27, 2010). In some cases, other employers take advantage of these migrants, luring them away with nominally higher wage rates but often with worse working conditions.

A huge issue is that there is a wage differential according to the worker's nationality of origin that works against them with Bangladeshi migrant workers often ending up at the bottom of the scale. Two reasons are generally given for this: the first is that they are generally unskilled compared to migrants from other countries and the second being that the Bangladesh government cannot effectively bargain with destination country governments for better terms and conditions for its workers. According to interviews with key BMET staff, a prime example of this is how the Philippines and Indian governments have successfully bargained with Middle Eastern nations to pay migrant servants a minimum salary of USD 400, while Bangladesh has agreed to a minimum salary of only USD 100-150. While most of the Filipino workers are skilled, the ones from India often have qualifications similar to Bangladeshi workers.

Analysts argue that these malpractices often occur due to an information asymmetry from the workers' side (Stalker 2008). According to both key informant interviews and academics, this position re-emphasises the class dimension of the problem arguing that the majority of workers are un/semi-skilled, of rural origin, of low social class and poorly educated and do not have any knowledge about the labour laws of the countries to which they migrated (Hondagneu-Sotelo 2007). In addition, there is often a language barrier between migrant workers and employers. As a result, it is easy for employers to violate existing laws relating to wages and working and living conditions as they know that neither the workers nor their own nation's or the workers' governments will hold them to book for these offences (Afsar 2009). As per legislation, local employers in destination countries are required to comply with international and national minimum wage and working condition regulations. However, this is rarely implemented. While there is a class dimension to migrant maltreatment, it is also a governance issue.

Along with general mistreatment, there are serious concerns regarding the safety of migrant workers. Most of the jobs taken up by Bangladeshi migrant workers are classified as '3D', i.e. dirty, difficult and dangerous. Between 2004-2009, a total of 8,701 Bangladeshi workers died in various countries with more than nine hundred among these during the first five months of 2009 (Palma 2009; Odhikar 2009). Apart from death in the course of working abroad, the media, academics and key experts in the field report that working conditions for Bangladeshi migrants are often appallingly bad (Afsar 2009; Stalker 2008, Palma 2009, 'Migrant worker rights in spotlight', *The Daily Star*, December 18, 2008). In addition to difficult working conditions, female migrant workers face additional abuse. The UNDP reports that as many as 85 per cent of those going to Gulf states face the threat of physical and mental abuse in the form of rape and sexual exploitation, as well as high risks of exposure to sexually transmitted infections and HIV/AIDS (2008). The condition of Bangladeshi female migrants in Malaysia has also been severely criticised by the human rights group Amnesty International who reported that for some workers conditions are reported to be 'close to bonded labour' and migrants were in constant threat of verbal and physical abuse, as well as sexual exploitation ('Migrant workers unpaid, raped, abused in Malaysia', *The Daily Star*, March 25, 2010). While the government has been urged to intervene to put a stop to these practices, much of them continue with stories of worker mistreatment commonplace in the media.

The media, human rights watchdogs and civil society generally agree that it is the responsibility of state and regulatory bodies to ensure that migrant workers who contribute so greatly to the national economy, are 'punished' for their weak social positions by manipulation, mistreatment and abuse. This is further explored in the following section.

4 Recommendations and conclusions

The Global Commission on International Migration (GCIM) has identified four major challenges in establishing governance in migration at the national level (2005): Firstly, the lack of coherence in national policymaking on migration; secondly, the lack of coordination between policymaking and policy implementation; thirdly, the lack of capacity, defined as the lack of information, knowledge, institution and resources to process migration and fourthly, lack of communication between countries. In order to address these issues, the primary focus should be on the challenge of coordination within and between ministries that are involved in the migration process. It is also important to ensure consultations between the government and other stakeholders at the national level, as well as recognise and address the need for a supportive legal system which would be 'functioning, effective and equitable' with a well trained, honest and informed staff (2005). Similarly, it is pivotal to develop an infrastructure to provide educational, social and legal support to migrants. The final criterion requires creating various types of bilateral agreements that respect the normative framework of international migration and have a clear agenda of protecting migrants' rights. The recommendations below take into account these requirements and would be initial steps towards the governance overhaul the industry needs.

4.1 Negotiate terms with receiving countries that ensure worker welfare

Given that most countries 'hosting' Bangladeshi migrant workers have not ratified international instruments of worker protection such as United Nations or International Labour Organization conventions, bilateral agreements or memoranda of understanding (MoU) are important instruments through which the protection of rights of migrants can be ensured. Successive Bangladesh governments have sent high-level delegations to various labour receiving states to negotiate such agreements. However, there is a general reticence on part of labour destination countries to sign any bilateral agreement and memorandum of understanding that are legally binding (Stalker 2008). Given that sending countries like Bangladesh are in the weaker positions in negotiations such as these and cannot dictate terms to their liking, the minimum that the government of Bangladesh could do is to develop a minimum set of standards for sending labourers for conditions under which migrant labourers have to work. Currently, when an understanding is reached with a partner country, the Bangladesh government submits a set of standards with the implicit understanding that the receiving country will honour it. However, this does not place the country concerned under any legal obligation.

4.2 Operationally enshrine migrant rights as the core of the governance framework

While labour migration has evolved as a core feature of the Bangladesh economy, the governance framework that regulates it is weak and unaligned with the reality of the migration situation in the country. Migrant rights should be made the central premise of the governance framework in order to make policies, institutions and processes more relevant. Both the 2002 Rules and the new smart cards are positive steps towards this new transition. From an international perspective, good governance needs to safeguard the interests of the labour force *vis-à-vis* the host state and employers. If the latter are reluctant to adhere to the regulatory

framework, there need to be mechanisms from the side of both sending and receiving countries to penalise these companies. Above all, counselling and legal services need to be provided to migrants both at home and abroad. This is particularly essential for migrants in the Middle East and Malaysia, where they face a complex range of problems.

4.3 Ensure proper functioning of monitoring mechanisms to create a transparent and efficient migration process

Improving governance needs to encompass efficient ways of service delivery from both private enterprises and government agencies. Proper monitoring mechanisms also need to be set up to regulate licensed agencies and shut down operations of illegal agencies and middlemen who are unscrupulously swindling prospective migrants. For negotiating labour opportunities there should be healthy competition between the public and private sector. Migration fees need to be reasonable with an imposed ceiling on the fees. Additionally, proper cost disaggregation needs to be provided to migrants such as visa fee, agents' charge, documentation and processing fees. The provision of passports for migrant workers by the government needs to be simplified, made less costly and less time consuming. Strengthening the staff capacity, training and role of government bodies such as BMET and BOESL is a step towards addressing recruitment problems. These organisations could play an effective role by supporting effectively disseminating information on agents, recruitment procedure, fees and minimum wage standards in different countries via local government offices. The media and civil society organisations can also disseminate this information. The introduction of smart cards may also contribute substantially to improving monitoring. Manpower agencies themselves should also set up internal mechanisms for monitoring. BAIRA as their umbrella organisation could be a focus point, establishing a code of conduct and best practices among agencies. Regularly maintaining and publicising lists of 'black listed' agencies could decisively contribute to putting rogue agencies out of business. All transactions between recruiters and migrants should be transparent and any financial transactions should be recorded. The implementation of fiscally strict manpower agency auditing will go some way towards ensuring that these companies are financially responsible.

4.4 Secure access to credit and efficient means of remittance transfer for migrants

The state needs to reconsider the financial arrangements that are currently in place for migrants. Currently, it is migrants who bear the enormous costs of migration. However, given that migrants usually plan their departure in groups, where the risk of defaulting is comparatively low, there could be a mechanism for covering these costs. Low-interest loans could be provided to prospective migrants and their families for a period of 6 to 12 months, considerably minimising the propensity to take informal loans at high rates of interest and mortgage property to moneylenders. Once migrants are working in destination countries, they need efficient, user-friendly legitimate means of sending remittances to provide feasible alternatives for using the *hundi* providers that are low cost and provide good service. These alternatives could be established in the form of banks that cater specifically to migrants, providing a range of financial services alongside remittance options.

Given the presence of deep governance gaps in facilitating and managing international labour migration in Bangladesh as discussed in detail above, the role of reform and regulation is critical especially in safeguarding worker rights and welfare. While there is a pressing need for a plethora of institutional and governance reform processes to take place, the most urgent governance issue is the lack of implementation of already existing

legislation that seeks to make the process transparent and pro-migrant workers. If the migrants' essential contributions to the economy via remittances are to keep growing, the state needs to re-emphasise its role as a watchdog, strongly putting migrant rights and welfare before the vested interests of the recruiting agencies and financial institutions.

1 Overview

After having predominantly been focused on institutions, the global governance discourse has shifted its attention to citizens. The citizen-centric nature of *The State of Governance in Bangladesh 2009* reflects this transition and grounds its analysis in answering the question of whether citizens' entitlements are being met. The Report marks the Institute of Governance Studies' first foray into sectoral governance analyses, with each chapter addressing whether a key national sector is engaging in responsive service delivery. *The State of Governance in Bangladesh 2009* contextualises and scrutinises governance, as manifested in policy planning and implementation in the key national sectors of food, energy, e-Government and migration. These sectors are either essential to citizens' welfare (food security and consistent energy provision) or they are increasingly important to the national economy and future (labour migration and the prospect of e-government). Citizen-centricity in policy design and efficient policy implementation, evidenced through reliable and equitable service delivery, is the bedrock of good governance and overall development. As in previous years, the Report optimistically notes Bangladesh's sustained high levels of economic growth and continuing advances in development. With regards to sectoral governance, it also commends each sector's progress towards a central theme of the global discourse: the need to create a long-term vision and an enabling legislative environment. There have also been encouraging policy initiatives, successful short-term sectoral programmes and some laudable responses to crises. However, while there are reasons to be positive about the future of the sectors in consideration, there are also substantial governance gaps that require serious attention and bold corrective measures. The three governance gaps that were consistently present in all sectors are the lack of effective regulatory bodies that can implement policy in an equitable and coordinated manner, the short-term nature of policy planning and the endemic nature of politically populist decision-making and, lastly, the lack of commitment to deeply-rooted and far-reaching institutional change.

2 Recommendations

The State of Governance in Bangladesh 2009 is cautiously optimistic about the prospects for good governance in the sectors examined, noting praiseworthy legislative progress and the presence of successful one-off policy initiatives and responses to sectoral crises. As mentioned in the introduction to the Report, it is hard to generalise findings across sectors given their differences. It is equally difficult to generalise recommendations across sectors. However, the Report takes the view that willingness to utilise the pre-existing regulatory framework and the transition to autonomous, transparent and effective regulatory institutions is central to making these sectors functional. In addition, the presence of long-term political planning, freedom from politically expedient decisions and a strong commitment to deep rooted institutional reform is equally important to improving sectoral services for citizens. There are detailed, very specific recommendations suggested at the close of each chapter, the key recommendations in each sector are highlighted below.

Chapter 2 – Energy Crisis: Planning Deficit, Policy Failure and Reforms for the Future

An energy crisis characterised by a growing deficit in power and gas supply is severely hampering Bangladesh's development prospects. This crisis also negatively affects the quality of life of citizens, given the impact on industrial production, agriculture, business and trade and day-to-day life. While Bangladesh has sustained high levels of economic growth over the recent years (5 to 6 per cent), unless the increasing energy shortfall in electricity and gas is addressed, it will slow down industrial operations, jeopardise trade and economic growth, trigger political instability and cause significant deterioration in citizens' quality of life. This chapter does not attempt to examine all pertinent areas of the energy sector where governance plays a pivotal role. It focuses instead on how governance, or lack thereof, impacts the institutional and policy framework, the supply of energy and reform implementation in the power and gas sector. All of these governance areas ultimately affect citizens' access to energy, whether for commercial or personal use.

The government has so far taken a mix of long, medium and short term measures to tackle the energy crisis. This chapter argues that no significant change in the gas production is likely to take place in the short term. However, experts believe that the energy crisis can be addressed in the short term by making the best use of available fuel and power plants, i.e. by improving the existing production capability of power and gas sector entities through enhanced investment (both foreign and local) and through technical efficiency. Otherwise, the government will be compelled to import gas or establish more fuel based power plants. In the long term, there is no alternative to aggressive gas exploration and setting up of coal-fired power plants. Additionally, in regard to the electricity sector, the government must seriously attempt to increase energy trade with other nations, and most importantly, implement new power generation projects.

Moreover, the government must think beyond populist subsidies in the electricity sector and raise tariffs to establish a more sustainable sector. Solving the energy crisis means a long-term, concerted effort by all stakeholders, and citizens accepting that the process will not be painless. Based on the need for a long-term strategy, this chapter recommends: (a) pragmatic, citizen-focused planning and careful coordination among sector entities; (b) policy implementation with greater stakeholder dialogue and process transparency; (c) appropriate incentive mechanisms for bureaucrats and private/foreign investors that align with intended policy outcomes; (d) an autonomous regulatory body with the capacity to respond to stakeholder interests;

and (e) a strong political commitment to undertake all these improvements in sectoral governance. Providing reliable energy for Bangladesh's citizens will be a gargantuan task, but failure to do so will trigger a negative domino effect for the economy at large.

Chapter 3 – Food Security: Increasing Availability, Diversifying Access and Strengthening Governance

Overall, an examination of the food availability and access scenario shows that, while the government is willing to ensure food security, it is not deeply committed to implementing the steps required to reach this goal. Though commitments regarding land distribution and tenancy contracts are present, their execution is absent. Many government institutions either lack the capacity to carry out implementation and monitoring processes, or are subject to corruption and rent-seeking behaviour. This is true in the case of key agricultural inputs such as fertilisers and seeds as well as in the procurement drive. These factors impede high yielding food production and may explain why the country is yet to achieve food self-sufficiency. On the other hand, reforms in the Public Food Distribution System (PFDS) have been far reaching and the government has shown willingness to scrap programmes that were riddled with corruption and leakage. Targeted interventions were prioritised but the goal to reach the ultra poor has not been achieved. However, it must be kept in mind that these were donor-driven reforms. In order to really ensure food security for all, the government should increase capacity in the relevant ministries and institutionalise these reforms to create ownership. This must be matched with true political will to avoid partisan interests affecting policies and programmes, so that the deserving reap the benefits.

With regards to the availability of food, the chapter makes the following recommendations: (a) ensure security of land ownership and access through a land distribution committee for *khas* land that incorporates stakeholders from the community and has enforceable monitoring mechanisms; (b) re-evaluate fertiliser policy and administrative practices through accurate demand calculation and the formation of a Citizens' Committee comprised of farmers, dealers, members of local government and government administration officials, which will monitor fertiliser distribution and quality; (c) increase incentives for seed production and monitor seed quality and (d) re-evaluate the procurement drive system to make it more sustainable and grass-roots focused. With regards to access to food, the chapter recommends: (a) improve targeting efficiency of the Social Safety Net Programmes (SSNPs) to make it pro-poor by using self-selection based on a work requirement, proxy means testing and community based targeting mechanisms; (b) institutionalise monitoring and evaluation by building ministerial capacity to follow up programme progress and conducting randomised evaluations by independent external agencies; (c) improve inter-ministerial coordination by re-evaluating policy coordination, reduce implementation overlap and develop platforms for inter-ministerial knowledge exchange and (d) de-centralise and build capacity of local government to facilitate accountable programme implementation, especially in the PFDS.

Chapter 4 – Digital Bangladesh: The Beginning of Citizen-Centric e-Government?

This chapter commends the current government for providing unprecedented political support for the development of Information Communications and Technology (ICT) tools for citizen empowerment through the Digital Bangladesh (DB) agenda. However, it argues that while the DB agenda and strategy are ambitious in their aim to extend information and services to citizens, it does not have the infrastructural plan in place required to make the citizen-centric initiatives of the DB vision a reality. The government's new regulatory

and institutional initiatives—in particular passing the ICT Act 2009 and establishing high level committees devoted to the proliferation of ICT for development—are praiseworthy. However, much depends on whether new legislation is effectively implemented and whether these committees are successful in mainstreaming ICT at both governmental and citizen access levels. In addition, 53 of the quick win initiatives that are being implemented across different ministries are directly aimed at benefiting citizens, although the short-term nature of the quick wins is a threat to sustainable service provision. The chapter notes that while the current DB strategy may allow Bangladesh to enter the interaction and transaction phases of e-Government maturity; this depends on implementing the necessary backend initiatives such as business process re-engineering. In order to truly attain ICT enabled development outcomes, a truly transformational view of e-government is necessary. This requires government-to-citizens, government-to-business and government-to-government infrastructural initiatives in addition to comprehensive institutional and process reforms. One of the biggest concerns regarding the DB agenda is its discontinuation beyond the tenure of the current government, given its highly politicised nature and lack of ownership from implementing and regulatory bodies. The focal point of the strategy must thus shift from merely a technology implementation paradigm to one that focuses on utilization, with built-in outcome monitoring and stakeholder involvement.

The chapter makes the following recommendations to create an empowering and sustainable ICT for development of e-government paradigm in Bangladesh. Otherwise, “Digital Bangladesh” will continue to be seen as just another clichéd political slogan that does not create positive development outcomes for citizens, particularly those who are poverty stricken and marginalised. The recommendations are: (a) implement institutional restructuring and process reforms through a centralised body that can coordinate with ministries and execute the necessary far-reaching transformation; (b) strengthen the regulatory framework by amending the ICT Act 2009 in order to provide adequate data privacy and security provisions; (c) build ownership within the bureaucracy and depoliticise the agenda to move beyond ‘Digital Bangladesh’ to true e-government and (d) bridge the digital divide through greater community awareness and pro-poor service provision that respond to citizens’ needs.

Chapter 5 – International Labour Migration: Making Migrant Worker Welfare Central to Governance

Remittances from international labour migrants are the single largest source of foreign currency earnings for Bangladesh, with figures reaching USD 11 billion in mid-2010. However, the sector is shadowed by the fact that those very migrants whose hard work propels the national economy forward are the people who are most exposed to the greatest risks in the migration process. They are burdened with extremely large financial debts prior to departure, experience mistreatment at the hands of unscrupulous agents and unconcerned governmental staff, are subject to abuse and degrading work conditions in their countries of destination and often have difficulty in remitting money back to their families. This is firstly due to a lack of coherence in migration policymaking; secondly, to the lack of coordination between policymaking and policy implementation; thirdly, to the lack of capacity (including lack of information, knowledge, institution and resources) to process migration and fourthly, to the lack of enforceable agreements with receiving countries. In order to address these issues, the primary focus should be on the challenge of coordination within and between ministries involved in the migration process.

It is also important to ensure consultations between the government and other stakeholders at the national level. Similarly, it is pivotal to develop an infrastructure to provide educational, social and legal support to

migrants. The final criterion requires creating various types of bilateral agreements that respect the normative framework of international migration and have a clear agenda of protecting migrants' rights. Given the presence of deep governance gaps in facilitating and managing international labour migration in Bangladesh, the role of reform and regulation is critical, especially in safeguarding workers' rights and welfare. While there is a pressing need for a plethora of institutional and governance reform processes to take place, the most urgent governance issue is the lack of implementation of already existing legislation that seeks to increase the transparency of the process and support migrant workers. If the labour migrants' essential contributions to the economy via remittances are to keep growing, the state needs to re-emphasise its role as a watchdog, strongly putting migrant rights and welfare before the vested interests of the recruiting agencies and financial institutions.

The following recommendations take into account these requirements and can be thought of as the initial steps towards the governance overhaul the industry needs: (a) negotiate terms with receiving countries that ensure worker welfare through bilateral agreements or memoranda of understanding (MoU); (b) operationally enshrine migrant rights as the core of the governance framework (as in the 2002 Rules) in order to make policies, institutions and processes more equitable; (c) ensure proper monitoring mechanisms of both public (BMET and BOESL) and private agencies (BAIRA) in order to create a transparent, low-cost and efficient migration process that is free of bureaucratic inefficiency, illegal agencies and unscrupulous middlemen and (d) secure access to credit and efficient means of remittance transfer for migrants through the provision of low-interest loans and efficient, user-friendly and legitimate means of sending remittances.

3 Cross-cutting themes

IGS views governance as a multidimensional concept that is not only rooted in the 'business' side of governance, but that also encapsulates the impact of governance on those who are governed, i.e. citizens. In this vein, *The State of Governance in Bangladesh 2009's* central theme is **Entitlement, Responsiveness, Sustainability**. The introduction to the Report argues that the citizens of a democratic country are entitled to basic needs and service provision from its government. The manner in which these should be met is responsively, i.e. in a flexible, effective and citizen-centric manner by the government institutions that are tasked with meeting these needs, or in conjunction with private bodies that are under the scope of regulation and monitoring. These needs will be met successfully if governments invest in committed, far-reaching and deep-rooted institutional change that results in effective, transparent, accountable and well-governed institutions. Ensuring the fulfilment of this chain, from entitlement to sustainability via responsiveness, leads to good governance outcomes for citizens.

Given its sectoral approach, this Report argues that citizens have entitlements in each of the sectors under examination: the right to consistent and affordable energy; the right to the provision of food and support in its production; the right to access government services and information easily and the right to labour migration opportunities that are affordable and safe. The Report's analysis shows that while the government has taken important steps towards service provision in all these sectors, much remains to be done to ensure that citizens' needs are met and development objectives fulfilled. The Report's introduction summarised the cross-cutting themes in the findings across each of the sectors using the **Entitlement, Responsiveness, Sustainability** framework. Similarly, the cross-cutting themes in the sectoral recommendations are summarised below:

(a) Utilise pre-existing enabling legislative frameworks: In all the sectors under analysis, legislative

frameworks are in place that recognise and enshrine in law citizens' **entitlements**. There is, other than very specific cases, e.g. the required amendment to the ICT Act 2009, no need to 're-invent the wheel'; only to commit to the implementation of the legal provisions that guarantee citizen wellbeing.

(b) Make regulatory bodies effective: All the sectors have established regulatory bodies tasked with their management. However, the Report argues that, by and large, these bodies lack accountability, are not transparent or autonomous, and do not coordinate their activities with each other leading to a severe lack of responsiveness to people's needs. Thus, the requirement is that these bodies transform themselves. There should be a commitment to long-term, far-reaching and extensive institutional change with an aim to increase regulatory capacity, bureaucratic ownership and inter-organisational coordination. This would allow for **responsive** and **sustainable** institutions to cater to citizen entitlements.

(c) Move from populist to pro-people: This Report has emphasised how governmental short-term planning horizons and politically expedient decision-making results in the lack of **sustainable** sectoral institutions and service delivery mechanisms. In order to create national sectors that are truly efficient and provide equitable services, governments need to look beyond the 5-year electoral cycle and the vote bank. This will often mean having the conviction and vision to be politically unpopular in the short-term, to create equitable, efficient and durable sectors in the long term.

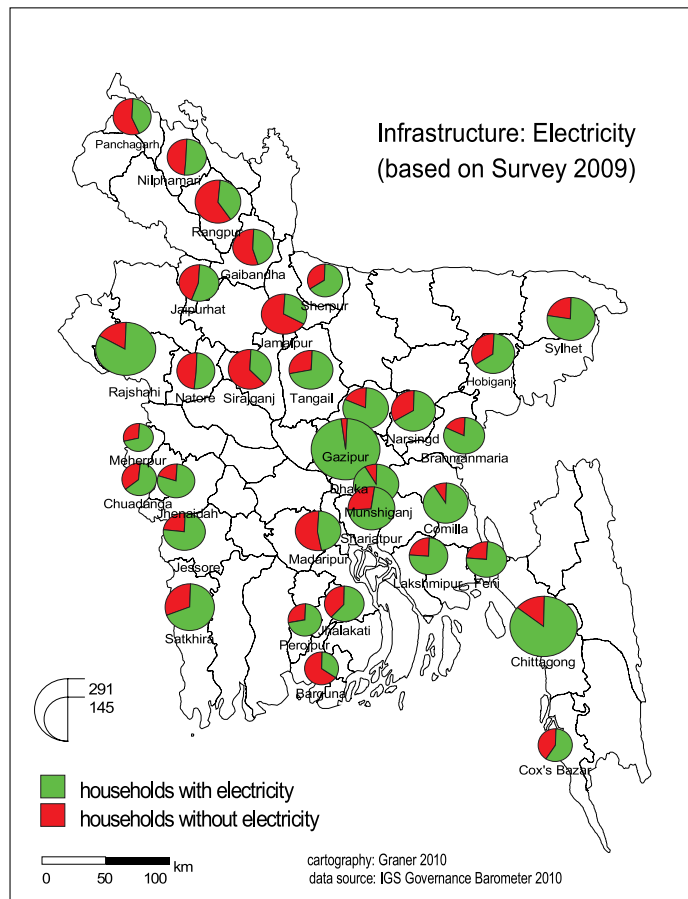
(d) Bold leadership committed to change: The root of good governance, as seen from a citizen-centric point of view, is the presence of effective institutions committed to ensuring **responsive** citizen welfare. This Report has shown that all the sectors are characterised by a lack of such institutions, creating a cycle of bad governance that perpetuates itself. The plan for institutional reform must be bold and **sustainable**, with a sense of ownership from all stakeholders: public and private sectors, opposition parties and civil society, to ensure across the board commitment. Inclusive planning for and implementation of change mean that if governmental commitment wavers, other stakeholders will be committed to steering reform back on course to ensure citizen **entitlements** are met. Most importantly, leadership must be dedicated to working for the national issues through consensus building.

4 Looking ahead

The efficient, inclusive and sustainable functioning of the energy, food, e-government and migration sectors is essential to ensuring long-term good governance outcomes and improvements in citizen welfare and quality of life. Analysing the governance successes and gaps in these sectors is a vital step towards strengthening them in order to make them more citizen-centric and institutionally accountable. The recommendations made in this Report focus on the need to take advantage of an enabling regulatory framework, make a concerted effort to make regulatory bodies effective, broaden policy planning and implementation beyond their five year electoral and populist focus and, lastly, strengthen institutions that deliver citizen entitlements.

ANNEX

ANNEX 1: DISTRICT-WISE ACCESS TO ELECTRICITY



Source: Governance Barometer Survey 2009, (IGS, Forthcoming)

ANNEX 2: POWER GENERATION PROJECTS UP TO 2014-15

Power generation projects completion by Apr-Jun 2010				
Name of power plant	Capacity (MW)	Type of fuel	Expected commissioning date	
Public sector:				
1 Siddhirganj 2X120 MW peaking plant (EGCB)	120	Gas	May 2010	
2 Sikalbaha 150 MW peaking plant (BPDB)	150	Gas/Oil	May 2010	
Private sector:				
3 Fenchuganj - 3 years rental; Sponsor: Energy Prima Ltd.	50	Gas	June 2010	
4 Ashuganj - 3 years; Sponsor: Precision Energy Ld.	62	Gas	April 2010	
5 Bogra - 3 years rental; Sponsor: Energy Prima Ltd.	20	Gas	---	
6 Bherama, new initiative, rental	100	Diesel	June 30, 2010	
7 Thakurgaon, new initiative, rental	50	Diesel	June 30, 2010	
Total (under construction)	552			
Power generation projects completion by 2010-11				
Name of power plant	Capacity (MW)	Type of fuel	Expected commissioning date	
Public sector:				
1 Fenchuganj 90 MW CCPP (BPDB), under construction	90	Gas	July 2010	
Private sector:				
2 Noapara, Jessore, new initiative, rental (under construction)	100	HFO	November 2010	
3 Barisal peaking plant, new initiative, rental (under construction)	50	HFO	December 2010	
Total (under construction)	240			

HFO: Heavy Fuel Oil

Power generation projects completion by 2011-2012					
	Name of power plant	Capacity (MW)	Ownership	Type of fuel	Expected commissioning date
Public sector:					
1	Katakali, Rajshahi; peaking	50	BPDB	HFO	September 2011
2	Ghorashal; peaking	300	BPDB	Gas/ Diesel	June 2012
3	Bera, Pabna; peaking	70	BPDB	HFO	September 2011
4	Gopalganj; peaking	100	BPDB	HFO	September 2011
5	Faridpur; peaking	50	BPDB	HFO	July 2011
6	Santahar, Nawgaon; peaking	50	BPDB	HFO	September 2011
7	Dohazari, Chittagong; peaking	100	BPDB	HFO	July 2011
8	Baghabari; peaking	50	BPDB	HFO	July 2011
9	Hathazari	100	BPDB	HFO	July 2011
10	Doudkandi, Comilla; peaking	50	BPDB	HFO	July 2011
11	Khulna 150 MW GT	150	NWPGC	Gas/ Oil	2011-02
12	Sirajganj 150 MW GT	150	NWPGC	Gas/ Oil	2011-02
13	Sylhet 150 MW CCGT	150	BPDB	Gas	2011-02
14	Chandpur 150 MW Cc	150	BPDB	Gas	2011-02
15	Kaptai; solar	5	BPDB	Solar	2011-02

Private sector:						
16	Katakhali, Rajshahi; peaking	50	IPP	HFO	2011-02	
17	Syedpur; peaking	100	IPP	HFO	2011-02	
18	Jamalpur; peaking	100	IPP	HFO	2011-02	
19	ChapaiNababganj	100	IPP	HFO	2011-02	
20	Comilla; peaking	50	IPP	Gas/ HFO	2011-02	
21	Wind	100	IPP	---	2011-02	
22	Solar	9	IPP	---	2011-02	
23	Khulna; peaking	100	IPP	HFO	2011-02	
24	Tangail and Chandpur	35	IPP	HFO	2011-02	
Mixed						
24	BPDB & RPCL	150	BPDB-RPCL joint venture	Gas/ HFO	2011-02	
25	Dhaka & RAUJAN	70	RPCL	Gas/ HFO	2011-02	
	Total	2,389				

RPCL: RupantaritaPrakritik Gas Company Limited
CCPP: Combined Cycle Power Plant

Power generation projects completion by 2012-2013					
	Name of power plant	Capacity (MW)	Ownership	Type of fuel	Expected
Public sector:					
1	Bhola 150 MW CCPP	150	BPDB	Gas	2012-13
2	Barapukuria 125 MW coal (3rd unit)	125	BPDB	Coal	2012-13
3	Siddirganj 2X150 GT	300	EGCB	Gas	2012-13
4	Ashuganj 150 CCPP	150	APSCL	Gas	2012-13
Private sector:					
5	Bibiana 450 MW CCPP (Power Cell)	450	IPP	Gas	2012-13
6	Serajganj 450 MW CCPP (Power Cell)	450	IPP	Gas	2012-13
7	Savaar peaking plant, Dhaka	100	IPP	Gas/HFO	2012-13
8	Kaliakair peaking plant, Hazipur	100	IPP	Gas/HFO	2012-13
9	Bhola combined cycle power plant (2nd unit)	150-225	IPP	Gas	2012-13
10	Keraniganj CC	150-225	IPP	Gas/HFO	2012-13
11	Madanganj CC	150-225	IPP	Gas/HFO	2012-13
	Total	2,500			

Power generation projects completion by 2013-2014						
	Name of power plant	Capacity (MW)	Ownership	Type of fuel	Expected commissioning date	
Public Sector:						
1	Haripur 360 MW CCPP	360	EGCB	Gas	2013-14	
2	Bheramara 360 MW CCPP	360	NWPGC	Gas	2013-14	
Private Sector:						
3	Bibiyana combined cycle power plant (2nd unit)	300-450	IPP	Gas	2013-14	
4	Meghnaghat combined cycle power plant (2nd unit); Dual fuel	300-450	IPP	Gas/ HFO	2013-14	
	Total	1,620				

Power generation projects completion by 2014-2015						
	Area	Capacity (MW)	Ownership	Type of Fuel	Expected Commissioning Date	
1	Chittagong	1,300	PPP (Joint venture)/ IPP	Coal	2014-15	
2	South Khulna	1,300	PPP (Joint venture)/ IPP	Coal	2014-15	
	Total	2,600				

Source: Majid 2010

ANNEX 3: LIST OF THE QUICK WIN INITIATIVES

	Name of Ministry, Department or Organisation	Name of Quick Win activities	Type of Service					
			Citizen's Service	Website (Basic set up)	Database development, monitoring and tracking	Other (content development etc)	Unclear	
1	Ministry of Industries	Computerized "Purjee" Management System	1					
2	Ministry of Agriculture	Agriculture Information Community centre (AICC) - Community-based information/service center for farmers	1					
3	Ministry of Fisheries and Livestock	Fisheries Information Communication Centre (FICC)-Telecentre for farmers with rich fish	1					
4	Ministry of Land	Updating data of Demra CLMS			1			
5	Local Government Division	Union Information centre (UIC)	1					
6	Ministry of Textiles and Jute	Online publication of Textile Colleges' admission test results		1				
7	Ministry of Cultural Affairs	1. Public Library Services through ICT 2. Internet at District Libraries connecting Bibliography database of all libraries with the ministry website.	1					

	Name of Ministry, Department or Organisation	Name of Quick Win activities	Type of Service				
			Citizen's Service	Website (Basic set up)	Database development, monitoring and tracking	Other (content development etc)	Unclear
8	Ministry of Women and Children Affairs	Monitoring of distribution of allowances to destitute women and widow allowances.			1		
9	Ministry of Labour & Employment	Website with forms and TTC information		1			
10	Ministry of Home Affairs	Access to Police Information					1
11	Ministry of Communications	Passengers' Information Service for Bangladesh Railways					1
12	Election Commission Secretariat	SMS based voters' information					
13	Ministry of Food and Disaster Management	Early warning dissemination through cell broadcasts	1				
14	Land Appeal Board	Online land appeal case status check system	1				
15	Ministry of Posts and Telecommunications	SMS based Land Phone Payment System through 20,000 Teletalk outlets	1				
16	Energy and Mineral Resources Division	Online Titas Gas bill payment	1				

	Name of Ministry, Department or Organisation	Name of Quick Win activities	Type of Service					
			Citizen's Service	Website (Basic set up)	Database development, monitoring and tracking	Other (content development etc)	Unclear	
17	Ministry of Defence	Cyclone warning dissemination applying DTH (Direct To Home) technology	1					
18	Land Reforms Board	Developing a website for Land Reform Board		1				
19	Local Government Division	City corporation citizen help	1					
20	Ministry of Education	Teacher training effectiveness through Digital Material					1	
21	Rural Development & Co-operative Division	Dairy information and Kiosk at dairy collecting centre (50 kiosks)	1					
22	Ministry of Chittagong Hill Tracts Affairs	Website with Tourism and Local Handicrafts Information		1				
23	Board of Investment	Online registration and work permit for foreign investors	1					
24	Ministry of Primary and Mass Education	Strengthening of 500 URGs to improve teachers training to enhance teaching-learning					1	
25	Ministry of Civil Aviation and Tourism	Website with Tourism information		1				

	Name of Ministry, Department or Organisation	Name of Quick Win activities	Type of Service				
			Citizen's Service	Website (Basic set up)	Database development, monitoring and tracking	Other (content development etc)	Unclear
26	Ministry of Youth and Sports	Website with Youth training information and forms		1			
27	Ministry of Foreign Affairs	e-Assisted Consular Attestation				1	
28	Ministry of Liberation War Affairs	Dynamic website of MoLWA and digitized database of freedom fighters.		1			
29	NBR	On-line submission of vat registration in NBR	1				
30	Ministry of Religious Affairs	Online processing of grants for religious institutes	1				
31	Ministry of Science and ICT	Electronic Science and Technology Grant Management System			1		
32	Power Division	SMS based Electronic Bill Payment System	1				
33	Ministry of Information	BTV Development Channel					1
34	Ministry of Commerce	A central database of all commodity prices for easy monitoring			1		

	Name of Ministry, Department or Organisation	Name of Quick Win activities	Type of Service					
			Citizen's Service	Website (Basic set up)	Database development, monitoring and tracking	Other (content development etc)	Unclear	
35	Ministry of Establishment	Online viewing and printing of long and short PDS			1			
36	BPATC Savar	BPATC Portal		1				
37	Ministry of Expatriates Welfare & Overseas Employment	Online Job Bank		1				
38	Economic Relations Division	Online Monitoring System for collection & Disbursement of Foreign Aid			1			
39	Ministry of Environment and Forest	New activity idea would be developed						1
40	Implementation Monitoring and Evaluation Division	Interactive dialogue box for citizen's participation for monitoring project status.	1					
41	Planning Division	Computer-based project planning and resource allocation system						

	Name of Ministry, Department or Organisation	Name of Quick Win activities	Type of Service					
			Citizen's Service	Website (Basic set up)	Database development, monitoring and tracking	Other (content development etc)	Unclear	
42	Ministry of Social Welfare	Dynamic website and Database of NGOs		1				
43	Planning Commission (Agriculture Division)	Database of all agricultural projects			1			
44	Planning Commission (Industries)	Develop a Pro-Active Data Base for Industries Sector			1			
45	Planning Commission (Infrastructure)	Project monitoring and tracking database			1			
46	Bridge Division	Modernization of toll system			1			
47	Ministry of Health and Family Welfare	Upazilla health complex health line	1					
48	BCS Admin Academy	Management and Training through Video Conferencing					1	
49	Ministry of Housing and Public Works	Electronic File Management System of RAJUK Plots			1			
50	National Parliament Secretariat	Computerized File and Record Management System				1		

	Name of Ministry, Department or Organisation	Name of Quick Win activities	Type of Service					
			Citizen's Service	Website (Basic set up)	Database development, monitoring and tracking	Other (content development etc)	Unclear	
51	Privatization Commission	Automation of Privatization Commission			1			
52	E-Procurement System	Ministry of Water Resources	1					
53	ERDOC	Digital Archive System of ERDOC			1			
	TOTAL		20	10	15	3	5	

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Strengthening the institutions of governance is a gradual learning-by-doing process that requires both policymakers' commitment and citizens' vigilance. This report represents a contribution to that process. By being analytical and constructively critical, it explores ways of improving the governance environment in four important policy areas: the energy crisis, food insecurity, institutional and regulatory environment for the development of the ICT industry, and migrant rights.

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This report offers an extremely important and timely overview of key governance issues currently facing Bangladesh. The contents of the report underline a simple and irrefutable fact: governance affects us all and affects us deeply. Like its predecessors, this report is remarkable in its scope yet parsimonious in its argument. It combines rigorous analysis and thought-provoking discussion to provide a unique contribution to our understanding of governance dynamics in Bangladesh and beyond. The mission of the Institute of Governance Studies is captured neatly in its motto *Bringing Value to Public Life*. This report will appeal to and stimulate the thinking of all those who empathise with this vision.

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