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The State of Governance
in BANGLADESH 2006

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The State of Governance
in Bangladesh 2006
Knowledge, Perceptions, Reality

Centre for Governance Studies, BRAC University
and
BRAC Research and Evaluation Division

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List of Acronyms

ADAB	Association of Development Agencies of Bangladesh
ADB	Asian Development Bank
ADP	Annual Development Programme
ADR	Alternative Dispute Resolution
AL	Awami League
ASK	Ain-o-Shalish-Kendra
ASP	Assistant Superintendent of Police
BANBEIS	Bangladesh Bureau of Educational Information and Statistics
BBS	Bangladesh Bureau of Statistics
BCS	Bangladesh Civil Service
BEPZA	Bangladesh Export Processing Zone Authority
BIDS	Bangladesh Institute of Development Studies
BINGO	Big NGO
BLAST	Bangladesh Legal Aid Services Trust
BNP	Bangladesh Nationalist Party
BNWLA	Bangladesh National Women Lawyers' Association
BOI	Board of Investment
BOSC	Bastee Basheer Odhikar Surakha Committee
BPC	Bangladesh Petroleum Corporation
BSCIC	Bangladesh Small and Cottage Industries Corporation
CAG	Comptroller and Auditor General
CAMPE	Campaign for Popular Education
CBSP	Central Bank Strengthening Project
CCC	Committee of Concerned Citizens
CIDA	Canadian International Development Agency
CPD	Centre for Policy Dialogue
CSO	Civil Society Organisation
CSP	Civil Service of Pakistan
CUP	Coalition for the Urban Poor
DANIDA	Danish International Development Agency
DCC	Dhaka City Corporation
DFID	Department for International Development
DIG	Deputy Inspector General
DWASA	Dhaka Water and Sewerage Authority
EPZ	Export Processing Zone
FAP	Flood Action Plan
FDI	Foreign Direct Investment
FEMA	Fair Elections Monitoring Association
FFE	Food-for-Education
FFW	Food-for-Work
FIR	First Information Report
FMRP	Financial Management Reform Programme
FNB	Federation of NGOs of Bangladesh
GD	General Diary
GDP	Gross Domestic Product
GEP	General Education Project
GoB	Government of Bangladesh
HIES	Household Income and Expenditure Survey
IDPAA	Institute for Development Policy Analysis and Advocacy
IFC	International Finance Corporation
IFPRI	International Food Policy Research Institute
IMED	Implementation Monitoring and Evaluation Division
IMF	International Monetary Fund
IRBD	Independent Review of Bangladesh's Development
JICA	Japanese International Cooperation Agency

LGED	Local Government Engineering Department
LTU	Large Taxpayers Unit
MATT	Managing at the Top
MDG	Millennium Development Goal
MLJPA	Ministry of Law, Justice and Parliamentary Affairs
MoF	Ministry of Finance
MoLGRDC	Ministry of Local Government, Rural Development and Cooperatives
MP	Member of Parliament
MTBF	Medium Term Budgetary Framework
MTEF	Medium Term Expenditure Framework
NBR	National Board of Revenue
NGO	Non-governmental organisation
NILG	National Institute of Local Government
NRB	Non-resident Bangladeshi
OC	Officer in Charge
OSD	Officer on Special Duty
PARC	Public Administrative Reform Commission
PEDP	Primary Education Development Programme
PESP	Primary Education Stipends Programme
PETS	Public Expenditure Tracking Survey
PFDS	Public Food Distribution System
PHED	Public Health Engineering Department
PIL	Public Interest Litigation
PMO	Prime Minister's Office
PPRC	Power and Participation Resource Centre
PRSP	Poverty Reduction Strategy Paper
PSC	Public Service Commission
PTA	Parent-Teacher Association
RAB	Rapid Action Battalion
RED	Research and Evaluation Division
RIBEC	Reforms in Budgeting and Expenditure Control
RIRA	Reforms in Revenue Administration
RMP	Rural Maintenance Program
SMC	School Managing Committee
SME	Small and medium enterprise
SOE	State-owned enterprise
SP	Superintendent of Police
SSPS	Social Sector Performance Survey
T&T	Telegraph and Telephone Board
TDP	Town Defense Party
TDR	Traditional Dispute Resolution
TIB	Transparency International Bangladesh
UDCC	Upazila Development Coordination Committee
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNO	Upazila Nirbahi Officer
UPHCP	Urban Primary Health Care Programme
VAT	Value Added Tax
VDP	Village Defense Party
VGD	Vulnerable Group Development
WASA	Water and Sewerage Authority
YES	Youth Engagement and Support

Glossary

Basti	Slum
Bichar	Justice
Crore	10 million
Dalal	Middleman/Agent
Fatwas	An edict against un-Islamic practice, under Islamic Law to be issued by an Islamic scholar or expert
Gram	Village
Hartal	An all-out strike, usually called by opposition political parties
Jatiya Sangsad	National Parliament
Khas	Literally, waste land; uncultivated land owned by the government which is in theory available for use by the landless
Lakh	100,000
Madhyabitta Gorib	Moderate Poor
Madrassah	Traditional Muslim religious school/college
Mastaan	Literally, 'Muscleman'; its different connotations are detailed in the relevant sections
Oborodh	Siege
Pally	Rural
Parishad	Council
Pir	A Muslim spiritual leader
Pourashavas	Municipalities
Sarkar	Government
Sharia Law	Islamic Law
Shalish	Informal means of mediation at village level
Shomaj	Literally, society; also a term for village-level institutions of political and social authority
Thana	Administrative unit between district and village; also police station
Upazila	Sub-District
Upazila Nirbahi	Sub-District Executive Officer
Zila	District
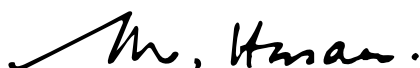
Preface

In the context of a developing country like Bangladesh, studying governance is not an academic exercise but a means to understanding if and how the openness, transparency and accountability of the system will impact on the effectiveness of services delivered to the poor and the disadvantaged. After fifteen years of democratic rule in Bangladesh, the system remains unconsolidated, politicised, confrontational and marred by bad governance. The Centre for Governance Studies at BRAC University in Dhaka was established in 2005 to further understand the complexities and to identify the constraints facing governance in Bangladesh. In addition to its research projects, the Centre offers a Masters programme in Governance and Development focused on the continuing education of civil servants.

Starting the State of Governance research project, we committed ourselves to looking at those aspects of governance which have worked and why. We found examples of governance successes, but - to no surprise - we also found that patterns of governance problems are strongly embedded in the system. The intention of our first *State of Governance* report was to review, through in-depth critical literature surveys and targeted primary research, the knowledge we have of governance in Bangladesh and to form a baseline for future research. Our research so far and the findings of the Report will be used in subsequent years to develop replicable measures of governance that are relevant to the Bangladesh context. Thus, while the Report is a fair reflection of the contemporary state of governance in Bangladesh, it represents only a beginning of our work on the subject.

The completion of the Report in a short period of time, from May to November 2006, was possible due to the partnership with BRAC Research and Evaluation Division (RED) directed by Dr. Imran Matin. A team drawn from the RED Governance Group, under the leadership of Dr. Naomi Hossain, was responsible for the research and drafting of the Report in consultation and collaboration with the Centre's staff. External expert advisors were invited to comment on the ongoing work in a peer-review process and to conduct pieces of primary research when in-house expertise was not available. The Report reflects the excellence of the research team who deserve recognition for their seriousness, dedication and commitment to de-mystifying the subject of governance in Bangladesh. We brought a new generation of scholars to the team believing that it is they who should engage in the discussion of governance in Bangladesh. The Report benefits from their critical perspective and we hope that the skills acquired in its preparation will enhance future Bangladeshi scholarship.

As with any collaborative project, there are too many people whose contributions were indispensable to assuring the standard and quality of this Report to be acknowledged individually. Among them are the members of the Advisory Group under the leadership of Dr. Akbar Ali Khan, former Director of the Centre for Governance Studies, whom I would like to thank for the intellectual leadership of the research project and the Report. I also would like to express my gratitude to the Royal Netherlands Embassy whose continued support of the Centre financed this project.

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Acknowledgements

The state of governance in Bangladesh 2006
Executive Summary

There is little doubt that concerns about governance continue to feature prominently in Bangladesh, both domestically and internationally. Political turmoil and violence, the politicisation of the public administration and concerns that corruption obstructs private sector investment and public service delivery are key elements of what is widely deemed a 'crisis of governance'. These mount amid newer concerns about security and the perceived rise of Islamic militancy. Questions that arise in this context include whether the state and law enforcement agencies can effectively police such developments, and of what shape effective authority will take, given the vacuum of trust and legitimacy in public institutions.

The State of Governance project aims to enter the debate about governance by examining the evidence and analysis of the issues, in particular to enable assessment of change over time. The present *State of Governance in Bangladesh 2006* report is the first in what is intended to be an annual series designed to monitor the governance situation. The present Report reviews the extensive evidence on governance and presents findings of targeted primary research in order to provide a foundation for further empirical governance research and analysis.

Three themes run through *The State of Governance in Bangladesh 2006*. The first is searching for success, with the intention of learning from what has worked in efforts to combat bad governance. The search for success was not always successful, however, partly because the literature is oriented toward uncovering and remedying failures, and partly because direct approaches to tackling governance failures tend to be difficult (e.g., the Anti-Corruption Commission). The second theme is gender-equitable and pro-poor governance: the Report attempts to answer why Bangladesh has made such impressive social and developmental progress when governance appears to have been so weak. The Report suggests that the evidence on bad governance in the social sectors fails to note that under particular circumstances, poor citizens have actively pursued their entitlements with supportive inputs from civil society and the media; and, again under particular circumstances, local political rivalry has energised service provision in ways that benefit the poor. The third theme is 'bad governance with a human face': the Report explores the full set of incentives and constraints faced by public servants, partly in an effort to avoid demonising frontline workers as the chief culprits in the system of bad governance. A key discovery and potential point for intervention is that morale among public sector workers is astonishingly low.

Four findings stand out from across the seven main thematic chapters. First, that partisan politics has permeated all aspects of public life. This is not a new development, but it represents a deepening of an ongoing

problem. There are four dimensions to the penetration of politics: a) public institutions have become forcibly or illicitly partisan throughout their operations and structure, from recruitment through to retirement and at most stages in between; b) political parties have become institutionalised at the local level and now have functioning, semi-responsive local structures, enabling them to ensure loyalties of local government representatives and to control or influence local development processes and administration. This process is not entirely negative as local political rivalry may galvanise more effective service provision: but at best, this is good politics, not good governance; c) civil society is also believed to have acquired a partisan tilt; and d) a positive dimension to the politicisation of public life is that politics is highly participative, featuring high levels of interest and engagement in politics.

The second main finding is that formal accountability mechanisms are weak, partly because of partisan penetration of public institutions, and partly because formal rules are absent or inappropriately framed. However, there are signs that informal pressures may be strong, particularly where tangible resources and services are at stake. A third finding is that demand for reform is mainly generated externally, primarily by and through donor activity. Fourth, knowledge of governance is patchy and sometimes lacks independence, in large part because much of it is produced by or for media and civil society and donors and is therefore oriented towards news-making and advancing a particular reform agenda.

Despite the pessimism with which Bangladesh's governance performance is widely viewed, there are several causes for cautious optimism. These include rapid progress on human development, poverty reduction and economic development which suggests either that governance failures are not so extreme as to paralyse development, or else that strategies have been found to work around governance failures. There is greater scope for responsiveness among political parties, and signs of effective informal pressures for accountability, with help from the media and civil society. Finally, our knowledge of governance lacks the degree of independence that would enable a more sober and balanced assessment. Some internally-driven reforms are not adequately documented or highlighted. There is likely to be more progress towards beating bad governance than this Report has been able to show.

The scope of *State of Governance in Bangladesh 2006* is comprehensive, covering many of the main debates and issues relating to the governance institutions and functions of the state; the major national political parties; key aspects of the economic process; the public administration, national, local, rural and urban; the role of the media, NGOs and civil society; and the impact of governance on policies of direct relevance to poverty reduction and the poor. This broad perspective was deliberately adopted in order to shed light on how the performance of state institutions shape social and economic outcomes, as well as on how non-state actors and institutions influence governance. The broad viewpoint was applied to help frame the problem so that it becomes possible to see how the pieces of the puzzle fit together. The Report is divided into nine chapters. In addition to the initial, overview chapter, the analyses and findings are presented in seven topical chapters, each representing a dimension or area of governance. The final chapter presents conclusions.

Chapter 2: Political governance

Chapter Two reviews developments in party politics, the changing composition and power base of the political class, the effectiveness of accountability mechanisms, concluding with a detailed analysis of the factors behind

the failure to consolidate democracy to date. The chapter is based on a review of the existing literature, key informant interviews with national political figures; and extensive original research into local party politics at the upazila level and below, conducted in 2006.

Chapter 3: Macroeconomic governance and the investment climate

Chapter Three looks at two areas of the economy where the quality of governance has been of particular interest since the return to democratic rule in 1991. The first, macroeconomic management, is generally considered to have been successfully governed; the second, the investment climate, is widely acknowledged to suffer key governance failures, particularly the control of corruption by regulatory and service-providing agencies, and the supply of infrastructure. The chapter is based primarily on a review of the literature, including 'grey' literature and newspaper reports. It also features findings from a case study of the Bangladesh Bank, and the investment climate section is informed by key informant interviews with successful Bangladeshi business owners, and with officials and staff from relevant Government agencies.

Chapter 4: Public administration

This chapter addresses the performance of the public administration. It explores the implications of the changing national and global context, describes the structure of the civil service and outlines the scope for citizen orientation and administrative reform. Based on original research with current and former civil servants and recent graduates, including those considering civil service careers, the chapter explores politicisation, problems within the recruitment process, and the changing status and perceptions of the civil service.

Chapter 5: Rule of law and access to justice

This chapter outlines key issues in the justice sector, locating them within the context of policy and developments in law and order and access to justice. It highlights the growing politicisation of the judiciary, where governance conditions deteriorated markedly over the 2000s. The chapter discusses the growing importance of NGO interventions designed to increase access to justice for women and the poor, and the problems and prospects for police reform. The chapter is based primarily on a review of the development literature on law and access to justice, as well as qualitative research into the incentives and professional experiences of police officers conducted in 2006, and an assessment of the legal empowerment activities of four NGOs, based on informant interviews and a review of programme and research literature, also in 2006.

Chapter 6: Rural and urban local governance

Democracy has brought popular representation to local government, but not effective powers to enact the popular will. Central Government maintains substantial control over both rural and urban local government. Partisan influence rather than functional and fiscal capacities of local government has deepened at the local level. Based on the literature and some original research into participation by the poor in urban local politics, Chapter Six explores the challenges faced by rural and urban local governments, reviewing the literature on the autonomy of local government; institutional arrangements for rural and urban local governance; the extent and

effectiveness of mechanisms for accountability and participation, including by women; and finally, service delivery.

Chapter 7: Civil society and the media

Chapter Seven looks at the role played by development NGOs, civil society and the media in attempting to combat bad governance. It looks at the exceptional qualities of NGOs and civil society organisations in Bangladesh that have enabled them to flourish through the first half of the 2000s, at a time when donor attention to the sector was declining globally. In part this reflects their growing role in the governance domain in Bangladesh. The chapter also provides a preliminary assessment of the role of the mass print and broadcast media in promoting good governance, based on a literature review and key informant interviews. The roles of both civil society and the media in good governance are constrained by their own internal governance weaknesses, their financial dependence on the Government, and concerns of reprisals from the Government or ruling party.

Chapter 8: Social protection and social policy

Chapter Eight addresses the question of why Bangladesh has managed to achieve relatively good social sector and developmental performance amidst the range of governance failures. It reviews the evolution of policy in safety nets and education in the 1990s and evaluates the evidence on corruption and accountability in each sector. With respect to corruption, while it is clear that leakage is a problem influential studies on the extent of corruption are likely to have overstated the problem; they also do not distinguish between levels and types of leakage in a way that enables a clear understanding of how corruption occurs. The chapter also reviews key accountability relationships governing social safety nets and the education sector, outlining some of the social and political implications of reforms for accountability in front-line institutions and facilities. In the absence of formal accountability institutions, informal pressures have often effectively compelled service providers to supply at least a minimum level or quality of services.

Chapter 9: Conclusions and next steps

The Report concludes with a review of its contribution, with a focus on its integrated, multidisciplinary approach. It lists in detail areas which were not covered, but which have been identified as key governance issues and subjects for future research. It also discusses some of the limitations of the present Report and briefly talks about the steps to be taken for the continuation of the research project on the state of governance in Bangladesh.

The State of Governance in Bangladesh 2006 was produced over the period May-November 2006 in partnership between BRAC University Centre for Governance Studies and BRAC Research and Evaluation Division. Background papers and other contributions to the final Report are available on the Centre for Governance Studies website: www.cgs-bu.com.

1

The state of governance in Bangladesh 2006: an overview

1.1 The purpose

The State of Governance in Bangladesh 2006 is the first product of a long-term research programme initiated by the Centre for Governance Studies at BRAC University, prepared in partnership with the Research and Evaluation Division of BRAC. The mission of the Centre for Governance Studies is to build local governance capacity by fostering a new generation of researchers, public administrators and citizens with a critical and analytical perspective on governance. For the Research and Evaluation Division of BRAC, the Report represents an extension of its longstanding focus on research into the conditions that affect poverty and development.

The present Report is the first in what is intended to be an annual series. It provides an extensive review of the evidence on governance in Bangladesh, and is intended to provide the foundation for further empirical governance research and analysis. The objective of that research will be to devise tractable and replicable measures of selected dimensions of governance that will form a baseline for assessing and monitoring change.

1.2 The context

Why do we need another report on governance in Bangladesh? There can be little doubt that concerns about the state of governance in Bangladesh continue to rise. Political turmoil and violence, the politicisation of the public administration and concerns that corruption obstructs private sector investment and public service delivery are key elements of what is widely deemed a 'crisis of governance'. These mount amid newer concerns about security and the perceived rise of Islamic militancy. Questions that arise in this context include whether the state and law enforcement agencies can effectively police such developments, and of what shape effective authority will take, given the vacuum of trust and legitimacy in public institutions.

One reason to continue to monitor the state of governance is that the dimensions and priorities of governance have changed over time. The first major donor assessment of Bangladesh's governance, the World Bank's *Government That Works* in 1996, analysed the performance of 'core' public sector agencies as background to a reform agenda that included downsizing government. Independent confirmation of the problems with governance came with the 1998 publication of the Centre for Policy Dialogue's (CPD) Review of Bangladesh's Development 1997, *Crisis in Governance*. By the 2000s, governance was firmly established as one of the key

issues in Bangladesh's development and the lens through which other development topics were viewed.[1] DFID's influential *Drivers of Pro-poor Change* series (the Bangladesh study was published in 2002) took a political and tactical approach to poverty reduction and the attainment of the Millennium Development Goals (MDGs) (Duncan *et al* 2002). Since then, the World Bank's analytical work on Bangladesh has increasingly focused on governance, with *Taming the Leviathan* and *Improving Governance for Poverty Reduction*, both in 2002, a 2003 *Development Policy Review* that focused on governance, and in 2006, a *Country Assistance Strategy* document that again comprehensively addressed issues of governance. The Asian Development Bank (ADB) has also weighed in with a thorough assessment of the key governance institutions (ADB 2003).

Domestic civil society, research institutes and policy think-tanks have taken this debate further, particularly recently. Through publications, use of the media and dialogue, detailed domestic agendas on key governance issues have emerged. Vitally, these activities have created informed domestic constituencies, particularly - but not exclusively - among educated elite groups. CPD is the undisputed leader of such activity, and CPD's annual *Independent Review of Bangladesh's Development* the model on which the present report was structured. The Power and Participation Resource Centre (PPRC) is also preparing an annual report on governance in Bangladesh. These and numerous other activities have meant that the governance debate is no longer exclusive to donor and aid policy circles, even though donor literature and reform programmes still carry disproportionate influence.

What will *The State of Governance in Bangladesh 2006* contribute to this debate? The State of Governance project aims to shift the debate about governance on to more solid ground by providing robust, regular evidence and analysis of the issues, in particular to enable assessment of change over time. An important benefit of good governance- and one that Bangladeshi citizens currently lack, in part because of the widespread discourse of bad governance - is trust in public institutions. For this reason, the reports will contain a focus on finding out whether and how governance is improving, as well as on where and why it is not. There is no shortage of literature on the governance situation, but there are gaps and concerns about the quality and authority of the evidence on which it is based. The report finds that much of the most influential knowledge of governance in Bangladesh is produced either by the domestic media and civil society, or for or by donor agencies. While much of this is informative and high quality work, not all is. Worse, bad surveys tend to reduce the credibility of all research, as politicians become adept at picking holes in weak methodologies. In addition, some issues receive too little attention and others a disproportionate share; there are gaps in our empirical information, and concerns about the quality of the analysis in some highly influential pieces of knowledge of governance.

1.3   Perspective and method

Governance has many meanings and uses. In Bangladesh, the public discourse of governance often treats governance as shorthand for Bangladesh's dismal showing on Transparency International's Corruption Perceptions Index (CPI). For five consecutive years, 2001-2005, Bangladesh ranked as the most corrupt country in the index, moving up to joint third place in 2006. What does this tell us about the state of governance in Bangladesh?

As an illustrative exercise, let us briefly look at how Bangladesh compares to other countries that perform poorly on the CPI. Table 1 draws together some comparative indicators to explore this issue, listing the 15 most corrupt countries according to the 2006 CPI (columns 1 and 2). Five of the 15 have had UN peacekeepers in the last five years (column 3); notably, Bangladesh has supplied UN peacekeeping forces to every peacekeeping mission shown in the table. Column 4 shows Freedom House's 2006 rating of political rights and civil liberties:

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1 For example, NGOs (DFID's second Big NGO report, Verulam Associates 2005; World Bank 2006a) and constraints to private sector development (Alamgir et al 2004).

only Bangladesh is assessed as being 'Partly Free'. In contrast to most of the others, Bangladesh is not a conflict or post-conflict state, made a transition from military to democratic rule in 1991, and has, more or less, maintained a constitutional parliamentary democracy ever since. Column 5 shows figures from the World Heath Organisation on under-five child mortality. Except for the East European country of Belarus, Bangladesh and Uzbekistan share the lowest rate, 69 per 1000. Column 5 also shows that Bangladesh has sustained an average annual reduction in child mortality of 5.3 per cent per year between 1990 and 2003. In most of the other countries, under-five mortality is shown to be increasing.

Table 1. Bangladesh in comparative perspective: an illustration

1. Country	2. CPI Rank 2006	3. UN Peacekeeping Mission in Country	4. Freedom House: Political Rights & Civil Liberties	5. WHO under-5 mortality (per 1000)	
				2003 rate	Rate of change(%)*
Tajikistan	142		Not Free	118	-0.6
Turkmenistan	142		Not Free	103	+0.5
Belarus	151		Not Free	10	-3.1
Cambodia	151		Not Free	140	+1.5
Côte d´Ivoire	151	2005-on Civil War	Not Free	193	+1.5
Equat. Guinea	151		Not Free	146	-2.6
Uzbekistan	151		Not Free	69	-1.1
Bangladesh	**156**		**Partly Free**	**69**	**-5.3**
Chad	156		Not Free	200	-0.1
Dem.Rep. Congo	156	1999-on Congo War	Not Free	205	+0.0
Sudan	156	2005-on Civil War	Not Free	93	-2.0
Guinea	160		Not Free	160	-3.0
Iraq	160	1988-2003	Not Free	125	+7.3
Myanmar	160		Not Free	106	-1.4
Haiti	163	1993-2000, 2004-on	Not Free	119	-1.8

*Annual Rate of Change (%) 1990-2003
Sources: Transparency International 2006; Freedom House 2006; WHO 2005

The objective of Table 1 is to raise questions about the value of relying on a single indicator as evidence of the conditions of governance in a country. One reason for avoiding doing so is that both the CPI and the World Bank governance indices are based primarily on surveys of foreign investors and international organisation staff, with the focus on political risk and predictability in the legal and administrative environment, particularly as these affect businesses and financial institutions.

The Report takes a different view of governance and development. First, it views development as multidimensional: it cannot be collapsed into an aggregate metric such as the annual rate of change of gross domestic product per capita. Development encompasses child mortality, literacy, access to potable water, responsive local government and personal security, to name only a few dimensions.

Second, the view in the present report is of governance as the process by which the institutions charged with achieving development do their jobs. This includes non-governmental organizations, civil society organizations and private firms as well as the public sector or state. Most of the jobs are mundane but essential, and of direct concern to citizens such as making schools function properly, ensuring reliable water or electrical power, providing basic medical care, maintaining law and order. It is not clear that all of these mundane activities carry much weight in national-level governance indicators.

This multidimensional view of governance determines the research strategy adopted in the Report. Because governance is so contextual, there is no single model or method that works best for all sectors or dimensions. We have necessarily employed an open multidisciplinary approach: each chapter in this report is based on the contributions of researchers who were given relatively free rein to explore the literature and devise an appropriate analytical framework. The analytical frameworks of the individual chapters differ because the dimensions differ (e.g., primary education differs from macroeconomic policy-making) and because of the analytical choices of individual researchers. This is the exploratory or inductive phase of a multi-year, perhaps indefinite, research programme.

1.4   Themes

The selected themes of *The State of Governance in Bangladesh 2006* report respond to two points in the Government of Bangladesh's 2005 Poverty Reduction Strategy Paper. First, that there is an unhelpful emphasis on governance failures at the expense of understanding what works; and second, the "lack of clarity as to where the governance agenda best interfaces with poverty reduction goals." (GoB 2005a: 161)

Searching for success

Throughout the process of preparing the Report chapters, the research team actively sought evidence of successes in governance. With the intention of learning from what works, this effort also provides some balance in what is an overwhelmingly negative discourse. While the Report identifies numerous incidents where bad governance has been overcome, bypassed or tackled directly, the search for success was not, overall, successful itself. In many sectors, it proved difficult to identify documentary evidence of improvements in governance, even where anecdotal evidence suggests these may have occurred. In part, this is an artefact of the literature, which for reasons outlined below tends to be oriented towards 'diagnostic' institutional reviews or exposé-type research and reporting. In part, too, it may reflect the general lack of success in tackling bad governance. The disappointing performance of the Anti-Corruption Commission is probably the best illustration of how difficult it is to tackle bad governance directly.

Gender-equitable and pro-poor governance

Despite the lack of success in reforming bad governance directly, there have been some remarkable developmental successes in the 15 years since the return to multiparty rule. These successes have mainly been in the area of human development, and have benefited women, girls and the poor, particularly in education. NGOs have played a significant role, but it is now widely acknowledged that public policy and Governmental action have been central to a success that has substantially depended on massive expansion of access to public services. More recently, there is evidence of acceleration in poverty reduction, with household income and expenditure survey (HIES) data showing a 10 per cent decline in the proportion of the population living below the poverty line over a five-year period up to 2005. This represents a doubling of the rate of poverty reduction in the previous 10 years, which averaged around one per cent per annum.

These successes challenge the perception that pro-poor development depends on good governance. The Report thus features an attempt to explain the 'conundrum' of bad governance with impressive social

development, as part of its focus on exploring how governance conditions affect poverty and the poor and marginal. The chapter on Social Protection and Social Policy explores this 'conundrum' in some detail. One conclusion it arrives at is that the poor are not all helpless victims of bad governance: poor citizens are actively engaged in exerting informal pressures on (some) public service providers to perform. The media and civil society are part of that story. The theme of governance, politics and the poor is also taken up in Chapters Two, Six and Seven, which look at different dimensions of political participation, including participation mediated by NGOs. Chapter Five reviews evidence about the legal empowerment of women and the poor through NGO programmes in the areas of informal justice and access to formal justice. In all of these areas, there are definite signs of progress in the extent and depth of political participation and access to justice among the poor and poor women. In part because of its reliance on existing literature, however, the Report does not feature a substantial direct focus on poor people and women. This is a weakness that future research of the Centre intends to address more fully.

'Bad governance with a human face': the incentives and constraints of public servants

One area in which the Report is more successful is uncovering the human dimension behind bad governance. Some of the primary research conducted, as well as other recent studies reviewed in the Report, explore the incentives and constraints facing public servants. This counters the tendency in the literature to demonise corrupt or inefficient teachers or policemen (etc.), without adequately contextualising their behaviour.

A headline finding from this work, and one which is surprisingly rarely considered in the literature on public sector reform, is that public sector morale is astonishingly low across all levels and sectors within the public administration, including law enforcement officials, teachers and education officials, staff of the Bangladesh Bank, the judiciary, and senior administrators at the Secretariat. In brief, factors that contribute to low morale appear to include: increasingly open public criticism of performance; regular reporting of corruption scandals in the media; the ever-growing problem of political intervention in day-to-day professional life, which constrains even the most basic of operations; the declining quality of recruits across the public administration, related to corruption in recruitment and viewed a cause of poor performance; and the declining social status of the public administration, in absolute terms, and relative to private sector careers. The Report suggests that addressing the capacities and organisational cultures governing public sector performance will require a more contextualised understanding of the full set of incentives and constraints faced by public servants. This includes understanding the social contexts within which they relate to citizens and each other.

1.5   Findings: what do we now know about the state of governance in Bangladesh?

Reading *The State of Governance in Bangladesh 2006* may not give much cause for optimism. As this section summarises, political competition is found to have entered all aspects of public life; accountability mechanisms are weak; and where there is demand for governance reform, it has, to a substantial extent, originated externally - mainly with donors. These findings are discussed below. However, reading across the sectors and between the lines, there are some good reasons to avoid being pessimistic about the state of governance in Bangladesh, as the final section argues.

i)   Partisan politics has permeated all aspects of public life

The main finding of the Report is that political competition and partisan agendas have permeated all aspects of public institutional and collective social life in Bangladesh. There are four dimensions to the penetration of politics:

Public institutions whose rules or mandate forbid party affiliation have become forcibly or illicitly partisan. This starts with the recruitment process, and features in public complaints about political interference in public servants' day-to-day working lives. Political considerations reportedly influence the distribution of contracts, relief goods, schools, roads, and health facilities. Upazila level development committees are influenced by local party actors. Senior civil servants' promotion or transfers occur on the basis of political loyalty. Formal Executive control over lower judiciary appointments enable politics to influence the lower courts and, most seriously of all, the politicisation of the upper courts has the potential to neutralise the most powerful formal institutions for Governmental accountability.

At the end of 2006, it is the last leading party of Government, the BNP, which had achieved the most effective penetration of public institutions. But there are reasons to believe that this process was in motion before 2001, and is likely to continue regardless of which party wins the 2007 election. In other words, no one party can be fairly blamed for the partisan coup.

Party political structures have been institutionalized at the local level. The major political parties now have formal organisations at local levels, right down to the ward which have some (albeit probably limited) influence over candidates and priorities. This is clear evidence of progress towards more responsive political parties, even if it has not yet led to sustained gains in their internal democracy. Two other aspects of the local level activities of political parties are less positive, however. First, parties have far tighter control over local union parishad politics than previously, with most candidates and incumbents directly involved with a major national party. The second, parties have far tighter control over local development processes than ever before, in particular through influence over upazila development committee decision-making and the distribution of resources at the union level.

The growing capacity of formal party structures at the local level is likely to increase the efficiency with which local resources are captured for the party. But having more effective party organisations at the local level also makes mobilising local support more likely. To what extent does this occur by improving service provision and development performance? What we do know is that there are two broad reasons why parties seek to influence the distribution of resources. One is simple corruption: to siphon off resources to reward party activists or pay for party programmes. Two is building their political capital. Parties seek to distribute resources as a reward for or an incentive to vote for their candidate. But in the absence of certainty that any beneficiary will vote for your candidate, it makes sense to demonstrate that your party can deliver development goods. It is this incentive of local political actors that offers the most promising explanation of why despite partisan penetration of local government and the local administration, rural service delivery has been scaled up highly effectively. At the same time, partisan penetration undeniably reduces the scope for transparency and formal accountability, enables leakage and corruption, and converts public safety nets into political patronage. So while some improvements in local infrastructure or services may be attributed to good politics, it is still not good governance.

Civil society is also vulnerable to partisan influence. This includes the media and activist civil society organisations, as well as professional associations such as cultural groups and associations of civil servants, businessmen, lawyers, academics and journalists. Controversially, at least some of the major development NGOs have also been implicated, although the aggressive and extra-legal official response to alleged partisan activities by one big NGO may have been enough to alert the sector to the dangers of partisan tilt.

Politics is highly participative. The main positive dimension to the penetration of political competition is that the population has become very engaged with politics. The main indicators are high voting turnout and candidacy levels, but there also appears to be a growing appetite for political coverage in the media, compounded by wider and deeper media distribution.

ii)   Formal accountability mechanisms are weak

Partisan penetration is one reason why formal accountability mechanisms throughout the system are weak: political affiliation reduces the scope for independent pressures on institutions and actors to adhere to rules. The formal institutions to enable accountability are also either absent or underdeveloped. The Ombudsman is an extreme example. Parliamentary Committees are neutralised to a degree by formal rules that limits their effective oversight of ministries and the Executive. Public Interest Litigation (PIL) has been effective, particularly in protecting the rights of the marginal and the poor against the state, but this means of ensuring accountability is also limited by the extent of Executive power. Mechanisms to make public servants accountable to citizens and service-users are similarly weak, where these are present at all. In part, accountability failures are matters of class and social status: for many public servants, accustomed to the idea that prestige, deference and high status is a prerequisite of office, the notion that poor citizens have the right to question and criticize their performance remains incomprehensible.

… but informal pressures may be strong

All of this ensures that regulated, formal systems for ensuring accountability of public representatives and officials are weak. But patchy evidence is emerging that suggests effective informal pressures on service-providers, particularly those on the frontline of service provision. It is worth noting that informal pressures appear to be exerted by poor citizens when tangible gains are at stake, rather than civil rights such as the right to information or free speech. There are a number of such examples in the Report.

Four factors contribute to the effectiveness of these informal pressures. The first is the media, which is an increasingly important source of pressure to reveal at least the more overt forms of corruption. In many cases it is the only source of external pressure experienced by public servants. The second factor is that citizens are more willing to complain and scrutinise than before. The expectation that social and class hierarchies will protect doctors, teachers, administrators and elected representatives from the complaints of poor citizens appears to be less true than it once was: there are now clear signs that some poor citizens make active claims for resources to which they believe themselves to be entitled, such as safety nets or relief goods. The introduction of cash stipends in primary and secondary schools has also had the unintended beneficial side effect of increasing scrutiny of school authorities by poor parents, suspicious of teachers' involvement in the distribution of stipends. The general decline in the social status of the public administration has helped bridge the social gap between poor citizens and public servants, as has the rise in general education. A wide public discourse of criticism of the public sector in the media may also have helped, by making such complaints legitimate in the public sphere.

A third factor supporting informal pressures on service-providers is the growing involvement of NGOs in activities that encourage poor citizens to press their demands on public service providers. A fourth and final factor may be positive pressures generated by competitive local politics, although, as noted above, the evidence is not conclusive on this matter. It is worth noting that all informal pressures on service providers are unregulated and can become dangerous; this was seen several times during 2006, when in the absence of any effective formal mechanisms for hearing and responding to major injustices and regulatory and service-provision failures, violence and rioting erupted in the garment sector and over persistent shortages of electricity. The option of offering no system of accountability through repressing protest is visibly less realistic than it has been in the past, and the public sector is faced with two possibilities; accountability to citizens through regulated and formal mechanisms, or violent and unregulated revolt.

iii)   Demand for reform is generated externally

A somewhat unsettling finding of our research is that most governance reforms have been generated by projects instituted and financed by donors. Governance has been emphasized in the donor agenda globally for

several years, and is now considered indispensable to development and to the consolidation of the democratic process. Although, as the Report demonstrates, it is possible to achieve growth, some security and to advance the social agenda without good governance, it is widely acknowledged by the international community that the longer-term prospects for democratic development will stall in its absence.

Good governance cannot, however, be imposed from outside without internal commitment to change and political will to implement it. Donor projects can, and do, initiate much needed change in the way, for example, the public administration or banking sector operate by introducing professional, modern management oriented know-how and encouraging innovations. But there is a limit to how much these discrete projects can achieve. There is no research to show if and where the 'tipping point' may be to notice a more systematic, systemic change. Without the defined Government agenda and policy for instituting good governance - improvements in the justice sector including the separation of the judiciary; transparency in contracts; clean recruitment procedures for the public sector; or strengthening institutions of accountability to name a few - donor projects, regardless of how necessary and beneficial they are, will remain a piecemeal approach of narrow scope and effectiveness.

The lack of a domestic agenda for governance reform results in incremental and scattered interventions. That is not in itself a bad thing. But by relying on donors to craft the agenda, Bangladesh limits itself to projects that are defined by at least some external objectives or donors' preferences, even if donors go to great lengths to design interventions based on local needs assessment. This may be explained in part by donors' hesitance to engage in many issues due to high sensitivity of the Government to external criticism. The fact that Government agrees to and partakes in governance-oriented programmes is not a sufficient substitute for policy.

Bangladeshi civil society and media, as shown in Chapter Seven, have done a good job in raising public awareness of issues of governance. But while a discussion of governance flourishes in the public discourse, the policy recommendations it generates are more likely to find a receptive audience among the non-government elites and donors, and are yet to significantly contribute to generating strong demand for reforms.

iv)   Knowledge of governance is patchy and sometimes lacks independence

Media and civil society organisations produce much of our knowledge of governance. This form of knowledge is oriented towards capturing news headlines and/or to creating public awareness. It does this effectively. The media and its partners in civil society have played what is quite possibly the central role in creating pressures for accountability on public institutions and actors. The work of Transparency International Bangladesh (TIB) has been particularly effective in enabling some scrutiny of what are still opaque public institutions. Better still, there are signs that a political culture is developing in which Government expects to have to respond to and explain itself to an increasingly aggressive media and civil society.

The limitations of media and civil society governance information lie chiefly in their emphases: sensational and newsworthy findings inevitably take precedence over more sober, mundane, yet equally important matters. This can mean that the extent of corruption is overstated because insufficient attention is given to context and how public institutions actually work. It may also mean that important governance issues, which lack media 'sex appeal' are ignored entirely, such as public procurement reform.

Multilateral and bilateral donors produce, commission and support research and analytical work on governance. As the bibliography of the Report illustrates, much governance analytical work on Bangladesh is in the form of assessments of institutions or programmes for project purposes. Most research into governance, including sample surveys, key informant surveys, institutional and case study analyses, review and discussion papers, is also funded directly or indirectly by donor agencies. This includes the present issue of the *State of Governance* report, which is funded by the Royal Netherlands Embassy in Bangladesh.

If anything, the broadening of the discourse on governance has meant more donor funding for research and dissemination activities than ever before, as donors seek to influence or create champions or constituencies to demand reform. Not all donor-generated material on governance is made public, however, often because of fears of treading on official sensitivities with respect to corruption or political interference. This means that much of the governance material being consumed by donors is unlikely to have undergone peer review processes. Because governance analytical capacity is limited in Bangladesh, donor funding for literature that remains 'grey' also effectively crowds-out other work, including independent research.

On the other hand, donor assessments of governance that are made public tend to be highly influential. This may be changing, particularly with the emergence of high-quality independent assessments by organisations like Centre for Policy Dialogue (CPD) and Bangladesh Institute of Development Studies (BIDS). Still the voice of the World Bank on governance measurement remains dominant.

The difficulty of studying governance is illustrated most clearly in the case of corruption. The robust evidence is weak, yet the headline influence on public perceptions is strong, as Chapter Eight discusses. One problem arises with respect to methodology, and is not a problem specific to research on corruption and bad governance in Bangladesh alone. By its very nature corruption is hard to study, and prone to hazard. There are strong incentives to identify and publicise high estimates of public sector corruption, which are likely to receive more public attention and which feed the public appetite for such stories. There are weak incentives to identify areas in which steps are being taken to address corruption, particularly if these are undertaken by the administration itself. There is limited incentive to undertake the more difficult, in-depth research into how corruption and leakage operate within the context of service delivery. What this means is that grand corruption is often missed, whereas petty corruption receives disproportionate attention and other leakages and practices are represented inaccurately as corruption. The often populist nature of the research means that it frequently fails to highlight where ordinary citizens may be complicit.

1.6   Conclusion: causes for cautious optimism

While there are few obvious signs of promise with respect to good governance, there are several reasons why pessimism is not fully justified. These points deserve to be underlined. Weighing in on the positive side are the following:

- Reasonably rapid progress is being registered in human development, poverty reduction and economic development; this suggests either that governance failures are not so extreme as to paralyse development, or that ways around bad governance have been devised to deliver services and make policies
- Political parties have extended their operations to the local level, and now have greater scope for responsiveness (as well as to capture local resources). This means that under the right conditions, political competition can create effective pressures on local officials or representatives to deliver better, or more responsive services
- There are signs that ordinary citizens are increasingly finding their voice and other means of exerting informal pressures for accountability, with help from the media and civil society. This is likely to be one of the positive pay-offs from increased participation in politics
- Our knowledge of governance lacks the degree of independence that would enable a more sober, balanced assessment of governance. The NGO and donor dominance of governance literature means there is almost no incentive to identify or document positive reforms or achievements generated from within the state or politics. In some areas, for example, such as corruption, there are strong imperatives to emphasise the worst evidence against more moderate findings. Yet, as the Report finds, reforms are taking place (although small and disparate) particularly in the high priority service delivery line ministries.

<div style="writing-mode: vertical">CHAPTER</div>

2

Political governance: the politicisation of public life

Since the return to multiparty rule in 1991, concerns have mounted about the politicisation of public institutions, the increasing overlap between business and politics, and the lack of internal democracy within political parties. In order to provide an empirically-grounded perspective on the state of political governance in Bangladesh, the chapter focuses on new evidence relating to the incentives of political actors and parties, including the role of wealth in shaping party nominations processes and the institutionalisation of party politics at the local level. The chapter reviews developments in party politics, the changing composition and power base of the political class, and the effectiveness of accountability mechanisms, concluding with a discussion of the factors behind the failure to consolidate democracy to date. The chapter is based on a review of the existing literature, key informant interviews with national political figures; and extensive original research into local party politics at the upazila level and below, conducted in 2006.

2.1   Political structure and ideology in the democratic period

A stable and vibrant multiparty system

Results of the parliamentary elections of 1991, 1996 and 2001 indicated that electoral politics in Bangladesh was moving towards a de facto two-party system. Recent trends, however, point towards an evolution of a broader coalitional form of electoral politics dominated by the Awami League (AL) and the Bangladesh Nationalist Party (BNP). The overwhelming domination of these two parties suggests this coalitional structure is likely to remain stable for some time.

Table 1. Vibrant political society in Bangladesh

	Parliamentary Elections						
	1973	1979*	1986*	1988*	1991	1996	2001
Number of contesting candidates	1211	2547	1124	1191	2787	2574	1935
Number of candidates nominated by the political parties	1091	2125	671	977	2363	2289	1451
Number of political parties	24	29	12	8	75	81	52
Number of independent candidates	120	422	453	214	424	285	484

Source: Hakim (1993); Gain (2001)
* Elections held under authoritarian regimes

The party system is also characterized by its vibrancy, as defined by a high number of political parties and independent candidates contesting elections. The vibrancy of political society may be the outcome of the historical evolution of the political culture of Bangladesh. During the authoritarian era, military rulers had strong imperatives to 'civilianize' military regimes, which entailed forcing elections on political society and allowing maximum freedom for the establishment of political parties. Thus, restricting the growth of political parties or curtailing the freedom of independent candidates to run for elections has never been part of the political culture in Bangladesh, with the exception of the one-party rule by the Bangladesh Krishak Sramik Awami League (BAKSAL) in 1975. Vibrant political society has flourished throughout the last three decades, through authoritarian and post-authoritarian illiberal regimes alike (see Table 1 above).

Despite the active presence of many parties, the 'catchall'[1] parties alone dominate electoral politics.[2] Stability of the system is also indicated by very low fragmentation[3] of political parties: although there are more than 50 parties at present, fewer than a dozen are effective political organizations.

Ideological consensus

As the political manifestos of the four major parties (AL, BNP, Jatiya Party and Jamaat-e-Islami) clearly indicate, there are hardly any ideological differences among them in terms of economic and development policy issues. All subscribe to a free market economy as their development strategy. For BNP and Jatiya, this represents continuity. AL, however, has only supported free market policies since 1996, in order to win over domestic business and increase its political credibility with the Western donor community after its 1991 debacle at the polls left its leadership desperate to rid the party of its 'socialist' past.

By the mid-1990s, a consensus had emerged among the three major parties on key ideological and social questions to do with religion and national identity. AL effectively abandoned its earlier position of secularism, with the aim of appealing to a wider constituency. BNP had abolished the fundamental principle of secularism in the constitution in 1976, while under Jatiya, Islam was introduced as the state religion in 1988. However, it is only Jamaat which seriously espouses the policy of establishing an Islamic state. For the rest, Islam as a political discourse has only rhetorical and strategic value. These are essentially secular parties. The 'nationalist ideologies' of AL (secular *Bangalee* nationalism) and BNP ('Islamic' *Bangladeshi* nationalism) appear to have lost their functional value in the electoral political discourse to the extent that they are now hardly used as serious electoral issues by the major parties. While anti-Indianism is not an ideology, its importance continues for BNP, JI and Islamic groups, though its value in terms of mobilizing votes is questionable.

The secular ideological landscape of politics is currently being challenged by Jamaat-e-Islami. The politics of expediency have meant the major secularist parties (AL, BNP, Jatiya) have provided various Islamic parties and groups, especially Jamaat, with substantial political capital, enabling it to emerge as a major political broker and shareholder of state power. These strategies of accommodation were adopted during the present, post-authoritarian phase, and included appeasing, co-opting, integrating political Islamic forces and also appropriating their rhetoric and symbols to gain legitimacy and popular support (Riaz 2004). During the authoritarian phase, AL and BNP used these strategies to isolate and oust the authoritarian rulers. Jatiya had adopted similar strategies to gain legitimacy, using orthodox, hitherto unknown *Pirs* (Muslim spiritual leaders)

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1 According to Mainwaring (1999:18-19), catchall "…parties attempt to cast their appeals for votes in sufficiently broad terms that they can capture the sympathies of broad segments of the population, rather than concentrating on winning the support of a particular class…. They eschew polarizing ideological positions and seek access to a variety of interest groups rather than relying heavily on one".
2 Parties representing narrower constituencies (left parties, parties representing the peasantry) never emerged as viable in Bangladesh, perhaps because of the atomized nature of society, weak collective political representation by different groups, or the contingent nature of the evolution of major parties (see Khan 1998; Kochanek 2003; see Moore 2003).
3 Fragmentation implies the presence of many effective parties competing with each other (Haggard 1997).

and smaller Islamic groups. During the post-authoritarian phase, both AL and BNP continued with their strategies of accommodation. The upshot is that political Islamists have grown in influence and prestige, emerging as kingmakers in elections. It also enabled them to push towards the de-secularization of state social policy, through upgrading the status of madrassah qualifications, moving towards official recognition of *Kwomi* or unregistered *madrassahs*, and making changes to state policy on gender. So while ideological polarization is insignificant in the domain of economic development, it may be increasing within the state's social policies.

Illiberal mode of rule

As Chapters Four and Five discuss, there has been a rapid politicisation of the bureaucracy, the police force and the judiciary, particularly since the return to multiparty democracy in 1991. One implication of this is that recruitment, promotions, transfers and retirement policies tend to be influenced by political decisions, rather than strictly guided by formal civil service rules and regulations. This is partly because partisan officials are considered important political assets to be mobilised and promoted by the government - regardless of ruling party - for strategic uses during elections. Attractive posts and transfers may also be allocated as rewards to political supporters. The civil bureaucracy lacks corporate coherence, and is divided by factions based on the nature of cadre services (generalist versus specialist), by regionalism, and along entry batch loyalties. Large numbers of associations and groups exist within the bureaucracy in violation of the service rules. These function effectively as trade unions, with loyalties to political parties.

Investigative reports by the press and different national and international human rights monitoring agencies such as those by Ain-O-Shalish Kendra, Human Rights Watch and the US State Department indicate systematic political influences on the enforcement of law, including selective prosecutions to favour political allies, police complicity with political armed cadres of the ruling party, harassment of opposition parliament members by the police and other security forces, and politically motivated uses of lower judiciary (false prosecutions, selective bail) to intimidate opposition political activists. These are covered in Chapter Five.

It is alleged that High Court Judges are now increasingly recruited on the basis of systematic political calculation. The law regarding the selection of the head of the Caretaker Government created incentives for political scrutiny of judges, especially for nominating senior judges for the Appellate Division. According to the law, based on the 13th amendment of the Constitution, the immediate past Chief Justice will be the head of the interim Caretaker Government. This has created strong incentives for the Government to nominate judges to the Appellate Division who were perceived to be loyal to the government, since Chief Justices are selected from among Appellate Division judges. The political strategy of the ruling party, whichever is in power, seems to be to attempt to ensure that:

- The High Court remains loyal to it even after the party loses power
- The Government is able to influence the decisions of the lower court despite formal separation of the judiciary from the Executive
- In the near future successive Chief Justices will remain loyal to the ruling/appointing party.

This politicisation of the higher judiciary has deeper consequences for rule-based governance: it minimises judicial accountability of the state, may lead to a decline in the quality of judicial activism may decline, and public interest litigation (PIL) may lose its effectiveness. Rather than the reform of the law enforcement agencies, their politicisation has also taken the form of the use of extra-legal militaristic (Operation Clean Heart) and quasi-militaristic (Rapid Action Battalion or RAB) means of addressing the law and order situation (see also Chapter Five).

Money politics and party nomination processes

The last two decades saw the growing presence of a business elite in the major political parties and in parliament. Table 2 shows that the proportion of members of parliament (MPs) listing business as their primary or main profession has hovered between half and 60 per cent of the total in the democratic period. Further, MPs defining themselves as businessmen have overwhelmingly dominated Parliament since the 1990s. While the trend was most obvious in the recent past BNP-led government, AL is also reportedly embracing big business.[4]

Table 2. Professions in Parliament, 1970-2001 (%)

Year	Business	Lawyer	Farmer	Politician	Other	Total
1970	27	30	13	5	26	101
1973	24	27	15	13	23	102
1991	61	18	6	10	5	100
1996	49	19	10	7	15	100
2001	60	12	7	3	18	100

Sources: Jahan 2005a; 1991-2001: Bangladesh Parliament MP Profiles
Figures may not add up to 100% because of rounding

What explains the mutual attraction between business and politics in Bangladesh? Which features of party nomination processes make this possible? In an attempt to answer this question at the central level, a small number of key informant interviews with leading political figures on the business-politics relationship were conducted in August 2006. The information from interviews was supplemented by newspaper accounts. On the supply side, there are two factors making politics a choice for businessmen. In addition, evidence suggests that political parties actively seek out wealthy businessmen for party nominations.

The first, and the explanation preferred by those who combine business and politics, is that there is a natural affinity between the two. Successful entrepreneurs are understood to blend the managerial skills needed to manage the country with the financial resources required to compete electorally:

> There are two kinds of politicians: those who have come from the bottom up and those who have entered laterally. Businessmen come to the government to join politics but the government also approaches businessmen to join their party. The political parties prefer successful businessmen to join their party because they do not have to fund their election expenses ... (interview with a former Cabinet Minister, August 2006).

In this view, politics requires the management skills of business to 'optimize the country's potential' in the words of the ex-Minister. The pursuit of political office might even be taken as evidence of virtue:

> There are a lot of rich businessmen who are not in politics because they have something to hide. People who are in the business of drugs and guns do not join politics because they will be exposed … (interview with former Cabinet Minister, August 2006).

This latter point would be more convincing were it not the case that politicians are not known for their financial transparency. In fact, the regulations specify a spending limit of a mere Tk 500,000 per candidate per election, a sum hardly likely to require major business success.[5] Candidates are also required to submit financial

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4 See issues of Probe News Magazine, 'Beleaguered Leadership of Awami League', 25 August 2006; 'Kazi Zafrullah: Bane or Boon of Awami League?' 7 July 2006.
5 According to the Representation of the People Order (RPO) 1972.

statements in advance and to account for each election expense payment exceeding Tk 100 to the Election Commission within fifteen days of the election results. This has not, however, been closely implemented to date: in the 2001 elections, out of the 1939 parliamentary candidates, 1587 filed their sources of income and asset statements, and 1473 filed details of their actual election expenses. Cases were only filed against 40 of the defaulters, and no action was taken against the rest. In addition, it appears that most of the credentials submitted to the Election Commission consist of false statements and documents.[6]

While there may be some public benefits from the presence of entrepreneur-MPs in parliament, there are less savoury dimensions to the close relationship between money and politics. The second factor explaining the entry of business into politics is that for some individuals, entering politics is a business investment. It assures access to state resources, gives a competitive edge over business rivals and establishes influence over the policy process (for example, policies made against loan defaulters). Businessmen involved in big infrastructure contracts may also choose to affiliate with an incoming ruling party to protect against the fallout from involvement in corrupt deals with the past regime. The treatment of politics as a business investment has been discussed openly during the ongoing civil society campaign led by the Centre for Policy Dialogue to 'cleanse' the electoral process:

> [P]articipants from a wide cross-section of people were quick to identify that exorbitant levels of election financing are in fact investments on the part of the prospective Member of Parliaments to secure control over disbursement of public resources and influence public procurements.[7]

A growing nexus between business and politics works in reverse as well. Politicians can and do succeed in business, thanks to the preferential licenses and other advantages that accrue to members of a ruling party. In addition, political parties actively seek rich individuals and invite them to accept party nominations because they can contribute to party coffers: insiders suggest a price between Tk 5 and 10 crore (crore = ten million) for a parliamentary nomination, higher for a cabinet position. A further advantage is that rich party members can cover their own campaign expenses. In the last three elections, the AL and the BNP are reported to have nominated donors who lacked political backgrounds and experience. Both have parliamentary boards chaired by the party chief to nominate candidates for the parliamentary elections, but these do not meet regularly. Thus, the final nomination selections are usually up to the party chairman and close advisors. This may make it easier for wealthy businessmen to buy their candidacy.[8]

Our interviews suggested that in some cases businessmen may be invited to compete for seats for which other 'competent' candidates are not available, or may be allocated "weak seats" - as they are "easily winnable" (interview with former Cabinet Minister, August 2006). But it is not a straightforward matter of buying a winnable seat: not all big businessmen who have contested elections have won. In some cases, the nominations for weak, more winnable seats are given to wealthy businessmen so that they can win despite their political inexperience,[9] although money does not guarantee an election win. At the same time, political parties may still give nominations to businessmen as their large 'donations' are often distributed amongst other candidates who have local popularity but are unable to fund their campaign expenditure.

A factor that may mitigate against the growth of business-politics is the need to appeal to voters: the bottom line for all parties is the need to win elections. The ability to win is still a primary determinant in whether or not a

6 Daily Star 'Political Reforms: Which Way?', 4 February 2005; New Age, 'Clean Finance for Competent Candidates, Credible Elections', 4 September 2006. The BNP Secretary General Abdul Mannan Bhuiyan has declared the need for electoral reform to prevent 'black money holders' from contesting elections (Daily Star 'Laws Needed to Stop Nomination of Black Money in Polls', 8 May 2006).
7 New Age, 'Clean Finance for Competent Candidates, Credible Elections', 4 September 2006
8 Daily Star, 'Fair Elections are Not Enough', 11 March 2006
9 Daily Star, 'Party Nomination for Sale?', 31 January 2004

candidate will get a party nomination. Political loyalty, family legacy in the constituency, local popularity and personal wealth are considered, but both major parties now conduct countrywide surveys and polls in all the constituencies to get feedback on the candidates' popularity in the area and their potential to win. In making decisions on nominations, party leaders are likely to perceive a trade-off between the need to have wealthy candidates and the need to have candidates with the potential to win.

Another recent development revealed by research into local party politics, described in detail below, is that both major parties have recently started holding regular talks with local committees or leaders. This is viewed as a positive development by local political leaders. Nevertheless, party central committees maintain control over decisions on who receives nominations. Parties at the local level lack the power to veto nominations, a matter which fuels some resentment, particularly where the imposed candidates are seen by local party activists as greedy Dhaka-based outsiders, well-connected at the centre. However, recent incidents of resistance to imposed candidates suggest an emergent veto power at the local level.

Research into local party politics also found a growing nexus between local politics and the business community, particularly with regards to contracts. Political leaders tend to get contracts for development work while their party is in power. Consequently, businessmen who wish to receive a contract or to conduct business without harassment tend to affiliate with the ruling party. This means that the growing relationship between business and politics at the centre is being mimicked at the local level.

2.2   Party politics

Internal democracy

The major political parties are characterised by a lack of internal democracy and a highly centralised and personalised internal governance structure (Ahmed 1996; Hossain 1991).[10] The political cost of internal dissent can be high. There are formal party constitutions and laws but they include special provisions - frequently invoked - which vest near absolute power in the chairperson. Party leaders are not usually elected through a transparent democratic process, but selected by the chairperson and a small group of senior leaders. As was seen above, decisions to nominate candidates for general elections are also most frequently taken by a small group of central party leaders. The top position of the party - President or Chairperson - has never been contested in either AL or BNP. Internecine conflicts at the national level are generally solved by the chairperson, for which she is usually given formal power (invoking constitutional provisions) or through her informal authority. Similar conflicts at the local levels are managed by the interventions of central leaders. The intra-party relationships are essentially characterised by patron-clientelism and sychophantic conformity.

At the local level, three main selection practices are followed: ordinary election, selection (*kontho vote*, in which local leaders and sometimes district or national leaders influence the process) and *shomjhota* (avoiding election, a process by which a consensus candidate is expected to emerge). Internal democracy is not a major feature of upazila level parties.[11] However, there have been recent democratic developments in the leader selection processes at union and ward branches, in which party elections are evidently increasingly competitive and fought like Union Parishad elections with canvassing, 'miking', and mass communication activities.

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10 See also Daily Star, 'Scope of dissent within our political parties', 16 June 1999
11 As described in chapter six of this report, the 'upazila parishad' constitutes the sub-district tier of local government.

The institutionalisation of local party structures

The findings of recent research[12] in two upazilas (22 unions) strongly suggest that local party politics has become more institutionalised since 1991. This is a significant development. In practice, it means that party structures (branches and committees) are more rooted in society and feature more formalized, regular processes as well as increased stability over time.

Some evidence of the extent to which the two parties now reach into rural society is given in Tables 3 and 4. In both upazilas, both parties have had a presence at least since the 1970s, although mainly at the upazila level in the form of local 'big men' with links to the central party. Political competition between the two parties, and the experience of the movement to oust General Ershad's military regime have been formative: since 1991 both parties have worked to establish formal party structures linking central command down through the system to local levels.

Activities by both parties at the local level involve efforts to communicate with the public including meetings, processions, national and party day celebrations, sports tournaments, and through posters and leaflets advertising the virtues of their own, and the crimes and failings of the opposing party. The local branches of the ruling party also tend to control and distribute local and public resources for members of their own party networks, supporters and friends. This appears to be the case regardless of the party in power, and dates back to the mid-1990s in the two upazilas studied.

Table 3. Formal party structures of BNP in P and B upazilas in 2006

BNP Main Party and its branches	Upazila P			Upazila B		
	Upazila	Union	Ward	Upazila	Union	Ward
BNP Mul Dal (Main party)	✓	✓	✓	✓	✓	✓
Chatra Dal (BNP Student branch)	✓	✓	✓	✓	✓	✓
Jubo Dal (youth)	✓	✓	✓	✓	✓	✓
Mohila Dal (women)	✓	✓		✓	✓	
Sromik Dal (labourers or workers)	✓	✓	✓	✓	✓	
Shechchashebok Dal (volunteers)	✓	✓		✓	✓	
Krishok Dal (farmers)	✓	✓		✓	✓	
Olama Dal (religious leaders)	✓	✓				
Jatiotabadi Shanskritik Dal (cultural activists)	✓	✓		✓		
Zia Parishad	✓	✓		✓		
Torun Shangha Club youth club					* ✓	

Source: Ashraf and Hassan (forthcoming 2007)
* In one union only

12 Original qualitative research involving a detailed exploration of local party politics was conducted. This included 136 key informant interviews with political leaders and members of all committees of each ward, union and upazila branch of the AL and BNP in two upazilas. The presidents, secretaries and member responsible for the information and research department were interviewed, among others. In addition, 56 local residents (24 elites and 32 non-elites) without involvement in any political parties were also interviewed. Two non-urban electoral constituencies were selected to minimize the region specific political and societal variations. The two adjacent upazilas referred to here as P and B, are located in a central district about four hours north of Dhaka. In constituency P the Member of Parliament was AL, while in constituency B the Member of Parliament was BNP. AL and BNP dominate the politics in both constituencies while Jamaat has moderate influence in both. The field study took place between July and August 2006. The research explored three main issues: a) the extent and nature of party institutionalization at upazila levels; b) the role of the local party in development activities; and c) the local nominations process. The findings from that research will be presented in full in Ashraf and Hassan (forthcoming, 2007).

Table 4. Formal party structures of AL in P and B upazilas in 2006

Bangladesh AL and its branches	Upazila P			Upazila B		
	Upazila	Union	Ward	Upazila	Union	Ward
Bangladesh AL (Main party)	✓	✓	✓	✓	✓	✓
Bangladesh Chatra League (Student branch)	✓	✓	✓	✓		
Awami Jubo League (youth)	✓	✓	✓	✓	✓	✓
Mohila League (women)					*	
Sromik League (labourers or workers)	✓	✓	✓	✓		
Shechchashebok League (volunteers)	✓	✓		✓	✓	✓
Krishok League (farmers)	✓	✓		✓	✓	✓
Awami Torun League (youth)	✓	✓		✓		
Sheikh Rasel Smriti Sangsad		✓	✓		✓	
Bongabondhu Parishad	✓	✓				
Olama League** (religious figures)						

Source: Ashraf and Hassan (forthcoming 2007)
* In one union only; ** Yet to be formed.

The growing institutionalisation of party politics at the local level appears to have driven a growing politicization of public institutions and everyday life. The impact of parties can be felt throughout local life, including the growing involvement by ordinary people in party politics. The interviews revealed some reasons for attraction to political parties: among the unemployed young people and businessmen these appear to be the illicit income possibilities. Research further showed local perceptions of increased local crime, sexual harassment and drug abuse to be linked to the rise in party politics. The operations of formal and informal justice institutions such as the police, lower courts, and *shalish* and *bichar* were reported to be influenced by the ruling party, as were the control and distribution of public resources.

Local party control over public institutions and resources

In the two upazilas, the local branches of the ruling party (at the time when the research was conducted, the BNP) apparently retained close and organised control over the local distribution of public resources, particularly through the Upazila Development Committee. It should be borne in mind that most public investment decisions take place centrally. The influence of local ruling parties is confined to decisions about those limited resources that are distributed through the upazila and union levels. The research found the following trends of local party control over public life:

■ The ruling party takes control over resources regardless of the party affiliation of the local MP; at the same time, although the post of *Zila* (District) Minister has been removed, there is informal influence exerted over the distribution of resources in the district
■ The Upazila Development Committee is a critical point of control. The Committee is attended by Union Parishad chairmen with the MP acting as advisor. The Committee coordinates all development work in the upazila, including the allocation of resources and projects to unions
■ Ward and union level party activists support implementation of development activities, and control preparation of recipient lists for the distribution of relief (VGF, VGD)
■ Ruling party leaders, principally of the main BNP party and *Chatra Dal*, currently hold government contracts for construction and repair of public infrastructure, including schools, culverts and roads
■ Parties retain formal and informal relationships with the administration and elected local government, in effect creating structures that parallel the official system
■ All 22 Union Parishad Chairmen were aligned to parties in the two upazilas.

Although the overall goal of local party control is to capture power, the research identified two additional goals. First, that parties capture material gains for the benefit of party leaders and supporters; and second, that parties deliver resources to increase popularity of the party locally. It is not clear to what extent these objectives are in conflict, and there may be the occasional trade-off between the two that benefits the public. It is worth noting that non-partisan local people, particularly the poor, felt that the development process has become overly skewed towards rewarding party supporters. At the same time however, the overall level of development activity has unquestionably risen in both upazilas studied. This includes the provision of public goods that benefit all parties and the poor.

2.3 Who governs?

Retreat of the military

Since the fall of General Ershad in 1990, the military has played virtually no active role in political governance enabling Bangladesh to follow a route of 'constitution of democracy' rather than 'extrication from authoritarian regime'[13] in its democratic transition. The reasons for the formal retreat of the military form politics have been explained with reference to various domestic and international factors (see Hakim 1998; Bhattacharya 1998; Chowdhury 1999). At home, these include popular legitimacy of governments elected through largely free and fair elections; the entrance of a new generation of officer corps, and the continuing high privileges and perks associated with a military career. Perhaps more important are the external factors: international pressures and support for the continuation and deepening of existing electoral democracy, and the apprehension of the military that by interfering in politics they might risk losing lucrative opportunities abroad, such as UN peace keeping missions.

Even as the military formally retreated from politics, the fear of past military interventions appears to still influence the behaviour of political actors. For example, neither BNP nor AL have made efforts to make military budgets more transparent (Sobhan 1998). For all major parties, an important political strategy has been to co-opt high ranking retired military officers into the party.

The decline of the bureaucracy

The power and status of the civil bureaucracy have eroded considerably during the post-authoritarian period. (These issues are looked at in more detail in Chapter Four.) There are various institutional and political reasons behind this:

- By the early 1990s most of the elite CSP bureaucrats who had manned the upper echelons of the civil service had been gradually replaced by reportedly less able bureaucrats recruited during the early 1970s. The current administration is possibly less able to defend its autonomy against its political masters
- The political executive has by now learnt how the administration operates, and may feel less dependent on the senior bureaucrats to manage public affairs than was the case in the 1980s. This has greatly reduced the political power of the bureaucracy

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13 The concepts 'extrication from authoritarian regime' and 'constitution of democracy' are from Przeworski (1991). If the autocratic force, which has just left the scene, has remained intact and powerful enough to pull the string from behind, then the agenda of the democratic transition typically takes the form of gradual extrication from the authoritarian system. Democracy treads a fragile and slippery path under the hegemony of the authoritarian force. This was the case in Chile and Poland. In the South Asian context, Pakistan has tried to follow the strategy of extrication but with little success. In the other route to democratic transition (i.e., constitution of democracy), the authoritarian force has either been totally defeated (due to war, as in Argentina) or has been forced to retreat from the political scene due to a massive popular movement (as in Bangladesh in 1990). Here the political actors are able to engage in the process of 'constitution of democracy', being largely independent of an authoritarian force.

■ Largely through the use of political appointment, both at the policy level as well as at the lower levels of the administration, the political leadership has established a high degree of control over the bureaucracy. The previously autonomous bureaucracy has now been subsumed into a patron-client system in which promotion and postings are increasingly based on the favours of a patron (politician) to a client (bureaucrat)

■ With the shifts in power between the ruling parties and drastic bureaucratic transfers and reshuffles by the Caretaker Government, three successive elections have weakened the bureaucracy and reduced its coherence and independence as a site of political power.

The rise of the 'partyarchy'

In the Bangladeshi system where the winning party enjoys the monopoly of power for the duration of their electoral term, along with the retreat of the military as an active player in politics and the effective subordination of the bureaucracy, the ruling party and its innermost circle have emerged as the unrivalled centre of political power. This innermost circle has de facto command over the entire party, legislature, parliamentary committees, procurement policies, development allocations, bureaucracy and law and order enforcement agencies. Its unbridled power is only limited, to a certain extent, by the occasional interventions of the higher judiciary and public scrutiny of its actions by the private media and other civil society organisations.

Political decision-making has been centred around the Prime Minister's Office (the Prime Minister herself and her closest political advisers). When the ruling party was the BNP, the Chairperson's office (known as *Hawa Bhaban*), was a parallel centre of power. Both centres appear to exercise a veto power whether over government (procurement, personnel administration) or party business. Important decisions, such as choosing ministers and nominating candidates for election, are made within these settings. Senior ministers are consulted when required but do not appear to have final decision-making authority. The government makes many important and politically sensitive decisions without consulting a broader group of senior party leaders. For example, the decision to involve the military to restore law and order in 2003 (Operation Clean Heart) and the subsequent enactment of the Joint Drive Indemnity Ordinance of 2003 which indemnified those involved in Clean Heart, were made by the Prime Minister with the participation of only a few most trusted senior ministers and an inner circle of political advisors.

The control by politicians over the polity has been greatly enhanced by the way the two major political parties relate to the larger society. In Bangladesh, party-society relations are essentially structured by 'partyarchy', that is, a democratic political system in which "political parties monopolise the formal political process and politicise society along party lines" (Coppedge 1994: 18). Both AL and BNP made attempts at penetration of civil society organizations. While the primarily rights-based, advocacy and service delivery NGOs thrive outside the partisan realm and are a powerful voice for creating demand for accountability and more open political space (see below and Chapter Seven), some civil society organizations have not escaped partisan capture. The partisanship is manifested most visibly among the professional associations of doctors, engineers, lawyers, business and NGOs and other organised groups of 'intelligentsia' such as associations of university teachers and cultural activists (Kochanek 2000).[14] The historical process through which the two parties were formed and consolidated combined 'incorporative clientelistic' and 'incorporative populistic' modes of political mobilization; as a consequence, the 'integrative mode' of political inclusion was marginalised.[15] Studies by Sobhan (1993),

14 See also, Daily Star, 'Towards a Non-partisan Civil Society', 3 March 1999.
15 According to Mouzelis (1998: 64, 1986), the 'integrative mode' of mobilisation is characterised by a "relatively autonomous horizontal inclusion of the people in the national political arena". In contrast, 'incorporative-clientelistic mode' mobilises citizens through inserting them into personalistic and highly particularistic patron-client networks which cut across and undermine "more horizontal forms of political organization". The 'incorporative populistic mode' mobilises citizens into politics "via the masses' attachment to a leader whose charisma becomes the major source of legitimation". In Bangladesh, the charismatic role of Sheikh Mujib during the late sixties and General Ziaur Rahman during the late seventies are classic examples of such populistic mobilisation of citizens.

Kochanek (1993) and Westergaard (1985) provide rich empirical accounts of how such clientelistic and populistic modes played a critical role in the evolution of both AL and BNP.[16]

Clientelistic incorporation remains a major feature of party-society relations, indicating that democratisation and economic liberalisation do not necessarily weaken the clientelistic basis of party-society or state-society relations. A relevant example is the nature of the political links between the apex association of the business community, the Federation of Bangladesh Chamber of Commerce and Industry (FBCCI) and the two dominant parties AL and BNP. During the earlier part of the 1990s, the elections of the FBCCI manifested intense partisan competition between business leaders supported by AL and BNP respectively (Kochanek 1996, 2000). The executive committees tended to represent a balance of business leaders aligned to both parties. This allowed the leadership a certain degree of autonomy vis-à-vis these two dominant parties. But after 1996, the ruling party (AL), by taking advantage of the business leaders' clientelistic dependence on the state, successfully monopolised the leadership of the association by ensuring that the FBCCI's elections reflected pre-determined outcomes. It is ironic that after a decade and a half of democratic transition and more than two of market liberalisation, the peak association of the business community, representing economically powerful non-state actors, has been transformed into a de facto front organisation of a political party.

On the other hand, Bangladesh Garments Manufacture and Exporter Association (BGMEA) has largely escaped such clientelistic dependency on the government/ruling party. On a few occasions it has successfully resisted government's attempts to 'capture' the organisation through political pressures and direct administrative interventions. This political autonomy is perhaps a reflection of BGMEA's relative economic independence from the state as its members are engaged in business with the foreign buyers, not with the state.

Accountability

Horizontal accountability of the state

Transitional democracies require a governance process in which state actors are not only vertically accountable to the citizens - through, for example, periodic elections - but are also subject to restraint and oversight by other agencies, both elected and non-elected. The state must subject itself to multiple forms of credible self-restraint by institutionalising complex and interdependent mechanisms of horizontal accountability (Schedler 1999). A number of reasons have ensured reluctance by post-authoritarian regimes to institutionalise self-restraining mechanisms within the state.

Elective agencies of horizontal accountability

a)   The Legislature

Members of Parliament are potential agents of effective horizontal accountability, but over the last fifteen years MPs have yet to realise this potential in terms of demanding the accountability of the Executive branch of government. Some important institutional reforms were initiated within Parliament in the 1990s to redefine and strengthen its position vis-à-vis the Executive. These reforms included the establishment of an independent Parliament Secretariat in 1994, the 'democratisation' of the Oversight Committee system in 1997, and the introduction of Prime Minister's Question Time in 1997.

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16 For a general analysis of clientelistic mode of patronage distribution in Bangladesh, see the important study by Sobhan and Ahmad (1980). For analysis specific to rural society, see Westergaard (1985, 1998) and Wood (1984). For a useful empirical account of systemic corruption in Bangladesh as a strategy of patronage distribution (through privatisation, procurement policies, allocations of licenses etc), see World Bank (2000a). The clientelistic basis of the party formation and consolidation in Bangladesh over the last three decades seems to confirm Huntington's (1968) observation that corruption may promote the institutionalisation of party in some cases. But he also suggested that further institutionalisation might contribute to the demise of the corrupt system. Referring to the evolution of political parties in the West, he argues, parties which were in the beginning "leeches on the bureaucracy in the end become the bark protecting it from more destructive locusts of clique and family" (Ibid:70-71). Bangladesh's experiences, so far, do not support this part of his observation.

Executive dominance of the legislature continues, however. One reason is that the office of the Prime Minister retained centralised power similar to the former Presidential system, partly because of constitutional provisions which have endowed the position of Prime Minister with substantial power (see Choudhury 1995). The Executive's overwhelming control over legislature is also evident (Ahmed and Ahmed 1996; Hasanuzzaman 1998; Ahmed 1998a, 2001; World Bank 2002a).

- Most laws enacted and bills passed by the Parliament are initiated by the Executive
- Most legislative measures proposed by the Executive are passed by the majority controlled legislature. The legislature has never amended government legislation nor rejected any legislative proposals advanced by the Executive. Bills are usually not sent to the Select or Standing Committees
- Debate on policy and legislation is generally limited. Critical policy issues, such as Privatisation Board and a financial sector reform project were not even debated.

The Prime Minister also enjoys near dictatorial power vis-à-vis the legislature. This is partly a constitutional matter.[17] Constitutional provisions restrict floor crossing and do not allow for the formation of parliamentary groups.[18] Such provisions help ensure backbencher loyalty. The domination of the Executive and the Prime Minister is also due to informal power dynamics within the political parties which are centralised, with personalistic oriented leadership, and clientelistic nature of leader-party member relationship. Such informal power dynamics create strong disincentives for inter-party collaboration between the backbenchers and the opposition against parliamentary leadership (Ahmed 2001).

The introduction of the potentially important accountability device of Prime Minister's Question Time has proved disappointing to date. Question Time was first introduced in 1997 during the Seventh *Jatiya Sangsad* (1996-2001) under the AL tenure. One of the purposes of introducing Question Time was to underscore the AL leader Sheikh Hasina's regular attendance in Parliament. In comparison, her successor, Begum Khaleda Zia's attendance during the Eighth *Jatiya Sangsad* (2001-2006) was irregular; even when present, Zia's participation was limited.

Prime Minister's Question Time appears to have been used somewhat more effectively by AL in Government. Throughout the five-year AL rule (1996-2001) some 1500 questions were addressed to the Prime Minister (Ahmed 2002a: 112). In contrast, only 448 questions were posed to the BNP for the duration of their rule (2001-2006) (TIB 2005). The effectiveness of Question Time as an accountability mechanism depends on demand for accountability, and the opposition leader, Begum Khaleda Zia, did not once pose a question to the Prime Minister during the Seventh *Jatiya Sangsad* (Ahmed 2002a: 122). By contrast, during the Eighth *Jatiya Sangsad*, both the main AL opposition and other parties made use of the opportunity to question the Prime Minister (TIB 2005).

A formal weakness of Question Time is the Prime Minister's authority to select questions. This leaves the opposition with only rare opportunity to ask questions. In addition, ruling party backbenchers have failed to use the opportunity provided by Question Time to make the executive accountable to the legislature. Consequently, although supposed to be an accountability mechanism, Question Time quickly turned into an instrument for government propaganda within Parliament (Khan 1997a; Menon 1997).

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17 As Choudhury observes: "Bangladesh's Constitution sought to ensure the prime minister's dominance by providing constitutional measures which would not allow party members to vote against the prime minister in parliament by statutory provision… Even if the members were to revolt against the prime minister in their party meeting or outside parliament that would have no effect on the tenure of the prime minister as long as they did not vote formally in the legislature. And the present Constitution provides adequate provisions against [such] voting in parliament itself" (Choudhury 1995: 89-90).
18 See Choudhury (1995) for discussion on the various related constitutional provisions.

b)   Oversight Committees

Parliamentary Oversight Committees are supposed to provide backbenchers with a collective platform to ensure accountability of the Executive. The late 1990s saw a number of changes to Committee rules and practices which enhanced their formal power and status within Parliament: backbenchers replaced ministers as Committee heads and the Speaker was empowered to convene meetings if the Chair fails to hold the mandatory monthly Committee meeting. Ahmed identifies cross-party agreement on the need to widen the role of MPs and donor pressure to create more accountability within Parliament as having driven the Committee reforms (Ahmed 2001). By the late 1990s there were some signs that the Prime Minister and Ministers were taking Committee recommendations seriously, and under the AL Government (1996-2001), Departmental Parliamentary Committees were reasonably effective in scrutinising legislative proposals and overseeing departmental activities (Ahmed 2001).

Evidence suggests, however, that Oversight Committees are limited in what they can achieve (Ahmed 1998a and 2001; Sahgal 1999; Khalequzzaman 1997; World Bank 2002a). Weaknesses and constraints faced by Parliamentary Oversight Committees include:

- Weak incentives for the Ministry officials to pay attention to recommendations and reports produced by Committees; most recommendations remain unimplemented[19]
- Given the hierarchical and patron-client nature of political relationships, the presence of ministers as Committee members is a weakness because it enables them to influence the agenda and to manipulate reports and recommendations
- Committees lack formal authority to take punitive actions against ministers or department officials if they ignore the directives or recommendations of a Committee. They can report inaction to the House but this rarely happens as the Committee members are predominantly from the ruling party
- Bureaucrats frequently do not cooperate with Committees in terms of supplying information; non-cooperation is easily justified with reference to rules such as Rule 203[20]
- MPs are generally not interested in seriously considering Committee recommendations and reports, which are rarely debated in the House. Individual MPs have no strong incentives to probe into administrative malfeasance, and are unwilling to antagonize the bureaucracy
- The strongly partisan political climate weakens the effectiveness of Committees. Further, formal rules make it difficult, if not impossible, for MPs to create alliances across the party divide in order to seek accountability of Parliamentary leaders
- Parties are not internally democratic and backbenchers are heavily dependent on the patronage of top leaders. Patronage politics creates limited incentives for all Parliamentarians to expose misconduct of state officials. Instead, their incentives are to side with or turn a blind eye to the diversion or mismanagement of public resources.

Non-elective agencies of horizontal accountability

a)   Anti-Corruption Commission

Under pressure from the international community, the government agreed to set up an independent Anti-Corruption Commission (ACC) in November 2004. This constituted a dramatic development in governance

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19 According to the third report of the Public Accounts Committee (PAC): "the committee has noticed with great regret that no ministry has complied with its directives to regularize excess expenditure". This not only shows that the clear directives of the committee are violated, but also reveals the extent of indifference of ministers to check financial irregularities in government." (PAC, Third Report, July 1993: 8; cited in Ahmed 1998a).

20 Rule 203 of the 'Rules of Procedure of Parliament of the People's of Bangladesh' says: "a committee shall have power to send for persons, papers and records; provided that if any question arises whether the evidence of a persons or the production of a document is relevant for the purposes of the Committee, the question shall be referred to the Speaker whose decision shall be final; provided further that Government may decline to produce a document on the ground that its disclosure would be prejudicial to the safety or interest of the state" (cited in Khalequzzaman 1997: 39).

reform in Bangladesh. However, establishing a working ACC is proving difficult, and concerns have been raised about whether the ACC will ever function independently as, for example, the Chief Commissioner of the ACC is appointed by the President and the ACC's organisational structure and budget are decided at the discretion of the government. Already there are accusations that selection of Commissioners has been partisan and, due to various bureaucratic interventions, the ACC is yet to be functional. There are over 6,000 petitions - most of them filed right after the ACC was set up - pending and not being addressed due to the absence of rules and procedures for the operation of the ACC.[21]

b)   Ombudsman

The constitution of Bangladesh provides the necessary legal framework (Article 77) to establish the office of Ombudsman. The BNP government in 1980 passed the necessary act for the establishment of this administrative watchdog. Since then, despite strong pressures from the donor community, no government has made any serious effort to establish such an office. Bangladesh is the only country in South Asia which does not have an Ombudsman.

Societal accountability

Societal accountability is a non-electoral, vertical mechanism of control. It depends on citizens, who through an array of citizens' associations and movements exert pressure on government. The media can also take actions that aim to expose governmental wrongdoing, bring issues onto the public agenda, or trigger investigation by the horizontal accountability agencies. It employs both institutional approaches - for example, Public Interest Litigation (PIL) as well as non-institutional means, such as social mobilization and media exposés.

Media and societal accountability

As was seen above, Parliamentary Committees are largely docile entities due to the number of formal and informal controls exerted by the Executive over backbench Committee members. The late 1990s saw some initial signs of assertiveness, to some degree supported by growing print media scrutiny. Parliamentary Committees in Bangladesh do not subscribe to the 'publicity principle', that is, they do not generally publish their reports for public scrutiny (Sahgal 1999). During the 1990s however, a section of the print media started reporting on Committees activities. This has created pressure on the Executive to respond to Committee queries.

Two important examples are controversies surrounding the issues related to import contracts (the CNG issue during the BNP regime) and defence purchases (MIG 29 and Frigate cases during the AL regime, recent cases of Chinese arms purchases during the BNP regime). The print media picked up these stories and several reports were published on the alleged kickbacks involving higher level political authorities (see Box 1). Although Committee members were in no position to stop these deals, the discussion they generated showed some progress towards ensuring the Executive's accountability to Parliament. For instance, although the Parliamentary Committee on Defence is formally empowered to scrutinise military spending, procurement plans and organisational restructuring, these issues were previously considered taboo, and the Committee's discussions were mainly restricted to innocuous issues such as welfare schemes, rehabilitation projects and such (Chowdhury 1999).

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21 New Age, 'ACC still dysfunctional after third birthday', 22 November 2006

Box 1. Media coverage improves accountability of Parliamentary Committees: two examples

The (CNG) auto-rickshaw purchase probe

Converted Natural Gas (CNG) auto-rickshaws were introduced to reduce pollution from 2-stroke petrol driven auto rickshaws. Initially, the Ministry of Communications (MoC) planned to import the CNG auto rickshaws through the Government's Bangladesh Road Traffic Corporation (BRTC), but this fell through as BRTC was unable to secure the necessary bank loans. A company called Uttara Motors, however, successfully arranged financing and was awarded the license to import CNG auto rickshaws from India, thus enjoying a highly lucrative monopoly.

In January 2004, the Parliamentary Standing Committee for the MoC set up a sub-committee to probe the process by which Uttara Motors gained this monopoly. The Parliamentary Standing Committee estimated the price of CNG auto rickshaws had been inflated to Tk 367,000 from a market price of approximately Tk 167,000. The Minister in charge of awarding the contract denied any wrongdoing, and at one point admitted being absent on medical grounds when the deal was finalised. However, the Sub-Committee was unable to submit its report as the Ministry repeatedly failed to provide relevant documentation. Parliament warned the Ministry not to miss the fifth deadline but gave it a further extension to 29 March 2005. Meanwhile, the Standing Committee failed to hold its regular monthly meetings as obliged under the Parliamentary Rules & Procedures (their last meeting was held in October 2004). The Standing Committee to-date has yet to publish its report.

The CNG story illustrates some of the weaknesses of Parliamentary Committees. First, ministries can ignore Parliamentary demands for information and account for their activities with impunity. Second, Ministerial responsibility is weak: the Minister has continually denied personal wrongdoing, which may indeed be correct. But more importantly, he has not been required to shoulder responsibility for problems within his Ministry. And third, even under intense fire from civil society (TIB's surveys repeatedly and publicly identify the MoC as among the 'most corrupt'), the Committee has not been able to effectively investigate the Ministry of Communication for the lack of evidence required.

Sources: Daily Star, 'Huda admits irregularity in licensing', 14 October 2004; 'Probe Committees on CNG scam miss fifth deadline', 6 March 2005; 'JS body to probe TIB report basis after Huda heat', 3 October 2005

The Ministry of Defence and the Standing Committee

The defence budget is traditionally a mysterious, opaque matter, well beyond the public gaze. Efforts to institutionalise scrutiny of defence spending through Parliamentary Committees since the 1990s have faltered in the face of partisan conflict and bureaucratic obstruction. But recent media attention to the Ministry of Defence Standing Committee investigation of the purchase of F-7 fighter jets by the Air Force in 2005 suggests that there is some scope for public scrutiny on defence spending matters. The purchase of military hardware is conducted through either state-to-state agreements or through international tendering; unless the products purchased are part of foreign aid package there needs to be a tender. When the Government decided to replace a section of the Air force fleet due to normal wear and tear, jet fighters were bought from China at a cost of US$ 117.9 million. No international tender was offered, although a comparable offer-rejected on the grounds of cost- had been made by the Russians to purchase F2-27 fighter jets.

The media brought the issue to public attention and a debate over the purchase began once the Chief of Air Forces apologised to the Ministry of Defence Standing Committee for providing inconsistent information about the procurement procedure and attempted to clarify the inconsistencies. The Bangladesh Air Force provided incorrect prices for aircraft technical support units which had inflated the total costs. Further questions were raised by the Committee about the transparency of a state-to-state agreement on the purchase, and allegations made about the opportunities to receive commissions from both the Bangladesh and Chinese party for brokering the deal. The F-7 jet fighter case and its predecessor scandal - the Frigate Purchase case under the AL Government (1996-2001) together appear to have helped to peak into the black box of military spending. A sign of change in attitudes came during the Committee investigation and suggest that there is at least a beginning of respect shown for this institution of formal accountability. More significantly, the Standing Committee disclosed, in mid-2006, information about the composition of spending within the armed forces budget.

Sources: Daily Star, 'Air Chief says sorry for giving wrong information to JS body', 16 May 2006; New Age, 'Gov[ernment] accused of corruption in F-7 procurement deal', 16 May 2006

As the military purchase and other large scale business contract issues suggest, backbench Committee members have been able to hold the Executive and armed forces Chiefs to account by requiring them to explain and justify major defence spending. Such changes in the balance of power can almost certainly be explained by the wider publicity that these issues received in the print media. These developments also indicate that electoral accountability is not just an empty match enacted by Parliamentarians. Civil society and print media are increasingly demonstrating their potential to enter the debate and to demand improved accountability (see also Chapter Seven).

NGOs and societal accountability

As Chapter Seven documents, civil society groups such as NGOs have been pro-actively involved in attempts to ensure state accountability. The brief discussion below focuses on the work of the Fair Election Monitoring Alliance (FEMA) and Transparency International Bangladesh (TIB) in bringing about positive changes to the domain of good governance, particularly in terms of transparency, accountability and responsiveness of state institutions, and on the work of Ain-O-Shalish Kendra (ASK) and Bangladesh Legal Aid and Services Trust (BLAST), in forcing state compliance with constitutionally guaranteed laws and universal principles of human rights.

TIB and FEMA have been conducting proactive advocacy for substantive policy and behavioural changes among the political forces of the state. FEMA has been advocating for changes in electoral laws and regulations in the following categories: amendments to the constitution, amendments to the Representation of People Order, election expenses, code of conduct, election campaign, administration and conduct during election period, election disputes, delimitation of constituencies, number of seats in parliament, electoral rolls, reserved seats for women, state funding of political parties, and registration of political parties. Some of FEMA's achievements are tabulated in Table 5 below.

FEMA managed to push through certain reforms through the interim caretaker governments of 1996 and 2001. The caretaker government implemented reforms nullifying results for fraudulent candidates; however, these reforms were rescinded due to pressure from the major political parties.

Table 5. Impacts of FEMA's advocacy for electoral reforms

Proposed Reform	Implemented Reform
Poll observers and monitors should be allowed in polling booths	Implemented in full
Security money for candidate should be raised to Tk 1,000,000.	Implemented in full
Political parties should be registered	Implemented partially political parties should be registered but it is not mandatory
Retired high court judges should be empowered to settle election disputes, instead of district magistrates	Implemented partially existing high court judges empowered
Election Commission should be empowered to stop polling in a constituency	Implemented partially election commission can stop polling in a single booth
Election Commission should be given the powers of the Returning Officers	Not implemented
Results should be nullified for fraudulent candidates and they should be debarred from contesting elections for six years	Not implemented
Observers should be allowed to monitor polls in their own thanas	Not implemented

Source: Ali and Hassan 2004

TIB has been advocating for increased state responsiveness, accountability and transparency with mixed results in bringing about increased responsiveness from certain organs of the state. TIB research reports into corruption in various state organs have drawn varied levels of response from state actors. The LGRD Ministry, the Ministries of Shipping and Communication and the judiciary have responded angrily. However, recently, TIB has been drawing more positive responses. A report on corruption in the Chittagong Port[22] was noted by a Parliamentary Standing Committee and influenced the Chittagong Port Authority in forming an internal investigative committee on corruption. Similarly, the police have been cooperating with TIB, assisting them in monitoring the governance process of selected police *thanas* (stations) and are using TIB research in reforms of *thana* governance. Further, the government has decided to take TIB on board in the formation of an independent anti-corruption unit. Also, TIB's study on the parliament (TIB 2005) has led to tangible improvements in attendance in the National Parliament.[23]

The major advocacy tactic used by ASK and BLAST is public interest litigation (PIL). PIL cases have primarily focused on civil liberties issues (for more details see Chapter Five). PIL has sought to establish the state's responsibility for positive actions as well as inactions, especially the failure to prevent rights violations by non-state actors. PIL cases have been brought against many branches of the state - the Ministries of Home Affairs, Environment and Forestry, Foreign Affairs, and Law, Justice and Parliamentary Affairs as well as police and prison authorities. Public interest litigation is essentially a protective advocacy tool individual civil liberties are being protected through advocacy. However, sustained and extensive PIL can result in proactive outcomes, i.e., the government changes laws and regulations that are being contested through PIL.

A serious limitation of PIL in the Bangladesh context, however, is that the state may choose to ignore court verdicts. PIL may be a good means of ensuring that the state does not act in a non-transparent way, but it is not an effective means of ensuring state accountability. BLAST conducted a PIL against the proposed Gram Sarkar Act in 1997 on the grounds that it was unconstitutional and contrary to the principals of democracy and accountability (see Chapter 6). The court issued an interim 'show cause' ruling, but the Act was pushed through in 2003, in disregard of the ruling (BLAST 2004).

2.4   Prospects for the consolidation of electoral democracy

After a decade and a half electoral democracy in Bangladesh has not been adequately consolidated. The main reason is that the incumbent political actors have failed to accept electoral loss and to cope with the uncertainty of outcomes inherent in electoral democracy. This has prevented the establishment of credible 'rules of the game'. In their absence, the rational response of the opposition has been to behave like a bad loser, which provokes the inevitable violent and extra-parliamentary resistance, including the ubiquitous *hartal* (strike), or *oborodh* (siege).

Explaining the problem requires a closer look at the incentives facing rational political actors. In a consolidated parliamentary democracy, the rules of the game provide present winners and losers with equal opportunities to build up political assets in the long run. The rules are sufficiently transparent and credible to the current loser to formulate their political game with a view of a long-term horizon. The losers also recognise that current democratic competition might enable them to further their political interests in the future. In Bangladesh, by contrast, the incentive structures[24] tend to induce rational non-compliance among the opposition.

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22 Working paper on the diagnostic study on Chittagong Port, 2004, Transparency International Bangladesh (available in Bangla only)
23 TIB's Parliament Watch provides a detailed commentary of Parliamentary processes and proceedings during the Eight *Jatiya Sangsad* (2001-2006).
24 Disincentives arise from key characteristics of the political process: i) the lack of transparent, credible Parliamentary rules; ii) Executive interference in by-elections; and iii) the illiberal mode of rule.

In their attempts to establish credible 'rules of the game' in electoral politics, opposition political actors have demanded reforms of some institutions, such as the Non-partisan Caretaker Government, the Election Commission and the Legislature. The opposition argues that the Chief of the Caretaker Government should be selected through consensus, that the Election Commission should be made independent, and that there should be a 'level playing field' in the functioning of the Legislature. By contrast, opposition political actors have never lobbied for the institutions through which the state enforces its illiberal mode of rule. Even to protect its party activists from harassment by law enforcement agencies, the opposition has not asked for depoliticisation of the police administration or the independence of the lower judiciary. Instead, the strategy has been to bargain politically (for example, as part of the negotiation to end the boycott of Parliament) for the unconditional releases of opposition party activists. Thus the 'rule of law' has become a subject for short-term political bargaining.[25] Similarly, in the case of electronic media, the opposition has sought equal access rather than the media's autonomy from the state.

There seems to be an informal consensus between the major political parties to preserve the institutions of illiberal mode of rule. These refer to the politicisation of civil and police administrations, the Executive's control over the lower judiciary and attempts to politicize higher judiciary. There is also a de facto consensus among the political elites to avoid the establishment of the office of the Ombudsman and the autonomous effective ACC.

The evolution of good political governance in Bangladesh will require moving away from the shared consensus. So far, attempted reform efforts have failed to generate self-enforcing outcomes due to a classic incentive problem: demanding a level playing field while in opposition but resisting such demands while in power. The winner-take-all logic of Bangladeshi politics makes it difficult to imagine the self-restraint initiatives to come from an incumbent political actor. It is possible but unlikely that a shift from the current phase of 'transition', characterised by mutual suspicion and conflicts among elite actors (confrontational politics), to a 'habituation phase', characterised by generalised respect for democratic values, will occur by itself only through repeated participation in the government by the dominant parties.

2.5   Conclusion

The transition to a consolidated democracy Bangladesh has been characterized by its political vibrancy and competition. The major political parties have strong incentives to promote and preserve all formal attributes of polyarchy. This may explain the resilience of competitive electoral democracy in Bangladesh. However, such political competitiveness exists only in the domain of inter-party relations. As the discussions in the chapter indicate, a serious weakness of the polity is the lack of intra-party democracy both at the central and local levels, with an exception of wards and unions where democratic practices are starting to evolve. Taking into account the lack of internal party democracy, it is reasonable to argue that political competition is insufficient to produce pluralistic, responsive parties capable of exercising self-restraint within more positive democratic rules of the game.

Under the current consensus, the political costs of depriving citizens from enjoying good political governance are perceived to be low by both major parties. These costs, however, may be rising as there is a more awareness and open debate about the ills of Bangladeshi political governance. In the absence of will to change the rules of the game by the political actors who cyclically capture the state, the role of the agent of change falls onto the society. In a functioning democracy it is ultimately a responsibility of citizens to assure, through as well as between elections, that the state is accountable to them and is servicing their demands. External pressure for changes can also be considered but there are limitations to what international actors and donors can do; donors can facilitate and support reform but it is up to the citizens to decide which direction they choose for the polity to develop.

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25 The 'charter of demands' of the opposition typically include: release of party leaders and workers detained by the police and cancellation of 'false cases' filed against them, providing adequate time to the opposition MPs in the Parliament floor, ensuring neutral role of the Speaker and ensuring impartial coverage of the Parliamentary proceedings in the electronic media.

<div style="float:left">CHAPTER</div>

3

Macroeconomic governance and the investment climate

The relationship between the state of governance and the condition of the economy is complex and unclear in the Bangladesh context, as elsewhere. Chapter Three does not attempt to address all aspects of the economy as these are, or might be, affected by the state of governance. Instead, it focuses on two aspects of the economy in which the quality of governance has been clearly identified as a determinant. Partly in order to illustrate the uneven impacts of governance on the economy, and partly on the basis of the availability of literature and evidence, the chapter focuses on macroeconomic governance and the investment climate. Macroeconomic governance is generally considered to have been successfully addressed, unlike the investment climate in which governance failures are widely acknowledged to have been a major constraint. The chapter is based primarily on a review of the published literature, including 'grey' literature and newspaper reports. It also features findings from a case study of the Bangladesh Bank. The section on the investment climate is supplemented by key informant interviews with owners of successful Bangladeshi businesses, and with officials and staff of Government agencies.

3.1   Macroeconomic governance

The policy context

Since 1991 the Bangladesh economy has improved on most macroeconomic indicators. Growth has been impressive, averaging 4.8 per cent over the 1990s, higher by a full percentage point annually than during the 1980s (3.8 per cent; Bhattacharya 2005). By 2004, the growth rate had reached 6.3 per cent, declining to 6 per cent the following year. ADB estimates that 2006 will see growth again rise above 6 per cent. Growth momentum was higher during the second half of the decade compared to the first half, rising from an average 4.4 per cent (1991-1995) to 5.2 per cent (1996-2000) (ADB 2006; CPD 2002a).

Table 1. Key macroeconomic indicators, 1995-2000-2005

Indicators	1995	2000	2005
Real GDP Growth (%)	4.9	5.9	6
Consumer Price Index (average inflation)	8.9	2.79	6.5
Savings (as % of GDP)	19.1	23.1	25.8
Investment (as % of GDP)	19.1	23	24.5
Total Revenue (as % of GDP)	9.8	8.5	10.6
Total Expenditure (as % of GDP)	14.4	14.5	15
Budget Deficit (as % of GDP)	4.6	6.1	4.5
Broad Money (% change)	27.7	31.5	40.9
Total Domestic Credit (growth in %)	32.65	13.27	17.5
Exports (% change)	37.1	8.03	13.83
Overseas Development Assistance million USD	1612	1475	1552
Loan (% of GDP)	47% (2.2)	49%(1.4)	78%(2.4)
Grants (% of GDP)	53%(2.3)	41%(1.5)	22%(0.7)
Imports (% change)	39.2	4.6	20.6
Remittances (% change)	10	14.24	14.2

Sources: Bangladesh Bank Annual Report 2004-2005; Bangladesh Economic Review 2005, Ministry of Finance, GoB

Growth in the recent past has been underpinned by improving performance in agriculture and manufacturing, supported by a fast-growing service sector. The small current account surplus results from robust growth in exports and workers' remittances, coupled with a sustainable import growth rate (ADB 2006). Underlying these broad growth trends, there is considerable variation across sectors: trends suggest a declining share of agriculture and an increasing contribution from services and periodically from the manufacturing sector. The growing importance of the service sector indicates that Bangladesh's economic growth remains biased against industrial development; the gradual decline in the share of the manufacturing sector in GDP growth is a concern (Bhattacharya 2005, 2006).

Other trends in the macroeconomic context between 1991 and 2005 were as follows:[1]

■   The level of gross domestic savings was low even among low income countries and compared to others in the region, and appears to be stagnant
■   Gross domestic investment is increasing and dominated by private sector investment; however, public sector investment has remained more or less stagnant
■   Inflation has been kept low for two decades, although the prices of foodstuffs fluctuate considerably. Recent trends indicate increasing inflation, mainly due to supply-side fluctuations and increasing fuel prices
■   Domestic resource mobilization remains a major structural constraint for the economy. Government revenue as a percentage of GDP increased from 8.5 per cent in 2000 to 10.6 per cent in 2005 (see Table 1). While the introduction of VAT in 1999 significantly improved revenue receipts, Bangladesh has one of the lowest tax-GDP ratios in the region (see Table 2)
■   The budget deficit has been successfully maintained within the 4-5 per cent of GDP range, despite the declining share of aid

1 This section is based on Bhattacharya 2005 and ADB 2006.

- Domestic credit has grown since the early 1990s, in both the public and private sectors. Public sector borrowing from the bank and non-bank sector has also risen steadily from 2 per cent of GDP in 1991 to 6.2 per cent in 2000
- Imports grew at an average 11 per cent per annum during the 1990s
- Exports grew at an average more than 14 per cent per annum throughout the 1990s. Remittances remain a major and rising source of foreign exchange
- The official reserve has shown signs of improvement. Foreign exchange reserves were higher in the early parts of the 1990s, and deteriorated in the second half of the 1990s, only to improve again more recently.

The current, broadly pro-market policy context is the outcome of a series of wide-ranging economic reforms in the early 1990s designed to liberalise, deregulate and promote private enterprise (Mujeri 2006, Osmani *et al* 2003). The return to democratic rule in 1991 saw the new BNP government legislate a series of reforms: tariff rates were slashed, commitments made to privatizing state owned enterprises, the financial sector was liberalized, and incentives were created to attract foreign direct investment (FDI) and encourage domestic private investment (Mujeri 2006, UNESCAP 1997, Quadir 2000; see Humphrey 1990 for an account of economic reform efforts before 1991; CPD 1995 for an assessment of economic reforms in the first half of the 1990s).

Donors played a vital role in bringing about reform, particularly at key moments when economic crisis made governments more receptive to such pressures (Franda 1982 on the 1970s; Quadir 2000 on the later period). Initial opposition by protectionist local trade interests was reversed by the growth of organized business interests representing manufacturing and domestic investors: reforms in the 1980s and 1990s earned support from these groups, benefiting particularly from the growing closeness between politics and business (see Chapter Two on the rise of business interests in parliament; also Kochanek 1993, 1996; Quadir 2000).

Not all reforms have been implemented effectively, particularly in privatization and the financial sector. Although on paper, the Government is committed to privatization, the pace of progress is slow, with Governments of both parties privatizing only 22 SOEs between 1991 and 2001 (Uddin 2005). Government is believed to lack the political will to oppose powerful public sector bureaucratic and trade union groups which depend on the rents from uneconomical state enterprises (Akram 1999; Uddin 2005). This may change as the balance of power shifts in favour of the political classes (see Chapter 4). And there are already signs that the privatization agenda is gathering pace, notably with the closure of Adamjee Jute Mills and movement on privatization of Rupali Bank.

Regulation of the liberalized financial sector has been similarly unimpressive. On paper, the financial system meets international standards, but in practice does not because of "political interference and a lack of political will to enforce regulations" (Chowdhury 2002: 980). The reform process itself was flawed, with market liberalization rushed through without strengthening the state's regulatory capacity (Bhattacharya and Chowdhury 2003). As will be seen below, there are signs of improvement in financial sector regulation, particularly with respect to the role of the Bangladesh Bank.

The reforms of the 1990s were 'first generation' reforms - often carried out at the 'stroke of a pen' and usually at little political cost (Hassan 2001). The reforms that remain to be tackled involve regulation and implementation and more complex intervention into institutional and administrative arrangements; they are also likely to involve confronting powerful groups with entrenched interests in resisting reform. That these 'second generation' institutional reforms are slower in coming reflects the fact that they are likely to be costly politically. The reforms of the 1990s have created a policy context that is oriented towards the market, but weakly regulated and with ineffective institutional structures through which to implement policy reforms.

Fiscal policy

The annual budget includes government policies for generating revenue and allocating public expenditures, which include recurrent spending (the revenue budget) as well as funding for projects through the Annual Development Programme (ADP or development budget). In absolute terms, both revenue and expenditure have been rising over the past 10 years. The composition of revenue has changed as Value Added Tax (VAT) has increased as a proportion of public revenue; the composition of public expenditure has, by contrast, remained more or less consistent. The dominant trend in the budget, particularly with respect to expenditure, is of incremental changes in sectoral allocations rather than dramatic changes in the composition of public expenditure (World Bank/ADB 2003a; Mahmud 2002; budget statements from 1995-1996 onwards are available on the Ministry of Finance website: www.mof.gov.bd).

The introduction of VAT in 1991 has successfully raised domestic revenue (Bhattacharya 2005), and public spending allocations are comparatively high to the social sectors and low to defense compared to other countries at comparable levels of development (World Bank/ADB 2003a). But there are key weaknesses in fiscal policy, including:

■   Weak revenue effort. Since VAT was introduced, no effective attempts have been made to widen the tax base, which remains narrow. 13 per cent of tax-payers pay 73 per cent of total personal income tax, and 25 per cent of companies pay 84 per cent of total corporate tax (Sarkar 2004). Revenue collection is weak, even compared to neighbouring developing countries (Bhattacharya 2005)
■   Uneconomic energy subsidies. In the current context of rising oil prices globally, energy subsidies are increasingly unaffordable. However, the budget does not factor in the cost of these subsidies: they are borne by the Bangladesh Petroleum Corporation (BPC) - an autonomous government agency. These subsidies result in huge losses by BPC, but the budget includes no provisions for financing these losses, thereby underestimating the actual size of the fiscal deficit
■   Tariff policies. Tariff policies are not designed to promote national economic interests so much as to favour particular business interests. For example, in some cases tariffs favour importers over local manufacturers, and in others low value-addition industries (Sobhan 2002)[2]
■   Unrealistic goals. The budget sets unrealistic goals in revenue generation and public expenditure (Mahmud 2002). In the recent budget, the Finance Minister recognized this, arguing that high revenue goals motivate tax authorities to perform better
■   Fiscal deficit. Authorities disagree on whether the fiscal deficit is sustainable. The World Bank/ADB Public Expenditure Review and the Centre for Policy Dialogue have both articulated concerns that it is unsustainably high (World Bank/ADB 2003a; Bhattacharya 2005, 2006; CPD 2002b). Others disagree, arguing that the deficit is sustainable and that a loose fiscal policy is vital in a developing country to promote growth (Osmani, Mahmud, *et al* 2005).

Budgetary process

Budget formulation is highly centralized within the bureaucracy (Kochanek 2003; Mahmud 2002). Bureaucrats within the Planning Commission receive expenditure forecasts from line ministries, prepare projects for approval by the Executive Committee of the National Economic Council (ECNEC), and prepare budgetary allocations accordingly. Some business groups and academic authorities are consulted during the process, but groups that lack formal organization are not (Kochanek 2003). Parliamentary Working Committees have no opportunity to comment on the budget until it is presented in full before Parliament. The centralized and bureaucracy-

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2 Daily Star, 'Are our fiscal policies favourable to small industries?', 6 June 2006

dominated process results in routine increments to sectoral allocations (Kochanek 2003; Mahmud 2002; World Bank/ADB 2003a). Donors have historically played an important background role in the budget process, although the declining share of foreign aid (see Table 1) appears to have contributed to a decline in donor influence (Mahmud 2002).

While there is no formal mechanism for ensuring citizen participation in the budget process or for mechanisms of accountability to citizens, particularly the poor, the budget has been moderately responsive to citizens' expectations during the 1990s. The state of the economy is itself a political variable, with the legitimacy of a government hinging on economic stability, particularly food prices (Alamgir *et al* 2004). And the more populist features of the budget, such as an unwillingness to widen the tax base or reduce energy subsidies probably also reflect sensitivity to popular expectations (Mahmud 2002; see also Mahmud 1998).

Growing civil society activism around the budget has created additional pressure on the Government to be responsive. While media scrutiny of the budget can only begin in earnest after it has been presented to Parliament and made public, the run-up to the budget sees considerable media coverage. Public intellectuals are interviewed by newspapers and on television, and particular attention is paid to how ordinary citizens, including the poor are to be affected by the budget. The presentation of the budget is treated as a public performance where Government can perform as 'social guardian', playing up the more populist policies (e.g., agricultural subsidies), juggling figures to make education spending appear larger than defense allocations, and demonstrating progress on revenue and spending (Mahmud 2002).

Once the Finance Minister has presented the proposed budget to Parliament, MPs discuss it, although as Article 70 prevents MPs from disagreeing with their own party, the quality of the discussion tends to be low. Ruling party MPs praise the budget, the opposition criticize it, and then - unless there are substantial criticisms - it passes into law. Media coverage is most vigorous after the budget has been made public, and it is at this point that the Finance Minister faces the most serious questions and critiques.

Taxing and spending: governance dimensions of fiscal policy implementation

Once the budget has been adopted, the implementing agencies go to work. The National Board of Revenue (NBR) collects taxes and customs duties, according to the revenue policies spelt out in the budget. The line ministries pay their staff and bear administrative expenses and implement public projects using funds allocated to them through the budget. Implementation is generally understood to be the weakest point. First, NBR is rarely able to meet budgetary revenue targets, largely because of corruption (Bhattacharya 2005). Second, line ministries tend to have poor absorption capacity and are rarely able to spend the funds allocated, in addition to which the quality of those public projects actually implemented tends to be poor and subject to leakages and corruption (Bhattacharya 2005; Mahmud 2002).

The National Board of Revenue

The National Board of Revenue (NBR) collects the bulk of Government revenue under three streams: income tax, customs duties, and VAT. The NBR's performance has improved considerably over time, partly as a result of successful reform (Bhattacharya 2005; Chowdhury 2005). However, the revenue collection effort remains weak in comparative perspective (see Table 2). Only a quarter of a million individuals, less than 0.2 per cent of the population, submitted tax returns showing taxable income in 1997-1998; of these only 49,000, or less than 0.04 per cent of the population, showed income above Tk 100,000 for that financial year.[3]

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3 Only annual income above Tk. 100,000 (less than $2,000 at current exchange rates) was taxable in FY 2001-2002 according to the National Board of Revenue (www.nbr-bd.org). Figures for tax returns for 1997-1998 are from Akkas and Maola (1999). When Akkas and Maola conducted their research in the late 1990s, the income tax threshold seems to have been Tk 60,000 (Ibid.:111).

Table 2. Tax revenue as a percentage of GDP, Bangladesh compared to other developing regions 1985-2004

	1985-1989	1990-1994	1995-1998	2000	2004
Sub-Saharan African countries	17.5	17.6	19.9	..	..
Low income countries including Bangladesh	18.2	13.1	14.1	10.0	10.5
South Asia including Bangladesh	10.7	11.1	10.9	9.3	10.1
Bangladesh	5.7	7.6	7.5	7.6	8.1

Note: Figures are average per annum
Source: Global figures are from World Development Indicators 2000 (CDROM version) and World Development Indicators 2006 (2000 and 2004); figures for Bangladesh 1991-1998 are from Government of Bangladesh 2001

One factor widely believed to impede NBR performance is corruption. In the early 1990s it was estimated that evaded tax amounted to anything between Tk 20 million (1990 estimates by the Bangladesh Taxation Inquiry Commission) and Tk 230 million (1992 estimates, about 32 per cent of GDP; Akkas and Maola 1999). A survey in 2003 found that over 50 per cent of respondents had been approached by NBR officials for a bribe, and over 75 per cent felt that the NBR was "definitely not" an honest organization (RIRA 2003: 18). Staff capacity and quality at NBR are also considered to be weak. NBR recruits directly through the competitive Tax and Customs cadre examinations in the BCS. However, corruption and political influence feature in this process, with negative impacts on the quality of staff intake.[4]

Inefficiency in the court system is another barrier to better tax collection. There are numerous cases and writ petitions filed by taxpayers against their tax assessment. According to one former NBR Chairman, "revenue worth billions of dollars is now stuck against the litigations filed by traders. The disposals of these are also painstakingly slow due to cumbersome legal and administrative [procedures]" (Chowdhury 2005: 5). Recent efforts to improve NBR's capacity to deal with legal bottlenecks have been undertaken through the establishment of the Tax Ombudsman. This development is too recent to be evaluated, but merits close attention. NBR has also been permitted to appoint its own lawyers at market rates, rather than relying on the Public Prosecutor's office.[5]

It is also the case that tax collection is not easy in Bangladesh. The Bangladesh state has always kept taxes low, possible mainly because of the cushion provided by foreign aid. The culture of tax compliance is weak, and fiscal incentives further erode tax compliant behaviour: under tax holiday programmes, for example, taxes do not have to be paid for a predetermined period, and tax returns do not even have to be filed (Sarkar 2005). VAT collection is difficult in the large informal service sector, as most retail outlets rely at best on hand-written sales ledgers. Computerisation may not be the perfect solution, either: software developed for sales tills reportedly features a 'kill switch' that brings up a fake sales ledger with under-reported sales, should the taxman pay an unexpected visit.

A series of donor-led and -financed reform programmes have been put in place since the mid-1990s. These have focused on modernizing and computerizing systems, building staff capacity and restructuring and reorganizing the NBR, all with improved performance and reduced corruption as their main aims. While primarily donor-driven, these reforms appear to be acceptable to the Finance Ministry because they are critical to the Government's plan to raise revenue without significantly expanding the tax base. As the Finance Minister, M. Saifur Rahman, put it in his 2006 budget speech:

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4 An interview with a former NBR executive revealed that some staff enter the NBR not through direct recruitment, but through the Surplus Employee Cell and the *Muktijoddha* quotas, primarily through corrupt means and the use of political influence. Money invested in getting an NBR post is then expected to be recovered through corruption.
5 Daily Star, 'NBR to hire lawyers to fight its cases', 6 December 2004

I do not believe in the enhancement of tax incidence for increased resource mobilization. I have always laid great emphasis on the improvement of management, increasing efficiency and on the modernization of revenue administration. I have always put emphasis on the reforms of laws and procedures.

To date reforms in revenue collection include the following:

- Large Taxpayers Unit (LTU) for income tax, formed in 2003 with 1,000 large taxpayers, later expanded to 2,000. A separate LTU for the collection of VAT was also formed
- Central Intelligence Cell, also formed in 2003 to investigate and unearth cases of tax evasion. The Cell has had some impressive successes in uncovering tax-dodgers, but this has not been matched by effective punishment (Chowdhury 2005; IMF 2004)
- Reforms in income tax collection include the introduction of simplified self-assessed income tax returns; compulsory submission of income tax returns by government officials; mandatory submission of information pertaining to lifestyle and assets along with tax returns; and expanding the coverage of tax withheld at source. These measures are thought to have increased income tax returns by (1) making it difficult for taxpayers to under-report earnings and (2) reducing the discretionary powers of tax officials (Chowdhury 2005)
- Reforms in customs collections, starting with the computerization of customs collection in 1993 under the ASCYUDA system developed by UNCTAD (updated twice since). The computerized system reduces the discretionary powers of individual customs officials. Private sector pre-shipment inspectors (PSIs) were also appointed to ensure accuracy in the value and commercial description of imports. Anecdotal evidence suggests it has become more difficult to cheat customs duties through under-invoicing, but a recent study argues that the privatisation of customs collection merely privatized corruption with the support of the multilateral agencies (Chowdhury 2006)
- Appointment of Tax Ombudsman, after legislation in Parliament in 2005. This development is intended to improve accountability of the tax service, but reports suggest that in practice this occurred because the World Bank threatened to suspend the third tranche of its Development Support Credit amounting to US$ 200 million unless this reform was made (Bala and Biswas 2005).

If tax administration reforms are effective, it is worth noting that this is likely to have good governance impacts in the longer term. A growing body of research indicates that there are 'strong, direct connections between the ways in which governments raise revenue and the quality of governance that they practice' mainly because the payment of tax sets up the conditions for a 'social contract' between government and taxpayer, over which bargaining occurs. This negotiation is vital to the creation of legitimate public authority (IDS 2005).

Public expenditure management: capacity and accountability in line ministries

The quality of the implementation of public projects funded under the ADP is frequently poor, and project completion rates are low.[6] One factor has been the weakness of public procurement practices. A World Bank-supported programme in the 2000s was designed to improve public procurement practices, primarily by creating a new, unified framework for procurement practices across the public sector. It is too early to comment on its achievements, but progress so far on the procurement reform programme appears to be promising.

A major factor behind implementation problems has been the lack of strategic planning within line ministries: expenditures have typically been estimated on an annual basis, and budgetary allocations requested

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6 A 2002 report by the Implementing, Monitoring and Evaluation Division (IMED) of the Ministry of Planning found that the average project completion rate over a four year period was only 56 per cent; a further 15 per cent of projects had made no progress at all (quoted in the PRSP, GoB 2005a: 42). See Ahmad *et al* 1997 for a detailed account of the factors behind poor quality public investment.

accordingly. Lacking a medium-term strategic plan, there has been no accepted rationale for project approval, leading to the inclusion of too many projects and, resources including human resources being spread too thinly across too many projects (World Bank/ADB 2003a; Mahmud 2002). The World Bank and other donors have been promoting medium term strategies and medium term expenditure frameworks (MTEFs) on which to base budgetary allocations, although there are significant doubts about line ministries' capacities to make MTEFs possible. Reforms designed to improve capacity at the line ministry level to improve implementation include the Reforms in Budgeting and Expenditure Control (RIBEC) programme, funded by DFID, an important achievement of which was improvements in the availability of public financial information, and which also set up Financial Management Units (FMUs) in seven line ministries with large ADP allocations. Further reforms in public financial management are being addressed through the Financial Management Reform Programme (FMRP), the ongoing successor to RIBEC. One activity under FMRP has been support to the Government to establish Medium Term Budgetary Frameworks (MTBF; another term for MTEF), in line with its PRSP commitments. These are now in 10 line ministries, and involve three-year budgets, a single ceiling for development and non-development budget, and performance indicators.

Mechanisms for ensuring the accountability of public spending are widely acknowledged to be in need of strengthening. The Comptroller and Auditor General's (CAG) Office is meant to audit public expenditures, but in practice lacks the autonomy that this requires. Instead it is treated as part of the Executive, seeking approval from the Ministry of Finance and Ministry of Establishment for financing and staffing decisions (World Bank/ADB 2003a). One aim of FMRP is to strengthen audit practices to enable stronger parliamentary oversight of public finances. A series of interventions target weaknesses in CAG including by introducing new approaches and tools and raising performance standards among CAG staff. Previous donor programmes to address CAG's weaknesses have focused on automation and computerization, apparently with some success (World Bank/ADB 2003a).

Parliament has also been ineffective in overseeing public expenditure. CAG sends notices identifying irregularities to the Parliamentary Accounts Committee, and other Parliamentary committees oversee budget implementation, such as the Public Estimates and Public Undertakings Committees, and the 35 committees relevant to line ministries. However, these committees are dominated by ruling party MPs, and the role of opposition parties is undefined. In addition, committee meetings are closed to the media and the public, and committees do not prepare reports of their proceedings (World Bank/ADB 2003a; see also Chapter Seven).

The role of the Bangladesh Bank: reform, autonomy and credibility

The section briefly reviews ongoing efforts to reform the Bangladesh Bank, focusing in particular on its autonomy and credibility as a provider of monetary policy and financial sector regulation. It draws on a case study of the Bangladesh Bank conducted in 2006, using semi-structured interviews with past and present central bankers and experts and a review of the literature.[7]

As the central bank, the Bangladesh Bank is responsible for formulating and implementing monetary policy and regulating and supervising the commercial banking sector. In the early post-independence era, Bangladesh Bank used monetary policy tools directly to achieve the policy objectives of the planned economy. This included setting interest rates, regulating the flow and volume of credit to priority sectors, and adopting a fixed exchange rate regime, as a nominal anchor for prices. The transition from a planned economy to the market started in the early 1980s, at which point the monetary sector began to change through commercialization and privatization of the financial market, followed by gradual interest rate liberalization. The Bank's control on credit flow was also reduced over time.

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7 A more detailed presentation of the case of the Bangladesh Bank is in Ahmed (2006).

The momentum of reform picked up in the 1990s, when under the donor-initiated Financial Sector Reform Programme, Bangladesh Bank begun to move away from directly dictating the tools of monetary policy (Bhattacharya and Chowdhury 2003). This was followed by the creation of a separate Monetary Policy Department within the Bangladesh Bank to formulate and implement monetary policy in 2003. Also in 2003, the Bank adopted a flexible exchange rate regime; since January 2006, it has published half-yearly monetary policy statements. Further significant reforms included that in 2003, the Bank was granted greater independence in the formulation and implementation of monetary policy as well as with its own operations through the amendment of the Bangladesh Bank Order (the Central Bank charter) in parliament. This amendment makes the Bangladesh Bank accountable to the Parliamentary Standing Committee for the Ministry of Finance, rather than to the Ministry of Finance, as was the case previously.

Reforms of the Bangladesh Bank designed to strengthen its position and role in the economy are ongoing, in particular through the joint Central Bank Strengthening Project (CBSP) funded by the Government of Bangladesh and the World Bank. Among other activities, the CBSP has recently started the process of automating the Bangladesh Bank. The CBSP is also oriented towards strengthening the legal framework for regulation of the financial sector (World Bank 1998a, 2005). Recent developments in this regard include that Bangladesh Bank has developed and introduced new rules and procedures to supervise and regulate the commercial banking sector, including with respect to corporate governance of the commercial banks. New rules and procedures have also been introduced to regulate loan classification, credit rating, and money laundering, and the Credit Information Bureau has been established to oversee the loan-making (Bangladesh Bank Annual Report, 2004-2005).

Interviews with past and present Bangladesh Bank staff highlighted human resource constraints as a major concern: the Bank is experiencing a shortage of professional, skilled and efficient staff. To amend the situation, the Bank is recruiting for positions starting at the Assistant Director level. New management approaches have been introduced: a Performance Management System has replaced the Annual Confidential Report for employee performance appraisal, and part of the recruitment process has been outsourced to Dhaka University and the Bangladesh Institute of Bank Management. In addition, new training procedures have been put in place for incoming staff.

While generally promising, these reforms and developments have been subject to some criticism: for example, the recent stance of tightening monetary policy has been criticized on the grounds that the policy has not been credible enough to fulfill the objectives as set out in the Central Bank Charter and monetary policy statements.[8] Other concerns that emerged from the interviews with current and past Bangladesh Bank staff include that donor and government influence continues to constrain the monetary policy formulation process.

The autonomy of the Bangladesh Bank remains a concern. Using Lybek's definition, the Central Bank Charter of the Bangladesh Bank suggests the Bank has 'target autonomy', which is the broadest form of central bank autonomy (Lybek 2004). Using the Grilli-Maschiandro-Tabellini (1991) index to assess the operational aspects of autonomy, Bangladesh Bank places below average for developing countries (see Arnone *et al* 2005). These autonomy scores have not improved since the reform period of 2003, suggesting that the reform has not significantly increased the Bank's autonomy to date. The lack of functional autonomy can be attributed to indirect Government control: the Governor, Deputy Governors and members of the Board of Directors are all appointed by the Government. Government borrowing from the banking sector to finance fiscal deficit is another area of concern.

Autonomy is also affected by partisan affiliation among central bank employees. Past and present Bank staff noted this as a problem in particular when partisan employee unions influence the day-to-day operations of the Bank and oppose reforms that are seen as threats to job security and entitlements.[9] An additional concern has

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8 Daily Star, 'Effective TCB needed to control Price hike', 27 August 2006; Daily Star, 'Power and Price', 23 September 2006
9 See for example, Daily Star, 'CBA men besiege Bangladesh Bank Governor', 29 October 2003

been that the close relationship between business and politics has resulted in inappropriate influence on the Bank's regulatory activities.[10]

The constraints outlined in this section coupled with a more general concern over the political-business nexus influence exerted on the Bank, to some extent call into question the credibility of the institution in its decisions and actions. Monetary policy formulated by the central bank has somewhat limited influence on the monetary aggregates because of the limited financial sector deepening (Bangladesh Bank 2005: Policy Note Series). On the supervision and regulation of the banking sector, despite having some improved and well-designed policy tools, more could be done: for example, the non-performing asset (NPA) issue needs immediate attention. A number of the experts and banking sector insiders interviewed stated that the new rules and procedures introduced through the reforms have limited influence on the nationalised commercial banks, which to date constitute a large share of the country's banking sector. At the same time, the transparency of the Bangladesh Bank and flows of information about its activities have improved, including through a website containing relevant information, an increasingly open organizational culture, and increasing scrutiny by the print media on issues relating to the banking sector and monetary policy.

3.2.   The state of governance and the investment climate

Private sector investment in Bangladesh increased steadily over the last 15 years, from an average 11 per cent of GDP between 1991 and 1995 to an average of nearly 17 per cent of GDP between 2001 and 2004 (Bhattacharya 2005). Does this increase reflect improvements in governance vis-à-vis the investment climate? Or has this growth taken place despite governance failures? One recent study estimates that Bangladesh's global competitiveness and economic growth rate would benefit greatly from improvements in the governance of public institutions, particularly the independence of the judiciary (Roy 2006). This section addresses questions about the links between the context for private sector growth and governance through a review of the literature on the constraints in the business environment, and of the impact of the policies and institutions designed to address these constraints, followed by a brief examination of the 'coping mechanisms' deployed by successful entrepreneurs in what is widely acknowledged to be a difficult business environment (see Box 2).

Government policies promoting private sector investment

The Industrial Policy of 1991, updated in 1999 and 2005, signals the Government's commitment to promote the private sector and to act as a 'facilitator' of private sector growth (GoB 2005b). The Government also proposes to focus on privatization, SMEs, agro-based industries, high value-addition industries, women entrepreneurs, and the 'proper utilization' of natural resources. Proposed strategies include developing infrastructure, enabling technology transfers and technological upgrading, promoting research and development, ensuring capital availability, promoting private investment in economic zones for planned industrial development, and promoting foreign direct investment. This policy agenda is echoed in the PRSP. Government policy is also export-oriented, including fiscal incentives for exporters and special incentives for 'priority' or 'special' sectors, as well as an active effort to attract foreign direct investment (FDI), including liberal tax holidays and subsidies, and no restrictions on foreign ownership or the repatriation of profits. In practice, this policy agenda has not been achieved in full. As we see next, the investment climate suffers from a number of constraints, many of which are directly related the weaknesses in governance.

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10 This issue has been widely documented in the media. See for example, New Age, B[angladesh] B[ank] slaps taka 1 lakh fine on Islami Bank', 6 April 2006; Daily Star, 'Jubok asked to return money to depositers', 7 July 2006; Prothom Alo, 'Shirsho bish rinkhelapir egaroti protisthan dirghodin dhore bondho'(Eleven firms owned by the top twenty defaulters are out of operation for years), 13 August 2006, 'Voter agey khelapi rin puno:topshil korte netara besto'(Politicians busy in rescheduling their default loans before the election), 23 August 2006, 'BPCr karone banking khate khelapi rine boro obonoti-khelapi riner poriman share 23 hajar koti taka o mot riner 16.59%'(NPA situation deteriorates because of BPC borrowings), 31 August 2006, 'Bangladesh Banker shongey MD [banijjik bank gulor] der boithok' (Bangladesh Bank's meeting with MDs [of commercial banks]), 6 September 2006, 'Oriental Bank kelenkari'(Oriental Bank scandal), 6 October 2006

Box 1. The failures of public financing: the case of Bangladesh Shilpa Bank

The PRSP argues for a new investment finance company on the grounds that existing state-owned development finance institutions (DFIs) are 'virtually defunct.'

Bangladesh Shilpa Bank (BSB) is probably the most prominent of these defunct DFIs. By the late 1990s, BSB had racked up a rate of default that was high even by the poor standards of the Bangladeshi financial sector, managing to collect only about a fifth of the loan amount that fell due by 1996.

The loan portfolio of BSB makes for depressing reading: as of September 1996, only around half of the industrial concerns financed by BSB were in operation. Of these, more than one-third were in litigation. Some were still listed as 'under implementation', that is, had yet to start production. This was despite the fact that their loans had been sanctioned in the 1970s.

State interference and the protection of political interests are the primary causes of BSB's abysmal performance. Government appoints the Chairman of the BSB, and each Chairman since 1975 has been appointed on the basis of political affiliations, rather than knowledge and experience of development banking. A large proportion of BSB's non-performing loans were made to individuals with political connections, many of them sitting Members of Parliament. In some cases, Government put pressure on the BSB so that it would not pursue recovery of the non-performing loans of its members or supporters.

Sources: Hoque 2004

Constraints in the investment climate

A series of surveys designed to assess the investment climate and the costs of doing business in Bangladesh have been conducted in the 2000s. These include World Bank/BEI (2004) on large enterprises in textiles, garments, food and food processing, leather and leather products, electronics, and chemicals and pharmaceuticals in Dhaka and Chittagong; Daniels (2003), a survey of a nationally representative sample of Medium, Small and Micro Enterprises (MSMEs); The Asia Foundation's (2003) study of SMEs in Mymensingh; and the Katalyst/Data International (2004) study of SMEs in Faridpur. Most recently, the World Bank's Doing Business series published its annual report (World Bank/IFC 2006). These surveys, together with the findings from other recent reports and reviews (Alamgir *et al* 2004; BEI 2004) constitute a rich source of evidence on the state of the investment climate in Bangladesh. Table 3 summarises key findings from the firm-level surveys.

The major constraints in the investment climate are as follows:

■ **Infrastructure and utilities**. Business executives ranked Bangladesh 74th out of 75 countries in terms of overall infrastructure quality (in World Bank/BEI 2004: 14); electricity supplies are inadequate and unpredictable and unlikely to improve soon, as demand continues to outstrip supply.[11] Delays in utility connections are also a problem, as are 'speed payments' (World Bank/BEI 2003). **The inefficiency of the Chittagong Port** presents a major obstacle to export (Alamgir *et al* 2004). Turnaround time for container vessels is 6-9 days compared to 1-2 in Colombo, Bangkok, and Singapore. Loading waits take 20 days in Chittagong Port, compared to 3-5 days in most modern ports (BEI 2004)

11 According to reports during the tenure of the most recent BNP Government, only 80 megawatts of generation capacity was added, while demand grew by 2,500 megawatts (see, for example Daily Star, 3 March 2006).

- **Access to finance** is a problem for entrepreneurs of all sizes (see Box 1 and Table 3)

- **The regulatory burden** is not especially heavy in terms of the number of regulations, but inefficient and corrupt institutions are a problem. In many cases, regulation appears to be an excuse for rent-seeking, as tax and customs inspectors are the regulators most likely to visit firms, and they are most likely to visit big rather than small firms. Labour, health and safety and environmental regulations are effectively not implemented, sending a strong signal that compliance with these regulations is not a priority

- **Corruption** is a more significant problem for large than for small firms. Sixty per cent of big firms viewed corruption as a top constraint, second only to electricity, while business executives in 75 countries ranked Bangladesh 75th out of 75 countries in terms of the "extent of irregular payments" (in World Bank/BEI 2003: 13). This may reflect the centralization of Government: the regulatory machinery does not effectively exist beyond the metropolitan areas. But while larger firms make larger payments, these represent a greater proportion of revenue for smaller firms (The Asia Foundation 2003)

- **Law and order** is perceived by observers to be a major problem (Alamgir *et al* 2004; BEI 2004), but this perception may have been fed by improved newspaper coverage. Firm-level surveys did not suggest crime, theft or disorder was a serious issue for most big or small firms (see Table 3)[12]

- **Political uncertainty**, including *hartals*. A recent estimate was that 3-4 per cent of GDP per year is lost from *hartals*, while the RMG sector estimates annual losses of US$18 million (UNDP 2005a). Many businesses have developed strategies for coping with *hartals*, so estimates may be overstated. What is unlikely to be overstated is the cost to Bangladesh's image as a place in which to do business and the extent to which this deters foreign investors (UNDP 2005a; UNCTAD/ICC 2000). The perception that policies approved under one Government may be overturned by its successor also creates uncertainty for potential investors[13]

- **Secure access to adequate land** is a problem, particularly for bigger firms. Land available for industrial use is frequently too fragmented to be adequate for industrial purposes, and land registration and ownership procedures are complex, uncertain and tend to be highly corrupt.

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12 The ongoing confrontations between RMG workers and law enforcers that erupted in 2006 may change this perception. In the absence of effective formal means to express discontent over low wages and bad working conditions, workers took to the streets, with the result of loss of life, physical injury and damage to factories and other property. While this confrontation may have positive outcomes in terms of overdue attention to labour regulation and workers' rights, global confidence in security of the sector has been shaken. Domestically, factory owners have good reasons to question the willingness of Government to protect their investments against demonstrating workers. And workers still lack good reasons to trust Government to enforce new regulations regarding minimum wages and working conditions.
13 This appears to have been the case with the Korean EPZ in Chittagong, approved in the late 1990s but languishing since. Another example is the Summit Group, awarded power contracts under the Awami League government which were withdrawn by its BNP successor.

Table 3. Different size firms' experiences of the investment climate in the 2000s

	Large firms in Dhaka and Chittagong[1]	MSMEs across Bangladesh[2]	SMEs in Faridpur[3]	SMEs in Mymensingh[4]
Infrastructure and utilities	Electricity was the top constraint for 80% Average 160 days for telephone connections, 90 for gas and 80 for electricity Unofficial payments for utility connections averaged over Tk 30,000 in year prior to survey	Electricity was a serious problem for 36% Road conditions a problem for 33%	Electricity a serious problem for 42%	Road conditions a problem for 32%
Access to finance	50% identify costs of financing and 40% access to financing as serious constraints	32% considered financing a serious constraint	71% considered financing a serious constraint	53% identified access to finance as a serious constraint
Visits from regulators	Average of 17 visits a year, 7.5 from customs and 2.7 from tax officials			No visits
Regulatory burden	Tax administration a major constraint for 60% and customs and trade a major constraint for more than 40%	Regulations, tax and customs no problem for more than 90%	Regulatory burden not a serious constraint	Regulatory burden not a serious constraint
Corruption	Unofficial payments averaging Tk 75,000 in year prior to survey Corruption a top constraint for 60%	Corruption in the form of speed money not a problem for 94%		Unofficial payments by 15%, averaging Tk 1,290
Law and order	Law and order situation not a serious problem for 60%	Law and order situation not a serious problem for 66%	Law and order situation a severe obstacle for 29%	Vast majority felt law and order situation was good

Sources: 1 World Bank/BEI (2003); 2 Daniels (2003); 3 Katalyst/Data International (2004); 4 The Asia Foundation (2003)

Table 4. Bangladesh's investment climate in comparative perspective

Indicator		Bangladesh	Region	OECD
Starting a business	Number of procedures	8	7.9	6.2
	Time in days	37	32.5	16.6
Registering property	Number of procedures	8	5.8	4.7
	Time in days	425	118.6	31.8
	Cost as % of property value	10.5	5.3	4.3
Paying taxes	Number of payments	17	30.1	15.3
	Time in hours	400	304.6	202.9
	Total tax rate as % of profit	40.3	45.1	47.8
Enforcing contracts	Number of procedures	50	38.7	22.2
	Time in days	1,442	968.9	351.2
	Cost as % of debt	45.7	26.4	11.2

Source: World Bank/IFC 2006; data available on http://www.doingbusiness.org

As Table 4 suggests, Bangladesh is not the easiest place in the region in which to do business, but nor is it the toughest. It ranked 88 out of 175 countries across the world in terms of the ease of doing business in 2007; this was higher than India (134) and Nepal (100) and just above Sri Lanka (89). It was ranked lower than Pakistan (74), however, and has slipped in the rankings from 81st position in 2006. This ranking raises valid questions about the extent to which indicators of the ease of doing business are relevant to democratic governance. These are, however, beyond the scope of the present chapter. We turn now to a brief discussion of how constraints in the investment climate are being addressed in the public sector.

Tackling constraints in the investment climate[14]

There is at least a formal understanding that the investment climate must be improved. 'One-stop' service centres reflect this understanding. The three Government agencies detailed below have been designed to enable potential investors to complete regulatory requirements and access utilities (and in some cases, land) without having to shuttle between different agencies.

The Board of Investment (BOI) is directly under the Prime Minister's Office and boasts a correspondingly high-powered Governing Board. The purpose of BOI is to provide one-stop regulatory services to investors, relevant information and other services to support private sector investment, but it is widely recognised to have become a bureaucratic organisation offering poor quality services. Investors accuse BOI of delays in processing applications; inability to coordinate activities of utility providers and regulatory authorities or to arrange freehold industrial land for potential investors, and of providing misleading information about investment in Bangladesh (BEI 2004).

The Bangladesh Export Processing Zone Authority (BEPZA) was intended to develop, operate and control Export Processing Zones, that is, industrial enclaves where export industries are given special facilities and incentives. BEPZA is also directly under the Prime Minister's Office. Observers and investors widely view BEPZA as effective and efficient (Alamgir *et al* 2004).

Bangladesh Small and Cottage Industries Corporation (BSCIC) is under the Ministry of Industries. Its prime responsibility is to build and operate industrial parks, in which industrial plots to build factories can be obtained. There are currently 64 industrial parks in Bangladesh, one for each district. BSCIC is not considered to be a good performer: investors complain of poor quality infrastructure and services and of an overly bureaucratic attitude towards service users needs.

BEPZA performs considerably better than BOI or BSCIC. The reasons include that:

- BEPZA's management structure is highly decentralized. Each EPZ is headed by a General Manager authorized to take regular management decisions without approval from Dhaka, and who reports directly to the Executive Chairman of BEPZA
- Organisational culture: entrepreneurs who use these services note that BEPZA has a 'service provision mentality' and is responsive to users' needs, while BOI and BSCIC have a 'bureaucratic mentality', and are committed to bureaucratic process and civil service hierarchies
- Organisational origins: BEPZA was created in 1980, with the initial wave of Governmental enthusiasm for foreign investment and private enterprise. Its sole purpose was to assist investors. By contrast, BSCIC is a leftover from the early 1970s' experiment with state socialism. BOI replaced the Department of Industries (DOI), and inherited some of its staff. In its 17 years it has yet to update the organizational structure and practices it inherited from its bureaucratic parent (Alamgir *et al* 2004; BEI 2004)

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14 This section draws on interviews conducted with staff from the three organisations in 2006.

- Proximity to power: this has mixed effects. In BEPZA's case, good connections with the Prime Minister's Office are used to exert authority over relevant line ministries (Alamgir *et al* 2004). By contrast, BOI staff claim this position is harmful because as one of many organizations in the Prime Minister's Office they are neglected and passed over for recruitment rounds and administrative reforms. BSCIC's connections to the Ministry of Industry afford no authority vis-à-vis any other organizations[15]
- Finally, BEPZA benefits from a degree of financial autonomy from central Government in operating EPZs, as it enjoys the authority to charge rents and fees from investors, which can then be spent on maintaining facilities. BSCIC and BOI are comparatively limited in their ability to mobilize resources, even for regular operations, and must continually look to the central government for allocations of funds.

Progress appears to have been made in addressing the weaknesses of the BOI and BSCIC. The most recent Executive Chairman of BOI is the first with a private sector background to hold this post, and there were high hopes that this would encourage a more commercial, service-oriented approach. BSCIC is also moving in a new direction with the development of sector-specific industrial parks in leather and RMG. These will feature public-private management boards for facility maintenance and regular operations, common effluence treatment plants, and on-site power generators.

The autonomy of these organizations remains a concern, however. BSCIC and BOI lack an operational level of autonomy, and all three lack policy-making autonomy. EPZs and industrial parks are approved by the ECNEC, not by BEPZA and BSCIC, and incentive packages are designed by Government, rather than being tailored by BOI to the needs of individual investors.

The most significant governance challenge, however, is the transition of these agencies from regulator or service provider to that of facilitator. In the Industrial Policy of 2005, the government committed itself to promoting private sector investment into economic zones. In that case, one of these organizations will have to emerge as a pure facilitator, providing one-stop services to private sector zones without actually owning, developing, operating or managing them. The concern among donors supporting private sector economic zones seems to be that BEPZA may be most capable, but may be unwilling to give up its current powers. The current Executive Chairman of BOI is a political appointment, and there is no guarantee that a new government will appoint someone of the same caliber, while BSCIC remains too firmly in the grasp of the Ministry of Industries to be amenable to any effective reform.

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15 There may be some truth to the view expressed by BSCIC staff that BEPZA is the favoured child of Government while BSCIC is its stepchild: BEPZA was recently given the Adamjee Jute Mills, near Dhaka, and the Karnaphuli Steel Mills estate, near Chittagong, to develop EPZs. BSCIC was handed an estate in Khulna, a region with comparatively lower investor interest and considerably less rosy prospects.

Box 2. How successful businessmen cope with governance failures in Bangladesh

How do entrepreneurs cope with the challenging investment climate? In an attempt to gain insights into how business insiders manage to work within the system, we asked 15 successful entrepreneurs involved in manufacturing textiles, ceramics, agro-products and retail what they do to overcome the impact of bad governance on their businesses.[16]

One characteristic many shared was a family background in business. This enables access to finance - using earnings from other businesses, access to collateral for loans, or through long-standing relations with commercial banks. It also makes it possible to draw on experience when dealing with regulations or public service providers. One young entrepreneur who does not come from a business background spent two months and Tk 40,000 trying to obtain a gas connection, going in person and later by trying a series of crooked *dalals* or agents. More established businesses have sections and staff to deal with Government departments. One conglomerate has a dedicated staff of five whose sole responsibility is to obtain licenses and permits and deal with the staff of regulatory authorities. Another conglomerate operates a 'tendering process' through which they appoint *dalals*: if they need something done by a Government agency, they call up the *dalals* and ask for quotes on price and length of time and then choose the best bid.

The successful entrepreneurs interviewed relied on corruption in dealing with some Government authorities. For most services, the process is formalized, with fixed rates and reasonable assurance of getting the service you need. The cost of bribes is factored into the regular expenses of running some firms, in some cases accounted for under expense statements that include a separate category for 'bribes', broken down into amount, agency, and purpose.

Where the business intends to cheat, however, the rates and the process are more variable. Even in those instances, long-term collusive relations sometimes develop between employees of the relevant department and the business authority. Among our 15 successful interviewees, longer-term collusion was most common with employees in the Customs department. It seems there is a process by which customs employees compete for 'company accounts' - an informal contract as the exclusive 'agent' for business firms seeking to cheat on their Customs duties.

A vital asset for entrepreneurs is political connections. Some of our successful entrepreneurs were also prominent politicians. All felt that entering politics or establishing firm political connections can operate as a form of security, protecting them from political harassment. Some said that political connections can secure access to certain Government resources: such as, in one instance, a plot in an EPZ. Political connections can also ensure better access to Government contracts and public projects; although none of our 15 entrepreneurs had used their access in this way.

Political connections may be a double-edged sword. Several entrepreneurs claimed they shied away from potentially lucrative public projects because these invite harassment in case of regime change. One entrepreneur, also an MP in the current ruling party, said his firm had debated whether or not to bid for power projects. They decided against, because it might invite reprisals in case his party lost the next election, and because it might affect his political career.

One coping strategy that came up in several interviews was that of "not attracting attention". Several entrepreneurs argued that they "play safe" - steering clear of high profile projects and public promotion. In the words of one, "just do the normal things to run a good business, no need to go shouting your name from the rooftops." Some believe formal entry into politics is a tactical error in business: instead, it is advisable to cultivate politicians of all stripes.

Source: Interviews with 15 successful businessmen, Dhaka 2006

16 Fifteen successful entrepreneurs across different sectors were interviewed in 2006. Four operated diversified conglomerates involved in manufacturing textiles, ceramics, agro-products etc.; eight were involved in garments and textiles; two were in agro- and food processing; and one was in retail. We asked sensitive questions that sometimes covered unethical practices, and so to ensure frankness, we relied on our social networks to identify respondents. For the same reason, the identities of these entrepreneurs will remain anonymous.

Energy and Infrastructure

Far more serious underlying constraints in the investment climate that not even an effective 'one-stop shop' could hope to address are to do with power generation and infrastructure provision. These are complicated cases of extreme failures of governance, which, generally speaking, the research-based evidence and analytical work has not adequately addressed to date. In part this reflects the difficulties of undertaking credible research into complicated and sensitive subjects which are likely to involve uncovering 'grand corruption'. Another factor is that reform initiatives in these sectors are ongoing, with impacts yet to fully unfold. And the published literature and research-based evidence has not been able to keep pace with recent events, such as the 'energy riots' that took place across the country in 2006. A decision was taken to forego a discussion of energy and infrastructure issues in the present report, and to give these issues the close attention they merit in the 2007 Report.

3.3   Conclusion

This chapter has taken a selective look at the impact of governance on the economy, focusing on macroeconomic management - generally understood to have been competently handled - and the investment climate, widely acknowledged as negatively influenced by the state of governance. A number of aspects of macroeconomic management show signs of improving governance conditions. Some of this improvement can be attributed to donor-initiated reform efforts. There are indications of improved transparency in relation to macroeconomic management as a result of growing public scrutiny, particularly through the media, and more open organizational cultures within the Ministry of Finance and the Bangladesh Bank. In relation to the investment climate, by contrast, progress has been limited and uneven, as shown in the comparison of the performance of key public sector agencies mandated to address constraints within the investment climate. A notable feature of the chapter was its presentation of findings about how successful businesses navigate through the difficult governance terrain in Bangladesh. The adaptation of entrepreneurial skill towards coping with investment climate constraints may help to explain why bad governance does not appear to present a total obstacle to economic activity in Bangladesh.

4

Public administration: citizen orientation, rising politicisation and declining status

The quality and incentives of public administration personnel are at the core of all debates about governance of the state. On the basis that recruitment is the point at which many problems within the administration start in Bangladesh, Chapter Four takes a close look at processes and experiences of recruitment, and proceeds to analyse how the changing public perception of the civil service affects the quality and incentives of civil servants. The chapter also describes the structure of the civil service and the scope for citizen orientation and administrative reform. Based on original research with current and former civil servants and recent graduates, including those considering civil service careers, Chapter Four raises issues of politicisation, problems within the recruitment process, and the changing status of the civil service.

4.1   From ruling the masses to serving the people?   changing context, shifting expectations

The colonial hangover from which the Bangladeshi public administration is widely acknowledged to suffer combines a Raj-era emphasis on the bureaucracy as a tool for mass rule with the Pakistani tradition of political involvement (Haque 1995). In its turbulent 35 year history, the polity has seen many changes, resulting in its current form: a multiparty, aggressively competitive democracy. Yet the essential character of the bureaucracy has altered little over that time, except to increase in size (Ahmed 2002c).

Some disagree that no change has occurred: they see a vital change in the declining quality of service intake, particularly at the upper levels. Such a claim unites three perspectives on the civil service. One perspective holds that politically motivated rounds of civil service recruitment dating back to the 1970s have resulted in 'bulge' cohorts of less-than-able civil servants at different levels of the civil service. Secondly, this 'political' recruitment has resulted in politically-affiliated groups within the service. The third perspective holds that the senior civil service should be drawn from the academic and social elite of Bangladesh. This thinking identifies that a model similar to the Civil Service of Pakistan (CSP) model is most appropriate for Bangladesh. As this chapter discusses, the elite status of the Bangladesh Civil Service (BCS) has certainly declined. The BCS no longer attracts those from wealthy and highly educated families, instead drawing from a second tier of public university graduates, mostly with regional or rural backgrounds. Whether or not this is a negative change for the BCS is, however, another matter.

Regardless of changes within the bureaucracy itself, the context in which the BCS operates has unquestionably been transformed. Efforts to politicise the bureaucracy by successive regimes has had the most direct impact on the service, particularly after the crucial *Janatar Mancha*[1] movement against the ruling Government in 1996 initiated by civil servants. Subsequent political parties in power have worked hard to prevent a recurrence of this, primarily by installing party supporters in key positions. The greater legitimacy of the democratically elected executive compared to authoritarian predecessors has also had the effect of making the bureaucracy relatively less powerful in comparison to the more powerful political class.

The military bureaucracy is a less valuable ally for the civil bureaucracy than it once was, with its peacekeeping activities keeping it occupied elsewhere. The population is more educated and demanding, and the mass media and civil society are increasingly assertive and outspoken. These factors have contributed to a decline in the status of the civil service, in the context of improving private sector opportunities and rising public awareness of public sector corruption and mismanagement. The global context is also increasingly important: the pressures and opportunities of globalization strain weak civil service capacities, while the global spread of New Public Management means civil servants are faced with new reform agendas seeking to introduce unfamiliar practices of flexibility, responsiveness and performance-oriented management into their workplace (on the impact of the global context on civil services, see Welch and Wong 2001; McCourt 2002).

Another change has been that of expectations. In an era of PRSPs, the need for citizen-oriented - and more specifically, pro-poor - civil servants becomes paramount. The Bangladeshi civil service is by no means the only example of a civil service in which orientation towards poor citizens is a distant promise: the "bureaucratic experience" contributes to inertia and apathy in many contexts (Alkadry 2003). The situation is exacerbated in Bangladesh where inadequate and biased recruitment procedures may result in unqualified people in key positions, and where political loyalties often supersede professional imperatives to perform.

Disappointments with public administrative reform efforts in Bangladesh as elsewhere have stimulated a rethink: signs are emerging that a more incremental, realistic approach to reform is being developed within international development agencies. In part, this reflects recognition that the organisational reforms necessary to achieve 'second generation' reforms, such as improvement in the quality of services in the social sector, will be tougher than the economic reforms of previous decades, in part because civil servants are both the objects and the primary agents of change (see Batley 2004). The importance of both the social and political context in creating the incentives for reform is plain.

Within this context, the present chapter explores current conditions within the BCS with a particular emphasis on understanding the status of the service and how this affects its patterns of recruitment. With the recruitment procedure offering a potential entry point for an incrementalist reform agenda, this entails developing an understanding of the motivations of those currently seeking to enter the service. With this in mind, a literature review was complemented with substantive qualitative primary research undertaken in 2006. Interviews with 40 former or current Class I civil servants who occupy administrative professional positions analysed their views about recruitment, the citizen-orientation of the service, and the impact of politicisation on the bureaucracy. In an attempt to capture a sense of the motivations and incentives guiding current applicants to the BCS, an additional 50 interviews were undertaken with recent graduates and prospective BCS candidates.[2]

4.2   The structure of the Bangladesh Civil Service

Around one million civil servants are employed in the civil service's 37 ministries, 11 divisions, 254 departments and 173 statutory bodies within the BCS (ADB 2005a). The system has two tiers. At the national level, the central

1 In 1996 AL created the *Janatar Mancha* movement as a platform for citizens and civil society to oppose the incumbent Government's decisions.
2 For a more detailed account of the primary research, see Jahan 2006.

secretariat consists of ministries and divisions that perform policy-making and clearinghouse functions. Line departments and directorates attached to ministries and divisions are responsible for general administration, service delivery and the implementation of development programmes at the sub-national level (Ahmed 2002c).

As illustrated in Figure 1, each ministry, consisting of at least one division, is organised in the following manner. A minister is in charge as the political head. A secretary acts as the administrative head of the ministry, responsible for conducting and supervising routine operations and organisational processes, and advising the minister on policy and administrative issues. A division may have a number of wings, each headed by a joint secretary, who is authorised to go directly to the minister for decisions. In practice, the secretary or additional secretary is generally consulted before the minister. A wing is composed of a number of branches, each supervised by the joint secretary. Each branch is headed by a deputy secretary, below which is the section, each of which is headed by a senior assistant secretary or assistant secretary. Sections are the basic working units of a division. An assistant secretary disposes of all cases based on precedent (see Zafarullah 1998 for a detailed description). Below the assistant secretary, there are subordinate office personnel, including the Members of the Lower Subordinate Services (MLSSs), who are in practice important people as they provide physical access to senior staff and files.

Figure 1. Formal structure of the national administration
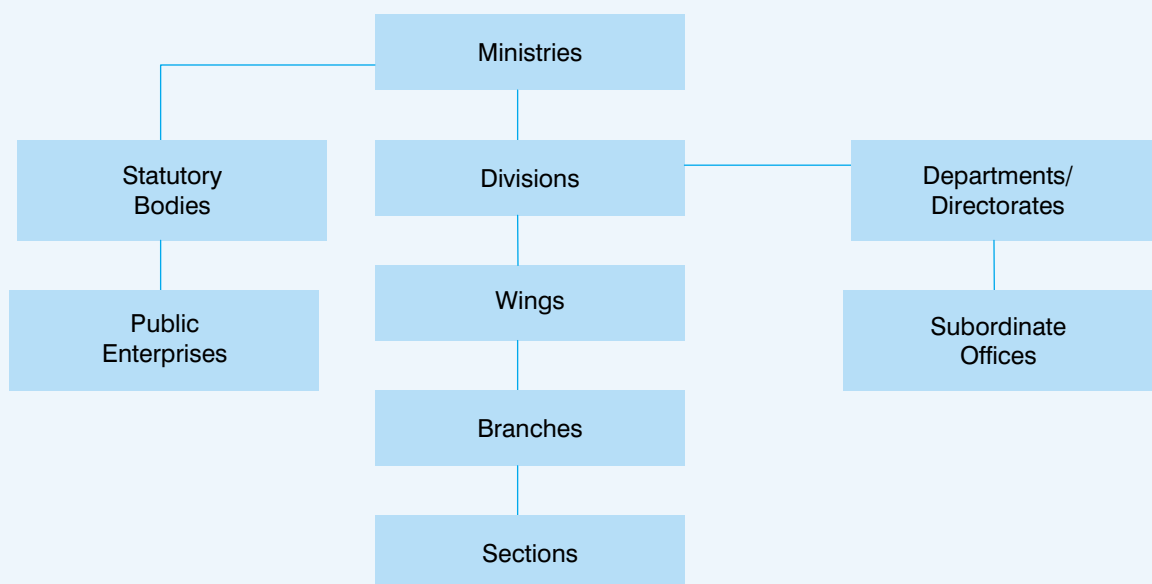
Source: Zafarullah 2005

A number of departments are attached to each ministry or division. These determine the blueprints for implementing various decisions taken by the ministry or division and provide technical information and advice. The head of these departments or directorates depends on their importance. In some cases, an officer enjoying the pay grades and benefits of a secretary heads a department. In other cases, they are headed by officials with the pay grade and benefits of a deputy, joint or additional secretary (Ahmed 2002c).

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3 The terminology of 'gazetted' officers refers to the publication of their appointment in the official gazette. This allows them to enjoy certain official privileges such as being mentioned in the 'order of priority', the ability to authenticate signatures, and the ability to recommend persons for obtaining official documents. The remaining officers are considered 'non-gazetted' officers.

Besides the central Secretariat at the national level, there are numerous local government authorities across Bangladesh. The Ministry of Local Government, Rural Development and Cooperatives (MLGRD&C) is responsible for regulating local administration and development activities across the country. There are six territorial divisions, which provide the first major level below Central Government. Headed by a senior generalist civil servant, the division plays a coordinating role with regards to government activities and supervising district administration.

There are 64 districts in the six divisions, each headed by a Deputy Commissioner who belongs to the administrative cadre of BCS. Traditionally this has been the focal point of local administration. The Deputy Commissioner enjoys an indirect control over activities at the upazila through his/her Upazila Nirbahi Officers (UNO). Below the district level, there are further rural and urban subdivisions of local government. In urban areas, six of the major cities are City Corporations, each headed by a democratically-elected Mayor. Besides these six major city corporations, there are 271 pourashavas. In rural areas, 463 upazilas (or sub-districts) are further subdivided into 4490 unions. These contain around 68,000 villages (Zafarullah and Khan 2005; Ahmed 2002). Chapter Six contains more detail on local government.

There are four classes of officer in the Bangladesh Civil Service. Class I and part of Class II officers are 'gazetted' officers, and the remaining are 'non-gazetted' officers (Ahmed 2002).[3] Around 70 per cent of the 40,000 Class I officers are recruited within the 29 cadres, while the rest work in functional or technical areas. The Ministry of Establishment is responsible for personnel policy within the civil service and human resources function, particularly in the Administrative cadre.

4.3   Citizen orientation

There is little doubt that the BCS does not fulfil its potential for serving poor rural citizens or for providing efficient service delivery. There are several reasons for this. The culture of the civil service itself is focused on administrative procedure and the demands of internal organisational politics. Within this ethos, the people are seen as needing to be administered rather than served,[4] and "treated as children" (Khan 1998: 41). Field administration is considerably less desirable than a position within the Secretariat at the heart of administrative power and BCS cadre politics (see Morshed 1997). In part, this reflects strong resistance to being subordinate to local government representatives, and helps to explain civil service opposition to decentralisation (Siddiqui 2006a).

In addition, a socioeconomic dimension contributes to a lack of citizen orientation. One study showed that 72 per cent of officials were unwilling to work under Union Parishad Chairmen (Morshed: 1997). Unwillingness to join the field service is fuelled by the concept of class and status, including a lack of "modern facilities and amenities" in rural areas and the embarrassment envisioned from taking orders from "uneducated and less qualified chairmen" (Morshed 1997: 175). The educated elite civil servants prefer to view the rural poor at some distance as worthy recipients of charity. In short, this perspective behaves in line with the culture of patronage (Hossain 2005a; see also Siddiqui 1996 on 'Developing One's Own Village').

Findings from the qualitative research support review of the literature. On the role of the public administration in poverty reduction, current civil servants displayed the belief that poverty and service delivery to the poor were a matter separate to their duties, rather than intrinsic to the way they go about their business. It proved difficult to

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4 The Bangla rendering of the Public Administration Training Centre (inherited from the colonial period) is *Lok Proshashon Proshikkhon Kendro* which suggests training to administer the people, rather than the English sense, which is training for public service.

generate a substantive discussion regarding whether the civil service could be or should be oriented towards the poor. Pro-poor orientation appeared to be an unfamiliar notion, which may reflect the belief that the civil service should be oriented towards serving the public in general, rather than one group in particular. This perception fails to recognise that extra efforts and different approaches are required to reach and meet the needs of the poor, and that a neutral bureaucratic orientation is therefore unlikely to result in good services for the poor.

There are some indications of change in the attitudes of civil servants. One newly-recruited civil servant commented that:

> It is the digital age. People get more information and are more conscious. Their consciousness and the pressure of globalization have actually forced the civil service to be more citizen-oriented.

A more widely-expressed view was that the civil service has lost its elitist character, helping it to become more oriented towards the ordinary people. As identified below, it is certainly true that the BCS is increasingly attracting candidates from the lower strata of the social hierarchy.

Citizens do not conceal their criticisms of the services they receive from public servants. A summary of various surveys indicates that citizens consider the public service to be "over centralized, unaccountable, inefficient, overpaid, coercive, unethical and rent seeking" (Khan *et al* 1997: 18). Consequently, the country's bureaucratic efficiency is rated at 4.7 on a scale of 0 to 10, where 10 is the best possible score (Mukherjee *et al* 2001). Of those cadres with whom citizens have direct interaction, the police, customs, health, education, postal and taxation cadres were acknowledged as the subject of major complaint. Individual encounters with officials identified "unnecessary harassment, procrastination in deciding simple problems, discourteous and arrogant behaviour, keeping customers waiting for hours before attending to their needs, frequent absence from office, not maintaining appointments, ignoring pleas for reconsideration of a problem, unwilling(ness) to correct mistakes, and making unabashed approaches for pecuniary benefits" (Khan *et al* 1997: 18). A series of surveys from TIB has confirmed that the population of Bangladesh experience a large number of obstacles in accessing the most basic of public services. Those least able to pay, the poor, suffer the most from 'unofficial' charges that are routinely paid for public services.

4.4   Administrative reform: a chink in the armour?

While the history of civil service reform efforts is as dismal in Bangladesh as in other developing countries, the 2000s saw slight but promising signs of internally-driven change. To date, there have been fifteen administrative reform commissions and committees. Each has attempted to introduce changes within the administrative system geared towards dynamism, efficiency and representation. However, most recommendations of reform committees have never been implemented, or in some cases have been implemented in a modified form (Ahmed 2002c). The current or former bureaucrats who have constituted these commissions have in large part, shown little capacity for developing an innovative or dynamic reform agenda, or little interest in promoting radical changes to the civil service (World Bank 1996a; Morshed 1997).

The lack of success in administrative reform reflects a lack of political commitment by successive Governments, as well as strong resistance from the civil servants themselves. In addition, reform efforts have typically tried to provide technical solutions but neglected the socio-political dimensions of the problems (World Bank 2002a; for a recent analysis applied to the case of privatization, see Monem 2006). The most recent commission, the Public Administration Reform Commission (PARC), which reported in 2000, represented something of a departure. Clearly influenced by New Public Management thinking, it provided some innovative ideas, treating citizens as customers and including the introduction of performance monitoring (see Box 1). Critically, it

recommended a series of reforms designed to improve senior management, including the introduction of merit-based criteria for appointment and promotion and provision for lateral entry to bring in able managers from outside the sector (GoB 2000). However, the successes of these innovations have not been matched by implementation; only a limited number of recommendations that did not provide a threat to bureaucrats were implemented.

Although PARC did not achieve its optimum impact, its rationale appears to have influenced some within Government. While the 1996-2001 AL Government initiated the PARC process, the successive 2001-2006 BNP Government reflected some of PARC's innovative rationale within policy making. In its 2005 PRSP, for example, the official position on improving service delivery and enhancing implementation capacity was explained as follows:

> Implementation has proved to be the bane of policy and programme initiatives on poverty reduction. A sharper engagement with implementation challenges is a critical necessity for accelerated poverty reduction. Four challenges merit priority attention: freeing the annual development programme (ADP) from the consistent burden of under-completed and underfunded projects; addressing the 'incentives and motivation' issue pertaining to the civil service; a mind-set change to ensure a focus on the 'little decisions' as much as on the 'big decisions'; and, better information flows (GoB 2005: 22).

With the influence of PARC apparent in the fact that reform is now conceived as starting on a small scale with 'little decisions', an incremental approach to improving civil service performance has been reflected in recent interventions for civil service reform efforts. One example is the DFID-funded MATT2 programme, started in 2006. This follows the original Managing at the Top (MATT) programme (1999-2002), which approached civil service reform by training top ranking administrative cadre civil servants to enable good practice and encourage change from within the civil service. While the initial reception of the MATT programme had been lukewarm, later feedback identified a positive impact on the personal performance of top ranking civil servants, who valued the programme's impacts. Participants also noted however, a lack of understanding amongst their colleagues on return to the workplace. Consequently, there was little evidence of a systemic impact from the MATT1 intervention, which prompted a request to DFID for a follow-up programme with expanded coverage that was also linked to reforms in human resource management.[5]

These events offer an interesting example of how reform efforts can stimulate internal demand for further reform from those who benefited from the original reform process (see Grindle 2003; Batley 2004). The initial MATT programme has spurred further progress. Impatient with the pace at which DFID were implementing MATT2, and keen to disseminate its benefits and improvements to a wider group, senior civil servants approached BRAC University to introduce a Masters Programme in Governance and Development for mid-level civil servants, which started in 2005. Furthermore, Centre for Governance Studies, the institution set up to establish the Masters programme with funding from the Royal Netherlands Embassy, has initiated the State of Governance in Bangladesh project, of which this document is the first report.

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5 Information from the Project Memorandum for MATT2, accessed on the DFID website (28 07 05); Helm website (http://www.helm-corp.com/helmasia.asp) and consultancy project information on the University of Birmingham website (http://www.idd.bham.ac.uk/consultancy/projects/matt_bangladesh.htm).

Box 1. Innovations in public administration

Some developments over the last decade suggest the beginnings of service-orientation within the public service:

One stop utility bill payment system

One reform proposed by PARC was provisions to enable customers to pay all of their bills at one place and one time. Previously, customers faced the inconvenience of making several payments at different times and places; bills for four utility services - telephone, power, gas and water - had to be paid to separate banks on particular days of the month. This entailed a great deal of hassle for users, who had to run between branches and queue for hours. The 'One Stop Utility Bill Payment System' was established in 2003 to remove these problems. In the present system, a subscriber can pay bills of all utility services in one bank, greatly reducing costs of time and travel.

E-governance

The introduction of e-governance was another PARC recommendation. While there is still some way to go, the process of computerizing systems, including information systems, has started. Websites for different ministries are now online, some containing useful information. The Ministry of Finance has developed software for budget planning, sensitivity and impact analysis. The Ministry of Communication has created a database containing information about contractors and tenders. It has also created a project monitoring system for tracking progress of projects. The Bangladesh Planning Commission has developed an internal network, capability for video-conferencing, a digital library, and has created software for interfacing between the development and revenue budgets.

Participatory approaches to public works

Local Government Engineering Department (LGED) adopted a participatory approach in designing its local public works projects. In order to decide the location of rural road works and to establish local markets, the LGED actively solicited the input of local groups. It turns out that in many cases the LGED engineers were persuaded to change plans and priorities based on local consultations (Mukherjee *et al*., 2001). This participatory reform was originally proposed by the World Bank. Other agencies are also beginning to bring local voices into public planning processes. For example, a project at the Ministry of Water Resources, the Bangladesh Water Development Board, uses integrated planning for sustainable water management.

Sources: Daily Star, 'One stop utility bill payment in wings', 13 September, 2003; Chowdhury and Taifur 2003; Mukherjee *et al.*, 2001.

4.5   Politicisation

A major contemporary concern is that the bureaucracy has become overly politicized. The threat of politicisation has always been present, proceeding in waves over the history of Bangladesh, rising on the back of successive periods of military rule and reform efforts. At times, proximity to political forces has increased the autonomy and power of the bureaucracy, while at others, including the present day, it has left the bureaucracy weakened and dependent on its political masters. The return to democracy in 1991 was a period of vulnerability for the bureaucracy, during which political patronage and favouritism began to chip away at its cohesiveness and unity. The bureaucratic response was to abandon its traditional values of public service neutrality and embrace partisan alignment (Haque and Rahman 2003).

Politicisation is not unique to the Bangladesh bureaucracy. A moderate degree of politicisation in the recruitment of the upper levels of the civil service may help a government to implement its policy (as was argued in Thatcher's Britain; Ali 2004). Some degree of politicisation is present in the administrations of many developed countries - 10 per cent of posts in the higher levels of the United States administration are for political appointees who are not career civil servants. In the UK, too, ministers depend on political or special advisors for better understanding of policy or general support. In France, ministerial cabinet members represent both political and administrative officials. There are, however, differences between these politicized bureaucracies and the current situation in Bangladesh:

■   Outside Bangladesh, these positions are open political appointments and subject to public scrutiny. This process ensures there is no need to conceal appointments by bending service rules. This avoids the current situation in Bangladesh, whereby incentives to perform within the service are distorted in favour of demonstrating political support over professional performance
■   Outside Bangladesh, these appointments are made on the basis of high professional ability. Critical here is that appointments are not made to reward supporters, nor to prevent against a situation in which individuals attached to opposition parties are in a position to block Government policy.[6]

The assumption that politicisation of the administration is always motivated by partisan concerns has given it strongly negative overtones. It is also plausible that motivations may have included appointing more committed and able individuals to expedite priority policies. Similarly, reshuffles, transfers and promotions cannot be seen simply as a system of partisan punishment and reward. The level of contractual appointments may be a better and more neutral way of measuring the extent of politicisation. There is an extremely limited scope for contractual appointments within the BCS, with all officers required to begin their civil service career at the entry level. Thus, usually a contractual appointment is used as a political appointment.

What are the consequences of the politicisation of the bureaucracy in Bangladesh? Politicisation has served to distort the professional incentives of bureaucrats. The major problem surrounds the imposition of political affiliation upon permanent members of the bureaucracy who have been recruited and formally operate under an entirely different set of rules. Good performance of the public institutions depends on the bureaucratic personnel facing a set of stable incentives which are shaped by the assumption of political neutrality in personnel management decisions, such as transfer and promotion. Instead there is uncertainty, and incentives are oriented towards pleasing political masters rather than professional performance (see also Mukherjee *et al* 2001).

The democratic era in Bangladesh has witnessed a massive push towards greater politicisation. As civil servants commonly complain, this has primarily involved greater interference by politicians in their everyday work, frequently having to divert resources or to use influence for corrupt purposes. The major thrust in the politicisation of the bureaucracy since 1991 has involved recruiting 'party men bureaucrats'. The first five years of democracy (1991-1996) under the first BNP Government was a period of politicisation in various forms: party loyalists were placed in important civil service positions and attempts were made to manipulate the recruitment process, including by appointing student party leaders (Zafarullah 1997). For example, in 1992, 654 allegedly partisan officials were promoted, and in 1996, civil servants were compelled to retire prematurely without a specific reason (Karim 1996).

After coming to power in 1996, the Awami League continued the process of politicisation. A number of senior civil servants had been directly involved in the *Janatar Mancha* movement which forced the BNP to hold a re-election under a constitutionally guaranteed Caretaker Government in 1996. On winning the election that followed, the Awami League rewarded those civil servants with promotions (Haque and Rahman 2003). According to a press report, the promotion of 355 officials and the failure to promote others who were eligible

6 Bangladesh Observer, 'Government's Institution - Destruction Spree', 22 July 2006

was a decision based on political loyalties.[7] Contractual recruitment, which is used to secure political appointments, increased significantly up to 174 civil servants by 2000.[8] The promotion trend is further illustrated in Box 2.

The return to power of the BNP-led coalition in 2001 continued to strengthen political control over the bureaucracy. A record 978 officials have been appointed to 'Officer on Special Duty'. This is a position that is used as a punishment; in essence it means being a civil servant without a post.[9] Within the civil service, decisions regarding promotions are no longer believed to be made according to seniority or merit. Rather, importance is given to party loyalty. Such a system is hugely damaging to civil service morale. The rising number of contractual appointments and contractual extensions at the upper levels of the service are also seen to be made on the basis of political allegiance.[10]

Reports suggest that a new, more sinister process of politicisation has been initiated. Apparently with the consent of the Prime Minister's Office, an unofficial cell has been created to ensure that none of the civil servants who were or are sympathetic to the Awami League are being promoted (Khan 2003). The Superior Selection Board is now dysfunctional, and decisions are made by the Prime Ministers Office, and merely approved by the Superior Selection Board.[11]

Box 2.   Unmerited promotions in the civil service?

The below account from a national newspaper illustrates these trends. The mode of promotion should be according to a seniority scale. However, in recent years, seniority scales have been circumvented for political purposes, thus 'depriving' civil servants of their due promotions.

'On June 13, 2002, 170 were promoted to the post of Joint Secretary depriving 200. On February 10 & 16, 2003, 493 were promoted to the post of Deputy Secretary depriving 322. On August 27, 2003, 97 were promoted to the post of Additional Secretary depriving 104. On August 27, 2003, 49 were promoted to the post of Joint Secretary depriving 277. On June 15, 2004, 84 were promoted to the post of Joint Secretary depriving 78. On February 15, 2005, 18 were promoted to the post of Secretary depriving 5. On March 5, 2005, 61 were promoted to the post of depriving 31. On April 21, 2005, 327 were promoted to the post of Deputy Secretary depriving 50. On January 26, 2006, 378 Senior Assistant Secretaries were promoted to the post of Deputy Secretary depriving around 200 others. Interestingly enough, 39 Additional Secretaries were reported to have been promoted to the highest rank of Secretary. Seniority was alleged to have been violated in the cases of 14 civil servants and 30 civil servants were alleged to have been promoted to the highest rank of Secretary in only 3 years. As far as promotion is concerned, the current government has promoted 153 Deputy Secretaries to the post of Joint Secretary as lately as 13 July, 2006 depriving around 100 eligible officers along with 5 Additional Secretaries promoted to the post of Secretary.'

Source: Bangladesh Observer, 'Government's Institution-Destruction Spree', 22 July 2006

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7 Prothom Alo, 'Jugmo Shochib O Uposhochib Pode 355 Jon Podonnoti Pacchen- Banchitora Sharoklipi Diechen, 26 Cadre Khubdho', (355 officers are getting promotion to joint secretary and deputy secretary positions: Deprived officers have submitted a memorandum, 26 cadres are agitated.), 14 January 2001
8 Daily Sangbad, Cholti shoptahei Tin Shochib Aboshore Jacchen: Chuktibhittik Niyog Hocchena, (Three secretaries are going to retire this week: Contractual appointments have not taken place), 8 August 2000
9 Daily Janakantha, Shorbokaler Record OSD: Bigoto Share Tin Bochore OSD 978 Kormokarta, Proshashon Cadrer Shongkha Shaat Shotadhik, (OSD reaches all-time high record: 978 officers have become OSD in last three and half years, the number of OSD is more than hundred in administration cadre), 21 May 2006
10 Daily Star, 'By the numbers, civil service shame', 17 July 2006
11 Daily Janakantha, SSB Thuto Jaggernaut: PMOr Jonno Talika Toiriie Prodhan Kaaj, (SSB is ineffective: It's main job is to make lists for the Prime Minister), 5 May 2006

Apart from the impact on morale, performance and human resource management, particularly at the senior levels, the introduction of political considerations into bureaucratic procedure has severely undermined the credibility of the rules and regulations that govern the civil service, in particular the Government Servants (Conduct) Rules, 1979 which regulates the terms and conditions of service and clearly rules against partisan affiliation or support. The situation is further complicated by the involvement of contractual appointees in active politics, including as candidates for public office.[12] Rules forbid civil servants from involvement in politics, but in recent years, the increasing number of contractual appointments is superseding these rules. An increasing number of contractual appointments are being given to partisan people, who play an active role in politics.

4.6   Recruitment

Overview of the recruitment process

There are three processes of recruitment to the BCS:

- Direct recruitment through open competitive examinations
- Recruitment through promotion and transfer
- Direct lateral recruitment (Report of Bangladesh Public Service Commission 2004: 12)

Class I Officers (roughly 8 per cent of all civil servants and the key decision makers) are recruited directly by the Public Service Commission (PSC) through an open competitive examination into 29 cadres and other Government services. The Ministry of Establishment gathers requirements for recruitment from ministries and Government bodies to determine the number of new officers to be recruited. It then advises the PSC to conduct the competitive examination and finalise the list of potential recruits. Finally, the Ministry of Establishment appoints officers from the list supplied by the PSC. Recruitment follows the Bangladesh Civil Service Recruitment Rules of 1981.

While largely a closed entry system, there is provision for 10 per cent lateral entry into more senior grades. The quota system reserves appointment of Class I posts for specified groups:

- 30 per cent for freedom fighters or the children of freedom fighters
- 10 per cent for women
- 5 per cent for tribal groups
- 10 per cent for different districts (based on population density).

This leaves only 45 per cent of the total available posts for recruitment to be filled following a merit-based open competitive system. Although there were some modifications in 1997, the PSC has been recommending more substantial changes since 1987 (Ali 2004), while PARC, the World Bank and ADB have recommended the abolition of the current recruitment system. A recent decision has been that if suitable candidates are not found to fill the 30 per cent for children of freedom fighters, the posts will be filled through merit-based recruitment (PSC 2004: 13-14).

Since 1984, the open competitive BCS recruitment process involved an examination of 1000 marks: 500 for compulsory subjects (Bangla, English, Bangladesh Affairs, International Affairs and General Mathematics and Science), 100 each for three optional subjects and 200 marks for a viva. Starting in 1998, the PSC took steps to reform the BCS written examination system to provide a better fit with the contemporary needs of the civil service. The new system, introduced in 2006, involves all examinees sitting a written examination in five subjects of 900 marks, followed by a viva for 100 marks. For the first time, a uniform system has been introduced in

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12 Bangladesh Observer, 'The Participation in political Activities, HC Issues Injunctions on Div Spl Judge Chunnu', 14 February 2006; Bangladesh Observer, 'HC rule upon govt. Why job of Cabinet Secy should not be declared illegal', 24 May 2006

which all examinees have to sit for exams in the same subjects (except for examinees sitting for technical/professional cadre). Students can no longer choose optional subjects whereas in the past, each student could choose 3 subjects out of 64, alleged to give an extra facility to the students having a science background. Moreover, there is also a reduction of 100 marks in viva voce.

Problems in the recruitment system

One problem with the recruitment system was the inability of the examination to select the most able and informed candidates, according to one study in 1988. At that time, the examination structure was aimed at obtaining university graduates, irrespective of their subject of study, rather than favouring the more capable or intelligent among them (Zafarullah 1988). The new question patterns in the written examination introduced in 2006 appear to be increasing the rigorousness of the competitive process, and thereby starting to address these problems.

A review of the literature and the media highlights the existence of corruption and the inclusion of political considerations in the recruitment system. Allegations of leaked question papers forced the PSC to cancel the 24th BCS preliminary test.[13] This does not appear to have stopped problems, however, as such allegations continue. Problems in the recruitment system have led to incompetent and unqualified candidates being recruited, with donors and the PSC itself questioning the capacity of incumbent bureaucrats.[14]

The majority of prospective candidates and entry-level civil servants interviewed as part of the background research for this chapter perceived the recruitment process to be corrupt. One prospective candidate admitted he had actually bribed a viva board member. Others felt leaked question papers were common. One candidate said, "I actually got a suggestion before the preliminary test, consisting of only 90 questions. When I saw the question paper, I realized about 95 per cent of them had come from that so-called 'suggestion'". By contrast, the incumbent mid-level civil servants tended to believe that the recruitment process was either fair or that the scope of corruption was negligible.

Civil servants tend to view the politicisation of the PSC as the root cause of corruption in the recruitment process. A retired CSP officer felt that:

> As long as the senior bureaucrats headed the PSC, the recruitment process was fair. They knew what they were doing. But you tell me, how [can] a university professor from a pure science discipline understand who we need to recruit for civil service?

Political appointments to the chair and membership of the PSC means that these appointees lack the capacity to play an adequate role, and at worst join the party in power by using their influence for corrupt purposes. "They are greedy", one entry-level civil servant remarked. "Besides, as they are politically appointed they know they can get away with it." Experiences of recruitment describe a number of irregularities and corrupt practices. One prospective candidate said:

> When I was in the exam hall scanning through the question during the preliminary exam, I looked around and realised that almost everybody had got the question earlier. It was so frustrating. Then I decided even if I passed the preliminary test, I would not sit for the written test … I passed the preliminary test and that is the end. I will never sit for BCS again.

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13 Daily Star, 'PSC to defend charges as protests continue', 11 August 2003
14 Daily Star, 'By the numbers, civil service shame', 7 July 2006; Financial Express, 'Program to increase efficiency of bureaucrats by next year', 29 October 2005.

Another prospective candidate actually enjoyed the experience of the preliminary test and written exam. However:

> The real horror started when I faced the viva board. All sort of political questions were asked and when they found out that my political view was different from theirs, I realized that that was the end of journey for me. Later, I came to know that I was rather lucky. One of my friends was asked why she did not use a scarf to cover her head and whether she knew the *Niyot* of prayers. That was too much for her. She got herself out of the room and now we both are private sector employees.

Most prospective candidates felt the procedure was too long, but there were many positive views on the revamped examination structure itself. As one put it, it is a "cost effective way to select the best". An entry-level civil servant suggested that it was the best Bangladesh could come up with.

Attitudes towards the civil service

In an attempt to understand what attracts applicants to the civil service, and which features act as a disincentive, the research (Jahan 2006) explored the attitudes of respondents towards the BCS. Discussions suggested that three factors tend to act as disincentives to joining the BCS: inadequate salary, faulty exam procedure and the (negatively perceived) bureaucratic culture. Interestingly, prospective candidates see the faulty exam procedure as the major deterrent, whereas mid and entry-level civil servants consider inadequate salary and the job environment to be the major deterrent for potential BCS candidates. The inadequate salary benefit constitutes a deterrent for all three categories of respondents. It is clear that the more competitive end of the private sector, in particular multinational companies, offers a more competitive salary than the public sector.[15] Others noted that the working environment in the public sector was rigid: "taking initiative and coming up with creative ideas is not well appreciated," commented one entry-level civil servant.

Even then, more than half of the 40 students from public universities interviewed expected to sit for the BCS examination, and considered civil service jobs to be prestigious and attractive. "Whatever happens, civil service is civil service", remarked one graduate. Interestingly, the small group of ten private university students interviewed were considerably less interested, and most did not have a clear sense of what civil service employment would involve in terms of the structure of the service or its salary or benefits (see Table 1).

Table 1. Would you consider sitting for the BCS exam?

Respondents	Yes or Maybe	No	Total
Public University Students	29	11	40
Private University students	4	6	10
Total (%)	33 (66 %)	17 (34 %)	50 (100%)
Student from urban background	12	17	29
Student from rural background	21	0	21
Total (%)	33 (66 %)	17 (34 %)	50 (100%)

Source: Jahan 2006

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15 According to the Sixth National Pay Scale (NPC VI), an entry level Class I officer gets only Tk 6,800 a month - whereas in private sector, a person has a possibility to start at Tk 18,000-25,000. The maximum basic pay, according to NPC VI is Tk 24,000 only (Daily Star, 'How helpful is the new payscale?', 20 May 2005).

Table 2. Why do people want to join the civil service?

	Job security	Status/power	Salary benefits	To serve the nation	Family pressure	Don't know	Total
Frequency of response	35	23	0	10	6	18	92
% of total responses	38	25	0	11	7	20	100

Source: Jahan 2006
*Multiple answers allowed; % figures may add to more than 100

While all students from rural areas were considering the civil service, fewer than half of those from urban backgrounds were (see Table 1). This may have some positive implications in the longer-term, including the creation of a more representative and less elitist civil service. It may also enable a stronger pro-poor orientation, as people from rural backgrounds are less likely than their urban counterparts to present strong resistance to working in rural areas, and may have a greater understanding of the problems of the rural population.

The most significant factor in attracting candidates to the BCS appears to be job security (see Table 2). Even a prospective candidate with work experience in the private sector pointed out that "job security is the main thing; if certain things were changed we would definitely go for public sector" (see also Mukherjee *et al* 2001).

While job security is the biggest draw, status and power continue to be attractive features of the civil service. What do those who are considering career options think about the civil service?

Table 3. Changing attitudes towards the civil service

Respondents	Positive Change	Negative Change	No Change	Total
Prospective Candidates	5	43	2	50
Civil servants	10	18	7	35
Total (%)	15 (18)	61 (72)	9 (11)	85 (100)

Source: Jahan 2006

Table 3 shows the results: both prospective candidates and serving civil servants perceive an overwhelmingly negative change in how society views the civil service. Current civil servants give less of an emphasis on society's negative perception of the civil service, suggesting that at least some hold on to an unrealistic picture of how their profession is regarded. At a stage in their lives when career options have to be considered, university students and graduates are most likely to be acutely aware of how the civil service is viewed within the wider society. One job seeker disgustedly described the civil service as "worthless", noting that the scope for corruption was an attraction for many.

Entry-level civil servants agreed that people show less respect to civil servants than before. Some respondents however, believed that public opinion was changing in positive directions because the civil service was trying to reform itself to become more citizen-focused. Older civil servants were the least likely to recognise negative changes, no doubt reflecting their higher status within the service and a lesser likelihood to hear criticism personally.

In part, the declining social status of the civil service seems to reflect the perception that the power civil service is declining. During the colonial period, the civil service was mainly staffed by men from the educated upper classes. But the research suggested the bureaucracy has lost its position of dominance, toppled off the top position by politicians. A retired CSP explained that it was not always the case:

the truth is that the present day civil servants are not courageous enough to take a stand. For instance, during my time as the secretary for [a Ministry], I had to take certain measures that made the politicians quite unhappy. They complained to the Prime Minister and at the end of the day I came out being a successful civil servant.

Mid-career and entry-level civil servants did not deny that their status is declining. One entry-level civil servant commented that:

Yes, that is true [that civil service status is declining]. A lot of heroic stories are heard about our predecessors but the fact is they did not have to work under so much political pressure.

To some mid-level civil servants, this situation is quite natural: the government is a democratic one. "Let's face it", one said, "it is a democracy and they (politicians) are the people's representative".

4.7   Conclusion

This chapter has situated the challenge of civil service reform within a changing national and global context, identifying inadequate orientation towards citizens' needs, politicisation, and declining professional status and power as key influences on civil service performance. The chapter looked closely at the recruitment process within the civil service as a potential point for intervention. Recruitment is the first point at which corruption and unfair means feature in the professional experience of civil servants and is a key determinant of the character and quality of recruits to the service.

The prospects for civil service reform do not currently seem bright, despite signs that even the bureaucracy has felt the pressure of change that have accompanied democratisation, reducing its power with respect to the political classes and its insulation from the society. However, the civil service appears to be attracting an increasingly rural and middle class group, which may well prove to be better placed to be responsive to citizens than the highly educated ultra-elite members of the erstwhile CSP, which to date many still view as the model for civil service quality in Bangladesh.

CHAPTER 5

The poverty of justice: implications for governance

The weak adherence to the rule of law is widely acknowledged as a core governance failure in Bangladesh. The justice sector stands out as one sector where the signs of deterioration outweigh any improvements. There is a decline in authority and independence of the judiciary, and a persistent failure to address the inaccessibility, corruption and capacity weaknesses of law enforcement agencies. A full account of the complex and varied problems of the justice sector is beyond the scope of the present chapter. Instead, the chapter addresses three issues. First, it outlines some of the key problems in the justice sector. Second, it examines the prospects and incentives for police reform. Finally, it provides an overview of attempted reforms and areas of relative success in the justice sector, namely the work of NGOs on empowerment of women and the poor through improving access to local level justice institutions. The chapter is based primarily on a review of the development literature on law and access to justice, as well as qualitative research into the incentives and professional experiences of police officers conducted in 2006, and an assessment of the legal empowerment activities of four NGOs, based on informant interviews and a review of programme and research literature, also in 2006. Initial findings from ongoing research into the prospects for justice sector reform are also discussed.

5.1   Rule of law problems

The rule of the rule of law is not a single, unified good but is composed of separate, socially desirable goods, or ends: (1) a government bound by law, and subject to restraints in the exercise of its power; (2) equality before the law; (3) maintenance of public order, and enforcement of norms embodied in the law; (4) predictable, effective and efficient rulings; and (5) protection of human rights and the dignity of the individual. These ends are distinct, likely to meet different types of support and resistance, and are often in tension with one another in practice. In Bangladesh these tensions run deep and increasingly contribute to the failure of governance. Some of the problems that account for the growing crisis of rule of law are embedded in the system dating back to the colonial period: for example, the inaccessibility of police, and the emphasis on protection of property rather than persons. The lack of efficiency of the justice sector is not a new development. However, the politicisation, low accountability and corruption, all of apparently growing proportions provide disturbing evidence of deterioration in governance conditions over the 2000s.

The key issue is increasing politicisation of the sector. The institutional decline in the independence of the judiciary results in the failure to hold other organs of Government into account. A functioning, independent

judiciary that applies the law impartially is fundamental to rule-based governance, and sustaining a culture of accountability rather than one of impunity. As important is that the norms embodied in various laws in a society are internalized by various state actors. In Bangladesh impunity, rather than accountability and norm compliance, appears to be ascendant. Even where the courts have delivered judgements (e.g., rulings on voters' lists, High Court rulings on asset disclosure and other disclosures for politicians, and the *Masdar Hossain* judgement on separation of the judiciary - the magistracy in particular - from the Executive), weak enforcement has undermined accountability. The problem is exacerbated by the use of judicial tools, such as stay orders to delay cases.

Weaknesses in the justice sector have a range of other serious negative impacts on human security, economic development and more fundamentally on the accountability of the state institutions and actors. But while these are obvious on a case-by-case basis, there has been no comprehensive assessment of the national costs of failures to maintain the rule of law, in economic or in social terms. There is, however, mounting evidence that governance failures in the justice sector affect the poor and the marginal, particularly women, disproportionately.[1] These failures are most direct when they take the form of high crime rates and lack of redress through the formal system because of costs, lack of legal knowledge, and an inadequate and corrupt police force.

The indirect consequences of justice sector failures are less obvious but no less real: economic activity is hampered by uncertainty and the need to protect against crime or *hartal.* The fact that contracts can only be enforced with relative difficulty is one reason why it is comparatively expensive to do business in Bangladesh (see Table 1). The livelihoods of the poor and the very poor are also negatively affected by the prevalence of risk, insecurity and uncertainty, which mitigate against longer-term investments and planning behaviour.

Table 1. The cost of formal contract enforcement*

Indicator	Bangladesh	Region	OECD
Procedures	50	38.7	22.2
Time (days)	1,442	968.9	351.2
Cost (% of debt)	45.7	26.4	11.2

* The cost of enforcing contracts is determined by 'following the evolution of a payment dispute and tracking the time, cost, and number of procedures involved from the moment a plaintiff files the lawsuit until actual payment'.

Source: World Bank/IFC 2006; data available on http://www.doingbusiness.org

The wide range and severity of the different problems faced by the justice sector, and their widely different consequences makes it difficult to prioritise issues for discussion in the present report. This mirrors the difficulties posed by a potential reform agenda. Ongoing preliminary research[2] into the prospects for justice sector reform highlights two initial obstacles to sectoral reform. One is the sheer burden of the problems faced. A former Law Minister flatly explained: "It will take two days to talk about the problems of judiciary". The second is the absence of any clarity or consensus about where and how reform might occur. Interviews with more than 30 key central stakeholders have failed to identify a clear set of priorities for reform of the sector. No doubt an obstacle in developing a reform agenda is the bifurcated nature of the system: those who dispense and receive formal justice are physically and socially distanced from the rural masses who receive informal, traditional justice from customary authorities (*shalish*).

1 See survey evidence reported in World Bank 2002c and UNDP 2002. See Keevil Harrold and Hassan (2006) for a recent assessment of gender related conflict.
2 Ongoing qualitative research into justice sector reform is designed to assess the priorities and demand for reform within the justice sector, through semi-structured interviews with 80 stakeholders and key actors, in addition to focus group discussions with users of justice sector services, including the informal system. The primary research and preliminary analysis of the findings are scheduled to be completed by the end of 2006 by members of the research team of the present report. The findings are intended to support the design of a national survey to explore issues within the justice sector, to be undertaken by the World Bank in 2007.

Judicial independence

Possibly the most serious of the core governance failures in Bangladesh is the lack of independence of the lower judiciary, the magistracy in particular. In the existing dual system of appointments of the lower judiciary, assistant to district judges are appointed by the Ministry of Law, Justice and Parliamentary Affairs; the magistrates are appointed directly from within the administrative service by the Ministry of Establishment. Thus magistrates are functionally dependent upon the Executive, and personnel and spending decisions allow for the politicisation of key personnel.[3] Although there is recognition of the necessity of separation of the magistracy from the Executive, the situation is not likely to change as quickly as it could. The lack of progress towards implementation of the *Masdar Hossain* judgement, the Supreme Court ruling that would enforce the separation of the judiciary in line with the Constitution, continues.

The influence of politics on the judiciary appears to have accelerated in recent years and has led to a decline in the formal basis for Governmental accountability. Whereas the High Court and the Appellate Divisions of the Supreme Court were held up as 'the strongest link in the accountability chain' by the World Bank only a few years earlier (2002a), their strength and credibility have eroded. A decision taken by Chief Justice of Bangladesh in December 2006 regarding three writ petitions challenging the President's assumption of the office of the Head of the Caretaker Government and subsequent violence within the Supreme Court premises can be cited as unnecessary entanglement of the judiciary in political controversy. The change in the retirement age and bypassing seniority as a dominant factor for appointment of a judge to the Supreme Court have also been questioned as these open the door for politically motivated appointments.

Accountability of the justice sector

Formal accountability mechanisms within the judicial system are weak to nonexistent. Judges are not accountable for the efficiency or lack thereof of their performance. Capacity constraints form another major obstacle to wider access to formal justice. The administration of justice is under-funded, painfully slow and inefficient which results in excessive delays. There are also concerns about the quality, the level of qualifications and training of the judiciary (ADB 2003). The scope for public scrutiny is limited, in part because of fears of contempt due to strict contempt laws (ADB 2003). Some pressure for accountability is coming from legal aid schemes dispensed by both governmental and nongovernmental actors partly through the growth of NGO legal service provision.

Corruption in key justice institutions,[4] most notably the lower courts and the police force, is a serious problem. Practices of requiring informal payments for basic services effectively blocks access to the criminal justice system by the poor, who can rarely afford to pay for initial access through filing complaints or reports with the relevant authorities, nor the bribes required higher up the system. The complicated nature of the system also engenders corruption, as the entire system lacks transparency in relation to the laws and the processes and procedures. These are particularly important obstacles for people who are illiterate.

The justice system is effectively divided into informal traditional institutions through which the rural poor typically attempt to resolve their conflicts, and the costly, inaccessible formal courts. The literature is ambivalent on the informal justice institutions: on the one hand, they provide dispute resolution and render judgements comparatively efficiently (in terms of time, cost and proximity to poor people); on the other hand, the judgements are often inequitable and unenforceable. Financial, time and travel costs, lack of knowledge of legal rights and processes, and fear of interaction with the police limit formal system access to a small percentage of the population.

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3 These points are drawn from a number of valuable recent contributions to the non-specialist literature on the rule of law. For the most comprehensive account of the judiciary and the justice sector, see ADB (2003). UNDP (2002b) and World Bank (2002c) both provide detailed empirical evidence on people's experiences of formal and informal justice institutions, including the police. UNDP (2003, 2005) provide further evidence on policing.
4 See Chapter Seven, this volume, for an account of a corruption scandal that forced a senior judge to retire.

Another factor that impedes access to the formal institutions is the conventional view of the criminal justice system in Bangladesh is not as a service to the people but as a mechanism for maintaining public order and protection of property. Initial findings from ongoing qualitative primary research into the prospects for justice sector reform support the argument that justice has to date been viewed as a matter, "isolated from the society … not thought [of] in an integrated manner", as one judge put it. This distance and separation of formal justice from the people and their needs helps to foster the lack of confidence in the judiciary, and widespread faith that justice is something to be purchased. Surveys by TIB regularly show that people have very little faith in either the police or the lower courts, the central institutions for criminal and civil justice.

Crime and human rights abuses

Citizens expect the state to maintain public order. The inability or unwillingness of the designated state organs to assure security, or, worse, to use extra-judicial means to maintain order indicates serious governance failures. Enabling political violence and human right abuses further suggest disregard for norms and signals the state's weakening reverence for the rule of law.

Table 2. Incidence of reported crimes (official statistics)

Year	Mugging	Robbery	Murder	Riot	Burglary	Theft	Arms	Violence Against women	Other	Total
1994	..	..	..	..	..	..	..	..	..	76,301
1995	..	..	..	..	..	..	..	..	..	82,931
1996	..	..	..	..	..	..	..	..	..	93,310
1997	..	..	..	..	..	..	..	..	..	102,161
1998	..	..	..	..	..	..	..	..	..	114,226
1999	..	..	..	..	..	..	..	..	..	119,742
2000	845	1157	3400	2058	4177	8343	2253	10535	76170	108,938
2001	758	1265	3678	3161	3654	7432	3151	12958	79134	114,191
2002	936	1397	3503	1276	3959	8245	3060	18455	86758	127,616
2003	949	1170	3471	890	3883	8234	2293	20242	84507	125,639
2004	885	1207	3902	754	3356	8605	2370	12815	85429	119,323

Source: Data collected from Police Headquarters, Dhaka, September 2006

Official police statistics[5] indicate a rise in the total number of reported crimes of nearly 36 per cent between 1993 and 2004. Violent crimes such as murder rose most rapidly, about 13 per cent in the five years between 2000 and 2004 (see Table 2). In 2004, official crime figures declined by around 5 per cent, almost certainly the result of the introduction of RAB to control crime (on which more below). It should be noted that these figures are more than likely to understate the overall incidence of crime, particularly as it affects the poor and rural areas, as it is widely reported that the police frequently do not accept crime reports from complainants without payment or other inducements (see UNDP 2002b; World Bank 2002c).

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5 Official police statistics are known to be poor quality and to be incomplete. However, in the absence of independent crime statistics (such as a national crime victim survey) official figures provide the only national data that shows crime trends over time.

There is evidence to suggest that in remote rural areas, many forms of crime are tackled by local authorities or vigilante groups without involving the police. Little, however, is known about the extent or character of rural as compared to urban crime. One in-depth study of rural crime based on interviews with 250 community members in four villages in northern districts found that reasonably effective local arrangements ensured serious crimes by outsiders were rare; although petty theft was common, particularly among those least able to protect their property. The police were not seen as important actors in the dispensation of criminal justice, which was dealt with locally. Local justice focused on retribution and reform of local criminals, sometimes through gruesome punitive means (Ali 2004).

Violence against women appears to have risen dramatically (see Tables 2 and 3), with figures generated by the Women Support Program[6] showing that between 1990 and 1997, violent crimes against women increased by 254 per cent. However, at least part of the apparent rise reflects increased reporting of incidences, and that reliance on reported incidents underestimates total prevalence (UNDP 2002b). Reports of rape by police of women and children in 'safe custody' also continue (see UNDP 2002b).

Table 3. Incidences of violence against women, 1990s

Type of violence	1990	1991	1992	1993	1994	1995	1996	1997	% change (compared to 1990)
Rape	407	982	749	526	285	651	1415	2224	546
Acid-throwing	21	20	29	39	19	51	83	117	557
Murder	1904	1500	1879	2269	806	1787	1839	2426	127
Physical Torture	258	300	217	350	469	808	1664	2029	786
Abduction	30	28	18	17	19	49	138	245	816
Trafficking	12	18	32	23	28	55	85	72	600
Total	2714	2927	3025	3358	1748	3668	5818	7901	254

Source: Women Support Program, Project Report 1997

Political violence has grown dramatically since the mid-1990s. A Human Rights Watch report from 1996 states that the political violence in that election year was of such severity that "the BNP, the security forces and the opposition parties all violated their obligations under domestic and international law", using armed youth wings to perpetrate violence against opponents, conduct gun battles, attack newspaper offices, journalists and news photographers, engaging in mob violence that destroyed millions of dollars worth of property and endangered lives in Chittagong. The response by the police and other security forces was "both disproportionate to the threat and partisan" (Human Rights Watch 1996). Evidence from the 2000s does not suggest the situation has changed for the better and has probably deteriorated. A grenade attack in 2004 cost the AL two prominent leaders, leaving many others injured, the investigation into which has so far been far from adequate.

Based on data collated from human rights organisations, the US State Department calculates that there were 2,297 victims of torture and 15 deaths due to torture by security forces in 2005 (US State Department 2006). By December 2004, 53 'terrorists' had been killed 'in encounters' with RAB,[7] while press reports suggest that as

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6 In July 1995, the government launched Women Support Program with a view to raise moral values, and create awareness of legal rights, better employment and income for poor, helpless and oppressed women (women abused by husbands). The program has four components: i) The Cell for Prevention of Oppression of Women ii) Center for Shelter and Rehabilitation of Oppressed Women and Children, iii) Information Center for Employment Exchange, iv) Sales and Exhibition Center. The Cell for Prevention of Oppression of Women provides support to the victims of oppression. Women abused by husbands are the primary target group of the Cell. The major functions of the Cell include legal advice, counselling, realization of dower maintenance, and conducting cases in courts (Directorate of Women Affairs 1997).

7 As reported by RAB on its home page: www.mha.gov.bd/RAB.php.

many as 396 people were killed by RAB in 2005. The Home Ministry assesses that RAB has killed 283 persons as of September 2006, but according to press reports and various Human Rights Organizations the number of deaths in 'crossfire' is much higher.

Reported cases of human rights abuses against minority groups also appear to have risen over the 2000s, with the persecution of the *Ahmadiyya* community the most widely reported instance in recent years (see Human Rights Watch 2005).[8] Again, it is possible that apparent increases in abuses against minority groups reflect greater information and public attention to these issues because of a stronger and more effective media generally more committed to raising such awareness, including an increasingly engaged expatriate community (see Chapter Seven). Reporting on governance failures can come at a high cost, however (see Box 1).

Box 1. A dangerous job: violence against journalists

Reporting on bad governance is an increasingly risky business in Bangladesh. On 29 May, a peaceful demonstration by journalists in Kushtia who were protesting against threats by a ruling party MP was attacked, reportedly by supporters of the MP. Four journalists had reportedly received threats in recent months and fled Kushtia after publishing reports about the MP's alleged involvement in corruption. The MP had in turn filed charges against the journalists, accusing them of extortion. Nineteen people were injured on 29 May, including the chief editor of a national newspaper, also a journalists' union leader. The police apparently made no effort to intervene, although the State Minister for Home Affairs, Lutfozzaman Babar, later condemned the attack, an investigation was called for and full details of the attack were reported in the press. However, the next day, the offices of a local newspaper were also attacked, and on 31 May, eight more journalists were reported to have been injured when police broke up a silent procession of journalists in Satkira who were protesting against the events in Kushtia. The Kushtia incidents are by no means isolated events. According to the Bangladesh Federal Union of Journalists, 12 Bangladeshi journalists were killed in the period 2001-2005. And the human rights organization Odhikar said in early June that 43 journalists had been injured in attacks in May 2006 alone.

Source: Human Rights Watch: http://hrw.org/english/docs/2006/06/07/bangla13518.htm

5.2   The police: problems and prospects for reform

The previous section outlines multiple rule of law challenges that have implications for governance in Bangladesh. A focus of justice sector reform is the police force. Diagnostic and institutional assessments of the police force and studies designed to gauge citizen satisfaction indicate that the public has little confidence in the force. The police suffer from weaknesses that prevent the poor and marginal from gaining full access to formal justice institutions, and which contribute to delays, inefficiencies and corruption in the court systems. This section briefly reviews the findings of a recent study exploring the incentives and constraints of the police force.[9]

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8 The documentary 'Muslims or Heretics?' by an expatriate Bangladeshi appears to have been successful in directing global attention to official protection for the persecutors of the *Ahmadiyya* community. Only a tiny minority of Muslims within Bangladesh are members of the *Ahmadiyya* community, which represents one small branch, or sect, of Islam.
9 The study of the police conducted in 2006 involved semi-structured interviews with 50 police personnel sampled from three levels of the services which covered topics such as experiences of recruitment and other human resource management issues; sources of accountability, including the impact of the media, and disciplinary methods in the service; community relations; quality of life and operational issues; and views on corruption and politicisation within the force. The research also involved collection of official data about crime and law enforcement. The full research paper will be available as a background paper to the present report as Jahan and Kashem (2006).

Law enforcement agencies and actors

The main law enforcement body is the national Bangladesh Police force, under the control of the Ministry of Home Affairs. It is structured into sections[10] with policing activities carried out through 539 police stations or *thanas* across the country. Police administration is governed by the Police Act of 1861 with operational aspects guided by Police Regulation of Bengal (PRB), 1943. The Home Ministry retains power to issue administrative regulations on personnel and police operations. Police officers are categorized as gazetted and non-gazetted, roughly analogous to commissioned and non-commissioned officers in the military services. The lower levels of the police force, the constables, constitute 80 per cent of the force (information from Police Headquarters, June 2006); and only 1.2 per cent of the force are women (UNDP 2003).

The other main actors in law enforcement are:

- *Chaukidars* and *Dafadars* serve as village police and are employed by the Ministry of Local Government to maintain law and order in rural areas and to assist the national police force; it is widely recognised that the village police are inadequate in terms of their numbers, remuneration and their power to act (see UNDP 2002b)
- *Ansars* and *Village Defence Party (VDP*) is a Government-recognised and supported volunteer force of vast size and reach (4.6 million members, a presence in every village) but unknown effectiveness. The force consists of the *Ansar* Bahini, the Battalion *Ansars* and the Village Defence Party (VDP), which are all tasked with the maintenance of rural law and order and assisting other law enforcement agencies. Half of the 4.4 million VDP members are women
- **Bangladesh Rifles (BDR)** is a paramilitary force mainly charged with border protection and prevention of smuggling. BDR increasingly assist the police in general law enforcement, particularly during raids and *hartals*
- **Rapid Action Battalion (RAB)** was created in June 2004 based on the Armed Police Battalions (Amendment) Act, 2003. It is a composite force drawing personnel from the police, the paramilitary and the armed forces, with at present 12 battalions throughout the country (information from RAB Headquarters in 2006). The main functions of RAB include crime control, confiscation of illegal arms, arrest of wanted criminals, controlling women and child trafficking, and money laundering. Compared to the police, RAB members are well-trained, well-paid, and well-equipped. According to RAB Headquarters, in its first 6 months RAB confiscated 520 illegal arms, and arrested 2267 criminals, including some assessed by RAB to be 'most wanted terrorists'.

RAB is an example of the campaign or 'crack-down' approach to law enforcement often taken when crime levels reach intolerable proportions. These 'crack-downs' usually deploy the more effective military to supplement the weak and compromised police force. Operation Clean Heart, which ran from October 2002 to January 2003, is an earlier example: 45,000 citizens were arrested and around 60 people killed. Concerns articulated by civil society and human rights groups and by foreign donors about human rights abuses and the excesses of Operation Clean Heart led the Government to pass an ordinance precluding prosecutions for human rights violations committed during this period.

The RAB model appears to have incorporated some lessons from the failings of Operation Clean Heart, one of which is to avoid targeting innocent people. While human rights and civil society groups are strongly opposed to RAB and their extra-judicial means of law enforcement, RAB appears to be widely popular, apparently because they have been effective at tackling crime. But this has done little to improve the image or morale of the regular police force. However, while the campaign approach tends to yield fast, popular results in terms of

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10 These include the Traffic, Special, and Detective branches; Metropolitan police for the major cities; the new Highway unit, and the Central Investigation Department (CID) for high profile cases.

immediate arrests of notorious criminals, its effectiveness tends to wear off, so that 'crack-downs' typically yield no enduring or structural reduction in crime.

A number of private responses to policing failures have emerged, including the growth of the private security industry. This was a significant development starting from the late 1980s. An estimated 300 security companies (Kashem and Chowdhury, 2003), including some global brand names, now offer a range of private security services for homes and offices.

Hybrid forms of law enforcement, including various types of community policing appear to be emerging as a promising response. Police departments in conjunction with Town Defense Party (TDP; the urban version of the VDP) started to implement community policing in 1992 in Mymensingh town and parts of Dhaka under the name of *Protibeshi Nirapatta* (Neighbourhood Watch). There are now more than 100 Neighbourhood Watch initiatives under the Community Policing scheme. The TDP has a formal committee with close contact with the local police station; uniquely, the costs are borne by the community (Alam 2002).[11] The Asia Foundation has also started to support pilot community policing initiatives implemented by NGO partners, designed on a baseline study involving consultations with the police and other official and community stakeholders in 2004. Following the example of Mymensingh, community policing was introduced in Chandpur, Habigonj, Moulvibazar, Jamalpur, Thakurgaon, Sirajgonj, and some parts of Dhaka city (Detective 2005). It seems that the police department lacks specific guidelines for implementing community policing. As a result, some police officers have been implementing this system under their own initiative; in some areas, people did not welcome this model of community policing and were reluctant to make financial contributions to meet the costs (Alam 2002).

Public trust and accountability in the police force

Current trends in policing emphasize the importance of the relationship between the police and citizens.[12] However, the Bangladeshi public has little trust in the police. The police routinely come last in all opinion polls and attitudinal surveys designed to assess perceptions of corruption and trust in public officials: only 9 per cent of citizens trusted the police in a recent BBC survey (BBC 2005); around 70 per cent of respondents believed that police corruption was 'heavy or malignant' (survey reported in World Bank 2002c); 82 per cent of people considered the police to be the most corrupt Government department in a 1998 survey (reported in World Bank 2002c); and the police topped the 'most corrupt' list in the TIB Corruption Databases for 2004 and 2005.

In their most recent household survey, TIB found that 92 per cent of households who had lodged first information reports (FIR) at police stations paid bribes averaging Tk 2,430; 91 per cent who registered general diaries (GD) paid Tk 939 on average; 80 per cent of households who needed clearance certificates paid an average amount of Tk 881, and 71 per cent of accused parties paid bribes averaging Tk 5,718 (TIB 2005). As well as lacking trust and belief in police effectiveness, other studies show that most of the public would not call the police if a crime was committed in their homes, and rank the police low compared to other professions, such as lawyers, doctors, teachers, businessmen, and journalists (Kashem 2001, 2002, 2003; TIB 2004).

Police officers are aware that the public does not respect the police. One police officer interviewed blamed antagonism towards the police as a colonial hangover, but there was generally awareness that current policing practices are responsible and that community relations could be improved if the police behaved more courteously, gave better service, or met regularly with community members. However, it is clear that the police do not accept full blame for the state of police-community relations: many blame the media, including commercial feature films, for misrepresenting their role. Some police officers felt that journalists were more

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11 Daily Star, 'Community Policing: Our experience', 10 February 2006.
12 For example, the low crime rate in Japan has been partly attributed to the close relationship between police, community leaders and residents, and to a high degree of public cooperation with the police (Bayley 1976, 1991). Other research suggests that the less respectful police are towards suspects and citizens generally, the less people will comply with the law (Tyler 1990; Paternoster *et al* 1997).

corrupt than the police, citing examples of journalists blackmailing police officers to stop publication of false reports. An Inspector (OC) of a *thana* said:

> Police officers become hostages at the hands of the media because the higher authorities don't listen to us and verify the contents of the report, but punish the concerned officer. So why bother? We always try to oblige the journalist even though we are not at fault.

However, police interviewees also acknowledged that press reports on excessive use of force and police brutality had improved police accountability and reduced the abuse of police power. One senior officer felt there was a danger that the media would direct investigations, and that guidelines should be established for reporting on police interrogations.

While officers believed the media helped limit the worst excesses of police behaviour, more routine means of controlling and disciplining police behaviour are weak. There is no independent complaints commission. Instead, the internal Police Security Cell is responsible for investigating complaints against members of the police force. In many instances, it either does not receive the necessary approval from the Home Ministry or punishments are delayed (Kashem 2005a).[13] The integrity of officers working in the Cell has also been questioned. Out of 101,490 complaints received against police personnel between 1995 and 2000, only 1490 officers were punished during that time. By contrast, a law drafted to discipline RAB members had seen 231 members of RAB punished for misconduct by June 2006.[14]

Police interviewees did not, however, see this system as inadequate in terms of the number of officers disciplined. Instead, many argued that the rate of punishment was high compared to other service-oriented departments such as WASA or T&T. This suggests both a lack of perspective on how the roles of law enforcement agencies differ in vital respects from those of the public utilities; and a lack of acceptance that routine punishment for corruption and abuses of powers is correct and appropriate. Interviewees generally felt that the existing system of punishment was sufficient to ensure police accountability, while many felt they should be given more incentives and rewards for good behaviour.

One problem with the disciplinary apparatus is that it is widely seen as biased in favour of senior officers. Press and research reports into the state of law enforcement in Bangladesh reveal that it is mainly constables and junior officers who are punished in corruption cases, while top administrators are rarely punished. The interviews conducted for this research confirmed a strong sense of bias, with constables and lower ranking officers believing that the system is lenient towards senior officers. By contrast, senior officers tended to feel that the disciplinary system is appropriate. Evidence supports this: of 1490 personnel who received punishment between 1995 and 2000, 77 per cent were Constables and 22 per cent were non-gazetted officers. Only 5 senior officers were disciplined for involvement in corruption during that period (Kashem 2005b).

Corruption and politicisation

All the evidence suggests that corruption is a serious problem throughout the police force. Police officers defend charging fees to register cases because they lack the budgets necessary to follow-up or investigate complaints (see World Bank 2002c). In the absence of any strong accountability mechanisms to prevent corruption, police officers have two strong incentives for accepting illegal payments for services. First, the cost of entry into the police service needs to be recouped. A number of Sub-Inspectors interviewed for the present

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13 Daily Sangbad, 'Police bivage durniti: juniorder shasti holeo borokortara bohal tobiyote' (Corruption in police department: though junior officers are punished, the seniors remains untouched), 25 April 2005
14 Daily Star, 'Special trial planned for RAB offenders' No access for convicts to HC in new rules; 2 separate courts; trial in 1 month; life term maximum punishment', 29 July 2005. RAB's data does not distinguish between disciplinary and criminal misconduct.

research reported having paid large amounts to the selection committee during the recruitment process. There are also rumours within the force that top management sells the posting of Officers-in-Charge at various police stations, presumably those with the prospects for lucrative illegal activities. Second, police constables' wages are acknowledged by senior officers to be low. This is viewed as a reason why lower-level officers are involved in corruption, but also suggests that low wages are used by senior police managers to justify police corruption.

Compared to petty corruption, a more serious obstacle to the rule of law in Bangladesh is politicisation. The state exercises strong control over police agencies and many policy decisions regarding police are apparently instigated for political purposes (see Box 2).

Box 2. Police politics

On assuming power in October 2001, the Government introduced major shifts in different tiers of the police administration. A new police chief Inspector General of Police (IGP) was appointed and many Officers-in-Charge (OCs) of various police stations were transferred, as well as 48 Superintendents of Police (SP) (head of the district police administration). In addition, about 50 senior officials including Additional Inspector General, Deputy Inspector General, and Superintendent of Police were sent on forced retirement.

Reports in 2005 suggested that the length of academy training for 205 trainee Assistant Superintendents of Police (ASP) had been reduced to 9 months from 12 months, and in-service training reduced to 3 from 6 months. It seems that this abridged training time is for politically-aligned individuals whom the Government wanted to ensure were finally selected before their tenure ended in late October.

Sources: news articles in Daily Star, 'Frequent transfers frustrate cops', 12 November 2001; Shamokal, 'Nirbachoner age shajano hoche police proshashon: 205 shikhanobish A.S.P er proshikkhon shongkhipto kore churanto niyog deya hoeche' (Police administration is being rearranged before the election: 205 A.S.Ps are being appointed upon completion of their training), 5 July 2006

It is no secret that politics plays a role in the transfer and posting of police officers, and interviewees discussed the matter fairly openly. In many cases the local MP personally selects the OC for his constituency. One police officer was cited in the Daily Star as arguing that "as political parties use police for their interest, law enforcers always keep themselves busy to make political leaders happy and so people suffer. Due to affiliation with political parties they (policemen) do not even bother about people's interest. They always try to fulfill the political will of the government."[15] The vast majority of our interviewees argued that political influence, patronization and victimization were key problems for the police force, and major determinants of inefficiency and other problems in the service. It was reported that politicians even influence the preparation of charge sheets and final reports; as a result, the 'fall out' rate of arrests is high.

Incentives and constraints on police performance

Human resource issues

A key finding from the interviews is that the police force is divided and subject to differential incentives and constraints that detrimentally affect performance and morale. We saw above that disciplinary mechanisms

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15 Daily Star, 'Frequent transfers frustrate cops', 12 November 2001

penalise lower levels of the service disproportionately. Motivations for joining the police force also vary widely between different levels, suggesting significant differences in attitudes towards the profession. From the perspective of many constables, the police force was just a job they had taken because they were unemployed; they reported no special motivations for joining the force. Non-gazetted officers were attracted to the profession because of power, including the capacity to protect their families and friends from crime, and to serve the country. By contrast, top ranking officers took a careerist view, noting that compared to many BCS cadres, career and promotion prospects in police cadre are better.

While most interviewees believed that the recruitment process was generally appropriate, there was a strong sense of discontent among mid-level personnel about the system by which senior managers are recruited separately and directly. First, it is believed to create inequality and mistrust; second, those who enter through the lower ranks lack equal opportunities for promotion; and third, BCS cadre staff lack experience of the problems and hazards of police work at the field level. Although our sample was small and purposive rather than random, we found that many non-gazetted officers have post-graduate degrees, and thus feel resentment towards BCS officers with the same educational qualifications, who lack their extensive field level working experience, but who act as their supervisors. This animosity towards BCS officers is likely to hamper the proper functioning of the police service.

Recruitment is also believed to suffer from corruption and lack of transparency, and a corresponding failure to attract qualified personnel. It was pointed out that in recent years many Sub-Inspectors had been appointed on the basis of political affiliation. Some respondents who had joined before 1991 said that large-scale corruption in recruitment process began after 1990. One view was that political leaders reward student leaders or supporters for their party loyalties with jobs in the police force. All respondents at the upper levels of the force admitted corruption in the recruitment process at different entry points, particularly at the Sub-Inspector level. Interviews with constables also suggest that the extent of corruption in recruitment at the Sub-Inspector level varies. Political pressure is a major factor in recruitment, as highlighted by one recruiting officer:

> Political leaders, especially members of the ruling party now think that recruitment is their right, thus the local MP supplies a list of candidates and asks the SP to appoint them. As you understand, we have no choice but to oblige them.

With respect to training, it was again mid-level personnel who appeared least satisfied with training received, while constables and senior officers felt the training was effective and appropriate. One significant problem is that able officers are reluctant to work at training academies and police schools. Some senior officers pointed out that those incentives that apply to military training academies, such as a 30 per cent allowance for trainers, are not available for police trainers. Army officers treat training institutes as a career posting, but for a police officer, assignment at the training academy is viewed as punishment. While opportunities for foreign training appear to have increased, mid-ranking police officers complained that these mostly go to senior level staff, regardless of appropriateness.

Promotion and career prospects are another area in which the BCS cadre officers are better off, as their promotion follows the gradation lists (although politics is also a factor in the senior ranks such as DIG, Additional IGP and IGP). Legal, administrative and other obstacles mean that Sub-Inspector and Inspector categories have fewer prospects for promotion. At present, a Sub-Inspector is eligible for the promotion test after 6 years, but in practice, many remain in post between 12 and 20 years. This is partly the result of inadequate training for career development. Many constables similarly find promotion difficult to achieve. One who had joined the service in 1986 said, "during my 20 years of service I took the test three times and passed. But I failed to obtain promotion. So I just gave up." One DIG explained that there are approximately 90,000 constables in the police department and each year only about 2,000 of them are promoted to Assistant Sub-Inspector on the basis of merit. The overall standard of education among constables is low, and they face both

a heavy workload and uncertainty with respect to promotion. As a result morale among constables tends to be low; this in turn affects their performance.

In terms of their quality of life, most police expressed dissatisfaction. There is virtually no support system for police and their families, and housing and medical facilities for lower ranks are poor. Welfare benefits in cases of accident or death are not distributed in a timely manner and the amounts are in any case very small. Many police officers are not granted permission to live with family in their postings, nor can most afford to rent houses for their families, with the result that many live in poor condition in *thana* barracks. Others feel insecure: an Inspector who had served as OC of a *thana* in the northern region of the country had not sent his children to school because of security concerns. By contrast, senior level police officers and OCs generally have good and relatively secure government accommodation. A similar pattern of discrimination exists with respect to hospital care, which is particularly poor for lower ranking police officers.

Operational constraints

In line with other assessments, our interviews uncovered a number of operational constraints on police performance. The two key factors appear to be excessive workloads and the lack of an operating budget for police stations. Between 2001 and 2006, the total budget for the Bangladesh police increased by 118 per cent, while the number of police increased by about 12 per cent during that period (information from Police Headquarters, 2006). However, operating budgets remain negligible and have not increased. As they lack enough cars and funds to pay drivers of rented vehicles, they generate funds through toll collection from businesses or other sources. The allocation for maintenance of vehicles, buildings and travel costs is negligible compared to actual costs, and police officers frequently ask victims of crime to arrange transportation to attend the crime scenes, or else attend at their personal expense, which is presumably recouped later. Research by TIB (2004) reported that in the metropolitan police stations, supplies of stationery only covered 8 to 9 per cent of need, which meant that people seeking services had to pay for the cost of forms and photocopying. Our interviews suggested that is some cases, police offices procure their own furniture and stationery. This system clearly feeds, enables and helps to justify corruption. Senior officers argued that the provision of an adequate operational budget for police stations would reduce the necessity for this kind of corruption.

The excessive workload is compounded by the fact that police spend a high proportion of their time providing escort services and security for VIPs, to the extent that in metropolitan *thana* areas police spend only 41 per cent of their time on crime-related functions (TIB 2004).[16] A Superintendent of Police commented that:

> Nowadays, even Members of Parliament expect police protocol that they don't deserve. But the police officer has to provide this service because of security reasons. If police can avoid these non-crime related functions then it will greatly increase police effectiveness.

Other constraints identified by the police themselves included the lack of technology (there are no computers for criminal investigations, crime analysis, and record keeping), political interference, low salary and benefits, and heavy workload.

Police Reform

Donors are supporting police reform through the Strengthening Bangladesh Police programme, being implemented by the Ministry of Home Affairs with financing and technical assistance from UNDP and DFID Bangladesh. As a part of the reform programme the Government aims to establish naval police, metropolitan

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16 The Police Commission Report of 1988 found similarly that police spent only 38 per cent of their time on crime-related activity.

police units in Sylhet and Barisal and to recruit 26,326 personnel. Additionally, in each upazila, an upazila police officer at the rank of ASP will be appointed,[17] and new posts and stations will be appointed in the Dhaka Metropolitan Police. The programme will involve components designed to address crime prevention, investigation and prosecution, human resource management and training and policing strategy and oversight. Interviews with Programme officials reveal that 13 model *thanas* have been established on a pilot basis and a 'Public Attitudes Baseline Survey' conducted to programme impact.

Some senior police officers pointed out that recent Government initiatives have focused on 'modernising' the police force by procuring more sophisticated firearms and combat hardware such as armoured cars. While this may improve law and order, it also carries a potential threat to police-community relations.[18] When asked about the UNDP/DFID reform programme, it seemed that awareness of the initiative was limited to the senior ranks: lower ranking police officers had, if at all, only negligible knowledge of it. Overall, there was little optimism about the programme. A commonly-held view was that the resources could be best spent on meeting the basic needs of the police force such as improving working conditions of constables and establishing adequate support services. Another view was that resources should be allocated to increase the investigative capability of police through training.

5.3   Reform initiatives

A number of reform initiatives exist in the justice sector; some are driven by donors, others by civil society. However, the activities remain fragmented and piecemeal in the absence of a strong commitment from Government or a well articulated policy. The scope for legal and judicial reform is limited; neither major party views judicial independence as in their interest should they come to power.

Donor-generated reforms have focused principally on technical and capacity issues. NGOs have established a large and varied body of programmes designed to foster legal empowerment of women and the poor, mainly through a range of legal services provision. Some have attempted to build in strategic links designed to bridge the gap with the formal sector, but few have directly aimed to generate pressure for reform on the formal sector. Pressure group activity to reform specific laws has been comparatively successful, as has Public Interest Litigation (PIL).

On the Government side, the PRSP has prioritised reform of criminal justice and affordable justice for the poor, including the reform of formal justice institutions and proposals to improve access to justice through informal systems (GoB 2005a). Most crucially, the PRSP commits the Government to progress on separating the judiciary from the Executive. This is in line with implementing the 2001 Supreme Court judgment known as the *Masdar Hossain* judgement, which requires such a separation in line with the Constitution. Progress in implementing *Masdar Hossain* has been slow, including legal and regulatory amendments necessary to support its implementation (see ADB 2003).

A number of laws and legal practices, particularly relating to criminal justice, have been identified as disproportionately affecting the poor and marginal: these include practices relating to bail, criminal investigation, 'safe custody' and rape trials, and laws relating to vagrancy and public nuisance and the dispossession of immoveable property (see UNDP 2002b). Between the preparation of the UNDP's Human Security Report in 1998 and its publication in 2002, however, some key legal reforms occurred, including the Suppression of Violence against Women and Children Act (2000). Drafted in consultation with women's groups,

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17 Shamokal, 'Chabbish hazar notun police niyog kora hoche: asche nou police' (Twenty-six thousand new police are being recruited: River police being introduced), 23 May 2006
18 Daily Star, 'Bangladesh police: A tale of admonitions and inactions', 4 January 2006

the Act increased the severity of penalties for violent crimes against women and children and redefined some crimes and legal practices. While it marked progress in this area, it has been criticized for not going far enough to tackle some existing provisions and practices that enshrine gender bias within the law, such as that of 'safe custody' (UNDP 2002b). In reforming juvenile justice administration in 1974, the government enacted the 'Children Act'.[19] The Act contains laws and provisions relating to custody, protection, trial and punishment and treatment of juvenile offenders. Accordingly, three treatment institutions -*Kishore Unnayan Kendra* (KUK)- were established in Tongi, Konabari of Gazipur, and Jessore. Also, community-based (for example, probation) and institutional based correctional services have been introduced (Zaman *et al* 2003).

To date, major donor-supported programmes for reform in the justice sector have focused on technical and capacity issues. The ongoing Legal and Judicial Capacity Building Project of the World Bank, CIDA and DANIDA (2001-2007) focuses on addressing capacity constraints of the civil court system, including case management and training, and drafting legal reforms. Part of the programme supports creating a formal system for legal aid to implement the Legal Aid Act of 2000 (ADB 2003), but has made little progress to date. Other reform programmes mentioned above include the Strengthening Bangladesh Police programme of UNDP and DFID (2005-2007), which addresses recruitment and training, strategic planning, investigation, increasing forensic capacity and improving work processes, and updating police procedures and regulations.

NGO interventions in legal advocacy and public interest litigation (PIL) are beginning to show an impact at the national level. One of the most prominent organizations involved in PIL is the Bangladesh Legal Aid Services Trust (BLAST), which initiates but also responds to requests for assistance with PIL and advocacy services. Since 1996, BLAST has launched a number of key PIL cases, emphasising establishing the rights of women, the poor and marginal (see Table 4).

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19 The Children Act contains both procedural and substantive components. The procedural component requires establishment of a separate juvenile court for children; the substantive component describes offences committed by children and prescribes penalties (Zaman *et al* 2003).

Table 4. BLAST: Selected Public Interest Litigations and their outcomes

Name and Year	Facts at Issue	Results as of 8 September 2005
Hem Ranjan Chakma v. Bangladesh and others (1996)	Illegal acquisition of Chittagong Hill Tracts land without compensation to ethnic minority landowners	Respondents ordered to show cause as to why land acquisition should not be declared illegal. Temporary stopping of land acquisition. Verdict pending
BLAST and others v. Bangladesh and others (2001)	Challenging eviction of petty traders living on railway pavements without serving notice	Respondents ordered to show cause as to why eviction should not be declared illegal. Temporary stopping of eviction. Subsequently eviction stopped by the government
BLAST v. Bangladesh (2002)	Challenging the illegal forcible eviction of slumdwellers in Cox's Bazar	No rule issued. Respondents decided against eviction
Hasina Begum and others v. Bangladesh and others (2003)	Challenging illegal forcible eviction of 3260 people from Vashantek Slum, Dhaka	Respondents to show cause as to why the eviction shall not be declared illegal
Nasrin Akhter and others v. Bangladesh (2003)	Challenging gender discrimination in public sector recruitment	Case dropped after successful out of court settlement
BLAST v Bangladesh (2003)	Challenging eviction of 58 landless fishing families in Jeleyapara Basti, Chittagong without prior notice and without arranging resettlement	Respondents ordered to show cause. Evictions stayed until the case is disposed of
BLAST and others v. Bangladesh and others (2004)	Challenging forcible eviction of 1000 landless people of Agargaon Slum without prior notice and without arranging resettlement	Eviction was delayed from September 2004 when the case was filed until a verdict allowing eviction was rendered. The eviction commenced September 2005 and the case is currently being appealed
Nijera Kori and others v. Bangladesh and others (2004)	Challenging eviction of thousands of landless people from the Chars (riverbeds) of Noakhali	The Division bench stayed the eviction and ordered the authorities not to disturb the landless people for six months
BLAST entered as intervener in: Aysha Khanom and others v. Bangladesh (2004) and Farida Akhter v. Bangladesh (2004)	Challenging reservation of seats for women in parliament who are elected indirectly by members of parliament	Respondents ordered to show why this constitutional amendment reserving seats for women was not unconstitutional
10 cases of various members of the Chakma tribe v. Bangladesh (2005)	Challenging illegal eviction and Section-3 of the Chittagong Hill tracts (Land Acquisition) Regulation of 1958	All 10 cases had *rule nisi* issued and stay of eviction until disposal of the case
BLAST v. Bangladesh (2005)	Challenging the illegal eviction of the Sagorika Slum and enforcement of fundamental rights under the constitution	*Rule nisi* issued to show cause as to why the eviction, harassment and intimidation in order to illegally occupy the area should not be declared illegal
BLAST v. Bangladesh (2005)	Savar Palashbari Spectrum Sweater Industries factory collapsed on workers killing or injuring many	BLAST succeeded in getting compensation from the Bangladesh Garments Manufacturing Association (BGMEA) for the death and injury of workers

Source: Keevil Harrold and Hassan 2006

While many are still pending, these PIL cases are improving the legal empowerment of poor and marginal people in three ways: first, by raising public awareness and transparency about the abuses faced by these groups; second, in some cases by succeeding in having discriminatory and illegal official actions overturned or abandoned; and third, by demonstrating to Government and other powerful actors that marginal people can use the law effectively to challenge abuses of their rights. This should act as a deterrent in at least some cases.

Another key area of BLAST's work is advocacy and working with Government to improve its legal aid provision. Although the programme remained restricted because neither separate legal aid offices nor staff for legal aid had been established in most districts, based on a rapid impact assessment, BLAST identified the following achievements of its own advocacy work:

- Fund allocations to the legal aid programme had increased, as had the utilization of these funds and the number of cases receiving Government legal aid
- The process of applying and being selected for legal aid had been simplified
- Publicity and information about Government legal aid had improved in courts, Government buildings, communities and jails

5.4   Access to justice: are NGOs providing services or strategic linkages?

Access to justice usually refers to the ability of individuals to appear before formal state courts or otherwise draw on the judicial and legal structures of the state. In principle, everyone is entitled to such access; in practice, the gap between formal entitlement and actual access can be immense. Access to the formal justice system is beyond the means of most poor people in Bangladesh because of exorbitant cost, excessive delays and backlogs, and a lack of knowledge or resources (Siddiqui 2003). The geographical distribution of courts is uneven, with the balance tilted toward urban centres. The rural poor have to bear travel and logistics costs that pose additional burdens (Siddiqui 2003). The elitist and corrupt nature of the formal justice system ensures that most people avoid contact with it (Wardak 2002). Vested with a disproportionate amount of power and little corresponding accountability, the police and the magistracy have become notorious for their susceptibility to external political pressure. Their "capacity to punish" has become a prized resource, fundamental to party politics and especially vulnerable to corrupt practices (Islam and Rahman 2002: 6).

Many NGOs in Bangladesh have promoted and facilitated access to justice for the poor, women, and other marginalized populations in Bangladesh, through community legal service activities. These activities also establish linkages between access to justice, governance reform, and poverty reduction strategies. Community level activities include informal legal education and awareness raising, community counselling, legal aid, alternative dispute resolution (ADR) mechanisms based on traditional *shalish* or other models of community-based dispute resolution, and legal advocacy.

Activities by the big service-providing NGOs such as BRAC have focused primarily on the provision of legal rights awareness, education, legal aid and alternatives to traditional dispute resolution mechanisms. Other organisations such as BLAST, Bangladesh National Women Lawyers' Association (BNWLA) and Madaripur Legal Aid Association focused on widening access to formal justice institutions among the poor and marginal. This section explores whether NGO legal empowerment interventions are bypassing, competing with or helping to reforming informal and traditional justice and dispute resolution systems, focusing on the extent to which they move beyond legal service provision towards a rights-based approach to access through a formal system bound by the rule of law.[19]

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19 This section is based on a number of recent reports and original research, including Keevil Harrold and Hassan (2006); Ali and Alim (2006); Jahan (2005b).

The performance of customary and NGO systems

Informal justice systems resolve almost all types of conflict quickly and cost-effectively. However, while a popular local response to a key governance failure, it does not fully satisfy equity considerations: most of the key NGOs in the legal arena have collected case studies that reveal patterns of judgements favouring the powerful and subjecting the voiceless to punitive measures.

Karim (1983) identifies the *somaj*[20] (society), as the primary arena, symbolically and organizationally, in which local politics and governance are played out in the village. Senior members of leading lineages or village elites head the *somaj*, which acts as the court of first resort in resolving conflicts and disputes among villagers through *shalish*. Traditional *shalish* and NGO-sponsored *shalish* enable cheaper, easier and more comprehensive access to justice. However, recent research shows that, despite gains made by NGOs in this area, traditional *shalish* remains better-known and is more likely to be used by village people (Jahan 2005b). Ease of access and familiarity with the procedures and methods of the *shalish* appear to be part of this preference. In the *shalish* system the village leaders personally and directly interacts with the litigant and plaintiff to find a solution, through fines or punishments. They typically aim to maintain social harmony through the verdict, whether the judgement rendered is biased or fair. Disadvantages of the informal system include:

- **Lack of formal legal basis.** There are three constitutionally controversial issues in *shalish*: 1) the absence of legal representation, which goes against the constitution; 2) the exclusionary and discriminatory light in which women are not allowed to preside over courts, or participate in the proceedings; 3) the question whether elites are appropriately qualified to preside over courts, as they lack training in law
- **Corruption and abuses of power**: corruption can infect *shalish* through solicitation of bribes and through kinship and political influence (Golub 2003). If there is a power imbalance the judgment typically favours the dominant group. Therefore, some solutions are arbitrary and imposed on disputants by powerful village or community members. Such 'solutions' are based less on civil law than on subjective judgments and biases (Khair 2002). Informal negotiation is less disruptive than formal judgement as it tends to minimize subsequent revenge or retaliation. NGO interventions, in contrast, are relatively free from corruption and abuses of power
- **Gender bias**: the traditional *shalish* panel is usually composed exclusively of male members. Women are particularly vulnerable to extreme judgments and face penalties (Khair 2002), characteristic of the class and gender hierarchies of rural Bangladesh. In contrast, the majority of NGO interventions are in domestic cases, frequently representing women against their husbands, so that the emphasis tends to be on justice for women
- **Conflict with human rights:** social ostracism is not the most extreme version (or perversion) of *shalish*. Amnesty International and other sources document numerous incidents of women - even rape victims - being lashed or even stoned to death for violation of local norms. Often these abuses stem from *fatwas* (religious rulings) handed down by local leaders who interpret or misinterpret *sharia* (Islamic law) and who belong to *shalish* panels or otherwise influence them (Golub 2003). NGO *shalishes* tend to comply with human rights as far as possible, and emphasise mediation between parties.

Alternative dispute resolution (ADR) also plays an important role for the poor. Minor disputes between husband and wife or within the family are resolved appropriately through traditional dispute resolution and ADR. It is notable however, that the political behaviour of the village leaders and other factors such as election, personal

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20 The political sociology and anthropology of rural Bangladesh suggests a formation of multiple clusters under the groupings of a *somaj* (e.g., Bertocci 1970; Jahangir 1979; Thorp 1978; Arens and van Beurden 1977). See Adnan 1990 for a comprehensive overview of post-independence village studies in Bangladesh.

prestige and interest, status of the lineage, kinship, or patron-client relationships, influence the interaction and relationships with one another in the village, and sometimes with external agencies thus affecting the village justice system. In some cases the norms and values of the *somaj* have been emphasized more than the actual justice.

The available evidence suggests that NGO services have been more effective in terms of delivering appropriate services than in generating pressure on the customary or formal systems. The wide reliance on NGO services and traditional *shalish* probably reflects the weakness of the formal system, and not necessarily satisfaction with these alternative systems. One question that analytical work has yet to address adequately is to what extent different forms of justice - the formal courts, NGOs, traditional *shalish* and ADR - compete with each other, making it possible for NGO dispensation of justice to create positive competitive pressures on other providers, for example, to render gender-equitable judgements. While there is evidence of 'shopping for justice,' suggesting competitive pressures might be present, it seems that some complainants or victims move between different providers at different stages, often to appeal an unsatisfactory verdict. Many more, however, do not perceive the systems as interchangeable, and for many, particularly the non-poor, NGO services would not be acceptable or authoritative (see Ali and Alim 2006).

5.5   Conclusion

The dismal failure on the part of the judiciary to protect the interests of citizens, particularly the poorer segments, has become the most notable manifestation of the institutional failure since the beginning of the democratization process in the early 1990s. This has been brought about mainly by two factors: the lack of political will for reform, and internal problems within police and justice organizations. The state appears to have given up on ensuring accountability and security. New initiatives like RAB bring temporary relief but at very high costs of extra-judicial killings; this points to a failure of a system where impunity, it is alleged, generates popularity with the public. Moreover, RAB's success with its political, financial and technical resources further undermines the institution of police. In the justice sector, many - especially the rural poor - depend on traditional dispute resolution mechanisms maintained by local elites and alternative dispute resolutions initiated by NGOs. As the chapter shows, the state of governance in the criminal justice system in Bangladesh is alarming. But, perhaps due to the cohesive nature of Bangladeshi society and its residual respect for order and justice, the system has not yet disintegrated. At this time more research is necessary to understand why and to answer many questions generated by this chapter: Are crimes undetected because of the low reporting rate? Are initiatives like Operation Clean Heart and RAB really effective? Has society adjusted to living in and taking advantage of a police-less system? Or have institutions outside of state - the private security for the rich and mob and informal justice for the poor - taken over?

CHAPTER

6

Rural and urban local governance

Local government has been repeatedly identified as a key strategic sector for improving governance and development. This reflects acknowledgement by both Government and donors of its potential role in increasing citizen participation and raising the quality and accountability of public services. Bangladesh's political context poses several challenges for improved local government performance. Democracy has brought popular representation to local government, but this has not been accompanied by effective powers to enact the local popular will. Central government maintains substantial control over both rural and urban local administration. Partisan influence rather than the functional and fiscal capacities of local government has deepened at the local level.

This chapter discusses the structure and functioning of rural and urban local government. Primarily through a literature reviews supplemented by primary research in urban local governance, it explores the autonomy of local government; institutional arrangements for rural and urban local governance; the extent and effectiveness of mechanisms for accountability and participation; and finally, service delivery. A notable point of this chapter is a discussion of local government in both its rural and urban contexts. The two are, where relevant, contrasted and compared. This approach is intended to reflect growing concerns about urban governance and the continued 'rural bias' in public policy making in Bangladesh, particularly with regards to poverty reduction.

6.1   Local government institutional arrangements: the 'unresolved wrangle'

The Local Government Division under the Ministry of Local Government, Rural Development and Cooperatives (MoLGRDC) is responsible for rural and urban local governments across Bangladesh.[1] Rural and urban local governments are structured quite differently (see Figure 1), but with the emphasis on an overarching national vision, reflected in Government's policy and practice, the concept of local government tends to be associated with its rural version. In practice, the lack of a nationwide policy specifically for urban areas has detrimentally affected the development of Bangladesh's cities. A case in point is the treatment of urban poverty in the PRSP. The initial draft did not include a separate and distinct focus on urban poverty, even though research has shown that the different needs and infrastructure capabilities of urban areas means that nationwide programmes designed for rural areas typically do not serve the needs of the urban poor (Rashid and Hossain 2005). Subsequent advocacy work ensured that the final PRSP included mention of urban poverty (GoB 2005a). However, an urban poverty strategy is weakened in the absence of an effective urbanisation strategy.

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1 With the exception of the Chittagong Hill Tracts, which has been granted a separate Ministry of Chittagong Hill Tract Affairs in order to protect the political, socio-economic and cultural rights of the people of the region and provide a measure of autonomy to hill peoples.
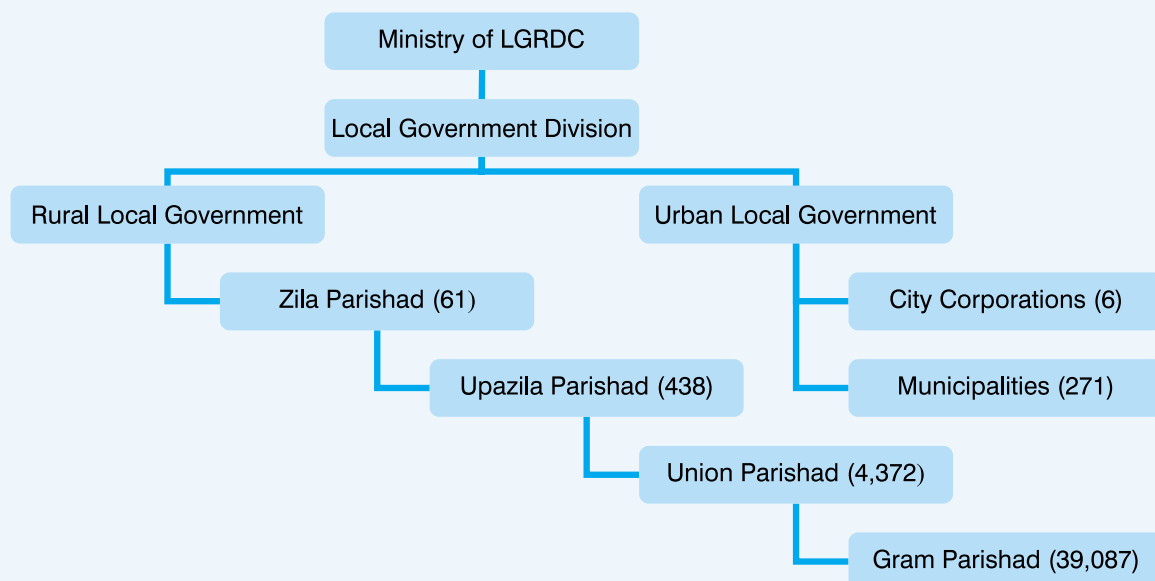
One of the most prominent concerns regarding both urban and rural local government has been the instability of its regulatory framework. During 1996 to 2002, as many as 29 laws were passed by parliament, 25 of which were amendments of previous laws on local government. Legislative changes have occurred in a hurried and piecemeal manner and have not responded to critical issues such as authority, resource mobilisation or functional autonomy (Siddiqui 2006b; GoB 2003). In addition, in many cases laws are contradictory: some enhance autonomy, independence or responsiveness, while others do the opposite. Hobley (2003) argues that although the policy and legal framework is supportive of elements of decentralised governance, the absence of political commitment is notable.

Political circumstances have reinforced the instability of local government, leading to opinions shared by officials that Bangladesh's political context has held back the country's development. Although city corporations have experienced more stability than their rural counterparts, city officials have identified politics, rather than the lack of resources, as the major barrier to development and poverty reduction in Bangladesh (Banks 2006a). In almost all cases, local government reforms have been driven by long and short term political objectives (Westergaard 2000; Zafarullah 1997; Rashid 2005).

The function and structure of local government

Rural and urban local government perform similar functions, which can be divided into four categories: civic duties, tax collection, law and order, and development work (Siddiqui 2006b; Siddiqui *et al* 2004). Both city corporations and union parishads are required to form standing committees, to cover finance and establishment, education, health and sanitation, works and building, water and electricity, social welfare, accounts and audit and woman and child welfare, among others (Siddiqui 2006b, Siddiqui *et al* 2004). These committees form the basic structure for planning, supervision and management of activities and play a large role in coordinating issues and policies within their jurisdictions. However, the duties and responsibilities of both rural and urban standing committees are not specified; functions are, therefore, discharged on an *ad hoc* basis which undermines their purpose. In rural areas, most standing committees formed are not functional for their intended purposes. As Chapter Two documents, these are often used by local elites to control and access resources.

Figure 1. Local government structure

Ministry of LGRDC
Local Government Division
Rural Local Government
Urban Local Government
Zila Parishad (61)
City Corporations (6)
Upazila Parishad (438)
Municipalities (271)
Union Parishad (4,372)
Gram Parishad (39,087)

Source: adapted from Ahmed (1999)

The structure of rural local government

Incomplete experiments with the structure, composition and functions of rural local government before the return to democracy in 1991 have earned it the title 'the unresolved wrangle' (Siddiqui 2006b). Emphasis has tended to shift from one tier to another with little rationale, and the return to multiparty rule has failed to bring significant change in local government (Khan 2000a). Bangladesh is presently divided into 64 administrative districts, governed by the following tiered structure:

■ At the district level, a **zila parishad** consists of an executive secretariat with no elected members and little functional purpose. A 2001 attempt by the BNP coalition government to politicise local government by assigning a Minister responsible for every district was ruled illegal by the High Court in 2006

■ Representative bodies at the **upazila** or **sub-district level** existed under the Ershad regime (1982-1990), but were replaced after the transition to democracy in 1991 by Upazila Development Coordination Committees (UDCC).[2] The upazila is the lowest administrative level of Government at which the civil bureaucracy and line ministries operate. Headed by an Upazila Nirbahi (Executive) Officer, there is no scope for representation or democratic practice: instead the UDCC is an example of deconcentration as it coordinates, monitors and supports planning of development activities at the upazila level (UNDP 2002a; UNCDF 2003). It has been widely argued that a democratically elected upazila level body would greatly improve accountability and local-level oversight of local development (UNDP 2002a; Siddiqui 2006b)

■ **Union parishads**, headed by a democratically-elected Chairman, are the core unit of rural local government. There are between 9 and 10 unions per upazila. Democratic elections have been carried out in union parishads since 1991. The chairperson is assisted by nine members, who are elected directly from the nine wards. In addition, three female members are elected from reserved seats within the Union Parishad, one for every three wards. The creation of smaller ward sizes, more wards and members, and more female members in the 1990s have served to deepen representation and participation in local government (see also Rahman 2001)

■ Two attempts have been recently made to establish functioning **village level** governance structures: the 1997 *Gram Parishad* Act, which was halted under a High Court injunction, and the 2003 *Gram Sarkar* Act, through which 40,000 institutions at the village level were created. Allegations of irregularities and political manipulation in constituting the *Gram Sarkars* quickly emerged (Ali 2005). As selected bodies, these typically gave supporters of the ruling party a platform. The High Court declared the 2003 *Gram Sarkar* Act illegal and unconstitutional in 2006. Table 1 shows the size of territory and population covered by each tier of the administration.

Table 1. Size and population served by tiers of rural local government

Administrative level	Local government tier	Number	Average population	Average land area (sq km)
Division	---	6	20.5 million	24,595
District	Zila Parishad	64	1.9 million	2,250
Upazila (Thana)	Upazila Parishad	460	250,000	300
---	Union Parishad	4,500	27,000	30
---	Gram Sarkar	68,000	1,500-1,750	2

Source: Adapted from several sources

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2 See Crook and Manor (1998) for a comparative assessment of this experiment with democratic decentralisation.

The structure of urban local government

The six major cities in Bangladesh - Dhaka, Chittagong, Khulna, Rajshahi, Sylhet and Barisal - have been awarded corporation status and are headed by City Corporations. Because Dhaka is overwhelmingly the largest and most important city in Bangladesh, the example of Dhaka City Corporation (DCC) will be used to discuss the structure of city corporations:

■   DCC is headed by a democratically-elected Mayor, assisted by a centrally-appointed Chief Executive Officer, and heads of DCC's twenty departments
■   DCC's jurisdiction is split into ten **zones** and ninety **wards**
■   Zonal Executive Officers coordinate DCC staff and officials at the zonal level[3]
■   Within each ward, Official Ward Commissioners are democratically elected to monitor development works and manage municipal affairs. In addition to the ninety elected Ward Commissioners, an additional thirty seats are reserved for female ward commissioners (Khan 1997b; Siddiqui *et al* 2004).

In addition to the six major city corporations, there are 271 pourashavas (municipalities) across Bangladesh, a figure which has increased gradually in recent years. Although this trend is in line with the rapid urbanisation and population growth experienced by Bangladesh, Ali (2002) argues that the growth of pourashavas is guided by political rather than administrative considerations, with MPs and local leaders seeking pourashava status in the expectation of receiving bigger grants for public works. Development assistance for union parishads does tend to be lower than for their urban counterparts in terms of area and population (UNDP 2003). Although an area must fulfil certain criteria[4] to be considered a municipality, nearly 70 per cent of municipalities did not meet these in the late 1990s (Ahmed 1999).

6.2   Autonomy

A serious constraint on both rural and urban local government is its dependence on central government. One authority describes the relationship between national and local government as a 'clear patron-client relationship' (Siddiqui 2006b). The limited powers, functions and jurisdiction of local government are all delegated by central government, which retains a high degree of overall control in both rural and urban areas. This effectively limits the autonomy and efficiency of local government. In city corporations the appointment by the centre of a Chief Executive Officer effectively curtails the power of Mayors; in rural areas, Upazila Executive Officers and Upazila Development Coordination Committees play a similar controlling role with respect to union parishads. The extent of central control over local government is exacerbated by the limited nature of the resources available: central government provides staffing allocations, specifies duties, and controls the ability to tax and review budgets (Khan 2000a; Siddiqui 2006b; UNDP 2002a).

A major reason for highly-centralised administrative control lies in fear that increasing democratisation could allow the opposition party to capture local government bodies. These fears may be well-founded: the loss of Dhaka city to the opposition Mayoral candidate in 1994 has been identified as one of the contributing factors to the decline of the BNP Government, which lost power in the next national election (Siddiqui *et al* 2004). Fear of losing political ground in the vital space above the union level has been behind reluctance to democratise the upazila and to concede power to Chairmen and Mayors.

The already limited autonomy and independence of local government is also increasingly being squeezed by national-level political intervention at the local level. As Chapter Two describes, the growing strength of local

3 The power initially devolved to zones has been gradually retracted back to DCC headquarters over time.
4 Pourashavas must have a total population over 15,000, a population density over 2,000 per square mile, and have over three quarters of its population employed in industry other than agriculture.

political party structures, namely local affiliates of AL or BNP, has in some contexts created a parallel source of power and resources for development. Where local party organisations enjoy good relations with the local MP, and he or she is capable of attracting resources to the area, these parallel structures can be more effective than formal local government. In practice, there is likely to be an infiltration of the formal structures, particularly through representation on the Committees, and support for or co-optation of Union Parishad candidates or incumbents.

Although some have named the non-democratic selection of local government officials above the union level as problematic, Ahmed argues that the primary consideration for improving local government efficacy should be providing sufficient autonomy. The creation of independent, self-governed and functional local government structures should take priority over promoting democratic elections (Ahmed 1999). Increasing the functional autonomy of local government has been underrepresented in amendments to the local government regulatory framework (GoB 2003; Khan 2000a; Khan 2000b; Siddiqui 2006b).

6.3   Accountability and participation: how do women and the poor fare?

How accountable is local government, particularly to the poor, the marginal and to women? To what extent can these groups participate in local governance or benefit from the services delivered by local government? Questions of accountability and representation in local government have typically been addressed in isolation from the discussion of development administration, as though the issues are separate or conflicting (Rahman 2002). Yet there is a compelling case for uniting the two, on the grounds that local governance needs to be brought to the centre of the national poverty reduction strategy as:

> A political and institutional process which can contribute to the required scaling up of the rate
> of poverty reduction through enhancing the developmental choices available at the local level
> and a better inclusion of all social groups in these choices (Rahman 2002: 1).

Participation by 'all social groups' in these decisions will necessarily involve more than the currently limited formal processes by which the poor and marginal are currently represented - participation through the voting process, and accountability exercised through voting options, at best. Direct participation in local government has generally been the privilege of the rural rich: elected local government representatives have to date been predominantly drawn from the local elite classes and closely responsive to their interests, as well as those of their national counterparts.[5]

The urban poor are in an even worse state by comparison. The formal rituals of political participation have been denied to them until recently. Slumdwellers received the right to vote in municipal elections as late as 1994. Since then, however, there have been signs of success in deepening the political participation of the urban poor (see Box 1).

At the same time, interviews with selected Ward Commissioners indicate that progress in political participation of the urban poor may be offset by the lack of autonomy of Ward Commissioners who are responsible to them.[6] As the most local representatives in urban government, Ward Commissioners play a key role in their ward's development. The ward level is crucial for the implementation of participatory development initiatives, but this is

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5 See Blair (1985) for empirical evidence demonstrating that land ownership and local government office have gone together in Bangladesh. See Crook and Manor (1998) and Crook and Sverrisson (2001) on how the alliance between local elites elected at the upazila level and national political elites effectively excluded the poor. For recent evidence and analysis on the consequences of the alliance between local elites and union parishad representatives see Bode (2002); Hobley (2003); Rahman (2002) and Ahmed (2002).
6 Primary research for this chapter investigated the interaction of two Ward Commissioners with slumdwellers in their wards in Dhaka. Semi-structured interviews and focus group discussions were carried out in August 2006. See Banks 2006a, 2006b for further detail.

not combined with the strong decision-making authority necessary for to meet local needs. Ward Commissioners argue that their accountability must be met with sufficient autonomy, including increased powers, duties and responsibilities. The present structure of government within city corporations is such that those who are accountable to residents have little power to make a tangible difference in their ward's development. Highly centralised decision making authority within city corporations creates a culture of poor transparency and poor accountability among major decision-makers.

Box 1. Political participation and the urban poor: the BOSC experience

The Bastee Basheer Odhikar Surakha Committee (BOSC) has enabled the urban poor to participate directly in urban governance. The BOSC network was initiated in 2000 as a non-violent replacement for the confrontational protests that had previously characterised slumdwellers' resistance to their treatment by government. With the support of the NGO network the Coalition for the Urban Poor (CUP), a network of local committees was established in slums across Dhaka as a forum through which slumdwellers could organise and press their demands upon local government. The purpose was to strengthen formal accountability mechanisms for the urban poor, and incorporate slumdwellers into urban governance processes. Local committees work to solve localised problems within their communities, and the network extends to address citywide problems such as land tenure, resistance to eviction, and provision of services. Women are represented in equal numbers to men on the BOSC committees.

As the most local representative, Ward Commissioners enable slumdwellers to access the DCC system of governance. Ward Commissioners are in more direct contact with their poorer constituents, and can demonstrate their willingness (or otherwise) to work for their welfare. The effectiveness of the strategy, however, relies on the ability of Ward Commissioners to integrate poor communities into the wider governance structure of DCC.

BOSC has initiated major successes. Active Ward Commissioners have played a major role in supporting service provision from NGOs and Government. With assistance from CUP, Ward Commissioners and service providers, slumdwellers have facilitated legal connections to electricity and water supplies. This has been a major success: slums were previously unable to gain legal access because of landholding regulations.

Compared to slumdwellers without such external contacts, slumdwellers involved in BOSC committees are politically aware and have regular contact with their Ward Commissioner, and are more optimistic and confident about what can be achieved with respect to urban governance.

Source: Banks 2006a

NGOs are increasingly active in improving the participation of women and the poor in rural local government. An important early example is the 1996 Local Democracy Education Programme funded by USAID, which in collaboration with The Asia Foundation, BRAC and other implementing NGOs conducted voter education programmes and post-election strengthening of the union parishad. This was seen to have had a positive impact on the 1997 union parishad election, generating high voter turnout amongst both men and women from poor households and facilitating the election of NGO member candidates (Siddiqui 2006b). While the evidence remains somewhat fragmented and anecdotal, it strongly suggests a rising number of poor women and men attached to NGOs standing for - and - winning local elections. In one instance, campaigns to support NGO members to stand for election saw 44 per cent elected, while 41 per cent of the women that held reserved seats came from poor or marginally poor households (BRAC 2004; ADB 2004). This is a particularly vital development

in local governance, and indicates strong potential for the political participation and empowerment of the rural poor (Westergaard and Hossain 2002).

By contrast, election to urban local government positions is strongly dependant on the power and influence of candidates, with a mixture of 'money and muscle' having characterised past elections. For a number of reasons, NGOs have considerably less representation in urban slums and are less engaged in organising the urban poor and in voter education. These factors may help to explain why to date, poor men and women have not successfully stood as representatives in urban local government (Siddiqui *et al* 2004).

While the provision of reserved seats for women in local government has increased the formal presence of women in political and institutional processes, women representatives still face many challenges that undermine this formal improvement (Shamim and Kumari 2002; Khan 2000b; Siddiqui 2006b; for an up-to-date overview of developments in women's political representation and participation, see Mohsin (2006)). The Local Government (Union Parishad)(Second Amendment) Act of 1997 made provision for the direct election of three women in reserved seats, with one female representative for every three wards. The growing activism of NGO activities in voter education and campaigning has meant that a growing proportion of female representatives of local government are poor NGO participants; there are indications that this is beginning to yield results in terms of changing social attitudes toward women, and raising health awareness and living standards for poor women in their constituencies (Mohsin 2006; ADB 2004). Similar provisions for female representation are made in urban local governments, where one position of ward commissioner is reserved for women for every three general seats. Ward commissioners elected to the ninety general seats select women into the thirty reserved seats. This has led to a situation in urban areas whereby reserved seats tend to be filled by upper-class and well-connected elite women. This stands in contrast with the progress made in representation of the poor in rural local government.

The experience of reserving seats for women reveals several problems that the system has created. Structural limitations within the reserved system have undermined the scope for the meaningful participation of women in rural and urban local government (Mohsin 2006; Siddiqui 2006b; Uddin and Rahman 2003). Unlike their male counterparts who are delegated specific duties, female representatives from reserved seats lack a job description or role (CAPWIP 2002). As each female member from a reserved seat covers the same population as members from three general seats, women must appeal to a larger group of constituents. This is particularly problematic for women from large urban constituencies.

In both urban and rural areas, male representatives deliberately exclude women from standing committees, meetings and decision-making processes (Mohsin 2006; Democracy Watch 2002; BRAC 2004; ADB 2004; Omvetd 2005; Shamim and Kumari 2002; Uddin and Rahman 2003). One finding was that only 37 per cent of women representatives were members of committees in union parishads; this membership was confined to committees associated with social safety nets, family planning or social welfare (Siddiqui 2006b). Even there, they can expect to play a minor role. Female representatives also face prejudice and hostility from male colleagues, many of whom consider the presence of women ornamental, a 'favour' provided by government (Mohsin 2006).

Two developments in recent years are likely to help stop gender discrimination in its more overt forms from impeding women's participation in local government. The first is the 2004 High Court ruling against the Ministry of Local Government policy of overtly discriminating against ward commissioners from reserved seats (i.e. women) in city corporations. The Ministry had issued a circular that restricted certain activities to members from general seats alone. Ten Khulna city commissioners had petitioned against this, with support from the legal rights NGO, Ain-o-Shalish-Kendra, and other civil society organisations. While the ruling has been a signal achievement for women's rights, legal victory does not always lead to practical change (see Box 2).

The second promising development is NGO capacity building and gender training programmes designed to improve the general capacity of local government officials to do their jobs as well as to sensitise them towards the needs of women and the poor. These programmes have enjoyed considerable early success (see ADB 2004; BRAC 2004). BRAC's programme of capacity development for union parishad officials was originally implemented as a pilot programme for ADB, which covered more than 1600 union parishad officials in 147 unions; its impressive achievements led BRAC to adapt and scale up the donor-led intervention as part of its own social development programmes.

Box 2. '*What is the problem with a female Ward Commissioner?*' Problems faced by women ward commissioners in Dhaka

In theory, female 'official' ward commissioners are awarded the same roles, responsibilities and powers as their male counterparts. In practice, women face serious obstacles in carrying out their duties.

The husband of one Ward Commissioner had been active in politics. Shortly after his election as Ward Commissioner he was murdered as a result of inter-party politics. After her husband's death, the ward's residents showed their sympathy and encouragement, and requested her to stand in her husband's place. She explains that she was hesitant at first, but became convinced by the great support offered by the ward's residents. Although the national political party to which she was affiliated was reluctant to support her candidacy, she still won the seat.

One major obstacle she faces is from her political party. As a woman, she is kept out of any direct political involvement. Although supported by high officials, including the Mayor and DCC, her political party provides no support. Her party informed her that her position was secured only because of sympathy and her late husband's good reputation. She knows that her party will not support her re-election at the forthcoming elections because of her gender.

A second obstacle she faces is the prejudices of her male colleagues. At a meeting of Ward Commissioners, she was told that as a woman, she would not be able to do a good job as Ward Commissioner. Her duties and responsibilities, her male counterparts claimed, would involve working until 3am, which, as a woman, she is unable to do. However, she claims that her colleagues 'work' till 3am for social reasons, not because they have to. The work that she does, she further adds, is identical to that of male Ward Commissioners.

She is indignant about their discrimination against women in her position. '*What is the problem with a female Ward Commissioner?*' she asks. '*Any of the work that a male Commissioner does, a female can also do*'.

Source: Banks 2006b

6.4   Institutional issues: finance and capacity

Institutional problems, namely a lack of finance and staff capacity weaken the ability of local governments to function well (Ali 2002; GoB 2003; Siddiqui 2006b; Siddiqui *et al* 2004).

Financial Issues

Both rural and urban local governments face serious financial problems regarding funding and revenue collection capacity. One problem is the amount of direct finance available to local government bodies: the share

of ADP going to local government, including pourashavas, has been no more than 2 per cent (Ahmed 2002b).[7] A second problem is dependence on central government grants (Siddiqui 2006b; UNDP 2003; Siddiqui *et al* 2004). Although revenue collection is a mandatory duty of local governments, central government regulates sources of income, taxation powers and grants. Central control over fund allocations, the budget review process and the dependence of local governments on transfers severely undermines local government autonomy in finance.

Internal sources of income for local governments include taxes, rates, fees and charges levied by local bodies, rents and profits from properties, and payments for services. These sources provide a meagre sum and ensure dependence of local bodies on central grants. Poor revenue collection capacity also ensures that only a fraction of its taxation potential is realised in both rural and urban areas (UNDP 2003). At the union level, less than 50 per cent of total estimated revenue is collected, while in DCC, tax realisation was only around 65 per cent of budget income in the mid-1990s (Atterhog 1995). In urban areas however, the internal mobilisation of revenue continues to improve over time (Siddiqui *et al* 2005).

A major obstacle to improved revenue collection is outdated valuations of holding taxes, the main source of revenue for local government (Siddiqui 2006b; UNDP 2003). In DCC, for example, holding tax has not been revised for more than a decade, despite mandatory re-evaluations required every five years. Tax avoidance is rife. Although recovery of arrears is provided for in law, the fear of losing electoral popularity provides a major barrier to tax re-evaluation and enforcement (CPD 2001; Siddiqui *et al* 2004; World Bank 2002a).

The first half of the 2000s actually saw a contraction in union parishad resource mobilisation, as central government transferred sources of finance to other agencies, including:

- The right of UPs to lease out water bodies of 20 acres or less, which was given to the Ministry of Youth and Sports
- The right to receive and utilise a share of 1 per cent land transfer tax has been put under the jurisdiction of the Upazila Nirbahi officer (UNO)
- Before 2002, UP could lease out all *haat-bazaars* (marketplaces) under the union for amounts up to Tk 100,000. MoLGRDC transferred this responsibility to the upazila, and the union parishad now only has the power to lease one *haat-bazaar*.

Annual development grants provide the bulk of external sources of income for local government. These were previously channelled through upazila parishads, and distributed on the basis of population size, area, and 'backwardness' (levels of education, infrastructure, food security and health service access). However, instead of following these selection criteria, fund allocation tends to be carried out in an *ad hoc* manner (UNDP 2003; UNCDF 2003). Prior to change in the system in 2004-2005, under the ADP block grant the union parishad could only administer up to eight projects a year, not exceeding Tk 50,000 in total. At present, Government directly allocates funds of Tk 200,000 annually to each union parishad, rather than through the upazila. Although in terms of per capita expenditure this level of funding remains very low, it has introduced important principles of 'local discretion and accountability' (World Bank 2006b).

The heavy dependence on central grants limits the autonomy of local government to fund their local development priorities (Siddiqui *et al* 2004). The centrally-appointed UNO still retains close control over fund distribution and release. In addition, although funding allocations are shown in the budget as grants to union parishads, in many cases higher levels of administration exercise the authority to utilise these resources. Each union parishad spends on average only 20 to 25 per cent of total development expenditure incurred in a year, while the rest is handled by upazila administration and other government agencies. Grants in the form of grain for example, are used for various infrastructure and poverty alleviation projects prepared and implemented centrally.

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7 Daily Star, 'Reduction of Budget for local government', 7 July 2003

What may be of even greater significance is the fact that the local governments have very little or no input in the utilization of the rest of the ADP, which amounts to more than 95 per cent of development spending. Within each union, the central government spends around 80 - 90 per cent more than is spent by the local union parishad. This spending principally occurs through the Local Government Engineering Department (LGED) and the Public Health Engineering Department (PHED) (World Bank 2006b).

A weak financing base and non-participatory development spending have been recognised by donors as core features of the weakness of union parishads. In the 1990s a number of projects initiated performance-based funding allocations to improve revenue and expenditure performances, such as JICA's Participatory Rural Development Project and UNDP's Sirajganj Local Governance Development Fund Project (see Box 3). The Sirajganj project implemented performance-based funding mechanisms, including a performance grant component whereby eligibility for funding depended on passing a participatory performance appraisal (GoB 2003; UNDP 2003). The World Bank's Local Government Support Project aims to develop accountable local governments that provide services to meet community needs (World Bank 2006b). Future allocations will depend on the performance of public representatives, particularly UP chairmen.

Box 3. Promoting decentralised participatory planning: the Sirajganj experiment

The UNDP Sirajganj Local Governance Project (SLGP) has assisted locally elected union parishads in the rural Sirajganj district to adopt participatory decision-making and improve financial management and service delivery. A project focus on pro-poor infrastructure delivery has been achieved through a strong emphasis on good local governance. SLGP has illustrated that with assistance and the right incentives, local governments can perform with efficiency, equity and accountability for improved poverty reduction and provision of locally-relevant services.

Initiated in 2000, the SLGP was the first attempt to increase democratic and participatory decentralisation. Having identified the limited ability of local governments to formulate and implement locally-relevant development projects, the SLGP aimed to bring the formulation of participatory local development initiatives into reach of local government. Two innovations were piloted: participatory local government planning and budgeting and performance-based block grant funding of union councils. As well as performance-based funding to incentivise improvements in governance, the regular funding provides local government a measure of autonomy as well as regular and predictable budget allocations. Together, these provided incentives for local institutional change and accountability, allowing union parishads to engage in medium-term and participatory budgeting and planning.

Capacity building training was carried out for elected local government officials and community groups in 81 unions and 9 upazilas across Sirajganj district, relating to all aspects of improved service delivery. Following these training programmes, UNCDF released funding for 523 small-scale locally-identified priorities. The project introduced a performance grant component whereby eligibility for grant funding depended on passing a participatory performance appraisal. As investments have been identified in relation to local need, great achievements have been made in pro-poor infrastructure and service delivery. Stronger operations and maintenance arrangements and higher quality works have been identified for infrastructure and services provided under the SLGP, alongside the improvements facilitated in local governance.

Success in the Sirajganj district has led the Government to extend these innovations nationwide. A Local Government Support Programme (LGSP) will now reach local governments right across Bangladesh. Building on the Sirajganj project, Local Government Division issued a draft circular whereby well-performing local governments will be rewarded with a 15 per cent bonus in ADP block grant, while others will face a disproportionate reduction.

Source: UNDP 2002a, 2003; UNCDF 2003; UNDP Fact sheet

Local government capacity

Capacity of local government personnel is another serious constraint: the entire process of planning, budgeting, auditing and accounting in local bodies is weak due to inadequate personnel (Siddiqui 2005). The National Institute of Local Government (NILG), the officially designated training organisation, itself lacks capacity to provide the necessary quality of training or number of training spaces on courses. Even if used to full capacity, NILG would not be able to train even 15 per cent of all union parishad members over the next five years. The need for a comprehensive training and orientation programme has been widely noted (GoB 2003; Ali 2002; Democracy Watch 2002; Siddiqui 2006b). As noted above, the ADB piloted one scheme to combine gender awareness with general role orientation and training, and NGOs are increasingly involved in capacity building for union parishad representatives, with a focus on training women.

The 10,000 strong DCC staff also lacks training facilities for new officers and for refresher courses, and no efforts have been made to date to outsource the training (Rahman 1998; Siddiqui *et al* 2004). Other capacity constraints include centrally appointed staffing quotas and salary levels: local governments are not able to control staffing levels and salaries in relation to need and productivity (Siddiqui 2006b). There are therefore no means through which they can increase the efficiency of staffing expenditures. In addition, many positions are strategically appointed by Central Government. This limits the autonomy of local government and the staff's accountability to local citizens (Lall 2005).

6.5 Issues in service delivery in urban local government

While World Bank (2002b) notes that service delivery within urban local government is in a comparatively better situation than its rural counterparts, evidence suggests that service provision for the poor, particularly in health and education, is comparatively worse in urban areas (Rashid and Hossain 2005; Katun *et al* 2000; Rashid 2004). Levels and constraints in the provision of services in rural compared to urban areas differ as evident through discussion of the key issues below.

The governance crisis has been 'most blatantly exposed' in Dhaka's service provision (Siddiqui 2000). General features of urban service provision in the case of Dhaka include:

■ Numerous autonomous service providers: Dhaka Water and Sewerage Authority (DWASA), Dhaka Electricity Supply Authority (DESA), Titas Gas, and DCC itself (garbage removal) among others
■ Central government control over service providers undermines their autonomy. This 'vertical imbalance' does not allow service providers to design and provide the most efficient local services (Lall 2005)
■ Institutional inefficiencies and stretched infrastructure impairs the ability of service providers to meet the city's ever-increasing demand for services (see Siddiqui 2000; Siddiqui *et al* 2004)
■ Corruption and lack of responsiveness in service provision
■ Poor transparency and accountability that lead to high levels of 'unofficial' costs paid by service users (World Bank 2002b)
■ Services are characterized by low user satisfaction rates: only three per cent of poor and two per cent of wealthy households happy with electricity supplies in 2002 (World Bank 2002b). Twenty seven percent of households were satisfied with their water supplies, and only 15 per cent satisfied with DCC's garbage removal service (Lall 2005). A notable exception is supply of gas: 75 per cent of households were satisfied with the supply after installation. The urban poor, however, have great difficulty in accessing gas supply (Banks 2006a).

With respect to the urban poor, the rural bias in public policy generally means they are excluded from service improvements that benefit the rural poor; the Local Government Division's nationwide Pro-Poor Strategy for Water and Sanitation is one example of a programme that bypasses the urban poor (Rashid and Hossain 2005). A problem widely faced by the urban poor is that they typically do not own the land or legally lease the land on which they live. Hence, without central government stipulating that they must make provisions for the urban poor, there is little incentive for service providers to do so (Rashid and Hossain 2005). DWASA has been the exception, providing water pumps in slum settlements in partnership with NGOs.

Another factor behind inadequate service provision for the urban poor is a lack of awareness of urban issues among policy makers (Rashid and Hossain 2005; Banks 2006b). There have been signs of improvement, however, particularly through the Coalition for the Urban Poor's involvement in the influential Dhaka Good Governance Committee. Community-based organisations have supported poor slum households to install legal electricity connections, and water and sanitation facilities have been provided to 252 slums (see Banks 2006a).

Two alternative channels of service delivery on which the urban poor rely, in the absence of official services from Government agencies, are NGOs and *mastaans.* However, sharing a rural bias with the Government, NGOs are also comparatively less successful at reaching the urban poor. One reason is that the ever-present possibility of slum eviction deters NGOs from investing in urban slum settlements. Banks (2006a) notes that slumdwellers are highly critical of and hostile towards NGOs, and display frustration that NGOs have not been able to develop services that match their primary needs. In a context where Government and NGOs fail, *mastaans* come in, who bridge the institutional gap that excludes the poor from services. While the term *mastaan* is widely treated as negative, they tend to play informal leadership roles at the local slum level, and to maintain connections with officials enabling them to help their 'constituents' (Rashid and Hossain 2005; Rashid 2004). However some *mastaan* services are provided through illegally tapping erratically-provided services, often at very high rates (Rashid and Hossain 2005).

While water and electricity are available, although often illegally, access to health and educational facilities have been more limited in urban slums. The urban poor are worse off even than the rural poor in terms of affordable health care and nutritional programmes (see Rashid 2004; Perry no date given; GoB 2005a; Katun *et al* 2000). The Urban Primary Health Care Programme (UPHCP) under the MoLGRDC and DCC, initiated in 1998, marked a significant achievement in the provision of urban primary health services, bringing affordable and accessible health services to the urban poor. The project is being implemented by the for-profit and NGO sectors, while government plays a regulatory and enabling role. UPHCP has seen considerable achievements, including the development of 42 health centres, pro-poor targeting, and good performance on immunization coverage (ADB 2005b).

While the national average of educational access has expanded, educational facilities for the urban poor have been excluded, in part because official policy has highlighted an unwillingness to establish permanency amongst slum dwellers. Educational facilities are inadequate for the urban population: an estimated 58 per cent of six to seven year olds in Dhaka do not attend school, and dropout rates are twice as high in urban than in rural areas (Rashid and Hossain 2004). Again, unlike in the rural context, NGOs do not fill this gap, and in some cases NGO school fees are prohibitive for the poor (see Banks 2006a).

Service provision for the rural poor is discussed in more detail in Chapter 8, but a general outlook for rural areas is more positive. One of the main services provided by union parishads are safety nets during natural disasters and crises, and the regular targeted food programmes such as the VGD and cash pensions for widows, the elderly and the disabled. Another key service provided both formally and informally by union parishads and their leaders is that of dispute resolution (Rahman and Islam 2002), as discussed in Chapter Five.

In general, the rural rich tend to be more satisfied with the union parishad than the landless and the poor (see World Bank 2002a). Pilot projects with donor support to improve service delivery through local government include JICA's pilot 'link model', which aims to implement a mechanism to improve government services to rural community by incorporating all stakeholders into local governance - union parishad, line ministries, local NGOs and village committees comprised of 15-20 members selected by villagers (Kaida 2006). This project intends to address problems of a lack of knowledge of the services available.

6.6   Conclusion

This chapter identifies the major constraints to local government efficacy in rural and urban areas. Bangladesh's political context has restricted the efficiency of local governments through frequent amendments and adjustments to the regulatory framework of local government, as well as a lack of functional autonomy. Establishing a stable structure of local government has been difficult and local governments struggle to formulate and implement participatory and locally-relevant development plans and service delivery in an environment of central control. A lack of financial and staffing capacities have exacerbated local government weaknesses. The recognition of structural and functional problems at the local level has led to a number of donor-initiated local government reform programmes concentrating on performance-based funding allocations to encourage revenue and expenditure improvements and participatory development initiatives.

Significant progress has been made in participation for the poor in rural areas. Local elections in rural areas have brought popular representation of female NGO members, representing a new socioeconomic class in elected local government officials. Although the poor are unable to match these successes in representation in urban areas, recent advancements have been made in political participation for the urban poor. Yet the urban poor remain underserved and under-recognised in service, delivery, healthcare and education, as well as in a pro-poor policy of the Government, NGOs and donors.

CHAPTER

7

Civil society and the media: who will watch the watchdogs?

Theory, evidence and donor policy agendas relating to governance all stress the vital role for a vigorous, independent media and an active civil society. Media and civil society can create transparency, provide a platform for marginal voices, and promote demands for greater accountability. In short, under the right conditions, media and civil society can be expected to act as watchdogs of governance. Chapter Seven explores the role of civil society and the media in attempting to promote better governance in Bangladesh. Bangladesh's development NGOs are globally renowned for service delivery to the poor, but until recently their impact on governance has been more muted. The chapter looks at how this situation has been changing since the 1990s, as large service delivery NGOs and new activist civil society organisations have begun to address local and national governance conditions. The role of the media in relation to governance is even more striking. The thriving print and broadcast media are raising awareness about governance issues and creating new pressures for more transparency and accountability. Critical concerns and constraints that both NGOs and civil society and the media face are discussed in this chapter: the limits to autonomy set by financial dependence on donors, businesses and in particular, government; fears of political reprisal; and problems of internal governance. A preliminary assessment of the role of the mass print and broadcast media in promoting good governance is based on literature review and original qualitative research.

7.1   NGOs and civil society

The rise of NGOs in Bangladesh[1]

Bangladesh provides an interesting exception to the wider global discourse on NGOs. While donors and the development community may have become disenchanted with NGOs and civil society in other contexts during the last decade,[2] in Bangladesh, aid financing for NGOs and civil society has grown steadily. Their share of total aid has risen from 14 per cent in the early 1990s to around 25 per cent since, and their share of grant aid has increased almost four-fold since 1991 (World Bank 2006c). It is not a rising trend across the board, however: one of the biggest donors to NGOs in Bangladesh, the UK government's DFID, saw the share of their expenditure going to NGOs decline from 35 per cent in 2000 to 26 per cent in 2005. But in real terms, DFID support to NGOs continued to grow over the same period (Verulam Associates 2005).

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1 This section draws substantially on the recent World Bank study *The Economics and Governance of NGOs in Bangladesh,* as the most recent and comprehensive review of the evidence (World Bank 2006c).
2 See Lewis and Opuku-Mensah (2006)

Partly through donor financing, and partly through revenues generated from other activities, mainly credit, NGO activities expanded dramatically across the country in the 1990s. A national survey of NGOs found that between 1995 and 2000 the proportion of rural communities with at least one NGO programme doubled (World Bank 2006c). There is now an average of 15 NGOs or NGO branch offices in each *thana* across the country.[3] NGO activities are overwhelmingly microcredit programmes, with education and family planning services the next most common.

Why do Bangladeshi NGOs flourish in a less-than-favourable global environment? The reason may lie in their unique scale, scope and impact. Bangladesh Governments of both political hues made space for NGO activities from the 1980s (Smillie and Hailey 2001 for a comparative perspective), although at times reluctantly. Strong donor support for NGOs from the 1980s onwards also helped secure their space. By the 2000s, Governments seemed to find NGOs useful as a means of delivering services. This shows up in Bangladesh's PRSP, which envisions a continued, significant role for NGOs, particularly in reaching the extreme poor.

For donors, NGOs appear to have been an effective means of delivering services to the poor in a context in which Government would not or could not. In other words, Bangladeshi NGOs enabled donors to deliver aid without working through Government. That Bangladeshi NGOs have disappointed less than NGOs elsewhere owes much to scale: whereas NGOs typically develop approaches that work well on a pilot basis, many innovative interventions remain small-scale. What Bangladeshi NGOs did differently was to develop development models that could be 'franchised' and scaled up rapidly, cheaply, and effectively (see Zaman 2004). The global replication of the Grameen Bank microfinance model is well known, and BRAC has taken parts of its model to other developing countries. NGO service delivery also created competitive pressures on Government, with positive outcomes for public service delivery (White 1999; Hossain *et al* 2002).

This success is often contrasted with the activities of Government, and has overshadowed the fact that many NGOs have in fact been working for Government: around 20 per cent of all external resources to NGOs are currently estimated to be earned via contractual arrangements with Government from multilateral agencies (World Bank 2006c). The significant role of Government in financing NGOs is not widely recognised, nor have the implications been fully analysed. The most obvious implication is that NGOs that are financially dependent on Government are unlikely to prioritise holding it to account.

At the same time as NGOs have been becoming more dependent on Government, the sector as a whole has become less dependent on donors. The number of communities served by NGOs doubled in the five years up to 2000, whereas aid to NGOs grew considerably more slowly (World Bank 2006c). In part this is because NGOs, and in particular the bigger organizations, are increasingly earning their own incomes, particularly from micro-finance. As the first BINGO[4] study showed, while donor grants accounted for 94 per cent of the total income of the 11 big NGOs in 1989-1990, this figure was only 35 per cent by 1998-1999 (Thornton *et al* 2000). These very big NGOs increasingly dominate the sector's reputation, impact, and agenda. This is despite the fact that there are around 2,000 development NGOs in Bangladesh, the vast majority of which are small or medium-sized.

To a considerable degree, the continued expansion of the Bangladeshi NGO sector may be the effect of the momentum generated by these big organisations. Early capital investments made by donors, investments in human and managerial capital by the organisations themselves, and brand name advantages, which often extend to commercial sector activities, are likely to have enduring effects. With these head starts the pioneers have laid the foundations for their future growth.

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3 There are 480 *thanas*, or sub-districts in total, each with an average population of 250,000.
4 The BINGO studies were undertaken in 2000 (BINGO 1, cited as Thornton et al) and 2005 (BINGO 2, Verulam Associates). These were reviews of the activities and impacts of the big NGOs funded by DFID Bangladesh who commissioned the studies.

Closer engagement with governance since the 1990s

Another reason that Bangladeshi NGOs have continued to grow and receive external support is that they have positioned themselves to engage directly with governance. Bangladeshi NGOs started by social mobilisation activities to address local power structures in the 1970s - an approach abandoned early on with the shift towards service delivery in the 1980s. Not all NGOs moved towards service delivery at this time, a notable exception being Nijera Kori, nor did this entirely rule out advocacy activity. Aggressive responses to conscientisation programmes; the conflict between microfinance and social mobilisation activities; and donor pressure to demonstrate results supported a shift away from social mobilisation work. Service delivery dominated the NGO landscape in the 1990s, but advocacy activities began to mature, particularly as a result of the experience of the anti-Flood Action Plan (FAP) movement. Public interest litigation (PIL) scored early successes at this time, in particular the 1994 landmark ruling that even individuals not directly affected could represent an aggrieved community. Established service-delivery NGOs began to give institutional form to their advocacy work at this time (e.g. Proshika's IDPAA; Ali and Hassan 2004).

By the mid-1990s, as Bangladesh settled into its new democracy, NGOs gained the confidence to tackle governance issues. An initiative coordinated by The Asia Foundation with local NGO partners lobbied state agencies, promoted transparency, and advocated electoral reforms and institutions to protect human rights. Electoral process and slightly later, transparency and corruption, became prominent issues for NGO advocacy activity to promote good governance (Ali and Hassan 2004). From these beginnings in the recent past, most established service-oriented NGOs now feature advocacy programmes with a governance focus. Table 1 summarises the range of advocacy approaches used by some prominent NGOs.

Table 1. Advocacy methods among selected NGOs/CSOs

	Lobbying	Grassroots Mobilisation	Awareness Raising Campaign	Research	Networking	Public Interest Litigation	Workshops and Seminars	Communication through mass media
BLAST	Low	None	None	Low	Medium	High	High	Medium
ASK	Low	None	None	Medium	High	High	High	Medium
TIB	None	Medium	High	High	Low	None	High	High
FEMA	High	None	Low	None	High	None	Medium	Medium
Proshika	Medium*	High	High	High	Medium	None	High	Low
BRAC	Low	High	Medium	Low	Low	None	Medium	Low
Samata	High	High	High	Medium	Medium	None	High	Medium

Source: Ali and Hassan 2004
* Proshika's lobbying was high during the Awami League government (1996 2001) but has been low since

Donor funding to this area appears to have stepped up considerably since 2000: funding from DFID, one of the biggest donors to NGOs in Bangladesh, to BLAST, TIB, Manusher Jonno, Samata and Nijera Kori was set to absorb nearly £36 million over the seven years from 2001, a significant portion of DFID Bangladesh's total budget for governance (Brocklesby and Crawford 2005). However, the 'war on terror' is affecting Bangladeshi NGOs too: DFID may be reconsidering their emphasis on 'demand-side' activity as they increasingly focus on 'human security' under these new conditions (Ibid.).

Manusher Jonno represents an experiment with aid modalities, as a funder of projects in the governance and human rights area in its own right. This innovation would probably only have been possible in a context as richly-endowed with professional NGOs as Bangladesh. Manusher Jonno has almost certainly stimulated the growth and diversification into the governance domain of Bangladeshi NGOs.

NGO advocacy on local governance

The 2000s saw an expansion of what could be categorised as rights-based programming among established domestic service-providing NGOs such as BRAC, as well as international organisations such as the Save the Children Alliance. In practical terms this has meant considerably greater investment in working with local political structures - government officials, elected representatives and the semi-formal structures below - with the explicit goal of improving the political, social and economic conditions faced by the poorest. While the research literature is only beginning to document this important shift, it is clear that it has involved analytical progress on thinking about the determinants and experience of poverty in Bangladesh.[5] Improving governance and the political environment is now seen as a crucial foundation to successful poverty reduction initiatives.

Part of this activity involves working directly with poor people, usually rural women, to;

■ Support their articulation of claims to services and resources (Samata and partners on *khas* land, BLAST, ASK, Madaripur Legal Aid Association on legal service support)
■ Mobilise efforts to resist oppression by the powerful (famously, Nijera Kori's support for resistance to the shrimp industry)
■ Create organisations that connect and represent the poor and enable cross-class coalitions (many, including Proshika and BRAC's CFPR programme; TIB's Committeees of Concerned Citizens)
■ Support them as candidates for Union Parishad elections and for local committees (bazaar committees, SMCs etc. Nijera Kori, Samata, BRAC, CARE).

Another strand involves closer work with local government, particularly Union Parishad representatives and officials at the upazila level. Interventions at this level can be merely about disseminating information about programme activities, but they may also involve more protracted coordination and local advocacy. External reviews and some research have been done to show that a positive impact is being achieved through engagement with local government. But overall, the relationship between NGOs and local government - which evidence suggests may be warmer and more productive than that at the national level (see Verulam Associates 2005) - is still something about which little is known. This growing engagement represents a significant shift, however, as the 1996 *Pursuing Common Goals* study noted that NGOs generally failed to engage with local government (World Bank 1996b); a survey reported in the *Taming the Leviathan* study similarly identified 'more space' for collaboration (World Bank 2002a).

The growth of civil society activism on good governance

A second, more visible development has been the explosion of civil society activism on governance. Prominent public discussion, research and dissemination activities aim to raise public awareness, stimulate public debate, and create constituencies for reform. Media coverage is vital to this process. Research and policy analyses are used as advocacy tools, and to influence policymakers behind the scenes. The undisputed leader of civil society governance activism is the Centre for Policy Dialogue (CPD), which marries intellectual credibility with the weight of powerful supporters and a charismatic media presence. CPD publishes the annual Independent Review of Bangladesh's Development (IRBD),[6] which frequently comments on the governance situation, as well as other policy research outputs. Other prominent actors are TIB, which focuses on corruption (see Box 1), Shamunnay, which has carved out a niche in participatory policy critique, and the Power and Participation

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5 See Kabeer 2002 and 2003 on Nijera Kori, and for a widely read analysis of the political-governance context for poverty reduction as used by CARE, see Bode (2002). Impact assessments undertaken for DFID Bangladesh in 2005 provide the most recent and comprehensive empirical evidence of ongoing activity in this area. These were synthesised in Brocklesby and Crawford (2005). BRAC's CFPR programme has produced some evidence about their work on 'engaging village elites', and their new advocacy programme. See Hossain and Matin 2006; Mannell 2005. Samata has also started to produce research on its own activities through its National Policy Advocacy Cell (Samata 2003).
6 The IRBD format is the forerunner and arguably the model for all subsequent civil society efforts to provide a credible source of information and analysis on which to monitor progress on development and governance. This includes the present report.

Resource Centre (PPRC), which is known for its high quality, people-oriented research and analysis, including inputs into Bangladesh's highly regarded PRSP document, and most recently, an annual report on governance.

Specialist and sectoral civil society groups have long made important contributions to the public discourse on governance, including the activist lawyers groups and Nari Pokkho with its distinguished record of women's rights campaigns. The Campaign for Popular Education (CAMPE) produces its annual Education Watch reports that monitor education sector developments. In late 2006, BRAC University's James Grant School of Public Health will publish the first of an annual series of Health Watch reports, intended to play a monitoring role similar to that of Education Watch.

While much of the visible activity of 'information civil society' focuses on engaging policy elites and powerful individuals, the credibility of some of these organisations has depended partly on their capacity to decentralise the debate about governance. Some have been more successful than others. Since 2003 TIB has been working through its Committees of Concerned Citizens (CCCs) to generate demand for improved accountability in its 'Making Waves' programme. CPD has established a nation-wide dialogue to involve citizens across the country in a debate about the candidates for the 2007 election, and about the policy priorities for the new Government. These activities appear to respond to a genuine demand to articulate voice and participate in public debate: there is an atmosphere of excitement around these opportunities to monitor the activities of Government and political parties.

Box 1. A thorn in the side of Government? The rise of Transparency International Bangladesh (TIB)

The Bangladesh chapter of the Berlin-based Transparency International (TI) was started in 1994. Before Transparency International Bangladesh (TIB) arrived on the civil society scene, corruption was skirted around and accepted as a fairly marginal problem afflicting the upper levels of the bureaucracy and polity.

Between them, TIB and TI have altered this perception dramatically, and raised it to the level of a serious public policy matter. Political will to tackle corruption has become an increasingly important condition of aid, with the World Bank and others halting aid flows in response to concerns about corruption.

The first TIB *Survey on Corruption in Bangladesh* in 1997 was seminal in the discourse of corruption in Bangladesh, stimulating widespread public awareness and debate within civil society. TI's annual *Corruption Perceptions Index* (CPI) famously ranked Bangladesh as the most corrupt country in the world for five years, and has taken the debate about corruption in Bangladesh into even the most remote corners.

In 2002, TIB shifted its emphasis somewhat with the launch of 'Making Waves', building on a pilot project in Mymensingh to build a 'social movement' against corruption through Committees of Concerned Citizens mobilised to demand and secure greater openness and honesty within government, among NGOs and the private sector. A part of the 'Making Waves' program, Youth Engagement & Support (YES) seeks to engage a wider community of people in anti-corruption work.

Signs that TIB's activities were increasingly intolerable for Government came in 2006. The official response to their most recent national survey on corruption was to deprecate its findings, question its methodology, and call for a public investigation into the tax status of members of TIB's board and staff.

Source: TIB website; news reports

The impact of this civil society vibrancy has yet to be captured in a comprehensive manner, although donors' commissioned evaluations on individual programmes exist. Three effects of what we have termed 'information civil society' are discernible, if not quantifiable. First, awareness about governance issues has undeniably been raised. The entire set of governance concerns and issues of relevance to Bangladesh - corruption, political party regulation, the business climate, law and order, the politicisation of core public institutions, corporate governance, public sector recruitment and accountability in service delivery - has appeared prominently on the public agenda for discussion in the 2000s. Some of these debates have placed Bangladesh in international comparative perspective, raising expectations of what is reasonable to demand in terms of improved governance. In many instances, too, the general public now has access to credible information sources and exposure to tools and approaches such as budget analysis and opinion poll surveys. There are signs that the public discourse on governance reaches deep into society. The work of Shamunnay in facilitating poor people's monitoring of the MDGs is relevant here, and debates about the budget have also attracted wide interest.[7]

Second, in the absence of meaningful space for political opposition, information civil society facilitates public scrutiny through the media. Third, there has been some engagement with policy and reform initiatives. This seems to be the area in which impact has been least impressive, and will be discussed in more detail below.

Issues and concerns

While there is clearly a need for NGOs to fill the role of both critic and contractor, this gives rise to tensions: how far can NGO advocacy extend given that working with Government is financially vital for many? There is also a need to ensure contractual processes do not set up incentives for fake or 'briefcase' NGOs to emerge, as has happened in the past. The World Bank study notes these tensions, and attempts to resolve them by arguing that there should be no restrictions on NGO advocacy unless they engage in partisan politics (World Bank 2006c). The proposed overhaul of the regulatory framework for NGOs is also expected to support this. But both are at present hypothetical situations, and for the present, the tensions may not be resolved so easily.

It is increasingly plain that Government does not always choose to tolerate NGO activity of which it disapproves. NGOs were first brought to heel when Gono Shahajjo Shongstha was taken over by Government in 1999, apparently in response to concerns about financial misconduct and staff harassment. Earlier efforts to control NGOs in the early 1990s had been prevented by donor intervention (see Hashemi 1995; Hashemi and Hassan 1999). A decade later, Government took more vigorous action on Proshika and other organisations, including widespread and unlawful arrests of staff. The treatment of Proshika since 2000 has highlighted how far Governments will go to unseat groups it deems to be dangerous or hostile. The 'war on terror' and its impact on civil liberties in Western donor countries may have loosened any inhibitions in developing country governments about dealing with opposition groups (Howe 2006). Donors have been less willing or less able to bring the kind of influence to bear on the Proshika case that they did in the 1990s.

A recent development has been personalised counter-attacks which have sought to undermine the credibility or integrity of the work or leaders of CSOs. While these imply that civil society activism can be painful for Government, a concern is how far these personalised attacks might go: the treatment of Proshika senior management is unlikely to comfort vocal civil society personalities.

Donors may be less willing to support NGOs in trouble with Government because those under fire - and NGOs in general - are vulnerable to charges of bad internal governance. The debate on NGO governance has been thoroughly scrutinised in the World Bank report (2006b). That study notes that questions have arisen from within

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7 For an example of poor Dhaka slum residents discussing the budget see Banks (2006a); in a study of expectations of Government, Ali and Hossain found unexpectedly high interest in, and discussion of, a range of governance matters among the poor in four parts of the country (2006).

politics, business, beneficiaries and donors about many aspects of NGO activity, including tax status, interest rates and political activity. The World Bank study identifies a) improvements to the regulatory framework, including for microfinance activities; b) establishing a process of NGO certification; and c) for NGOs to take steps to tackle their own internal governance weaknesses - this is vital for the sector if it is to collectively defend itself against such accusations. A recent outcome from the World Bank report is that Geneva-based SGS[8] have now set up their NGO certification programme in Bangladesh, in response to what they saw as an identified need for their services.

The cause of good NGO governance is unlikely to have been furthered by the dissolution of the once strong NGO apex body the Association of Development Agencies of Bangladesh (ADAB) in the early 2000s. The conflict over Proshika contributed to the process, which has resulted in two apex associations: a smaller, weaker ADAB and the Federation of NGOs of Bangladesh (FNB), now the chief authority over Bangladeshi NGOs.

One concern with respect to the approach taken by information civil society is that the reliance on the mass media to pick up stories as the main means of dissemination may lead to a tendency to oversimplify and sensationalise issues. This has its advantages in terms of raising awareness. The imperative of gaining a high media profile is sometimes pursued at the expense of ensuring that research into governance issues is robust and policy relevant. Chapter Nine contains a fuller discussion of this point. At the same time, even more sober and cautious research such as Education Watch reports have rarely resulted in the kind of policy engagement that yields incremental reform. Close engagement with official policymaking circles appears to remain unusual, and it suggests that civil society and NGOs have chosen to emphasise the generation of demand for policy reform while neglecting efforts on the supply side.

Finally, the recent explosion of 'unruly civil society', particularly militant Islamist organisations and spontaneous single-issue protest groups (power sector, RMG workers), strongly suggests a gap between what NGOs and CSOs have to offer, and what people appear to respond to and need. Research has highlighted ambiguous feelings regarding NGOs, suggesting that like government, NGOs may not be responding to needs on the ground. Banks (2006a) found signs of frustration and anger among the urban poor that NGOs were unable to help them with their most pressing need - secure tenure; an opinion poll carried out by the BBC World Service placed NGO staff at the bottom of the most trusted group, just above the police (BBC World Service). They may not have disappointed their donors or even the Government all that much, but the same may not apply to the general public.

7.2   The role of the media

That governance failures have become fully part of public debate testifies to the growing capacity of the media in Bangladesh. The high level of popular engagement with political debate is remarkable in a country where half the population cannot read and is too poor to own a television. Partly this reflects the growth and diversification of the print and broadcast media since the return to democracy. Partly, too, there has been a qualitative change in the media's treatment of governance issues: the debates and reporting are freer and more open, the analysis is more pertinent and of a higher quality, and the packaging and presentation is more attractive to a wider audience.

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8 SGS is the world's leading inspection, verification, testing and certification company. See www.sgs.com for details.

This much is evident to any newspaper reader or television viewer. However, the appearance of a flourishing media conceals a number of serious constraints on its ability to address governance failures, including:

■   A regulatory framework with clear potential to muzzle the media
■   The lack of a legal requirement on the part of government to provide information and strong official sanctions against public servants disclosing information
■   Constraints linked to ownership and partisan alignment
■   Weak internal governance and self-regulation
■   Financial and human resource constraints
■   Violence against journalists and involvement in corruption.

The discussion of the role of the media in governance is based on a review of the literature and interviews with 25 key informants associated with the industry. The publicly available data and literature on the media in Bangladesh are limited, and the interviews were intended to help fill the gap in the literature and to support a preliminary exploration of the role of the media in good governance.[9]

A news revolution: the growth of the mass media in Bangladesh

After two decades of heavy-handed control under authoritarian rule, the 1990s witnessed a media boom. Many popular Bangla dailies, including prominent titles like *Ajker Kagoj*, *Janakantha*, *Jugantor*, *Amar Desh*, *Naya Diganta*, *Samakal* and *Prothom Alo* have emerged since 1991. *Prothom Alo* stands out as a pioneer, combining news, social action and entertainment in a way that appeals to readers and advertisers (Chowdhury 2005). Total national circulation of daily Bangla papers is around 550,000; *Prothom Alo* tops circulation, followed by *Jugantor*, *Ittefaq* (which has been in circulation since before Independence), *Amar Desh* and *Naya Diganta*.[10]

English language papers also emerged during the media boom. Launched in 1991, the Daily Star eventually overtook the Bangladesh Observer as the leading English language newspaper (Chowdhury 2005). Apart from the relatively new New Age, other English dailies trail far behind in terms of circulation. The Dhaka Hawkers' Union, generally considered the best source of circulation figures, estimates readership for English newspapers at less than 65,000. However, English papers tend to be read by policy elites, which make them disproportionately more influential than their circulation figures suggest. As Table 2 suggests, the registered print media is concentrated in Dhaka, but official figures on circulation and the number of publications is contested (Bagchi 2002).[11]

Table 2. Registered news publications, 2006

Frequency	Dhaka-based	Regional
Daily	183	225
Weekly	130	104
Fortnightly	34	3
Monthly	53	5
Quarterly	5	1
Total	405	338

Source: Ministry of Information 2006

9 See Ali (2006) for a more detailed version of the present discussion.
10 Estimates for 2006 from the Dhaka Hawkers' Union.
11 See also Amader Shomoi, 'Over 250 Irregular Dailies Published From Dhaka', 17 August 2006

Until 1990, electronic media consisted of the state-run terrestrial Bangladesh Television (BTV) and Bangladesh Betar (Radio); these were the main source of news in rural areas. There have been some false starts in deregulating radio, but FM radio stations are now starting.[12] The mini-boom in private television in the mid-1990s stalled when the popular Ekushey TV was closed down in 2002, officially because of licensing irregularities,[13] although it is widely believed that the prime motivations were political. The more recent growth in satellite broadcasting has resulted in 10 satellite TV channels, including 2 foreign-owned channels. These new channels feature news, talk shows and discussion programmes which regularly cover governance issues, with guests from the worlds of politics, civil society, academia and business.

Circulation of the more than 700 registered news publications is officially 6.1 million,[14] but word-of-mouth may give some news a wider impact. The expansion of television viewing has been more egalitarian in socioeconomic terms: a 2006 survey found that more than 65 per cent of adult Bangladeshis report watching television at least once a week and 41 per cent of households owned a television, compared to only 8 per cent in 1995.[15] However, other viewing figures generated for commercial use suggest that the state-owned BTV dominates; other channels are viewed mainly by middle and upper income groups, mainly in Dhaka.[16] This means that the media outlet to which the vast majority of the (poor rural) population has regular access is Government-controlled.[17]

The main consumers of print and broadcast media are thus the urban, educated middle classes. More recently, the internet has enabled a large new affluent population to access the Bangladeshi media, namely the non-resident Bangladeshis (NRBs). The large volume of letters from this group to the newspapers makes it clear that this has increased NRB contact with local political events. Another related development has been the expanded advertising market for satellite TV channels.

The relationship between the media and good governance

In theory, a vigorous, free media creates an informed polity, and an informed polity is better able to hold its elected representatives to account, raise awareness about citizens' needs, and curtail corruption by increasing the risk of exposure and spurring anti - corruption reforms (see Hudock 2003; Stiglitz 2002; Besley *et al* 2002; Temin and Smith 2002; Kaufman 2006; also World Bank 2002d; Seleti 2000). However, these positive impacts depend substantially on the media being; a) independent and free from over-regulation or undue pressure from the state or commercial interests; b) able to produce sufficiently high quality news and information, including coverage of government activity; and c) capable of reaching large sections of the population (Islam 2002; World Bank 2002d; Krug and Price 2002; Owen 2002).

Perhaps because these conditions are rarely met, empirical evidence of the political and governance impact of the media is limited (see Temin and Smith 2002; Dobrzynska *et al* 2003; Kuper and Kuper 2001; and Kim *et al* 2003). By contrast, in fragile states the media has been found to have negative impacts if it is not itself regulated by a strong professional ethos and effective laws (Putzel and van der Zwan 2005). It may contribute to a cycle of bad governance by focusing on the negative aspects of politics, and creating cynicism about policy and governance (Patterson 1996; Cappella and Jamieson 1996). Where the media is overly commercialised it tends

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12 Daily Star, 'Going Back to the Radio Days', 20 June 2006; Daily Star, BANGLADESH: 65pc watch television, survey reveals', 10 September 2006; New Age, 'Radio Gets Final Order', 23 June 2006
13 Holiday, 'ETV Journey Halted', 30 August 2002
14 Figures from the Ministry of Information (2006).
15 Daily Star, "BANGLADESH: 65pc watch television, survey reveals', 10 September 2006
16 These figures are commercially sensitive and cannot be cited in detail here. Similarly, the AC Nielsen survey is a commercial syndicated product, from which reports and outputs are available for purchase.
17 Recent research into political attitudes by Ali and Hossain found BTV to be the major influence on poor rural people's political knowledge. The phrase, the 'tide of development' (a favourite of the 2001-2006 government) was widely repeated, and poor women were particularly impressed by having seen the Prime Minister personally hand out goats to poor women like themselves (2006).

to focus on appeasing business interests at the expense of providing information in the public interest (McChesney 1999; Besley *et al* 2002).

How do these theoretical approaches and conditions fit the Bangladesh case? The brief review below attempts to set out the issues for further exploration.

The governance of the media

The regulatory framework: can the watchdogs bark?

One view within the media is that the existing strict laws of contempt are so rarely implemented that there is almost total freedom to 'print anything about anyone' with impunity. That this perceived freedom is at least sometimes exercised is likely to do little to reverse the anti-media bias among public figures. But while the media is certainly freer than in the 1980s, the claim to de facto freedom should be treated with caution. One reason for caution is that media personnel are likely to be caught between the desire to represent themselves as intrepid champions of free speech on the one hand, and the wish to broadcast the restrictions under which they operate, on the other. Raising awareness of these restrictions, however, is important to further an agenda for regulatory reform. A second reason to treat such claims with caution is the number of prominent libel cases currently in court which suggest that sanctions are at least occasionally applied. Their very unpredictability may be an effective constraint on what can be safely printed or broadcast, particularly given that the judiciary are not well known for their independence from Government.

There is a constitutional guarantee of freedom of the press in Bangladesh, but this is subject to 'reasonable restrictions' (Article 39; See Ali (2006) for a detailed description of the relevant laws and regulatory practices governing the media). While they may not be regularly exercised, the set of regulations in place can be used as an effective muzzle should government so choose (Kabir 2003). New legislation under consideration will require previously licensed operators to acquire new licenses, as well as increasing controls over television broadcast content.[18] A significant curb on the media in recent years has been the Government's authority to issue and revoke licences; this has at times been exercised, most notably in the Ekushey TV case(see Box 2). Satellite television licences also appear to have become part of the political spoils of Government in recent years. While Bangladesh is not unique in its burdensome regulations or in the use of media licences to reward political supporters, research could valuably put the Bangladeshi regulatory framework into a comparative context, identifying where it is most onerous and whether and where scope for reform exists to improve the impact on governance.

Box 2. Ekushey TV: appropriate legal sanctions or muzzling the media?

Ekushey TV, Bangladesh's first independent television channel, went off the air in August 2002 after losing an appeal against a High Court decision that its licence to broadcast was illegal. The case against ETV - as it is popularly known - is widely believed to have been driven by political concerns. The ETV experience highlights the nature of political sensitivities about the broadcast media.

The only private free-to-air licence was placed for tender, and transferred to ETV by the initial winner. The channel was first given the rights to broadcast in 1998 during the Awami League government. It soon gained a large audience share, undoubtedly because it presented an entertaining, highly professional alternative to the only other terrestrial channel available to the majority of Bangladeshis the state-run Bangladesh TV (BTV). ETV

18 Daily Star, 'Stringent Electronic Media Law Planned', 11 January 2004; Prothom Alo, 'Government Can Shut down TV Channels, Restrictive law on the way', 5 August 2006

originated with the same media business group that started the Daily Star and Prothom Alo newspapers, and shared the same progressive secular values. While ETV management consistently argued that their news coverage was non-partisan and balanced, the main political opposition, at the time, the BNP and Jamaat-e-Islami, disagreed.

The first ruling against ETV came during the caretaker administration in September 2001, when the High Court ordered a temporary halt to ETV broadcasts just before the general elections. The case against ETV was filed as Public Interest Litigation, but by a group of individuals widely believed to be connected to the BNP or Jamaat-e-Islami. The basis of the case was that there were irregularities in the licensing process and that ETV lacked the proper documentation to broadcast. In March 2002, ETV lost the case, and on August 29 2002, the appeal against the ruling. ETV went off the air in August 2002, returning terrestrial broadcast media to the monopoly of the state-run BTV.

Whether or not there were serious irregularities in the ETV licensing process has been highly contentious within public debate. What does seem clear regardless of whether the licensing process was meticulously correct - is that the closure of ETV was not so much in the public interest as it was in the interests of political actors, willing to use the courts to achieve political ends at the expense of media freedom.

ETV was issued a new licence, for satellite transmissions only, in 2005 and resumed broadcasting in December 2006.

Sources: Daily Star, 'From BTV to ETV and Beyond', 15th Anniversary Special, 4 February 2006; BBC, 'Blow for Bangladesh Broadcaster' 26 September 2001; BBC, 'Private Bangladesh TV goes off air', 29 August 2002; Reporters without Borders, 2002, 'Government Closes Leading Ekushey Television after Government Withdraws Licence' (accessed on http://www.rsf.org/print.php3?id_article=3586); Daily Star, 'Bangladesh: ETV gets fresh licence', 13 April 2005

Reporting on governance failures is not helped by the lack of a legal obligation on the part of Government to provide information to the public. Instead of a Right to Information law, there is the Official Secrets Act 1923 and Section 19 of the Government Servants (Conduct) Rules 1979 which provides effective legal coverage - indeed, makes it a duty - for public officials to deny the press information. The central importance of this right is increasingly recognised, and is the subject of a new civil society campaign, which has created a draft Right to Information law.

Industry insiders identified legal reforms on the right to information as only part of the battle: after legislation there would remain a massive task to change the secretive and anti-press norms of the bureaucracy and Government. The entire state machinery has only the Principal Information Officer at the Ministry of Information as a conduit for official information. Getting information about newspaper circulation figures from the Ministry of Information was an illustrative exercise in its own right. As no doubt is part of its intention, the situation sets up a major obstacle to reporting on corruption, as it blocks access to concrete information that might support otherwise flimsy accusations. Yet the impression this results in - of a Government somehow above and immune to media debate - is inaccurate. As Chapters four and five show, public servants identify the media as one of the few external influences on the way they view and enact their public roles.

Because Government is officially silent the news media rely on 'embedded' journalists who cultivate sources within the state and political parties over time. It is widely acknowledged within the media that these relationships are often personal in nature, and result in only the news that friendly sources would like publicised.

Naturally, this raises questions about accuracy, omissions and over-friendliness. Ironically, the governmental culture of secrecy results not only in concealment of dubious official activities, but also ensures that the Government's achievements are buried. Enabling Government to advertise its achievements through the more credible non-state media may provide some leverage in improving this situation.

Ownership and partisan alignment

The media's role in good governance is identified as having been impeded by its own subjugation to and reinforcement of the partisan political culture (Alam 2005).[19] This reduces the media's credibility, offers it little protection against being maligned by governments and oppositions alike and reduces the scope for impartial analysis of social, economic and political issues.[20] This is especially true of the print media, as the electronic media's superficial news coverage and lack of analytically-based programming gives it the veneer of impartiality.

As is the case in many countries, print and broadcast media outlets in Bangladesh are owned by members of the political and/or business elite. The key informants interviewed for the present research generally agreed that media outlets are established for a number of reasons, including the promotion and protection of business interests, the promotion of political ideologies and parties, or the provision of political favours. Media observers and insiders agreed that media oulets set up purely for journalistic purposes or to serve the public interest are the fewest in number.

The interests of owners are likely to have an impact: some reporters interviewed mentioned feeling limited by the political connections of their owners. Pressure to conform was at times clearly spelt out, and at others hinted. More serious concerns apply to the large 'underground media' that is questionably funded and probably serves merely to act as channels for money laundering and other illegal activities. But most media owners face conflicting interests: the benefits from providing political favours and serving business interests are greater than the public interest benefits of governance coverage, and reliance on advertising revenue, particularly from Government, is likely to contain aggressive reporting on governance failures. Where newspaper owners own other businesses, reportage of corruption implicating rival business houses may also lack credibility if it is seen as an attempt to discredit competitors.[21]

This does not mean that the leading examples of outlets set up with business or political motivations are entirely without journalistic merit. Observers and commentators note that the past 15 years has seen the rise of relatively unbiased commercially competitive print and electronic media outlets. One view from a private satellite channel was that the boom in private satellite TV channels has been politically sponsored, so that these channels would not be overtly partisan, but would play it safe so as not to alienate their political benefactors. But there are also signs that some publications and TV channels are developing a type of journalism that is largely independent of party bias, informative and attractively packaged. The public has reacted positively, and these products enjoy high circulation or viewing figures. This raises the hopeful possibility that media independence will increasingly be recognised as a commercial advantage; this should reduce the extent of media capture by business and political interests and therefore also of public cynicism (see also Besley *et al* 2002; Cappella and Jamieson 1996).

Watching the watchdogs: weaknesses in the internal governance of the media

Self-regulation of the media is weak, afflicted in particular by partisan bias, as noted above. Professional associations are also partisan, with at least four major associations of journalists and two owner organisations, all split along partisan lines. An independent and functional Press Council is generally understood to be vital to

19 New Age, 'Targeting Media', 25 June 2006
20 New Age, 'Laws to liberalize broadcast media demanded', 16 December 2005
21 New Age, 'Press Council Suggests Punitive Action', 24 November 2005

reform and improvements to the industry, but in the present context it is dysfunctional because of the lack of political will and the lack of pressure from partisan professional associations to invigorate it. There is therefore no institutional basis for setting rules for good conduct by the media, nor to defend it against attacks. In fact, successive governments have used the Press Council to muzzle the press, including recent steps to increase its authority to admonish and censure the press.[22]

Finally, a public service ethos is not widely found in the Bangladesh media. A senior manager from a private TV channel interviewed for this research noted that the objective of electronic media is to make profits, and that any public service role is incidental. As will be seen next, staying profitable does impose serious pressures on the media, and there are inevitably many examples of bad practice. But the current healthy state of leading media products indicates that there is a section of the industry that is oriented towards being more accountable and independent.

Capacity and resource constraints

The positive influence of the media is critically influenced by its quality (Islam 2002). One view is that the more suppliers, the higher the quality of the product is likely to be, and the more pressure there is likely to result on the state (World Bank 2002d). At the same time, however, there tend to be large economies of scale in the media, favouring bigger firms (Owen 2002). There are many suppliers of media in Bangladesh, particularly in print, and the sector is growing fast. But whether or not this amounts to effective competition, and how it impacts on governance reporting are issues about which little is known. Both the literature and key informant interviewees agree that there are serious human and financial resource constraints on performance, including:

- Lack of technical capacity for political and economic policy analysis and resources for investigating corruption and long-term stories
- General lack of qualified staff and training opportunities
- Intense competition for advertising revenue, as the number of media outlets is high, and market saturation is a serious threat; reliance on government advertising is a factor limiting the extent to which the media can operate as critic (Anam 2002)
- High costs of production, with a tax on imported newsprint of 25 per cent (75 per cent of newsprint is imported), and taxes and surcharges adding 57 per cent in total to production costs[23]
- Slim profit margins, or none. A media analyst estimated that there were between 5 and 7 profitable print media products, and even fewer if political support in the form of government tenders and advertisements is taken into account
- Poor pay: only a handful of newspapers pay the official minimum wage for journalists, and there are concerns that the abysmally low remuneration is an incentive for corruption and the abuse of influence.

Violence and corruption

One implication of weak incentives for journalists to behave professionally is that corruption is more likely. Stories of corruption within the media are common - although naturally, they are rarely published or broadcast. Some within the electronic media report that favourable coverage can be bought. Newspaper crime reporters are widely believed, including by their colleagues, to be paid off by crime syndicates. Political reporters are often reported to be too close to their sources. The print media faces a particularly serious problem at the local level, where regional correspondents are kept on retainer by major newspapers and are paid by the number of column lines that are published monthly. The monthly retainer is nominal, as is the rate per line printed. In some cases, the retainer is not paid unless a certain number of column lines are printed per month. Local correspondents thus compete with each other to provide news that will be printed. This gives rise to a culture of sensationalism, in which local correspondents are regularly embroiled in local politics and business - particularly land-grabbing and crime - where they may be paid-off for squashing stories.

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22 Ibid.
23 Daily Star, 'Cut Tax, Save newspapers: BSP, NOAB Demand', 6 June 2005

A related concern is the recent rise in violence against journalists, which has sometimes resulted in death. In interviews with journalists and media personnel, respondents shared the view that violence against journalists was concentrated in districts with high rates of organised crime, suggesting that the problem was linked to involvement in local disputes (Ali 2006). One implication of this is that violence towards journalists needs to be understood within the wider context of criminality and corruption, and cannot be limited to the political context within Bangladesh. There are incidences of violence against journalists related to the political climate, however (see Chapter Five), which can inhibit investigative journalism, and holding public officials and parties to account.

The impact on governance

Assessing the impact of the media on governance is no easy task. The review of the limited available literature and the key informant interviews suggest that impact occurs in three ways: through creating a platform for political debate; by raising awareness about politics and the policy process; and by exposing corruption.

a) A platform for debate

A major success of the media is the creation of a space for political debate which is still absent from within institutionalised political forms. This space is literally present in the growing number of televised political debates and chat shows in which opposing political groups are pitted against each other and/or engaged in debate with civil society representatives. These, as well as opinion pieces and columns are a growing means by which politicians broadcast their ideas to the people. A senior opposition politician commented that while it is regrettable that politicians are more likely to be on talk shows than in parliament, it still helps people when they come to make their political choices. Journalists complain, however, that the political establishment is inconsistent in their attitudes to the media: willing to appear on televised debates and talk shows, but apparently not feeling obligated to provide meaningful commentary when approached by the press.

The relationship between the media and civil society is a second positive institutional development. The print media has created a space for civil society representatives, mainly the 'think tanks', research organisations and NGOs discussed above, to raise public awareness about governance issues, as well as to engage in debate regarding socio-political concerns. The relationship between civil society and the media is symbiotic. A few leading dailies have been particularly prominent in partnering with civil society and NGOs on awareness campaigns and programmes, including issues such as acid violence, help for the blind, improving education and legal aid. It may be these partnerships that have led to the notable rise in reporting and coverage of human rights violations. While there are concerns that some reporting of human rights offences and extra-judicial killings could be politically motivated, it is widely viewed within the media as a positive development.

There is not universal approval of the new social activism of the media. One criticism is that some newspapers have been co-opted by particular NGOs or CSOs and now act as their mouthpiece. There are concerns that such close relations preclude investigation of corruption within NGOs or investigation into the action of the foreign donors who fund them, and that NGOs should be subject to the same scrutiny as political actors.

b) Coverage of politics and the policy process

Media coverage of policy and government activity has been less successful. The view of observers and insiders interviewed for the present report includes the following: media coverage of governance failures is episodic, often politically motivated, inadequately followed up, speculative and Dhaka-centric, unless local events occur of sensational news value. Policy analysis was widely felt to be inadequate, although analyses made by civil society representatives tend to feature prominently. There are exceptions and successes, from which lessons are learned. For example, the recently proposed uni-track education system policy attracted tremendous

attention from the media, which generated a great deal of information and critical debate, leading to its eventual abandonment. The key points to emerge from the interviews regarding coverage of politics follow:

- The most informative coverage was felt to be of government performance on law and order, agricultural production, inflation and price rises, energy, corruption and local government problems. However, this coverage was irregular and 'seasonal', and felt to lack sustained analysis
- Investments were being made to improve political analysis and coverage, particularly in light of the upcoming elections. Coverage of the opposition mainly focuses on confrontational politics, partly because the opposition historically prioritises these activities over engagement with parliament or its shadow government role
- Reflecting Parliament itself, Parliamentary debate coverage tends to be superficial and rarely issue-based. Private television companies are excluded from Parliament, and all media from the Parliamentary Standing Committees. This means that information about these proceedings must rely on leaks
- Electoral reform is covered in detail, in particular the heated debates concerning the Caretaker Government and nomination process. The nominations process, particularly at local levels, was considered to be a particularly important weakness in media coverage
- Reporting on internal party governance issues has recently been stepped up, although there are concerns about how much is partisan.

c) Corruption

Corruption appears almost daily in the media (Box 3), which is widely accepted to have played the key role in turning this problem into an issue for collective national discussion. Some within the media feel that coverage of corruption has improved, but others view corruption reporting as little more than entertainment, as there is little expectation of serious impact in terms of sanctions. There are concerns about the accuracy and motivation of reporting, and of the methods employed to investigate corruption. Corruption reporting is characterised by its source-based and speculative character. Because of the resources required, adequate investigation is rare, as is follow-up reporting. In part, the weaknesses of the reporting reflect the nature of the subject: corruption is difficult to prove. But these weaknesses also mean that many corruption stories do not have much impact.

Most corruption reported in the media is in the public sector, usually resulting from a lack of due process in the awarding of licenses and procurement. Media observers note, however, that it is rare for grand corruption in the upper levels of the administration to be reported on; instead it is mid-level malfeasance that receives attention, which suggests that a degree of scapegoating occurs. By contrast, the Government's use of constitutional or parliamentary apparatus for political purposes is not generally reported by the media. Private sector corruption is increasingly receiving coverage, although there is a tendency for some newspapers to report on alleged corruption in companies that own rival newspapers, or in opposition parties or competitors. This type of reporting lacks credibility. One exception is that massive private sector corruption in the form of bank defaulting has been reported on widely (see Box 3). However, media personnel noted that corruption within the media and NGOs is generally ignored. Coverage of NGO mismanagement and internal governance issues tends to be made only when the situation reaches scandalous proportions; in the case of Proshika, when it had already been officially accused of political activity. Many seem to regard NGOs as 'untouchable' because of their pro-poor image, and it was felt that there was insufficient questioning of their business activities or of the impact of their development programmes. It was also noted that many NGO leaders have close links with the media industry.

Box 3.   Exposing corruption

The restoration of parliamentary democracy in 1991 was accompanied by the birth of new newspapers promising new standards in reporting, including in the exposure of corruption.

Bad debt in the state-owned banks was one of the first issues tackled by this new media. Over several years, the print media uncovered new evidence and unmasked bank defaulters, analysing the web of vested interests involved in systemic corruption in the banking sector. Some of the reporting was slanted along political and business lines. But media scrutiny was sufficiently powerful to result in stringent loan rescheduling conditions and to stimulate other financial sector reforms.

A milestone case was when a major Bangla daily tabloid published evidence that Justice Latifur Rahman had had long telephone conversations with ex-President Ershad. He had been accused and subsequently convicted in a graft case, in which Rahman had been the judge. The Chief Justice found a prima facie case in the media allegation of corruption against the judge, and referred the issue to the President for inquiry by the Supreme Judicial Council. Justice Rahman escaped the probe by resigning in November 2000.

In 2002 a dubious deal by the Bangladesh Telecom and Telegraph Board (BTTB) in awarding the long-awaited submarine cable project was exposed. After a major English-language weekly exposed and consistently reported on the issue, the deal was finally scrapped for a more transparent one. Also in 2002, another major corruption scandal erupted. Another major English-language weekly found 'widespread procedural irregularities' in a private container terminal project in Chittagong which had been approved by the Prime Minister's Office. Following the report, the project was cancelled.

By the mid 2000s, corrupt practices were being exposed on an almost daily basis. In 2005, two major Bangla dailies reported that the State Minister for Energy, AKM Mosharraf Hossain, had received an expensive car as a present from Niko Resources, a Canadian energy company blamed for the Tengratila Gas Field Explosion in January of that year. Following the reports, the Minister had to step down. It was one of the first instances of a ministerial resignation in light of corruption reporting by the media. However, he remains an MP for his party.

Most recently, in 2006, a national English-language daily exposed the corruption in a major government project to give machine-readable passports. The project eventually failed to get approval.

Sources: newspaper reports and key informant interviews

7.3   Conclusion

NGOs and civil society have been justly identified as vital actors in the pursuit of better governance. The media has been rightly credited with exposing cases of corruption and dysfunctions of the state to the public, thus raising awareness and generating public debate about governance. Together NGOs and media put pressure on political actors and the state, and help to generate demand for their greater accountability to the citizens. However, as NGOs are becoming less dependent on donors and more on government financing, and as the media continues to rely on government advertising and controlling business interests, their capacity to address governance issues may be weakened. There are concerns that fears of reprisal from the Government or the ruling party may influence decisions over what the media decides to cover and, for NGOs, which activities to pursue. Both sectors also suffer from weak regulatory frameworks and poor internal governance, and neither has been exempted from the taint of partisan affiliation. Questions for future attention include whether watchdog integrity can be maintained under weak regulatory conditions; and how trust in public institutions can be built in a climate of cynicism and a discourse of bad governance.

Social protection and social policy

In a context in which mass poverty is understood to coexist with bad governance, as is the case in Bangladesh, it is appropriate to attend to the impacts of governance failures on poverty reduction and the poor. The approach taken in Chapter Eight is to explore the governance dimensions of social policy and social protection, with a focus on corruption and accountability in education and social safety nets. Corruption in the social policy and social protection sectors has received a considerable amount of attention in the literature, partly as evidence of the negative impact of bad governance on the poor. By focusing on accountability this chapter represents an attempt to understand why Bangladesh has performed well on social and poverty indicators while maintaining its poor standing with respect to governance; a phenomenon recently called the Bangladesh 'conundrum'. The chapter briefly reviews the evolution of policy in safety nets and education in the 1990s, followed by a discussion of corruption and accountability in each sector. While it is clear that leakage is a problem across the board, the evidence on corruption is uneven: overstating the extent of the problem in some areas, and ignoring it in others. The chapter also reviews key accountability relationships governing social safety nets and the education sector, indicating that in the absence of formal accountability institutions, informal pressures have often effectively compelled service providers to supply at least a minimum level or quality of services.

8.1   The paradox of bad governance with good social sector performance

Bangladesh has made impressive gains on a range of indicators of social and human development and poverty reduction, particularly throughout the 1990s. These include steady declines in the prevalence of poverty; expanded access to and gender parity in primary and secondary schooling; rapid declines in infant and under 5 mortality rates and a narrowing of the rural-urban gap in infant mortality; declining fertility rates; high immunization coverage; and some reduction in the severity and extent of malnutrition (see BIDS 2001; World Bank 2003b).

While poverty, vulnerability and deprivation remain severe and widespread, progress is being achieved at a pace that allows Bangladesh to compare favourably on some indicators with other countries in the region, and with others at comparable levels of economic development (see Table 1). Bangladesh also compares well against countries with similar income levels in terms of the proportion of public spending going to the social sector (World Bank/ADB 2003b).

Table 1. Social sector performance compared to the region and low-income countries

Indicators (based on most recent estimates)	Bangladesh	India	Pakistan	Sri Lanka	Low-income countries
Poverty headcount ratio at PPP$1 a day	36	35.3	17	5.6	..
Under 5 mortality rate per 1,000	69	87	98	15	122
Ratio of girls to boys in primary and secondary education	106.8	88.5	71.1	102.8	87.2
Primary completion rate	73.3	80.9	..	98.2	71.5
% of population with access to improved water source	75	86	90	78	75.1
Fertility rate (births per woman)	2.9	2.9	4.5	2.0	3.6

Source: World Bank 2006a

These creditable achievements in a country once infamously termed the, 'basket-case of the world', have been ascribed to the direct effects of social service provision and to the growing share of public spending that went to the social sectors through the 1990s (Sen 2000; BIDS 2001).[1] But Government cannot take sole credit for achievements in service delivery. From the 1980s, social service provision in Bangladesh became increasingly pluralist, with Government policy permitting - or at least not thwarting - a major role for service-providing NGOs. By the 1990s Bangladeshi NGOs were working directly with the poor and very poor in a wide range of health, education and social protection programmes. In addition to their own substantial contribution to social sector service delivery, they have also played a role in complementing, partnering and catalysing Government service provision (see World Bank 2006c for an overview). Crucially, the pluralism and scale of NGO activity supported the expansion of social services, particularly to the hard-to-reach poor.

The major policy thrust in the 1990s was the expansion of service provision, particularly to the poor. These policies were popular, and in many respects politically easy to bring about. One concern has been the rising corruption that has accompanied the flow of new resources that enabled improvements in service provision. The significant social policy challenges that remain are rooted in problems of governance, and include improvements in service quality. This may be a more difficult and complex[2] challenge involving reorienting professional incentives and organisational cultures within the public sector to make teachers, doctors and local officials more accountable and more responsive to the people they are supposed to serve.

1 Recent analysis indicates that while public spending on primary grew in absolute terms since 2000, it remained stagnant as a proportion of public spending (Al-Samarrai 2006).
2 The best example of a social policy problem requiring deep-seated reforms is maternal mortality, on which progress has been slow, and on which faster improvements require more far-reaching institutional reforms within the public sector. The evidence suggests that Bangladesh is not likely to meet this particular Millennium Development Goal.

8.2   Social protection

The proportion of the population living in poverty is estimated to have declined by 9 per cent over the 1990s: by 2000, 50 per cent of Bangladeshis were defined as poor, down from more than 70 per cent during the 1970s. By the same measures, the proportion of the extreme or absolute poor also declined by around 9 per cent, reaching 34 per cent by 1995-1996. It then declined by less than a percentage point over the period up until 2000 (World Bank/ADB 2003b). More recent figures suggest that this pace of progress may have accelerated in the 2000s, with poverty estimated to have reduced by nearly 10 per cent between 2000 and 2005. Other estimates are that around 20 per cent of the population was extremely poor in 2000 (see Table 2).

Recent analysis of poverty dynamics in Bangladesh shows that while poor households can increasingly help themselves out of poverty, the circumstances which start the downward slide are frequently beyond their control (Kabeer 2004; Sen 2003). Social protection measures remain vital in such a context, to support the poor and vulnerable in crisis, and help them to manage risks and prevent deeper impoverishment (Shepherd *et al* 2004). In Bangladesh, informal protection has been provided through local patronage politics and semi-formal institutions of governance (see Blair 2003; Hossain and Matin 2006). But there is clearly a case for public social safety nets to cover more of the extreme poor, and to reduce excessive economic inequalities which incur wider social costs and impede pro-poor growth (see Ravallion 2003).

Table 2. The reduction in income-consumption poverty over the 1990s (%)

		HIES 1991-2*	HIES 1995-6	HIES 2000	HIES 2005**
Food intake method	Poor (consuming less than 2205 kcal per day)	..	48	44	..
	Extremely poor (consuming less than 1805 kcal per day)	..	25	20	..
Cost of basic needs method	Poor (upper poverty line)	59	53	50	40
	Extremely Poor (lower poverty line)	43	34	34	25

Source: BRAC 2004 except figures for 1991-1992; * from World Bank/ADB 2003b; and ** from BBS 2006

Successive Governments have demonstrated commitment to the provision of public safety nets targeted towards the poor and vulnerable. There are sound historical reasons why mass food insecurity or famine is closely associated with political legitimacy in Bangladesh. The 1974 famine was the key event: one of the lessons donors and officials drew from that episode was the urgent need for targeted food aid programmes to protect the poor (see Atwood *et al* 2000); at the same time, the political elite learned that famine symbolised political failure of the most unambiguous kind.[3] Despite strong political incentives for large-scale targeted programmes since the 1974 famine, only comparatively recently have such programmes dominated the social protection agenda or its budget.

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3 For the perspective of a contemporary Government insider and observer of the famine see Islam (2003).

The pro-poor shift towards targeted programmes, away from the relatively privileged middle class former beneficiaries of rationing, came about with the return to multiparty democracy in 1991. Important innovations in targeted food aid programmes since then have occurred under Governments headed by both major parties.[4] However, there is no simple relation between political commitment to safety nets for the poor and democracy; it was under unelected military rather than popular democratic rule that the Vulnerable Group Feeding (VGF) programme was established in the 1970s. Democratic governments have been as likely as their authoritarian predecessors to be criticised for tolerating systematic corruption in food aid programmes as a means of rewarding their supporters.

More recently, targeted safety nets received heightened prominence in the PRSP, as one of four 'Strategic Blocks' for tackling poverty. The PRSP stresses that this is not a "relief mentality", but a "net-and-ladder" approach to addressing risk, providing social protection specifically to support a process of graduation out of poverty. The portfolio of social safety net programmes was assessed as robust, responsive, and innovative, although problems were identified, including lack of coordination, limited coverage, inadequate resource transfers, lack of attention to gender and finally, targeting and leakages. Minimising the number of intermediaries involved in the distribution of safety net resources, and improving their accountability were flagged as issues worth considering (GoB 2005a)

Depending on their definition, there are 27 safety net programmes in Bangladesh at present. Table 3 lists the types of programmes categorised as social safety nets in Bangladesh; Annex Table 1 provides a more detailed description of the larger safety net programmes. In terms of budget and coverage, the two education programmes are by far the largest. Whether or not these fall under the category of social protection is, however, another issue. As both will be discussed in the next section of this chapter, neither is looked at in detail here. However, the Food for Education (FFE) programme, replaced in 2003 by its cash version, the Primary Education Stipend Programme, will be discussed below in the section on corruption and leakage, as it has featured in a number of key discussions about food-based safety net programmes. The next biggest programmes are the Rural Infrastructure Development Programme (Food for Work or FFW), and Vulnerable Group Development (VGD), with respective beneficiaries of around one million and 500,000 annually and respectively, and budgets of US$40 million each. FFW and another large safety net programme, the Rural Maintenance Programme (RMP), both focus on rural infrastructure and employment for the vulnerable poor. In the case of FFW, this is focused around the relief of seasonal unemployment. The RMP, an 18-year partnership between the Government and CARE, targets poor women exclusively.

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4 Key accounts of the process and politics of food aid reform are in Ahmed *et al* 2000, in particular chapters by Chowdhury & Haggblade and Attwood *et al* (both 2000).

Table 3. The main types of safety net programmes in Bangladesh

Type	Programme
Cash transfers	Old Age Allowance
	Widowed and distressed women allowance
	Disabled Allowance
Conditional cash transfers	Primary Education Stipend Programme (formerly Food-for-Education)
	Stipends for Female Secondary Students
Public works or training based cash or in kind transfer	Rural Maintenance Programme
	Food-for-Work
	Vulnerable Group Development (VGD)
Emergency or seasonal relief	Vulnerable Group Feeding (VGF)
	Gratuitous relief
	Test Relief

Allowances in the form of cash transfers for the most vulnerable poor, including elderly, widowed and abandoned women, and the disabled poor, were established in 1997. While the Old Age and Widows programmes were established under the Awami League Government of 1996-2001, its BNP-led successor retained and extended their coverage, and added the Disabled Allowance. While the cash transfers involved are small (around Tk 180 or US$ 2.75 per month), the regularity of these cash payments make them a valuable source of support for these groups (see Begum and Paul-Majumder 2001). More than one million elderly, around 100,000 widows and another 100,000 disabled poor people receive these allowances each year.

Aside from whether or not they are sufficiently well-funded to reach enough of those who need support, the impact of safety nets is largely a function of a) how effectively they target the vulnerable and/or poor groups in greatest need; and b) the extent of corruption and leakage in the distribution of the benefits. These issues will be looked at next.

Corruption, leakage and the politics of safety nets

This section reviews some of the evidence relating to corruption and accountability in the public safety net system. The common assumption that corruption is widespread in official safety nets has historical roots in the tradition of theft from the Public Food Distribution System (PFDS): grain dealers, local political leaders and administrative officials were all understood to have enjoyed an impressive cut from the rationing programmes in this system.[5] The level of corruption was so high that when rationing programmes were finally withdrawn in response to evidence of extensive corruption and pressure from donors, there was no protest from the supposed beneficiaries, who had in fact been benefiting very little (see Chowdhury and Haggblade 2000; Adams 1998). Until its reform in the early 1990s, features of the PFDS supported and institutionalised corruption: for example, in 1989 MPs were brought in to select the grain dealers to participate in *pally* (rural) rationing, which they took as a clear signal to use the resources for "patronage and graft" (Chowdhury and Haggblade 2000: 173).

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5 Corruption was reportedly rife in the relief programmes of the 1970s (see Hartmann and Boyce 1983).

Research-based evidence of corruption in the current system of targeted public safety nets is mixed, however. The source of the most influential evidence of extensive corruption and leakage in safety net programmes is the World Bank. The other significant bodies of research are those by IFPRI, whose findings are of considerably more modest levels of leakage, and the Bangladesh Institute of Development Studies (BIDS). Below debates about two programmes are briefly reviewed: Food for Education (FFE) and Vulnerable Group Development (VGD).

Food for Education (FFE)

The short life of the FFE programme began in 1993, when Government launched the programme to transfer wheat to targeted poor households whose children met a set of primary schooling conditions. The aims were to use up food aid resources saved through rationing programmes abolished the previous year, and to encourage poor households to send their children to primary school. FFE was also intended to improve the targeting of Government food subsidy programmes, an intention shaped by IFPRI research that had shown that local authorities were effectively able to target the poor (Ryan and Meng 2004). Accordingly, the ward Primary Education Committee and School Managing Committee (SMC) were jointly responsible for the selection of poor beneficiaries at the local level. The selection of the poor unions, within which all schools that met a set of criteria were to be eligible, took place in Dhaka. At its peak, the FFE reached more than two million students across 112 upazilas.

Bangladesh's FFE was initially championed as an innovative demand-side approach to increasing access to school. But concerns about corruption and leakage rose, leading to two reforms. The first was the implementation of a recommendation in a BIDS report on the programme which was to distribute FFE resources through grain dealers instead of school authorities. This occurred in 1999, despite previous experience that grain dealers were usually closely implicated in corruption in safety net programmes.[6] The second reform followed from a World Bank study which reported that as much as 75 per cent of resources allocated to the FFE did not reach households, implying losses to corruption or leakage.[7] Most of this leakage, it was suggested, could be attributed to "considerably lower" numbers of beneficiaries than the records indicated (World Bank/ADB 2003b: 75). This finding was initially made public in 2001, and has been highly influential and a factor behind the Government's decision to monetise the FFE in 2002 (Ryan and Meng 2004).

The evidence on leakage is mixed, however, as Table 4 shows. In particular, two studies by IFPRI researchers reported lower estimates of leakage; these are, however, less well-known and appear to have had less influence over policy than the higher estimates. The issue of differences in findings of leakage and that of the policy impact of research will be looked at in more detail below.

Table 4. Estimates of leakage in the Food for Education (FFE) programme

FFE leakage estimates	Source
7%	Ahmed and Billal 1994 (IFPRI)
30%	BIDS 1997
up to 75%	World Bank / ADB 2003b
14-17%	Ahmed and del Ninno 2002 (IFPRI)

6 It may have been grain dealers associated with opposition political parties rather than grain dealers in general whom the Government aimed to undermine through the 1991 food aid reform. In any case, it is clear the reform was not a success: an IFPRI survey in 2000 found that 92 per cent of FFE beneficiary household members preferred distribution by SMC members to grain dealers.
7 World Bank/ADB 2003b; Murgai and Zaidi 2005.

Vulnerable Group Development (VGD)

The Vulnerable Group Development (VGD) Programme emerged as a food aid-supported development programme targeted at very poor women in the mid-1980s, after a brief incarnation as a relief programme, starting in 1975. It is a national programme, reaching some 500,000 women per year. Participants selected by local government representatives take part in an 18 month programme involving a monthly wheat ration and training, accompanied by savings and income-generating inputs, principally from NGO partners. Evidence indicates that VGD has been effective in terms of targeting the poorest women and in helping many 'graduate' from relief to participation in mainstream development (Halder and Mosley 2004; Hashemi 2001).

There have also been concerns about leakage and corruption in the VGD programme, and a number of studies have been conducted to assess this problem. Findings indicate that there are four main ways in which corruption occurs in VGD: a) at the local supply depot (LSD) (see Akhter *et al* 2004; del Ninno 2000); b) when Union Parishad leaders sell grains to cover transport and other costs (Mannan and Paul-Majumder 2003; Akhter *et al* 2004); c) by forcing beneficiaries to pay for programme membership (over 8 per cent of beneficiaries claimed to have paid in Akhter *et al* 2004); and finally, d) short rations, when recipients receive less than they are supposed to. All studies have shown short rations to be the most significant source of leakage. The World Bank/ADB (2003b) assessment of the VGD, part of the same study that assessed leakage in the FFE noted above, found that leakage through short rations was as much as 41 per cent; the IFPRI leakage survey and the survey by Webb *et al* (2002) found shortfalls of around 21 per cent, and del Ninno estimated a shortfall of around 15 per cent (2000).

Interestingly, the more in-depth research shows that much of the leakage identified in the VGD cannot be attributed to simple corruption on the part of officials. First, some of the reported shortfall in rations is explained by cheating by local wheat traders, who have an interest in reporting short rations because they both weigh and sell grain for the beneficiaries. Second, beneficiaries who are required to share their cards are often required to do so with other poor people. Third, a portion of the grains (around 7 per cent according to del Ninno 2000) is distributed to other poor people who gather at the union distribution point on the delivery day. So while there is significant deviation from officially prescribed distribution practices within VGD, much of the leakage may not amount to corruption. Overall, del Ninno calculated that around 94 per cent of grains went to poor women, even though they were not all selected beneficiaries.

Accountability relationships are understood be important determinants of the extent of leakage and corruption, but there is little evidence specifically relating to accountability in public safety nets. However, the general literature on local political elites sheds some light on how accountability pressures work in practice. It is clear that while local politics does not provide a perfect or even a good mechanism for accountability, it provides a rough and ready means of delivering some services to the poor. A review of the literature suggests that, at its best, the VGD programme works because formal and informal accountability pressures help keep local politicians in check.[8] Formal pressures include regular WFP monitors and the close scrutiny of beneficiary lists by NGO partners; the impact of these should not be underestimated. But there are also informal political pressures that mitigate against unbridled corruption and overt leakage. These include that:

- As VGD programme areas contain high proportions of food insecure households, beneficiary selection takes place under close scrutiny by the community
- Sympathies for particular groups of the poor may reinforce the moral case for fair selection (see Matin and Hulme 2003)

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8 Undertaken as a background paper on 'The Politics of What Works', for the Second Chronic Poverty Report (forthcoming). The VGD case is made available as a background paper on the CPRC website.

■ Proper implementation of programmes for the poor may make good political sense in rural areas with a high concentration of poor people. Even local leaders who are willing to divert resources from road-building or construction projects may seek to demonstrate good leadership by delivering resources targeted to the poor (see Hossain 2005)

■ Local political leaders face such consistent pressure to provide for the poor that they may use official safety net resources as patronage to reward their poor supporters.

This last point merits further discussion. The process of selecting VGD beneficiaries is widely reported to be biased and corrupt (see Mannan and Paul-Majumder 2003; Bode 2002; Hobley 2003; Matin and Hulme 2003); however evidence also suggests that VGD is effectively targeted to poor women (BBS 1992; WFP 1999; del Ninno 2000; Webb *et al* 2002). These apparent contradictions can be reconciled when it is recognised that the scale of need dwarfs provision, so that while bias may operate in the selection of beneficiaries, there are enough eligible poor people to ensure that those who do benefit are mostly eligible. But many more who are also eligible - perhaps even 90 per cent - have to be excluded (World Bank 2003a; Matin and Hulme 2003). This means that political competition and selective patronage can carry on without formal corruption or bias against the poor.[9] Problems chiefly arise if the same poor people are included repeatedly, and less well-connected poor people are left out. An implication is that VGD - and other safety net programmes administered by local elites - are firmly part of the local political-patronage system, so that more stringency and less partisan bias in selection processes might actually reduce the political incentives that currently operate to ensure (some of) the poor benefit. Another implication is that beneficiaries have a greater chance of joining the programme if they are vociferous, making it politically costly to exclude them. Interestingly, VGD participants tend to be those who actively lobby for inclusion (see Matin and Hulme 2003; Akhter *et al* 2004).

Research and policy influence

One issue that merits further discussion is that of the policy influence of research into corruption and leakage. The review of the literature conducted for the present chapter found that there were concerns about the methodology used in a highly influential piece of research by the World Bank, discussed above with reference to the FFE and VGD programmes.[10] It is worth noting that all research methodologies have their weaknesses, particularly in complex areas like corruption. However, it is necessary to highlight the risks inherent in such research, and the need for caution in research that is intended for public policy purposes. In the case of the World Bank figures, these high estimates of leakage have been extremely influential, featuring prominently in the decision to monetise the FFE programme, a reform the World Bank had been urging for some time. The estimates even feature in the PRSP (GoB 2005a). The overall point is that high estimates of leakage have been extremely influential, while evidence which is likely to be more robust and which shows far lower levels of leakage is less widely known and has apparently had less impact on policy.

The World Bank now appears to have accepted that their own research on this issue was flawed, recently noting "mixed evidence" of leakage from safety nets (World Bank 2006e: 22-23). They have not, however, publicly disclaimed the high estimates. Instead, and despite the weakness of their evidence base, the World Bank has recently recommended new safety net reforms. These include "outsourcing" the delivery of safety net programmes, possibly to the private commercial sector (World Bank 2006e: 37). It should be a matter for concern that such major reforms are being recommended on the basis of such weak evidence.[11]

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9 Staff on BRAC's CFPR-TUP programme, which aims to target an even poorer group than one reached by VGD, consider the difference between the two ultra poor groups to be that those who do not get selected for the VGD programme usually have weaker social capital and political connections.
10 The main concern about the methodology is that the analysis does not draw on a representative sample of either the VGD or FFE beneficiaries. A fuller discussion of this issue is beyond the remit of the present chapter. A full discussion of these issues will be made available in Hossain (forthcoming).
11 These recommendations appear to be partly on the basis of the findings reported in Ahmed (2005), although it is not clear how comprehensively that study addressed the leakage issue.

8.3   Education

The expansion of primary education enrolment was the great social policy success story of the 1990s. The policy elements of the primary education expansion story are by now familiar:

■   The 1990 Jomtien conference stimulated political commitment; the Education For All (EFA) plan focused on a massive community mobilisation thrust
■   Both democratic Governments of the 1990s drove the expansion, in part the result of party political competition over the content of the curriculum and the popularity of the expansion policy
■   Massive investments in schools and teachers: over one 5 year period in the 1990s, an additional million school places were created every year
■   Innovative demand-side programmes like the FFE from 1993, replaced by the cash-based Primary Education Stipend Programme (PESP) in 2002, which successfully attracted poor children to school
■   Planning and overall direction was highly centralised, but space was permitted for non-state providers; NGOs were able to enlarge their own provision of pioneering non-formal schools and simultaneously acted as a competitive spur to the Government to maintain the pace of expansion in the formal system
■   Donors proved willing to finance the expansion of a sector which enjoyed strong domestic commitment and was a cause they could support; in particular, the General Education Project (GEP; 1992-1997) united multilateral and bilateral donors to strike an effective balance of support and donor coordination without reducing national Government ownership.

Table 5. Primary and secondary educational enrolment in Bangladesh by gender, 2000s

Primary (2005)						Secondary (2003 and 2005) (Class 6 to 10)					
Total enrolments (million)		Gross enrolment rate (%)		Net enrolment rate (%)		Total enrolments (million)		Gross enrolment rate (%)*		Net enrolment rate (%)	
Girls	Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls	Boys
8.1	8.1	96	91	90	85	5.2	4.6	69	60.2	50.6	39.6
16.23		94		87		9.8				45	

Sources: Primary: DPE (2006); secondary: *total enrolments are for 2003, from BANBEIS (http://www.banbeis.gov.bd); gross and net enrolment rates are for 2005, from CAMPE (2006)

Supporting conditions included positive attitudes towards mass education among policy and civil society elites, and a strong predisposition among ordinary Bangladeshis to invest in their children's education as the best prospect for social mobility (see Hossain *et al* 2002; Hossain and Kabeer 2004). A civil society 'watchdog' in the form of the Campaign for Popular Education (CAMPE) has provided a critical monitoring role since the late 1990s, in addition to independent information and analysis on education sector performance through its annual Education Watch reports.[12]

The expansion meant that gross enrolment rates almost doubled in the first 30 years of independence. In absolute terms, in 2005 there were more than 16 million primary school places - in theory enough for the entire school-aged population - in addition to more than 2 million children enrolled in NGO schools. Taking into account enrolment outside the official system, the primary gross enrolment ratios exceeded 100 per cent as

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12 See Unterhalter, Ross and Alam (2003) for an overview of the impact of research on education policy in Bangladesh. Civil society activism on education appears to have blossomed in recent years, with the promising emergence of the *Sushikkha Andolon* - a 'movement for quality education' - which plans to publish *Halkhata*, an annual report on the state of primary education.

early as the mid-1990s (CAMPE 1999), and gender disparities in enrolment are now in favour of girls. The expansion of enrolments at primary level has also fed the growth of secondary enrolments. Table 4 summarises the enrolment situation in primary and junior or lower secondary (class 6 to 10). Bangladesh now boasts one of the largest basic education systems in the world.

The expansion is widely recognised to have come at a cost to quality, which by the late 1990s was squarely on the policy agenda. CAMPE's 2000 Education Watch report confirmed what many suspected: educational attainments were abysmally low, with less than one per cent of Bangladeshi children growing up with the basic competencies as defined by the national curriculum (CAMPE 2000). The PRSP confirmed the new priority of quality (GoB 2005). Nor have concerns about access disappeared: enrolments among children from urban slums and ethnic minority communities and boys from ultra poor households demonstrate that access is by no means universal (CAMPE 1999).

A recent development is that enrolment in the Government and registered non-government primary schools actually declined by around 13 per cent over the first half of the 2000s, most markedly among boys. This has been accompanied by a more than doubling of *madrassah* enrolments, some, but not all of which can be attributed to improved data (see Al-Samarrai 2006). The decline in enrolment in the mainstream schools, coupled with an apparent stagnation in NGO school enrolment and what looks like a corresponding rise in enrolment in *madrassahs* highlights the existence of a gap in our understanding of the mass demand for education, and suggests that neither the mainstream nor the NGO schools have been able to meet the needs of a particular section of the society. Research into understanding why *madrassahs* appear to be increasingly popular, particularly among poor boys, would help to fill this gap. In the current global political context, and amidst fears about the Islamic militant potential for poor Bangladeshi youths, such research would also contribute to a fuller understanding of Islamic militant organisation.

The donor response to quality concerns has been twin-track: the two major externally-financed development programmes after GEP, Primary Education Development Programmes (PEDP) I[13] and II (1997-2003; 2003-2009) both aimed to improve access and to raise quality. PEDP I suffered from its own internal governance problems, including poor donor coordination,[14] and the ongoing PEDP II was initially slow in starting implementation, although progress since appears to have been more rapid. Other recent projects include the World Bank's Reaching Out of School Children (ROSC) project, which addresses access for the most disadvantaged children; the WFP School Feeding Programme, which aims to improve learning capacities through nutritional inputs; and ESTEEM, a well-regarded project focused on reorienting education management.

Secondary education attracted less attention during the 1990s, despite progress over that decade: net enrolment rates rose over the 2000s (see Table 5; see CAMPE 2006). The major success in secondary schools has been that girls' net enrolment now outstrips that of boys by more than 10 percentage points (CAMPE 2006). Khandker *et al* estimated that girls' participation had increased by 13 per cent per year since 1994, compared to 2.5 per cent for boys (2003).

The most important factor behind this achievement is the intervention known collectively as the Female Secondary Stipends project. Starting in 1994, after a pilot initiative in the early 1980s, all girls in rural upazilas across the country who meet a set of minimum requirements are eligible for cash scholarships and tuition-free education,[15] under different projects, three with donor financing. The evidence suggests important impacts,

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13 In brief, PEDP I was a collection of 25 donor and Government projects, amounting to US$750 million, half of which was externally financed. External financing has risen for PEDP II, with US$654 million of the budgeted US$1.815 billion from donors. The budget for ROSC is US$ 58million; the recently completed School Feeding Programme was budgeted to spend more than US$30 million, including food aid. Information on education programmes are from summary data published on the Education sub-group of the Local Consultative Group website.
14 See Sedere (2000) for an insider's account into the shortcomings of PEDP I.
15 Amounts range from Tk 25-60, depending on year; school fee waivers; and lump sum payments of Tk 250 in classes IX and X to cover exam costs and books. Students need a) to be unmarried; b) to hold attendance records of at least 75 per cent; c) to score 45 per cent in school tests.

including delayed marriage (Arends-Kuenning and Amin 2000) and rising enrolment among girls (Khandker *et al* 2003). However, Mahmud (2003) notes that systematic impact assessment has not taken place and that there have been some contradictory effects, including declining examination performance and high rates of drop out. The positive impact on attitudes towards girls' education from signals from Government about the high value it places on girls' education through the scholarships scheme, is, however, identified as a major step (Mahmud 2003; Hossain and Kabeer 2004).

The World Bank's 2000 sector review identified the secondary sector's strengths as including expanded access, gender parity, and the flexibility associated with private management (the overwhelming majority of secondary institutions are in the private sector), including scope for resource mobilisation. The weaknesses were understood to include the relevance of the curriculum; equity of access and outcomes; low learning achievement levels, poor examination results, and high dropout and repetition rates; inadequate incentives to improve quality; and ineffective management and supervision arrangements (World Bank 2000b).

Raising quality is increasingly seen as a matter of improving the governance of the education sector. PEDP II is not centrally focused on governance, but failures to take the weakness of existing accountability mechanisms into account have been identified as a source of potential risk to its implementation (Wood *et al* 2003). By contrast, the US$100 million Education Sector Development Support Credit agreed by the World Bank in 2006 holds governance issues central to its objectives. It aims to address accountability (linking school subventions to performance, strengthening SMCs) and equity; to devolve implementation and introduce better monitoring and evaluation; and to raise teacher quality through certification; and to improve the transparency of textbook production (see World Bank 2006e).

It is interesting to note that a number of key actions against corruption in education were also taken during the first half of the 2000s. One was the closure of the Department for Non-Formal Education in 2003 after evidence emerged of the failure of the Total Literacy Movement. Reports also emerged that NGOs contracted under the Hard-to-Reach Project were 'briefcase (i.e. fake) NGOs'. Another was the clampdown on leakage in both stipends programmes, including through closer adherence to the performance and attendance criteria (as detailed below). A new certification body for secondary school teachers has also recently been introduced; this should reduce the scope for the simple cash-for-jobs system that prevails in the previously unregulated non-government secondary schools, and have knock-on effects by making SMCs less attractive as business options.

Corruption and politicisation in the basic education system

By the 2000s, problems in the education system were increasingly viewed as rooted in governance, and governance was increasingly glossed as 'corruption'.[16] The media gave extensive coverage to research activities that uncovered evidence of bad governance and corruption. High profile reports on corruption at this time included:

- TIB's 'Report Card' survey and 2002 and 2005 Household Surveys, which reported findings of illegal fees; bias and leakage in the selection and implementation of the FFE programme; and bribery and delays in service provision by education officials (see Karim 2004)
- TIB's Corruption Database Reports (2004, 2005) findings that ranked education as a 'most corrupt' sector in terms of frequency of media reports of corruption
- The World Bank's analysis showing up to 75 per cent leakage from the FFE programme (World Bank/ADB 2003b; as discussed above).

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16 In Ahmed's (1998b) comprehensive review of the 'crisis in governance' in education in the 1997 Independent Review of Bangladesh's Development, corruption was a side issue; the focus was instead on an analysis of the administrative and political roots of the problem.

These reports and studies were successful in terms of raising awareness about the general problem of corruption in education. They were not designed to, nor did they substantially improve our understanding of how corruption occurs, nor of its impact on service delivery. At the same time, there were concerns about their methods. We saw above that concerns about the World Bank analysis have rendered their estimates of the (massive) extent of corruption in the FFE suspect. The limitations of the TIB 'Report Card' work are different: the apparent reliance on untriangulated attitudinal data, while not in itself a problem, means the results are findings about reported corruption, not of corruption per se. Similarly, the frequency of media reports of corruption (the TIB Database method) suggests that education comes under closer scrutiny by the media than other, less accessible sectors. It does not logically follow that education is one of the most corrupt of these sectors, in terms of losses to the public purse or bribes from the public.

Corruption in education probably achieves such a high profile because more people have daily contact with schools than with, for example, land administration authorities. While reporting people's experiences of corruption is important in its own right and as an advocacy tool, reliance on personal experiences may exclude more serious forms of corruption - in contracting and schoolroom construction, for example - from receiving adequate attention.

More robust evidence of corruption includes the Education Watch reports (in particular CAMPE 2005), and the Social Sector Performance Surveys (SSPS), conducted in 2004 and 2005.[17] CAMPE (2005) found a widespread belief, including among education officials, that corruption featured in the construction and repair of primary school buildings, a finding with serious implications for the large-scale classroom building planned for PEDP II (see also Wood *et al* 2003). Illegal fees were also charged, including for textbooks. Based on research into school systems themselves, the CAMPE study situates the practice of charging illegal fees in the context of inadequate and uncertain maintenance funds and ludicrously low budgets for administrative costs, describing it as "creative ways" of mobilising resources to cope with the shortfall (2005: 54). Contextualising illegal fees in this way avoids demonising what are undoubtedly often constrained school authorities, as well as helping to explain the practice in a policy-relevant manner.

Corruption in the stipends programmes

Public concern about corruption in the primary education stipends programme (PESP) runs high, no doubt because of the ethical dimensions of theft of resources intended to encourage poor children to attend school. There are similar concerns about the female secondary stipends programmes (FSSP), and indeed, the two programmes are not always clearly distinguished, including in some of the published literature. The main concerns appear to be a) beneficiary selection; b) resource (now exclusively cash) diversion away from beneficiaries; and c) illegal payments taken from beneficiaries in return for receiving benefits.

Qualitative research undertaken to contextualise and triangulate the findings of the SSPS surveys provided an opportunity to explore these issues in considerable detail. This research uncovered a number of sound reasons to believe that the public discourse and some of the published literature may actually overstate the extent and severity of corruption in these programmes.[18]

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17 These were public expenditure tracking surveys (PETS) that covered the primary and secondary education and the health and family planning sectors. These were undertaken as part of the ongoing DFID-funded Financial Management Reform Programme (FMRP). The reports for health and secondary education have been published, but the report on the primary survey is still awaiting final approval for public release from within Government. The UK-based company responsible for the SSPS, OPM, undertook a qualitative follow-up study to further explore some of the governance dimensions of the SSPS findings, with research support from BRAC's Research and Evaluation Division. Some findings from that research are outlined here (cited as FMRP forthcoming), but the full report will not be published till later in 2006.
18 FMRP (forthcoming). The research involved in-depth qualitative case studies of 18 schools, including interviews with education officials, school authorities and students, SMCs, students and parents in 9 districts across the country. The qualitative data were then triangulated and analysed in conjunction with quantitative data for each institution drawn from the detailed SSPS surveys.

First, neither stipend programme exclusively targets the poor. The PESP is not targeted to the 40 per cent poorest students, but to the 40 per cent poorest students in each qualifying rural school; this means that even when selected correctly, not all beneficiaries in rich areas will necessarily be poor. Many poor students in poor areas will also have to be excluded. Of course, while this explains some of the 'targeting error', it cannot explain all of it. Instead, it seems that the perceived conflict between selecting 'meritorious' students who will be able to meet the academic and attendance criteria, and selecting poor students, is frequently resolved in favour of selecting a group known as the *madhyabitta gorib* - the moderate poor. At secondary level, the matter is far simpler: it is not only the poor but all unmarried girls who meet attendance and performance criteria in qualifying schools who are eligible.

Second, primary schools frequently receive fewer funds from Dhaka than they have claimed for their stipend beneficiaries. Schools are then required to adjust the stipend amounts to meet the shortfall. This has three serious governance implications:

■ Perverse incentives are set up with respect to student attendance and performance, as it is students who are eligible to receive the full Tk 300 amount[19] whose payments are most likely to be reduced
■ Parents learn to distrust teachers, whom they suspect of 'eating' the stipend money; at least part of the TIB and similar findings may be explained by this
■ Transparency is reduced, as the scope for community-based scrutiny is affected by unclear and changing criteria on which the distribution of resources is decided. Where corruption is actually occurring, this is hard to detect.

One issue worth raising here is that research, which only measures leakage in terms of the gap between what official project documents state will be distributed and what beneficiaries actually receive, will not be able to identify this issue. At least some of what looks like corruption from outside a system is likely to involve a deviation from officially recognised practice which is not documented, even if it has become standard procedure. Often these deviations occur because the programme is under-funded, as in this case and in the case of VGD discussed above.

Third, there is some ambiguity about deductions from the secondary stipends, because a routine practice is to deduct 'exam fees' or occasionally 'session charges' from stipends. Implications of this are that:

■ Reports of informal payments may include reference to these deductions, particularly if parents are not aware of or have not agreed to the deduction
■ Whether students and parents present this as corruption or not may depend on how the question is framed
■ Even if these practices are innocent, the ambiguities they introduce into the system both increase the scope for concealing corruption and the perception of corruption.

Qualitative research undertaken in mid-2006 identified a widespread belief that corruption and irregularities in this respect had declined as a result of clamping down by the Government. There was objective support for this view, in the form of improved provision for supervision and monitoring (monitoring officers at district level: AUEOs now cross-check attendance and examination scores); the eligibility criteria relating to performance and attendance have been re-publicised, and adherence tightened up by the authorities; and parents have become more aware about the purposes and requirements of the programme. The number of beneficiaries in the secondary stipends programme declined by some 60 per cent over 2002 and 2003. The role of the media in preventing this form of corruption was highlighted by an upazila education official interviewed for the qualitative research who bluntly explained, "no head teacher wants his face in the paper for taking money from students" (FMRP forthcoming).

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19 Students receive the full stipend for those months in which they have qualified in terms of attendance and enrolment.

A sensitive issue which further clouds the matter of corruption is the extent to which parents and students are complicit in practices that subvert programme goals. At secondary level, both the practice of registering 'ghost' students, who do not actually attend school, and that of false certification of student eligibility for receiving the stipend may involve some student collusion; this seems to represent the bigger problem in terms of extent. The finding that schools were involved in helping students to cheat is, perhaps, a related governance problem (CAMPE 2005).

Teacher appointments

Concerns about governance and school quality are linked with concerns about corruption in teacher appointment. Despite the perception that corruption in the system of recruiting teachers is systemic and generalised, discussions with officials and teachers suggest that there may be considerable variation within the sector in terms of the extent, severity and impact of corruption. Overall, it seems to be a less common problem in Government compared to non-government schools. At primary level, 'unfair means' in recruitment of Government teachers has reportedly become more difficult since 1997, when the present process was established. Seventy five per cent of marks in the recruitment process are now based on an anonymous test on which it is reportedly difficult to cheat (unless others are brought in to take the test), and 25 per cent of marks are allocated for the viva, which means that bribes to the viva board do not guarantee a post, as the final decision depends on the combined score. Bribe-givers who fail to gain posts can expect to have their bribes returned, suggesting that the system of corruption is weak: the payment is for being considered as a candidate, rather than an assurance of a post (which the viva board cannot guarantee).

By contrast, the rapid expansion of education appears to have had negative impacts on the integrity of SMCs: reports of payment being accepted in exchange for posts[20] are routine in both primary and secondary non-government schools. It is clear that there are SMCs in which members' principal interest is in the potential material and political gains; many sector insiders see this as a growing phenomenon (see also World Bank 2006e, particularly Annex D). Again, an ambiguity arises in cash-strapped non-government primary and secondary schools, in which corruption in appointments merges almost imperceptibly into a school fund-raising exercise, exploiting the authority to accept community and private contributions. The practice appears to be particularly well-entrenched in non-government secondary schools. The new centrally-administered examination/certification process for secondary teachers seems to be a response to realistically widespread concerns about corruption in teacher appointment at secondary level.

The main impact of corruption in appointment lies in the extent to which the quality of entrants into the service is believed to be compromised. This varies: sector insiders believe that despite corruption, the Government schools recruitment procedure remains highly competitive, because of high application numbers and because the written test eliminates the weakest candidates. But teaching quality is clearly compromised, particularly in non-government secondary schools and *Dakhil madrassahs*, where common complaints are that teachers are not trained in the subjects they teach.

Accountability and the politicisation of SMCs

One point that emerges from this discussion is that lack of transparency and information provides rich nourishment for perceptions of corruption. An interesting side-effect of the stipends programmes, which has probably been strengthened by TIB's successful advocacy work, is that parents and the wider community have become more engaged in scrutinising the activities of school authorities now that they handle cash resources intended for the poor. One teacher interviewed for the forthcoming FMRP qualitative study complained that, "the

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20 Official oversight is provided in the form of final approval of a shortlist of candidates being made by the Upazila Education office.

way people abuse chairmen and members, that's how they abuse teachers now". This suggests that people now assume teachers are corrupt, just as they assume local politicians to be. Responsibility for stipends disbursement has undeniably had negative consequences for teachers, whose collectively high status and previously unassailable respectability has taken a serious knock. On the positive side, this may reduce the social gap between poor parents and teachers, bringing the practicalities of holding school authorities to account within closer reach.

Where they have been shown to function, Parent-Teacher Associations (PTAs) have a positive impact on school performance (CAMPE 1999); however, they tend to exist on paper and play little role in the management or governance of schools (CAMPE 2005). Why is parental participation in schools so limited? One explanation is that there is a reasonable flow of information between schools and parents through formal and informal channels, including school visits. Unschooled parents may not have additional ideas about or expectations of their children's schools that they would wish to articulate in a PTA. However, it seems clear that PTAs can only under specially supportive circumstances enable poor parents, particularly women, to work through the social hierarchies of gender, class and social differences that govern the relations between themselves and teachers (which persist, although the gap may be diminishing), as well as those between themselves and School Managing Committees (SMCs).[21]

It is widely acknowledged in the literature that SMCs play an important role, and that they are relied on much more to deliver good school governance than would be the case were PTAs not so weak (see Wood *et al* 2003). Where SMCs are led by respected individuals who are responsive to their communities' needs and motivated by civic purpose, they can yield positive results (see Nath *et al* 2004). But field-level education officials plainly feel SMCs are an anachronism, a throwback to a time when there were few educated villagers and authority was unquestionably concentrated in the hands of the traditional landed elite. SMC headship was then a position of respect, an honorary function associated with *shamaj* leadership. The expansion of the school system, the diversification of the rural elite, and the infiltration of party politics into all levels of public institutional life has changed this context. SMC headship is now prized as a rich source of political capital: SMC headship is sought among those thinking of reviving or establishing a political career (FMRP forthcoming). There is of course also scope for corruption, with the richest pickings in the non-government schools and *madrassahs*, particularly at secondary level (see World Bank 2006e).

However, the growing role of local political competition in SMCs is not all bad in terms of its impacts on school performance - regardless of whether or not it constitutes good governance. CAMPE makes a sensible, safe case for de-politicising school management, but the FMRP qualitative case studies suggested that while an element of local competition to sit on school managing committees may be a good thing, both too little and too much competition was not. The better schools, including those in which improvement was most rapid, tended to be those in which SMC management was a matter of local political interest. But where competition had descended into conflict and featured individuals involved in corruption and criminality, this had paralysed school development plans, and little progress was made. By contrast, where there was no competition over the SMC, this tended to signal either the head teacher's monopoly of authority, or a lack of local initiative with respect to the school (FMRP forthcoming).

8.4   Conclusion

Part of the answer to the conundrum of how bad governance has coexisted with impressive social sector performance in Bangladesh seems to be that weak formal accountability systems have coexisted with informal pressures on providers which fill at least part of the accountability deficit. This appears to have been 'good

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21 For evidence that women can be more involved in school management with support, see ESTEEM's action research report (ESTEEM 2004).

enough' governance to deliver the social services received so far, but is unlikely to produce the quality reforms that are urgently needed. On corruption, the consensus appears to be that corruption is a serious problem, but the evidence is not strong enough to support this view without qualification. Popular perceptions are that corruption is rife, but at least some perceptions result from lack of clarity about programme entitlement or process.

An important point to raise here is that there is evidence that some research into corruption has not been undertaken or disseminated in a sufficiently responsible manner. The review of the literature presented here suggests that a) research into corruption would benefit from greater attention to context, to local understandings and to how programmes are implemented in the field (as opposed to project proforma); and b) some humility and caution are warranted in the presentation and use of results of research into corruption. Accusations of corruption in Government programmes are serious matters, in some cases with massive programmatic and financial implications. Looked at closely, the evidence showing lower estimates of leakage is considerably stronger than that showing higher estimates of leakage.

One worrying implication of the discourse of generalised widespread corruption is that it leaves no space for priorities for action to emerge within the public discourse. Specific problems of large-scale corruption that are serious constraints on service delivery become buried in such a debate. An example is in education, where public attention to corruption in the stipends programme and public sector teacher appointments procedures have meant that areas in which there is serious scope for massive corruption with negative impacts on service delivery - the vast civil works programme being undertaken for PEDP II and extensive corruption in non-government school teacher appointments, for example - are effectively sidelined. On an optimistic note, this chapter has highlighted areas in which Governments across the party divide have responded to concerns about corruption in both education and social safety nets: abolishing programmes and directorates; changing delivery mechanisms or tightening up targeting criteria; and adjusting recruitment procedures to make corruption more difficult. But serious challenges remain, particularly in terms of improving access for those who remain 'hard-to-reach', and in establishing formal systems through which those who currently lack connections, power, or voice can hold the rest to account.

CHAPTER

9

Conclusions and next steps

The contribution of the *State of Governance* Report

The State of Governance in Bangladesh 2006 report has attempted to provide an up-to-date review and analysis of evidence on the conditions of governance in Bangladesh since 1991. The target audience is academics, researchers and expert practitioners in the field of governance and development, among whom it is hoped it will provide a basis for discussion and debate. It is also expected to serve as an introduction to the topic of governance for students on the increasing number of academic courses devoted to development and governance within Bangladesh. Criticism and comments are actively welcomed, as the State of Governance Research Project continues beyond the publication of the present Report.

The first point that needs to be underlined is that the Report is not concerned exclusively with the dimensions of governance believed to affect economic growth and foreign investment. It is worth stressing this point: the global governance indicators on which Bangladesh typically performs poorly and which play such a significant part in the global debate on governance are based on data that monitor precisely those dimensions of governance that are of most concern to foreign investors and their businesses. The scope of the present Report is comprehensive, covering many of the main debates and issues relating to the governance institutions and functions of the state; the major national political parties; key aspects of the economic process; the public administration, national, local, rural and urban; the role of the media, NGOs and civil society; and the impact of governance on policies of direct relevance to poverty reduction and the poor. This broad perspective was deliberately adopted in order to shed light on how the performance of state institutions shape social and economic outcomes, as well as on how non-state actors and institutions influence governance. The broad viewpoint was applied to help frame the problem so that it becomes possible to see how the pieces of the puzzle fit together. Chapter Two on Political Governance, for instance, highlights the incentives faced by parties to maximise the politicisation of all other aspects of public life. In doing so, it provides a basis for understanding the roots and consequences of problems identified in other chapters, including those on public administration, media and civil society, and law enforcement.

A second notable feature of the Report is that it takes the role of politics, and in particular party politics, seriously. Each of the chapters discusses the impacts of the growing stranglehold of the 'partyarchy'. To the extent possible, it provides confirmation that partisan affiliation has affected many public institutions in ways that

contribute to corruption and reduce the effectiveness of public administration. It also contains new empirical evidence about the extent of the reach of the major parties into rural society and public institutions. At the same time, the evidence on politics is analysed with a fresh eye and without automatically assuming all aspects of politicisation are necessarily negative. Looking at how politics features in governance across sectors, a pattern emerges that suggests that political actors experience competitive pressures at the local level which, under the right conditions, can result in more responsive or more effective services. More research is undoubtedly needed to understand these pressures and their outcomes.

A third distinguishing feature of the Report is that it introduces a sociological dimension into the governance debate by locating the behaviour and incentives of key governance actors within a fuller understanding of their professional and social contexts. It helps to understand that public service morale is generally low, and that there are divisions of status and incentives within the police and teaching forces as well as within the wider administration. Such understanding makes it possible to avoid demonising public officials, a tendency that blocks fuller understanding of the prospects for reform. The analytical framework of accountability focuses on how social relations structure the encounter between the state, its political representatives and its citizens. It helps to understand, for instance, that for the poor, justice is still largely mediated by accessible but uneven institutions dominated by traditional social elites.

An important theme is the conditions under which knowledge about governance is produced. The Report demonstrates that there are gaps and weaknesses in the evidence about governance, and that some issues receive too little attention and others too much. In part this reflects the fact that governance is still a comparatively young subject within development research in Bangladesh. Compared to the policy debate on poverty reduction, for example, which benefits from a wealth of world class Bangladeshi scholarship, the debate on governance is in its infancy. As yet, knowledge of governance has been dominated by donor intellectual and policy agendas for a solid indigenous body of Bangladeshi research to emerge. This situation is changing, and it is not too optimistic to assume that the policy debate on governance will be enriched as a result.

Overall, the view of the state of governance in Bangladesh that emerges goes well beyond the domain of cross-national indicators on which, as readers will be aware, Bangladesh fares badly. The point was not to explain why Bangladesh fares so badly on conventional global governance indicators, nor to explore the possibility that Bangladesh is unfairly judged by such indicators. As the Report takes into account a wider range of perspectives from a broader spectrum of sectors, the state of governance emerges as more varied and more variable than the monolith of bad governance depicted by Bangladesh's invariably poor performance in global surveys. There are undeniably whole sectors that are poorly governed, but the Report also identifies areas in which poor governance does not limit progress.

Gaps and limitations

There are a number of important issues that the Report was not able to adequately address, but which merit at least a mention. These include:

- Donors and the impact of aid on governance. Coverage of donors and aid relations was limited in the present Report to issues relating to the role of aid donors in promoting reform and in financing civil society and governance research and analysis. Significant gaps include a) the impact of aid and donor practices on corruption; b) the burden of weak donor coordination on the effectiveness of government agencies and on project implementation; c) the governance impact of aid on the relationship between the state and its citizens; and d) the sustainability and ownership of aided governance reform efforts
- The environment. Although background research on urban governance addressed the impact of some governance failures on the urban environment, the Report itself was unable to address broader issues of relevance to the governance of the environment, such as the regulation of industrial waste and planning procedures governing building regulation

- Infrastructure and energy. While these were identified as key governance failures with respect to the environment for business and investment, and are widely acknowledged as the prime examples of how corruption creates obstacles for economic development, adequate coverage of these issues was beyond the scope of the present Report. These have been earmarked as priorities for future research

- Justice institutions, including prisons and the entire penal system, and the Supreme Court. In the absence of a sufficiently large body of literature available to review, the present Report was unable to provide a full discussion of either of these sets of issues. Again, these have been earmarked for future research

- Workers' rights and labour regulations. Events in 2006 highlight the need for better enforcement of workers rights and labour regulations. This is an aspect of governance with particularly direct implications for poor formal sector workers

- Corporate governance. This issue has been more than adequately covered in recent publications by the Bangladesh Enterprise Institute, so this Report did not attempt to reproduce that discussion

- Professional associations. The discussion of the role of civil society would have been far richer had it been able to look at the impact of professional associations and interest groups. Those that clearly merit further research attention from within the perspective of governance include associations of business, the legal, medical and accountancy professions

- Religious extremism. This gap may appear to some to be an unforgivable omission given international concerns in the last two years about the prospects for Islamic militancy in Bangladesh. The gap reflects the weakness of the research literature on this topic, and the general absence of any empirical evidence beyond newspaper coverage, rather than a lack of interest in the topic.

Other limitations of the Report include that neither gender nor poverty analysis have been mainstreamed sufficiently thoroughly to enable a full and detailed picture of the gendered and poverty impacts of current governance conditions to emerge. There are pockets of evidence about how women and the poor are affected by governance, but by no means does this constitute a comprehensive analysis. This is despite efforts to incorporate such a perspective into each sectoral analysis and chapter in the Report. In part, this limitation reflects the constraints of space and time, and in part relates to the emphases in existing literature. Future research into governance conditions in Bangladesh will need to mainstream gender and poverty analysis more comprehensively if it is to provide a meaningful and grounded perspective on governance.

Next steps: an agenda for future research on the state of governance in Bangladesh

One of the main objectives of the Report was to examine the available literature on governance in Bangladesh in preparation for setting out an agenda for future research. The intention was to map the available evidence to identify and assess existing empirical sources and to identify gaps and weaknesses in the overall evidence base to inform the design of a future research agenda. In addition, the project has also produced a number of background papers on governance topics that provide in-depth coverage of issues addressed in this report.

Possible next steps to be taken include developing indicators of relevance to the Bangladesh context, preferably which will enable some comparative regional analysis to be undertaken, and on which performance can be assessed over time. This is an ambitious and difficult undertaking. It is also, however, clearly important, given the identified need for more robust evidence and to indigenise governance analysis in Bangladesh. This does not necessarily entail that a single institution should undertake a full-scale national survey. One possibility is to draw on the work of ongoing regular research projects and data collection exercises by organisations such as the Bangladesh Enterprise Institute, TIB, Ain-o-Shalish Kendra, the Education Watch Reports and donor agencies, to create a database or compilation of sources of data on governance in Bangladesh. Such an activity may be supplemented by surveys of attitudes and experiences of governance in sectors that are of key concern domestically, as well as targeted research using case study methods to develop indicators of performance in key institutions.

An important lesson from the review of the literature conducted for the current Report is that robust indicators of governance need to move beyond an exclusive reliance on survey data of perceptions, whether of foreign investors or of Bangladeshi citizens. The interpretation of attitudinal data is always a delicate matter, requiring careful and close attention to context and existing discourses. It can be greatly enhanced if it involves complementary qualitative research and objective indicators of change. As far as possible, indicators of governance should also attempt to include transparent and objective markers of change, for example, whether or not policy reforms of relevance to governance conditions (e.g., deregulation, legislation to separate the judiciary from the executive, attempts to reduce corruption in public sector recruitment, steps towards fiscal decentralisation) have been undertaken.

The next steps for the State of Governance in Bangladesh research project include the analysis of indicators of governance used to assign Bangladesh's place in governance performance globally and to monitor its performance nationally. This will be accompanied by the preparation of an initial set of domestic indicators with which to monitor Bangladesh's performance, to take into account existing data sources. This exercise will require new knowledge partnerships among research organisations involved in governance research, and will be used to identify the scope for the compilation or creation of a new dataset on governance. The purpose of creating a more transparent, robust and regular source of information on governance is to move our knowledge of governance away from its current reliance on perceptions and closer towards the lived experience and realities of the state of governance in Bangladesh.

Annex 1 Features of the main social safety nets programmes

Programme name	Key objectives	Administration and Finance	Targeting criteria and conditions	Value of benefit	Current annual cost and number of beneficiaries
Primary Education Stipend Project (**PESP**)[1]	■ Increase enrolment from poor families ■ Reduce dropout ■ Increase rate of completion ■ Control child labour ■ Raise quality of primary education	Ministry of Primary and Mass Education Financed by GoB	1. Destitute women-headed households 2. Principal occupation of the household head is day-labour 3. Families from low-income professions (fishing, weaving, blacksmith) 4. Landless or less than 0.50 acres of land 5. Conditional on meeting attendance and examination criteria	1. Tk 100 (one student in the household) 2. Tk 125 (more than one student in the household for 12 months) 3. Quarterly payments of Tk 300 (subject to min 85% attendance) 4. Payment is made to mothers' bank accounts	US$ 120 million Over 5.5 million beneficiaries per annum Administrative costs about 4% of programme cost
Female Secondary School Assistance Programme (**FSSAP**)[2]	■ Increase the number of girl students in secondary schools ■ Increase employment and self-employment among women ■ Reduce underage marriage	Ministry of Education, Directorate of Secondary and Higher Education Financed by GoB; USAID; Asia Foundation; NORAD; World Bank; ADB	1. All unmarried girl students studying in recognized institutions at secondary level 2. Conditional on meeting attendance, examination, and marriage criteria	1. Stipend ranging from Tk 1200-3000 (class VI-X) 2. Free tuition 3. Book allowance 4. Examination fees 5. Cash is paid to beneficiaries	US$ 40 million Over 1.5 million beneficiaries annually Administrative costs about 18% of programme cost Stipend is 52% of total project cost

1 Tietjen K, 2003, 'The Bangladesh Primary Education Stipend Project: A Descriptive Analysis', Partnership for Sustainable Strategies on Girls' Education, UNESCO
2 Projects in Bangladesh, 'Female Secondary Schools Assistance Project', The World Bank Group, www.worldbank.org

Programme	Objectives	Implementing/Financing Agency	Targeting Criteria	Entitlements	Cost/Beneficiaries
Vulnerable Group Development (**VGD**)[3] (Component: **FSVGD, IGVGD, UPVGD**)	■ Developing life skills through training, savings for initial capital accumulation and credit ■ Building social awareness on disaster management and nutrition through training in groups	Ministry of Women and Children Affairs; Directorate of Relief and Rehabilitations Financed by GOB; WFP; EC; Canada; Australia	1. Households with not more than 15 acres of land 2. Monthly Household income less than Tk 300; dependent upon seasonal wage employment 3. Women of reproductive (15-49) age 4. Day labor or temporary worker 5. Lack of productive assets	1. 31.25 kg. of wheat per month for 18mths 2. Training (totalling about 150 hours) US$165/woman 3. Per cycle of 24 months On graduation, beneficiaries can access BRAC's microcredit programme. Food transfer by the public food distribution system	US$40 million Close to 1.05m beneficiaries annually US$50 for food, US$115 administrative costs (70%)
Food-for-Work (**FFW**)[4]	■ Employment generation for the poor, mainly in the dry season through infrastructure creation and maintenance. ■ Developing and maintaining rural infrastructure	Department of Local Government and Engineering; Department of Social Services; Other Depts. Financed by GOB; ADB; WFP	1. Functionally landless 2. Lack of productive assets 3. Generally women headed household where women is widowed, deserted, and destitute 4. Day labor or temporary worker 5. Income less than Tk 300 per month	1. No specific entitlement 2. Food transfer by the public food distribution system 3.Total amount: 330,000 tonnes	US$40 million About 1,000,000 participants annually
Rural Maintenance Programme (**RMP**)[5]	■ Empowerment of women ■ Maintaining rural infrastructure	Department of Local Government and Engineering; CARE-Bangladesh Financed by GOB; EC; CIDA; Union Parishads	1.Less than 30 decimals of land 2. Destitute Family circumstances 3. Female heads of households of 18-35 years of age 4. Widowed or separated at least one year, with priority to those with more dependents 5. No other income and not be participating in other targeted programmes.	1. Tk 16 per day (this is a public works programme where cash is being transferred by the public sector banks)	US$16 million About 42,000 participants annually Administrative costs about 20% of programme cost

3 Mujeri MK, 2002, 'Bangladesh: Bringing Poverty Focus in Rural Infrastructure Development', Recovery & Reconstruction Department International Labor Office, ILO: Geneva; Country Programme Bangladesh (2001-2005), Executive Board Third Regular Session Rome 23-26 October 2000, World Food Programme
4 Ibid. Mujeri, 2002
5 Project Information, 'Rural Maintenance Program- project number BGD019', Care (Bangladesh), www.care.org/index

Programme	Objectives	Implementing Agency / Financing	Targeting	Entitlement / Distribution	Budget / Beneficiaries
Test Relief (Rural Infrastructure Maintenance Programme) **(RIMP)**[6]	▪ Employment for the poor in the rainy season ▪ Developing and maintaining rural infrastructure ▪ Compared to FFW, lighter labour requirement	Ministry of Food and Disaster Management Financed by GoB and development partners	Generally a location is targeted	1. 5-6 kg. of wheat/day of work 2. Generally food transfer is being by the public food distribution system 3. 150,000 tonnes	US$1 million About 100,000 beneficiaries annually
Old Age Allowance[7]	▪ Providing old age cash allowance to the poor.	Department of Social Services Financed by GoB	1. At least 65 years of age 2. Income not more than Tk 2000 per year 3. Must not have worked in the formal sector 4. Based upon the category of the union, number of beneficiary is identified 5. 50% men and 50% women	1. Tk 200 per month (cash is being transferred by the public sector banks)	US$47 million. About 1.6 million beneficiaries annually
Vulnerable Group Feeding **(VGF)**[8]	▪ Provides calamity related emergency needs ▪ Short term relief to disaster victims in terms of food and basic necessities.	Ministry of Food and Disaster Management Financed by GoB and development partners	Generally a location is targeted based on the occurrence of natural disaster	1. No specific entitlement 2. Generally food is being transferred by the public food distribution system 3. 100,000 tonnes	US$30 million About 240,000 beneficiaries annually
Gratuitous Relief **(GR)**[9]	▪ Provides in calamity related emergency needs ▪ Short term relief to disaster victims in terms of food and basic necessities.	Ministry of Food and Disaster Management Financed by GoB and development partners	Generally a location is targeted based on the occurrence of natural disaster	1. 64, 000 tonnes	NA
Allowances for Widowed, Deserted, and Destitute Women[10]	▪ Minimizing the problems of the women in distress through cash transfers.	Ministry of Women and Children's Affairs Financed by GoB	1. Women who are either widowed, deserted, or destitute 2. Based upon the category of the union, number of beneficiary is identified	1. Tk 200 per month (cash is being transferred by the public sector banks)	US$3 million About 650,000 beneficiaries annually

6 'Budget FY2006/07', Sustainable Development Networking Programme (SDNP), http://www.sdnpbd.org/sdi/events/budget/2006-2007
7 Ibid. 8 Ibid. 9 Ibid. 10 Ibid.

Source: GoB 2006; World Bank 2006c

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Dr. Wahiduddin Mahmud
Professor of Economics
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Dr. David Lewis
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London School of Economics