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9

The Unheard Voices
*A Citizen Perception Study on
Governance and
Service Delivery by
Urban Local Government
Institutions in Bangladesh*

Debapriya Bhattacharya
Mobasser Monem
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First Published December 2014

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Tk. 80

USD 6

ISSN 2225-8175 (Online)

ISSN 2225-8035 (Print)

Cover Design

Avra Bhattacharjee

The present Working Paper Series has emerged from a joint collaborative programme implemented by the **Centre for Policy Dialogue (CPD)**, Dhaka, Bangladesh and the **Chr. Michelsen Institute (CMI)**, Bergen, Norway. This three-year research cooperation programme focused on issues of common interest to both the organisations and would service the demands of Bangladesh economy in a number of key sectors. This programme had been implemented with support from the Norwegian Ministry of Foreign Affairs, in cooperation and partnership with the Royal Norwegian Embassy in Dhaka.

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The purpose of this Working Paper Series is to disseminate the outputs of the CPD-CMI programme among the various stakeholders with a view to ensuring wider outreach of the programme outputs.

Series Editors: *Professor Mustafizur Rahman*, Executive Director, CPD and *Dr Arne Wiig*, Senior Researcher and Coordinator, Poverty Dynamics, CMI

Authors' Acknowledgement

This study was carried out with funding support from the Centre for Policy Dialogue (CPD) and Chr. Michelsen Institute (CMI), Bergen. The authors would like to gratefully acknowledge the support and cooperation extended by *Professor Mustafizur Rahman*, Executive Director, CPD, *Ms Anisatul Fatema Yousuf*, Director, Dialogue and Communication, CPD, and Dr Khondaker Golam Moazzem, Additional Research Director, CPD, during the duration of this study.

The authors are indebted to *Mr Saifuddin Ahmed*, Assistant Professor, Department of Peace and Conflict Studies, University of Dhaka, for his invaluable support extended during the data collection phase of this study. They are also thankful to *Mr Martin Gonsalves*, *Mr Md Arafat Hossain* and *Mr Md Abdullah Ibne Siddique* for their contributions to the field survey conducted in connection with this study.

The professional help received at different stages of this study from *Mr Kholilur Rahman*, Senior Assistant Secretary, Local Government Division, Ministry of Local Government, Rural Development and Co-operatives, Government of the People's Republic of Bangladesh, is also greatly appreciated.

The authors would also like to thank those who attended the Expert Group Meetings and offered their insightful suggestions on the study design and findings. The authors are extremely indebted to *Dr Tofail Ahmed*, Local Governance Advisor, UNDP Bangladesh, for his useful comments on the initial draft report of the study.

Finally, the authors would like to extend their sincere gratitude to survey respondents, citizens, mayors, councillors, officials of the sample city corporations and municipalities for their support and cooperation during the data collection phase.

Abstract

Urban local government institutions, comprising of city corporations and municipalities, in Bangladesh are by law expected to provide basic urban services to citizens. More often than not, these institutions fail to deliver on their pledges. They have experienced tremendous fiscal stress, and hence have not been able to operate and maintain existing level of services, which were generally well below commonly acceptable benchmarks. Based on citizens' perceptions, this study assesses the nature of urban local government institutions' governance and institutional weaknesses, and explains how their practices eventually lead to poor urban service delivery in the context of Bangladesh.

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Acronyms

BDT	Bangladeshi Taka
C&AG	Comptroller and Auditor General
FGD	Focus Group Discussion
HSC	Higher Secondary Certificate
MP	Member of Parliament
NAO	National Audit Office
OSR	Own Source Revenue
RMP	Rural Maintenance Programme
SSC	Secondary School Certificate
TLCC	Town-level Coordination Committee
ULGI	Urban Local Government Institution
UNDP	United Nations Development Programme
VGD	Vulnerable Group Development
VGf	Vulnerable Group Feeding
WDC	Ward Development Committee
WLCC	Ward-level Coordination Committee

1. INTRODUCTION

Urban local government institutions (ULGIs), comprising of city corporations and municipalities¹, in Bangladesh are vested with a long list of functions delegated to them by the central government under the Local Government (City Corporation) Act, 2009 and Local Government (Municipality) Act, 2009. The number of ULGIs has significantly increased over last two decades. Currently, there are 10 city corporations and 321 municipalities in Bangladesh. Based on minimums of annual revenue collected over the past three years, municipalities can be divided into three basic categories: A (municipalities with own-source revenue of more than BDT 6 million), B (municipalities with own-source revenue of more than BDT 2.5 million up to BDT 6 million) and C (municipalities with own-source revenue of more than BDT 1 million up to BDT 2.5 million). Sometimes a municipality, given its strong institutional and financial position, is eligible to be promoted as a city corporation and it is categorised as a “special” municipality (LGED 2014). Whether or not a municipality will be promoted depends on its institutional strength and current financial status and future potential.

ULGIs’ functions broadly relate to public health, welfare, regulation, public safety, public works and local development activities.² In addition to these legally assigned functions, sectoral departments of the central government often unilaterally assign various functions such as family planning, nutrition and slum improvement, and disease and epidemic control (GoB 2009a,b).

Given the general constraints of decentralisation – policy and institutional deficits and resource constraints – and their impacts on local service delivery systems and practices, the main challenge is to deal with these constraints in a way that emphasises the logic of interdependence of policy, institutions and finance, three elements that dictate the level of decentralisation in a given country. It is imperative to recognise the importance of the proper implementation sequencing of these interrelated elements – finance must follow policy and institutions. These elements are mutually interdependent, meaning that addressing only one element at a time may lead to weakening of local government institutions – be it urban or rural (Hussain 2003). Proper sequencing of these elements is seen as indispensable as it can lead to efficient decentralisation, which ultimately enables the local authorities to govern ULGIs up to the expectations of the local communities by ensuring effective delivery of local services. What is at issue is that ULGIs in Bangladesh have been experiencing tremendous fiscal stress and hence have not been able to effectively deliver and maintain existing level of services, which are well below commonly acceptable benchmarks, let alone expand service coverage and quality on any significant scale. While pressure to meet the present demand for satisfactory level of services is increasing, ULGIs face an even more difficult task in gearing up to meet future demand for basic infrastructure and services. One of the main underlying problems is that there has been little or no commensurate increase in available revenue. ULGIs’ finances are in a state of constant disarray with many entities unable to raise adequate resources from their own sources to meet increasing expenditure on services. On the other hand, central government transfers are far from adequate. As a result, ULGIs fail to provide necessary, timely services, leading to citizens’ dissatisfaction with service quality levels and contributing to disillusionment with the operational efficiency and even existence of ULGIs.

¹For concision, the encompassing term ULGIs will be used throughout this paper instead of separate references to city corporations and municipalities.

²Public health includes, for example, water supply, sewerage and sanitation, and eradication of communicable diseases. Welfare includes public facilities such as educational and recreational facilities. Examples of regulatory functions are prescription and enforcement of building by-laws, resolution of encroachments on public land, and registration of births and deaths. Public safety includes fire protection, street lighting and so on. Public works include the construction and maintenance of inner city roads. Local development activities are, for instance, town planning and the development of commercial markets.

This working paper provides an overview of the findings of a citizen perception survey on governance and service delivery by ULGIs in Bangladesh and offers data analysis and interpretation. The data analysis and interpretation consider the opinions of respondents – citizens under ULGIs – regarding different types of delivered services. The study focuses on aspects of governance and citizens’ participation in the important affairs of ULGIs. The survey was carried out as part of a broader field survey conducted on the state of ULGIs’ autonomy, accountability, and governance.

2. CONCEPTUAL FRAMEWORK: GOVERNANCE, DECENTRALISATION AND LOCAL SERVICE DELIVERY

Discourse on governance often generates more rhetorical heat than empirical light. Since the beginning of the 1980s, the concepts of governance and good governance have emerged as a popular vocabulary in development literature, though a consensus on definitions is elusive (Aminuzzaman 2007). In general, governance denotes, “how people are ruled, how the affairs of the state are administered and regulated.” (Landell-Mills and Serageldin 1992).

Definitions of governance may vary according to context. The United Nations Development Programme (UNDP) defines governance as “the exercise of economic, political, and administrative authority to manage a country’s affairs at all levels. It comprises mechanisms, processes, and institutions, through which citizens and groups articulate their interests, exercise their rights, meet their obligations, and mediate their differences” (UNDP n.d. cited in World Bank 2014). Governance is considered “good” and “democratic” according to the degree to which a country’s institutions and processes are transparent. Institutions refer to bodies such as parliament and various ministries, while processes refer to key activities such as elections and legal procedures, which must be seen to be free of corruption and accountable to citizens. “Good governance promotes equity, participation, pluralism, transparency, accountability and the rule of law, in a manner that is effective, efficient and enduring” (UNDP 2002).

The four components of good governance – accountability, transparency, predictability and participation, further disaggregated in Table 1 – are universally applicable to countries regardless of economic orientation, strategic priorities or policy choices of the government, be it national or local (World Bank 2000, cited in Aminuzzaman and Monem 2002).

Table 1: Four Pillars of Governance

Pillars	Attributes
Accountability (building government capacity)	<ul style="list-style-type: none"> • Public sector management • Public enterprise management and reform • Public financial management • Civil service reform
Transparency (information openness)	<ul style="list-style-type: none"> • Disclosure of information
Predictability (legal frameworks)	<ul style="list-style-type: none"> • Law and development • Legal frameworks for private sector development
Participation (participatory development processes)	<ul style="list-style-type: none"> • Participation of beneficiaries and affected groups • Public sector/private sector interface • Decentralisation of public service delivery functions • Empowerment of local governments • Cooperation with non-governmental organisations

Source: Aminuzzaman and Monem (2002).

According to the literature on good governance, two major discourses conceptualise the term “good governance”: the academic discourse and the donor-driven discourse. The academic discourse on governance has been largely concerned with developing a better understanding of different ways that power and authority relations are structured in different contexts and focuses on different modes of state-civil society relations. It is primarily oriented towards better analysis and understanding of the institutional linkages between state and society in various contexts.

The donor-driven discourse on governance, on the other hand, focuses on state-market relations and, more specifically, state structures designed to ensure accountability, due processes of law and related safeguards. It is geared towards enhancing policy effectiveness and conceptually preparing the terrain for policy intervention.

Research on governance, decentralisation and local service delivery has demonstrated a direct linkage between local-level good governance and improved local service delivery (Ahmad *et al.* 2005). There is widespread agreement among scholars that good governance can ensure equitable public service delivery and development at the national level and, likewise, good governance at the local level achieved through decentralisation can ensure better local service delivery, which contributes to local development (Monem and Baniamin 2010).

Based on the experiences of impoverished developing countries, Boex and Yilmaz (2010) maintained that without attaching importance to the local government, governance processes could not be effective. Generally, local governance refers to a set of institutions, mechanisms and processes that helps citizens to exercise their rights and obligations at the local level. Through local governance, citizens and interest groups can articulate their needs and interests and reconcile their differences (Boex and Yilmaz 2010). To catalyse and facilitate local development, including equitable, transparent and accountable service delivery, partnership is required between local government institutions, civil society organisations and the private sector. Svensson (2009) suggested that local governance contributes to the local development process by:

- Empowering local government with authority as well as empowering citizens, communities and their organisations
- Building capacity of local government
- Making local government participatory, responsive and accountable institutions
- Strengthening grassroots democracy

Many studies have focused on the impacts of centralisation and decentralisation on local service delivery and findings have been mixed. Based on the experiences of a few countries, some studies have demonstrated that centralisation can be an effective arrangement in which uncertainty can be minimised and central governments can allocate resources efficiently and also ensure effective local service delivery, with one example being the Netherlands (Svensson 2009).

Other studies have argued that countries which practice decentralised governance, as well as those with devolved functions, are more inclined to deliver local services in an efficient manner. For example, Foster and Rosenzweig (2001) found that in India, democratic decentralisation led to improved allocation for pro-poor local services (cited in Shah, Thompson and Zou 2004). Similarly, Bardhan and Mookherjee (2004) conducted a survey on land reforms and decentralisation in West Bengal, where the results showed that decentralisation of delivery of anti-poverty programmes resulted in reduction of targeting failures, which have plagued traditional delivery mechanisms entrusted to centralised bureaucracies. Improving service delivery is one of the main motivations behind decentralisation

efforts (World Bank 2003). The other reasons behind most decentralisation efforts include government and public spending are not translating in to better outcomes, and centralisation and central control of local service delivery do not reflect local preferences (Ahmad *et al.* 2005).

Similarly, Svensson (2009) outlined three significant reasons for decentralisation: (i) strengthened social capital through community mobilisation; (ii) lower transaction costs in a decentralised system; and (iii) service providers focus more on local circumstances and needs when community members become direct clients as well as controllers of the service. Svensson (2009) also detailed the following advantages of a decentralised governance system:

- A decentralised governance system tends to garner more positive responses because of tangible and nearer government.
- It provides citizens with a greater sense of political efficacy.
- It works as an effective means to reduce poverty through the provision of opportunities for local economic initiatives as well as helps to create a highly supportive environment for small business development.

Many citizens presume that decentralised governance, focuses on common people's needs and enables them to participate more directly and effectively in the decision-making process, which ultimately helps local community development (UNDP 2004, cited in Al-Amin, Islam and Ahmed 2007). Al-Amin, Islam and Ahmed (2007) emphasised that decentralisation, which includes ensuring people's participation, encourages local citizens to maximise their commitments and contribute to the successful implementation of development projects, resulting into enduring development. Shah *et al.* (2004) empirically showed that decentralisation policies have had positive influences on local service delivery in developing countries. Based on the experiences of some African countries, Crook and Manor (2000) suggested that corruption might decrease if decentralised systems are instituted. They demonstrated that people at the grassroot level feel a sense of ownership of development projects under decentralised bodies and local service delivery becomes easier within a decentralised system because the allocation of resources reflects local preferences.

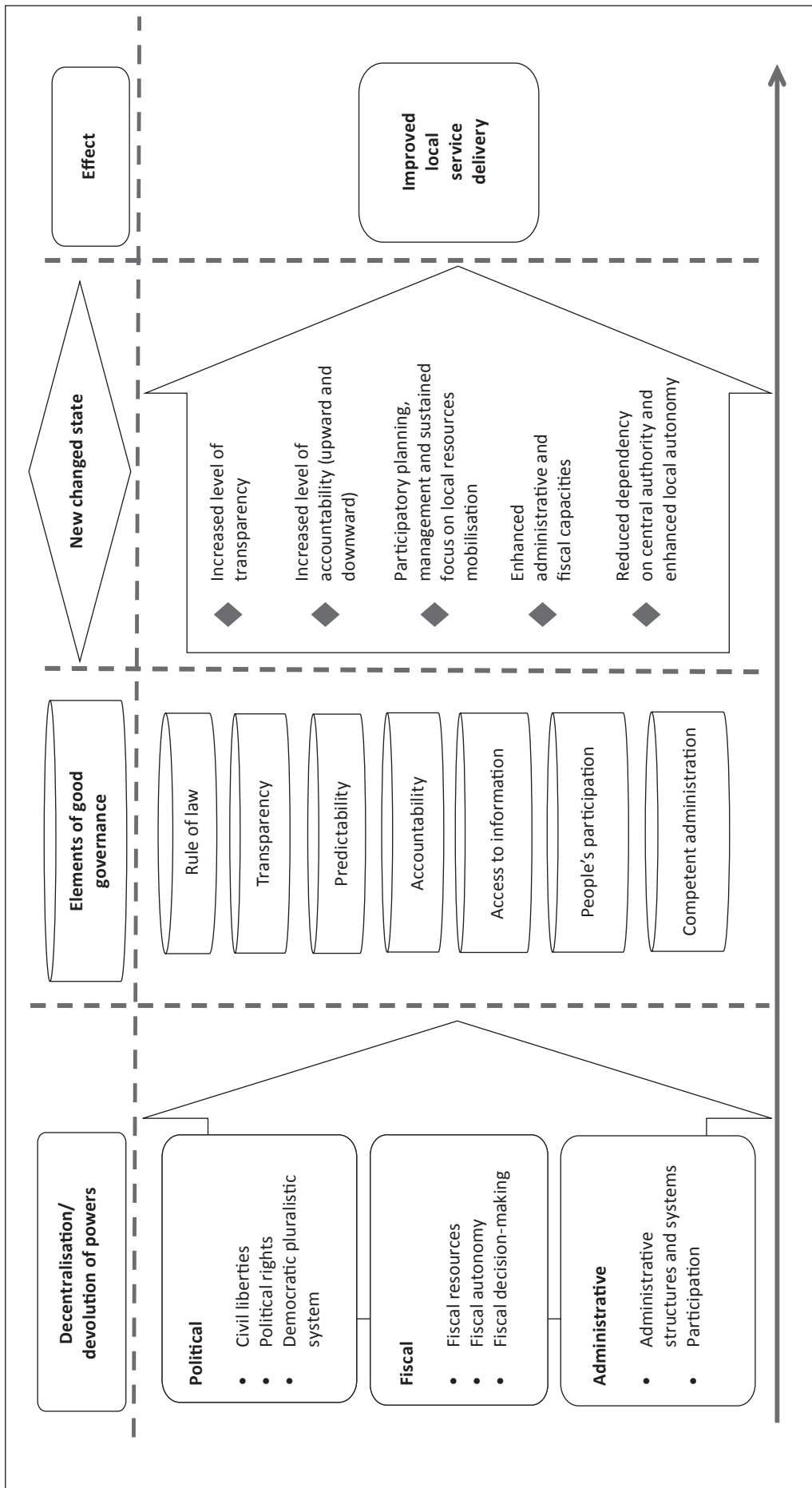
Based on the conceptual framework outlined above, it could be argued that judicious distribution of functions, finance and functionaries as well as proper assignment of responsibilities between the central government and local government institutions can lead to efficiency, economy and cost-effectiveness and eventually result in improved governance and local service delivery.

The 21st century has seen two significant shifts: new public service delivery and greater decentralisation of responsibilities for these services (Ahmad *et al.* 2005). It is evident from the preceding discussion that decentralised governance can substantially improve local service delivery and subsequently contribute to local development. Generally, local government institutions are more effective than the central authority on the grounds of:

- having closer contact with citizens,
- being more responsive to local needs and demands,
- being more efficient in delivering traditional services necessary for local development, such as water, sanitation, waste management, housing, basic education, health and safety, and
- remaining accountable to local people due to closer contact.

Figure 1 illustrates how decentralisation, or the devolution of powers, first contributes to good governance and eventually improves local service delivery. It demonstrates that the elements of

Figure 1: Decentralisation, Good Governance and Local Service Delivery: A Conceptual Framework



Source: Based on Ebel and Hotra (1997) cited in Ebel and Yilmaz (2002), prepared by authors of this paper.

different types of decentralisation and elements of good governance are closely intertwined. It also shows that carefully designed decentralisation policies with a clear focus on the elements of good governance lead to enhanced local autonomy and improved local governance in many ways, ultimately resulting in improved local service delivery.

3. STUDY DESIGN

3.1 Rationale for the Study

Citizens' experiences with and perceptions of public services are critical for identifying local needs and demands, designing and implementing effective and efficient service delivery models, and monitoring and evaluating progress on service delivery.

3.2 Objectives of the Study

The study has the following objectives:

- To examine the extent to which ULGIs are capable of meeting citizens' growing demands for local services in the context of Bangladesh.
- To assess the effectiveness of existing mechanisms for governance, including practices of ULGIs related to participation, transparency and accountability, based on citizens' perceptions.
- To gather and analyse citizens' suggestions for how overall service delivery, governance and participation in ULGIs can be improved.

3.3 Methodology

This working paper focuses on the status of governance and urban local service delivery by ULGIs in Bangladesh. The citizen perception survey was conducted in 11 sampled ULGIs – two city corporations and nine municipalities – between December 2012 and March 2013 by way of survey questionnaires and 110 face-to-face interviews, each lasting about an hour. The target population for the survey represented different occupational groups residing permanently in the area under sampled ULGIs. The questionnaire covered a range of topics, including citizens' participation, accountability mechanisms, levels of satisfaction and opinions on the nature of problems faced by respondents. The authors also organised 11 focus group discussions (FGDs) with citizens who represent a cross-section of local people in the 11 sampled ULGIs.

The methodology employed in this study is designed with a view to gather perception of citizen as well as from the ULGIs elected representatives and employees. Most of the results are focused on general trends rather than individual cases.

All percentage figures presented in this working paper are based on valid responses. That is, responses by any respondent who chose not to answer a question, indicated that he or she did not know enough to answer the question or provided an unclear or unsuitable response, were excluded from any analysis under a particular survey item. Therefore, there are some small variations in the number of valid responses for each question.

3.4 Selection of Study Area: Guiding Principles

The stratified sampling technique was used to select at least one municipality from each administrative Division in Bangladesh. A total of two city corporations and nine municipalities were sampled. The broad

Table 2: Sample Municipalities and Rationale for Sampling

Municipality	Division	Category	Year of Establishment	Total Population ³	Rationale
Arani	Rajshahi	B	2006	28,300	Between 2005 and 2012, 28 municipalities were established, out of which only two are currently in category B. These are Arani and Belkuchi, with total populations of 28,300 and 75,364, respectively. Both were established in 2006, but Arani was chosen because it moved from category C to B within a short time span despite having a relatively small population.
Bajitpur	Dhaka	B	1869	34,898	Before 1947, there were 31 municipalities. Twenty-nine of those municipalities currently belong to category A and two municipalities, Bajitpur and Gouripur, belong to category B. Bajitpur was chosen because it is older than Gouripur and has a relatively large population.
Dhunat	Rajshahi	C	2001	15,575	Between 2000 and 2012, 28 municipalities, with populations ranging between 15,000 and 25,000, were established. Out of those, 9 municipalities are currently in category B and 1 municipality, with a smaller population than Dhunat, moved from category B to category A. Dhunat was chosen because it is in category C.
Haragach	Rangpur	C	1989	61,425	Currently 9 municipalities in Rangpur Division are in category C. Among them, Haragach is the oldest and has the largest population.
Kasba	Chittagong	C	1999	40,416	There are 130 municipalities with population ranging between 25,000 and 50,000, out of which 30 are in category C. Established in 1999 and having a population of 40,416, Kasba is one of the municipalities in that category.
Kumarkhali	Khulna	A	1869	29,000	Out of the municipalities established before 1900, a total of 25 municipalities moved to category A. Kumarkhali, having the least population belongs to this category. Also under the population range (25001-50000), 42 municipalities moved to category A—in which Kumarkhali is the one having the relatively less population.
Mathbaria	Barisal	A	1993	18,375 ⁴	In Barisal Division, 11 municipalities have the status of category A. Of these municipalities, Mathbaria moved to category A from category B within a relatively short time span.
Nabiganj	Sylhet	B	1997	30,286	Established in 1997 and having a population of 30,286, Nabiganj is in category B. Madhabpur is a neighbouring municipality that was established in the same year as Nabiganj and, despite having a relatively small population (21,930), was promoted to category A, Nabiganj is still in category B.
Tarabo	Dhaka	B	2002	64,875 ⁵	Tarabo was established in 2002. Compared to other municipalities established around the same time, Tarabo was promoted quickly from category C to B. It is currently being considered for another promotion.

Source: GoB (2012) and information collected from municipalities, cited in Bhattacharya *et al.* (2013).

³BBS (2012) and information collected from municipalities.

⁴This figure is as of the 2011 population census, but the population totals approximately 46,000 according to data collected by municipalities' Expanded Program on Immunization (EPI) workers.

⁵As of 2001.

Table 3: Sample City Corporations and Rationale for Sampling

City corporation	Division	Year of establishment	Population	Rationale
Khulna	Khulna	1984	1,050,000	Relatively old
Narayanganj	Dhaka	2011	729,000	Newly established

Sources: GoB (2012) and information collected from city corporations, cited in Bhattacharya, Monem and Rezbana (2013).

criteria followed in selecting the sampled ULGIs were: (i) size of population, (ii) year of establishment and (iii) category of municipality. To make the sample representative, the following additional criteria were followed:

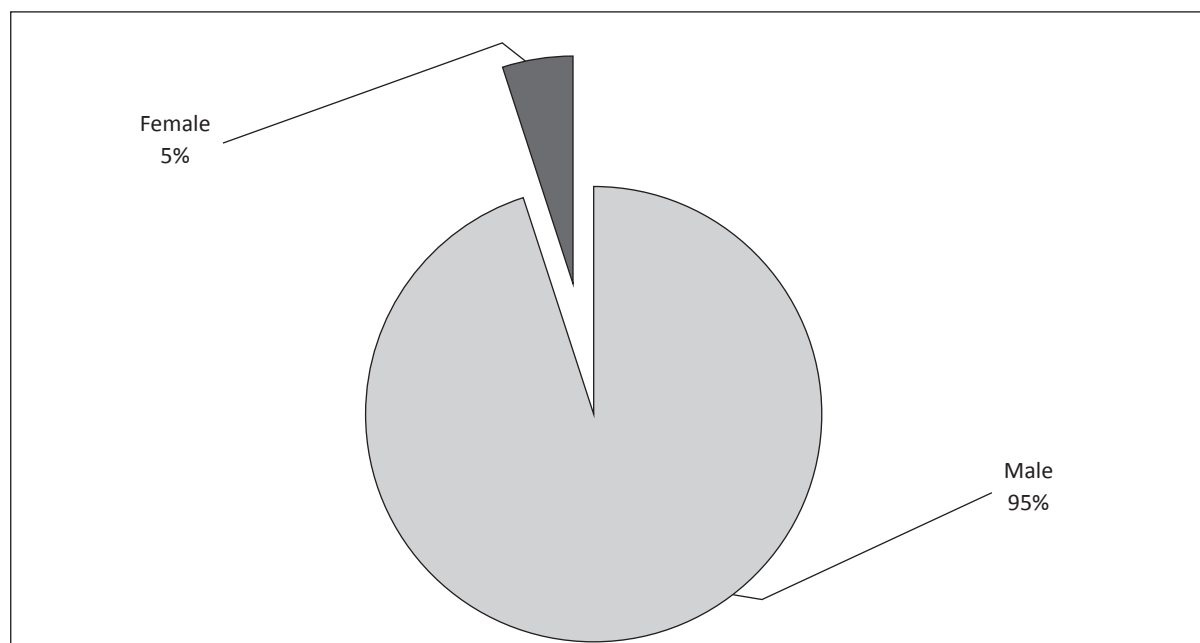
- At least one municipality far from Dhaka and one in close proximity to the capital.
- A municipality that is relatively newly established but has been able to significantly increase its own-source revenue.
- A municipality that has a large population and has existed for a long time but still has poor own-source revenue generation.
- At least one municipality in categories A, B and C and a municipality that was recently promoted to a city corporation alongside a relatively old city corporation.

3.5 Selection and Profiles of Respondents

A total of 110 respondents from the sampled two city corporations and nine municipalities – 10 respondents from each ULGI – were interviewed. Respondents’ ages and educational backgrounds, as well as whether respondents recently had positive or negative experiences with ULGI employees, often influence perceptions of ULGIs. People were initially selected on a random basis and only those who had time, were willing to answer the survey questionnaire and were familiar with the governance and service delivery status of ULGIs were selected to be respondents. The random and purposive sampling techniques were used simultaneously.

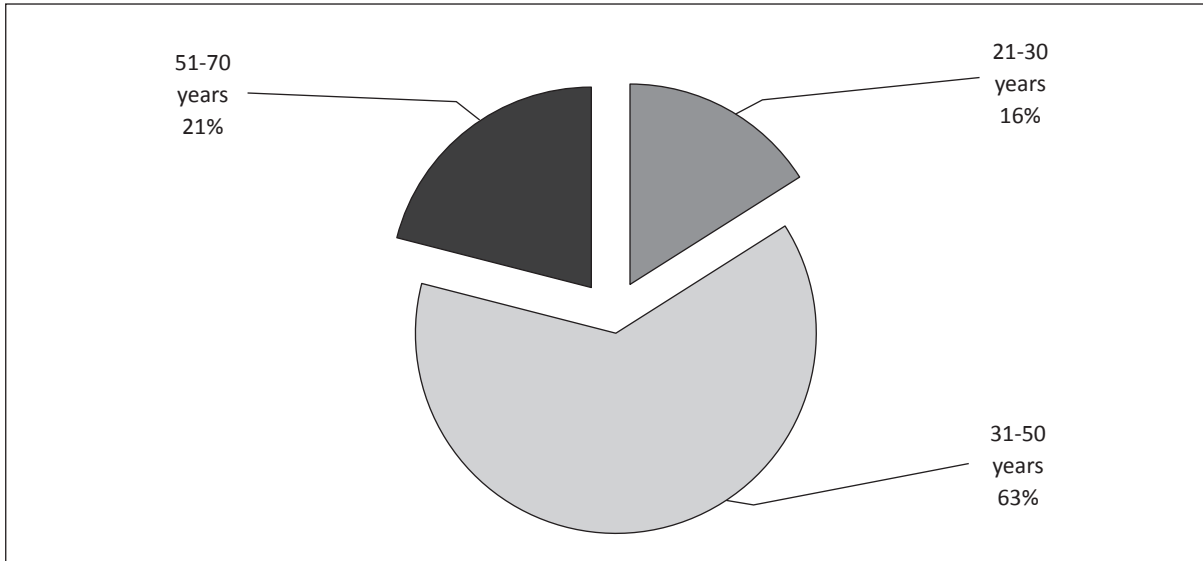
As illustrated in Figure 2, 95 per cent of respondents were male and 5 per cent were female. The mean age of respondents was 45. As Figure 3 shows, the majority of respondents – 63 per cent – were

Figure 2: Respondents’ Gender



Source: Based on field survey data.

Figure 3: Respondents' Age Groups

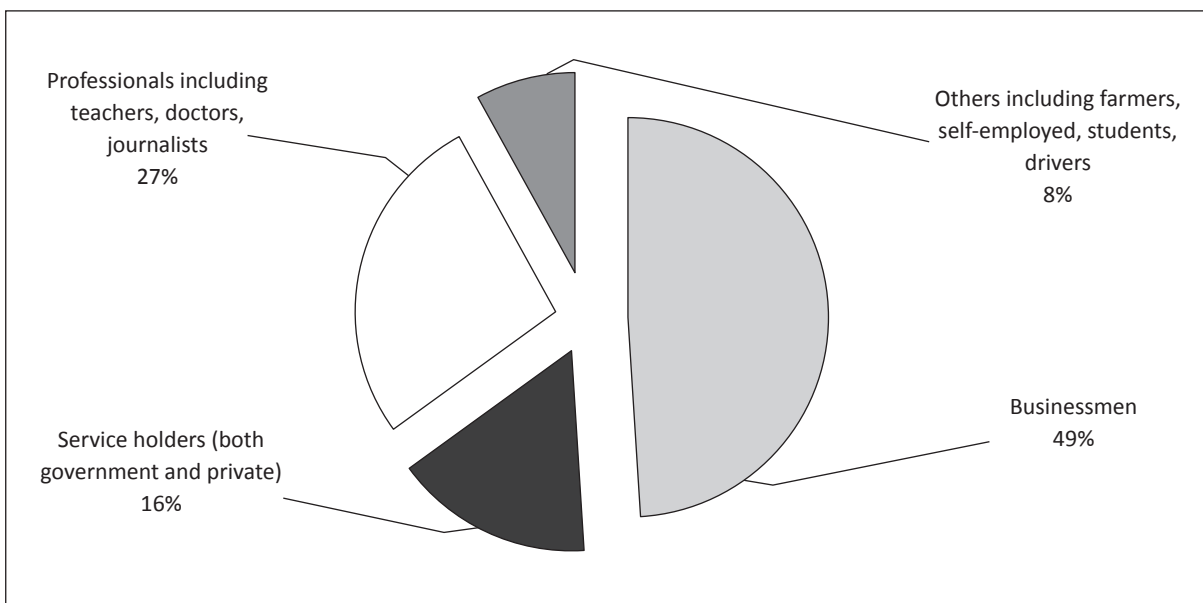


Source: Based on field survey data.

between 31 and 50 years of age. About 21 per cent were between 51 and 70 years of age and 16 per cent were between 21 and 30 years of age.

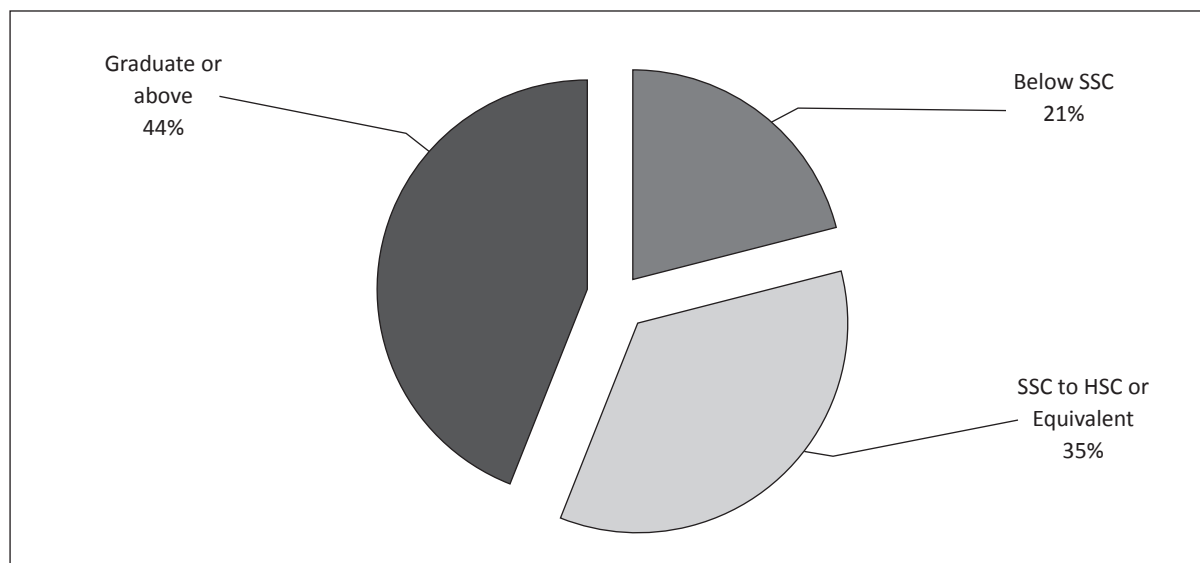
Respondents with different occupational backgrounds were selected. As illustrated in Figure 4, approximately 49 per cent of respondents had business backgrounds, 27 per cent were professionals, 16 per cent were government and private service providers and 8 per cent represented other backgrounds such as farmers, self-employed individuals, drivers and students. Figure 5 shows that 44 per cent had a graduate-level education or above, 35 per cent held either a Secondary School Certificate (SSC) or Higher Secondary Certificate (HSC) or equivalent, and 21 per cent attended primary or high school.

Figure 4: Respondents' Occupational Backgrounds



Source: Based on field survey data.

Figure 5: Respondents' Educational Backgrounds



Source: Based on field survey data.

4. URBAN PUBLIC SERVICES: PROVISION, PRACTICES AND PARADOX

This section first briefly elaborates upon the laws shaping ULGIs' services and the nature of services provided in practice before proceeding to present citizens' perceptions of governance and service delivery by the sampled ULGIs.

4.1 Urban Local Government Services: Legal Provisions

According to the Local Government (City Corporation) Act, 2009 and Local Government (Municipality) Act, 2009, city corporations and municipalities are entrusted with responsibilities to deliver services to support public health (related services include sanitation, removal, collection and disposal of waste, registration of births, deaths and marriages, operation of hospitals and dispensaries, and provision of medical aid, relief and medical education etc.), water supply and drainage (including, for instance, public ferries and fisheries), articles of food and drink (through, for example, facilitation of public and private markets), animal-related activities (for example, animal husbandry, registration of cattle sales, livestock improvement and disposal of carcasses), town planning, building control, street lighting, supply of water and traffic control, public safety, compulsory education, social welfare and general planning (such as the development of commercial schemes) (GoB 2009a,b).

This study evaluates the degree to which services were actually delivered by ULGIs in practice based on citizens' perceptions. It explores whether citizens had clear ideas about the types of services being provided by their respective ULGIs and whether they were satisfied or not with the services being delivered.

4.2 Citizens' Perceptions on Provided Services

Table 4 summarises citizens' awareness of the services provided by ULGIs. It is evident from the responses that citizens were generally aware of the types of services that ULGIs are supposed to deliver.

Table 4: Citizens’ Awareness of the Types of Services Provided by ULGIs⁶

Types of Services Provided by ULGIs	Percentage of Citizen’s Awareness
Road construction and maintenance	77.98
Lighting services and electricity supply	70.63
Drainage and sanitation	60.54
Trade license and identification card provision	33.02
Registration of births, deaths and marriages	29.35
Waste management	22.01
Tax collection	6.42
Other	6.41

Source: Based on field survey data.

Table 4 demonstrates that citizens could generally identify the services provided by ULGIs. Strikingly, only a few respondents were aware of the medical and educational services that ULGIs are supposed to provide. The Local Government (City Corporation) Act, 2009 and Local Government (Municipality) Act, 2009 entrust the provision of preventive health care and limited curative care to city corporations and municipalities. In practice, ULGIs can only provide these services on a very limited scale, which explains why citizens had little knowledge about health-related services. In one of the FGDs, a few respondents opined that “ULGIs were more concerned with physical construction works rather than providing educational or medical services” to poor citizens including children.

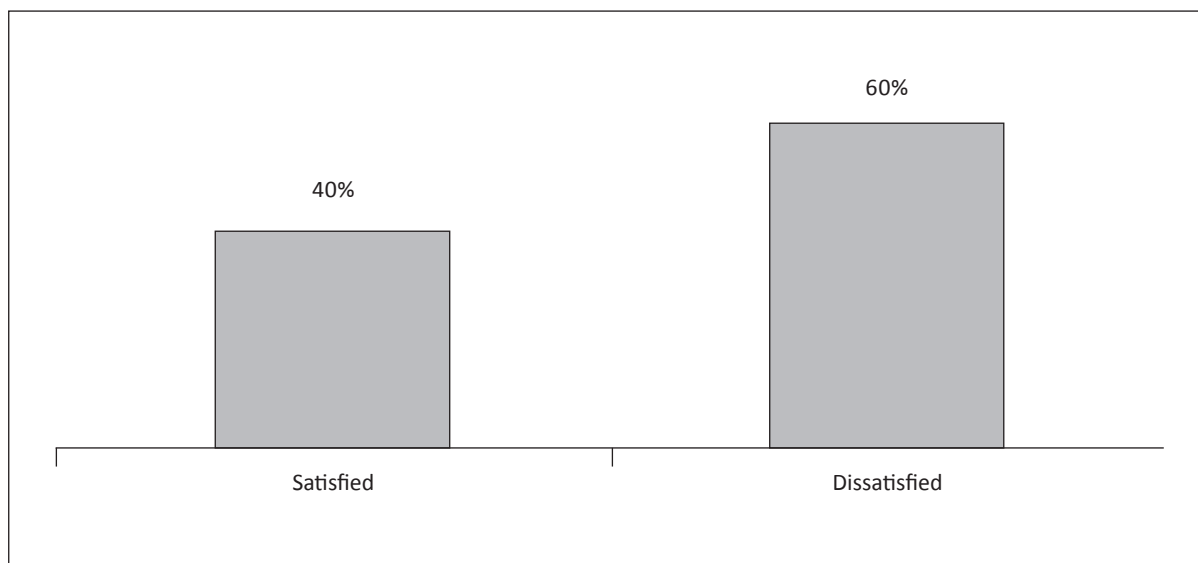
It should be noted that not all of the sampled ULGIs had the capacity to provide educational and medical services. By law ULGIs are supposed to monitor educational institutions within their territorial jurisdictions on a regular basis to ensure universal access to and quality of primary education. According to respondents, most municipalities failed to deliver on this service due to lack of finance, skilled labour or awareness or lack of all. In many cases where the capacity existed and services were being delivered, citizens were found to be dissatisfied with service quality. Also most sampled ULGIs did not have a well-developed system for monitoring performance of public health-care facilities. As a result, there was a huge gap between citizens’ demands for medical services and the quantity and quality of services provided.

4.3 Services Provided by ULGIs: Measuring Citizens’ Satisfaction

As illustrated in Figure 6, survey findings on citizens’ satisfaction with ULGIs’ various services show that less than half of respondents – 40 per cent – were satisfied with service quality, with the remaining 60 per cent being dissatisfied.

⁶Multiple responses were accepted.

Figure 6: Citizens’ Satisfaction with Service Delivery by ULGIs



Source: Based on field survey data.

4.3.1 Variation in Citizens’ Satisfaction Levels

Old versus New ULGIs

As demonstrated in Table 5, survey data indicate that citizens’ dissatisfaction was higher in newly established ULGIs – at 65.4 per cent – than old ULGIs. This can be explained by the general trend that the administrative capacities of old ULGIs were higher than those of the newly established ones and therefore old ULGIs could deal better with citizens’ growing demands for services (Bhattacharya *et al.* 2013).

Table 5: Variations in Satisfaction Levels based on ULGIs’ Years of Establishment

Nature of ULGIs ⁷	Citizens Satisfied (%)	Citizens Dissatisfied (%)
Old ULGIs	43.3	56.7
New ULGIs	34.6	65.4

Source: Based on field survey data.

Population Sizes of ULGIs

Table 6 exhibits municipalities’ relative population sizes and citizens’ satisfaction with ULGIs’ services. It is evident that the larger the population, the higher the level of citizens’ dissatisfaction with the services provided. This trend holds for municipalities in categories A and C, but a slightly different trend applies to two municipalities in category B, namely Arani and Tarabo. Generally, a municipality with a large population but limited financial resources and skilled labour will fail to meet citizens’ demands for services. Whether or not a municipality is in a position to meet citizens’ demands largely depends on its overall income (the sum of own-source revenue and central government transfers), resources available for spending after meeting recurring expenditure, and the nature and quality of spending.

⁷Old ULGIs refer to those established before 1995 and new ULGIs are those established in 1995 and afterwards.

Table 6: Relative Population Sizes and Citizens' Satisfaction with ULGIs' Services (Municipalities only)

Category of Municipality	Municipality	Total Population	Citizens' Satisfaction (%)	Effect	Citizens' Dissatisfaction (%)	Effect
A	Mathbaria	18,375	60	Satisfaction ↓	40	Dissatisfaction ↑
A	Kumarkhali	29,000	30		70	
B	Arani ⁸	28,300	10	Satisfaction ↓	90	Dissatisfaction ↑
B	Nabiganj	30,286	80		20	
B	Bajitpur	34,898	50		50	
B	Tarabo ⁹	64,875	60		40	
C	Dhunat	15,575	50	Satisfaction ↓	50	Dissatisfaction ↑
C	Kasba	40,416	30		70	
C	Haragach	61,425	20		80	

Source: Based on field survey data.

What explains the cases of Arani and Tarabo? Established in 2006, Arani is a relatively new municipality. Citizens' dissatisfaction with services appeared to be high in this municipality because it lacked financial and other capacities to address growing demands for services. Tarabo, on the other hand, is a municipality where, despite a large population, citizens were found to be satisfied with provided services. This satisfaction can be partially attributed to the municipality's geographic location – its proximity to Dhaka, the capital, and production facilities in Narayanganj and Demra. Tarabo is an industrial and commercial centre, with many large, medium-sized and small industrial plants and businesses located within its jurisdiction. Given these economic features, Tarabo has the capacity to mobilise large amounts of own-source revenue, as well as greater spending capacity and a bigger budget for service provision and investment in local development compared to most other municipalities in category B.

Category of Municipalities

Disaggregation of survey data by category of municipalities in Table 7 indicates that citizens residing in category C and B municipalities were more dissatisfied than those residing in category A municipalities. It is obvious that A category municipalities have more resources at their disposal to provide improved services to citizens.

Table 7: Variation in Satisfaction Levels based on Category of Municipalities

Category of Municipality	Citizens' Satisfaction (%)	Citizens' Dissatisfaction (%)
A	70.00	30.00
B	52.50	47.50
C	36.66	63.33

Source: Based on field survey data.

During field visits, some respondents indicated that they were satisfied with the services provided by ULGIs. While holding FGDs, they were asked to identify the reasons for this satisfaction and many agreed that "ULGIs could address their needs to an extent with whatever limited resources available to

⁸Does not support the trend and explained in the text.

⁹Does not support the trend and explained in the text.

them". Others agreed that "ULGIs were trying hard to improve the quality of life for them." Strikingly, these respondents also agreed that "ULGIs would be better positioned to provide improved services if the development project related corruption could have been stopped or reduced".

As illustrated in Figure 6 above, the survey revealed that 60 per cent of respondents were dissatisfied with services delivered by their ULGIs. They pointed out that most of their demands remained unmet and they were unhappy with the quality of provided services. In another FGDs, many respondents agreed that "the elected representatives of ULGIs were directly and indirectly involved in corrupt practices and as a result quality of services could not be ensured." Many respondents put the blame on elected representatives for overtly politicising ULGIs' affairs, which eventually contributes to citizens' apathy or disengagement from ULGIs' affairs. Some respondents also identified "lack of opportunity to express their opinion about their needs and priorities" as an important reason behind their dissatisfaction with services. Other identified reasons for dissatisfaction with ULGIs and their services were:

- Selective invitations to citizens to attend open budget meetings organised by ULGIs. Generally, individuals who were close to the mayor or councillors got invited to these meetings. Sometimes individuals' political orientations were taken into consideration in decisions about who would be invited.
- Citizens were seldom consulted when new projects were undertaken.
- More often than not, ULGIs embarked on construction projects during the rainy season or end of a fiscal year, which often forced them to compromise on the quality of work. However, the ULGIs were not entirely responsible for this. Sometimes they were forced to drag their feet on the development projects as there was delay in release of central government development funds.
- Sometimes projects were undertaken without consideration of their long-term viability and assessment of their adverse environmental and social consequences.

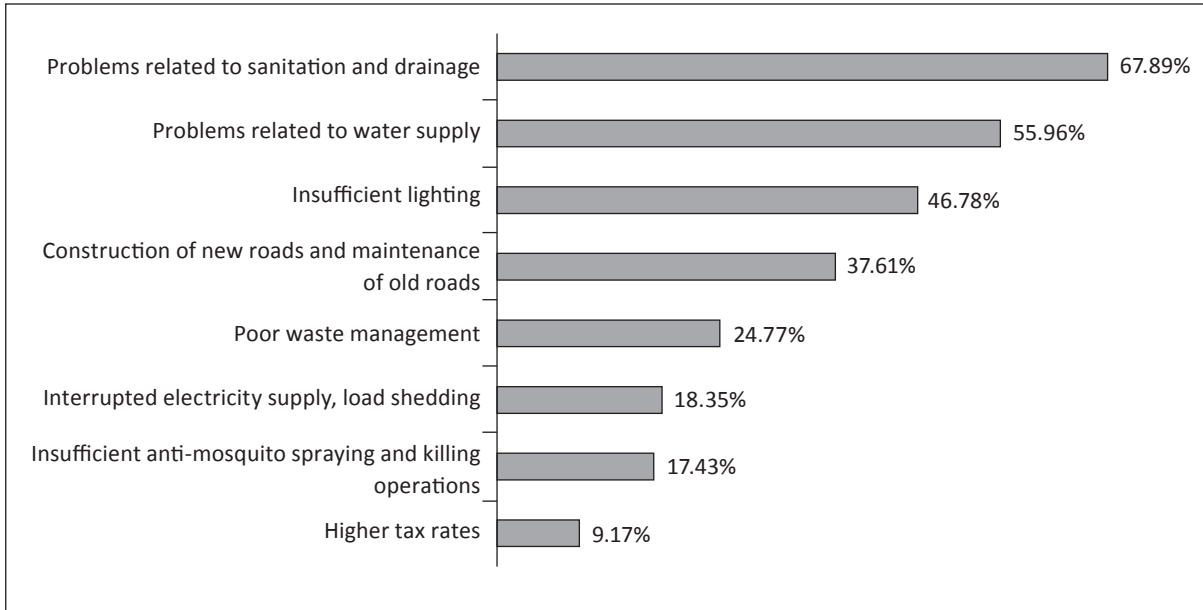
Some respondents mentioned that sometimes service provision depended on bribing ULGIs' staff members. The value of bribes depended on the nature of the service as well as the social standing of the service seeker. In some ULGIs, bribes were an open secret – citizens freely talked about it but they were also aware that nothing would change if they lodged complaints.

During field visits, citizens were asked to identify problems related to ULGIs' provided services as well as their gravity and frequency. As shown in Figure 7, majority of respondents (67.89 per cent) admitted that they experienced serious problems with sanitation and drainage systems for a long time and their ULGIs failed to provide solutions. More than half of the respondents (55.96 per cent) informed that they had persistent problems with water supply. Citizens were forced to pay for water supply service but "quality of the service was poor" because service interruption was a regular phenomenon. Moreover, citizens informed that "quality of the water was poor" and ULGIs failed to ensure value for money.

A significant percentage of respondents (46.78 per cent) expressed their dissatisfaction with municipal lighting services, which they deemed "insufficient" due to limited coverage. Many respondents (24.77 per cent) agreed that their ULGIs have failed in waste management. These respondents were not aware of any concrete measures undertaken by ULGIs over the years to improve this situation. Other identified problems included frequently interrupted electricity supply or load shedding, infrequent spraying of pesticides to kill mosquitoes and higher tax rates.

Why do ULGIs fail to deliver quality basic services? Respondents were asked to identify and explain reasons for such failure. Perceived reasons are presented in Table 8.

Figure 7: ULGIs’ Service-related Problems Contributing to Citizens’ Dissatisfaction¹⁰



Source: Based on field survey data.

Table 8: Perceived Reasons behind Poor Quality Service Delivery¹¹

Responses by Citizens	Percentage
Acute financial stress	65
Lack of commitment by mayors, councillors and other officials	37
Corruption of contractors and elected representatives	26
Low levels of awareness, concern and engagement by citizens	18
ULGIs not being institutionally strong and mature	15
Low capacity levels of elected representatives and other officials	9

Source: Based on field survey data.

The majority of respondents (65 per cent) perceived that ULGIs’ acute financial stress impeded service delivery. Demands for various services escalated accordingly with population growth and most ULGIs could not provide all the services laid down by law and demanded by citizens. Regarding provided services, respondents (37 per cent) informed that ULGIs often failed to ensure quality due to lack of commitment by mayors and councillors. They also informed that exceptions and exemptions were often made by mayors and councillors in awarding local development project contracts either to their “cronies” as a favour or according to political obligations. In cases of awarding contracts, mayors and councillors gained monetarily in the form of “kickbacks” from individuals and companies. Some respondents (26 per cent) indicated that there were many instances in which the quality of services could not be ensured due to the corrupt practices of local contractors and elected representatives. Strikingly, FGDs indicated that out of 11 sampled ULGIs, the mayors in nine ULGIs either directly owned a construction company or indirectly ran one through their relatives or associates.

Some respondents (18 per cent) stated that citizens’ low levels of awareness and concern about local development projects and other services were also a contributing factor to ULGIs’ poor service quality. Few citizens were engaged in the affairs of ULGIs and many were apathetic to the services provided by them. Citizens generally did not lodge complaints about the quality of services because many “did

¹⁰Multiple responses were accepted.

¹¹Multiple responses were accepted.

not actually pay for the services”, “did not pay much for the services”, “did not pay taxes at all” or “did not pay taxes on a regular basis.”

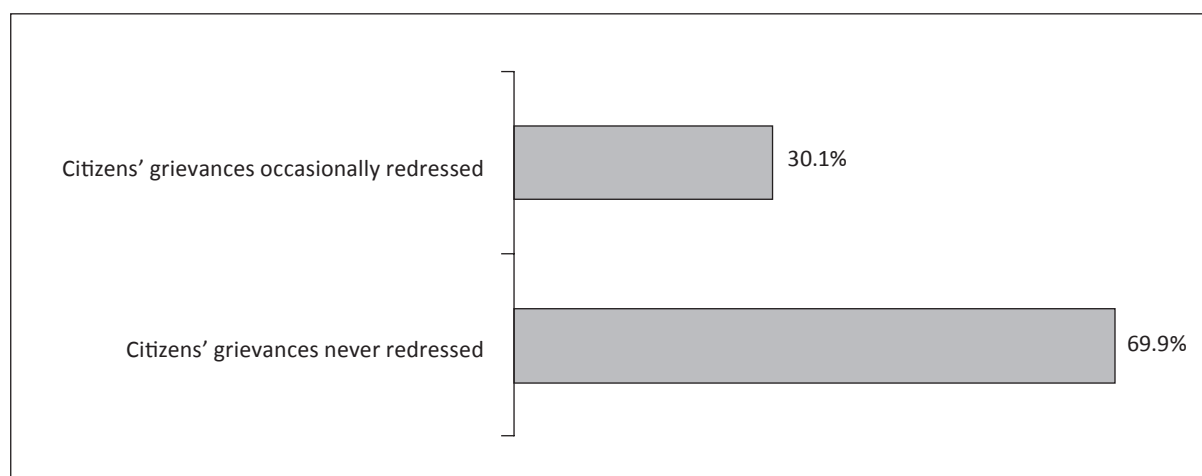
Some respondents (15 per cent) opined that their *union parishads* (previous smaller local administrative units) were turned into municipalities too soon and given that these institutions did not have the overall maturity to serve as municipalities. This hasty promotion and lack of institutional capacity led to various problems in service delivery. Respondents blamed the political motives of successive ruling parties for this premature promotion.

Some respondents (9 per cent) stated that ULGIs failed to provide quality services due to low capacity levels of elected representatives and other officials. They argued that ULGIs’ representatives and officials did not have “adequate” or “relevant” training to improve ULGIs’ performances.

The survey findings reveal that citizens generally did not lodge complaints (67.30 per cent) about the poor quality services provided by ULGIs. The main reason for respondents’ apathy in this case was prior experiences with ULGIs and perceptions that nothing would change if complaints were lodged.

According to the field survey and FGDs, citizens’ grievances were rarely redressed by ULGIs when complaints were indeed lodged. As shown in Figure 8, nearly three-quarters of respondents (69.90 per cent) mentioned that their complaints were never addressed by elected representatives. This trend was identified as one of the main reasons behind the low percentage of citizens who complained about the poor quality services provided by ULGIs.

Figure 8: ULGIs’ Responsiveness in Redressing Citizens’ Grievances



Source: Based on field survey data.

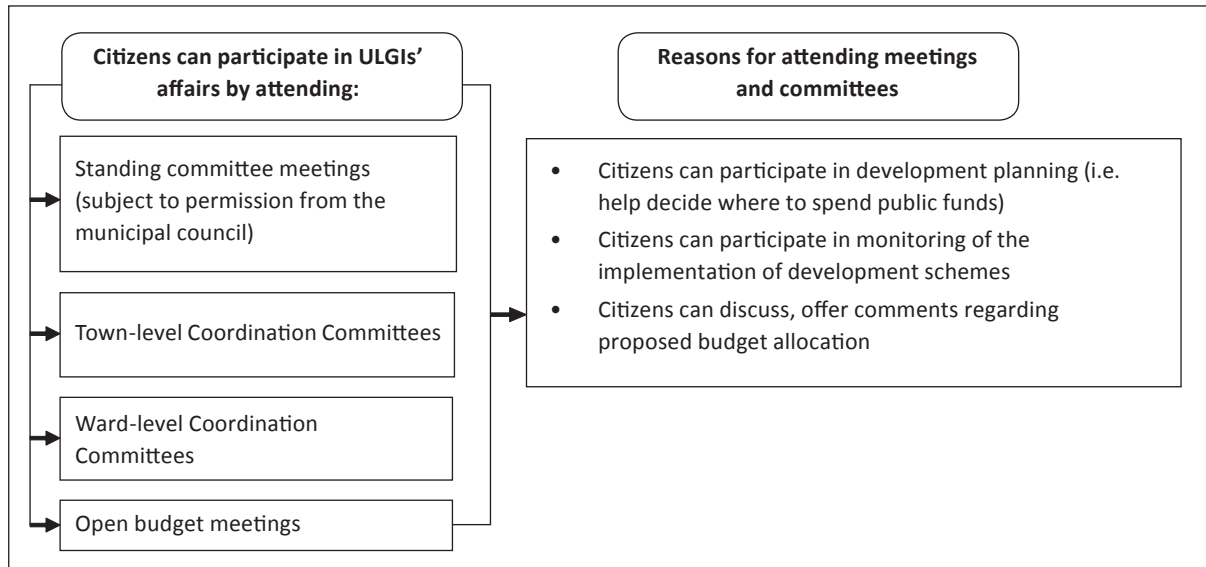
5. CITIZENS’ PERCEPTIONS OF ULGIs’ PARTICIPATION AND ACCOUNTABILITY MECHANISMS

ULGIs cannot be meaningfully strengthened or empowered without ensuring effective participation of the citizens at large and their elected representatives. Citizens’ participation in the affairs of ULGIs is seen as the most important determinant of the institutional effectiveness of ULGIs (Rahman *et al.* 2004).

5.1 Citizens’ Participation: Existing Legal Provisions

Bangladesh’s constitution allows citizens to participate in decision-making processes in all spheres of public affairs. According to the Section 7.1. of the constitution: “All powers in the Republic belong

Figure 9: Legal Provisions for Citizens’ Participation in ULGIs



Source: Based on Rahman *et al.* (2004).

to the people, and their exercise on behalf of the people shall be affected only under, and by the authority of this Constitution” (GoB 1972). The Local Government (City Corporation) Act, 2009 and Local Government (Municipality) Act, 2009 also empower citizens to participate in their respective ULGI’s affairs. Theoretical legal provisions for participation are outlined in Figure 9.

There are provisions for different types of committees in ULGIs in the Local Government (City Corporation) Act, 2009 and Local Government (Municipality) Act, 2009. They propose the establishment of standing committees that cover different sectors and functions of ULGIs. The proposed standing committees are outlined in Table 9.

Table 9: Standing Committees on Different Subject Matters in ULGIs

Standing Committees in City Corporations	Standing Committees in Municipalities
Financial and establishment committee	Establishment and finance committee
Waste management committee	Tax assessment and collection committee
Education, health, family planning and healthcare committee	Accounts and audit committee
Urban planning and development committee	Urban planning, citizen services and development committee
Audit and accounts committee	Law and order and public safety committee
City infrastructure construction and maintenance committee	Communication and physical infrastructure committee
Water and electricity committee	Women and child committee
Social welfare and community centre committee	Livestock and fisheries committee
Environmental improvement committee	Information and cultural affairs committee
Sports and culture committee	Market value observation, monitoring and control committee
Birth and death registration committee	
Communication committee	
Market rate monitoring and control committee	
Disaster management committee	

Sources: Based on GoB (2009a,b).

Councillors' participation in decision-making processes is ensured through these standing committees, but common citizens generally cannot be part of them. By law, if an individual or individuals having special skills or expertise wish to take part in standing committee meetings, he or she may do so provided that participation is approved by the municipal council.

There are also provisions for the establishment of town-level coordination committees (TLCC)¹² and ward-level coordination committees (WLCC)¹³ in ULGIs. These committees are seen to be the most effective mechanisms through which citizens can participate in the affairs of ULGIs. However, evidence suggests that these committees exist only on paper – in other words, they were not yet made fully operational – in most of the sampled ULGIs.

The constitution categorically emphasises the need for establishing local governments with a representative character and representatives of local governments are indeed popularly elected. What is at issue, however, is that this provision cannot fully guarantee citizens' participation. Existing local government structures provide only limited scope for citizens to participate in the decision-making and implementation processes of ULGIs. The mechanisms for ensuring citizens' participation in most sampled ULGIs were found to be weak.

5.2 Current Status of Participation and Civic Engagement: Citizens' Perceptions

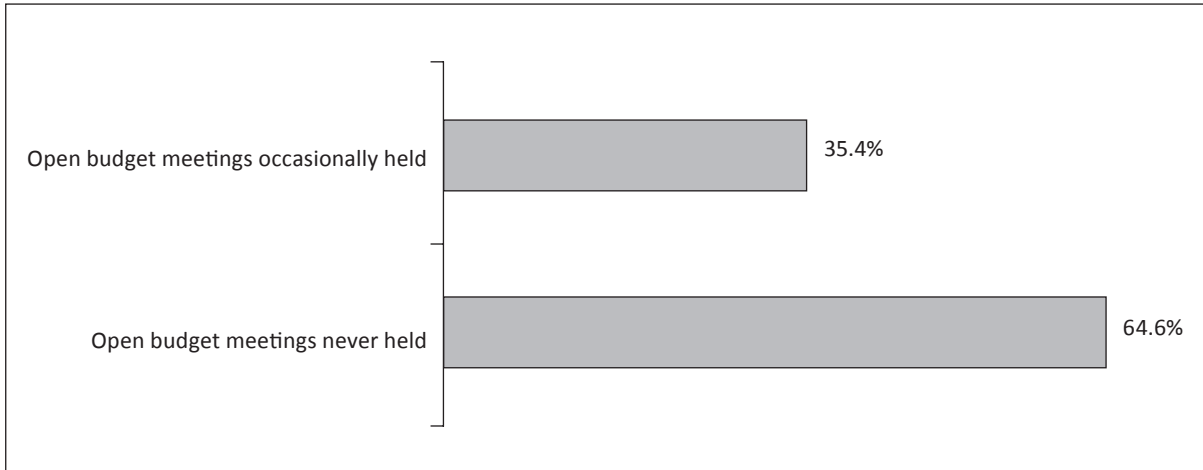
In the context of Bangladesh, citizens' "participation" in the affairs of ULGIs is a misnomer. The inclusion of citizens in the different committees as part of democratic participatory practices appears to be nothing more than a political maneuvering tactic. These committees are often perceived as mechanisms through which mayors accommodate both councillors and local elites of their choice in order to diffuse factionalism and in the process further strengthen their own power. Having such a provision for citizens' inclusion appears to mean nothing more than, as two key respondents opined, "just observing the mere formality" or "striving only to get the process right just to be in line with the laws." Theoretically speaking, citizens can directly take part in various affairs of ULGIs through TLCCs and WLCCs. However, the field survey findings suggest that these committees were not yet made fully operational by most of the sampled ULGIs. ULGIs claimed that these committees were formed and also made operational. During field visits, however, officially designated members of these committees indicated that meetings were "either not held at all" or "not held on a regular basis." In some cases, members of committees were unaware of their inclusion on these committees.

According to the law, open budget meetings are another mechanism to ensure citizens' participation in the affairs of ULGIs. In reality, there were few opportunities for citizens to provide their opinions or there was little scope for them to make their opinions count. When pressed by requests during field visits, ULGIs could not provide any evidence on how many people took part in open budget

¹²A TLCC is a unique entity whose membership includes both government officials from the municipal council and representatives of citizens' groups and other local stakeholders. A TLCC has a diverse membership from the local public, including the elite and slum-dwellers. A TLCC comprises of a maximum of 50 members and is headed by the mayor and represented by all councillors and representatives of local stakeholders. Representatives of local stakeholders include public agencies like district administration, the Local Government Engineering Department, Department of Public Health Engineering, Roads and Highways Department, Public Works Department, Ministry of Social Welfare, Department of Cooperatives and Ministry of Posts and Telecommunications, and community representatives such as different professionals, civil society and non-government organisations, women, the urban poor and other vulnerable groups. It is mandatory that one-third of TLCC members are women, while the poor in the community must be represented by at least seven members, including two women (GoB 2013).

¹³A WLCC is a forum where community members can raise issues regarding local development and social concerns. A WLCC meets every three months and is composed of 10 members. It is headed by the concerned ward councillor; female ward councillor as vice president, representatives of slums, community-based organisations, non-government organisations, different professional organisations and citizen groups, women, school teachers, and officials nominated by the mayor as member-secretary. The percentage of female members is 40 per cent (GoB 2013).

Figure 10: Frequency of Budget Meetings with Local Communities in ULGIs



Source: Based on field survey data.

meetings. Field visits also indicated that the majority of citizens in most localities thought that their participation in these meetings was not important because elected representatives and their local political associates dominate them.

As demonstrated in Figure 10, 64.6 per cent of respondents indicated that their ULGIs “did not hold open budget meetings at all”. About 35.4 per cent informed that their ULGIs did hold open budget meetings occasionally, but only influential local people were invited.

FGD participants pointed out that open budget meetings were more ceremonial than substantial. In most cases, only some selected community leaders, political leaders, journalists, local contractors, teachers, businessmen and locally influential individuals were invited to discuss proposed budgets. ULGIs did not always make efforts to ensure that meetings were attended by people from all walks of life who would be affected by the implementation of budgets.

ULGIs were not always at fault, however. The field survey reveals that citizens in some cases did not want to attend open budget meetings despite open invitations to all citizens. Some respondents “did not have interest in such meetings” and others opined that “they did not know if they would be able to play any meaningful role in such meetings” or “they were not given importance in the past when they attended such meetings.” Some respondents indicated that “the budget was too technical for them to understand”, and therefore were not interested in attending open budget meetings. It therefore appears that open budget meetings were not a completely effective mechanism to ensure citizens’ participation. Either ULGIs did not make serious efforts to make meetings truly participatory processes or citizens were not keen to attend these meetings for one reason or another.

Similarly, most respondents (90 per cent) agreed that they could not meaningfully participate in local development project identification processes.

Field visits revealed that most decisions regarding local development projects were finalised with limited input from only a handful of councillors having intimate relationships with mayors. Mayors played “the most important role”, and in some cases, given their political clout, had the “ultimate say” in project identification and implementation. Local communities generally could not play any active roles in development project identification processes, let alone implementation and monitoring. FGD participants understood that ULGIs followed the traditional process for identifying development projects in which Members of Parliament (MPs) generally made decisions through the mayors of ULGIs.

A few mayors informed that “MPs did not impose anything on them, but MPs sometimes expressed their local development preferences from their point of view.” Notably, a few mayors suggested that “it was not easy for them to remain outside the influence of MPs as far as local development project decision-making was concerned; in some cases, MPs pushed through their own politically motivated agendas, often at the cost of ULGIs’ own development agendas.”

While ULGIs’ logic for organising open budget meetings is straightforward – to encourage public consultation on budgets – the extent to which these meetings have helped perfect budgetary processes is difficult to ascertain. First, the format in which budgets are presented to the public is too technical for the common people to understand. Second, open budget meetings cannot be considered a success, because they are perceived to be cultural events as much as occasions for deliberating issues of policy significance. Some ULGIs claimed that their open budget meetings were attended by numerous citizens. Generally, open budget meetings are organised in a pompous, grandiose manner. People may therefore be attracted more to being entertained in a lively setting than contributing to budgetary discussions. Third, poverty and illiteracy often discourage many people from attending open budget meetings. Finally, political pressure and local ruling party interventions were perceived to be common.

5.3 Upstream and Downstream Accountability Mechanisms in ULGIs

Accountability is the key to good governance and efficient service delivery. There is no alternative to government accountability mechanisms to address the needs and demands of communities and build ULGIs’ capacities in order for them to become fully responsive and responsible to their communities.

In Bangladesh, ULGIs’ accountability has two dimensions: upstream accountability to the central government (the highest level of government that oversees ULGIs) and downstream accountability to citizens. As part of upward accountability, the central government sets specific functions through its different agencies to be implemented by ULGIs’ officials. By law, the central government monitors and makes ULGIs accountable to it through the imposition of rules and regulations to be followed by ULGIs and through other mechanisms, such as its auditing agency. Notably, the field survey findings reveal that although regulations regarding ULGIs’ functions and responsibilities existed, the central government failed to monitor whether these regulations were being followed by ULGIs. FGD participants pointed out that the central government also failed to investigate the known and reported cases of corruption in the sampled ULGIs and consequently did not take serious measures against those who were involved in corrupt practices.

As important as upstream accountability, the downstream accountability of ULGIs is central to the practice of responsive and efficient local service delivery. Downstream accountability can only be ensured when citizens are in the position to participate in ULGIs’ decision-making processes through involvement in various committees as well as the TLCC and WLCC. Importantly, participation enables citizens to challenge decisions made by ULGIs’ officials. It is imperative that ULGIs have effective formal mechanisms to regularly receive and convincingly redress citizens’ complaints and grievances. Evidence suggests that all these mechanisms were weak and ineffective in most of the sampled ULGIs.

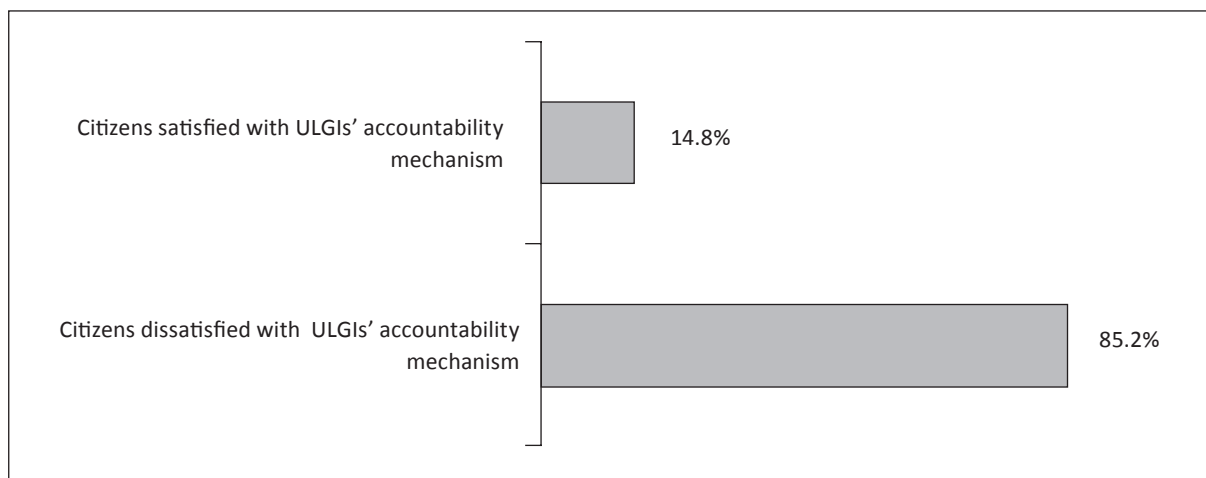
There are legal obligations in Bangladesh to exhibit the citizen’s charter¹⁴ in ULGIs’ offices. This informal mechanism has proven to be ineffective thus far, either because of citizens’ “widespread illiteracy” or their “lack of trust” in ULGIs or “widespread apathy” toward ULGIs’ activities in general. Besides,

¹⁴A Citizen’s Charter is the expression of an understanding between citizens and the provider of a public service with respect to the quantity and quality of services the former receive in exchange for their taxes. It is essentially about the rights of the public and the obligations of the public servants.

as discussed above, the TLCC and WLCC, which are supposed to empower citizens to interact with public service providers and directly participate in ULGIs' affairs, are either "not formed" or "have not been made fully operational" in the sampled ULGIs. In the absence of these committees, field visits revealed that citizens' participation in ULGIs' affairs remains very low, which makes ULGIs' downward accountability very weak.

Although the Local Government (City Corporation) Act, 2009 and Local Government (Municipality) Act, 2009 include provisions for citizens' participation in budget-making processes as well as publication of ULGIs' annual financial statements for public scrutiny, in reality these practices were found to be wanting. The field survey findings reveal that there was no effective public involvement in budgeting practices, thus decisions regarding the allocation of resources did not always reflect citizens' needs and demands. As a result, citizens' satisfaction with downstream accountability was found to be very low. As illustrated in Figure 11, survey findings indicate that the vast majority of respondents (85.2 per

Figure 11: Satisfaction with ULGIs' Downstream Accountability Mechanisms



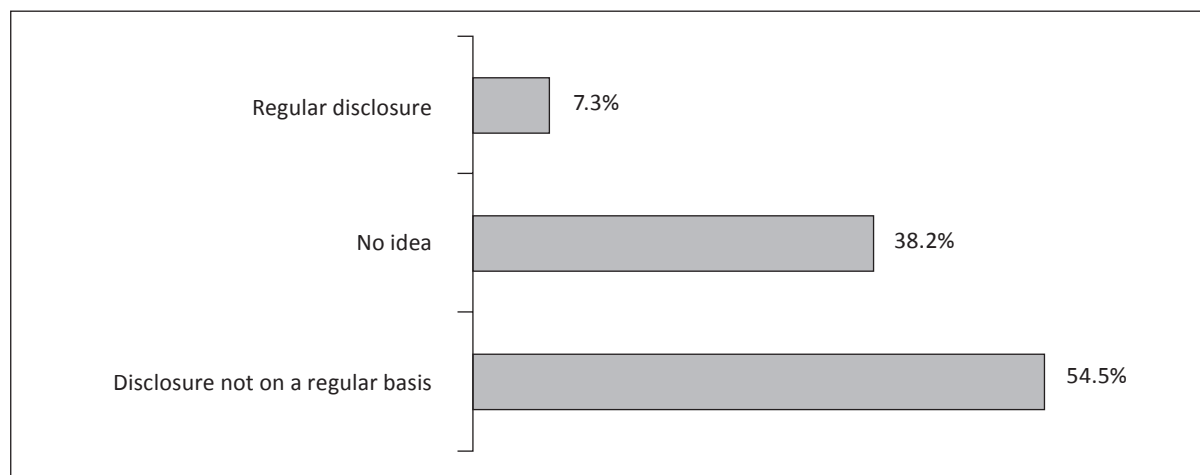
Source: Based on field survey data.

cent) were dissatisfied with ULGIs' existing downstream accountability mechanisms and practices. Regular conduction of internal and external audits is an important instrument to make ULGIs accountable. The Local Government (City Corporation) Act, 2009 and Local (Municipality) Act, 2009 necessitate annual external financial audits for ULGIs. Field visits, however, revealed that:

- There was no mechanism in place in sampled ULGIs for internal audits. Most elected representatives were found to be oblivious about this, but they seemed to be positive about the establishment of a mechanism once it was explained. Still, none made attempts to carry out internal audits afterwards.
- On the other hand, external audits were not a regular practice for ULGIs. Due to a shortage of skilled personnel, the central government's Comptroller and Auditor General's (C&AG) Office can only perform sample audits of municipalities. Evidence suggests that sampled ULGIs had to wait between three and 10 years for the central government to carry out an audit.

The Local Government (City Corporation) Act, 2009 and Local (Municipality) Act, 2009 indicated that ULGIs' revenue and expenditures would be regularly scrutinised by standing committees while discussions regarding audit reports would take place during the regular meetings. ULGIs' councils are entrusted with the responsibility to take prompt, appropriate actions to remedy all irregularities identified by the audit authority and report back to the audit authority, the relevant ministry and the council members of the audited ULGI. In practice, ULGIs did not seem to follow these audit-related governance procedures.

Figure 12: Regularity in Audit Report Disclosure in ULGIs



Source: Based on field survey data.

Robust disclosure and reporting on budgets, accounts, audit reports and procurement processes are generally not done in ULGIs. Citizens informed that there was no practice of sharing audit reports with the public, even in cases where audit reports were produced. As demonstrated in Figure 12, more than half of respondents (54.5 per cent) opined that their ULGIs did not disclose audit reports on a regular basis. A good number of respondents (38.2 per cent) were found to have “no idea” about the disclosure or sharing of audit reports with the public.

In addition to audit reports, other important financial information such as actual amounts of central government transfers, accurate revenue and expenditure figures and status reports on development projects was generally not shared with the public. Moreover, there was no regular monitoring system that covered overall budget processes and potential and actual leakage of funds.

FGD participants indicated that the imbalance of power between mayor and councillors was one of the major reasons for weak accountability practices in ULGIs. They were aware that mayors tended to make most decisions on their own without paying attention to the views and opinions of councillors. Mayors could dominate decision-making processes since they were generally well-educated, socially dominant, politically well-connected and economically advanced compared to councillors. Field visits included opportunities to attend a few council meetings in a few ULGIs. During those meetings, it was observed that councillors could not play serious roles in decision-making apart from approving what was being proposed by mayors. They were found to be acting in a way that they “were not elected representatives on their own right”, rather they “were subordinated to the mayors”. The survey findings reveal that many councillors were unconcerned with their voices not being heard and marginalised roles in decision-making so long as they got their shares from their ULGIs’ development funds.

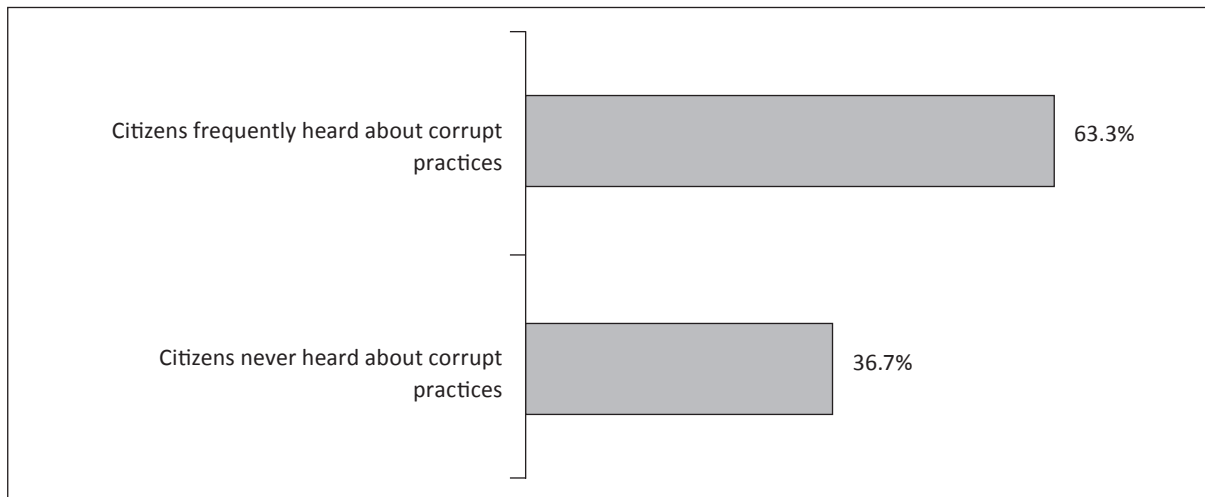
It was also observed that female councillors were largely unaware of inflows and outflows of their respective ULGIs’ development funds. Moreover, their opinions were not given due importance in decision-making processes and many of them felt psychologically marginalised and showed little interest in ULGIs’ affairs as a result. During field visits, while being interviewed a number of female councillors informed that gender discrimination was a common practice in ULGIs. They mentioned: “each female councillor represents three wards but we are not given fair shares of development project funds. Male members and the mayor always tend to dominate and collectively pursue their interests only and it happens often at the cost of our shares.”

5.3.1 Citizens’ Perceptions of Corruption in ULGIs

It appears that the sampled ULGIs generally lagged behind citizens’ expectations for transparency. The mechanisms that they have to ensure upward and downward accountability were found to be weak and ineffective. Given low levels of transparency and weak accountability practices, ULGIs were more susceptible to different types of corruption. During field visits, citizens were asked whether they heard of corrupt practices by both elected representatives and appointed officials in dealing with development projects in their ULGIs. As shown in Figure 13, a striking majority of respondents (63.3 per cent) informed that they frequently heard about corrupt practices in ULGI-led development projects, while 36.7 per cent of respondents maintained that they never heard about corrupt practices.

Among the respondents who heard about corrupt practices in their ULGIs, mostly aged between 31 and 50 years (Table 10), 51.36 per cent of them completed secondary school or tertiary education (Table 11).

Figure 13: Frequency of Corrupt Practices Heard by the Local Citizens



Source: Based on field survey data.

Table 10: Variation in Responses to Corrupt Practices in ULGI-led Development Projects according to Respondents’ Age Groups

Age Group	Frequency of Corrupt Practices Heard by Citizens		Total (%)
	Never (%)	Frequently (%)	
21-30	4.58	11.92	16.51
31-50	22.93	39.44	62.38
51-70	9.17	11.92	21.10
Total	36.69	63.30	100.00

Sources: Based on field survey data.

Table 11: Variation in Responses to Corrupt Practices in ULGI-led Development Projects according to Respondents’ Educational Backgrounds

Educational Background	Frequency of Corrupt Practices Heard by Citizens		Total (%)
	Never (%)	Frequently (%)	
Below SSC	8.25	11.92	20.18
SSC to HSC or equivalent	10.09	25.68	35.77
Graduate or above	18.34	25.68	44.03
Total	36.69	63.30	100.00

Sources: Based on field survey data.

Table 12: Variation in Responses to Corrupt Practices in ULGI-led Development Projects according to Respondents' Occupations

Occupation	Frequency of Corrupt Practices Heard by Citizens		Total (%)
	Never (%)	Frequently (%)	
Businessmen	19.26	29.35	48.62
Others including farmers, self-employed, drivers, students	1.83	6.42	8.28
Professionals including teachers, doctors, journalists	11.01	15.59	26.60
Services providers (government and private)	4.58	11.92	16.51
Total	36.69	63.30	100.00

Sources: Based on field survey data.

These respondents represented different professional backgrounds, with 29.35 per cent being businessmen, 15.59 per cent being professionals such as teachers, doctors and journalists, and 11.92 per cent being government or private service providers (Table 12).

Thus, it can be concluded that these respondents were educated and represented diverse occupations, which increases the salience of the survey findings.

When asked to identify the nature and reasons for mayors' and councillors' frequent involvement in corrupt practices, most respondents (92.06 per cent) pointed out that the elected officials, e.g. mayors and councillors considered election expenditures to be investments – they generally spent large amounts of personal funds during election periods to get elected and once elected they wanted premiums on their investments. Some respondents (34.92 per cent) added that the ill motives of individuals, such as contractors, engineers and administrative officials, to make quick money from ULGI-led development projects contributed to the scale of corruption. On the other hand, some respondents (34.92 per cent) opined that local politicians who had close links to the mayor and councillors should influence ULGIs' decisions in awarding local development project contracts. Notably, the majority of mayors and councillors in the 11 sampled ULGIs had business backgrounds, with only a few exceptions. FGD participants (90 per cent) informed that most mayors and councillors were "either a contractor themselves or indirectly own private contracting business firms." During the FGDs, a number of respondents suggested that tenders were provided in a cyclical order to previously selected contractors. More often than not, it was perceived that the awarding of contracts to firms was based on relationships between the mayor/officials and contractors. All these results are tabulated in Table 13.

Exceptions and exemptions were often made in ULGIs with regard to tax assessments and the collection of taxes. FGD participants perceived unwillingness on the parts of local economic elites and influential individuals to pay taxes at all or preferences to pay fewer taxes than assessed. Some perceived that

Table 13: Nature of Common Corrupt Practices Known to Citizens¹⁵

Major Answers	Percentage
Elected officials' involvement in corrupt practices due to huge election expenditure	92.06
Ill motives of engineers, contractors and administrative officials involved in development projects	34.92
Corruption in tendering	34.92
ULGIs' employees are indifferent to collecting taxes from local economic elites	11.11

Source: Based on field survey data.

¹⁵Multiple responses were accepted.

ULGIs showed little real interest in collecting taxes from locally influential individuals. Some FGD participants (11.11 per cent) pointed out that “powerful taxpayers offered bribes to tax assessors for favours.” ULGIs’ officials were therefore perceived to be engaged in corrupt practices, which in turn made them indifferent to collecting taxes from local economic elites.

5.3.2 Improving ULGIs’ Accountability

Respondents were asked to offer suggestions about how ULGIs can be made more accountable to citizens. As demonstrated in Table 14, the majority of respondents (74.76 per cent) suggested that regular meetings, either monthly or at least quarterly, with the general public were necessary to ensure ULGIs’ accountability to citizens. They also suggested that sharing development project reports, annual financial report, audit reports, etc. during open meetings on a regular basis could be effective. Citizens’ participation has long been recognised as one of the main components of good governance. ULGIs could augment citizens’ participation by collecting their opinions on decision-making, according to 56.56 per cent of respondents. Some respondents (16.16 per cent) suggested that local civil societies should be meaningfully enabled and local community oversight should be substantially increased and WLCCs should also be effectively activated (14.14 per cent) in order to improve ULGIs existing system of accountability.

Table 14: Citizens’ Suggestions for Making ULGIs More Accountable¹⁶

Major Answers	Percentage
Establish regular meetings with citizens and regularly publish and share reports	74.76
Increase citizens’ awareness and ensure participation through opinion collection by ULGIs	56.56
Enable local civil society and increase local community oversight	16.16
Fully operationalise WLCCs immediately	14.14

Source: Based on field survey data.

It is obvious that the lack of transparency in ULGIs creates opportunities for corruption. It also prevents citizens from accessing information about ULGIs, which in turn leads to distrust of ULGIs’ elected representatives and appointed officials. Thus, transparency in ULGIs’ operations was judged by FGD participants to be “crucial to build trust between citizens and ULGIs”, which was “indispensable for ensuring good governance.”

5.4 Creation of ULGIs: Who Gets What, Why and How

Bangladesh’s 10 largest cities are classified as city corporations and governed by relatively independent municipal authorities. An additional 321 municipalities are also classified as urban areas. Many of the smaller municipalities are little more than “rural towns”; in the late 1990s, for example, nearly 70 per cent of municipalities did not meet the criteria necessary for being considered a municipality (Banks *et al.* 2011).¹⁷

There has been a significant increase in the number of municipalities over the past decades in Bangladesh and many have faced financial constraints. According to the Centre for Policy Dialogue’s *Report of the Task Force on Urban Governance*, arbitrary decisions to create municipalities at an accelerated rate without serious and considered evaluations of their economic and institutional viability caused them to face constant financial crises (CPD 2001). FGD participants informed that these municipalities typically

¹⁶Multiple responses were accepted.

¹⁷Municipalities must have a population that totals over 15,000, a population density of over 2,000 per square miles, and over three-quarters of the population engaged in industry other than agriculture. For details see. Centre for Urban Studies (CUS), NIPORT, and Measure Evaluation, 2006, *Slums in Urban Bangladesh: Mapping and Census 2005*, Dhaka and Chapell Hill.

face the challenge of dealing with extensive responsibilities and citizens’ growing expectations, but often lack the necessary institutional capacities to deliver on their assigned responsibilities.

Many *union parishads* (the lowest tier of rural local government) were promoted to municipalities over the last decade. This promotion essentially transforms rural local government institutions into ULGIs. The stated goal behind this transformation is to improve, formalise and incorporate rural and semi-rural areas into urban areas with a pledge to provide residents with economic, social, institutional and community services. Upgrading is not only about providing electricity, water and drainage or conservancy facilities. It is about facilitating the economic, social, institutional and community activities that are needed to turn around downward trends in certain areas. These activities are expected to be undertaken in collaboration with all stakeholders, including residents, community groups, local businessmen, local elected representatives as well as both local and central authorities. Ultimately, upgrading efforts aimed to create a dynamic in a community where there is a sense of ownership, a sense of entitlement and inward investment in the area.

A common perception exists that citizens of a *union parishad* would receive more civic amenities once it is transformed into a ULGI. This present study has demonstrated that this has generally not occurred across Bangladesh. Most newly created ULGIs did not have the adequate resources at their disposal to either provide “mandated services on a consistent basis” or “services maintaining quality” expected by citizens.

The creation of a new ULGI by promoting a *union parishad* remains a controversial issue. Discussions about the consequences of such transformation take place at both the local and central levels. Officials and citizens talk about the impacts of the abrupt creation of ULGIs, political motivations behind such decisions, how different groups of people get affected and how these groups tend to cope with transformation. The study reveals that different stakeholders get affected by the creation of ULGIs differently. There is no denying that the creation of ULGIs by promoting a *union parishad* invariably creates gainers and losers. Some stakeholders gain more than others in the process, while some lose more than others. The gainers and losers, as well as those who become distressed, in the context of the abrupt creation of ULGIs by upgrading *union parishads* are mapped out in Figure 14.

Field survey findings reveal that the direct and indirect beneficiaries tend to be as follows:

- i. Elected representatives including the mayor and councillors were perceived to be the direct beneficiaries of the creation of ULGIs. Most elected officials have been able to foster their

Figure 14: Creation of ULGIs: Mapping the Gainers and Losers

Stakeholders who gain directly	Stakeholders who lose more than others	Dampening the spirit of
<ul style="list-style-type: none"> • Mayor and councillors • Relatives and allies of the mayor • Government officials and staff members • Contractors • Professionals • Land-owners in the ULGIs 	<ul style="list-style-type: none"> • Poorest and marginalised groups • Unskilled labourers • Safety net beneficiaries • People living in low-rent housing 	<ul style="list-style-type: none"> • New investors • Small business-owners

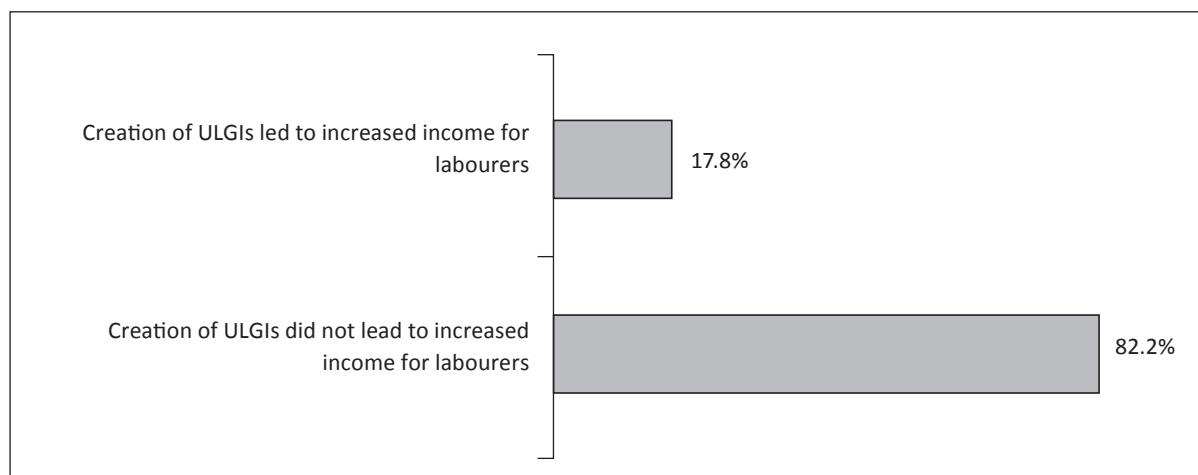
Source: Based on field survey data.

economic well-being by involving themselves in different economic activities associated with the creation of ULGIs. On the political front, many have been able to consolidate and further their political careers.

- ii. The relatives, friends, and political allies of elected representatives were also in positions to reap various direct and indirect benefits. By dint of their close ties with elected representatives, these people could easily translate political clout into economic opportunities in terms of boosts in local business and awarding of construction contracts.
- iii. ULGIs created opportunities for politically and socially connected individuals to gain employment. Government officials and staff members were identified as direct beneficiaries. Some officials have been appointed by the central government and some have been directly elected by ULGIs. In cases of appointments by ULGIs (class III and class IV employees), local residents were given preference.
- iv. Local contractors have managed to gain relatively more contracting opportunities after the creation of ULGIs. FGD participants informed that most contractors who gained were local-level political leaders having strong links to elected representatives. It was also revealed that many elected representatives owned local contracting firms either directly in their names or indirectly in the name of a family member. Obtaining special favours for such firms in terms of awarding local contracts was common in sampled ULGIs.
- v. The creation of ULGIs suited the needs and interests of local professionals including medical doctors, dentists, teachers and private tutors, paramedics and lawyers. Following the creation of ULGIs, these professionals have been able to increase their professional fees, and thus raise their income levels.
- vi. The most direct beneficiaries were individuals who owned land within the boundaries of ULGIs. Real estate prices have significantly increased following the creation of ULGIs. FGD participants informed that land prices have increased 10 to 20 times or even more depending on the location. Individuals who owned rental houses also managed to raise their levels of income since the value of rental houses appreciated significantly after the creation of ULGIs.

Poor and marginalised citizens such as day labourers and individuals having no fixed income faced the negative consequences of promotion from *union parishads* to ULGIs more than others. The cost of living substantially increased for the poorest and marginalised groups since the income levels of these groups neither increased markedly nor proportionately. Many FGD participants pointed out that “the wage rates of day labourers did not increase as much as the general rise in the cost of living right after the transition and as a result there has been a further deterioration of the plight of the ultra-poor in urban areas.” Further, those who “were living in low-cost houses had to pay more as the house rental costs increased sharply after the transition.” Unlike rural areas, where local governments are directly involved in poverty alleviation programmes such as Rural Maintenance Programme (RMP), Vulnerable Group Feeding (VGF), Vulnerable Group Development (VGD), Food for Work, ULGIs are not mandated to play roles in urban poverty alleviation. In the secondary education sub-sector, the Female Secondary School Assistance Programme and Monthly Pay Order system did much to boost access for girls in rural areas, but failed to address the realities of the urban context following the creation of ULGIs. Due to existing government policies, the urban poor were not entitled to receive VGD support. The transition thus adversely affected the poorest who previously received social safety net benefits.

About 51 per cent of respondents perceived that the creation of a new ULGI hit the poor harder. The transition increased both tax rates and commodity prices. Getting citizens to pay more taxes proved to be a challenge for newly created ULGIs. Increased tax rates and commodity prices indeed became a burden, especially to relatively poor residents. Due to lack of necessary qualifications and skills,

Figure 15: Whether or Not Creation of ULGIs Led to Increased Income for Labourers

Source: Based on field survey data.

poor citizens did not gain employment in the highly competitive formal working sectors. Most of the urban poor became engaged in labour-intensive work where payment was very low. Citizens generally hoped that promotion to ULGIs would resolve problems of limited earning opportunities in rural areas. Survey findings reveal that promotion did not necessarily increase their incomes. As demonstrated in Figure 15, the vast majority of respondents (82.2 per cent) perceived that the creation of new ULGIs did not contribute to increased incomes for labourers.

Moreover, due to financial constraints and lack of adequate institutional capacities, newly created ULGIs failed to meet citizens' demands for services. Survey findings indicate that citizens were very dissatisfied with healthcare, water and sanitation services. Newly established ULGIs also failed to provide expected economic opportunities to poor citizens, which substantially increased their vulnerability. Consequently, most citizens became disillusioned after transitions. In Haragach (Rangpur division) and Arani (Rajshahi division) municipalities, local citizens were found to be in favour of reverting back to *union parishads* since they claimed to be worse off after the promotion.

FGD participants in Haragach municipality explained that a public demonstration in favour of promoting Haragach from a *union parishad* to a municipality took place during the 1980s. But soon after the transition, citizens were dissatisfied with the services being delivered by the municipality. Many required services were either non-existent or their quality was poor. Except for some road construction works, there were no attempts made by the municipality to address sectoral problems that faced citizens given severe financial stress related to the inability to generate enough revenue. The local economy did not improve after the transition, with many citizens (about 35 per cent of the total population) engaged in temporary labour-intensive work without having the ability to pay at increased tax rates. Given limited economic opportunities and inability to cope with increased living costs following the transition, a large number of labourers migrated from Haragach to other big cities. The situation was so grave that even the municipality could not regularly pay the salaries of its own employees, which caused them to quit their jobs or take up new postings elsewhere, and led to a governance crisis for the municipality.

6. MAPPING THE DETERMINANTS OF CITIZENS' SATISFACTION WITH SERVICES AND GOVERNANCE

Expectation of the citizens' for improved urban services is on the rise in Bangladesh. It is, therefore, important for the ULGIs to be aware of the determinants of citizens' satisfaction. Based on the survey

Table 15: Correlation Coefficients of Different Variables

		Satisfaction with ULGIs	Efficient delivery of quality services	Perception of the incidence of corruption in development projects	Satisfaction with existing accountability mechanisms	Citizens' grievances redressed by elected representatives	Citizens' participation in development projects
Satisfaction with ULGIs	Pearson correlation	1					
	Sig. (2-tailed)						
	N	110					
Efficient delivery of quality services	Pearson correlation	.721**	1				
	Sig. (2-tailed)	.000					
	N	110	110				
Perceptions of the incidence of corruption in development projects	Pearson correlation	-.205*	-.128	1			
	Sig. (2-tailed)	.032	.185				
	N	109	109	109			
Satisfaction with existing accountability mechanisms	Pearson correlation	.393**	.449**	-.185	1		
	Sig. (2-tailed)	.000	.000	.056			
	N	108	108	107	108		
Citizens' grievances redressed by elected representatives	Pearson correlation	.687**	.727**	-.186	.485**	1	
	Sig. (2-tailed)	.000	.000	.061	.000		
	N	103	103	102	101	103	
Citizens' participation in development projects	Pearson correlation	.299**	.360**	-.204*	.490**	.554**	1
	Sig. (2-tailed)	.002	.000	.042	.000	.000	
	N	101	101	100	100	95	101
** Correlation is significant at the 0.01 level (2-tailed)							
* Correlation is significant at the 0.05 level (2-tailed)							

data, a quantitative estimation is made with a view to determine the variables upon which citizens' satisfaction depend. Table 15 tabulates the correlation coefficients of different variables.

6.1 Quality of Services

In the context of this study, citizens' satisfaction can be defined as a citizen's summative judgment regarding the performance of his or her ULGI with respect to the quality of services provided and the way services are delivered. Generally, efficient delivery of quality services is deemed to be the strongest determinant of citizens' satisfaction. Sampled ULGIs support this trend as $r = .721$ and $p < 0.01$. This means that both variables move in the same direction – with the increase of ULGIs' service quality, citizens' satisfaction with ULGIs also increases.

6.2 Perceptions of the Incidence of Corruption in Development Projects

Compared to central government ULGIs are more susceptible to corruption as the decentralised system creates more opportunities for interactions between officials and private individuals which happen at greater levels of intimacy and frequency. Different forms of corruption are found to have loomed large in the form of bribery, nepotism and patronage. Bribery is the offering of something which is most often money, but can also be goods or services in order to gain an unfair advantage. Nepotism is the practice or inclination to favour a group or person who is a relative when giving promotions, jobs, raises and other benefits to employees. This leads some political officials to provide privileges and positions of authority to relatives based on relationships, regardless of their actual abilities. Patronage systems consist of the granting favours, contracts, or appointments to positions by a local public office holder (Oluwatobi 2012).

The existence of corruption in ULGIs in Bangladesh is well-known, but not well-researched. Field survey findings indicate that corruption in ULGIs often took the forms of bribery, nepotism and patronage. The problem of corruption is pervasive in all sectors. In general, citizens have negative perceptions of development projects initiated and implemented by ULGIs. The common perception is that there is a nexus between officials in charge of awarding contracts for local development projects and those who are awarded these contracts – both parties have collusive interests. Such corrupt practices reduce citizens' satisfaction with ULGIs. Sampled ULGIs also support this trend as $r = -.205$ and $p < 0.05$. This means that with the increase of corruption, citizens' satisfaction with ULGIs decreases.

6.3 Citizens' Satisfaction with ULGIs' Existing Accountability Mechanisms

Accountability is generally understood to be answerability for performance. A working definition of accountability is: a proactive process by which public officials inform and justify their plans of action, their behaviour and results and are sanctioned accordingly (Ackerman 2005). Accountability has many dimensions. Legal accountability involves detailed external oversight for compliance with established legislative and constitutional mandates, while political accountability involves democratic responsiveness to the concerns of stakeholders such as elected representatives and the general public. In Bangladesh, the central government maintains an audit department that reviews local budgets for compliance with legal requirements concerning local-level spending, tax collection, and so forth. Political accountability is to some extent ensured by holding elections, though sometimes there are questions about the credibility of the freedom and fairness of elections. Sometimes elections are not regularly held and institutions are run by unelected public officials, which is inconsistent with the spirit and letter of democracy. This study estimates that the degree of citizens' satisfaction with ULGIs is positively correlated with the degree of accountability mechanisms' effectiveness as $r = .393$ and $p < 0.01$. When citizens' confidence in accountability mechanisms increase, their satisfaction with ULGIs

increases. The reverse can also be true – when confidence in accountability mechanisms decrease, citizens' satisfaction with ULGIs decreases.

6.4 Citizens' Grievances Redressed by Elected Representatives

Responsiveness to the needs of citizens is central to normative theories of democracy and the essence of decentralised administration. If citizens' grievances are not addressed, that may lead to dissatisfaction with leadership and relevant institutions. Survey respondents indicated that their satisfaction with ULGIs depends on the extent to which their grievances are redressed as $r = .687$ and $p < 0.01$. This means that the more citizens' grievances are redressed by officials, the greater the citizens' satisfaction with ULGIs.

6.5 Citizens' Participation in ULGIs' Development Project Identification Processes

Citizens' participation is considered to be an integral component of good governance. Strengthening the relationship between government and citizens is the obvious priority for any democracy or institution engaged in delivering public services. Citizens' participation in local development projects generally involve members of the public assessing their own needs and participating in local development project planning and implementation. Enabling participation involves improving public resource management, reducing corruption and increasing the accountability of elected representatives and other officials to citizens. Transparency of government information as well as inclusion of relevant stakeholders, including affected members of the public, in decision-making processes is also necessary. These measures help create ownership of development projects. In sampled ULGIs, citizens' participation and their satisfaction with ULGIs were found to be positively correlated as $r = .299$ and $p < 0.01$. This means with the increase of citizens' participation in ULGIs' development project identification processes, citizens' satisfaction with ULGIs' increases.

7. GOVERNANCE AND SERVICE DELIVERY IN ULGIs: COMPARING BANGLADESH WITH INDIA AND TANZANIA

An analysis of various countries' local government systems can provide insights into the critical aspects of successful systems and may generate knowledge that helps solve various problems. For this study, two developing countries, one from Asia and the other from Africa, were selected for in-depth analysis of local government systems. India was chosen due to socio-economic and cultural proximity with Bangladesh. Tanzania was chosen due to recent reform efforts in local government institutions, especially in the area of financial management. In addition, these three countries share a common past – each endured British colonial rule, which had a significant impact on shaping the local government institutions of these countries. Tanzania spent a relatively short span of time under colonial rule when compared to India and Bangladesh.

7.1 Degree of Autonomy

In India, there is an elaborate system of state control over the day-to-day functioning of local self-government units. The control system is usually applied through inspection, calling of records and directions for performance of civic functions. There exist elaborate powers of control and supervision in matters of appointment, approval of contracts and estimates above pre-determined amounts, sanctioning of new staff positions and framing of by-laws and rules. On the fiscal front, controls are imposed in terms of setting of tax rates, user charges and expenditures incurred beyond pre-determined expenditure ceilings. Municipal governments, which are theoretically self-government units, do not enjoy the freedom to approve their own budgets and decide their own tax rates and user

charges, although municipal corporations, however, form the exception to this. Before the enactment of the 74th Constitution Amendment Act, even municipal corporations were required to obtain state approval of expenditures beyond certain pre-determined ceilings. Until recently, these ceilings were Rs. 100,000 in Kerala, Rs. 50,000 in Andhra Pradesh and Rs. 20,000 in Himachal Pradesh. In the case of municipalities, limits were even less. In Tamil Nadu, for example, the ceiling was Rs. 8,000. With such control measures, municipal authorities enjoy very little real autonomy, and can hardly be considered as true self-governing institutions (Jha and Jhan 2010).

In Tanzania, the central government contributes the bulk of local government revenue in rural councils through transfers and largely determines local budget priorities. This arrangement reduces the fiscal autonomy of local government authorities. In most local government institutions, revenue sources are insufficient to develop and deliver adequate services for the fast growing population. Only a few large urban councils are able to finance substantial shares of their total expenditures from their own revenue sources. Sometimes these transfers are used as political instruments to win local support and regain control of municipal councils from the opposition. The President's Office – Public Service Management (PO PSM) determines the allocation of some kinds of grants in a discretionary manner (Fjeldstad and *et al.* 2010).

Though ULGIs in Bangladesh are relatively autonomous in imposing taxes and deciding tax rates, they are heavily dependent on central government transfers, and like municipal governments in India, cannot approve their own budgets. ULGIs prepare their budgets and seek the approval of the central government's Local Government Division, without which spending is not possible. Central government transfers generally constitute a major source of revenue for municipalities, and at times these transfers act as instruments of political control. In principle, the central government follows a set of guidelines for the distribution of block grants to municipalities. But the high level of partisan politics and bureaucratic meddling at the central ministry often dictate the volume and destination of central government's grants. Exceptions and exemptions are often made upon political consideration in distribution of block grants, for instance, "special block grants" are often distributed among the ULGIs headed by mayors representing the ruling party or maintaining close ties with them.

7.2 Governance Issues

7.2.1 Committee System

In India, there are two types of committees – statutory and non-statutory. Statutory committees include executive committees, standing committees, planning committees, health committees and education committees. Non-statutory committees include transport committees, women and child welfare committees, and so forth. All these committees are generally operational and active and adhere to their terms of reference. In Tanzania, two key types of committees are *mtaa* (street – a small urban area or geographical division of a ward) and ward development committees. *Mtaa* committees provide grassroots links to the ward structure and mobilise citizens' participation in local development. Priorities for local service delivery and development projects are discussed by these committees before being forwarded to the ward development committee. In Bangladesh, there are provisions for different kinds of committees such as standing committees, WLCCs and TLCCs. Field visits uncovered that these committees only existed on paper. Most municipalities had not formed these committees, and in cases where they were, ULGIs made no serious attempts to fully operationalise them.

Notably, if the committees in Bangladesh were fully operationalised, they could function as the most effective mechanisms through which the gap between citizens and ULGIs could be bridged. Full operationalisation would help ULGIs and citizens break the current stalemate in which "no one is reaching out for no one", which contributes to mutual mistrust and misgivings.

7.2.2 Dissemination of Information on Fiscal Affairs

Citizens' access to information is often seen as a necessary condition to achieve accountable, transparent and participatory local governance. Transparency with respect to budgets and accounts is at the heart of local government accountability. Local government authorities use different methods to disseminate information on fiscal affairs – revenue and expenditures – to the public. In Tanzania, meetings organised by the councils on a regular basis play an important role in disseminating financial information. Various councils also use newspapers and notice boards to disseminate information. However, studies indicate that information to citizens on government revenue, financial management and corruption are in short supply relative to information on HIV/AIDS (Fjeldstad *et al.* 2010).

In India, there is a mechanism in place through which citizens can take part in the ward committee meetings organised by municipalities. Notably, details on local development project contracts entered into with private contractors are often not shared with citizens during these meetings, despite provisions in the Municipal Act that information on every signed project contract must be shared with the public. There is evidently a lack of transparency and some citizens have suggested that information on the execution of projects, such as advertisements and release of tenders for contractors, signing of contracts and publicity of development projects is shared only within groups of authorities and influential individuals (Aijaz 2007).

In Bangladesh, there are provisions for information disclosure through standing committees, open budget meetings and displays of notices and documents on notice boards. Yet, like in India, there is evidently a lack of transparency regarding the fiscal, financial and budget-related affairs of ULGIs.

7.2.3 Auditing Practices

Auditing is one of the key mechanisms for ensuring accountability. In all three countries under consideration, there are provisions for annual auditing of local government institutions by the central governments. In India and Tanzania, there are provisions for both internal and external auditing. In the case of Bangladesh, however, there are no internal auditing systems in municipalities. Due to shortages of skilled labour, only sample external audits of municipalities are conducted by the central government's Comptroller and Auditor General's Office every three to five years. In Tanzania, the councils submit annual reports to the National Audit Office of Tanzania. If financial statements do not accurately present financial positions, the councils receive adverse opinion from the controller and auditor general. Local government reforms have contributed to improved staffing of the councils' treasury departments and internal audit offices, reflected by increased numbers of trained accountants and auditors. This has improved local governments' capacities for financial management. Up until 2003, councils' internal audit offices were either weakly staffed or unstaffed. Since the introduction of Local Government Capital Development Grants in 2005-06, the situation has largely changed for the better. One of the conditions to gain access to the full grant is to have a functional, qualified internal audit office (Fjeldstad *et al.* 2010). In Bangladesh, internal auditing systems need to be established to strengthen the overall accountability system.

8. CONCLUSIONS

City corporations and municipalities constitute urban local governance in Bangladesh. These ULGIs occupy an important place in the overall system of administration and governance in the country. They were established to function as key local government bodies that deliver vital public services and infrastructure to urban populations. However, this paper demonstrated that ULGIs faced serious governance crises and challenges, which often resulted in poor service delivery and citizens'

widespread dissatisfaction with the services actually provided, due to financial, institutional and policy constraints.

The present study, based on citizens' perceptions collected through field visits, surveys and face-to-face interviews, concluded that ULGIs lacked financial resources, autonomy and skilled labour. Officials in general were inefficient due to low skill levels and insufficient knowledge. ULGIs did not have the authority to hire and fire its personnel without prior approval from the central government. Mayors' and councillors' conduct was found to be out of line with basic rights, laws, rules and regulations. Staff and managerial training as well as auditing and accounting capacities were found to be minimal. There were no provisions for on-the-job training or workshops for capacity building.

The study identified two important factors undergirding poor service delivery and governance namely (i) lack of citizens' participation and (ii) politicisation of ULGIs' affairs, which directly contributed to citizens' dissatisfaction. Strikingly, not a single sampled ULGI was found to have fully operationalised TLCCs and WLCCs to ensure citizens' participation in ULGI's affairs. Accordingly, budgets and local development projects were adopted without much consultation with citizens. This trend eventually led to a lack of citizens' ownership of budgets and development projects. Citizens were dissatisfied with ULGIs' downstream accountability mechanisms. By law, ULGIs are supposed to remain accountable to the central government and citizens. The findings from field survey reveal that there were no effective mechanisms in place for the central government to monitor ULGIs' affairs. External audits were not conducted on a regular basis and the capacities for internal audits did not exist. Corruption was perceived to be rampant in most sampled ULGIs. The study found out that there was no system in place to effectively redress citizens' complaints and grievances. Evidence suggests that the lack of citizens' participation reduced possibilities to challenge officials' decisions and led to citizens' further dissatisfaction with ULGIs.

Acute shortages of financial resources in ULGIs contributed to poor governance and service delivery. Given the inability to generate much own-source revenue, ULGIs depended heavily on central government transfers. Political meddling often occurred in cases of the distribution of central government grants. There was also a problem with the timing of the release of funds by the central government. The funds were disbursed in installments and most sampled ULGIs received the last installment at the end of a fiscal year. Therefore, ULGIs had to implement development projects within a very short time span, which forced them to compromise on the quality of work.

Linked to poor institutional capacities and these financial constraints, citizens' dissatisfaction with ULGIs' services was found to be high in most sampled ULGIs. Evidence suggests that citizens' satisfaction varied significantly based on the year of establishment of a municipality, size of population and category of municipality. The study indicates that as a ULGI becomes older, its administrative and overall governance capacities increase and ultimately contribute to higher citizens' satisfaction with services provided by ULGIs. Similarly, as the category of municipality rises from C to A, denoting increases in own-source revenue generation and related economic and social benefits, citizens' satisfaction increases.

One of the important findings of the study is that newly created ULGIs, which transitioned from *union parishads* often based on political decisions alone, failed to provide citizens with expected basic services such as healthcare, water and sanitation services due to acute financial stress and lack of proper institutional and administrative capacities. Following transitions, citizens often became disillusioned. The study also demonstrates, the plight of the poorest and marginalised groups worsened after transitions. For instance, day labourers and individuals having no fixed income faced the most adverse consequences since the cost of living increased substantially, but incomes did not rise proportionately.

Social safety net beneficiaries were also adversely affected since some social safety net programmes, such as VGD, were discontinued following transitions. Many citizens were left dissatisfied to the extent that they were in favour of reverting back to *union parishads*.

8.1 Policy Options

During field visits, suggestions were sought from different stakeholder groups regarding how ULGIs' governance problems could be addressed and how services could be provided more effectively. Based on the findings of the present study and the suggestions received from the survey respondents, the following policy recommendations are being put forward.

(i) Fully operationalise TLCCs and WLCCs

Immediate and full operationalisation of TLCCs and WLCCs in all ULGIs is imperative for going forward. Operationalisation not only depends on ULGIs' elected representatives, but also on citizens' awareness. Regular comprehensive monitoring by the central government is needed to ensure compliance on this front.

(ii) Make open budget meetings truly open

Open budget meetings must be made truly open by inviting citizens from all walks of life. ULGIs must allow these citizens' voices to be heard and make their comments and opinions count by translating them into relevant budgetary allocations and redistributive measures. Participatory budgeting processes require evaluations of budgetary outcomes. Outcomes should not solely be judged against standard criteria such as changes in wealth distribution, sectoral allocations and economic resources. Evaluations of processes of participation in decision-making and whether the resulting redistribution has created conditions for improved well-being should also be conducted. Without such evaluations, participatory budgeting processes may perpetuate inequities or generate new ones.

(iii) Increase citizens' engagement

Citizens should have opportunities to participate in development project identification and implementation processes. Such participation is essential to select projects according to local priorities and demands as well as increase citizens' sense of ownership of projects. Overall planning processes should therefore integrate top-down and bottom-up approaches.

(iv) Increase ULGIs' autonomy and facilitate capacity building

Mayors, officials and staff members should have the autonomy to recruit and employ skilled labour as per the genuine needs of ULGIs. Adequate capacity building programmes such as on-the-job training and workshops for newly recruited staff members and officials are needed. The training related to accounting and auditing in particular would make a significant difference in overall transparency and accountability. ULGIs should also ensure enabling environments where employees can effectively communicate, be comfortable and confident and stay self-motivated. Coordination and mutual respect throughout hierarchies, regular staff meetings and publication of reports, clear job descriptions, performance appraisal and reward systems and modern technological set-ups would help in this regard.

(v) Curb corruption

Citizens commonly perceive that corruption in ULGIs' affairs is rampant in general, and development projects in particular. Corrupt practices are frequently evident in awarding development project contracts and assessing and collecting taxes. To reduce the incidence of corruption, the central government should ensure that ULGIs strictly follow public procurement rules. Auditing reports, annual financial statements and other documents having bearing on financial management must be published and shared with the public.

(vi) Introduce systems for internal audits

The regular conduction of internal and external audits is fundamental to keeping ULGIs accountable. Given skilled labour shortages, the central government's Comptroller and Auditor General's (C&AG) Office can only perform sample external audits of municipalities. Increasing skilled labour in that office aside, systems for internal audits should be introduced and made mandatory for ULGIs.

(vii) Minimise politicisation in ULGIs' affairs

Elected representatives tend to politicise ULGIs' affairs. To minimise politicisation, ULGIs need to implement and follow the laws stated in the constitution as well as the Local Government (City Corporation) Act, 2009 and Local Government (Municipality) Act, 2009. Ensuring the autonomy of ULGIs depends on the goodwill of the central government, which must also make sure to implement and follow the same laws. Elected representatives and other officials should be fully aware of the rights and responsibilities that they are assigned by law. Punitive measures should be taken against those who violate the legal provisions.

(viii) Carefully assess institutional capacities before promoting union parishads to ULGIs

Proper assessment procedures must be implemented by both the local and central governments before upgrading a *union parishad* to a ULGI. Local government institutions should not be promoted on political or aspirational grounds. In particular, long-term institutional viability must be assessed with a special focus on enhancing their administrative capacity through training and also the financial viability objectively judged against their capacity to generate own source revenue.

(ix) Support the poorest and marginalised groups

Before promotions to municipalities, governments must take measures to support the poorest and marginalised groups that will be hit hard during and after transitions. For instance, overnments should provide training to day labourers in advance so that they can gain meaningful employment after transitions. The government should also make alternative arrangements for social safety net beneficiaries who will be adversely affected by the discontinuation of programmes due to transformations.

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The **CPD-CMI Research Cooperation Programme** was implemented during 2010-2013 with support from the Norwegian Ministry of Foreign Affairs, in cooperation and partnership with the Royal Norwegian Embassy in Dhaka. The broad objective of this programme was to contribute towards improved governance and inclusive growth in Bangladesh. The programme has covered two broad themes: the *Inclusive Growth* component has included studies on – Agricultural Trade with India: Implications for Food Security and Poverty; Private Sector Development: The Role of Education and Business Training; and Governance and Energy in Bangladesh: The Role of FDI. The *Good Governance* component has carried out research on – The Parliament of Bangladesh; The Political Parties of Bangladesh; Democracy and Corruption; and Strengthening Fiscal Autonomy and Financial Accountability of Local Government in Bangladesh. Along with research, the programme also comprised a number of other activities including expert consultations, dialogues and workshops (in Bangladesh and Norway), trainings, publications and exchange of visits.

The **CPD-CMI Working Paper Series** is brought out to disseminate the findings of various studies carried out under the CPD-CMI programme.

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