

What is Essential for Effective Service Delivery in Local Governance? Evidence from Bangladesh

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Abstract: *The world is shifting day by day, and the political system changes over the decade. The article discusses issues affecting service delivery in local government of Bangladesh. It argues that the government is committed to establishing strong local institutions at every level along with active participation of elected representatives in administration and development programs. But the local government of Bangladesh is in a tricky situation from its genesis especially in respect to fiscal sustainability and institutional capacity. Legal issues, lack of efficient workforce, lack of willingness of leaders and corruption are found the serious issues in tax management that leads poor collection. Some fundamental issues remained out of the purview of reform agenda when the central government has extensive control over local government. The article suggests that given deep-rooted critical issues LGIs face, improving accountability mechanisms need to be revitalized to complement empowerment and poverty reduction for more effective service delivery*

Keywords: Local Government, Union Parishad, Service delivery, Bangladesh

1. INTRODUCTION

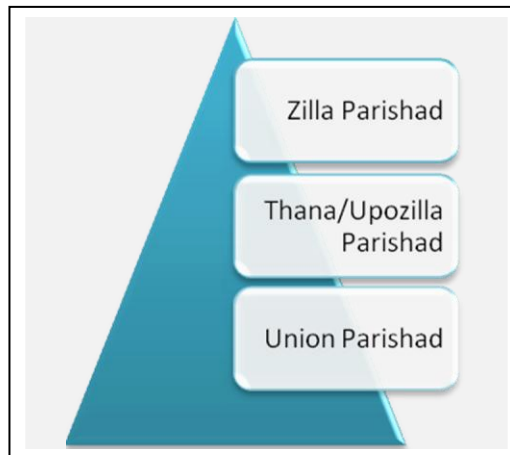
The world is shifting day by day, and the political system changes over the decade. In spite of the unprecedented economic growth, the world has an escalating number of poor where living conditions are commonly pitiable with a significant part of their population and having partial access to quality and reasonable essential services such as health, education, water, and sanitation. Bangladesh is a country where this is very common to mass people. The government is committed to establishing a robust local institution at every level along with active participation of elected representatives in administration and development programs. But the local government of Bangladesh is in a tricky situation from its genesis especially in respect to fiscal sustainability. Meanwhile, local government units hardly engage non-state actors in public policy making and management of societal affairs. A significant number of development and service-oriented programs are implementing by local government division (LGD) for poverty alleviation and well-being of rural people while the participation of all stakeholder is not yet ensured (Hossain, 2014). Development projects are formulated and implemented by LGD at the local government level for making life more comfortable, sound and meaningful where poverty reduction, human resource development and creating

employment opportunities given more emphasis. LGD also organize training for elected representatives to enhance knowledge and efficiency while there is no program at the local level for a citizen to participate actively in decision making as well as budgeting. The now-a-day a system has been introducing to evaluate the performance of local government to enhance their capacity, accountability, transparency and healthy competition among LGIs. Based this they also have given additional allocation and award for the results of performance evaluation. Though, local government has a significant number of responsibilities. The council members, in many cases, are not aware of their duties. And, the communities have low expectations of them. Women members, in Bangladesh, are excluded from governance (Aminuzzaman, 2010 and Hossain, 2014) while women are the significant part of development (Hossain, 2015). The local government has to depend on the central government to implement their leading activities. However, it has own sources of revenue which are finite. LGIs in Bangladesh is very feeble in service delivery due mainly to the low level of capital in the local government bodies and absence of participatory decision-making in governance.

2. Local Government Structure in Bangladesh (Categories and Hierarchies)

The rural/regional local government as proposed by the latest commission on local government would have three tiers:

- Union Parishad (4542);
- Thana/Upazila Parishads (487);
- Zila (District) Parishads (64).



Urban areas have a separate set of local governments. The eleven largest cities have a City Corporation status, while the rest are known as Pourashavas or Municipalities, which again are classified according to financial strength.

Table 1 Hierarchy of Urban Local Governments

City Corporation	Dhaka (North & South), Chittagong, Khulna, Rajshahi, Barisal, Sylhet, Narayanganj, Rangpur, Gazipur, Mymensingh
Criteria of Institution and Annual income level	6 million or overpopulation and yearly own revenue income of taka 10 crores or more

Municipalities	324*
Category	Criteria of Institution and Annual income level
Class A Municipalities	6 million+ population and yearly own revenue income of taka 10 crores or more
Class B Municipalities	2 million+ population and more than one crore taka of own revenue income per year
Class C Municipalities	Less than 2.5 million people and more than 60 lac BD taka yearly own revenue income

*<http://www.lgd.gov.bd>

In addition, a large number of small urban centers are administered under the Union Parishad system of (rural) local government. Some urban centers have a reasonably large population but have not yet been declared a Municipality and therefore also remain under Union Parishad management.

Current Organogram of Union Parishad (UP)

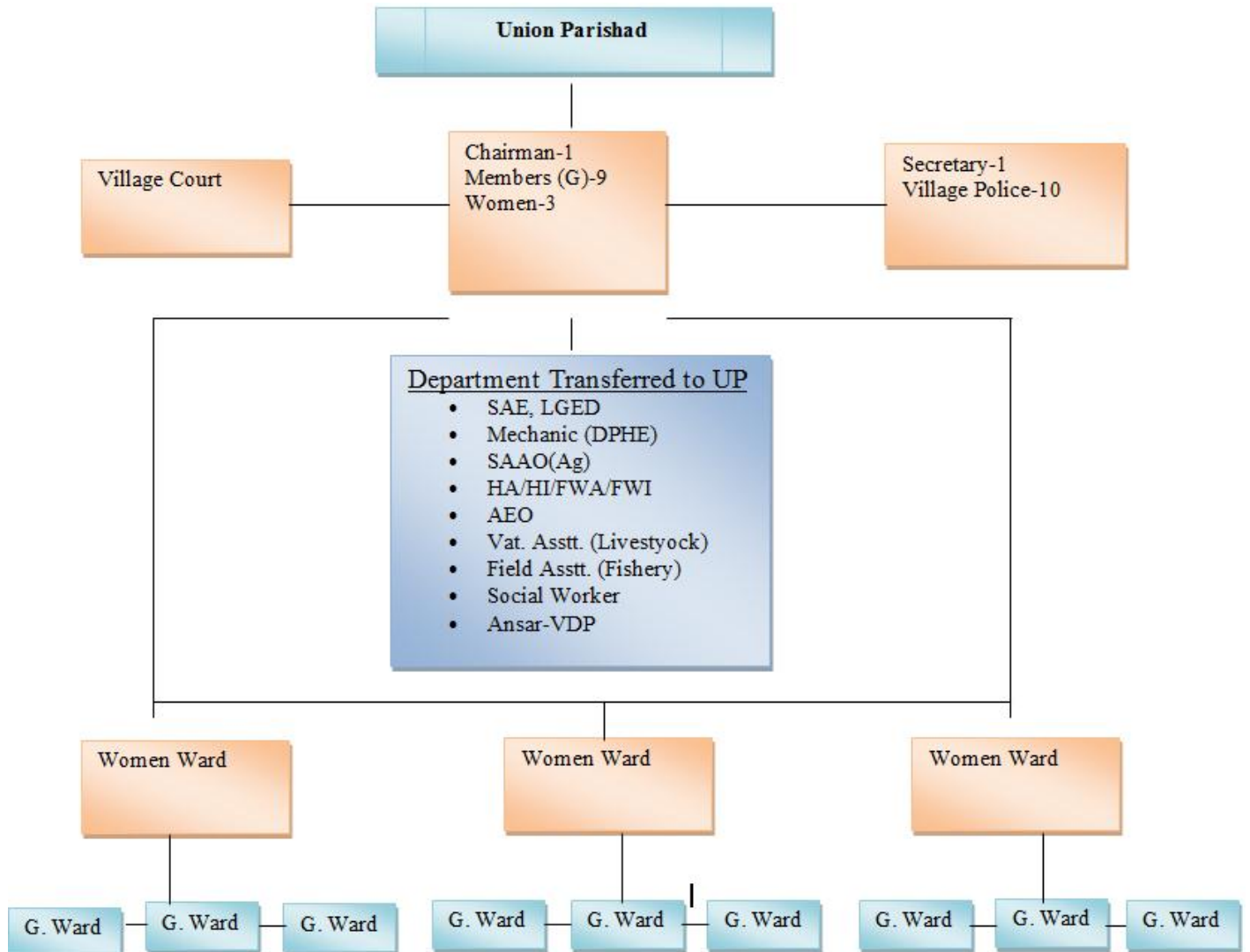
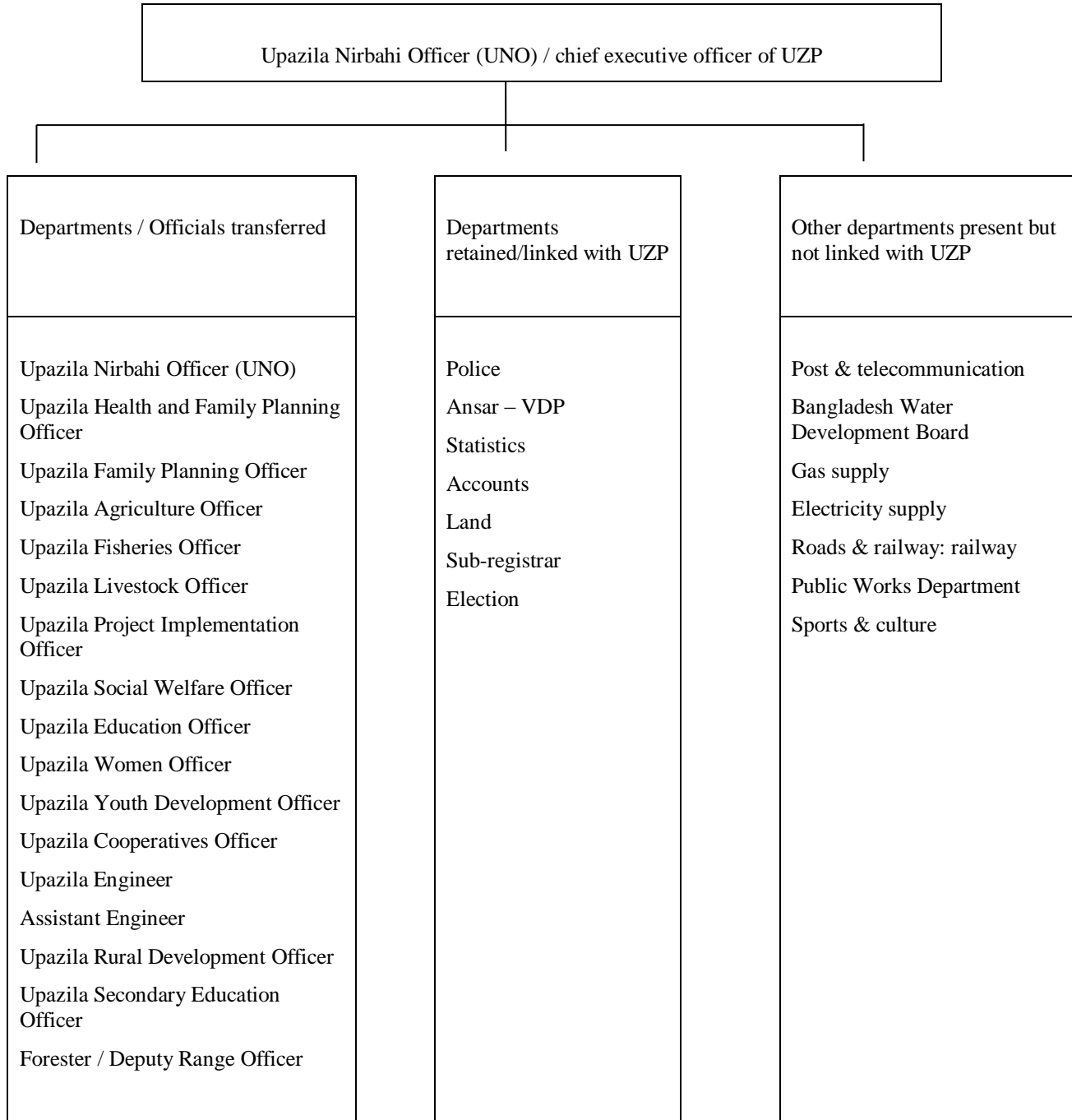


Figure: Current Organogram of Union Parishad (UP)

Current Organogram of Upozilla Parishad

Upazila Parishad (UZP)	
Local Member of Parliament (MP) (Advisory role)	Chair (1) Vice-chair (2) (1 Male & 1 Female) Members: All UP chair and pourashava Mayor Women members: 1/3 of existing UP members/councilors of pourashava



3. Overview of Local Government: policy and practices

The development philosophies of Bangladesh is the quest for institutional strategy at the local level that mingles twofold aspirations of strengthening participatory development at grass-root and building local governments as key vehicles of local democracy and service delivery (Rahman and Ahmed 2015, Hossain 2016). A government with more attention to the social welfare that was going to implement through fiscal decentralization policy and government reforms became

intensely global in the development process in the 1990s. As we all know, local government is given legal recognition in the constitution by the act of parliament or relevant provisions (Kahn, 1996) but the gaps and weakness remain significant.

The scientist and civil society are agreed today about local government that it should be developed and effective because it is crucial for setting development agenda pro-poor, widening participation in decision making and priority

settings. Local resources should be mobilized and directed in such a manner where they are needed by increased allocative efficiency (Rahman and Robinson, 2006). In Bangladesh, several policy documents, i.e., National Rural Development Policy and Poverty Reduction Strategy Paper (PRSP), have formulated and implemented in which local government has given particular attention to developing mechanism which/to facilitate and create a favorable environment to provide the services that required by rural dwellers (Aminuzzaman, 2010).

4. Local Government Capacity and Finances

Local government is recognized as highly viable equipment through democratic processes and practices could establish and participatory development ensured. The creation of the local government bodies at every administrative level is condition provided by the constitution of Bangladesh. In reality, through various means of political and administrative control, the LGIs remain weak and perpetually dependent on central government. More or less all the reform efforts regarding to the local government, as a matter of fact, generally dealt with secondary issues, i.e., number and level of tiers, composition, relationship between tiers, share of functions among the tiers and central government etc., at the price of the core issues like devolution of authority for enabling LG to function in an autonomous manner. For example, staff management including mechanisms of effective accountability of assigned government officials and other staff whose recruitment are finally approved by the central government functionaries; the other issues, such as resource generation, management, and utilization remained out of the purview of the reform agenda. The central government exercises extensive financial and administrative control over the local government units in different ways. The annual budget of local government units is examined and approved by the central government agencies. Again, in the case of UP authority over the recruitment and payment of salaries of the official is held by the central government bureaucracy.

The LGIs are entitled to Annual Development Plan (ADP) block grants from the national government. The local government regulation holds strict instructions that the block grant must be explicitly used in specific sectors determined by the central government. This predetermined sector allocation severely limits the scope of local level planning as well as compromises the flexibility of local bodies to utilize the financial resources for satisfying the immediate needs of the community. This also runs contrary to the concept of functional autonomy of the LGIs (Rahman, 2005).

Both human competence and logistics comprise the institutional capacity. Relevant studies reveal that the vast majority of the mayor/chairmen and councilors/members of LGIs lack of adequate knowledge and understanding about the operational procedures and functions of these bodies. They are also ignorant of the complicated rules as regards to

budgeting, planning, and resource management. For example, UPs has to maintain more than a hundred registers, but it keeps very few of the records because it is a tremendous job considering the managerial capacity. Furthermore, related institutions have inadequate facilities, and the training modules are also obsolete. With inadequate physical facilities and office space, LGIs do not enjoy the real autonomy to solve the local problems.

The local governments have to depend on the central government to develop finance and resources mobilization. Similarly, in order to employ human resources or transfer their employees serving the local administration, they are dependent on the central government. The key personnel who are related with development work of the municipality or union parishad also considered as the employees of the central government.

The local governments, mainly the smaller ones, do not even have adequate control and leadership over domestic affairs. The challenge here is to create appropriate conditions for the local authorities to function effectively. The efficiency of local authorities depends to a large extent on efficient and better-trained manpower. The LGIs in Bangladesh lack organizational capabilities to undertake and complete the massive task of urban and rural development. One of the reasons for such a deficiency is the lack of trained manpower resources available to the local governments. Many of the regional offices remain understaffed. The central government exerts full control over local level decisions (Rahman, 2005).

Local government bodies in Bangladesh are in constant shortage of funds. The sources of their income are generally taxes, rates, fees and charges levied by the local authority as well as rents and profits accruing from properties of the local body and sums received through its services. Contribution from individuals and institutions, government grants, earnings from investments, receipts accruing from the trusts placed with the local bodies, loans raised by the local authority and proceeds from such services are another source of income governments may direct to be placed at the disposal of a local body. The most important source of own income of local bodies are property and holding taxes. And loans and voluntary contributions are rare. Nowadays, foreign or international project funds also contribute a significant share of a local budget.

The tax management of local bodies is weak, resulting in a poor collection (Chowdhury, 1997). There are many causes for this, including a poor assessment structure, lack of efficient manpower and legal issues. Corruption is another primary reason for the low collection of taxes. Another important reason is a large number of elected representatives are not interested in tax collection. Municipal expenditures are mainly geared towards physical infrastructure. Investments in social sectors are negligible (Chowdhury, 1997).

Table 2. Sources of Municipal Revenue

Source	Sub-components
Property tax	Property tax on the annual value of buildings and lands Conservancy rate Water rate (except Dhaka and Chittagong) Lighting rate
Shared property tax	Surcharge on the transfer of property ownership
Other taxes	Tax on professions, trade, and callings Tax on vehicles and animals Tax on cinema, dramatic and entertainment
Non-tax source	Tolls and minor taxes (on an advertisement, marriage, etc.) Fees and fines Rents and profits from property Other sources
Loans	Internal, from banks, etc. International agencies
Government grants	Salary compensation grants Octroi compensation grants Normal development grants Extraordinary grants

Source: Chowdhury, 1997

5. Budgeting and People's Participation:

Involvement of community and community-based organization (CBOs) and general peoples particularly in priority setting can be used as a useful tool for deepening democracy. Through this process, the poor and vulnerable group can raise their demand for the greater portion of the public resources. In this process, it will be visualized to them how much policy converts into outcomes on the ground. Such a budget helps to increase the perception among the citizens that they have the right to monitor how well the premised public services are delivered to them by the provider. Such engagement also increases the level of transparency and accountability and improves the quality of governance. This, therefore, can also help enhance the capacity of the state particularly that of the LGIs, in expanding the scope of participatory budgeting at the grassroots level (Rahman, 2005). However, the national government of Bangladesh is elected by the popular voting system the budgeting process is not effectively participatory. It is said that there is no little room for people's participation in local government budgeting and not to speak of the national budgeting.

The Government of Bangladesh, UNDP, and UNCDF have jointly initiated a project titled "Sirajganj Local Government Development Fund Project" or shortly Sirajganj Project, which has been organizing participatory planning and budgeting since its inception in July 2000 with duration of five years.

Participatory planning and budgeting events take place at the UP level of Sirajganj district. Also, The Hunger Project initiated some participatory activities on the proposed budget by organizing a one-day open budget session at 25 UPs all over Bangladesh in 2002 and 27 UPs in 2003 (UN, 2005). The project created massive excitement among the local people who lived at the periphery of the country and away from the development innovations and participation in the decision making level. The program was a component of a project called "Transparency and Accountability of Union Parishad" financed by the Cooperative for Assistance and Relief Everywhere, Inc. (CARE)-Bangladesh. The local people present in the event opined that this type of innovation could make transparent and accountable, especially those UPs that are located in the periphery. However, stimulated by the success of the program Agragati Sangstha later initiated open budget hearings at seven UPs including Ramjan Nagar Union in the same district in June-July 2004 with the active support of the UPs. They also helped formulate five-year plans for these Unions, which is, in fact, the best output among the participatory budgeting exercises all over Bangladesh. The process has been continuing and gathering stronger ground with the passage of time (Rahman, 2005). Without these few exceptions, most of the Ups and almost all of the municipalities do not have people's participation in budgeting. The study reveals the under the existing system there is hardly any scope to participate in the budget-making process for the beneficiaries and other stakeholders.

6. Participatory Budgeting and its Framework in Bangladesh:

Participatory Budgeting involves the direct participation of citizens and civil society. It is a decision-making process through which citizens deliberate and negotiates over the distribution of public resources (Shah; 2007).

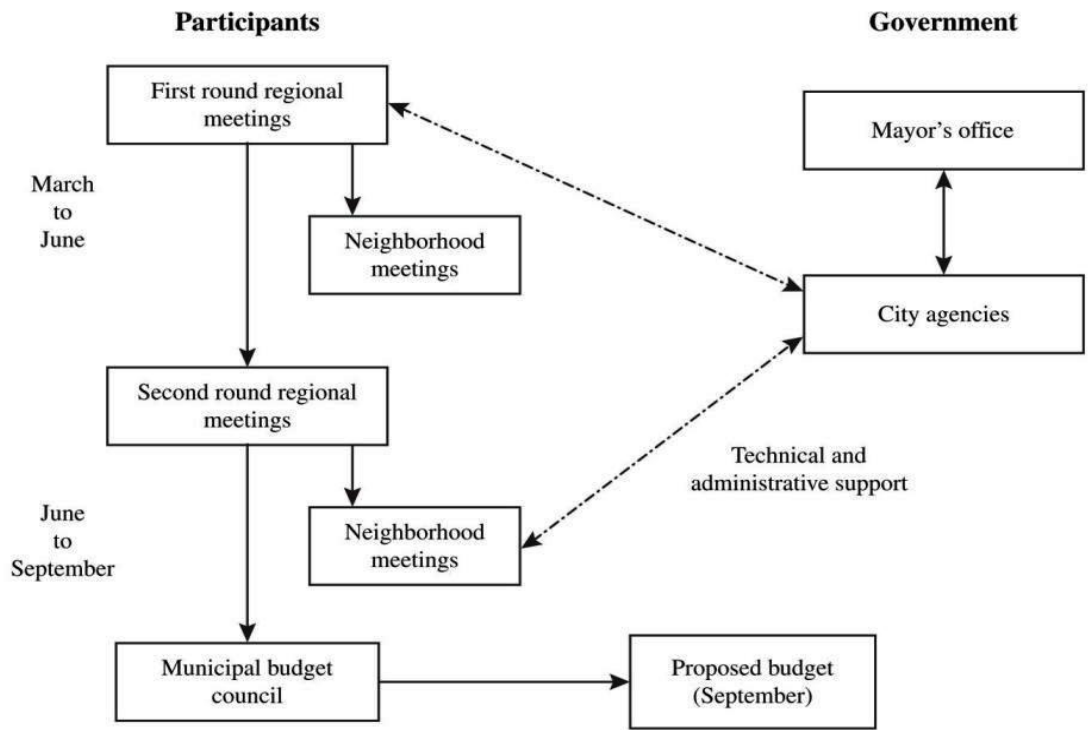
It also actively engages local government actors such as the mayor, the local council, the treasurer, and the directors of the local finance, urban and rural planning, and local services departments. Participatory Budgeting does not transfer funds from the local government to local communities. In PB, communities work together with the local government to agree on how to spend limited local government resources more effectively (Srinivasan, 2006).

The purpose of this part is to discuss the framework for participatory budgeting in Bangladesh, which fabricate the legal and institutional frameworks, as well as the budget cycle. The legal and institutional frameworks are discussed because they are considered as the sources of the participatory framework in Bangladesh

Participatory budgeting refers to the involvement of citizens in identifying local priorities, policies, programs, and projects that require allocation of resources. Participatory budgeting provides the opportunity for people participating in the distribution of resources to priority social policies, and for them to monitor public spending and policy performance. As such, local constituents gain ownership of the policies/programs/projects for regional development; thus, they are committed to supporting local government unit (LGU) social systems and development initiatives.

The Constitution of Bangladesh (1972) unconditionally emphasizes the need for establishing the local government with a representative character (Chapter 3, Article 59). It also implies direct participation of the people in constituting the local body and in managing the affairs of such bodies.

Local government, as a political institution to ensure public participation in development activities, despite the Constitution of Bangladesh has assured the owners of the citizens of the country. Bangladesh for instance has power for local determination, but lack the financial resources to provide locally determined services.



Source: Adapted from Wampler 2000.

Figure1. Participatory Budgeting Process

"Participatory approaches to public expenditure management refer to the range of methods, tools, and choices that introduce/involve ordinary citizens and civil society in general into the process of allocation, tracking disbursement, and monitoring the use of the public resource" (Thindwa, 2004: 6). They contribute to transparency where people have access to public information; efficient service delivery and needs fulfillment.



Figure2. Framework for Citizen Participation in Sub-national Budgeting

Source: Thindwa,

7. A Strong Financial Framework for Local Government

Many research programs on decentralization and local finance have recognized the necessary components for a robust local government financial framework. They comprise:

- clear assignment of responsibilities;
- authority to adjust revenues to the needed expenditures;
- body to generate sufficient local government own revenue sources and to develop strong positive incentives to strengthen this;
- strong financial management and accountability systems and procedures;
- developing an appropriate mix in expenditures and revenues;
- efficient, democratic and accountable budget procedures;
- relevant financial relationships between central and local governments;
- a proper level of re-distribution;
- efficient and timely transfers from central to local government; and
- efficient revenue collection (Dirie, 2005).

As part of this study, we analyze the financial framework for local government in Bangladesh to see how closely they meet the above structure and can meet their service delivery responsibilities.

8. Conclusion and Recommendation:

Notwithstanding the constitutional promise of ownership of the Republic by citizens of the country, the decision-making power has always been outside the sphere of the common people. The rules and procedures have not been reformed in the light of this citizen proprietorship. Therefore, hopes and aspirations of citizens get hardly reflected in the development agenda of the government, both national and local.

Participation is not sufficient in every sphere, and it fails to involve meaningful dialogue that affects public decision making. Civil society can play an imperative role in improving participation. In the light of the previous findings, it is evident that in the context of local government (Hossain, 2014), it is not clear what the participation process is meant to achieve. The study found that citizens are incapable of contributing productively to policy-making.

In Bangladesh, poorest are not getting benefit from the service because resources do not deliver the results where increasing resources is not the only solution there need to improve the efficiency and effectiveness of public expenditure that means improving accountability. Empowerment and poverty reduction go together; discrimination and inclusion need to direct attention, where access to information, responsibility, inclusion and local organizational capacity are the essential elements of empowerment. Supply-side initiatives are complimentary for accountability when building links with formal accountability mechanisms are pertinent. There are some critical issues of success; the political culture and context, media, the capacity of state and civil society and the synergy of civil-society.

Below, a number of policy requirements for successful implementation of a participatory budgeting process are highlighted.

- a. Political will from the ground of national and local level government. Local politicians must feel that broader participation resolves their problem by identifying resources.
- b. Establishment of the appropriate institutional structure of local authority with a flexible and legal framework for local government budgeting process

and the number and the diversity of the population.

- c. Involvement of citizen from the initial stage of budget design through dialogue because early engagement of citizens in the municipal budgeting process is likely to be more effective in influencing decisions, building trust and reducing skepticism about municipalities, empowering citizens.
- d. Raising awareness and understanding about participatory budgeting through innovative communications such as the organizing public meetings, use of cartoons and popular language. Attention is given to using a variety of media to communicate including local radio and the internet. Publicity is significant to disseminate information. Creating an attractive style for communicating about participatory budgeting is needed to make people aware of how to participate. Local newspapers and use of council newsletters to communicate directly with residents.

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