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# **The Good Governance Agenda and Urban Governance: The Case of Dhaka, Bangladesh**

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## Abstract

This thesis argues that the good governance agenda has reached an impasse in Dhaka due to the absence of political will and commitment. The current status of the good governance agenda, its advocates and opponents, after ten years of advancement as a prerequisite for poverty alleviation is investigated as well as its connection to the more recent phenomenon of urban governance. Urban governance on the one hand is used to describe urban actors and their relationships and on the other to describe the management of urban centres. Using Dhaka, Bangladesh as a case study, the thesis highlights that the two descriptions are very much connected since actors and their relationships, in the context of Bengali culture and accepted behavioural norms, influence the outcome of urban management issues, such as the provision of basic services and infrastructure. While there is little evidence that good governance does in fact lead to poverty alleviation, multilateral and bilateral donors and numerous NGOs, encouraged by the amount of funding available, are pursuing strategies to improve the governance situation in Dhaka. However, the current state of governance and the entrenched norms greatly affect the outcome which is emphasised through an examination of a number of current projects and programmes. Development practitioners, especially donors, are only now beginning to acknowledge the importance and influence of culture and politics on development policy, programme and project outcomes. However, direct attempts to modify culture and politics will undoubtedly lead to criticisms of interference in sovereignty issues. It is suggested that the good governance agenda has reached an impasse until there is a demonstration of political will and commitment for achieving good governance from the Government of Bangladesh, civil society and donors. The Government because as elected representatives they have power to change legislation, provide leadership nationwide and set a context for improvements; civil society because their attitudes and actions can either reinforce the current societal norms or challenge them; and donors because their own political and strategic agendas should help and not hinder development.



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## Glossary

ADAB	Association of Development Agencies in Bangladesh
ADB	Asian Development Bank
ADP	Annual Development Plan
AL	Awami League
BCAS	Bangladesh Centre for Advanced Studies
BCP	Bangladesh Communist Party
BIDS	Bangladesh Institute of Development Studies
BNP	Bangladesh National Party
BRAC	A Bangladeshi NGO
CEO	Chief Executive Officer
CIDA	Canadian International Development Agency
CUP	Coalition for the Urban Poor
DCC	Dhaka City Corporation
DfID	Department for International Development (Great Britain)
DMA	Dhaka Metropolitan Area
DMDP	Dhaka Metropolitan Development Plan
DSMA	Dhaka Statistical Metropolitan Area
DMP	Dhaka Metropolitan Police
DWASA	Dhaka Water and Sewerage Authority
FBCCI	Federation of Bangladesh Chambers of Commerce and Industry
GOB	Government of Bangladesh
Gram	Village
Grameen Trust	A Bangladeshi Research Organisation
GSS	Gono Shahajjo Shangstha, a Bangladeshi NGO
Hartal	General Strike
HGI	Humane Governance Index
IFI	International Financial Institution
IMF	International Monetary Fund
ICRG	International Country Risk Guide
JICA	Japan International Cooperation Agency
JP	Jatiya Party
Mastaan	Mafia
MFN	Most Favoured Nation (term used by the United States)
Mukti Bahini	Freedom Fighters in pre-independent Bangladesh
NIC	Newly Industrialising Country
NGO	Non-government Organisation
NGOAB	NGO Affairs Bureau
OECD	Organisation for Economic Cooperation and Development
Panchayats	System of local government prior to Mughal rule. Panchayats were an elected group with executive and judicial powers.
Parishad	Council
Proshika	A Bangladeshi NGO
RAJUK	Rajdhani Unnayan Kartripakyha, Dhaka's Capital Development Authority
SAP	Structural Adjustment Programme
SIP	Slum Improvement Programme

Thana	Means local police station but also used to define an area for local government
UBSDP	Urban Basic Services Delivery Programme
UDC	Urban Development Centre
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WB	World Bank
Zila	District

## Introduction

This thesis focuses on two aspect of development – governance and urban development specifically in relation to Dhaka, Bangladesh.

Governance as an area of interest has grown significantly over the last decade to the extent that it is difficult to find discussions on development that do not mention it at least briefly. The growth of neo-liberal ideas from the late 1970's onwards, influenced by dissatisfaction with the performance of previous development theories such as 'trickle down', led to a greater emphasis being placed on the role of the private sector in development and hence a lessening role for governments. Structural adjustment programmes became the new focus highlighting the importance of the market in economic development. However, a lack of success with these programmes led the World Bank to propose that poor governance was the cause and, therefore, if governance was improved economic growth and poverty alleviation would follow.

A notable number of criticisms have developed regarding the agenda for good governance. The definition of the term 'good governance' has raised concerns in many quarters, some criticising the World Bank for its narrow administrative and managerial definition which ignores the complexities and relevance of politics and culture while others determine that 'good' has been defined with regard to Western cultural and social norms which are now being imposed on developing nations. Key components of good governance, regardless of who is defining it, generally include the drive for greater democratisation and decentralisation. Yet research has shown that there are tenuous links between these features and their ability to lead to good governance, let alone lead to a reduction in poverty, which has been cited as the overall aim of achieving good governance. Non-democratic regimes, such as those in South Korea, Taiwan and Singapore, have shown that they can significantly reduce poverty without having to establish a democratic government. Likewise, decentralisation does not necessarily allow greater participation by a wider group of people as in some cases systems of decentralisation enable the central elite to consolidate their power and influence locally.

The good governance agenda has also led to an increasing importance being placed on the role of civil society with many donors preferring to now fund civil society organisations rather than the government. However, this has failed to adequately recognise the governance issues evident in civil society and that the increased availability of foreign funds to this sector of society may in fact worsen their state of governance.

The push for developing countries to improve their governance, through the development policies and adoption of practices that adhere to the principles of good governance, has been impressive given that there are so many concerns regarding good governance. The amount of policies, programmes and projects favouring good governance during the last decade has been significant and there is no indication at this stage that funding levels will diminish in the near future. Given this situation (the push for good governance, the number of concerns surrounding it and the levels of funding available) it is an important aspect of study for the discipline of development and this has been acknowledged through the continued emphasis on governance by many research institutions and universities worldwide. However, it is of particular importance today since the agenda's influence is now progressing to expand into newer areas of focus, such as urban development.

Urban development issues have risen more recently as an area of interest due to the rapidly increasing urbanisation of the developing world and an increasing recognition that good governance needs to be thought of in terms of specific contexts. Urban governance, as defined by academics, highlights the roles that particular actors play in the development of urban centres, and how their interests and actions influence the management of cities and the development that takes place. It also recognises that compromises and alliances are made between different individuals and groups depending on specific needs at a particular time. While there may be bonds between particular groups, based on factors such as familial or professional ties, these are always evolving and changing and therefore cannot be seen as static entities. Analysing urban governance should also always give some consideration to national governance, since the national situation provides the context in which local governance develops.



Devas<sup>1</sup> suggests that recent research on urban issues has focused predominantly on two areas. Firstly, research of a prescriptive nature which analyses local governments and management and recommends how matters can be improved, often including debates on decentralisation and participation. Secondly, research which analyses urban poverty, livelihood strategies and the roles that civil society organisations, such as non-government organisations (NGOs) and community-based organisations, play in addressing urban poverty. While the first approach assumes that the state is in a position to control what happens, the second sees the state as either irrelevant or oppressive. He identifies a research gap between these two approaches in that few have looked at the interactions between the various actors, their influence and interests.

It is not obvious why this gap exists, although perhaps is indicative that some research has tended to view development problems as a result of conflicting relationships between government and the poor, the two polarised in terms of their wants, needs and actions. It may also have been influenced by the lack of attention given to the political nature of individual or group actions and the lack of acknowledgement of the importance of culture, which provides a guide to accepted behaviours and values for the actors within a society. This thesis attempts to close this gap in some way by identifying the actors, their influence, and interests in terms of one city, Dhaka, and analysing the impact that these actors have on attempts to improve the state of local governance and management in the city.

By using this information, the thesis takes one further step in that it attempts to identify what may be necessary to improve the governance situation in the city. While the good governance agenda is seen by some as a prerequisite for successful development resulting in poverty alleviation, there appears to be few who question whether or not there is a prerequisite for good governance. What needs to be in place for good governance to exist? This thesis concludes that the good governance agenda has reached an impasse in Dhaka due to a lack of political will and commitment, political will and commitment being the prerequisite for good governance and successful development.

Although political will is normally discussed in terms of government only, this discussion proposes that political will is needed from different sectors within society if

opposition to change is to be overcome. Unless the government, civil society and donors demonstrate political will good governance is unlikely to be achieved. The government, as elected representatives, provides leadership and sets the context for change; donors have their own political and strategic agendas; and civil society's attitudes and behaviour either reinforce current societal norms or challenge them. All impact on the final outcome.

The objectives of this research are to:

1. Critique the good governance agenda and its ability to achieve good governance and therefore alleviate poverty;
2. Determine the relationship between urban governance and national governance and how power relations effect the achievement of good governance, and vice versa, specifically in relation to Dhaka, Bangladesh.

Given these objectives, a number of key questions present themselves. Firstly, to determine what is meant by the term 'good governance' and what characterises good governance, since the term, although used widely in development circles, has different meanings to different people. Therefore, it is also important to determine who and what has driven the good governance agenda, especially since there appears to be unconvincing arguments regarding the ability of good governance to reduce poverty. Since this thesis is also concerned with urban development and good governance's link to urban centres it is also necessary to question how urban governance relates to the good governance agenda and to governance at the national level. The answers to these questions form the foundation for the case study on Dhaka since they provide the reader with an understanding of the wider issues of governance.

A second set of questions specific to Dhaka include ascertaining which key economic, political and social groups play an important role in the city's development and how their relationships with each other, their levels of interest and influence impact on the state of governance. There is a stated desire by donors and some civil society organisations to improve the governance situation in Dhaka and so it is necessary to also investigate what strategies are used to achieve this, the likelihood of their success and the level of will and commitment behind these initiatives. The will and commitment of government is also an issue since government plays an important role in

establishing the context for change and action. In addressing these questions it may be possible to better understand why governance policies and practices may not be successful and to better target development programmes. Levels of interest and motivation can be assessed and in light of these strategies developed to build partnerships and to negate conflict or opposition.

Dhaka provides an interesting case study to look at the issues of governance and urban management. While some of the present governance issues in Dhaka may be attributed to past rulers, such as Pakistan and Britain, Bangladeshi leaders themselves have not always established systems of local governance that benefit the majority of the people. Their actions have further hindered development and poverty alleviation attempts rather than assisting them<sup>2</sup>. Today, the city faces enormous population growth, the United Nations (UN) predicting it will be the fifth largest city in the world by 2015<sup>3</sup>. Consequently, the increasing pressure on already under-resourced and inefficient urban service providers to meet the needs of the city's residents, half of whom live below the poverty line, is a continual and growing concern. The urban management challenges facing the city, combined with the poor governance situation, present a bleak outlook for the future.

While Dhaka is relatively ethnically and religiously homogeneous, there are many groups and individuals in Dhaka who have different interests and it is to a large extent their behaviour which impacts on the ability to improve the governance situation in the city. By looking at Dhaka, where the complexities of ethnicity and religion are generally not a contributing factor to the governance situation, it is possible to highlight other factors which drive people's actions.

Dhaka also proves interesting because the city has a long history of donor presence. While donor interest in urban governance issues is relatively recent, donors have been implementing governance initiatives in Bangladesh since the early 1990's. Over this time it would be expected that they have developed an understanding of the national governance situation and have analysed what initiatives are likely to be more successful. Given this experience and knowledge, it could be assumed that their more recent undertakings in Dhaka should have a higher chance of success.

## *Research Methodology*

The research was conducted in two phases, the first being the collection and analysis of secondary data and the second being data collection and analysis through the use of informal interviews with key informants.

In the first phase, sources were sought to determine: a) the historical development of the good governance agenda and the characteristics of good governance; and b) criticisms of the good governance agenda as a whole, or aspects of it.

Additionally, research was carried out to identify suitable cities to use as a case study. Dhaka was chosen for a number of reasons, including the availability of information on governance issues in Bangladesh, the presence of a number of NGOs and donors and the level of development activity in the city. Literature specific to Dhaka and Bangladesh was sourced in order to determine possible issues to follow up on while in Dhaka as well as more general information concerning the political structure of Dhaka, levels of centralisation and decentralisation and particular interest groups. During this period, I also used the Internet to find out which donors and NGOs were working in Dhaka before contacting them directly. At the time of my departure from New Zealand, I had received a reply from twelve organisations which provided me with a good base to start the second phase of my research.

The second phase of the research concerned completing informal interviews with key informants in Dhaka over an eight-week period. The first two weeks of the field research period was spent largely familiarising myself with urban planning and management issues in Dhaka through general discussions with a range of people as well as obtaining locally published literature. The resource centres at the World Bank, Asian Development Bank (ADB), United Nations Development Program (UNDP), United Nations Children's Fund (UNICEF), BRAC, Grameen Trust and Proshika were useful for this purpose.

Prior to my arrival in Dhaka, I had planned to carry out key informant interviews in relevant donor agencies, NGOs, community-based organisations, local and central government and key political, social and economic groups. However, due to some

difficulties in making contacts, obtaining interviews, and a general reluctance of interviewees to name names (in relation to interest groups and people with influence) the majority of interviewees were with donor agencies and NGOs.

**Table 0.1: Interviews**

<i>Category of Organisation</i>	<i>Number of interviews</i>
Multilateral donors	7
Bilateral donors	6
NGOs and local research institutions	8
Government officials (central and local)	4
Consultants to donors (local and international)	3
<i>Total number of interviews</i>	28

The key questions noted previously formed the basis of all interviews.

While nobody that I contacted refused an interview, it was apparent in a small number of cases that the interviewee was reluctant to discuss their personal opinions and experiences regarding governance issues. With the interviews being carried out at the interviewee's place of work I could also not control the environment which the interview was conducted. At times, interviewees shared an office or workspace with other employees, which may have been why they were unwilling to speak openly. Interruptions (such as the telephone, other employees) during the interview were also common. It was difficult to obtain specific information regarding who the key players were and most information was given in very general terms such as 'real estate developers' as opposed to 'Mr. MD. Rahman of X company'. In many cases interviewees told me that 'everyone knows who these people are' but were not themselves prepared to discuss who they were and what they did despite research confidentiality being discussed with the interviewees<sup>4</sup>. The threat of censure, among other things, may have been one reason for this or simply the interviewee did not know any relevant information and/or were unwilling to say so. The outcome was that less specific information was obtained than desired. In some cases more than one interview was carried out with particular interviewees in order to try and build a greater level of trust to obtain more detailed information, but this was not always successful.

A number of frustrations were experienced in trying to carry out research in a non-English speaking and non-western country. Firstly, while many people had a secretary



they were not prepared to make appointments if the person I wanted to speak to was not in the office. It was also almost always impossible to make appointments more than two or three days in advance. The telephone system was often over-loaded making it difficult to contact people during peak times of the day. Many Bangladeshi's were not available before 10 a.m. in the morning therefore shortening the period that was available to see people since traffic jams are common and it took a long time to travel even a few kilometres. Ramadan, the Muslim month of fasting, commenced in the fourth week of my field research which also meant most offices closed at 3 p.m. in the afternoon, the latest possible appointment time was normally 1 p.m. to allow for an 1-2 hour interview. Traffic congestion during Ramadan also worsened. During this period it was rarely possible to get to two interviews per day, increasing the overall length of time spent traveling to and from appointments in a week. In three or four cases, when I began to ask questions, I was also given numerous documents, told to go away and read them and then come back if I had any questions. This hampered the ability to find out people's personal views and experiences with regard to particular projects or strategies to improve governance. However, these experiences were useful in that it provided some insight into the culture and the context in which business is carried out in the city. While frustrating at times it was also interesting and indirectly informative.

Most interviewees had a good level of English language ability and therefore it was not necessary to use interpreters, although at times interviewing was slow because of the need to simplify my own language. Limited time with regard to the actual length of field research prevented information being sought from a grassroots level. However, an effort was made to find studies completed by other parties which included interviews with people at the other levels of the social strata. These limitations should be taken into consideration when reading the perspectives provided in this research.

Where interviewees provided information regarding events and facts, every attempt was made to verify the information either through discussions with other interviewees or through published accounts such as project reports, evaluations and newspaper reports. I have attempted to contact those interviewees and seek their approval regarding statements quoted in this thesis. A lack of response has resulted in generalised references being made, e.g. a government employee rather than Mr. MD. Rahman.

## *The Chapters*

Chapter One investigates the origins of the good governance agenda and how it has created a new focus for development policy and the distribution of project and programme aid over the last decade. While it is difficult to argue against the principles of the agenda there is little evidence supporting the positive correlation between its key characteristics (greater democracy, decentralisation and an enhanced civil society) and poverty alleviation in developing countries. This chapter also introduces the concept of urban governance and its relevance to national governance. While there are disagreements over the definition of good governance this is further complicated by the different uses of the term 'urban governance' by donors, civil society and academics.

Chapter Two first outlines the state of national governance within Bangladesh before looking more specifically at the issue of urban governance in Dhaka. The present state of the city with regards to population growth, poverty levels and the provision of urban services is described before looking at the key actors and their opportunities for power and influence. The relationships between the actors, some who are continually attempting to obtain more power and influence while others have a daily struggle to exist, help create or maintain the poor governance situation in Dhaka.

Chapter Three looks at the level of foreign assistance in Bangladesh and Dhaka and the amount aimed at governance projects. The discussion also focuses on the types of strategies undertaken by donors and civil society to improve the city's governance situation and their chance of success given the context in which they are being implemented. A number of initiatives are discussed specifically, which include the World Bank's Fourth Dhaka Water Supply Project, ADB's Good Urban Governance in Dhaka Project and various strategies used by the Coalition for the Urban Poor, a local NGO.

Finally, Chapter Four proposes that greater levels of success in improving the governance situation in the city is only possible if political will and commitment is demonstrated by the government, civil society and donors. The government demonstrates its lack of will to improve governance at the city level by maintaining

wide-ranging controls over local governments through processes of decentralisation, financial dependency and recruitment. Civil society's attitudes and behaviours can be shown to reinforce patron-client relationships, a tolerance for corruption and poor governance in general. Donors must also take some responsibility for the governance situation. They must demonstrate political will and commitment by thinking twice before implementing agendas which meet their strategic and political interests but which are not beneficial to developing countries.

The thesis concludes that the good governance agenda has reached an impasse in Dhaka and will not progress further unless there is a will to openly acknowledge those factors which hinder development and openly commit to changing them for the betterment of the majority. This cannot be accomplished by one sector of society but must be a joint effort by government, civil society and donors. Development cannot be forced and requires a real determination by those concerned with development, whether at the centre or peripheries, to make a concerted effort to adequately weigh up the costs and benefits of their and others actions and attitudes. Will and commitment is a prerequisite for good governance and poverty alleviation.

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<sup>1</sup> Devas, 1999

<sup>2</sup> Appendix 1 provides a brief overview of the history of Bangladesh and the systems of local governance to enable the reader to gain an historical perspective on the issues concerning Dhaka in the 21<sup>st</sup> century.

<sup>3</sup> ADB, 2000

<sup>4</sup> Massey University research ethics guidelines were followed for all interviews. Confidentiality issues were discussed with all interviewees and all interviewees were informed that any information they provided would only be used for this thesis or publications resulting from it, and their consent was necessary for any information or comments to be attributed to them. Participants were also advised that they could decline to participate in the research; refuse to answer any particular question; withdraw from the study at any time; ask any questions about the study at any time during participation; and request access to a summary of the findings of the research when it is concluded.



# 1

## The Good Governance Agenda

There has been an increasing belief since the 1980's that poor governance undermines development outcomes such as poverty alleviation, and therefore 'good governance' is an essential prerequisite for development. The good governance agenda did not develop independently but was part of a wider shift in thought which occurred from the late 1970's onwards as free market ideologies influenced the policies of international financial institutions such as the World Bank, International Monetary Fund (IMF) and Asian Development Bank (ADB). Ideas such as governance, the minimalist state and reforming the public sector have been seen as the solution to many of the issues facing governments, developed and undeveloped, globally.

The first part of this discussion outlines the rise of good governance as an ideal, how it fits in with the growth in neo-liberal thought throughout the latter part of the twentieth century, and identifies various definitions of good governance used by multilateral and bilateral donors as well as academics. The universal nature of many of these definitions is highlighted, as is good governance's tenuous link to poverty alleviation. Many academics argue that good governance must be discussed with regard to context and in the second part of this chapter the issue of urban governance is discussed in terms of its link to good governance and its usefulness to understanding the challenges facing rapidly growing urban centres today.

### The Rise of Governance in Development Policy and Practice

The international financial institutions have been extremely influential in the direction that aid policy and practice has taken since their inception at the end of the Second World War. The Bretton Woods institutions<sup>1</sup> were established in 1944 chiefly to create some economic stability in the world and prevent another world war. Economic nationalism or competition exhibited through trade protectionism and the creation of trading blocs was blamed, at least partially, for the situation which led to the 1930's

depression and in turn to World War II. The Bretton Woods institutes aimed, therefore, to create a system of economic interdependence through free trade and international cooperation in order for military conflicts to be avoided and to encourage development<sup>2</sup>.

The 1960's saw development dominated by 'trickle down' approaches. With an emphasis on economic growth and industrialisation developing countries were expected to invest in their own development. The objective of foreign aid was to make up for saving and foreign currency reserve shortages, to provide funding for improving economic infrastructures and technical assistance needed for industrialisation. This would lead to growth in one sector of society before 'trickling' to other sectors and people. However, neither economic growth nor industrialisation led to poverty alleviation and in many cases increased income disparities, nationally and regionally, and aggravated environmental pollution and unemployment. This was followed in the 1970s where social justice combined with economic growth was seen to be the answer for development. Attempts to overcome the income disparities caused by the strategies adopted during the previous decade saw a re-focus on promoting rural development, meeting basic human needs (education, health, sanitation, food) and on employment creation<sup>3</sup>. Participation by beneficiaries was also identified as a key component to strategy success<sup>4</sup>.

The late 1970's saw a major shift in development theory towards neo-liberalism and neo-classic economics. Earlier development approaches were based on a number of assumptions regarding the abilities of the state (it had managerial skills, scale and access to information that the private sector did not) as well as beliefs that government's key objective was to promote social welfare, policy processes were clear and transparent, policy decisions were reversible, and policy makers had control over policy mechanisms. Approaches that had seen the state as the principal avenue to development now began to ebb as development was thought to be stagnating. Dissatisfaction with government's performance in economic management and social development and a belief that politically-produced distortions were responsible for the majority of economic problems led to an increasing importance being placed on the private sector (businesses as well as not for profit) as a more effective and efficient avenue for development<sup>5</sup>. This belief was backed by the economic progress of the newly industrialising countries (NICs) in East and Southeast Asia. The NIC's outward-

looking export-orientated economic policies were regarded by neo-liberals as helping them avoid the debt crisis, brought about by the sharp rise in oil prices and subsequently other commodities, which affected Africa, Latin America and the Indian sub-continent to a much greater degree. As such the NICs were held up as an example for the rest of the developing world to follow.

The new free-market ideology saw a movement away from forms of economic management based on trade protectionism to the increased liberalisation of internal markets and the elimination of barriers to free trade. This occurred in conjunction with the state having less involvement in economic management and social welfare. The importance given to economic considerations and an unfailing faith in the market during this period saw political and social issues relegated to almost non-existence within the development debate. Structural Adjustment Programmes (SAPs) were used to implement development initiatives based on the importance of the market. These programmes normally came in two components: firstly, stabilisation often involving devaluation and severe reductions in public expenditure; and secondly, adjustment through deregulation, privatisation, decreasing the size of state bureaucracies and reducing subsidies. Between 1980 – 1990 the World Bank's structural adjustment loans increased from 6 to 187, spreading over 60 countries and accounting for more than 25% of its total lending while the privatisation of public assets in 25 countries between 1988 - 1991 reached \$137.8 billion<sup>6</sup>.

Neo-liberal theories began to gain prominence not only on the economic front but also with regard to its political and social dimensions. Backed by a belief that political and social discrimination impeded economic development, by restricting the rights and liberties of individuals and interfered with economic and social choices, neo-liberalism's popularity increased. Consequently, there was a push for economic liberalisation combined with more liberal political models in the form of democratisation, its aim to encourage greater accountability and transparency of governments and overcome the issues facing developing countries. The value of liberal economic theory was upheld with the collapse of communism, since it showed non-democratic states were unable to provide sustained economic growth and their political structures limited economic change<sup>7</sup>. Western governments gained a stronger position, as they no longer had to fear that developing countries would swing to communism if

they advocated particular ideals or put conditions on their support. The rise of pro-democracy movements in a number of countries, i.e. Latin America, the Philippines and Eastern Europe, was also used as an endorsement by Western government for their push for neo-liberalism which emphasised democratic politics – they were simply supporting demands by society<sup>8</sup>. The agreement among particular development agencies, such as the World Bank, IMF, USAID, about what solutions were appropriate to bring about development led to the adoption of the term “The Washington Consensus” which emphasises the direction some believe development policy is driven from. Although, John Williamson, an economist who coined the term in 1989, originally used it to refer to a list of ten policy recommendations for countries willing to reform their economies (covering covered fiscal discipline, redirection of public expenditure, tax reform, financial liberalisation, adopting a single competitive exchange rate, trade liberalisation, eliminating market entry and competition, and ensuring secure property rights) it has since been used in wider context<sup>9</sup>.

Despite intentions to improve the Third World’s economic development, the SAPs involved significant changes to the use of resources and negatively affected many groups of people. The poor experienced hardships due to the decrease in subsidies resulting in increased prices for basic foods, farmers and manufacturers now had to compete in more competitive markets, and those associated or closely associated with the state bureaucracy often stood to lose the most. Importantly, the latter group were usually in a position to affect the outcome of the SAP’s and consequently, the World Bank and other financial institutions argued that the success of their SAPs were largely a result of political commitment, capacity and capability, independence and integrity<sup>10</sup>. It was this realisation during the World Bank’s 1989 review of its programmes in Sub-Saharan Africa, reported in *Sub-Saharan Africa: from crisis to sustainable growth*<sup>11</sup>, that the term ‘governance’ came into its currency. While the word ‘governance’ was not unknown to the development field it was not a word that was commonly used in discussing issues in developing countries. Disappointing results in Africa were largely due to “the patrimonial character of the state, which in the context of civil service, referred to, among others, such features as recruitment based on subjective criteria; remuneration levels unlinked to productivity; and loyalty of employees to individuals rather than the state”<sup>12</sup>, in short issues of governance.

Many of the ideas surrounding good governance were not new. What was new was emphasis given to achieving good governance and the impact of this emphasis on the direction of development policy, programmes and projects during the 1990's. Issues of governance were linked to already well-established development directions, for the World Bank a link to public sector reform, for the UNDP to sustainable human development, for the Organisation of Economic Cooperation and Development (OECD) to participatory development<sup>13</sup>. However, the World Bank was, and is, not mandated to be involved in the political affairs of its borrower countries because of its charter, the *Articles of Agreement* which states "the Bank and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned"<sup>14</sup>. Similarly, Article 36 of the ADB's charter states that only economic considerations shall influence its Directors and that the Bank is not allowed to interfere into the political affairs of its member countries<sup>15</sup>.

The World Bank had to find a way in which it could influence politics but without stating that was its intention. The term 'governance' proved useful in that the generality of the definition was seen as less specific than terms such as 'state reform' and 'social and political change' and therefore less problematic. To avoid contention, governance was merely added as an additional element of economic programmes to make them more efficient as opposed to stating that economics may be affected by political and social concerns<sup>16</sup>. The ADB's liberal interpretation of 'economic considerations' allows it more capacity to link economic and political factors as it states that Article 36 "does not prohibit the Bank from taking into account demonstrable and direct economic effects of non-economic factors as part of the "economic consideration" on which the Bank must base its decisions"<sup>17</sup>.

### What is Good Governance?

The World Bank defines governance as "the manner in which power is exercised in the management of the country's economic and social resources for development"<sup>18</sup>. Some of the key characteristics of governance as described by the World Bank are an efficient



public service, an independent judicial system and legal framework, accountability in the administration of public monies, respect for the law and human rights, a pluralistic institutional structure and a free press. In summary, greater participation, accountability and transparency or as Leftwich states “a comprehensive statement of the minimum institutional, legal and political conditions of liberal democracy”<sup>19</sup>. The Asian Development Bank uses the World Bank’s definition emphasising that “governance is concerned directly with the management of the development process, involving both the public and private sectors ... governance is about the institutional environment in which citizens interact among themselves and with government agencies/officials”<sup>20</sup>. It clearly sees itself as promoting good governance, which is characterised as transparency, accountability, predictability and participation.

However, the World Bank’s definition has not developed without criticism. Kiely<sup>21</sup> is critical of the World Bank’s narrow interpretation of governance, which he says has an equally narrow view of politics, one which reduces politics to a technocratic process with an emphasis on “self interested maximising individuals” allowing for no analysis of the interested parties involved. Leftwich<sup>22</sup> supports Keily’s criticism asserting “development is not simply a managerial question, as the World Bank’s literature on governance asserts, but a political one. For all the processes of development express conflict, negotiation and co-operation over the use, production and distribution of resources”. Criticisms have been voiced that the good governance agenda has been developed as a political model with no understanding of politics, and has in the process ‘depoliticised politics’. However, the mandate governing the World Bank may be more at the heart of the definition the World Bank has adopted.

Another multilateral, the UNDP adds politics into its discussion on the issue of governance, and suggests the following divisions:

<b>Table 1.1: UNDP – Two sides of Politics<sup>23</sup></b>		
<b>Level</b>	<b>Activity</b>	<b>Concept</b>
Meta	Politics	Governance
Macro	Policy	Policy Making
Mesa	Programme	Public Administration
Micro	Projects	Management

The UNDP distinguishes between two sides of politics. Firstly, the distributive or political economic questions of who gets what, when and how, and secondly, the constitutional questions of who sets the rules, when and how, referring to this second set of questions as governance rather than the distributive questions which do not ask for changes to the rules of the game. Therefore, strategies such as empowerment and improved access to resources require a change in the rules and can be considered governance strategies. It stresses that governance is only one aspect of politics and that it is different from policy making, public administration, and management, the distinctions allowing opportunities to engage politics and opening recognising the need for changes in power relationships.

While the World Bank's definition has somewhat dominated and influenced much of the practical application of good governance it is useful to also look at other definitions and how they are used by donors and academics alike. Harpham and Boateng<sup>24</sup> provide the following analysis of good governance characteristics by various authors.

**Table 1.2: Components/Dimensions of Governance**

<i>Boeninger (1991)</i>	<i>Clark (1991)</i>	<i>Osborne (1992)</i>
1. Political 2. Technical 3. Institutional	1. Equity 2. Democracy 3. Social Justice 4. Economic Growth	1. Economic Liberalism 2. Political Pluralism 3. Human Rights 4. Accountability
<i>World Bank (1992)</i>	<i>OECD (1993)</i>	<i>McAuslan (1993)</i>
1. Public Sector Management 2. Accountability 3. Legal Framework 4. Transparency	1. Democratisation – legitimacy of government 2. Accountability 3. Competence to form policies and delivery services	1. Efficiency 2. Transparency 3. Accountability 4. Probity 5. Equity
<i>Paproski (1993)</i>	<i>World Bank (1994)</i>	<i>ODA (1995)</i>
1. Political 2. Economic 3. Policy and decision making 4. Managerial	1. Public Sector Management 2. Accountability 3. Legal Framework 4. Transparency 5. Participatory Approaches 6. Human Rights	1. Democracy 2. Human Rights 3. Transparency 4. Accountability

CIDA (Canadian International Development Agency) under its sustainable development mandate has six programme priorities, one of which clearly links good governance with human rights and democracy<sup>25</sup>. Likewise, JICA (Japan International Cooperation

Agency) highlight democracy and human rights as part of good governance<sup>26</sup>. USAID's (United States Agency for International Development) support for governance is found in its "Governance and Democracy Programme".

Andrew Goudie<sup>27</sup>, Director, Department for International Development (DfID), suggests there are two distinct dimensions of governance, a formal level and an informal level.

<b>Table 1.3: Two Dimensions of Governance</b>	
<i>Formal Level</i>	The representation and structures that form the legitimacy of decision-making and relate to the acquisition and use of power.
<i>Lower Level</i>	The strategy and policy, which is decided through the structures outlined above, i.e. economic, social or political policies such as the rule of law and order.

Neither the World Bank nor the ADB openly include democratic political systems as part of good governance, while bilateral donors have a strong emphasis on democratic governance and human rights. The slightly different emphasis by multilateral and bilaterals is interesting since organisations such as the World Bank are basically dominated by the G7<sup>28</sup> who are in a separate role also bilateral donors. Once again the mandates of the international finance institutions are the reason behind this and "the proposition that democracy is a necessary prior or parallel condition of development, not an outcome of it"<sup>29</sup> can be reflected in bilateral definitions.

The key difference between the donor's and academic's definitions is the inclusion of a more rigorous theoretical approach by academics. Both Kiely and Leftwich<sup>30</sup> as outlined earlier are critical of the World Bank's narrow apolitical approach to governance. Leftwich<sup>31</sup> provides a wider interpretation and demarcates the concept of good governance into three levels. Firstly, systemic which has the widest interpretation, secondly, political and lastly administrative which has the narrowest interpretation.



Table 1.4: Leftwich's Levels of Governance		
Level of Governance	Description	Definition used by
<i>Systemic</i>	Political and socio-economic relations the internal and external political and economic power which governs the way in which resources in society are produced and distributed	
<i>Political</i>	Democratic legitimacy and authority, the separation of legislative, judicial and executive powers	Most Western governments
<i>Administrative</i>	Efficient, accountable, transparent democracies	World Bank

The commonality of the components outlined by Harpham and Boateng<sup>32</sup> is somewhat surprising but perhaps illustrates the actual influence of the World Bank's original definition and/or the influence of neo-liberal thought and/or the G7's dominance over the international financial institutions and aid policy and practice in general, especially with regard to the widespread acceptance of the concept of governance by bilateral donors. Williams and Young<sup>33</sup> note that the World Bank has admitted to 'flavour of the month' syndrome and suggest that the Bank at times reflects the latest prevailing belief and at times helps create it. While governance is seen as the result of a wider development community belief that political considerations play an important role in outcomes it is no doubt influenced by Western countries, in particular the United States<sup>34</sup>. Naim<sup>35</sup> notes, however, that it is misleading to view the 'Washington Consensus' as a collective set of agreed ideas and highlights instead the disagreements over what contributes to effective economic reforms –

*both the general media and expert commentators often characterised the reforms implemented in countries as different as Russia, Argentina, Rumania or South Korea as following the prescription of the Washington Consensus. In practice, however, the differences in the reforms of these countries often clearly exceeded their similarities and, in some cases, the only thing they had in common was their designation by proponents and detractors as 'Washington Consensus policies'<sup>36</sup>.*

There is also a trend to describe good governance as a list of inputs or activities rather than outcomes or good governance's impact on development. This could be due to the difficulty in clearly determining the achievement and non-achievement of some of these characteristics and their direct or indirect link to development and poverty alleviation.

Two key undercurrents in good governance, democracy and decentralisation, are evaluated in more detail in the discussion that follows. The widest definition of governance, the systemic level, is addressed mainly by academics although it also appears to be a reasonably recent focus even with these analysts.

## The Good Governance Debate

After the *Sub-Saharan Africa: from crisis to sustainable growth* report in 1989, the World Bank widened its focus, in both the areas of policy and support, to include governance issues, in effect backing their interest and direct involvement by emphasising the affects of governance on the economic success of projects that the Bank funds<sup>37</sup>. Decreased public expenditure, improved public service management, greater efficiency in government-delivered services, more involvement by the private sector in the provision of services, a greater role for civil society, readily available access to information were all part of the new model. The World Bank's direction also influenced the direction of other donors, multilateral and bilateral, and as such substantial effort has gone into development programmes aimed at improving governance, with greater democratisation and decentralisation being seen as the main vehicles for success. However, the agenda has not developed without criticism. General questions regarding what combination of characteristics leads to good governance, the link between these characteristics and poverty alleviation, the universality of ideas and sovereignty are just a few of the challenges facing the agenda. The discussion below highlights some of the issues raised.

### *Linking Democracy and Decentralisation to Good Governance*

Recent research seems to suggest that the links between democratisation and decentralisation and the achievement of good governance, and good governance and poverty alleviation are weak. Moore and Putzel<sup>38</sup> outline two concerns. Firstly, while democracies tend to discourage governments to abandon social concerns, since there is greater participation and accountability, it is unclear if there is a direct link between democracy and poverty alleviation. Some of the best performers in poverty reduction

over the last 50 years have been in the former socialist states whose focus was on mass welfare. Secondly, there is little or no evidence<sup>39</sup> that decentralisation is pro-poor, although there are a number of factors which influence responsiveness and pro-poor social and economic outcomes. These factors include the politics of the relations between central government and a newly empowered local government; the extent to which enhanced participation establishes accountability of local governments; some key inputs (such as secure and sufficient funding, targeted and accountable poverty alleviation programmes, and support for a hierarchy of authorities where intermediate levels of government could handle resources, raise additional revenue and provide administrative support to local governments) are still required by central authorities and, lastly, decentralisation requires long term central support.

### Democracy

Brinkerhoff<sup>40</sup> states that governance in the context of democracy focuses on how people exercise influence on and over the state, how public leaders and public organisations carry out their roles responsibly and responsively and how the differing social classes are managed to ensure fairness and equity. The system adopted by donors is based on two values: 1) diversity can only be achieved through the workings of democratic institutions, and 2) poverty can only be alleviated through investment in people, which is more likely in a system where the people have power over sovereignty<sup>41</sup>.

There are generally two sides to the democracy and development debate. Firstly, is the argument that sees the two as compatible and if a compromise is necessary to achieve an improvement in human rights, democratic polity and civil liberties, then a slightly lower rate of growth is acceptable. The other side argues that if the introduction of democracy is premature then it may hinder development as development requires capital accumulation for infrastructure and investment before advanced welfare systems are possible. If the introduction of a democratic system is premature it may inhibit the processes of accumulation, as consumption is favoured<sup>42</sup>. Leftwich<sup>43</sup> proposes that analysis of both democratic and non-democratic countries shows (see Table 1.5 below) that it is not necessarily the type of regime, but more the attitude of the state towards development, that makes a difference to development.

**Table 1.5: Selected average annual rates of growth of GNP per capita: 1965 – 1990 (%)**

<i>Democratic regimes</i>		<i>Non-democratic regimes</i>	
Jamaica	-1.3	Zaire	-2.2
Trinidad and Tobago	0.0	Nigeria	0.1
Venezuela	-1.0	Zambia	-1.9
Senegal	-0.6	Libya	-3.0
India	1.9	South Korea	7.1
Sri Lanka	2.9	Taiwan	7.0
Malaysia	4.0	Indonesia	4.5
Costa Rica	1.4	Brazil	3.3
Botswana	8.4	China	5.8
Mauritius	3.2	Algeria	2.4
Singapore	6.5	Thailand	4.4

Lane and Ersson conclude after looking at the correlations between democracy and development, that democracy “is not an obstacle to economic growth or fair income distribution”<sup>44</sup>. Varshney<sup>45</sup> also questions some of the assumptions of development and democracy, finding that there is a less than convincing argument that poverty is alleviated as a result of democratic systems. Comparing democracies and authoritarian regimes (See Table 1.6) he concludes that although democracies have not allowed long-term poverty to remain they have not stamped out poverty. The best results appear in countries such as Singapore, Taiwan and South Korea<sup>46</sup>, who do not have democracies but who have almost eradicated poverty. However, it must be noted that the range of performance of authoritarian regimes includes the worst and the best.

**Table 1.6: Poverty alleviation performance, regime wise<sup>47</sup>**

	<i>Worst</i>	<i>Moderate</i>	<i>Best</i>
Democratic Countries		✓	
Authoritarian Countries	✓	✓	✓

Varshney states that not enough is known about the relationship between poverty and democracy and this is one reason why we do not know why the performance of democracies is not better. Why then, is a strong link created between achieving governance and democracy? The domination of development agendas by Western democracies could certainly play a part here with dominant ideologies being a core reason behind the push. While recognising that even democracies do not have perfect records in terms of governance, it may be that there is an acceptable level of poor governance if a certain level of development is being achieved. As a Beijing taxi driver

has been reported as saying “We actually don’t mind if government officials are corrupt. As long as they accomplish things for society at large, that’s okay. What we don’t like are those officials who take public money and don’t perform”<sup>48</sup>. This requires a more flexible approach to the governance agenda and allow it to be adapted to the many contexts where development is taking place.

### Decentralisation

Two key factors in particular have driven the decentralisation element of the good governance agenda. Firstly, donors assume that development is more likely to be implemented effectively and efficiently in a decentralised system and secondly, limitations on central government budgets encouraged devolution to local government, which was supposed to find other income generating streams<sup>49</sup>.

Turner and Hulme<sup>50</sup> distinguish between different types of decentralisation that can help us interpret what level has actually been advocated or achieved in particular countries.

Table 1.7: Decentralisation <sup>51</sup>		
Nature of delegation	Basis of Delegation	
	<i>Territorial</i>	<i>Functional</i>
Within formal political structures	Devolution (political decentralisation, government, local democratic decentralisation)	Interest group representation
Within public administrative or para-statal structures	Deconcentration (administrative decentralisation, field administration)	Establishment of para-statals and quangos
From state sector to private sector	Privatisation of devolved functions (deregulation, contracting out, voucher schemes)	Privatisation of national functions (divestiture, economic liberalisation)

The key element in a decentralised system is the relationship between central and local governments, which sets out who may gain or lose from institutional opportunities, policy initiatives and resource allocations. Local elites tend to be empowered in decentralised or devolved systems where they have a greater opportunity to influence institutions and secure activities for their own ends. This raises a number of questions



concerning the ability of the elite to always be able to use decentralised institutions for their own aims, the local power relations and structures which affect who uses the decentralised institutions and the impacts of the 'influenced' institutions<sup>52</sup>. However, it could also be argued that centralised systems allow local elites to promote their own interests through close ties to those in central government meaning the question becomes whether or not elites can use most systems to their own advantage by creating strategic alliances which support their objectives.

Crook and Sverrisson<sup>53</sup> outline three possible scenarios for decentralised systems. Firstly, the elite or central government may attempt to create its power base through coalitions with local elites. This will involve negotiation and cooptation with the local elite who will most likely agree with the central elites interests but aim to maintain a certain level of autonomy. Devolution of power and resources will be through fiscal decentralisation or direct funding from local government. The result will be a strengthening of conservative forces that are unlikely to be pro-poor. Secondly, local elites or powerful groups may be challenged by the central elite because of party and ideological rivalry, class or ethnic clashes, or the general distrust between local and central elites. The decentralised system will normally be through centrally funded development programmes, such as anti-poverty and agrarian reform where implementation is managed by the decentralised agencies. However, the real power is with deconcentrated central agencies who maintain control, and as such local elite cannot actually influence the decentralised institutions. Lastly, the central elite may consolidate their power base if local elites do not already have a level of autonomy. Deconcentration merely creates a system that is a communication tool to reinforce the central elite's power at the local level. In the most negative situation corrupt patron-client relations are strengthened.

### *Good Governance and Civil Society*

With the good governance agenda's emphasis on the state being an enabler for other parts of society there is a strong accent on building a more pluralistic institutional structure. Civil society's<sup>54</sup> capacity and capability and further decentralising the responsibility for the provision of services to them become important activities. The

aim of promoting increased local ownership of programmes and a more developed civil society is to achieve a greater level of demand on government's accountability, and therefore a better balance of accountability and responsibility towards the welfare of a country's population. The World Bank states that civil society organisations "have an important role to play; they can create links both upward and downward in society and voice local concerns more effectively ... they can also exert pressure on public officials for better performance and greater accountability"<sup>55</sup>. The state exercises control over civil society, having been voted in and therefore has the power to establish the rule of law. On the other side civil society exercises control in that it has the power to vote out states which do not meet its economic and social expectations. Simply put, government and civil society will provide a check and balance for the other to be "the 'right kind of state' and the 'right kind of society' that 'do the right thing'"<sup>56</sup>. Williams<sup>57</sup> proposes that the World Bank's lending strategies applies this line of thinking in the form of discipline, in that its lending seeks to discipline the state, discipline civil society and enable the state to discipline its own civil society.

Consequently, many donors have over the last decade increased the amount of assistance going directly to non-government organisations. The OECD reports that the amount of funding directed to NGOs, worldwide, increased from 0.7% in 1975 to 3.6% in 1985 and 5% in 1995, although for some bilateral donors the percentage is significantly higher<sup>58</sup>. However, an increased role for civil society organisations does not guarantee a more developed civil society, just as a strengthened civil society does not guarantee better governance<sup>59</sup>. There are numerous concerns regarding civil society organisations financial dependency as well as their own governance.

An initial problem is that donors may be more comfortable supporting particular types of civil society organisations over others, i.e. business associations and not trade unions or law societies and not ethnic clan associations, the latter examples possibly not even classified by donors as a civil society organisation<sup>60</sup>. The classification of civil society is another issue that raises criticism by some who see donors' oversimplification to produce a list of who is and who is not a civil society organisation. While the agenda attempts to achieve greater institutional plurality, Howell<sup>61</sup> suggests that donors "fail to distinguish different kinds of plurality, but they also de-politicise, sanitise and technicise the arena of association. Organisations are juxtaposed as though they operate

upon an even playing field, share similar values, seek common ideals. The World Bank marking of civil society as the site of 'voice' and 'participation' masks the political undercurrents and tensions amongst different organisations". Furthermore, funding may go to a relatively small and select group of civil society groups and NGOs, donors having been influenced by leaders' English language ability, social ease with Westerners, charisma and a likeness to their own organisation.

High levels of financial dependence may result in civil society organisations simply proposing projects they think donors will be interested in, as opposed to what they think will most benefit the poor population. Organisations driven by the short term programmes of donors are unlikely to be effective in supporting the long-term changes needed for sustainable development since to make an impact on public policy a commitment of five to ten years is necessary<sup>62</sup>. Similarly, Bebbington and Riddell<sup>63</sup> suggest "that direct funding has encouraged the emergence of opportunistic organisations that call themselves NGOs but have no popular base at all since many have been created as survival strategies for a professional middle class and are more akin to private businesses than NGOs (except they don't pay taxes)". Edwards and Hulme<sup>64</sup> also argue that the level of donor support of southern NGOs has led to a weaker civil society in that funding contributes to the disempowerment of civil society organisations by creating imbalances in the distribution of development resources. Civil society organisations become dependent on intermediary organisations, such as NGOs, for access to these resources, and the intermediary organisations are seen as representing civil society but actually may not have a popular base themselves.

Unfortunately, even when people do participate or undertake initiatives this does not mean that they will be successful as the ultimate decision making power may lie with others, such as NGOs, project managers, or government officials. The hard-core poor may find it harder or be more unwilling to participate than the poor and more recently formed community-based organisations may refuse membership to particular groups. The two main inhibitors to participation are retention of power by the centre and the dominance of the traditional elite locally<sup>65</sup>. Participation and representation may also be limited since many of non-NGO civic organisations are fragmented, badly organised and often have a leadership which is charismatic and built around a single personality or is politicised such as student groups, trade unions, professional associations and



business associations<sup>66</sup>. Mirafteb<sup>67</sup> concludes that NGOs may be limited in what they can contribute to achieving greater democracy depending on their own democracy practices at local levels, for instance their interactions and links to grassroots organisations, the state and donors.

Moore and Putzel<sup>68</sup> challenge the ability of civil society to alleviate poverty since they lack the ability to make legally binding policy and decisions, separating them from the formalised accountability and responsibility of governments. Importantly, civil society organisations do not have a legal responsibility and accountability to the people they serve, as governments do to their citizens. While they may have many accountabilities, upwards to donors and host governments and downwards to beneficiaries, partners, staff and supporters, sometimes causing problems of over or under accounting, this accountability is not legally binding. Wood<sup>69</sup> comments that there are problems with “diluting these dimensions of responsibility and accountability through the creation of the franchise state as a solution to delivery incompetence. It is as if the basis of citizenship has been systematically removed – the right to attribute performance to the state alongside the existence of formal mechanisms to bring that bureaucratic performance to account”. Wood<sup>70</sup> clearly outlines a key concern in that greater funding can legitimate the public activity of alternatives to governments. Alternatives being the private sector, para-statal organisations, NGOs, quangos, management companies, consultants, education and other service institutes, all of which will vary according to the level of dependence upon government work or composition of their public and private portfolio, profit taking philosophy, relation to clients, assets owned or held, tax liabilities, internal management styles, and the existence of consumer bodies specific to the service involved.

De Alcantara<sup>71</sup> emphasises that the concept ‘civil society’ has been used in ways which may undermine the foundation of democracy by those which are most committed to free-market orthodoxy, such as donors. She is critical of attempts which stress opposing positions, between the people and the state, that give the impression that a strong civil society requires a weak state or that civil society is repressed by the state. While in strictly authoritarian environments, she says, this may be valid in the majority of cases an anti-state approach may weaken concepts such as ‘the public sphere’ or ‘common

good'. This sentiment is supported by Moore<sup>72</sup> who argues against what he calls the 'polarisation-mobilisation' hypothesis, a political model which purports that:

- Redistribution initiatives will generate high levels of opposition, polarisation and conflict;
- If they are to be successful, redistribution policies require the active, mobilised support of potential beneficiaries, i.e. the poor.

Rather, he emphasises firstly, that there are many actors with many interests, whose relationships are "more like recurrent, shifting squabbles within extended families than the fierce antagonism of divorcing couples"<sup>73</sup>, rather than a total polarisation of those the rich and the poor. Secondly, the poor are not a homogeneous group who all have the same interests. In support of his argument he quotes Ascher<sup>74</sup> "one of the most serious problems of carrying out redistributive programs is that the already-benefited poor often resist the spread of benefits to other segments of the needy" and "mobilising the poor, far from being a straightforward task, turns out to be a complicated and often unrewarding exercise insofar as the differences among lower-income segments are likely to be substantial and politically divisive". Similarly, the rich or elite will not necessarily provide a united interest group simply because they may have a common economic status. Within the middle class there are those that are willing to support good governance initiatives<sup>75</sup>. Notably, many NGOs are operated and staffed by the middle class.

### *'Good' for whom?*

Currie<sup>76</sup> sees the 'good governance' promoted by donors as merely a check list of features, something that is participatory, consensus orientated, transparent, accountable, responsive, effective and efficient, equitable, inclusive and follows the rule of law. Regardless of which definition you consider appropriate, if any, it is perhaps more relevant to address the fact that the use of the term 'good governance' implies there is a particular universal system of governance that is equally 'good' for all. Wood<sup>77</sup> states "the question of 'good' cannot and should not be resolved in a universal sense, out of context. Such an exercise is too normative and likely anyway to be strongly

ethnocentric since the relativism applies also to any author on the matter”. ‘Good’ to whom is the question that needs to be asked as different people will have different ideas about what is good.

Harpham and Boateng<sup>78</sup> share Wood’s emphasis on the contextual meaning of ‘good’ and highlight the importance of culture in at least partially creating the context. “Culture must be understood as including the whole of a more or less coherent ensemble of ideas, mechanisms, institutions and artifacts – explicitly or implicitly – guide the behaviour of people belonging to a given group”<sup>79</sup>. Culture is a moving object, something that is changeable over time and space yet something that provides a framework or guiding hand for groups’ beliefs and actions. Within each particular culture, then, there must be some consensus on what is good governance. However, the OECD report<sup>80</sup> notes:

*donor agencies have, in general, steered clear of any analysis of the potential role of culture as a factor in causing poverty or inhibiting or enhancing opportunities for its reduction. Clearly, although there can be little doubt that cultural factors are significant, external agencies have either undervalued them or considered them too difficult to explore, particularly given the current emphasis on ownership and partnership*<sup>81</sup>.

From a contemporary Western point of view it is to some extent hard to argue that the principles of good governance are not ‘good’ and that people do not have a right to such things as transparency, accountability and participation. As Macdonald states “Underlying the governance agenda is a Western assumption that the basic principles of good governance are sufficiently universal to be universally applicable”<sup>82</sup>. However, these characteristics remain donor-defined terms relying on Western cultural and historical norms and values and may not be appropriate in specific developing countries. Each country may have very different ideas about what characterises good governance, although they will no doubt be influenced by Western ideas, due to their own colonial past, the long-term presence of the aid industry and more recently globalisation, the spread of the Westernised ‘global mass culture’.

Most definitions of governance outlined previously have a strong institutional performance and/or representational aspect. Harpham and Boateng<sup>83</sup> assert that a framework for governance must include equity, democracy, social justice and economic growth yet is flexible enough to allow for the inclusion of cultural dimensions of governance. This seems somewhat contradictory to their earlier stance of taking culture into account, since that culturally, equity, democracy and social justice may not be what is desired or seen as 'good'. The authors seem to suggest a model where weight is given to the importance of context but is also conditional on forming a local definition with a foundation based on Western values.

In a similar vein, the World Bank<sup>84</sup> has stated that "family and ethnic ties that strengthen communal actions have no place in central government agencies where staff must be selected on merit, and public and private monies must not be confused". Williams and Young propose that there is on "the one hand an aspiration to build on the indigenous, and on the other a recognition that the indigenous may be an obstacle"<sup>85</sup>. Paradoxically, culture is only acceptable if it meets with the aims of governance. However, it does correspond with liberal ideas of the rational individual who is free from culturally conditioned behaviour.

Despite multilateral and bilateral donor's more recent acknowledgement<sup>86</sup> that there is no universal solution, this acknowledgement comes after years of assertions that strong and effective states will be achieved through such things as democratisation, human rights, participation and decentralisation. That recognition, however, has not made it any easier to determine what model or solution may be appropriate to specific countries. Developing countries themselves have not designed consensus-orientated definitions of good governance and there also does not appear to have been any concerted effort by donors to work with developing countries to formulate home-grown definitions of 'good' governance. The result is a continual dominance of a donor-defined good governance agenda.

### *Other critiques*

There are a number of other criticisms surrounding the good governance agenda. For developing countries the re-focus has meant increased pressure to conform to governance strategies if they want to access foreign aid<sup>87</sup>. Good governance became the key instrument to 'persuade' developing countries to adopt reform measures, just as SAPs were the instrument for the 1980's. Some Third World governments have interpreted reforms and conditionality as neo-colonialism; the West is trying to reinforce its supremacy<sup>88</sup>. However, conditionality is a contentious issue due to the contradictory approaches by some donors. For instance, questions have been raised about the World Bank's stance that 'good governance' is necessary for development and their active interest in supporting countries to achieve it, when they have supported countries that have done little to satisfy governance requirements. Despite significant human rights issues and events, China receives substantial World Bank support and the United States government restored Most Favoured Nation (MFN) status to China in 1994, therefore separating economic and political development<sup>89</sup>.

Conflict has also resulted as conditional aid implies that donors know what will bring about development in a recipient country. Killick<sup>90</sup> states:

*Hard core conditionality rests on the presumption either that the donor agency knows better than national policy-makers which policies are good for domestic economic performance or that they have a better judgement of what is politically feasible, even though local officials and politicians ought to have better information about these matters. This presumption of superior knowledge adds to the resentments, which are further fuelled when an agency is inconsistent in its policy stipulations, perhaps as a result of changes in personnel. Past approaches to policy of agencies like the World Bank have been notoriously subject to the vagaries of fashion. The Bank knows best, but what it knows best changes over time.*

While some donors have since moved away from imposing strict conditions and towards positive aid measures, donors still retain control over their funding directions



and their intent of influencing development in recipient countries remains largely the same.

The shift towards good governance coincided with the end of the Cold War and cuts in aid budgets. The World Bank<sup>91</sup> reports that in 1997, OECD countries gave only 1.3% of their GNP, the lowest since aid statistics began in 1950. It would take a 50% increase in aid to restore it to its 1991 level, only 6 years earlier. Eastern Europe was a priority at the beginning of the 1990's in terms of economic and security matters and consequently as competition for aid increased less aid was available to traditional recipients. During the Cold War many developing countries were able to play off the West and East and deflect criticisms by donors since both West and East were wary that they would side with the enemy. Consequently, they were able to use their position to obtain financial support. The end of the Cold War saw the end of the West's willingness to bend the rules for particular regimes<sup>92</sup>. Without the threat of communism Western governments sought to outline a new rationale for assisting developing countries, especially when their own citizens were increasingly feeling the impacts of neo-liberal derived policies and questioning their own government's ability and financial expenditure in areas such as foreign aid. No longer were Western governments able to rely on public support for aid initiatives although they still had to maintain their own national economic, political and strategic interests<sup>93</sup>. Many developing countries have seen the new direction as a pretext to hide donor's own failures as well as providing them an opportunity to avoid their responsibilities to developing countries. Macdonald<sup>94</sup> suggests that the World Bank's focus on governance as a major contributor to economic failure is partially drawn from their need to highlight the difficulties in project implementation due to poor governance and draw attention away from the fact that there could be "fundamental flaws in the economic policies advocated by the Bank itself. Is it an attempt by the World Bank to shift the blame for a generation of economic failure in Africa and parts of Asia?"<sup>95</sup>.

Corruption is viewed as an example of 'bad' governance and consequently 'good' governance requires the elimination of corruption. Corruption is often narrowed to patrimonialism and patronage. Patrimonialism refers to administration where the boundary between public and private spheres is variable and private appropriation of the benefits of public office (for example taxes, customs, gifts and land) is not looked upon



as illegitimate. Patronage may come in two forms. Community patronage refers to the traditional patron-client relationship between a high-status individual and a low-status individual where land, loans, mediation with official agencies are exchanged for labour, votes, and deference. In comparison, patronage at the centre refers to the exchange of favours for political support. Job contracts, contacts, information, and protection from the law at local and central levels is exchanged by politicians for such things as contribution to campaign funds, banks of votes, use of property<sup>96</sup>. During a time of increasing economic disparities between the rich and poor in developing countries, corruption has been seen as a primary cause of poverty, “the greedy Third World politicians targeted as the main culprits”<sup>97</sup>. However, the West cannot propose such a simple analysis since many of the initiatives they support or have supported have led to conditions which create greater opportunities for corruption. Theobald<sup>98</sup> states patronage at the centre grows in its importance under a democratic system of political parties and elections. Harrison<sup>99</sup> proposes that structural adjustment programmes have created an unstable political economy leading to confusion over social boundaries. As such, the well placed and well connected have been able to increase their standard of living through corrupt means. Western countries can also not claim freedom from corrupt practices themselves, in many countries the ‘old boys network’ remains alive and well today just as it did hundreds of years ago and private businesses have supported particular political parties whose policies have favoured their industry.

Sovereignty issues also arise with donors commitment to seeing good governance strategies implemented. As governments in developing countries conform to donors’ expectations regarding economic and development policy, they are effectively being denied a choice in their own future. Even with supposed tolerance to cultural conditions there remains accepted elements of what is ‘bad’ and ‘good’. This also limits the opportunities for democratic politics since there are large areas which political parties to all intents and purposes do not have any say over and cannot use as a basis for election<sup>100</sup>. This creates a situation where governments may then abdicate accountability to their citizens if Western governments or the IFIs are exerting influence over particular policy arenas.

Neoliberalism views state intervention with scepticism, seeing that the market is a better for economic development and provider of many social services. The credit that neo-

liberals gave to NICs in East and Southeast Asia has been questioned since others have regarded these states as strongly interventionist. The World Bank have since tempered their original heralding of these nations, now stating that policies in East and Southeast Asia were more market friendly than elsewhere which explains their successes<sup>101</sup>. However, political scientists are sceptical of neoclassical economic theories which do not give significance to the role of government in economic development<sup>102</sup>. Leftwich asserts "no examples of good or sustained growth in the developing world have occurred under conditions of compromising economic liberalism"<sup>103</sup>.

Finally, organisations such as the World Bank as well as other donor agencies, have been criticised for not practicing good governance themselves. Ngaire Wood<sup>104</sup> highlights a number of areas where the World Bank and IMF could improve their own operations to reflect the ideals of the good governance agenda. While reforms have already taken place within these organisations, such as the dissemination of information and some accountability procedures, she suggests that they are not enough and that changes are needed to the voting structure and the transparency and accountability of the decision-making process to create greater equality and better representation amongst members. Other concerns highlighted are: the dominance of staff educated in English-speaking countries such as the United States and United Kingdom and their propensity toward Anglo-Saxon economic models; and how the Bank and IMF open up their organisations and programmes to include working with civil society organisations while achieving good governance in terms of representation, participation and accountability.

## Urban Governance

Discussions on good governance in recent years have also focussed on governance in localised settings and this had led to the development of the concept 'urban governance'. The significance of the good governance agenda combined with the growing interest in the urban sector, due to rapid urbanisation, the economic importance of cities, and the reiteration of the importance of local institutions building for development<sup>105</sup>, has led to increased research and attempts to resolve problems

associated with trying to provide services and infrastructure to rapidly growing urban populations. To add to the complexity of trying to understand ‘good governance’, urban governance also has different meanings and is used in different contexts. The key problem in discussing urban governance is making the distinction between ‘national governance’, ‘urban governance’, and ‘good urban governance’. The discussion below looks at the growth of urban centres as well as definitions of urban governance, how the term is used and what it means for understanding governance in context.

### *The Growth of Urban Centres*

A focus on urban governance has developed in the last five years largely as donors and development practitioners have realised the growing importance of cities. Over the last 50 years the world’s urban population has more than tripled to 3 billion people and there is an expectation that this will rise to 4.5 billion by 2020, with 93% of this growth occurring in developing countries<sup>106</sup>. The increase in the number of mega-cities, those with a population size greater than 10 million, is the most noticeable trend. Between 1995 and 2015, the World Bank<sup>107</sup> predicts that the number of mega-cities will double to 26, 18 of these being in Asia.

Population increases have put great pressure on countries to manage their urban centres, and to increase and improve the provision of public services and infrastructure. While migration has traditionally played a large part in the escalation of populations in cities, this has lessened to half of the urban growth and increasingly natural growth is having the most impact<sup>108</sup>. Living conditions, however, for many people remain below the poverty line<sup>109</sup> and therefore key objectives in urban development are to reduce poverty and inequality.

### *Urban governance – what is it?*

Most discussions on urban development in recent years have also included discussions on urban governance. Urban governance as defined by Porio<sup>110</sup> and Mitlin<sup>111</sup> is a matter of relationships. Porio<sup>112</sup> states urban governance “deals with the power relationship

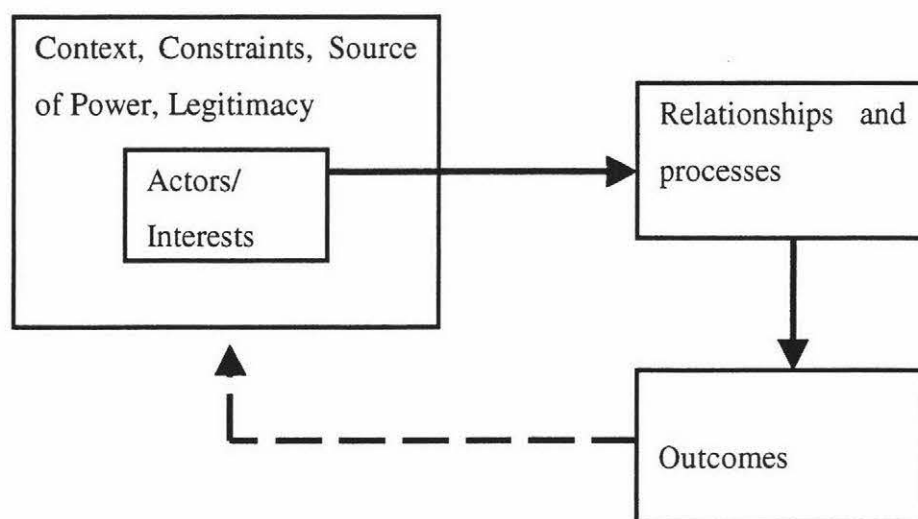
among different stakeholders in cities” and is “the political relationship between the state and the different groups in society, particularly the urban poor”. Mitlin<sup>113</sup> supports this type of definition stating urban governance “refers to the rules and norms which mediate relationships between groups involved in urban development, and those relationships themselves”. Harpham and Boateng<sup>114</sup> limit urban governance to the relationship between the municipality and citizens. This thesis, however, takes the broader definition to include all relationships in an urban area.

Urban governance is not only the relationship between government and its agencies but also between civil society and government, and community leaders and citizens. Additionally, urban governance includes donor relationships in cities where they play a significant role. Governance concerns both economic questions (who gets what, when and how) and political questions (who sets the rules, when and how). In short, urban governance is about politics. Not only politics in the sense of state administration but also about the complex relationships between people, especially those involving authority and power, and their activities and manoeuvres involving the acquisition or maintenance of power and influence.

In terms of the politics of poverty it is not only that someone’s gain is someone else’s loss, although “when people change the way they use resources, they change their relations with each other”<sup>115</sup>, compromises, alliances and partnerships are created. Politics is not only driven by material interests but also by ideas and institutions which influence how people have political choices, what people want from politics and the lengths to which they may go to get it<sup>116</sup>. While comments about the importance of relationships and the interactions between different actors also applies to governance, in general, it seems that Leftwich’s systemic type of definition is more obvious in the discussions of urban governance by academics. This interpretation of urban governance has its origins in pluralist theories, which are based on ideas that power is fragmented, there are many actors with different interests, differing levels of power and hence different power relationships, and outcomes are achieved through a process of negotiation, coalition building and conflict<sup>117</sup>.

Devas<sup>118</sup> provides the following diagram (Figure 1.8) to illustrate various components of importance, and their impact on each other.

**Figure 1.8: Context, Actors, Relationships and Outcomes**



Urban governance as illustrated by Devas is more about describing the current systems and has less emphasis on changing them, as is the implication of good governance. In contrast, the definitions used by the World Bank and other donors, seem to restrict governance to its neo-liberal theoretical origins or an apolitical administrative description of governance, referring instead to urban governance as good governance within an urban setting. For example, the ADB's project called "Good Urban Governance in Dhaka" includes elements of improving governance rather than directly addressing the relationships that impact on the governance of the city and the affect that they may have. It is concerned with institution building, citizen participation and providing services to the urban population.

The World Bank<sup>119</sup> follows a similar lead using the term urban management in which it includes governance as a requirement for effective management. It uses explanations of urban management supplied by Davey and Rondinelli<sup>120</sup>:

*Urban management is concerned with policies, plans, programs and practices that seek to ensure that the population growth is matched by access to basic infrastructure, shelter and employment. Performance of the government is critical to effective management of urban growth. During the last decade in particular, both governments around the world and international agencies have shown interest in improving the structure, process and resources of urban*

*government institutions. Policies of decentralisation have delegated functional responsibilities to lower levels of government and new financial flows have been created to stimulate public investment. Rondinelli defines the four essential tasks of the urban government as: a) providing infrastructure essential to the operation of cities; b) providing services that develop human resources, improving productivity and raising the standard of living of urban residents; c) regulating private activities that affect community welfare, health and safety of the urban population; and d) providing services and facilities that support productive activities and allow private enterprise to operate efficiently in urban areas. In the end, the effectiveness of urban government depends on a range of contextual factors: political stability, social cohesion, economic buoyancy and the skills and motivations of its policy makers and the staff who serve them.*

The World Bank's use of the term urban governance has a technical and institutional focus emphasising performance issues. Additionally, it is still concentrated on government, which corresponds with its interpretation of governance generally. The link created between governance and urban management for these organisations is concerned about the changing role of government in urban management, which it sees as having a more limited role to that of service provider and only in those areas where the market or self-help is less effective. Government's role largely becomes that of an 'enabler' or 'facilitator' for other service providers<sup>121</sup>.

Ideas regarding the provision of urban services initially revolved around concerns with local government and public sector delivery, later focusing on urban management, including the provision of services by the private sector activities, before finally moving onto urban governance. Urban governance has the widest perspective since it recognises the role of the community in urban centres<sup>122</sup>. However, urban management is still the World Bank's current position whereas urban governance is more in line with the position of academics.

Harpham and Boateng<sup>123</sup> consider that national and urban governance is connected through the issue of decentralisation and the administrative and political process of transferring power to individuals and groups in society. Decentralisation is seen as bringing about good governance by providing increased participation opportunities for



citizens which will in turn allow for an increased capability to meet local needs more effectively. However, as discussed earlier, decentralisation does not necessarily result in good governance. Fiscal, operational and legislative constraints may prevent the development of good governance. Central governments in developing countries often maintain control of local structures and do not allow 'true' decentralisation to take place meaning that local governments and civil society are not necessarily empowered to effectively participate in localised development or have the capacity and capability to do so. Even though some cities are beginning to exhibit the ability to generate financial resources and competencies to operate autonomously from the central government central control remains a key factor preventing them from realising autonomy.

At a city level, it is the actors and their interests within the city that influence outcomes. However, they are affected by the context in which they are operating, created by country's history, culture and central government, as well as their sources of power and legitimacy. They may also be operating in an environment which provides constraints to what they do. The types of relationships between the various actors will also steer the paths actors take to achieving desired outcomes. This leads on to the next chapter where the complexity of urban governance will be discussed in greater detail with a focus on Bangladesh and more specifically its capital city, Dhaka.

## Summary

While the notion of good governance has gained prominence over the last decade many of its ideas are not new and as such it has been easy to absorb into existing donor strategies. However, good governance is in a long line of development approaches endorsed by Western countries, coming after theories such as 'trickle down', the need to link economic growth with social justice, and structural adjustment programmes. All were created with the aim to increase economic growth and reduce poverty, yet there have overall been few sustainable successes for developing countries. This has obviously led to criticisms from academic circles and developing countries themselves.

However, the influence of the World Bank can be seen in the way in which good governance has been defined. Limited by its own Charter, where it is prevented from interfering in the political dealings of borrower countries, it has still managed to influence the components of the good governance agenda. While bilateral donors have included democracy and human rights aspects into their agendas they remain very similar to the managerial or institutional approach established by the World Bank. In contrast, academics often emphasise the political aspect of governance and also its contextual nature. A universal de-politicised definition is not supported.

Perhaps the major criticism of good governance agenda is that it has not been clearly linked to poverty alleviation. A lack of evidence to demonstrate the link between democracy and decentralisation, two key characteristics of the good governance, to poverty alleviation has led to numerous author's cautioning against the emphasis given to the agenda. The status given to civil society to ensure greater accountability, transparency and participation and provide a check on government is also open to criticism. While support for this sector has grown substantially in recent years there are real concerns about civil society organisations' internal governance situations, and the limitations of what civil society, that is not homogenous and united group with the same interests, can actually achieve. Leftwich<sup>124</sup> considers the focus on good governance "virtuous but naïve" since government administration is the product of politics and therefore, if politics do not lead to a type of state which can produce and maintain an independent and effective capacity for governance, development will not be affected positively. The inability to provide evidence that good governance will lead to development has reinforced criticisms of a western defined version of 'good', encroachment by donors on developing countries' sovereignty and policies which support the West's supremacy.

Another key area of concern is context, that good governance has developed a universality based on false assumptions. There is not one system of good governance that can be applied to all contexts and as such academics, in particular, are looking attempting to analyse governance in particular situations. The growing importance of urban centres in developing countries has more recently led to greater research in the area of urban governance. Again definitions used by donors and academics differ, donors using the term more in line with good urban governance or good urban

management whereas academics stress the importance of understanding actors, relationships and the impact they have on development outcomes. Academics acknowledge the importance of power in relationships, the nature of building alliances and making compromises to gain power, simply urban governance is about politics. It is these issues which are discussed in more detail in the following chapters which looks at urban governance in Dhaka, Bangladesh.

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<sup>1</sup> The IMF was established was responsible for short-term lending to alleviate balance of payment issues and to restore economic imbalances; the World Bank was established to lend funds over longer periods at concessional rates, to monitor structural adjustments and was responsible for reconstruction and development; the World Trade Organisation (previously the General Agreement on Trade and Tariffs) was responsible for overseeing trade within this system.

<sup>2</sup> Currie, 1996

<sup>3</sup> Seers, 1969

<sup>4</sup> JICA, 2000

<sup>5</sup> Coston, 1998

<sup>6</sup> Leftwich, 1993

<sup>7</sup> Fukayama, 1992

<sup>8</sup> Leftwich, 1993

<sup>9</sup> Naim, 2000

<sup>10</sup> see Leftwich, 1993 and Kiely, 1998

<sup>11</sup> World Bank, 1989

<sup>12</sup> World Bank, 1994: 10

<sup>13</sup> Larmour, 1998a

<sup>14</sup> International Bank for Reconstruction and Development, Articles of Agreement, Article IV, Section 10 cited in Currie, 1996: 778

<sup>15</sup> ADB, 1999b

<sup>16</sup> Hewitt de Alcantara, 1998

<sup>17</sup> ADB, 1999b: 23

<sup>18</sup> World Bank, 1994: 1

<sup>19</sup> Leftwich, 1993: 610

<sup>20</sup> ADB, 2000:

<sup>21</sup> Keily, 1998

<sup>22</sup> Leftwich, 1993: 620

<sup>23</sup> UNDP, 2000

<sup>24</sup> Harpham and Boateng, 1997: 75

<sup>25</sup> CIDA, 2001

<sup>26</sup> JICA, 2000

<sup>27</sup> Goudie, 1998

<sup>28</sup> The G7 originally in 1975 comprised France, Germany, Italy, Japan, United Kingdom and the United States. Canada and the European Community joined shortly afterwards while Russia was incorporated in 1998 to form the G8. It is these countries which have the largest percentage of votes in the Bank, with the US holding the largest percentage, more than double any other country. See Williams and Young, 1994.

<sup>29</sup> Leftwich, 1993: 605

<sup>30</sup> Kiely, 1998; Leftwich, 1993

<sup>31</sup> Leftwich, 1993

<sup>32</sup> Harpham and Boateng, 1997

<sup>33</sup> Williams and Young, 1994

<sup>34</sup> In 1980, the Reagan administration criticised the World Bank for encouraging socialism and undermining capitalist development and pressurised the Bank to align itself with the United States aims.

<sup>35</sup> Naim, 2000

<sup>36</sup> Naim, 2000: 506

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- <sup>37</sup> de Alcantara, 1998
- <sup>38</sup> Moore and Putzel, 1999
- <sup>39</sup> Refers to Crook and Sverrisson, 1999
- <sup>40</sup> Brinkerhoff, 2000
- <sup>41</sup> Wijkman, 1998
- <sup>42</sup> Leftwich, 1993
- <sup>43</sup> Leftwich, 1993
- <sup>44</sup> Lane and Ersson, 1996: 67 cited in Larmour, 1998: 5
- <sup>45</sup> Varshney, 1999
- <sup>46</sup> Although, there is increasing public pressure in these countries to extend democratic practices. Taiwan, for example, held a general election in 1999 and the party responsible for its economic growth (the KMT) was defeated. An event which is perhaps again supporting neo-liberal ideals.
- <sup>47</sup> Varshney, 1999: 36
- <sup>48</sup> Asia Week, 3 November 2000: 46
- <sup>49</sup> Devas, 1999
- <sup>50</sup> Turner and Hulme, 1997
- <sup>51</sup> Turner and Hulme, 1997: 153
- <sup>52</sup> Crook and Sverrisson, 1999
- <sup>53</sup> Crook and Sverrisson, 1999
- <sup>54</sup> Here civil society includes the private sector as well as non-government and community-based organisations.
- <sup>55</sup> World Bank, 1989: 61
- <sup>56</sup> Currie, 1996
- <sup>57</sup> Williams, 1996
- <sup>58</sup> Edwards and Hulme, 1996a: 962
- <sup>59</sup> Bebbington and Mitlin, 1996
- <sup>60</sup> Howell, 2000 and Van Rooy, 1998
- <sup>61</sup> Howell, 2000: 16
- <sup>62</sup> Edwards, 1999 and Mitlin, 1999
- <sup>63</sup> Bebbington and Riddell, 1997: 111
- <sup>64</sup> see Edwards and Hulme, 1996a and Hulme and Edwards, 1997
- <sup>65</sup> Mitlin, 1999
- <sup>66</sup> Davis and McGregor, 2000 and Houtzager and Pattenden, 1999
- <sup>67</sup> Mirafteb, 1997
- <sup>68</sup> Moore and Putzel, 1999
- <sup>69</sup> Wood, 1997: 85
- <sup>70</sup> Wood, 1997
- <sup>71</sup> de Alcantara, 1998
- <sup>72</sup> Moore, 1999c
- <sup>73</sup> Moore, 1999c: 40
- <sup>74</sup> Ascher, 1984 cited in Moore, 1999c: 41
- <sup>75</sup> Wood and Davis, 1998
- <sup>76</sup> Currie, 1996
- <sup>77</sup> Wood, 1997: 82
- <sup>78</sup> Harpham and Boateng, 1997
- <sup>79</sup> Leiris, 1969 cited in Harpham and Boateng, 1997: 73
- <sup>80</sup> OECD, 2001
- <sup>81</sup> OECD, 2001: 22
- <sup>82</sup> Macdonald, 1998: 29
- <sup>83</sup> Harpham and Boateng, 1997: 74
- <sup>84</sup> World Bank, 1989: 60
- <sup>85</sup> Williams and Young, 1994: 96
- <sup>86</sup> See World Bank, 2000
- <sup>87</sup> de Alcantara, 1998
- <sup>88</sup> Macdonald, 1998
- <sup>89</sup> Currie, 1996
- <sup>90</sup> Killick, 1998: 94
- <sup>91</sup> World Bank, 2000
- <sup>92</sup> Weiss, 2000

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- <sup>93</sup> Larmour, 1998a  
<sup>94</sup> Macdonald, 1998  
<sup>95</sup> Macdonald, 1998  
<sup>96</sup> Theobald, 1999  
<sup>97</sup> Theobald, 1999: 499  
<sup>98</sup> Theobald, 1999  
<sup>99</sup> Harrison, 1999  
<sup>100</sup> Macdonald, 1998  
<sup>101</sup> Kiely, 1998.  
<sup>102</sup> Macdonald, 1998  
<sup>103</sup> Leftwich, 1993: 613  
<sup>104</sup> Wood, N, 2000  
<sup>105</sup> Harpham and Boateng, 1997  
<sup>106</sup> Devas, 1993: 2  
<sup>107</sup> World Bank, 2000  
<sup>108</sup> World Bank, 2000: 25  
<sup>109</sup> ADB, 2000a measures this with regard to Bangladesh at less than Tk. 3500 per household per month  
<sup>110</sup> Porio, 1997: 2 in Devas, 1999: 25  
<sup>111</sup> Mitlin, 1999: 2  
<sup>112</sup> Porio, 1997: 2 in Devas, 1999: 25  
<sup>113</sup> Mitlin, 1999: 2  
<sup>114</sup> Harpham and Boateng, 1997: 65  
<sup>115</sup> Leftwich, 1993: 607  
<sup>116</sup> Moore and Putzel, 1999  
<sup>117</sup> Devas, 1999  
<sup>118</sup> The dotted line is an addition to Devas's diagram as it is believed that the impacts provide a link to creating a full circle since the outcomes again affect the context and actors. Devas, 1999: 19  
<sup>119</sup> World Bank, 1999b: 6  
<sup>120</sup> Davey, 1993 and Rondinelli, 1990 cited in World Bank, 1999b  
<sup>121</sup> Bately, 1993  
<sup>122</sup> Harpham and Boateng, 1997  
<sup>123</sup> Harpham and Boateng, 1997  
<sup>124</sup> Leftwich, 1993





## 2

## Governance in Dhaka: Actors, Relationships and Outcomes

If we take the definition of political relationships that Porio<sup>1</sup> and Mitlin<sup>2</sup> ascribe to, as outlined previously, what does this mean in the context of urban management? Politics is about power relationships, inside and outside the formal government arena, “the struggle or competition for power or for access to rulers and collective resources”<sup>3</sup>. Urban relationships affect the outcome of urban management. Obviously, the myriad of definitions and uses for the term ‘good governance’ leads to confusion, not helped by the fact that development practitioners often assume that if you are talking about governance you are talking about good governance. Throughout my field research I was often told that I would not find governance in Dhaka. In actual fact, there is governance although it may not always meet the normally accepted characteristics used to define ‘good’ governance.

This chapter aims to, firstly, provide the reader with an understanding of the context in which Dhaka’s urban governance issues are grounded. It does this through a discussion on the current state of national governance and the impact that the good governance agenda has had on the country. The second part of the chapter focuses more specifically on Dhaka. Challenges with regard to poverty levels, urban services and infrastructure are described. Finally, the city is described in terms of the key actors and their relationships to each other.

### The Current State of National Governance

The current state of governance in Bangladesh is a result of centuries of influence by many rulers and there is a general consensus that the state of governance is very poor. Some attempts have been made to measure the governance situation in Bangladesh. Table 2.1 below illustrates the state of governance according to the Humane Governance Index (HGI), and makes comparison to other countries in South Asia.

**Table 2.1: Humane Governance Index<sup>4</sup>**

<i>Country/Region</i>	<i>Economic</i>	<i>Political</i>	<i>Civic</i>	<i>HGI Value</i>
India	0.599	0.591	0.540	0.577
Pakistan	0.565	0.469	0.472	0.502
Sri Lanka	0.647	0.303	0.445	0.462
Bangladesh	0.494	0.441	0.451	0.462
<i>South Asia</i>	<i>0.59</i>	<i>0.56</i>	<i>0.52</i>	<i>0.56</i>
East Asia	0.75	0.64	0.56	0.65
Industrial Countries	0.84	0.79	0.86	0.83

The HGI has three components: economic, political and civic. Economic governance includes those factors which are required to sustain economic development, political governance is defined by the use of institutions to govern, and civic governance as the right and responsibility of citizens to participate in and promote good governance. The belief is that there is no priority in these components but that humane governance will be achieved through a combination of these factors.

Recent research<sup>5</sup> shows that corruption, as one aspect of poor governance, has negatively impacted on the Bangladesh's economic growth to the extent that if Bangladesh had been able to reduce its corruption level to the likes of Canada or Denmark, and maintained this through the post-independence period, the per capita income would be nearly double what it is today. The additional 2-3% growth per annum could cut poverty levels from the current 36% to 11% by 2020. The International Country Risk Guide (ICRG) shows that over the 1991-1997 period Bangladesh averaged a score of 1.76, making it the sixth most corrupt country of the 123 surveyed.

In January 2001, the Prime Minister, Sheikh Hasina, stated "The main objective of our government is good governance and our government has done everything for it"<sup>6</sup>. However, few in Bangladesh would agree with this. For example, DfID<sup>7</sup> comments:

*Poor governance and weak institutions are the most important development constraints. A dominant elite, spanning politics, business and government, does not serve the national interest well, let alone the interests of the poor.*

The ADB<sup>8</sup> similarly concludes:

*The country's annual economic growth target of 7 percent envisaged in the Fifth Five-Year Plan remains unattainable, not because the country lacks economic potential, but because the growth prospects of the economy have been seriously clouded by internecine political conflicts, continuous general strikes (hartals) disrupting work, endemic corruption, and the general lack of good governance. Unless the country's political leadership becomes more enlightened and seriously sets itself to the task of addressing these issues, the economy may remain mired in poverty and under-development for years to come.*

The Bangladesh Institute of Development Studies (BIDS) provides the following assessment of governance in Bangladesh.

<b>Table 2.2: BIDS Analysis on Governance<sup>9</sup></b>	
<b>Governance Factors</b>	<b>Nature of Failure / Success</b>
<i>Broad Vision</i>	<ul style="list-style-type: none"> <li>Reducing absolute poverty;</li> <li>Metaphorically translated political vision "Dal Bhat" for all or "a smile on the face of the poor"</li> </ul>
<i>Concrete Vision</i>	<ul style="list-style-type: none"> <li>Concrete targets and ways to achieve them are not spelt out;</li> <li>Generally a dual strategy is suggested: high rate of growth and targeted provision of basic needs. But there is no link between these goals or any indication on how their realisation will impact on poverty alleviation;</li> <li>The TGO programmes are largely left out for NGOs and various micro-credit giving agencies for execution;</li> <li>Government has only put in place some limited safety net programmes for the extreme poor during the lean season.</li> </ul>
<i>Vision inputs coming from whom?</i> <i>Ownership of the Vision</i>	<ul style="list-style-type: none"> <li>From the World Bank institutions, bureaucrats, NGOs and local academics;</li> <li>Final ownership needs to originate from the parliament members who approve the budget and the plan. Since majority of them are from elite or business community so whether they can effectively own a vision for poverty reduction is doubtful.</li> </ul>
<i>Capacity</i>	<ul style="list-style-type: none"> <li>The traditional growth rate is near 5 %. It was found that at least 7%</li> </ul>

<i>Variables</i>	<p>growth is required to do away with poverty in the next 23 years. The capacity to achieve that continuously for 23 years is uncertain if not impossible;</p> <ul style="list-style-type: none"> <li>• NGOs are successfully delivering credit and other services but their impact on poverty is not sufficiently strong to reduce poverty in the net sense;</li> <li>• Safety net programme cannot always reach the extreme poor and even if it reaches them, it fails to pull them above the poverty line on a permanent basis.</li> </ul>
<i>Commitment variable</i>	<ul style="list-style-type: none"> <li>• Government actually lacks the courage to take radical distributive measures such as land and asset redistribution measures or to focus on redistribution of political power in favour of the poor etc.;</li> <li>• Micro-credit, TGO projects etc. have limited impact at the micro level. The rate of success in these projects tends not to be greater than the rate of failure and hence, absolute poverty levels remain as high as 51%;</li> <li>• Government's official allocation for direct poverty alleviation are very small and its relative importance is declining over time. The projects involve high levels of systems loss and transaction costs. This means government is mainly depending upon growth and its trickle down effect for fighting poverty. But since growth has proved to be weak, the poverty alleviating capacity has remained weak.</li> </ul>
<i>Aggregate Capacity</i>	<ul style="list-style-type: none"> <li>• Poor</li> </ul>
<i>Aggregate Commitment</i>	<ul style="list-style-type: none"> <li>• Poor</li> </ul>
<i>Success Indicators</i>	<ul style="list-style-type: none"> <li>• Reduction of the proportion of households living below the poverty line</li> </ul>
<i>Achievement level</i>	<ul style="list-style-type: none"> <li>• During the last 10 years the poverty ratio has basically remained more or less the same, fluctuating around the mean ratio of 50%.</li> </ul>

### *Bangladesh and the Good Governance Agenda*

Kamal Siddiqui<sup>10</sup>, a Bangladeshi national, reports developing countries are unhappy about the push for good governance by donors, regardless of the definition used. He is

critical of a number of aspects, the first being the widening definition of good governance yet the inability to actually de-link economic and political aspects of governance. While donors have tried to eliminate political aspects from their definitions of governance they find it harder to eliminate these aspects from their programmes. The result is an inconsistency in what donors say and do.

Siddiqui<sup>11</sup> sees that there is little room for Bangladesh to avoid pressure from donors to adopt the donor's versions of good governance. He outlines what he sees as three possible motives for the agenda:

- a. The donor will provide little or no aid in future, but will pressurise Bangladesh to provide good governance. In other words, the good governance issue is only to make things extremely difficult for Bangladesh, so that she may be denied aid on this pretext.*
- b. The donor will provide aid, but only if its brand of good governance is accepted in toto, although this may even mean compromising the sovereignty of Bangladesh and allowing gross interference in its internal affairs.*
- c. The donor will provide aid, but at the same time will, in a true spirit of partnership with the government, make an honest attempt to bring about good governance in Bangladesh, but it will be restricted to economic management.*

Recommending that the government should align itself with donors adhering to the last motive, Siddiqui<sup>12</sup> advocates that the Bangladesh government should develop its own agenda for good governance rather than be "pushed and pressurised by outsiders into doing what is unrealistic and culturally insensitive". He does not define what is unrealistic or insensitive.

### Civil Society in Bangladesh

Probably the greatest impact of the agenda on Bangladesh has been the increasing use of civil society organisations to deliver poverty alleviation programmes. The UNDP states

that the direction and interest in civil society “reflects a growing realisation that sustaining newly emerging democracies will depend on building autonomous centres of social and economic power that promote accountable and participatory governance”<sup>13</sup>. Although, the accuracy of this statement has been questioned in the previous chapter the decreasing role of the state in service provision and the increasing emphasis on decentralization has seen multi-lateral and bi-lateral donors establish closer working relationships and partnerships with civil society organisations. These partnerships have invariably involved funding arrangements and Bangladesh has seen a substantial increase in funding going directly to NGOs. This in turn has led to an increase in the number of civil society organisations.

Foreign funding approved by the NGO Affairs Bureau (NGOAB) in Bangladesh, for 2598 projects amounted to US\$1.1 billion in 1993/94. In 1994 disbursements to NGOs of \$170 million came to 11% of total aid disbursements and 24% of all grant aid to Bangladesh<sup>14</sup>. Between 1990/1 and 1994/5 the number of NGOs registered with the NGO Affairs Bureau (NGOAB), and therefore entitled to receive foreign aid, increased from 494 to 986. There was also a substantial increase in the number of local NGOs increasing from 395 to 848 over the same period<sup>15</sup>. There could also be a further 7000 small non-registered NGOs, either sustained by local funds, indirect funding from NGOs or official sources such as the PKSF, an autonomous funding agency set up by the Government of Bangladesh specifically to channel aid funds to local NGOs<sup>16</sup>. In Bangladesh it is estimated that 10% of the population receive some services from NGOs<sup>17</sup>.

In Bangladesh, there are several local NGOs which account for the majority of foreign donor funding to the non-government sector. Most NGOs have remained dependant on donors, both to sustain themselves and to grow. One study in 1990/91 reported that 94% of NGOs budgets were underwritten by foreign donors, another study in 1993/94 of eleven large NGOs showed that 69% of their budget came from abroad<sup>18</sup>. Some of the larger NGOs have negotiated aid packages with donor syndicates worth over US\$50 million at a time. Dependency on official funds of 80-95% is not uncommon even though funds are often second or third hand having been channelled through northern NGOs and other institutions<sup>19</sup>. Very few NGOs in Bangladesh have developed other sources of income although there are exceptions. Grameen Bank and BRAC both have



a number of commercial enterprises such as a mobile phone company, hotel, and department stores.

Although, some large NGOs have the power to generate their own agendas, primarily because donors feel privileged to invite to finance them, for less well known NGOs their activities tend to remain driven by donor fashions which then has led to a rise in the number and geographical distribution of projects as NGOs move amongst different donors 'selling projects' in different areas. In order to sustain their overheads NGOs may need to keep moving from donor to donor, from one sector to another or from one area to another<sup>20</sup>.

In terms of government-civil society relationships, White<sup>21</sup> describes the situation as a "chronic encroachment on the state of 'civil society' such that the state is unable to guarantee the rights of any who do not have the power to seize it for themselves". The relationship between the central government and the non-government sector reached a crisis point in the early 1990's with the establishment of the NGOAB whose purpose was to grant permission for NGOs to operate<sup>22</sup>. Many NGOs expected some relaxation of controls when democracy returned to Bangladesh after the Ershad government fell. However, the NGOAB at the time, in a report to the Prime Minister, accused NGOs of illegal activities, corruption and dependence on foreign aid. Fingers were pointed towards air conditioned vehicles, high salaries and benefit packages, and suggestions made of anti-state activities including participating in politics and local government elections, publishing magazines with political content, engaging in religious conversion, and spreading fictitious anti-national propaganda overseas. NGOs responded denying the claims made against them although, as Hashemi<sup>23</sup> points out, a few claims may have had some foundation.

The NGOAB also cancelled the operating licence for the Association of Development Agencies in Bangladesh (ADAB) and one other NGO. While this decision was later overturned, after intervention from donors, the NGOAB's actions set about defining the context for NGOs to operate within. The World Bank is critical of the state's approach and the lack of capacity and capability, in terms of trained staff, systematic monitoring and evaluation techniques, tendency to evaluate on a quantitative basis, within the NGOAB stating that the "plethora of rules and regulations NGOAB is expected to apply

to NGOs weakens its capacity to play a more strategic role in national development”<sup>24</sup>. In some instances proposals made by NGOs have been turned down when elements such as micro-credit, family planning or education were not included leading to some NGOs adding these types of activities to quicken the approval process.

### Poverty Alleviation

The good governance agenda will lead to poverty alleviation - this is the reason commonly given by donors as justification for their support of the agenda. In Bangladesh, the emphasis on poverty alleviation is reflected in the Government of Bangladesh's Fifth Five Year Plan, where poverty alleviation is the basic goal. This is translated into the Annual Development Plan (ADP) which amounted in 1999-2000 to Tk.155,000 million, of which 57% is local currency, 41% project aid and 2% food aid, over a total of 1293 projects<sup>25</sup>. Almost a third of this amount, Tk. 53,134 million, is allocated to poverty related sectors and sub-sectors such as agriculture, rural development, education, health and family welfare, social welfare, women and youth and labour and manpower. Importantly, even though the plan is published, in an original and then revised form, it consists of many projects that have not been approved or had financing secured.

There are criticisms of the concentrated effort on poverty alleviation. Sobhan<sup>26</sup> asserts that while 25% of official aid assistance is now targeted to poverty alleviation there have not been the necessary evaluations completed to ensure poverty is being reduced. He states<sup>27</sup> that the:

*weak implementation and monitoring of poverty programmes have lead to huge resource wastage. IMED (Implementation, Monitoring and Evaluation Division) reports only 33% of poverty alleviation programmes were progressing satisfactorily. The programmatic nature of poverty alleviation programmes which provide an intermediate service (training) or input (work) or employment (wages) but no end result in terms of reduced poverty makes such expenditures prone to misgovernance, waste and corruption. No mechanism has been designed to link means with ends in poverty alleviation programmes in contrast to infrastructure*

*programmes which leave a facility, such as a road, culverts or bridges as the end result of a programme. A multiplicity of donors involved in variety of projects compounds this delinking of means and ends.*

## Dhaka

Historically, Dhaka has been an important city in the Bengal region. It first became the capital of the region in 1608 during the Mughal reign. Forts were built along riverbanks to protect the city although it did fall to Mogh pirates and their Portuguese allies for a short time between 1639-1659. The development of Dhaka, which included the building of mosques, palaces, bazaars and caravanserais, during the Mughal era saw the city attract European traders and missionaries from South India. Throughout the 1600's the Portuguese, Dutch, French and British established trading posts and churches in the city. Dhaka lost its status as the provincial capital in 1704 but remained the commercial centre for the region until the British centralised its administration in Calcutta. Dhaka then declined to a district headquarters and by 1800 had lost three-quarters of its population and almost all of its muslin cloth trade. The East India Company controlled all of Bangala by 1757 except for Dhaka, which it took eight years later. The Mughal Nawab was allowed to govern under the British and it was during the late eighteenth and early nineteenth centuries that the dominant forms of current economic development were established, for example jute, tea, tobacco and sugar. Over this period the other European powers moved out until in 1824 the British took over direct control and administration of Dhaka. In 1887, Dhaka became a district and at the beginning of the 20th century it was established as the capital of East Bengal and Assam by the British, where it once again became an administrative centre. As part of East Pakistan, Dhaka was recognised as a subsidiary capital, and finally became the capital of the newly formed country of Bangladesh in 1971.

## *Dhaka Today*

From a population of approximately one million at the time of independence, Dhaka's population has exploded. According to the UN, the Dhaka metropolitan area will grow

to be the fifth largest urban centre in the world in the next fifteen years with a population of nearly 20 million<sup>28</sup>. Currently, as shown in Table 2.3, the city has a population in excess of 10 million while the Dhaka City Corporation (DCC) area consists of almost 7 million. The average growth rate for Dhaka over the last 30 years has been 7%, meaning that the population has been doubling every 10 years. At present, the growth rate per annum for the city is near 6%.

**Table 2.3: Population of Dhaka<sup>29</sup>**

	<i>DCC</i>		<i>DMDP</i>		<i>Pop. Density</i> (persons/ha.)	
<i>Year</i>	<i>Pop (000)</i>	<i>Growth</i> (% yr)	<i>Pop (000)</i>	<i>Growth</i> (% yr)	<i>DCC</i>	<i>DMDP</i>
<i>1991</i> ( <i>census</i> )	6,100	4.15	7,300	-	169	48
<i>1995</i>	6,900	3.0	9,100	4.2	192	59
<i>2000</i>	8,000	3.0	10,900	3.6	222	71
<i>2005</i>	9,000	2.5	12,600	3.0	251	83
<i>2010</i>	9,900	1.5	14,200	2.4	269	93
<i>2015</i>	10,200	1.0	15,700	1.9	283	103

It is likely that the urban centres will continue to dominate, especially Dhaka, given the government's macro economic policy of increasing private sector investment and as the city is the centre of government, administration, trade and commercial activity. The annual growth rate in the Bangladesh economy during 1998-1999 was 5.2% whereas for the urban areas economic growth was recorded at 8.3%, accounting for 42.3% of GDP. GDP growth of the country between 1991-1996 was 4.1%, the agricultural sector registered 1.8%, and industry and commercial service sectors were 5.6 and 5.9 respectively. At present more than 90% of the garment manufacturers, one of the largest export industries, are located in Dhaka. Per capital GDP for Dhaka is also reported to be above the national average of US\$370 at approximately US\$500 per annum.

### Poverty Indicators

In 1996, 911,500 households or 4.28 million people were considered moderately poor, hard core poor or destitute in Dhaka<sup>30</sup>. This equates to 46% of the city's population comparable to the national urban poverty figures outlined below.

**Table 2.4: Poverty Indicators, 1983-84 to 1995-96<sup>31</sup>**

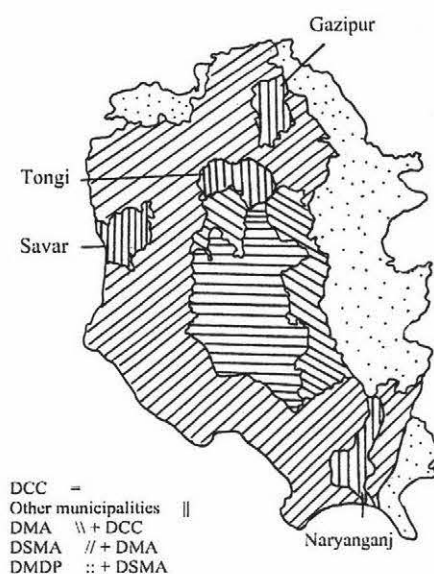
	<i>Lower Poverty Line</i>			<i>Upper Poverty Line</i>			<i>Gini Indices of Inequality</i>		
	83-84	91-92	95-96	83-84	91-92	95-96	83-84	91-92	95-96
National	40.91	42.69	35.55	58.50	58.84	53.08	25.53	27.15	31.01
Rural	42.62	45.65	39.76	59.61	61.19	53.65	24.33	25.06	26.43
Urban	28.03	23.29	14.32	50.15	44.87	35.04	29.46	31.09	36.03

While urban poverty decreased at a faster rate than rural poverty between 1983-84 and 1995-96, the inequality indexes show a greater and increasing disparity in the distribution of income in the urban population as opposed to rural. High-income households in Dhaka (5% of total households) share 37% of the total income whereas the low-income group (approximately 50% of the total) share only 12%. The mean household income is Tk. 10,030/household/month whereas the lower income group is Tk.2,360/household/month<sup>32</sup>.

#### Urban Services and Infrastructure Issues

The complexity of looking at urban management and governance in Dhaka is initially apparent when one tries to define the area that is Dhaka. The following four definitions are used in different instances:

- ◆ The Dhaka City Corporation (DCC) area covers 360 km<sup>2</sup>, or 24% of the mega-city area<sup>33</sup>.
- ◆ The Dhaka Metropolitan Area (DMA) refers to the areas of police administration for the maintenance of law and order and covers 14 thanas.
- ◆ The Dhaka Statistical Metropolitan Area (DSMA) is the Dhaka megacity as defined by the Bangladesh Population Census 1991<sup>34</sup> and comprises of Dhaka City Corporation, and Narayanganj, Bandar, Keraniganj, Uttara, Savar and Gazipur thanas, and covers an area of 1,353 km<sup>2</sup>.
- ◆ The Dhaka Metropolitan Development Plan (DMDP) covers the area managed by RAJUK (1,528 km<sup>2</sup>) and includes DCC, five municipalities (Narayanganj, Keraniganj, Savar and Gazipur and Tongi), two cantonment boards (Dhaka and Savar) and 28 thana or upazila councils.

Figure 2.5: Greater Dhaka City<sup>35</sup>

Overall, the provision of urban services and infrastructure in Dhaka is poor. The needs of the growing population are not met and the gap between the rich and the poor are growing. It is estimated that 31% of households in urban areas, nationally, use tap water for drinking and of this only 18% have their own connection, although connections are often not a 24 hour supply. The majority of the water supply in Dhaka comes from tube-wells with only 2% coming from water treatment plants. The demand for water in urban areas is expected to increase markedly as the population increases. In Dhaka, the problems of quantity are exacerbated by the high rate of systems loss, 41% in 1997-98. Quality is also a concern with only 50% of urban dwellers having access to safe drinking water<sup>36</sup>.

The sanitation system is also inadequate with Dhaka having only one sewerage plant and a sewerage system that covers only one third of its area. A third of the city's population either use open latrines or none at all. Capacity of the present underground sewerage system is often inadequate, not helped by the theft of manhole covers which then allows debris and above-ground water into the system increasing the difficulties in moving wastewater and sewerage<sup>37</sup>. System loss is a major concern in the electricity sector also where it is estimated to be higher than 30%. Supply is unstable and does not meet current demands or projected future demands<sup>38</sup>. Similar problems exist with gas



supply where the company cannot guarantee a constant supply and pressure is low in some areas of the city. Again demand exceeds supply with major consumers being large non-domestic businesses<sup>39</sup>.

Air quality in Dhaka is very poor, with the key pollutants being traffic, brickfields and industries. Domestic and industrial wastewater is discharged into inadequate drainage systems negatively influencing the quality of water. Health surveys indicate that more than ten percent of all morbidity in urban areas is attributable to environmental conditions<sup>40</sup>. Noise levels in Dhaka range from 68 decibels in Banani, considered to be a higher income housing area, to 106 at Syedabad Bus Terminal. This compares poorly to the WHO organisation recommendation of 60-65 decibels<sup>41</sup>.

House rentals have risen much faster for the low-income groups than for middle income or high-income groups and in real terms rentals for high-income property have fallen in Dhaka (See Table 2.6 over page), Chittagong and Rajshahi. Only 23.5% of urban households live in *pucca* dwellings (floor, wall, roof of permanent materials), while 18.6% live in *semi-pucca* (corrugated iron and asbestos roof) and 63.3% in *katcha* (temporary materials)<sup>42</sup>. Shelter for the lower income groups is generally of a very poor construction even though high rents may be paid. Dhaka is thought to have more than 3000 slum or squatter settlements housing more than one million people. The number of slums are growing mainly on the periphery of the city and decreasing in central city areas where land is of a high value and hence where slums more likely to be cleared.

Table 2.6: Annual average Percentage change in house rentals in Dhaka 1988-89 to 1998-99 (constant prices) <sup>43</sup>			
<i>Income</i>	<i>Construction</i>	<i>Plinth area (m<sup>2</sup>)</i>	<i>Annual Increase %</i>
High	Pucca	65-90	- 7.2
Middle	Semi-pucca	26-39	- 1.9
Low	Katcha	>20	0.4

The high end of the housing market is saturated, whereas demands for medium to lower housing and private sector interest have been growing<sup>44</sup>. However, there is a shortage of land for housing and urban development and only 5% of households can afford the market value for housing within the DCC area, although 20% can afford land outside of the DCC area. Additionally, ownership of land is unequal with approximately 30% of the population controlling 80% of residential land. Only 3% of urban poor own their

own land. Two percent of the population in the city use 15-20% of residential areas while 50% of poor and lower middle class use approx 6% of residential area<sup>45</sup>.

**Table 2.7: Land Use Patterns of Greater Dhaka<sup>46</sup>**

<i>Type of Land Use</i>	<i>% of total area</i>
Residential	19
Commercial/Industrial/Institutional	8
Roads and unspecified categories	11
Village settlements	4
Agriculture	45
Water bodies	14

Residential land use, as shown in Table 2.7, comprises only 19% of total land use. Residential areas are characterized by low densities, normally where upper income groups live, or extremely high densities, where lower income groups live. Low-density areas normally house 100-300 persons per hectare whereas high-density areas consist of between 1500-4000 persons per hectare<sup>47</sup>. The situation is exacerbated by the scarcity of land suitable for building due low-lying flood prone areas around the city

Approximately half Dhaka's population, aged 10 years and over, are considered to be in employment and 23% are unemployed. The informal sector dominates employment as it accounts for 87% of all jobs. Even though, manufacturing is seen as a large employer, including employing approximately one million women (mainly rural poor living in the city's slums) in the ready-made garment industry, the growth in employment opportunities has occurred in the service industries<sup>48</sup>. *Bangladesh 2020*<sup>49</sup> gives overall urban employment by major industry group in 1995 as follows:

**Table 2.8: Urban Employment by Industry Sector**

<i>Sector</i>	<i>%</i>
Manufacturing	20
Trade, hotels, restaurants	17
Household and NAO	12
Transport and communication	10
Community and personal service	9
Construction	3
Other others (includes agriculture, fishery and forestry)	27

The number of vehicles is growing faster than the population and this is causing severe problems within the city since slow moving rickshaws, pushcarts, rickshaw vans and non-motorised cycles occupy about 73% of the road space and comprise about 56% of

all vehicles in Dhaka. There are now about 300,000 rickshaws in Dhaka although only a third are officially registered. The entire rickshaw industry alone, which covers renting, pulling, repairing and production of rickshaws, involves an estimated one million people<sup>50</sup>. The use of two-stroke 'baby taxis' and unleaded petrol adds to pollution problems in the city. The chaos, overcrowding, and pollution of the city's traffic situation is often used as a metaphor for the governance problems.

The law and order situation has steadily been deteriorating in the city with some belief that the non-enforcement of law illustrates the government's lack of commitment and capacity to reform. There are an increasing number of crimes against women and young girls, ranging from rape, dowry killings, acid attacks and domestic violence. Almost half of the murder cases with women victims resulted from marital violence either because of unmet dowry demands, tension of polygamous marriages, or conflicts over child custody. Political violence is common, often in the form of hartals organized by the party in power or its opposition. The Dhaka Metropolitan Police's (DMP) functions are traffic control, law and order and crime control. However, since Dhaka has many elite and officials, often police time is taken up with providing protection and protocol matters and only 19% of their time is spent on crime prevention and prosecution. Silencing activities such as hartals, public meetings, rallies and demonstrations, of opposition political parties uses much of their time. Ruling political parties have handpicked people during recruitment drives to ensure that they had support within the police force. In lieu of the services that they provide the police are given a free hand to operate as they see fit. There are many reports of police involvement in corrupt activities, rape and torture and extortion<sup>51</sup>.

### Relationships in the City

Different types of relationships exist between the various actors and these may alter depending on the time, place and need of the group or individual. A wide range of formal and informal processes and relationships exist in urban management<sup>52</sup>. Formal processes include those officially recognized and accepted organisations and individuals, such as officially elected city councillors, and processes which conform to official rules and regulations. Informal processes refer to those organisations and

individuals not fully recognized and accepted or who are involved in activities that do not comply with the rules and regulations. Many processes do not fall conveniently into being designated formal or informal and there is a wide range of possibilities between the two.

**Table 2.9: Relationships**

<i>Types of Relationships</i>	<i>Types of Role</i>	<i>Types of Influence</i>	<i>Types of Benefits</i>
Devas (1999)	Benson (1990)	Bately (1993)	Grindle (1980)
<ul style="list-style-type: none"> <li>• Market</li> <li>• Authority</li> <li>• Political</li> <li>• Power</li> <li>• Decision Making</li> </ul>	<ul style="list-style-type: none"> <li>• Demand</li> <li>• Support</li> <li>• Administrative</li> <li>• Provider</li> <li>• Coordinating</li> </ul>	<ul style="list-style-type: none"> <li>• Recruitment</li> <li>• Professional</li> <li>• Physical Proximity</li> <li>• Social Proximity</li> <li>• Organisational dependency</li> <li>• Patron-client</li> </ul>	<ul style="list-style-type: none"> <li>• Collective</li> <li>• Individual</li> </ul>

Within this division, relationships may be seen as market relationships, involving distortions and inequalities, authority relationships, involving regulation, taxation and employment, political relationships, including clientalism, patronage and vote buying, power relationships, which involve influence, lobbying, violence and intimidation, or relationships based on decision making, that is the rules of the game which guide decision making processes<sup>53</sup>.

Actors may play different roles within the urban environment which will also impact their relationship with others<sup>54</sup>. 'Demand groups' include the recipients of services or programmes and those who profit from the secondary output of opportunities, e.g. contractors. 'Support groups' provide resources and political commitment to organisations, such as creditors, legislators, aid agencies, lobbyists, in the policy sector. 'Administrative groups', such as the elite, manage key organisations and aim to maintain and extend their area of control. 'Provider groups' include professionals and the bureaucracy who are engaged in the delivery of services or management of programmes. In some instances, well-established contractors and consultants may form part of this group. Provider groups' assessments of problems and solutions and their advice to administrators and politicians help define policy and operational practices. It also creates a situation of professional dominance and leads to job opportunities for members of their group. 'Coordinating' groups, operating at the top of organisations

involved in budget, audit and planning services, are those that try to rationalise functions and reduce inefficiencies. Their activities can be seen as trying to contain other group's goals.

Influence may be used in a variety of ways. Bately<sup>55</sup> outlines a number of networks which may be used to manipulate outcomes or achieve objectives. Through recruitment processes particular family, ethnic, regional or religious backgrounds could aid a person's entry into a job. By favouring certain individuals social connections and the dominance of clientelistic leaders are maintained. Some professions, for example lawyers and town planners, may have a shared socialisation that creates an exclusive identity or 'water tightness'. They may also maintain selective contact amongst people of their own professional background. Organisational dependency may lead to the development of personal loyalties and a common understanding about how things should work. The proximity of the social relations, in terms of income groups, official status, kinship, ethnic, religious or regional associations, which urban administrators maintain once in office can influence relationships and outcomes. Likewise, so can physical proximity such as special residential areas or administrative cities. These can then present barriers to other social groups and as such policy makers and decision makers may be closer to some sections of the population than others. In Dhaka, the majority of the upper and upper middle classes reside in a small number of 'model towns' or special residential areas<sup>56</sup> heightening the elites physical proximity to each other. Patron-client relationships also become networks of influence, although officials who have direct contact with people are likely to be at the lower end of the hierarchy and therefore in effect have little discretion and an ability to influence policy and practice at the margins only.

The interests of each group will affect their relationship with each other. Direct participants, such as national governments, national and local politicians, political parties, private consultants, and aid agencies, have an interest as either operators or beneficiaries. These actors are "often seen as disruptive to effective planning due to political interference, short-term perspectives, political instability, anti-strategic pro-design orientation of engineers, the patrimonial appropriation of government by professions, parties and politicians, fragmented pressure of aid agencies"<sup>57</sup>. Other actors, such as creditors and policy makers, supply inputs into the system or establish



terms on which the system operates. Lastly, there are those who may have less of a direct input but have a substantial amount of influence over an organisation or process, such as landowners<sup>58</sup>. Relationships may also be defined by the types of benefits likely to be received. Collective benefits, such as water supply and public transport, will generate collective demand from a wide range of people and therefore greater pressure can be applied to obtain these services. In contrast, individual benefits such as housing will be able to generate less political pressure and therefore demands will be more easily managed. However, this simplification may be questionable if applied, for instance, to demands for housing from slum areas<sup>59</sup>.

## The Actors

Outlined below are the key categories of actors, their objectives and factors constraining or adding to their power<sup>60</sup>. It is often hard to distinguish the difference of influential people in Dhaka as opposed to influential people in Bangladesh. Since Dhaka is the capital city and therefore home to central government and many officials and bureaucrats, reportedly around 200,000, it is often impossible to separate their influence in city management issues as opposed to the country in general. However, the following discussion provides some insight into the actors affecting Dhaka, and in general may be applied to many other parts of the country.

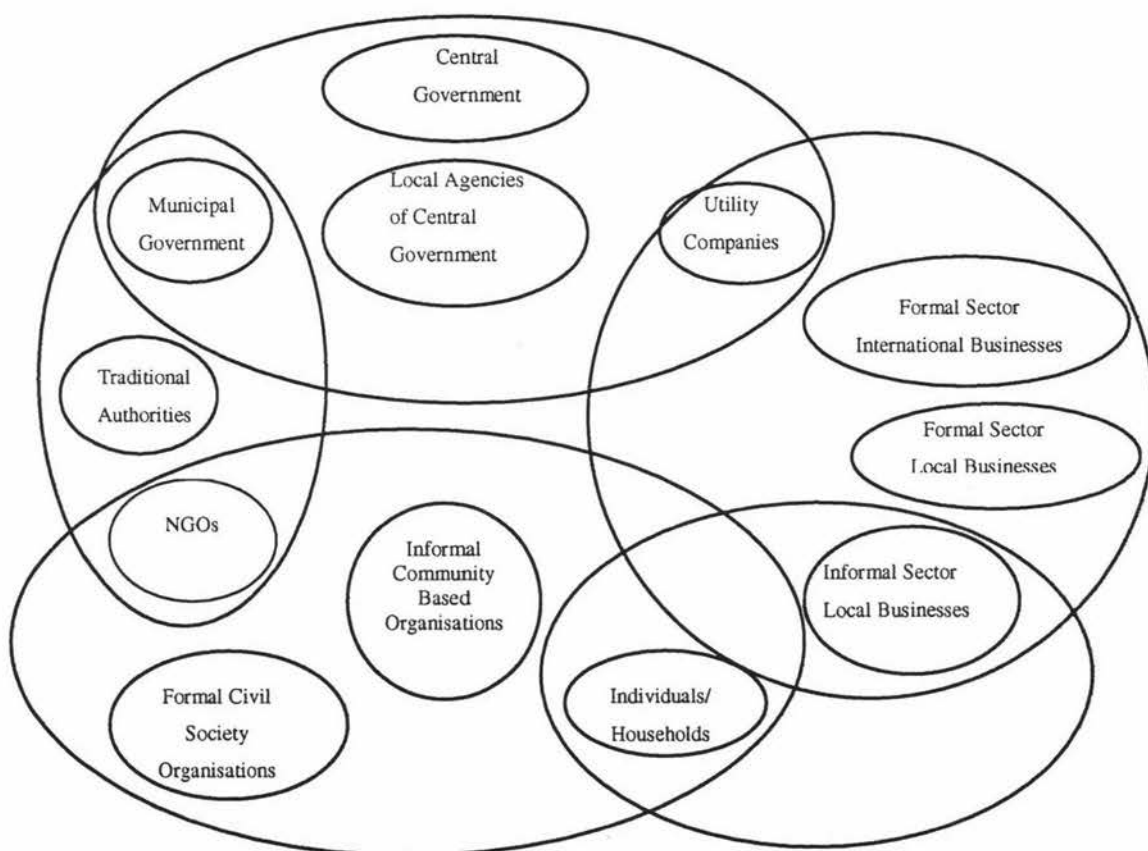
There is often overlap between the different groups and an individual may be a member of more than one category, e.g. a government official may be a member of the middle class and also a member of a civil society group such as a trade union. Allegiances may be driven according to their needs at the time as could where they derive their power. For instance, the official may use his/her position to extract rent-seeking opportunities to increase his/her wealth, he/she may also use his position to do favours for members of his/her family and social circle, or he/she may use his/her membership in a trade union to get closer to political leadership and therefore increase his/her political power. The tensions between various actors who have an interest in the rickshaw business in Dhaka provides an excellent example as to the complexities of urban relationships and the changing nature of interests and influence. Rickshaws are just one small element of the issues facing Dhaka yet there are a large number of individuals and organisations



concerned. These range from a driver, who has migrated from rural Bangladesh due to a lack of employment opportunities and is now dependent on a mastaan who he has leased the rickshaw from to a corrupt official who is issuing illegal rickshaw licenses to the citizen who wishes to use the rickshaw as a source of cheap transportation. Appendix 2 outlines in greater detail some of the actors and issues concerning the rickshaw business in Dhaka.

Devas<sup>61</sup> provides the following diagram to illustrate the links between the various groups of actors:

**Diagram 2.10: Actors**



### Central Government and Local Agencies of Central Government

Central government's main source of power is obviously through the statute and in democratic systems from the electoral system although military and police power can be drawn on if needed. In terms of local governments, central governments can affect events at a local level through the structure of financial systems that provide grants to municipal governments and through central budgets that are spent locally. However, central governments may also be constrained financially or lack the ability to enforce policies locally which will obviously affect their power levels as does the strength of other political parties in different localities.

Government resources have historically been distributed by patronage networks supported by kin and caste structures, from the highest level, central government, to the lowest, the village. Kinship links provide increased access to official positions and connections to office-holders as well as information regarding property and contracts. This, along with the autonomy of officials in the distribution of resources, has led to widespread rent seeking and corruption<sup>62</sup>.

In Bangladesh, the political environment is dominated by Sheikh Hasina, who is the leader of the Awami League and has been Prime Minister since 1996, and Khaleda Zia, leader of the largest opposition party, Bangladesh National Party (BNP). The rivalry between the two women and their power bases are historical since Hasina is the daughter of murdered independence leader Mujibur Rahman and Zia is the widow of the assassinated former military dictator General Zia. Hartals and political violence is common. While many Bangladeshi's interviewed saw the decrease in the number of hartals in the second half of 2000 as an indication that the political parties were listening to what the people wanted, 2001 has seen a substantial increase in the level of political action given that the national election is drawing closer. Central politics domination flows through to the rest of economic and social life.

## Municipal Government

Municipal governments provide some urban services to the city although not all. The Dhaka City Corporation is the elected municipal government in the city and the Dhaka City Corporation Ordinance (1983) provides the ability to deal with a broad range of urban management issues and outlines a number of functions<sup>63</sup>:

- Maintain a clean and healthy environment through waste management and like activities;
- Undertake development works through construction of new roads, markets, parks, underpasses, flyovers, bus and truck terminals, etc;
- Help improve educational and cultural activities by supporting primary schools, libraries, gymnasiums, sports and youth development clubs and theatres;
- Deliver social services by assisting NGOs and community-based organisations;
- Improve the living conditions of slum dwellers by facilitating donor-funded projects as well as running its own slum improvement projects;
- Provide street lighting for security and beautification purposes;
- Mosquito control, immunization, and control of infectious diseases are prominent;
- Supply drinking water mainly through hand tube wells and undertake drainage activities; and
- Inspection of food and drugs.

While there are a number of objectives and powers spelt out in legislation the covert goals of politicians and officials may differ from these. Activities such as vote buying and bribery by elected members and officials can undermine the power of the municipality. In the case of Dhaka, DCC is constrained in all areas, operationally, legally, administratively and financially, and cannot be regarded as a local self-governing body. Shortage of quality staff and jurisdictional issues with other organisations are only some of the challenges facing DCC as the locally elected body. These issues are discussed in greater detail in Chapter 4.

### Mayor, Elected Councillors, and Officials

The Mayor's main objective is to get re-elected. While the city may benefit from objectives concerning the delivery of urban services, the Mayor may have altruistic or self-serving interests, of which financial resources, poor quality staff and officials can act as constraints. Elected councillors will have similar objectives to the Mayor although they will be related to their particular ward as opposed to the city as a whole, and they are likely to find some way to pay back their supporters. Councillors' individual power may be constrained by a lack of municipal resources, opposition from officials or their lack of influence within the council, but they can increase their influence and levels of power by aligning themselves with more powerful individuals, e.g. leading politicians, acting as gate-keeper to particular resources (rent seeking) and establishing vote banks through patronage or coercion. Power may also be gained through party strength and tactics. Furthermore, these positions could be used as a step towards obtaining a position in central government and therefore the key objective of individual position holders may be more attuned to establishing oneself for future possibilities, in terms of gaining wealth and status, rather than concentrating on improving the current situation in the city.

Osmani<sup>64</sup> asserts that it is well known in Bangladesh that the elected members of local governments come from the local elite. Traditional patron-client relationships are still very influential and detrimental to social relations given that a relationship that involved some give and take between the patron, the powerful, and the client, the poor, is now officially sanctioned and supported, increasing the ability of the local elite to further their own interests at the expense of the community's.

Officials are likely to seek to minimise the amount of work they are required to do but to maximise their income generating opportunities. Low salaries may undermine any altruistic objectives. Their powers can be constrained through regulations, limited financial resources and animosity from politicians but can be strengthened by alliances with political leadership and senior officials as well as if they hold a position with rent seeking opportunities, i.e. the regulation or allocation of resources, licenses etc. The situation becomes increasingly complex, when elected officials acting as patrons have different interests from either the public which they are supposed to serve or their

clients. In the role of a patron, they may also not be the same as their clients. Additionally, to maintain their usefulness it is not beneficial for patrons to completely solve problems but rather they work to provide solutions to parts of the problem. Obviously, this appears contradictory to their expected mandate of an official<sup>65</sup>.

### Urban Development Authorities

The objective of urban development authorities is to manage the flow of resources which benefits its members and employees. Powers are legislated and given by the central government and generally concern their access to resources such as land. However, constraints in terms of limited financial resources and conflicts with municipal governments may be experienced. RAJUK, Dhaka's development authority, is responsible for the city's development plan yet there is often poor coordination and consultation between RAJUK, DCC and other government agencies responsible for urban services and development in Dhaka. There are also criticisms of RAJUK favouring the elite and their own employees in providing access to land resources in Dhaka.

### Public Utility or Urban Service Delivery Organisations

The key objective of public utility companies is to generate enough resources to remain in business, although this may not require efficient and effective service delivery or the ability to serve all of the urban population. Powers are constrained by legislation, controls over their pricing policies, the availability of the raw material, quality and honesty of staff and threats to privatise their business. However, they are able to strengthen their position where they are a monopoly and because they provide an essential service, therefore having the ability to withdraw it.

**Table 2.11: Major Service Providers to Residents of Dhaka City Corporation<sup>66</sup>**

<i>Organisation</i>		<i>Service</i>
Dhaka City Corporation	DCC	Municipal service
Dhaka Water and Sewage Authority	WASA	Pure drinking water Sewage drainage
Dhaka Electric Supply Authority/Power Development Board	DESA/PDB	Supply of Electricity
Titas Gas Transmission and Distribution Company	TITAS	Gas Supply
Rajdhani Unnayan Karttripakyha	RAJUK	Development Plan
Dhaka Metropolitan Police	DMP	Law and Order
Department of Environment	DOE	Environment
Telegraph and Telephone Board	T&T	Telephone Service
Water Development Board	WDB	Flood Control
Bangladesh Road Transport Authority /Bangladesh Road Transport Corporation	BRTA/BRTC	Transportation

While the central government has established various semi-government agencies in order to cope with the growing population in Dhaka and DCC's lack of capacity and capability, they have also created a number of jurisdictional problems between the various organisations. Table 2.11 above outlines the key service providers within Dhaka. The RAJUK-DMDP<sup>67</sup> acknowledges that there is:

*no high level coordination between agencies at GOB and metropolitan level or between private and public sector agencies major urban functions divided between two ministries, neither possessing lead power for urban development. Each is charged with the responsibilities of important functions. While the Planning Commission is responsible for allocating government expenditure it does not coordinate on a level below the national level. As a consequence there is no strategic policy leadership at metropolitan level.*

### Traditional Authorities

In some countries, traditional authorities are still important as their powers may include land allocation and certain judicial functions. They are primarily concerned with maintaining their power and influence, and to generate an income from this position. Their relationship with government is likely to revolve around negotiations if there are to be changes in their powers, conflicts between their powers and municipal authorities



powers, and any constraints that government may enforce to limit their income generating ability. While traditional authorities of this nature do not operate in Dhaka, the authority of religious leaders in settling disputes etc. is used. However, they have their own motives. The Daily Star<sup>68</sup> reported around 30 religious and spiritual leaders, Pirs, in Dhaka were using their position to increase their own personal wealth and influence national and regional politics. Playing the role of negotiator or middlemen between parties, their actions are seen by some as detrimental to traditional values. Even though their followers may include ministers, top officials and businessmen the government is supposedly keeping them under surveillance.

### Private Sector Businesses

The main objective for businesses in the formal sector is likely to be making a profit. They may seek to influence local and central governments through formal channels of consultation, informal lobbying to particular politicians, bribery of politicians or officials, by creating partnerships or establishing contracts with municipalities. They may also influence particular issues, for example local services, tax rates, regulations, that they have an interest in either as a service provider themselves or by refusing to comply with tax payments or regulations. Large businesses may be able to boost their level of power due to their importance to the local economy and employment. Threats to disinvest or move to another city may be a viable tactic for international businesses. Trade associations and networks may also provide benefits if they are effective. However, businesses are constrained if vulnerable in the market place and due to their inability to organise with like industries due to competition. Civil society groups may restrict their business if they are well organised and have the ability to effectively generate negative publicity i.e. regarding environmental concerns. Business leaders themselves may have political motives to lobby government and may be able to use wealth achieved through their business to achieve their goals. However, as businesses align themselves closer to politicians they also increase the amount they have to lose since politicians become key patrons to implement policies in their favour. Tighter associations between government and business sectors negatively impacts on the government's capacity and neutrality, therefore also increasing the difficulty to affect change.

In Dhaka there are very close ties between the central and local government and business leaders, which often works towards strengthening these actor's own power as opposed to benefiting national or city level development. Zia (1975 – 1981) aimed to revive the private sector by encouraging new investment and ridding the government of some of the smaller public sector businesses. In 1982, when Ershad came into power he began to privatise the nationally owned jute and cotton mills. Between 1972 - 1988 public sector of industrial assets decreased from 52% to 40%. While numerous business associations have developed they are weak and poorly organised. The largest chambers of commerce are Chittagong and Dhaka, both of which are very politicised, although the most important is the Metropolitan Chamber of Commerce and Industry (MCCI) which represents approximately 80% of industry in Bangladesh including the majority of large local and foreign trade and industry houses. In the 1990's policy development in relation to the business sector has increasingly become controlled by the bureaucracy, and is subject to the many problems associated with it such as poor coordination, decision-adverse employees, and patron-client relationships. The privatisation board, established in 1993, lacks full legislative powers and the bureaucracy, labour unions and politicians oppose policies aimed at deregulation and privatisation which threatened their own or their allies interests<sup>69</sup>.

Like formal sector businesses, informal sector businesses are concerned to make a profit. Their relationships with local government will most likely be one of negotiating to get access to services or to minimise the impact of regulations. Bribery may be used as part of the negotiation. Due to their smaller size they are likely to have far less power than big business. Constraints are similar to those outlined above although they may also be more vulnerable to the rent seeking behaviour of officials and to actions by the formal sector. However, the informal sector does have the advantage of being more flexible, in general, than the formal sector.

### Rich or Middle Income Individuals and Households

All classes are most likely aiming to improve their standard of living and therefore, their relations with local and central government can be expected to revolve around

negotiating to obtain services and land, paying or avoiding taxes and for services, as employees of government and as voters. The rich and middle classes (25% of households as shown in Table 2.12) however, could have more power to influence the outcome because of their wealth and position in society. This group may also be involved with civil society organisations lobbying for change or belong to political parties themselves. Their ability to actually influence, though, is dependent on the transparency of the electoral system and availability of information together with the strength of their networks and proximity to politicians and officials.

**Table 2.12: Income Distribution of Households in DSMA, 1996<sup>70</sup>**

Income Group Tk. Per month		Household		Ave HH size	Population ('000)	Income Mid-point Tk.
		No.	%			
Destitute	0 - 750	36,500	2	2.4	88	357
Hard core	750 - 2100	328,100	18	3.9	1,280	1,425
Moderately poor	2100 - 4000	546,900	30	5.4	2,910	3,050
Lower Middle	4000 - 8000	455,800	25	5.6	2,552	6,000
Middle	8000 - 28000	364,600	20	5.4	1,969	18,000
High	28,000 more	91,100	5	5.5	501	75,000
		1,823,000	5.1	5.1	9,300	

Kochanek<sup>71</sup> describes the new elite as coming from established business families, many of whom have benefited from the patronage of successive regimes:

*Most top groups are politically well connected and interconnected by family, marriage, and business relationships. The leaders of the new industrial elite are active in politics and business associations, and although the size and character of the elite are still highly fluid and depend heavily on an individual's political connection with the regime of the day, it is clear that the most successful are those who have been able to maintain significant connections despite changes in regimes.*

The elite have been reliant on public assets to progress their political and commercial interests, the strength of their position making it difficult to implement changes to the

distribution of power or wealth either through taxation or pricing policies<sup>72</sup>. For example, there have been multi-million dollar problems with loan defaulters in Bangladesh to the extent that by the end of 1997, 88% of non-performing loans were in private sector and around five hundred borrowers accounted for about 70% of all such loans. The top 20% of private sector defaulters accounted for 20% of non-performing loans<sup>73</sup>. Private individuals took loans, often from the same bank as well as multiple banks, having no intention of ever repaying the money. The system and legislation was such that it allowed people to increase their wealth substantially without any effort whatsoever, made worse by political influence and bureaucratic interference in the operation of the banks.

Political connections and their influence are also very apparent in the private sector. For instance, in 2000, the new President of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) was appointed with the blessing of the Awami League government even though it is widely known that he is a major defaulter on bank loans. Although he stood unopposed for the position it is rumoured that another individual was pressured to step aside so that Mohammad Ali would be appointed without opposition. Many<sup>74</sup> see foreign aid as compounding the power and wealth of the elite, given that overall it has provided a mechanism in which they have been able to strengthen their positions. Although a democratically elected parliament came into power in 1990 there has been a continued influence by the elite over civil society and governance processes, the elite being firmly entrenched historically in controlling resources through rent-seeking, corruption, patron-client and patriarchal relationships. Sobhan<sup>75</sup> asserts that few Bangladeshi's can claim that their power or wealth came from legitimate means. Rather than upward mobility being an outcome of competitive processes, he suggests that unequal access to resources and opportunities compromises any legitimate social differences. The final result being that the often sudden rise in wealth and power creates instability in the country's social order.

### Poor Individuals and Households

Table 2.12 (page 73) shows that half of the households in the greater Dhaka area are considered to be poor. Due to their economic status the main objective is likely to be

survival. As with the upper or middle classes they may negotiate with the municipality to obtain services or secure land tenure. Membership of a civil society organisation may be one way to enhance their chances of achieving these goals. As citizens they can also vote although often excluded from this process due to living in informal housing areas<sup>76</sup> and, at times, prone to vote buying by politicians. As a client to a patron the poor may be in a position to gain some power. However, this may depend on the level of 'need' of the patron and the importance of the clients support. For example, politicians seeking election may be able to be used by the poor to achieve their own ends i.e. bargaining with them if the politicians desire for election is high.

Overall, the poor's ability to influence is considered to be nominal due to their lack of organisational skills, fragmented social relationships and lack of social capital<sup>77</sup>. However, Wood<sup>78</sup> suggests that the poor can rely on two forms of co-existing social capital to improve their position: firstly, through horizontal reciprocal relations through kin, neighbourhoods and class associations, which involve market transactions to enable improvements to welfare situations but will not lead to structural change; and secondly, through vertical relations within the local patron-client structures. Basic needs can be met but are at the price of long-term dependency to the patron.

### Civil Society Organisations

Civil society organisations, such as NGOs, may have a number of objectives although they also aim to stay operational through membership and successfully-implemented donor funded projects. Two of the most prominent NGOs working in Dhaka presently are Proshika and BRAC, although in total there are about 60 NGOs mainly focussed on slum development and micro-credit initiatives, and a much larger number of community-based organisations. NGO's relations with government are likely to involve providing urban services where there are gaps in government's provision (which may or may not include collaboration or financial support from the government), negotiating for improved services on behalf of communities or lobbying for particular causes. However, their power to influence outcomes is determined by their membership base (size and social status), resources, financial and otherwise, available to them from



national or international sources as well as their networks and negotiating skills. These issues are discussed more fully in the next chapter.

Community-based organisations are usually more concerned about maintaining and improving the living conditions (services, infrastructure, welfare services) locally. They may also be used as a political platform for community leaders. Their relations to government are similar to that of NGOs as are their avenues to increase power although their smaller size may make it harder to influence key decision makers. In Dhaka a number of NGOs and community-based organisations have formed an alliance called the "Coalition for the Urban Poor" to try and increase their leverage over issues of mutual concern such as access to basic urban services, the right to vote, security of tenure as well as health and education. Largely, working in the slums of the city they have achieved some minor successes in recent years. The Coalition's strategy and achievements are discussed in greater detail in Chapter 3.

### Donors

Donor's objectives are usually defined outside of the country that they are operating in, although their main objective locally is to maintain a programme and in the case of multi-lateral banks to continue lending money. Access to financial and technical resources will impact on their power and ability to influence which in turn will affect their ability to co-opt politicians, officials and community leaders. However, their ability to influence may be constrained by a lack of networks to local decision makers and leaders and the ability to build a consensus amongst them as well as the implementation of inappropriate solutions and lack of local funding. Key donors in Dhaka are the World Bank and ADB, who are funding sizeable infrastructure related projects, and UNICEF, which has been operating a slum improvement project for the last fifteen years. Bilateral donors are perhaps less visible at a city level, with much of their efforts being directed through NGOs.



## Summary

The urban governance situation in Dhaka, according to the administrative definition of urban governance, is poor. The city is severely challenged in its attempts to provide services and infrastructure to a rapidly growing population. By using Porio's and Mitlin's definitions of urban governance, it is possible to conclude that urban governance is complex and in the case of Dhaka many of the relationships impact negatively on the management of the city. Even improving the smallest aspect of urban management to benefit the poor will have its supporters and resisters, and given the environment of heavy central and elite control and influence it seems that Dhaka faces an enormous challenge. Being the capital city, the seat of the national government and a key economic and social centre presents both opportunities and difficulties. It is hard to say which may be greater, the opportunities or the difficulties.

Rural class relationships, based on land holdings and control over key resources including the value of official positions, are being transferred to urban settings. The elite, nationally and locally, control resources and opportunities and collude with the private sector. The strength of the patron-client relationships, which continually emphasise inequality and the difference between having power and not having power, together with kinship relationships means that it guides people's behaviour in terms of their own livelihood strategy. The poor are forced to seek security through many means, vertically and horizontally, including deference to public officials. Hard core poor are increasingly excluded from social and economic support systems. Increasingly, ethics and morality are being pushed aside in light of attempts to take the most of opportunities presented to the individual regardless of public good or harm arguments. This then presents some tension providing for "an ambivalent fission and fusion between security via kinship groups, individual ingenuity and a series of pragmatic, instrumental liaisons which for many will be strongly patron-client"<sup>79</sup>.

While stakeholder analysis is essential to determine which strategies may have a higher chance of success, and therefore be worth pursuing, it is unlikely that reforming one municipality or finding one influential champion in Dhaka will achieve good governance in the city because overall it is still working in the national environment, and therefore for good urban governance to be achieved in Dhaka there needs to be

improvements to the governance situation nationally. However, this has not limited the number of development initiatives to improve Dhaka's governance situation from being implemented. The following chapter identifies a range of strategies undertaken by donors and civil society organisations and analyses their strengths and the likelihood of their success given the current state of governance, the actors and their interests in good or poor governance and their degree of influence.

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<sup>1</sup> Porio, 1997: 2 in Devas, 1999: 25

<sup>2</sup> Mitlin, 1999: 2

<sup>3</sup> Luckman *et al*, 2000: 10

<sup>4</sup> Human Development Centre, 1999: 37

<sup>5</sup> World Bank, 2000c: 9

<sup>6</sup> Daily Star, 28 January 2001

<sup>7</sup> DFID, 1998: 1

<sup>8</sup> ADB, 2000e

<sup>9</sup> Bangladesh Institute of Development Studies, 1999: 287

<sup>10</sup> Siddiqui, 1996: 16

<sup>11</sup> Siddiqui, 1996: 17

<sup>12</sup> Siddiqui, 1996: 17

<sup>13</sup> UNDP, 1996 cited in Howell, 2000: 7

<sup>14</sup> Sobhan, 1998

<sup>15</sup> White, 1999

<sup>16</sup> Sobhan, 1998

<sup>17</sup> Turner and Hulme, 1997

<sup>18</sup> Sobhan, 1998

<sup>19</sup> Hulme and Edwards, 1997

<sup>20</sup> Sobhan, 1998

<sup>21</sup> cited in Davis and McGregor, 2000: 57

<sup>22</sup> Hashemi, 1996. Previously, permission was granted after a large number of government departments reviewed the application. No NGO is allowed to undertake or implement any activity using foreign funds without the NGOAB's prior approval of both the project and the budget. Clearance from the NGOAB for the actual amount to be received from the donor is required, and NGOs have to submit a variety of reports and returns to the NGOAB in connection with their work.

<sup>23</sup> Hashemi, 1996

<sup>24</sup> World Bank, 1996: 31

<sup>25</sup> Government of Bangladesh, 1999/2000

<sup>26</sup> Sobhan, 1997

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- <sup>27</sup> Sobhan, 1997: 62
- <sup>28</sup> Population estimations sourced from ADB, 2000 and 2000a
- <sup>29</sup> ADB, 2000a
- <sup>30</sup> Moderately poor is measured at between Tk. 2100 – 4000 per household per month, hard core poor at between Tk. 750 – 2100 per household per month and destitute at below Tk. 750. ADB, 2000a
- <sup>31</sup> World Bank, 2000c: 79
- <sup>32</sup> ADB, 2000a
- <sup>33</sup> This has grown from 73km<sup>2</sup> in the 1950s.
- <sup>34</sup> Bangladesh Bureau of Statistics, 1997
- <sup>35</sup> BRAC and BCAS, 1998
- <sup>36</sup> ADB, 2000
- <sup>37</sup> ADB, 2000a
- <sup>38</sup> Demand for electricity has increased by 12% by annum over the last 30 years and it is expected to continue at this rate.
- <sup>39</sup> ADB, 2000a
- <sup>40</sup> ADB, 2000
- <sup>41</sup> Siddiqui *et al*, 2000
- <sup>42</sup> ADB, 2000
- <sup>43</sup> ADB, 2000: 3-17
- <sup>44</sup> ADB, 2000a
- <sup>45</sup> Siddiqui *et al*, 2000
- <sup>46</sup> Siddiqui *et al*, 2000: 6
- <sup>47</sup> Siddiqui *et al*, 2000
- <sup>48</sup> ADB, 2000
- <sup>49</sup> World Bank, 2000e cited in ADB, 2000a: 2-5
- <sup>50</sup> Siddiqui *et al*, 2000
- <sup>51</sup> see Siddiqui, 2000 and ADB, 2000
- <sup>52</sup> Devas, 1999
- <sup>53</sup> Devas, 1999
- <sup>54</sup> Benson, 1980 cited in Bately, 1993
- <sup>55</sup> Bately, 1993
- <sup>56</sup> These residential areas include Uttara, Banani, Gulshan, Baridhara and Dhanmondi.
- <sup>57</sup> Bately, 1993: 191
- <sup>58</sup> Bately, 1993
- <sup>59</sup> Grindle, 1980 cited in Bately, 1993
- <sup>60</sup> Devas, 1999
- <sup>61</sup> Devas, 1999
- <sup>62</sup> Wood, 2000
- <sup>63</sup> Hamid and Huq, 1999

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<sup>64</sup> Osmani, 2000

<sup>65</sup> van der Linden, 1997

<sup>66</sup> Hamid and Huq, 1999: 17

<sup>67</sup> RAJUK and DMDP, 1997a: 31

<sup>68</sup> Daily Star, 2 October 2000

<sup>69</sup> Kochanek, 1996 and ADB, 2000e

<sup>70</sup> ADB, 2000a: 2-6

<sup>71</sup> Kochanek, 1996: 715

<sup>72</sup> Davis and McGregor, 2000

<sup>73</sup> World Bank, 1999a

<sup>74</sup> See Davis and McGregor, 2000 and Sobhan, 2000

<sup>75</sup> Sobhan, 2000

<sup>76</sup> In Bangladesh it is necessary to have a holding number, or physical address, to be on the electoral role. Those people living in slums or on the street are unable to provide a holding number and therefore are unable to vote. While the Electoral Commission has confirmed that every adult citizen has a right to vote they do not appear to have resolved the holding number issue.

<sup>77</sup> Social capital refers to the combination of mix of obligations, expectations, norms and systems or networks of reciprocity rooted in the culture of a group of people. The concept of community is based on personal social resources, i.e. kin, lineage status, regional and sub-regional identities, involving gendered patron-client relationships. There is little chance for escape by dependent clients, as long-term social capital has to be traded off to meet immediate needs.

<sup>78</sup> Wood, 2000

<sup>79</sup> BRAC and BCAS, 2000: 4

# 3

## Urban Governance Strategies in Dhaka

The influence of the good governance agenda is reflected in the redirection of donor's policy and aid programmes. There is more funding available for projects related to good governance, for example human rights, freedom of the press, empowerment of the poor, and governance has been added to programmes and projects such as more efficient and effective management, privatisation, and the decentralisation of power. The discussion in the previous chapter focussed on the context of governance in Bangladesh and Dhaka and the relationships which function within the city. In review, at a central and local government level there is a weak policy environment, limited institutional capability, poor financial and management capability as well as a poor implementation record while at a relationship level the governance situation is very complex with many different actors aiming to improve their own situation and using their individual or combined influence and power to do so. This chapter takes the discussion further by looking at the amount of foreign aid allocated to Bangladesh and the strategies which are adopted to improve the governance situation in Dhaka. Donors and civil society organisations organise various strategies, with the majority targeted towards either the central government or local government agencies. Due to the entrenched behaviours of government and general population and their own personal interests the strategies adopted have different chances of success. Evaluation of the chances of success of the types of strategies adopted are important since they also help identify what elements may be absent and therefore what is needed if future strategies are to succeed.

### Levels of Foreign Assistance

The amount of aid flowing into Bangladesh has declined, in terms of dollars per capita (from \$19 in 1990 to \$10 in 1998) and as a percentage of GDP (from 6.9% in 1990, 2.7% in 1998 and 2.5% in 1999). This decline is not out of line with the majority of aid flows in South Asia and around the world, as they too have been decreasing. In 1999,

Bangladesh received US\$1,203 million in ODA, 50% of which came from bilateral donors<sup>1</sup>. Key bilateral donors are Japan, United Kingdom, EC, United States, Germany, Netherlands, Denmark and Canada. It received US\$795 million from the Development Assistance Committee (DAC) making it the tenth highest recipient country in the world<sup>2</sup>.

It is difficult to estimate the true amount of aid being directed to governance related programmes or projects in Bangladesh although an analysis of the Local Consultative Group for Governance listing, produced by UNDP in 2000<sup>3</sup>, shows that approximately US\$1135 million is being spent or loaned. These range from local governance and decentralization initiatives to human rights and judicial reform to non-government and civil society organisation capacity building. However, this is not a complete list. Some projects are spread over multiple years whereas others have not had funding levels determined at the time of publication. The list also does not cover governance components of other projects, such as infrastructure. Additionally, there are few initiatives focussed solely on improving good governance in Dhaka<sup>4</sup>. Initiatives tend to have a national perspective, such as improving the judicial system, or governance policies are a component of other strategies, such as conditions relating to market based recruitment and accountability in the World Bank funded Fourth Dhaka Water Supply Project or empowerment of slum dwellers through programmes operated by UNICEF and local NGOs such as Proshika.

## Strategies

Over the last decade, there has been an increasing emphasis on poverty reduction as the primary, and sometimes only, objective of a donor's aid programme and a number of OECD countries have structured their aid programmes and objectives towards poverty reduction. The good governance agenda fits here as a factor which will lead to poverty reduction.



**Table 3.1: Donors' Formal Commitment to Poverty Reduction<sup>5</sup>**

<i>Poverty Reduction is Sole Overarching Goal</i>	<i>Poverty Reduction is one of two (or three/four) Overarching Goals</i>	<i>Poverty Reduction is not an Overarching Goal</i>
Australia, Canada, Denmark, Ireland, Luxembourg, Netherlands, Norway, Spain, Sweden, UK, UNDP, World Bank	Austria, Belgium, EC, Finland, Germany, Italy, Japan, New Zealand, Switzerland	France, IMF, Portugal, USA

Good governance can be seen as an enabling, strategic and political action, and there are numerous ways in which donors and civil society organisations may go about pursuing a good governance agenda.

### *Donor Initiatives*

Donors generally have used a carrot or stick approach, that is, positive or punitive measures. Positive strategies include public sector reforms (such as improving management, accountability and transparency as well as strengthening legal systems), civil service reforms and political reforms (such as supporting human rights groups, civil society organisations, and promotion of free press). These have been more popular than punitive measures where aid is normally conditional on the recipient country adhering to particular requirements. There is also some evidence that punitive strategies do not work<sup>6</sup>.

Interventions by donors can be categorized as direct, indirect or enabling action<sup>7</sup>. Direct or focused actions are those that concentrate directly or mainly on the rights, interests and needs of poor people and normally occur at the micro or project level. Direct actions include humanitarian aid, emergency relief, and improving the access of the poor to productive assets. Indirect or inclusive actions are aimed at benefiting a range of population groups addressing issues of inequality, access to resources and participation. These initiatives usually occur at the meso or sectoral level. Attempts to improve service delivery of water and sanitation or extend health services typically also benefit the non-poor. Who is helped, and the level to which they are helped, depends on the focus of the programme. Enabling actions, occurring at the meso and macro levels,

are structural measures intended to support pro-poor economic growth and policies aimed at achieving social, environmental or economic benefits for poor people. The OECD<sup>8</sup> considers good governance to be an enabling strategy along with structural adjustment programmes and debt relief. They can also be classed as 'trickle down' approaches which rely on the poor benefiting through increased public expenditures on services, in terms of debt relief, or increased government responsiveness to the poor, in terms of good governance.

Actions can also be seen as practical or strategic. Strategic actions aim to create an enabling environment for poverty to be alleviated whereas practical actions are those that seek to lessen the impacts of poverty. For instance, supplying clean drinking water is a practical approach to help lessen the effects of poverty. While it may be clearer to see the link between practical actions, they are not necessarily more effective than actions which are strategic. Cox's research<sup>9</sup> suggests that European donors have allocated more aid to non-direct methods, although Varshney<sup>10</sup> suggests that direct methods may gain more support from those with short-term gains. Furthermore, strategies, in general, can be separated into four broad categories - economic, social, political and safety nets.

In terms of economic strategies, while donors believe that economic growth is necessary for poverty reduction this is often couched in that particular types of growth, broad based or pro-poor, are needed rather than simply any growth. The World Bank's explanation is often used to define broad based growth, that is policies that promote labour intensive employment and therefore income growth, and may involve initiatives which encourage the poor's access to land, credit, infrastructure and technology and "the facilitation of out-migration from resource-poor zones where poverty and environmental degradation are interrelated and where sustainable income-generating opportunities are limited"<sup>11</sup>. Pro-poor growth can be seen as the increase in the poor's share of the national income and strategies generally include those that promote the private sector, small and medium sized enterprises, improving macroeconomic efficiency, improved accountability, transparency, regulation and fair competition. Issues relating to the distribution of income and assets are included less often by donors.

The majority of donor agencies have prominent social strategies focused on social services and human capital development, many with a specific emphasis on gender as a dimension of poverty and socio-economic inequality. Political strategies include empowerment and good governance. Among some donors there is also a focus on rights-based approaches, those that seek to acknowledge all rights for all people. Again, a somewhat contentious issue is trying to find a balance between all rights if some people or organisations give a greater importance to human rights and political rights. Strategies with a political leaning, such as efforts to increase participation and empowerment, have become increasingly common and influential through the last decade. However, criticisms of donors who are seen as being unclear as to whose participation is sought and how participation will benefit the poor are common<sup>12</sup>. Lastly, safety net approaches also mean different things to different donors, some seeing that their emergency and disaster relief programmes fall under this category where others see safety nets as state welfare systems which are often impossible for developing countries.

### Conditional Aid

Macdonald<sup>13</sup> notes that while there is some indication that conditional aid may have some positive benefits in the short term, there appears to be little long-term benefits unless donors unite to create a continual pressure over a sustained period, since conditions may be diluted if other political and economic factors weaken donors resolve. As noted in Chapter 1, conditionality also implies that donors have more knowledge about what is good for a developing country than the country themselves.

Conditions may be used by recipient countries to secure foreign funding without any real commitment to achieving them. Clapham<sup>14</sup> notes with regards to Africa:

*The actual effect of externally imposed economic reforms is nonetheless critically influenced by the government that is responsible for implementing them. Many regimes have understandably committed themselves to reform in principle in order to gain access to the structural adjustment loans that accompany it, while doing their best to avoid implementing the reforms with the rigour that would be*

*needed to make them effective. Wherever possible, understandably again, governing groups will try to manage the domestic politics of structural adjustment in such a way as to protect their own interests, while ascribing the blame to external financial institutional institutions*

Clapham's comments are very applicable to Bangladesh. The process of agreeing on conditions is not necessarily one-sided since recipient countries know that institutions such as the World Bank want to lend money for development purposes. As one interviewee explained "it is a process of negotiation. The World Bank wants many conditions, through negotiation the government tries to water these down ... they would prefer to have no conditions"<sup>15</sup>. While some believe that government may be insincere in its negotiations, agreeing to conditions which cannot be met in order to get access to funds, others believe that their intentions are honest. Although, senior central government officials and ministers sign up to project conditions they may not be the implementers of the project concerned. It remains the central government's ultimate responsibility to ensure that its departments and agencies are capable of meeting the conditions and they are at the end of the day accountable if they do not. Laying responsibility at another's feet for not meeting conditions is common. In trying to determine why conditions were not met during the Fourth Dhaka Water Supply Project, responsibility was laid by various interviewees at the World Bank for setting unrealistic conditions to begin with, the central government for agreeing to such conditions, interfering in the management of WASA and contracts, at the Board for also interfering with the day to day management and manipulating tender processes for personal gain, at the Managing Director for not taking the necessary actions to meet the conditions, at the trade unions and their associates for continued threats of violence and disruption if the status quo was changed and at the employees for continuing to seek rent, perform poorly and generally resist change.

Huq and Arbrar<sup>16</sup> suggest that two factors, political and economic, influence the Government of Bangladesh's response to conditions and their ability to meet them. The author's propose that it becomes politically difficult to implement conditions which include rationalizing employee levels within government departments and agencies, and meeting conditions wastes time and merely delay project implementation. They claim that while donors may exert political influence with regard to conditions the

government's programmes and policies are not affected in any fundamental way. Sobhan<sup>17</sup> further highlights the weakness of bilateral donors in influencing policy changes and practice illustrated through the trend of directing an increasing amount of funding through multilateral donors who they perceive to have greater influence, the collective leverage being greater than a single donor's influence. This tactic shifts the pressure from single countries to a consortium of countries, ensuring that any pressure exerted appears to be of a less direct nature, at least in regards to donors. However, bilateral donors, such as Australia, are also using this avenue for their funding because they believe that the monitoring capability of multi-laterals is better than their own.

To strengthen their position, donors may act in conjunction with each other so that if a recipient country does not meet conditions under one loan others may withhold aid, an action that is known as cross-conditionality. Sobhan<sup>18</sup> refers to an ADB agricultural sector programme loan to Bangladesh where conditions regarding the cessation of subsidies on fertilizer and the sale of irrigation equipment held by public agencies to private buyers were not met. This led to the suspension of the ADB loan and also led to sanctions in this sector from other donors. A similar situation arose when the World Bank ceased lending in the energy sector. The practice of cross-conditionality increases the leverage that only one donor, especially the donor which holds the initial loan, in this case the ADB or World Bank, would normally be able to exert.

The Fourth Dhaka Water Supply Project provides an example of the use of conditions. Agreed project conditions include improvements made to billing and collection systems, privatisation, employee rationalisation as well as establishing demarcations of power between the government, Dhaka Water and Sewerage Authority's (DWASA) Board and its management in order for implementation activities to be expedited. The Managing Director and Deputy Directors were to be recruited from the market place. Key risks identified by the World Bank in 1996 were delays in implementation and that the government and DWASA may not progress with the agreed reforms due to "political constraints, and possible resistance to reforms by major interest groups"<sup>19</sup>. The Bank suggests that continued policy dialogue with the government would mitigate these risks as would requiring the government to make some move towards reforms before the project was agreed to. The National Cabinet agreed to the reforms in addition to



making some advancement towards amending the regulatory framework, market place recruitment and the commencement of a leak detection programme.

The amendment to the DWASA Ordinance in 1996 outlined that the government would be responsible for establishing the policy framework, the Board for decision making and supervision within this framework, while the management's responsibilities included the daily management and achievement of agreed operational, institutional and financial performance objectives. DWASA's Board was recreated to consist of twelve members, of which two are government representatives with the remainder from DCC, professional groups, the private sector, and a representative from a user group. The previous Board had consisted of six members and the government representation was much higher<sup>20</sup>. Since the appointment of the current Managing Director in 1996 the services of DWASA officials have been made pensionable, computerization of records and billing has been accelerated and there have been attempts to improve training. Some employees have been transferred as a punitive measure against corruption and efficiency. However, Siddiqui *et al*<sup>21</sup> suggests that by mid 2000 the trade unions had reasserted their position and the computerisation process slowed down. There are also criticisms that the Board has misinterpreted its responsibilities and has hindered the Managing Director. This is an interesting as the Board is chaired by Professor Nazrul Islam, from Dhaka University, considered to be an expert on urban governance in Bangladesh.

In March 2000, Frederick Temple, the Representative of the World Bank to Bangladesh, wrote to DWASA requiring that progress should be made on two of the conditions. Firstly, that the amount owed by public sector agencies be reduced and secondly, that there be implementation of new by-laws clarifying the delineation between the government, board and management, the Board should not be involved in procurement, the Deputy Managing Directors should be appointed by the Managing Director<sup>22</sup>, and the Managing Director is have responsibility for rules and regulations<sup>23</sup>. On 18 September 2000<sup>24</sup>, *The Independent* reported that an inter-ministerial meeting ordered defaulting government organisations to pay bills arrears since June, said to amount to Tk. 25 crore. Even though a condition for continued funding outlined at the beginning of the project, the World Bank has had to exert pressure due to delays in improving the collection rate. According to a World Bank representative, DWASA does not believe



that it can cut off the water supply of other government agencies, such as DMP, which is one of the largest defaulters, even though they are legally able to do so. Therefore, the DMP has no incentive to pay their bills<sup>25</sup>. The strong trade union presence, two unions supporting the AL and one affiliated to BNP, has not assisted the process of reform. Siddiqui *et al*<sup>26</sup> states that there is constant in-fighting, and negotiations to build temporary alliances, where the key objectives are to avoid work, gain power and engage in corrupt activities. Union leaders, and their supporters, receive salaries although do not contribute to DWASA's work and control the posting and transfer of employees. They wield considerable power due to their ability to strike and cause disruption to services. Union members assaulted the previous Managing Director and forced the previous Board Chairman to resign. The unions resisted privatization attempts by WASA largely due to the fact that meter reading and billing functions was a primary source of illegal income for them. This resulted in a partial privatization effort whereby contracts for two zones<sup>27</sup> were given to the unions.

The Daily Star, on 23 November 2000, reported that the World Bank would cease financing the Fourth Dhaka Water Supply Project if progress on the conditions was not made within the following three months. Primary concerns include a lack of progress in collecting revenue owed and administrative reforms although the Board is reported to state that it can meet the conditions within the period set. However, the key factor driving DWASA's commitment to meet the conditions is the fact that, according to a top DWASA official, "the government can bear the remaining expenditure for the project, even if WB sticks to its decision to discontinue financing"<sup>28</sup>. Others dispute this statement. The DWASA is now in somewhat of a predicament, not helped by the fact that the salaries for the Deputy Managing Director (DMD) positions are paid from the World Bank funds, rather than from DWASA or the government. This was a stipulation that the government made as part of the agreement to recruit from the market place at much higher salaries than the equivalent positions in the government pay structure. The two DMD's already appointed were served two months notice when the notification of funding suspension was made.

In January 2001, Frederick Temple announced that the World Bank would not finance any more physical infrastructure projects unless the Government of Bangladesh could

bring about improvements in the country's institutional governance. Speaking at a meeting of the Foreign Investors Chamber of Commerce and Industry he stated "The government has to deal with institutional governance issues before we decide to invest in physical infrastructure projects. Bangladesh has to do it. No outsiders can do it. The problem is that the number of poor are growing at a faster pace than the number of poor going above the poverty line. The rate of accomplishment in physical infrastructure is 85 per cent and 25 per cent in case of institutions"<sup>29</sup>.

### Good Urban Governance

ADB's pilot project *Good Urban Governance in Dhaka*<sup>30</sup> aims to improve the management capabilities of DCC in service delivery at the ward level. A primary aim of the project is to create an environment of decentralization whereby the functional relationship between DCC, zonal offices and wards will be more flexible. This project follows on from a technical assistance project in 1998 when a series of workshops were held to look at the governance issues in Dhaka. Recommendations from the workshop included the formation of a metropolitan government, training of DCC personnel and Ward Commissioners, DCC should work towards improving its revenue generation and collection, DWASA should improve its customer complaint handling, NGOs should raise awareness of city environment issues, and the private sector should be involved in solid waste management.

To date few of these recommendations have been acted on although the ADB's pilot does include some training of Ward Commissioners and the provision of secretarial and office support. The lack of action, however, is not out of character with many other workshops, symposiums, conferences and the like on development issues. While many NGOs organize these discussion and information sharing opportunities they appear to involve people already involved in development initiatives and could be seen as preaching to the converted. The current project, which is operating in five wards over a period of five months, aims to 1) make DCC's delivery system more effective and efficient through decentralization, accountability and transparency; and 2) use the experiences gained from the pilot project for future replications on a broader scale. The time scale for the project is very short and the activities in the proposal have been scaled

back three months after the project began. Additionally, while there appears to be a positive response from the five ward commissioners involved there is concern that some do not fully understand the project objectives and they are not actually committed to long-term improvements<sup>31</sup>.

One of the most interesting aspects is the fact that after seven years of representing a ward, the ward commissioners did not know where their ward's boundaries were. This was surprising since it could be assumed they had to do some level of campaigning to get elected. The ADB<sup>32</sup> appears unconcerned about the actual project outcomes as it sees it as a learning exercise rather than an attempt to make serious changes to ward level service delivery. However, given the lack of action taken after the workshops in 1998, and the general problems with implementing policy in Bangladesh, perhaps this lack of concern is worrying if ADB is serious about providing ongoing assistance to DCC.

#### Urban Basic Services Delivery Project

UNICEF is also working with DCC, as well as the Local Government Engineering Department<sup>33</sup> (LGED), on the Urban Basic Services Delivery Project (UBSDP) which aims to strengthen DCC, along with other city corporations and pourashavas, to provide basic services, increase the participation of urban poor in service planning, implementation and monitoring, improve co-ordination of relevant government and non-government organisations as well as providing advice to them in their aims to reduce levels of urban poverty. These activities are coordinated through Urban Development Centres (UDCs) which are established around the city. This initiative has been operating since 1985, although in an earlier form it was called the Slum Improvement Project (SIP). Lessons learned from the evaluation of the SIP include the importance of community involvement and organisation in the delivery of services, that capacity building at the level of local government was necessary as was co-ordination between relevant agencies<sup>34</sup>. Major problems identified during the course of the project were the inadequate level of support to field officers implementing programmes, the rigidity in the implementation of physical components<sup>35</sup>, ambiguity in terms of the chain of command and who was managing the project (the project implementation committee,

the local Chairman, or the project manager), the evaluations prior to the selection of slums were sometimes inadequate<sup>36</sup>. These evaluations were used in the development of the UBSDP. Evaluation of the UBSDP in 1999 highlighted that although coordination committees did not meet or met very infrequently there was little impact on the actual implementation of the project, but this was largely due to commitment of employees at the ward level<sup>37</sup>. However, the lack of committee meetings at the national and city levels means that there is a lack of opportunity to address things on a policy (macro) basis as opposed to a project (micro) basis. Also the beneficiary evaluations (Table 3.2a and 3.2b) highlight that there should perhaps be a greater concern regarding the success of the project rather than what is stated in the body of the evaluation.

<b>Table 3.2a: Beneficiary Evaluation of UBSDP Service – Dhaka only (mean values)<sup>38</sup></b>		
<i>Function</i>	<i>Past</i>	<i>Present</i>
Primary health care	1.86	3.20
Immunisation and TT	2.84	1.96
Vitamin and capsule	2.81	2.69
ORS distribution	3.21	2.23
Informal Primary Education	2.38	3.73
Health education	2.43	3.79
Post natal care	2.36	2.53
Nutritional education	2.10	3.14
Women's rights	1.48	2.11
Child rights	1.08	1.50
Water supply	3.44	2.79
Sanitation	3.06	2.65
Skill development training	1.45	2.80
Legal aid	1.24	1.41
Communication system for job	1.09	1.26
Management and leadership training	1.09	1.81
Referral facilities	1.09	2.54

- |                        |              |              |
|------------------------|--------------|--------------|
| 1. very poor or absent | 2. poor      | 3. moderate  |
| 4. good                | 5. very good | 6. excellent |

It is interesting to note that only four out of the seventeen components evaluated rated higher than moderate and none reached a level of good. While it is impossible to judge what the project recipient's expectations were and the majority of ratings did improve from the previous rating, six decreased.

**Table 3.2b: Beneficiary Evaluation of UBSDP Service – Dhaka only<sup>39</sup>**

Centre is helpful for health service improvement in area	2.59
Centre is helpful for educational service improvement in area	2.77
Centre is helpful for improvement of economic condition of area	1.46

0. not at all

1. poor

2. moderate

3. good

4. very good

*Civil Society Initiatives*

Donor's development strategies influence NGO strategies and therefore there is obviously some replication in their approaches. A number of authors suggest that strategies by civil society organisations can be categorised in different ways. Mitlin<sup>40</sup> outlines four possible approaches undertaken by civil society and NGOs, each approach influencing their relationship with other actors in different ways. Market integration focuses on urban poverty alleviation through increasing and securing income levels of the poor. Welfare provision refers to the provision of basic services and infrastructure by NGOs in circumstances where the state does not provide them. NGOs may also pursue advocacy and lobbying strategies campaigning for improved services and increased state responsibility on behalf of the urban poor. Alternative development strategies refer to situations where NGOs are sought out to assist and support in self-help developments. McGregor and Laurence<sup>41</sup> suggest there are two axes which can categorise civil society initiatives. The first axis is divided between systemic strategies, aimed at improving the democratic political system, and policy process strategies. The second axis is split between organisation, aimed at improving the voice of the poor, and arena, to improvement the opportunities for the voices to be heard, strategies. The four strategies are not totally separate and there may be overlap between them. Like donors, NGOs often undertake more than one approach in their desire to alleviate poverty. Osmani<sup>42</sup>, with reference to Edwards<sup>43</sup>, concludes that a three pronged approach is necessary for NGOs to be successful – a) helping the poor secure their livelihoods b) attempting social mobilisation with the aim of empowering the poor, and c) trying to influence the overall political process by playing an advocacy role on behalf of the poor.



There is some debate as to what activities NGOs should undertake. One argument is that they should focus on their core activities and perform large-scale service delivery; another is the need for NGOs to be flexible to respond quickly across a number of sectors and empower the poor at local levels. There may be some points of conflict though in the strategies or tactics that NGOs and donors adopt, whereas “cost-effective service provision rests on standardised delivery systems and internal structures (often hierarchal) able to manage large amounts of external funding ... The qualities required to promote success in democratisation are very different: independence from external interests, closeness to poor people, long time horizons for capacity-building, and a willingness to confront those in power”<sup>44</sup>. It is not necessarily straightforward to operate differing strategies within one organisation. Turner and Hulme<sup>45</sup> state that NGOs can risk appearing “Janus-faced; telling the government that they are non-political (as required for registration purposes and to avoid unfavourable treatment) while claiming to sponsor empowerment processes (that is political change) at the local level”.

Joshi and Moore<sup>46</sup> are concerned about the current trend towards social funds, that is cash injections into communities who then decide how to spend the money. This process is normally managed through special bureaucratic agencies, private firms, or NGOs who are responsible for determining what communities want. The author’s suggest that these programme lack credibility, predictability, and rights and are also critical of the opportunities to control information and the decision making process. For instance, the organisations managing the process may want to ensure the programme is managed in such a way to reduce costs and increase profits, their position also given them the ability to co-opt the decision-making process; information regarding options may be limited with different agencies actively seeking to limit access so they can influence choices; and politicians and governments may want to ensure there is not over-demand.

### Coalition for the Urban Poor

Currently there are approximately sixty NGOs working in Dhaka and on city related projects, two of the most prominent being Proshika and Brac, and a much larger number



of community based organisations in the city, although the majority of these are not involved in development initiatives. NGO activities include micro-credit schemes, housing, health and nutrition, water supply, sanitation, family planning, social awareness and group formation, education, skill training and income generating activities and legal aid advocacy. While some NGOs cover large areas of the city, the majority normally concentrate their work in small areas seeking to make improvements to the local communities only rather than attempting to lobby for changes at a city or national level.

The Coalition for the Urban Poor (CUP), a coalition comprising 46 member NGOs, has adopted a number of strategies to try and change government behaviour towards slum dwellers. CUP, while having existed since 1989, does not appear to have been very active until recent years even though it was supported by one of the largest NGOs operating in Dhaka, Proshika. However, in 2000 CUP became a registered NGO in its own right gaining approval by the NGOAB and was then able to access foreign funds. This fact alone may lead to an increased level of activity. While each of the NGOs in the coalition has its own programme, which primarily include micro-credit schemes, education, health, they all begin their work in the slums by forming bustee or slum committees who then work to develop initiatives for their particular situation as well as providing a mobilising mechanism. The coalition's primary goals are to mobilise the poor to address the need for policy changes, to involve the poor in the resource allocation process and to assist its members in meeting the needs of the urban poor. Its activities are best demonstrated through their involvement with preventing slum evictions, which are periodically used by the government as a means of removing slums from the city.

### Mobilisation

The poor in Dhaka are often seen by the elite as poorly organised, unable to bring themselves together around key issues. Osmani<sup>47</sup> suggests that the poor need assistance to mobilise since nobody relinquishes power easily and as the poor's economic and social position do not allow them to improve their situation by themselves. Therefore, what is needed is an increasing level of empowerment through social mobilisation,

building on horizontal associations which in turn can change the vertical associations, accompanied with efforts to improve their economic security. Hashemi<sup>48</sup> counteracts the argument as it denies the poor can organise themselves. It is this type of attitude, he believes, which prevents the poor from fully participating in NGO activities and from ensuring that NGOs develop a system of accountability to the poor.

Joshi and Moore<sup>49</sup> stress that it is not easy to encourage the poor to mobilise politically around pro-poor agendas and movements through the use of anti-poverty programmes since the programmes cannot provide the ideas and values around which collective action may be built from. Despite development organisations believing that their programmes empower the poor it rarely happens in practise. The author's<sup>50</sup> suggest four strategies which may be used to achieve mobilisation.

Firstly, in some instances governments may anger the poor by treating them badly therefore provoking them to mobilise. Since the situation leading to mobilisation requires the poor to be hurt in some way the authors discount it as a valid path.

Secondly, social mobilisers as conscience raisers encourage the poor to examine their own situation and then do something about it. This strategy is used by many NGOs. However, it may become ineffective if the mobilisation reaches a level that the NGO is uncomfortable with, for example antagonistic to the level that it damages relationships with the government and donors, and the NGO may withdraw their support. Unfortunately, NGO staff as social mobilisers may also use the opportunity to market their products to these potential clients, the poor, even if they are inappropriate.

Thirdly, government agencies may be able to give preferential treatment to grassroots organisations which represent the poor by channelling resources to them or recognising and licensing of particular types of organisations. This strategy is, generally, not looked on favourably as it opens up the possibility of the grassroots organisations being co-opted and government agencies using them to further its own interests, although exploitation could occur in the reverse. There are some concerns that any autonomy gained by a grassroots organisation is always under threat, it may become a large drain on public budgets and much of the money could go to non-poor, that is the organisations which distribute the funds. Additionally, the strategy may result in local

monopolies being established which could lead to a lack of accountability and misuse of resources and power.

Lastly, the context in which the poor and external organisations interact is unfavourable to mobilisation if there is so much uncertainty and unpredictability that mobilisation is not worthwhile. Therefore, there should be a focus by external agencies on creating incentives for mobilisation, including removing obstacles that they themselves may create. Tolerance, so that the political environment is not hostile which may lead to punishment, and predictability of programmes, so that politicians and social activists will learn about it and support it, are necessary elements. As are credibility in that public officials carry out their jobs effectively, honestly and reliably, and rights, the extent to which benefits are seen as improvements and legal mechanisms, which the poor can access to ensure they receive their entitlements.

Collective action or 'urban social movements', emphasising classes of people such as the urban poor, can be seen as an extension of the mobilisation strategies as they involve bringing together wider communities as opposed to grassroots or community based organisations which tend to focus mobilisation on local improvements only<sup>51</sup>. In Dhaka there have been a small number of incidents which could be categorised as mobilisation on a larger scale although difficult to expand to view them as collective action or urban social movements. During 1998-1999 some 100,000 people, or approximately 10% of all slum dwellers, were affected through the eviction process. In May 1999, after the Home Minister declared that slums should be cleared, based on the belief that the slums harboured terrorists, the Police began clearing slums by bulldozer and arson. In response, CUP's executive body met with some of its member NGOs and the ADAB (Association of Development Agencies in Bangladesh) to determine what action they would take. A public appeal, using the print media, was made to the Prime Minister but went unheeded leading to a petition being filed in the High Court to prevent the evictions. At the same time, CUP mobilised slum dwellers to form a human chain around a slum that was facing eviction and despite the use of teargas and water cannons used by police, the initiative were successful. In addition to CUP's success using the human chain to prevent a slum eviction, mobilisation by a range of people saw the government forced to change the location for the convention centre. However, in both these cases mobilisation has been used for one-off short-term goals. The

convention centre was one building as opposed to work towards better urban planning for the entire city. While the one slum eviction was prevented, others are continuing. Some literature states that strength in social movements is gained through autonomy from elites, political parties and the state, while others suggest that only where broad coalitions of the poor are able to attract support of key elite and non-elite actors will gaining access to policy making centres be possible<sup>52</sup>. In Dhaka, mobilisation has not grown to a large enough force or pressure on key decision makers to ensure long-term changes.

Some interviewees saw the middle class, rather than the poor, as the group that would be able to mobilise most effectively against poor governance and progress reforms if the middle class grew large enough, referring to India as an example. Other questioned why the middle class should change their behaviour if the incentives for doing so were not present. Chaplin<sup>53</sup> shows that the Indian middle class have actually cornered the market of basic urban services that the government has managed to provide, a situation that has arisen because of the governments need to maintain the middle class's support to stay in power. The local government's deferential treatment of middle class interests is a key problem rather than the obstruction of the urban poor's participation. Additionally, the lower class has not organised to mobilise against the upper classes. Trade unions, the usual source of mobilising labour, is captured through dependence on political patronage and therefore have pursued short term goals rather than longer term objectives which would make a greater positive impact on the welfare of the large informal labour sector.

### Lobbying

CUP has also pursued advocacy and lobbying strategies campaigning for improved urban basic services and increased government responsibility on behalf of the slum dwellers in Dhaka. There are points in the policy-making cycle where influence can be exerted. Houtzager and Pattenden<sup>54</sup> refer to four levels of influence. Firstly, procedural influence which changes the policy making process and may include the recognition of previously excluded groups. Secondly, substantive changes which change the actual policy process. Thirdly, structural influence which involves change to the political

institutions or coalitions and lastly, sensitising influence which involves positive changes to the attitudes of the public or particular actors towards an issue. However, in developing countries political influence often takes place at the implementation stage of the policy cycle as opposed to developed countries where it takes place at the actual policy-making stage. Therefore, lobbying and the representation of interests and the resolution of conflicts only occurs when policy is carried out and as such actions are therefore, only aimed at obtaining variations to the policy concerned<sup>55</sup>.

In August 1999 the High Court ruled that the Government must rehabilitate slum dwellers before eviction could take place. Since then CUP has lobbied the Housing Minister, Land Minister, and city authorities such as DCC and RAJUK as well as Ward Commissioners in an attempt to gather support for their cause. The government has not changed its approach despite the court decision and evictions have continued to take place. In October 1999<sup>56</sup> the Prime Minister's office informed donors of the government decision to ask NGOs to stop their efforts in the slums and to rather take part in programmes to rehabilitate the slum dwellers back to rural areas. NGOs have not taken heed of this request. However, CUP was also not successful in gaining support from the people that it lobbied. Ward Commissioners disputed the accuracy of the information presented to them since it was opposite to the government's position. Concerned about their own positions within the political structure they are unwilling to go against the central government line.

CUP held a workshop on the settlement of the urban poor to increase knowledge and support as well as organising protest rallies. While the workshop did take place, no follow-up action has been taken since it occurred. The elite in Dhaka and their close ties with the political system and parties has already been discussed in Chapter 2. The elites' responses to CUP's claims have not been positive, highlighting the limitations of the coalition's influence. Where CUP has been able to influence key people this has been based on personal relationships, ones that is very vulnerable to that person's whims. For instance, in 1997 the Prime Minister, believing then in the rehabilitation of slum dwellers, fired the Minister of Public Works and Health after he ordered slums to be evicted. At the time she also asked the Chairperson of ADAB to put together a proposal regarding options for rehabilitation. Only a year later the Prime Minister sided with the Home Minister supporting evictions.



Houtzager and Pattenden<sup>57</sup> suggest that the elite may see the poor as new allies when there is intra-elite conflict, otherwise their demands may be ignored. If any intra-elite conflict does exist within Dhaka it is along political lines. CUP lacks the allies necessary to make an impact at the policy level and where it has established relationships these appear to have been on a patron-client basis. While CUP's activities could be at best be seen to have some sensitising influence it is not enough or sensitising the 'right people' for it to impact on policy inputs or outcomes. They are obviously also occurring at the policy implementation stage rather than when the policy-making occurs.

### Political Representation and Support

The level of success civil society organisations may be able to achieve is questioned by Moore and Putzel<sup>58</sup> and Houtzager and Pattenden<sup>59</sup> who note that it is the organisations of political society, such as political parties, within democratic systems which have the actual ability to influence public policy. Importantly, the fact that separates a voluntary organisation from a government one is their lack of ability to make legally binding decisions. Governments have implicit obligations to society and people have a genuine right to complain and possibly mobilize against, government if these obligations are not met. There are only a few examples of NGO activity which has changed policy and practice in urban development as opposed to leading to localized improvements. In Brazil, the Union of Posseiros managed to gain municipal support for changes in city policies concerning housing, although the government then attempted to undermine the Union by providing housing and public services themselves and through repression. Changes to urban land registration in the Philippines in the 1990's was a complex task due to the political processes and the relationships which needed to be secured to achieve reform in addition to substantial legal expertise to work within the policy process and to put pressure on the policy makers. While the civil society organisations were successful in achieving changes to the legislation they were then met with new challenges regarding changing the bureaucratic processes to bring them into line. In this case, while political will existed to change the legislation, the capability and capacity to deal with the impacts of the legislation change did not<sup>60</sup>.



The number of parties, their level of ideological divergence as well as their level of institutionalization are all important factors, as the greater number of parties and the greater the level of divergence in their ideals and the greater the level of institutionalization, the greater the chances for the poor to access political parties with their claims. For example, where two or three stable political parties are actually competing for the votes of the poor there is an increased likelihood that the poor will have a better chance of influencing public policy and seeing policy address their needs. Significantly less access will be available in cases where there are two dominant but poorly institutionalized and fragmented parties, as is the case in Bangladesh, and there may be less need to derive support from large segments of the population, leading to a low commitment to the poor. Personalism and clientism weaken efforts by the poor to establish ties to political parties. As is the situation with political parties, the quality of the government will also impact on the poor's ability to affect policy. A government that is widely accepted, consistent and well institutionalized is more likely to help build relationships with the poor than it would otherwise. There is also a requirement for known points of access to the government such as those established by the productive, social and regulatory functions of the state, that is systems such as labour relations, social welfare and land tenure. Again, if these do not exist there is less chance for the poor to influence policy<sup>61</sup>. It is these factors which may dictate how other segments of society work to improve the governance situation in order to alleviate poverty.

Houtzager and Pattenden's proposal provides a possible explanation as to why the two main political parties can ignore the poor even though they form approximately half of the population in Dhaka. Varshney<sup>62</sup> puts forward a different view and suggests that some democracies do not feel the pressure from below and if they do, there can still be a difference between the pressure felt and the outcomes. He outlines two possible explanations. Firstly, there may be different political and economic impacts depending on whether direct or indirect methods of poverty alleviation are employed. While indirect methods are normally seen as better at alleviating poverty, Varshney suggests it is easier to demonstrate, politically, a link between direct methods and poverty alleviation rather than a link with indirect methods, which involve explanations of exchange rate devaluations and trade liberalization, elements which are generally discussed and understood in the long term. Therefore, politicians who wish to be re-

elected in the short term also look for short-term solutions. Secondly, the poor would have a greater mobilization base if they were to gather on economic grounds rather than ethnicity<sup>63</sup>. Ideally, for poverty to be alleviated, ethnicity and class should overlap and the lower ranked ethnic group should be far greater in numbers. However, neither of these arguments provides an adequate explanation for the situation in Dhaka, as it is largely NGOs who are involved in improving the situation of the poor and the population is relatively homogeneous ethnically and religiously.

CUP is hoping that the next local government elections held in Dhaka will result in one or two Ward Commissioners being elected from the poor. CUP believes that if they can build a large enough network to pursue a common goal they will overcome problems for the ordinary person in contesting political positions due to the influence of money and muscle, social attitudes and an unwillingness to change power structures by those who have power unless it is to their personal advantage. CUP acknowledges that this may take time. However, if past practices of vote buying and using force to ensure the poor vote for a particular party continues organisations, such as CUP, may have little success. In fact, approximately 40% of the Ward Commissioners in Dhaka do not believe that the poor could be elected in large numbers as they have no money, are not united and sell their votes<sup>64</sup>. There has also been resistance to past attempts to contest political positions. In early 1992, the Bangladeshi NGO Gono Shahajjo Shangstha (GSS) decided to put forward their own candidates, all from the poorest areas of community, in five unions in the district of Nilphamari, North Bengal. Bangladeshi elections are staggered over a number of days and when the GSS candidate won an election for chairman, other power groups resorted to violence to prevent GSS supporters from voting in the other unions. Government supported this action making charges against GSS members<sup>65</sup>.

Organisations such as the Bastee Hara Samity, a group of Awami League supporters in the slums led by the General Secretary of the Awami League for Dhaka, also play an important role in the political action that can be effectively taken and the levels of support that may be possible. After the court decision in 1999, the Government said that it did not have the necessary funds to provide rehabilitation for the slum dwellers. It appears that neither the AL or BNP, the two major political parties, both having been in office since democracy was introduced, have a real interest in poverty alleviation

regardless of what their campaigning says. The BNP Chairman reportedly suggested that all slum dwellers should be moved to the hill tribe areas<sup>66</sup>. Three small political parties have shown some sympathy to the slum dwellers, the Gono Forum party leader has provided legal services for CUP's advocacy work and the Bangladesh Communist Party (BCP) and Worker's Party have also shown some support. However, these parties are not influential and therefore it is doubtful that any real challenges will be made through them. Additionally, the BCP is not seen as a potential partner for organisations such as CUP, as it sees NGOs as "agents for non-communist parties".

### Service Provision

While the poor delivery of urban services allows community-based organisations to make improvements to their immediate area, the context and pace of that change is still controlled by the state. Community-based organisations and they are less able to secure wider policy changes as they are not in a position to represent the interests of the poor<sup>67</sup>. A number of groups have been established by community members in Dhaka to collect and dispose of solid waste from households in their area. This provides an income to community members since households are required to pay for the collection service<sup>68</sup>. For instance, in 1995 Waste Concern, a local Dhaka NGO, established a community-based organic waste recycling project with three objectives: to create job opportunities for the urban poor; to create income from the organic component of the city's solid waste; and to create business opportunities for local people. One thousand square metres of land in Mirpur was donated by a local Lions club. Organic waste was collected from households (at a cost of Tk. 10 per month), markets and local hotels and through a process of aerobic composting fertilizer was produced for sale. A number of collection initiatives also exist in particular areas of the city. However, while not to discredit the initiative and entrepreneurial attitudes demonstrated by particular individuals, the scheme's effect, in terms of the scale of the overall waste management challenges, is minute.

Unfortunately, local initiatives are constrained in some instances. In Gulshan, an upper class suburb in Dhaka, a solid waste management initiative was started by members of the community but was squashed by some people connected to DCC on the premise that

it would reduce hours of employment for DCC workers. As one interviewee explained even though DCC employees were not doing the work themselves, or there is more than enough work to be done, they do not want someone else to do it. This type of situation brings up questions as to the effectiveness of community-based organisations, and their capacity and capability to represent their members, in this case the residents who rubbish collected and disposed of.

If community members feel they cannot influence the issues that interest them personally, there could be feelings of disillusionment with the change process or with community membership in itself. In some cases, residents may even see negotiations with the government as being the right of community leaders and may be reluctant to enter this area themselves<sup>69</sup>. Local actions such as these do not combine to form city level development and therefore needs to be complemented, assisted and backed by appropriate action from local government, or indeed by central government<sup>70</sup>.

### *Partnerships*

Partnerships are one of the more recent concepts promoted to overcome some of the limitations that a single organisation or community may experience. The assumption is that when organisations, as partners, cooperate there are greater opportunities to influence the political process. Sobhan<sup>71</sup> suggests building a “political coalition ... with those segments of political and civil society genuinely committed to ‘putting the poor first’, i.e. bypassing those elements of state power which have stood in the way of serving the poor”. He sees that the poor, who through social mobilisation generate collective power, would be at the centre of such a coalition and that overall the coalition would need to bypass those sectors of government which has stood in the way of alleviating poverty. Wood and Davis<sup>72</sup> likewise state there is a need to distinguish between those that have a vested interest in poor governance as opposed to those that have a vested interest in good governance, and to establish partnerships and coalitions among the latter. The poor can change their cost-benefit calculation if they can increase their ‘voice’ and create larger-scale solidarity.

Close working relationships between organisations, either vertically or horizontally, are not necessarily an easy thing to achieve<sup>73</sup>. Closer relationships between NGOs and donors may lead to closer regulation by a suspicious government, lessening NGOs capacity to carry out its activities. On the other hand if NGOs do not make themselves independent of the government and political parties, and occupy a position somewhere between state and civil society, criticisms grow. There are also practical problems in establishing partnerships and attempting to raise the interaction and participation of civil society. Co-operation across organisations often fails to achieve results as the interests of the different partners conflict with those of the collective association. Competition for resources, different philosophies and power differences all require consideration to ensure that parties can be effective<sup>74</sup>. Within the NGO sector, Malena<sup>75</sup> distinguishes between four types of motivations for being a 'partner' with the World Bank, but this can also be applied to a wider range of partnerships. 'Beneficiaries' aim to absorb resources or receive services, 'mercenaries' seek to deliver services on behalf of the partner (acting like a contractor), 'missionaries' aim to work with a partner or use a partner's resources in order to achieve their own development objectives which may involve some independence or influence over project design, and 'revolutionaries' see to change some specific partner or government policy or action.

Attempts to form a partnership by the Government of Bangladesh and the NGO, Proshika provide a case in point. In 1997, the Government had talks with CUP and ADAB to look at options for resettling the urban poor and the Government undertook to supply 1200 acres of land within Dhaka with the aim of constructing apartment buildings to house 20,000 families. ADAB was to coordinate the project implementation process while CUP was to assist with the resettlement. Reportedly<sup>76</sup>, when the proposal went to the Executive of the National Economic Council, the Finance Minister said that there was no government funding available and financing would have to be obtained from the private sector. The contract for the construction of the apartments was put out to bid. Proshika was the only bidder so the contract was put out to tender again, and this time Proshika's proposal and design was accepted.

The proposal included that the tenants would be required to pay for the long-term lease of the building<sup>77</sup>. Each apartment, 15,000 in total, would cost Tk. 147,000 (US\$2540) each and Proshika would provide a Tk. 10,000 subsidy to each family meaning that they



would have to repay 137,000 plus interest. Programmes such as skill development and mobilization training would also be provided to increase the poor's income levels. As this increased the amount that they repaid would also increase so that the tenants were paying a proportion of their total earnings. As agreed, Proshika organized private financing, however, the government added conditions stating that the funding was to be put in a joint bank account to which they were co-signatories. Proshika disagreed since the government had not contributed any financing and in 1999 the government put the project out to bid for a third time leading to Proshika filing a case in court, which at the end of 2000 has yet to be heard.

Pro-poor coalitions, a derivative of the partnership concept, propose linking the interests of the poor and non-poor with the government providing support by creating a political environment which is partial to such coalitions and their pro-poor actions<sup>78</sup>. For this to be achieved a perception must be built, through public debate, that the poor and non-poor have common interests and to better the position of the poor will also benefit the non-poor. Poverty, with its many characteristics and possible causes, can be represented in a ways which appeal to the interests of different groups and therefore generate action by the public towards reducing poverty. There are three concerns with this approach. Firstly, as already stated, identifying pro-poor individuals and groups, their interests and influence is not easy let alone bringing them together with agreed objectives. Secondly, it relies on government to create a positive environment for pro-poor coalitions. Thirdly, is the risk that the perception of the causes of poverty may be narrowly focussed and lead to a concentrated effort on one particular solution as opposed to recognising that a variety of solutions may be needed. For instance, a perception has grown among the elite in Bangladesh that poor education and illiteracy is the key cause of poverty<sup>79</sup>. As a result the majority of improvement efforts are made in this direction.



## Summary

The good governance agenda has been in vogue for the last decade and has influenced the programmes and projects of donors. It is considered an enabling strategy in that it will enable other development to occur if good governance is in place, and is seen as political despite some limited definitions such as the World Bank's. However, it is difficult to determine what sustainable benefits this re-focus has had on the poor of Dhaka and urban governance overall.

Donors appear to have little success in changing local governance situations, and this may be merely a reflection of how little influence they in fact have, some now seeing that unless improvements can be made to national policy. Little real change may be possible at a local level. Conditional aid has much opposition but is still used by the multilateral banks although, in the example discussed, it has not resulted in the changes desired, largely it seems because there has not been the will by all concerned to effectively implement the agreed reforms. The NGO sector, largely driven by the upper and middle classes, has benefited from improved job and status opportunities provided through the increase in funding directed to NGOs. The Government of Bangladesh remains inconsistent in its approach to the poor in Dhaka and transforming the governance of the city. Consequently, it is difficult to develop strategies in an unpredictable environment. The success of NGO strategies appears dependent on personal relationships with government decision makers, making their approaches susceptible to other peoples' whims.

However, these comments are made in light of the fact that governance types of projects have largely only commenced in the last ten years. Throughout this time there is a period of learning for all concerned regarding what will and will not work. While donors' experience with structural adjustment programmes and history with development projects in Bangladesh should have lent them some insight into the challenges and opportunities for improvements in the area of governance, time is still an important issue since changing governance involves changing culturally accepted norms of behaviour and values, and consequently there are likely to be winners and losers. It could be argued that this previous experience should have provided donors with the

ability to see that political will and commitment are key drivers in the success of any initiative and therefore is a pre-requisite for improving the governance structure in Bangladesh. Given that Bangladesh returned to a democratically elected government at the same time the good governance agenda was beginning to take hold, perhaps donors were over-optimistic that this in itself would generate political will and commitment for change. Unfortunately, this has not been the case. However, donors' own political will and commitment may be questionable given their own agendas. Similarly, change requires civil society in general to change since the present culture does play a large part in people's actions since culture is the accepted norms and values. It is this issue of political will and commitment which will be discussed in the following chapter.

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<sup>1</sup> OECD, 2001a

<sup>2</sup> The first nine countries, are in descending order, were Indonesia, China, India, Egypt, Russia, Israel, Thailand, Philippines and Vietnam. Refer to Appendix 3.

<sup>3</sup> UNDP, 2000

<sup>4</sup> Appendix 4 lists donor and government projects with Dhaka components, only some of which involve governance initiatives.

<sup>5</sup> OECD, 2001: 2

<sup>6</sup> Madeley, 1995

<sup>7</sup> OECD, 2001

<sup>8</sup> OECD, 2001

<sup>9</sup> cited in OECD, 2001

<sup>10</sup> Varshney, 1999

<sup>11</sup> OECD, 2001: 18

<sup>12</sup> OECD, 2001

<sup>13</sup> Macdonald, 1998

<sup>14</sup> Clapham, 1993: 431 cited in Macdonald, 1998: 27

<sup>15</sup> Personal conversation, 20 November 2000

<sup>16</sup> Huq and Arbrar, 1999

<sup>17</sup> Sobhan, 1998a

<sup>18</sup> Sobhan, 1998a

<sup>19</sup> World Bank, 1996a: 42

<sup>20</sup> World Bank, 1996a

<sup>21</sup> Siddiqui *et al*, 2000

<sup>22</sup> Currently the Deputy Managing Directors are appointed by the Board and approved by the Government.

<sup>23</sup> Currently the government sets the rules and regulations.

<sup>24</sup> The Independent, 18/09/00

<sup>25</sup> Personal conversation, 8 November 2000

<sup>26</sup> Siddiqui *et al*, 2000

<sup>27</sup> The DWASA area is divided into six zones. The zones going to unions were Mirpur-Pallabi and Mohakhaki-Gulshan-Baridhara-Banani. Note that the second zone is a high income area including a significant expatriate and embassy population which it could be assumed would be more likely to pay their bills.

<sup>28</sup> Daily Star, 23 November 2000: 1

<sup>29</sup> Daily Star, 25 January 2001

<sup>30</sup> ADB, 2000b and 2000c

<sup>31</sup> Personal conversation, 9 November 2000

<sup>32</sup> Personal conversation, 6 December 2000

<sup>33</sup> The LGED is regularly seen a positive example of good governance in Bangladesh. Previous leadership had worked to improve management capability and capacity as well as the organisation's project implementation record. This has resulted in the organisation being involved in a wider range of projects than their original mandate covered, leading to some issues of patch protection from other government agencies as well as increasing pressure on LGED in terms of workload.

<sup>34</sup> UNICEF, 1999

<sup>35</sup> Standards were followed rigidly to the extent that drains in the slums were not connected to main drains because it would be more than the total length of drains allowed for in the plans.

<sup>36</sup> UNICEF, 1994

<sup>37</sup> UNICEF, 1999

<sup>38</sup> UNICEF, 1999: 74

<sup>39</sup> UNICEF, 1999: 74

<sup>40</sup> Mitlin, 1999

<sup>41</sup> McGregor and Laurence, 2000

<sup>42</sup> Osmani, 2000

<sup>43</sup> Edwards, 1999

<sup>44</sup> Edwards and Hulme, 1996a: 965

<sup>45</sup> Turner and Hulme, 1997: 204

<sup>46</sup> Joshi and Moore, 2000

<sup>47</sup> Osmani, 2000

<sup>48</sup> Hashemi, 1996

<sup>49</sup> Joshi and Moore, 2000

<sup>50</sup> Joshi and Moore, 2000

<sup>51</sup> Mitlin, 1999: 53

<sup>52</sup> Houtzager and Pattenden, 1999

<sup>53</sup> Chaplin, 1999

<sup>54</sup> Houtzager and Pattenden, 1999

<sup>55</sup> van der Linden, 1997

<sup>56</sup> The Independent, 23 October 1999: 1

<sup>57</sup> Houtzager and Pattenden, 1999

<sup>58</sup> Moore and Putzel, 1999

<sup>59</sup> Houtzager and Pattenden, 1999

<sup>60</sup> Mitlin, 1999

<sup>61</sup> Houtzager and Pattenden, 1999

<sup>62</sup> Varshney, 1999

<sup>63</sup> Multi-ethnic democracies normally vote along ethnic lines.

<sup>64</sup> Siddiqui *et al*, 2000

<sup>65</sup> Hashemi, 1996

<sup>66</sup> The status of the Chittigong Hill Tribes is an important issue for donors in Bangladesh who have continually worked with the government to seek official recognition of their human rights.

<sup>67</sup> Mitlin, 1999

<sup>68</sup> Households already pay a service fee to DCC for waste collection and disposal. Payments to community based organisations, therefore, is additional. In affect, they are paying twice for the same service.

<sup>69</sup> Mitlin, 1999

<sup>70</sup> Friedmann, 1992

<sup>71</sup> Sobhan, 1998: 42

<sup>72</sup> Wood and Davis, 1998

<sup>73</sup> Edwards, 1999; Edward and Hulme, 1996a

<sup>74</sup> Ashman, 2000

<sup>75</sup> Malena, 2000

<sup>76</sup> Personal conversation, 30 November 2000

<sup>77</sup> Proshika did not want to sell the apartments to the poor as it was viewed that they may sell the properties to the highest bidder for short term gain, undermining the objectives of the project in providing long-term housing.

<sup>78</sup> World Bank, 2001

<sup>79</sup> Hossain and Moore, 1999



# 4

## The Problem of Political Will and Commitment

Wood and Davis<sup>1</sup> outline that good governance strategies in Bangladesh have focussed on top-down, technical-fix or good government approaches, and while highlighting many of the successes they are not enough to achieve real pro-poor action. Rather the top-down approach needs to be complemented with bottom-up initiatives, as although public sector reform and liberalisation of the economy may be enough to achieve good government, they are not enough to achieve a poverty linked agenda of good governance. However, given the previous discussion on strategies to achieve good governance it appears that to reach a poverty-linked agenda of good governance, political will and commitment is needed from all sectors of society.

It is not sufficient to lay the responsibility of good governance on one sector, one organisation or one class. Importantly, good governance does not occur by itself but requires governments and citizens to change processes, rules and behaviour. While discussions of political will and commitment are normally made in reference to government, will and commitment to change the status quo is also required from other sections of society. Presently, the control and influence exhibited by government and the elite constrains opportunities for development while other members of civil society act in ways which support or undermine the current governance system, and donors' actions are based on their own political and strategic agendas. This chapter explores the issue of political will and commitment as demonstrated generally and more specifically by the government, civil society and donors.

### The Government

Luckman *et al*<sup>2</sup> asks "how far does the more egalitarian distribution of political power which is implied by democracy lead to state action to provide resources and opportunities for the poor?" The same can be asked of decentralisation and these are important questions in relation to Bangladesh, which has been a democracy for the last

decade and has had many so-called decentralised systems since independence, but is also a country where the central government and the elite continue to have power over the social, political and economic contexts where change takes place. Democracy and decentralisation has not lead to actions by the state that provide resources and opportunities for the poor.

Goudie<sup>3</sup> asks why governments have not pursued a more vigorous approach to improving their national structures and systems of governance. He provides two possible answers to this question. Firstly, there may be a weakness in a government's capacity and capability or, secondly, there is an indifference or a lack of will by the government to positive improvements. It is possible that political will and commitment is a prerequisite to capacity and capability. On the other side of the coin, capacity and capability could be seen to drive political will and commitment. However, the possession of political will and commitment can lead to improvements in capacity and capability, whereas the possession of capacity and capability will not necessarily lead to development of will and commitment.

#### *Dhaka City Corporation*

Political will and commitment could perhaps be easiest demonstrated in an urban context by creating an efficient and effective system of local government. The following analysis of the constraints placed on Dhaka's local government demonstrates the government's lack of will and commitment to improve the governance situation in Dhaka as well as providing an illustration of the 'prison' that has been created locally. However, control over local government is an important factor in controlling the city and although, since independence, various governments have established decentralized local government structures, each has managed to maintain control using local governments to strengthen their own positions within the country in their reluctance to relinquish power. As has been discussed, responsiveness and responsibility are key factors of the governance agenda and drivers for decentralisation. That economic development will increase if there is increased participation in government and development activities is the main assumption behind this. However, decentralisation, along with democratically elected officials, is not enough to ensure that development



needs are met. Strong political and class ties created and sustained by the central government appear to limit the opportunities for development that takes place at the local level unless it is of personal advantage to them and their supporters. A closer look at local government, and DCC in particular, shows that local government is fraught with problems such as low levels of tax collection, dependency on the state, weak financial monitoring and evaluation, and is under pressure from trade unions<sup>4</sup>. These factors all influence the level of control that the central government exerts over local areas.

### Legislation

The Constitution of Bangladesh emphasizes the need for establishing local government with a representative character and implies direct participation of the people in constituting the local government and in managing its affairs<sup>5</sup>. However, people's participation in local government has not always been achieved and has often been variable, although since 1994 the urban population have had the opportunity to elect their mayors directly. Participation is higher in some NGO-led programmes, such as in slum improvement projects, than is normally found in local government initiatives. Some civil society groups have been pro-active and have invited and encouraged DDC to participate with them<sup>6</sup>.

In Bangladesh, the Government enforces local government legislation and develops detailed regulations relating a wide range of functions such as conducting of elections, business, assessment of taxes, preparation of the city budget, making of contracts, appointment and service matters of local government employment, accounts. Where a local government may design its own regulations these must be approved at the centre. The Government of Bangladesh (GOB) can also dissolve a local government body for gross inefficiency, abuse of power or an inability to meet financial obligations and may order an inquiry into the dealings of a local government, either on a general basis or into a specific affair, either on its own initiative or at the instigation of any person<sup>7</sup>.

## Revenue and Expenditure

The Dhaka City Corporation Ordinance (1983) and the Pourashavas Ordinance (1977) enables these local government bodies to levy and collect revenue in the form of taxes, rates and fees. Holding taxes (taxes and rates) are the key source of revenue and applicable to all domestic, commercial, industrial, and institutional properties. However, urban local bodies in Bangladesh only raise between 55 and 75% of their revenue from their own sources<sup>8</sup>. Table 4.1 (over page) shows that on average, over an eight year period, 35% of DCC's income came from government development grants and loans.

**Table 4.1: DCC Revenue<sup>9</sup>**

Year	Source of Income (Tk income)					Total
	Own	Government Development Grants and Loans	% of total	Government and Foreign Projects <sup>10</sup>	% of total	
92/93	840.8	533.4	38.82			1374.2
93/94	930.7	528.4	36.21			1459.1
94/95	1107.3	494.7	30.88			1602.0
95/96	1189.8	511.7	26.82	206.4	10.82	1907.9
96/97	1316.7	776.7	32.19	319.2	13.22	2412.7
97/98	1364.8	586.1	26.44	266.0	12.00	2216.9
98/99	1537.7	492.0	18.02	700.0	25.64	2729.7
99/00	1430.7	719.1	24.62	771.4	26.41	2921.2

Regular annual grants are provided by the central government either as subsidies towards municipal salaries and employee fringe benefits, e.g. provident fund contributions, or as routine development grants to supplement expenses for the day-to-day upkeep and maintenance of existing infrastructure<sup>11</sup>. Since a significant proportion of the City Corporation's revenue is from central government, a system of financial dependence has been created. Another major contributor to financial dependence is the level of revenue for government and foreign funded projects<sup>12</sup>. Contributions towards capital project implementation costs including funding for roads, flood protection and drainage, may be made in the form of development grants, coming from GOB revenues or from external loan and grant sources. The GOB may also provide project development loans for cost recovery projects such as land development and sanitation and solid waste management initiatives. Municipalities may also source loans from GOB owned banks. Islam and Khan<sup>13</sup> are critical of the government's grants system

outlining that the government have not created any incentives for local governments to increase their sources of revenue to decrease the dependency on grants and suggest the government should analyse and evaluate the implications of grant funded projects on the general and financial viability of local government bodies.

By far the largest source of income for DCC (if government and foreign revenue is not counted) is from taxes, which accounts for approximately 55% of the revenue from its own sources. However, there are numerous obstacles created in the process of revenue collection including insufficient assessment staff, a poor assessment system, and legal issues, resulting in collection being significantly less than demand, as shown in Table 4.2. The Corporation has not revised or reassessed these taxes for the last decade, therefore missing out on substantial amounts of revenue<sup>14</sup>. More than 50% of property assessments are appealed with proceedings taking a long time and judgments generally unfavourable to municipalities. Corruption is another major reason for low collection of taxes<sup>15</sup>. Employees may accept bribes to not collect or to collect less than is owed.

**Table 4.2: Comparison of Holding Tax Collection of DCC (Tk. Million)<sup>16</sup>**

	1991/2	1992/3	1993/4	1994/5
<i>Demand</i>	89.8	95.7	103.5	111.0
<i>Collection</i>	49.6	51.4	56.3	61.9
<i>Efficiency</i>	55.3%	53.8%	54.4%	55.8%

During election years and the year following an election, taxes are often lower as elected representatives wish to maintain their popularity and do not wish to pressurise residents to pay their taxes. In order to gain support, in 1996 the current Mayor of Dhaka campaigned that he would not increase holding taxes. People with influence and pressure groups, including large commercial businesses and industries, also try to avoid paying taxes or at least delaying payment.

DCC, and other urban service providers, are also prone to non-payment of municipal taxes by government and semi-government agencies and departments. In September 2000<sup>17</sup>, *The Independent* reported that an inter-ministerial meeting ordered defaulting government organisations to pay bills arrears since June, said to amount to Tk. 250 million (US\$4.6 million)<sup>18</sup>. This was at the encouragement of World Bank, being one of the conditions for future progress on the Saidabad Water Treatment Plant in Dhaka.

Added together these tactics result in DCC not collecting a notable portion of the income due to them, subsequently increasing their dependency on other sources of revenue. As one government employee explained<sup>19</sup>:

*There is strong default culture. Eighty percent will pay if they get billed correctly and on time. Twenty percent include those that genuinely cannot afford to pay, the rich and powerful and the politicians ... government departments don't pay because accounting departments won't pay bills unless there is a kick back for them, or don't feel obligated. According to the Finance Minister they [government departments] don't ask for enough money in budget so they can pay, or they use the money elsewhere.*

The key components of DCC revenue expenditure are salaries and wages, repair and maintenance, rent and rates, power, fuel and water, welfare, travel, postage and telegraph, entertainment, advertising, fees, training and subscriptions, insurance, supplies, mosquito control, and miscellaneous<sup>20</sup>. After salaries and wages, which comprise 55% of revenue expenditure, the next highest category of expenditure is for the repair and maintenance of vehicles, power and fuel, and supplies<sup>21</sup>. Revenue surplus is used for development, although work such as repaving existing roads is included under 'development' and therefore it is difficult to say how much of the expenditure is actually directed to actual development. Table 4.3 (over page) shows that an increasing amount of expenditure is in the form of government and foreign projects.

**Table 4.3: DCC Expenditure<sup>22</sup>**

Year	Expenditure (Tk million)					
	Revenue	Dev <sup>23</sup>	% of total	Government and Foreign Projects <sup>24</sup>	% of total	Total
92/93	466.7	863.6	64.92			1360.3
93/94	492.4	1052.0	68.12			1544.4
94/95	533.1	1070.1	66.75			1603.2
95/96	590.8	1089.4	53.91	206.4	10.21	2020.6
96/97	683.0	1473.4	57.85	319.2	12.53	2546.6
97/98	743.2	1200.3	52.47	266.0	11.63	2287.7
98/99	842.6	1226.0	43.66	700.0	24.93	2807.9
99/00	903.5	1243.6	42.01	771.4	26.06	2960.5

### Functional Control and Jurisdictional Issues

One of the key issues within the greater Dhaka area is the number of government and semi-government agencies and local government bodies operating with poor levels of coordination between them. The GOB controls the functional authority of local governments and can assign any function not already designated in an Ordinance to a local government, as well as deciding on the structure of local government<sup>25</sup>. As such, the government has, over time, created various authorities to cope with the increasing need for urban services and has handed authority to them.

However, the establishment of these additional organisations has created a situation of parallel jurisdiction of which there is no overall coordinating agency. At present eighteen central government ministries, out of a total of thirty-five, and forty-two different organisations, are effectively involved in urban management and planning in Dhaka. Hence, DCC does not necessarily have power over the provision of services or development initiatives if these are undertaken by other organisations such as state service providers, the private sector or local offices of GOB ministries.

Fragmentation of responsibilities occurs vertically where different agencies have responsibility for a particular function or horizontally, where activities such as policy-making, planning and strategy are the responsibility and implementation and maintenance the responsibility of another<sup>26</sup>. The complexity of the situation is exacerbated by a lack of coordination amongst the service providers, whether private, local or GOB. This issue, which reached a critical point Dhaka in 1996, led to the Mayor proposing the formation of a metropolitan government to have administrative control over all organisations in the Dhaka area<sup>27</sup>. The government rejected the proposal, but to placate the Mayor, an Awami League supporter, the Awami League government formed a Coordination Committee in late 1996 headed, by the Minister for Local Government, Rural Development and Cooperatives (LGDRC).

The committee's objective is to coordinate the development and service delivery work on all concerned government departments, offices, or autonomous bodies within the area of DCC and to ensure coordination between the different agencies and the service delivery work within the mega city of Dhaka. Decisions of the committee are regarded



as decisions of the government departments, offices or autonomous bodies concerned, subject to law and provision in the relative budgets. This is an important element, as it is often legal and financial aspects which are limiting factors and therefore determine what action can and cannot be taken. The Minister of LGRDC is the Convener whereas the Mayor of DCC is Co-Convener and the CEO of DCC the secretary<sup>28</sup>. With the Minister as Convener, the Mayor has in fact got very little authority over the committee. Although it is within the Minister's authority to delegate the responsibility to the Mayor he has not done so. Dhaka, and other cities in Bangladesh, have played significant roles in political mobilisation and at times, events in Dhaka have decided the outcome of the government. As such, no political party in power would see it beneficial to their own ends to concentrate so much power in a single person, the risk being that the Mayor could be 'captured' by the opposition in a 'free and fair' municipal election.

Although, the Mayor currently still advocates the formation of a metropolitan government, and it is raised as a possible solution to some of the problems in Dhaka<sup>29</sup>, there are others who disagree. As one NGO leader commented<sup>30</sup>:

*the idea [a metropolitan government] is not well thought out and is just a paper innovation. It is not a reality now but perhaps in ten to twenty years. The Mayor suggested it to add power to the position of Mayor rather than for good governance. Talk of a metropolitan government clouds the issue and redirects the focus away from non-performance of present local government.*

Importantly, it should be noted that there is no representation of the private sector, NGOs or other civil society organisations, women or the poor in the committee. The Mayor has used the lack of a metropolitan government as the key reason why he has not managed to resolve many of the city's key problems. He is resolute in his belief that only with the formation of a metropolitan government will Dhaka be able to resolve its governance issues. However, it is not fair to say that any mega-city will be the responsibility of only a few agencies, especially since Dhaka is the capital city and therefore an important social, political and economic centre. Consultants to the ADB<sup>31</sup> say that while there are criticisms of overlapping responsibilities, criticisms at the level of government departments are unfair since where overlaps occur in outdated regulations the actual agencies concerned do manage the situation adequately.



However, while DCC is constrained in all areas (operationally, legally, administratively and financially), and cannot be regarded as a local self-governing body, it could still affect some important functions such as solid waste management<sup>32</sup> if it was committed to do so<sup>33</sup>.

### The Mayor and Officials

The tenure of Dhaka's elected urban local government is five years. The latest City Corporation elections held in March 1994 lead to Mohammad Hanif's election, an Awami League supporter under a BNP government. Prior to the 1994 City Corporation elections the Mayor was government appointed and consisted of three categories of members: elected ward commissioners, appointed officials, and (nominated) women commissioners. The CEO, who is appointed by Government of Bangladesh and seconded from the civil service, assists the Mayor in the affairs of Corporation and is the custodian of all Corporation records and may also exercise magisterial powers<sup>34</sup>.

However, the CEO is accountable to the Mayor, and it is for the Mayor to delegate executive powers as he sees fit. The CEO holds office for 3 years although the Government may extend this in increments of one year. All officers of the Corporation are subordinate to the CEO but under the DCC Ordinance the Government has control over the structure of posts and most personnel management matters. The Mayor makes decisions on the appointments of other officials, whether through direct recruitment by DCC or secondment processes. This differs from other city corporations where the CEO makes all senior-level appointments. The Mayor is the supreme chief executive of the Corporation making all major negotiations and signing of contracts although on many matters he can only act with prior government approval. As head of the corporation the Mayor decides how much or how little he wants to delegate to lower levels, which in fact is very little. Routine tasks still require either the Mayor's, CEO's or department heads signature in order for action to be taken on them. The Mayor can also overrule the decisions taken in the corporation meetings<sup>35</sup> which are often regarded as opportunities to talk but where recommendations are rarely implemented<sup>36</sup>.

Dhaka City Corporation is divided into 90 wards, each overseen by an elected Ward Commissioner, and 10 administrative zones, which are administered by senior government officials on deputation in the position of Zonal Executive Officer. However, the Zonal Executive Officers are not subordinate to the elected Ward Commissioners and overtime the functions of the zonal officers have gradually been withdrawn to be concentrated at head office, to the extent that now Zonal Executive Officers have only limited authority to supervise work and report to respective superiors if something is wrong. They do not have the authority to make decisions regarding personnel and have very limited financial resources at their disposal to meet routine expenses. The ward system does not provide an adequate alternative to the constraints of the zones as Commissioners normally retain their own profession and are often not available to their constituents nor do they maintain staff who can assist. Problems have been experienced as people do not know where ward commissioner offices are situated or what their functions are. In general, the majority of city corporations and municipalities are overstaffed with unskilled or semi-skilled employees having been appointed under influence and not according to merit based recruitment practices. As such employees, both at senior and lower levels, are unable to meet expected performance levels<sup>37</sup>.

Regardless of the equality provisions in the constitution, inequalities are still substantial and deep rooted. Ahmed<sup>38</sup> states that the policy of reserving seats for women in local government has resulted in parties not nominating women to general seats. Minorities are in a similar position again with less than 1% of candidates belonging to minority groups. During the Ershad regime there were no 'positive discrimination' seats reserved on the newly created councils for disadvantaged groups although there was the provision for three women to be appointed at the Upazila level, although the appointment did not give women voting rights making their appointment almost meaningless. However, both levels of council suffered from capture by wealthy land-owning classes while others such as the poor and landless were excluded. Upazila chairmen spent most of their time in Dhaka, strengthening patronage links with ministers and officials, with 55% of them joined the Jatiyo Party after they were elected giving Ershad support in the majority of the sub districts<sup>39</sup>.

Siddiqui *et al*<sup>40</sup> states “it is impossible for a member of the disadvantaged community (to be specific, poor men and women) to match the money, muscle, ideological and dependency powers of the usual candidates” for elected positions in Dhaka. There is a belief that a person needs money to get into power and once a person is in power they will have access to illegal sources of income to increase their wealth. Violence is also said to play a key part in getting into power with some believing that the majority of the elected officials would not be in power if they did not use violence to assist their campaign<sup>41</sup>. Siddiqui’s *et al*<sup>42</sup> research indicates that 75% of Ward Commissioners were either mastaans themselves, patrons of mastaans or maintained a close link with them, suggesting that community leaders may be reluctant to contest positions due to the high rate of mastaan politics in the city elections. The politicization of the political, social and economic spheres is very apparent with people choosing their allegiances based on where they think they can get the most personal benefit. Antagonism between various groups supporting the two major parties is regularly reported in the daily newspapers to the extent of tit-for-tat violence.

The levels of self-interest at the local government level, and the subsequent lack of commitment to do something to change the status quo, is perhaps most appropriately illustrated by number of newspaper reports relating to the Mayor’s own involvement in corrupt activities. These reports include securing nearly Tk. 30 million from the lease of cattle markets, bazaars, marketplaces, shops, and construction ventures as well as allegations that he was providing protection to the Awami League and its trade union (the Sramik league) who issued ‘no objection certificates’ to rickshaws in lieu of obtaining the required legal papers<sup>43</sup> and collected illegal tolls from the buses at the bus terminals. Numerous other reports outline involvement in the misappropriation of project funds, illegal property development, and allowing DCC employees and Awami League supporters to take over public land<sup>44</sup>. In another instance, gun battles on DCC premises between two groups of the Bangladesh Chatra League, the student wing of the Awami League, and the police occurred reportedly over who should be awarded a construction contract in a particular ward. It was rumoured that the Mayor was associated with one of the parties involved in the dispute<sup>45</sup>. In Crook and Manor’s<sup>46</sup> research there was a 64% level of dissatisfaction with councils due to corrupt and dictatorial behaviour by political leaders. The researchers outline that:

*it is also clear that a lot of the central funding given to the councils was spent on patronage related activities which benefited the better off and clients of the council leaders; one assessment is that hardly any projects specifically geared to the needs of vulnerable groups emerged from the decentralization experiment, and that the poor were rarely involved in project selection process*<sup>47</sup>.

As one interviewee commented<sup>48</sup>, elected local government officials are “not politically proactive and withdraw from bureaucratic life once they are in power ... they have lost sight of efficiency due to a desire for political and personal advantages”.

## Civil Society

Wood<sup>49</sup> asks “whether all social actors in Bangladesh are committed to, or at least incorporated in, the present dysfunctional behaviour (i.e. operating as ‘prisoners’) or do many seek an escape from these systemic institutional failures?”. While civil society may be seen as a check on the government and their activities, in reality, states Wood, it is a “set of institutions in the society, deeply penetrated by the main social agents of both the state and socially embedded markets operating through clientelist relationships of subordination and incorporation”<sup>50</sup>. Therefore, civil society organisations, such as NGOs, cannot necessarily be regarded as escapees.

Historically, intermediary classes have played an important part in Bangladesh society, negotiating and managing different relations between the government and peasants while creating a patron-client system based on rent-seeking opportunities. With the modernisation of the country, these roles have evolved with the intermediary classes<sup>51</sup> becoming managers for new commodity and labour markets, having access to urban services, relief services, community services, government contracts and foreign business partners as well as the ability to avoid regulations. Since these intermediaries may penetrate civil society organisations they might also be seen as political managers, and therefore a potential threat to the benefactors of the present dysfunctional system. Consequently, civil society is incorporated into the prison, especially through the efforts of the major political parties and their brokers who seek to increase support in the

organisations of society, i.e. universities, Chambers of Commerce and Industry, NGOs and community based organisations.

Organisations may not even attempt to escape or distance themselves from clientelist relationships. For example, trade unions within local government organisations are strong and their relationships with politicians and political parties are well known. These relationships make it difficult to discipline personnel for poor performance or when involved in illegal activities. Some DCC employees (gardeners, drivers and sweepers) have even illegally occupied a number of public parks within the city building shanty structures and renting the land and buildings for residential and commercial purposes. There has been no action taken against them although it may be difficult to say whether this is because of union membership or because of the support they provide for particular individuals. Both elected commissioners and officials have been manipulated or controlled by trade unions as have attempts of local improvements<sup>52</sup>.

This 'prison' for civil society is further strengthened by the legal context created by the Government of Bangladesh. Even for those organisations which may be viewed as escapees, legislation and regulations provide constraints and mould NGOs' capacity with regard to policy and practice issues. The relationship between government and NGOs appears to be one of distrust despite NGOs having worked in the country for a long time, or perhaps because of it. Although, there are valid reasons why governments wish to know what NGOs are doing<sup>53</sup>, there are numerous ordinances and regulations governing NGOs, their activities, and their system of taxation<sup>54</sup>. The tensions in state - NGO relations originates partly from government programmes being unfavourably compared to NGO programmes and from envy and distrust as officials see the resources and political influence which some of the senior NGO leaders have since in some cases they have previously held government positions<sup>55</sup>. This tenuous relationship between the state and civil society is apparent in developing countries other than Bangladesh and therefore should not be considered unusual. Van Rooy<sup>56</sup> notes a similar situation in Sri Lanka where the state enacted the Voluntary Social Service Associations Act, which basically ensured all organisations came under state control. In Kenya, the state has propped up particular civil society organisations in order to subdue other organisations which oppose government actions, increasing rivalry between various factions.



NGO claims that poverty is the result of structural problems, and consequently their objectives should focus on improving structures, have not helped their position. This agenda was too political for the GOB, changing 'the structure' meant changes to the status quo, and therefore also changes to the power structures. Hashemi<sup>57</sup> states "Government agencies perceive their responsibility as maintaining law and order in the prevailing status quo and therefore see NGO activity directed at 'empowerment' to be threatening". As the World Bank<sup>58</sup> argues:

*Empowering poor people is part of the broader agenda of sound/stable governance and accountability of state institutions to their citizens. National empowerment of poor people can have important indirect effects on poor people, by influencing the quality and pace of economic and social development. But the outcome for poor people depends on the political and social structures within a society. Governments are often more responsive to the elites than to the needs of the poor groups. So the extent to the concerns of the non-poor and poor groups coincide will frequently determine whether governance is pro-poor.*

Edwards<sup>59</sup> research, while referring to the rural sector, shows that changes to inegalitarian relations in Bangladesh, based on land ownership and gender, is resisted by local elites. Elites have political and economic power and influence and their attitudes impact on which activities NGOs can undertake. Activities outside service delivery is discouraged by restrictive legal and regulatory frameworks and by intervening state authorities. Following independence, NGOs in Bangladesh worked in consciousness raising and provision of services. Mobilisation however, was not against the state but rather directed to the local elites<sup>60</sup>. Civil society organisations have been strong in Bangladesh, with strategic coalitions of "influential people concerned with restricting and channelling (market) information, managing markets, sharing resources and adjudicating in local disputes and conflicts. These people are typically more associationally wealthy ('powerful in people') than the poor"<sup>61</sup>.



## Donors

With the overarching goal of poverty alleviation for many donors it is plausible to suggest that they are seeking to find the poorest most populated country which they can direct their resources, financial or otherwise, in order to get the greatest return on their dollar. In this case, countries such as India, Bangladesh and China would benefit. However, there are other motivations which impact on the flow of funding.

### Economic and Political Interests

Economic and political interests are key aspects driving donor strategies. Foreign aid developed after the Second World War, firstly to achieve better political and economic security worldwide through the promotion of long-term growth in developing countries, and secondly to promote developed countries short term political and strategic interests. Political interests can be seen in the United States' involvement in the Middle East or European countries to former colonies. Economic interests can be seen in the United States' supports China as a strategic trading partner although it has a poor human rights record. This highlights the fact that, at times, pursuing long-term political and economic security and the short-term interests of developed countries are in conflict. In terms of the US – China relationship, the economic value to the United States outweighs what could be seen as the social value.

While purporting the benefits of free trade, trade liberalisation is obviously also of economic interest to donor countries since it opens up new markets for their goods and services. Countries such as China are seen as having huge trading potential and it could be seen that developed countries will benefit more from trade liberalisation than developing countries. An interviewee<sup>62</sup> in Dhaka rationalised that trade liberalisation had allowed a lot of western goods into Bangladesh, goods that the majority of the people cannot afford. However, rather than 'not affording' goods people have found ways in which they could obtain them, often through illegal means. The conclusion being that trade liberalisation has negatively impacted on the level of corruption in Bangladesh. Knack<sup>63</sup> supports this claim and suggests that extra revenues from aid, trade shifts and natural resources can create opportunities for economic growth and

development yet they can also have damaging affects, worsening the quality of government institutions which then influence the levels of investment and economic growth achieved. Other research suggests aid can weaken institutional capacity if the existing quality of governance is poor to begin with, that higher aid levels are associated with higher levels of corruption in situations where there is strong competition for rents among social groups and that the negative impact of aid dependency on the quality of governance deteriorates further with greater ethnic homogeneity.

With the freeing up of markets many Western companies have also taken the opportunity to use cheap labour in developing countries to produce goods. While providing employment opportunities to poor people, an issue which is often scrutinised by human rights organisations, it has obviously also increased the profit margins for the companies concerned. In other circumstances, being a former colony of a major donor is more important than having good management. Bangladesh, as a previous colony of the United Kingdom, receives around 10% of its financing from this source<sup>64</sup>.

Concerns regarding donor economic interests can also be found in the issue of tied aid. The *World Bank Development Report 2000/01*<sup>65</sup> notes studies have shown that tied bilateral aid reduces the value or effectiveness of that aid by some 25% and therefore among OECD countries there is a move away from tied aid to the extent that in 1997 it represented only 5% of all aid. Despite this research and the decrease in the level of aid which is tied, donors continue to ensure some economic payback to their own countries through tied aid. The issue has been on the G7's agenda for some time but as yet an agreement to stop the use of tied aid has not been reached amongst these world leaders.

Donors' local offices do not necessarily have the ability to create programmes that will meet the needs of the recipient country as they can be constrained by the internal financial capacity and the structure of a donor's implementing department and head office. For instance, the change in direction for the USAID Democracy and Governance Strategy in Bangladesh has come about in part because of the

*uncertainties of the traditional DA [development assistance] funding for democracy and the consequent need to build the program on a variety of funding sources programmed over shorter periods*<sup>66</sup>

and

*uncertain development assistance (DA) and economic support fund (ESF) availabilities have been the key constraint in implementing the existing strategic objective through the Democracy Partnership. The new strategy assumes these DG [democracy governance] funding realities. It mitigates against the impact of uncertain long-term DA funding commitments by using a mixture of other funding types (ESF, Regional Democracy Funds, local currency, and specialized funds e.g. for trafficking). The mission has therefore adopted an 'accordion' approach to programming where pieces of the strategy can expand, contract, or drop off depending on funding levels from several different sources. One corollary of such a flexible funding approach is that, with variable funding components, it may be difficult to establish stable performance indicators and targets<sup>67</sup>.*

Interestingly, this counteracts much of the literature which stresses that donors need to look toward the longer term, and consequently also secure programme funding for the longer term.

#### Dominance of Development Policy and Direction

The World Bank is often seen as the leader of development policy but it has been influenced by its major financial contributors' rhetoric. Their voting power (see Table 4.4) corresponds to the amount of financing given to the Bank, and illustrates their level of influence.

Table 4.4: Voting Power at the World Bank <sup>68</sup>		
Country	IBRD	IDA
United States	16.5%	14.86%
Japan	7.92	10.63
Germany	4.52	6.94
France	4.33	4.23
United Kingdom	4.33	4.92

Moore<sup>69</sup> asserts that in practice policy makers are biased in that they are United States centric, reflecting American political culture. Policies are therefore produced and influenced by American organisations and people who were educated there and consequently are universal in that all contexts are to fit into the American derived analytical framework. Schmitz<sup>70</sup> comments that the World Bank must “find a way to contain these pressures [from major funders] for political form within the boundaries of ‘good governance’ or suffer the unpalatable results. This presents a large unresolved dilemma for future Bank policy and a challenge to its own crisis management skills”.

Sobhan<sup>71</sup> is critical that the Government of Bangladesh has allowed NGOs and international donors to become the owners of poverty alleviation policy, largely because of the country’s dependence on aid, and asserts that the policy making process has been taken over by interest groups, internally and externally to government, whose goals do not match those goals which would produce benefits for a wider section of the population. Earlier, Wood<sup>72</sup> cautioned of NGOs becoming the ‘franchised state’. Van Rooy<sup>73</sup> likewise cautions that “grant-making in the democracy and governance sector has seen the donor gradually evolve into an ‘alternative State’. The shrinking of the independent State has resulted in the emergence of other State-like actors with resources and authority similar to those of the State.” Donor influence is easily found. For example, Moore’s<sup>74</sup> research found the elite in Bangladesh used development language and ideas effortlessly. Daily newspapers in Bangladesh are filled with news of what donors are doing and saying. Governments may spend considerable time establishing patronage links with different sectors of civil society, but donors may do the same. As the state encroaches on civil society at one end of the spectrum and donors encroach from the other end, the independent middle becomes smaller and smaller<sup>75</sup>. So while donors are critical of the government’s encroachment on civil society they should also be aware of their encroachment on civil society and the state and their need to act responsibly.

Citizens of donor countries also influence the policy approaches that donors take or at least the way in which they are expressed. In France, the word ‘poverty’ has negative and outdated connotations of charity, which French development agencies do not wish to be associated with. This is reflected in the fact that they do not have an explicit poverty reduction goal. In the USA, public support is possible through goals of

economic growth, improved health, and environmental sustainability yet not poverty reduction, supposedly because it is associated with domestic welfare programmes. Schmitz<sup>76</sup> notes that foreign aid is very difficult to sell to the American public, especially in areas unimportant to strategic foreign policy interests. However, the way in which donors express their aims is often pedantic since many of their goals are the same or similar to those agencies which have explicitly stated that poverty reduction is an overarching goal<sup>77</sup>.

### Donors Own Governance

By drawing attention to the state of poor governance in developing countries, donors are also drawing attention to their own governance. Both multilateral and bilateral donors have been on the receiving end of criticism regarding their own transparency, levels of participation in projects and accountability. As mentioned earlier, in Chapter 1, Ngaire Wood<sup>78</sup> highlights areas where the World Bank and IMF could improve their own systems of governance. The lack of internal good governance by these organisation obviously raises issues of double standards, since good governance is required for developing countries with high levels of poverty and corruption but is not necessary for developed countries with lower levels of poverty and corruption. Interestingly, donors did not improve their own systems of governance, and trial them, before recommending governance as the solution to developing countries but rather, it appears, belatedly had to improve their systems as a result of the criticisms. This has meant that donors are having to put money into improving governance internally, overall raising the real levels of financial resources directed to governance initiatives.

### Does Aid Given by Donors Actually Work?

It is, of course, very difficult to estimate what poverty alleviation return donors can expect for every dollar spent, as with any investment there are many variables to consider. Over the last twenty years in Bangladesh, infant mortality the population below the poverty line has decreased. The problem is determining how much these social indicators should have improved given the amount of aid money that has been



spent on Bangladesh. Few donors express expected outcomes in terms of a percentage decrease in poverty levels and, unfortunately, aid does not necessarily directly benefit the sector where it is supposed to, which makes assessing the true value of aid difficult. If aid was fungible then the benefit of aid is simply the collective benefit of all aid projects. However, \$1 million of aid spent on education does not mean that the recipient country will spend one million more dollars than it would otherwise have on education. It is more likely that they will reallocate their expenditure so in fact at the very least only \$1 million, the donors' \$1 million, may be spent on education. Normally, it is somewhere between this minimum and what the donor gives plus what they would have normally spent. In good policy environments donors are more confident that budget assistance will be spent appropriately but where they are not confident, the World Bank suggests, the best tactic is to increase support for policy dialogue and institution building and decrease funding<sup>79</sup>.

If aid is supposed to be an investment in a country to help it develop, then a certain expected return on the money spent should be a clear goal for the investors, the donors. However, as already explained, the motivations of those investing are complicated and cannot be simplified to assume that donors will only give aid where they are in some way certain that they will see a return on their investment or will seek out investments that are likely to give a greater return. Recent research by the World Bank, published in its report *Assessing Aid*<sup>80</sup>, proposes that financial aid works in a good policy environment and that with good country management 1% of GNP translates into 1% decline in poverty and a similar decline in infant mortality. Consequently, in a weak policy environment the impact of aid will be less. The premise also suggests that countries which have already made significant successful attempts at reforming their policies and institutions will be more likely to alleviate poverty since large amounts of foreign aid will not reduce poverty in countries that have weak management. Ownership and the level of effort, resources and commitment a country makes themselves towards development will impact on aid effectiveness. The author's analysis concludes that providing an additional \$10 billion in aid to countries with good policy environments would likely result in 25 million people moving above the poverty line whereas if \$10 billion was given to countries across the board, and therefore not taking into account whether they had a good or bad policy environment, then only 7 million people would move out of poverty.



Although, donors have a responsibility to ensure that their policies and assistance do not create greater problems, governance or otherwise, than already exist in a developing country their actions are not always seen as responsible. The World Bank<sup>81</sup> suggests that donors have taken the reserve position in countries of poor management, by focussing on their core programme of projects rather than attempting to impact on systemic change. Therefore, making aid more effective in reducing poverty requires: that financial aid is targeted to low income countries with sound management; policy based aid should be provided to nurture policy reform in credible reformers; the mix of aid activities should be tailored to country and sector conditions; projects need to focus on transmitting knowledge and capacity; and aid agencies need to find alternative approaches to helping highly distorted countries.

Knack<sup>82</sup>, in comparison, suggests that a larger proportion of the aid could be targeted at improving governance; donors could be more selective and target their aid to countries which take specific steps to reduce corruption while improving accountability, implementing merit based recruitment and promotion in the public service; aid should be given in the form of direct budgetary support to allow recipient countries to build their own capacity and capability; donors should identify ways to depoliticise the distribution of rents from aid funds; and lastly, there should be greater effort to strengthening civil society and its links to government. All of these suggestions require a commitment and will from donors to think twice about the level and direction of aid given to developing countries, recipient countries' own will and commitment to reform and to take responsibility for strategies and their own political and strategic agendas.

## Summary

The governance situation in Dhaka could be improved with the demonstration of political will and commitment by different sectors of society. Miszlivetz<sup>83</sup> states:

*[A] starting premise needs to be the recognition that the State is potentially, and in the most objective reality, the most important actor in both improving development and building democracy and that civil society, can, at best, ensure that such a role is played transparently, with accountability and in a socially enabling manner. Civil society certainly cannot sustainably supplant or substitute the State.*

The Government of Bangladesh's own inaction is one of the reasons why donors and NGOs are currently in the position of owning poverty alleviation. Aid dependence could also decrease if the Government of Bangladesh increased its capacity to generate revenue surpluses. A more pro-active, wide reaching and concerted attempt by government to change the governance structure to create a good policy environment and opportunities for growth would show that they are serious about poverty alleviation.

However, other sectors must also take some responsibility. While development programmes are undermined through activities such as rent seeking and a lack of accountability in the public sector at both higher and lower levels, other members of civil society are also partaking in the present system of corruption and poor governance, either as collectors or payers of rent, and therefore must take some responsibility for the lack of poverty alleviation. The same can be said for donors who can demonstrate their own will and commitment to a recipient country by acknowledging the impact of their own agendas and by reducing the level of aid funded projects in countries who have poor policy environments and have not shown a real commitment to improvements. The United States in particular dominates much of development policy and practice. Its position as an economic and political superpower allows it to influence organisations such as the World Bank, to its own advantage rather than for the benefit of the poor and developing countries. While there has been recognition of the importance of social

factors to development it appears that economic factors still continue to drive much of the direction of donors.

The challenge becomes finding incentives<sup>84</sup> for government, civil society and donors to change some of their current behaviour and attitudes if they are not prepared to begin the process of that change themselves. Wood and Davis<sup>85</sup> suggest then that there is a need to re-think the cost-benefit calculation of official actors and their supporters so that the cost of obtaining their 'benefits' is higher than the benefits themselves, such as public shaming for corrupt behaviour. Rewards systems (increased salaries etc.) are discounted as a likely incentive since it does not lead to improved competence, improved accountability or strategies aimed at the privatisation of government provided services since in Bangladesh the private sector is a replica of the current societal structures. They conclude there is a need to distinguish between those that have a vested interest in poor governance as opposed to those that have a vested interest in good governance, and to establish partnerships and coalitions among the latter. The poor can change their cost-benefit calculation if they can increase their 'voice' and create larger-scale solidarity. This again takes us back to earlier arguments surrounding mobilisation and partnerships.

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<sup>1</sup> Wood and Davis, 1998

<sup>2</sup> Luckman *et al*: 2000: 33

<sup>3</sup> Goudie, 1998

<sup>4</sup> Hamid and Huq, 1999: 30

<sup>5</sup> The relevant Articles in the Constitution are noted in Appendix 5

<sup>6</sup> UNESCAP, 2000

<sup>7</sup> UNESCAP, 2000

<sup>8</sup> Appendix 6 shows the sources of revenue for DCC.

<sup>9</sup> Hamid and Huq, 1999: 31 and DCC sources

<sup>10</sup> Amounts are not available for years 1992/93 to 1994/95. It is unknown what proportion of these amounts can be attributed to government or foreign projects although a calculation of the current projects with Dhaka components, involving DCC and others government agencies, in Appendix 4 show that approximately 25% of the project funding is contributed by the Government and the rest by foreign donors in the form of loans, technical assistance or grants. It can be assumed then that a similar proportion most likely applies to DCC figures here. It is unknown if the substantial increase from year 1998/99 is from donors or the government.

<sup>11</sup> The amount of the grant is based on population rather than the area of the municipality which creates urban pressure and a demand for increased urban services.

<sup>12</sup> UNESCAP, 2000

<sup>13</sup> Islam and Khan, 1996

<sup>14</sup> Hamid and Huq, 1999

<sup>15</sup> UNESCAP, 2000

<sup>16</sup> ADB, 2000: 6-28

<sup>17</sup> The Independent, 18/09/00

<sup>18</sup> Note that this amount is not owed to DCC alone but to all government and semi-government agencies and departments.

<sup>19</sup> Personal conversation, 25 November 2000

<sup>20</sup> Appendix 6 lists the amounts spent in each category.

<sup>21</sup> Hamid and Huq, 1999

<sup>22</sup> Hamid and Huq, 1999: 31 and DCC sources

<sup>23</sup> Loan repayments have been included in these figures

<sup>24</sup> Figures are not available for years 92/93 to 94/95

<sup>25</sup> UNESCAP, 2000

<sup>26</sup> Bately, 1993

<sup>27</sup> Hamid and Huq, 1999

<sup>28</sup> Other members include eight MPs as well as the holders of the following positions: Chairman, RAJUK; Chairman, WDB; Chairman, Telegraph and Telephone Board; Chief Engineer, Public Works Department; Chairman, DESA; Commissioner, Dhaka Metropolitan Police; Chairman, Bangladesh Road Transport Authority; Chief Engineer, Public Health Department; Managing Director, DWASA; Director General, Department of Environment; Director General, Social Welfare; Deputy Commissioner, Dhaka; Managing Director, Titas Gas Ltd; Civil Surgeon, Dhaka District.

<sup>29</sup> See Hamid and Huq, 1999

<sup>30</sup> Personal conversation, 31 October 2000

<sup>31</sup> ADB, 2000

<sup>32</sup> ADB, 2000a

<sup>33</sup> See the reference to local waste management initiatives made in the previous chapter.

<sup>34</sup> UNESCAP, 2000

<sup>35</sup> The DCC has 8 standing committees to deal with finance and establishment, education; health, family planning, sanitation and drainage; town planning and improvement; audit and accounts; works and buildings; water and electricity; and social welfare and community centres.

<sup>36</sup> Siddiqui *et al*, 2000

<sup>37</sup> BRAC and BCAS, 1998

<sup>38</sup> Ahmed, 1995

<sup>39</sup> Crook and Sverrisson, 1999

<sup>40</sup> Siddiqui *et al*, 2000: 54

<sup>41</sup> Personal conversations, 9 November 2000 and 27 November 2000

<sup>42</sup> Siddiqui *et al*, 2000

<sup>43</sup> There are reportedly nearly four million rickshaws in the city although less than 100,000 have the correct legal documentation

<sup>44</sup> Siddiqui *et al*, 2000

<sup>45</sup> Daily Star: December 18, 1999

<sup>46</sup> Crook and Manor, 1994 cited in Crook and Sverrisson, 1999

<sup>47</sup> Crook and Sverrisson, 1999: 28

<sup>48</sup> Personal conversation, 3 November 2000

<sup>49</sup> Wood, 2000: 221

<sup>50</sup> Wood, 2000: 221

<sup>51</sup> The new intermediary class can largely be defined as non-capital owning, and middle class by profession, salary status or as a result of being entrepreneurs or mastaans. Some NGOs may also be classed as intermediaries.

<sup>52</sup> Siddiqui *et al*, 2000

<sup>53</sup> Government's interest in civil society organisations is legitimate in ensuring 1) NGOs are engaged in activities which warrant their special treatment i.e. being non-taxable, having import duties waived; 2) NGOs are accountable for the resources they use; 3) NGOs coordinate their activities with government programmes; and 4) that NGO do not negatively impact government organisations i.e. key staff move to NGOs for better pay, opportunities for travel or due to a loss of motivation by government employees. See Turner and Hulme, 1997.

<sup>54</sup> The tax regime which is applied to commercial businesses does not apply to registered NGOs who are exempt from paying taxes or the same rate of taxes in particular circumstances.

<sup>55</sup> White, 1999

<sup>56</sup> Van Rooy, 1998

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- <sup>57</sup> Hashemi, 1996: 125
- <sup>58</sup> World Bank, 2001
- <sup>59</sup> Edwards, 1999
- <sup>60</sup> Often local elite also hold positions in government.
- <sup>61</sup> Davis and McGregor, 2000: 58
- <sup>62</sup> Personal conversation, 20 November 2000
- <sup>63</sup> Knack, 2000
- <sup>64</sup> See Appendix 3. Multilateral banks provide 50% of all net ODA. Japan is the largest bilateral donor with 14% of the total net ODA.
- <sup>65</sup> World Bank, 2001
- <sup>66</sup> USAID, 2000: 1
- <sup>67</sup> USAID, 2000: 4
- <sup>68</sup> World Bank, 2000d
- <sup>69</sup> Moore, 1999b
- <sup>70</sup> Schmitz, 1995
- <sup>71</sup> Sobhan, 1998: 8
- <sup>72</sup> Wood, 1997
- <sup>73</sup> Van Rooy, 1998: 161
- <sup>74</sup> Moore, 1999c
- <sup>75</sup> Van Rooy, 1998
- <sup>76</sup> Schmitz, 1995
- <sup>77</sup> OECD, 2001
- <sup>78</sup> Wood, N, 2000
- <sup>79</sup> World Bank, 1998
- <sup>80</sup> World Bank, 1998b
- <sup>81</sup> World Bank, 1998b: 25
- <sup>82</sup> Knack, 2000
- <sup>83</sup> Miszlivetz cited in Van Rooy, 1995: 202
- <sup>84</sup> Incentives normally identified are merit based recruitment, clearly outlined duties, rewarding good performance and insulation from excessive political pressure together with a capable workforce. However, these rely on the government to reform the public sector.
- <sup>85</sup> Wood and Davis, 1998: 7





## Conclusion

The good governance agenda appears to have taken on a life of its own since the World Bank first proposed, in 1989, that poor governance was a major contributor to the failure of the structural adjustment programmes in Africa. By including good governance as a factor in the poverty alleviation equation there was a direct acknowledgement by donors that economic growth was not the only factor influencing poverty reduction.

However, the good governance agenda has many critics. The initial problem is in defining the term. 'Good governance' has grown to become a nebulous group of factors said to influence economic growth and therefore also influence the level of poverty. While characteristics often quoted include accountability, transparency, participation and predictability, multilateral donors have limited governance to administrative functions whereas academics continue to stress the political nature of governance. Bilateral donors, generally, tend to lie somewhere between the two, although a notable difference is the importance they give to democratic political systems.

There is a lack of empirical evidence linking good governance to democracy and decentralisation. Even though these elements of good governance are pursued vigorously by supporters of the agenda, research showing a positive relationship is limited. Varshney<sup>1</sup> and Leftwich<sup>2</sup> both show that democratic regimes do not necessarily result in poverty alleviation or pro-poor policy agendas. Rather it is the attitude of the state to poverty alleviation that makes a difference. Concerns also arise with decentralisation since support for decentralisation is based on the premise that it will lead to greater participation by community members and a wider distribution of power and authority. However, decentralisation may actually lead to increased opportunities for the government to maintain control or build support at a local level as opposed to increasing opportunities for participation by the poor.

The universal notion of 'good' implied by 'good governance' is also criticised since it is defined in terms of Western historical and cultural references and values, but is a notion

which is placed on developing countries who have different cultural values and norms. While there is a call by citizens and governments of developing countries to develop personalised concepts of good governance, taking into account their own historical and social context, there appears to be little work done in this area. Aid with good governance conditions has meant that developing countries who want to access foreign funding must agree to implement governance related reforms which are defined by donors. Conditionality also implies that donors know what is best. In countries where there are high levels of aid dependency there is little room to avoid donor driven agendas. As such there are corresponding criticisms of donors encroaching on the sovereignty of developing countries.

The good governance agenda has reflected civil society's role to provide a check and balance for governments. However, simplification of seeing civil society as an alternative to government or a more effective and efficient deliverer of some public services has failed to acknowledge the limitations of civil society including their financial dependency on donors, the state of their own governance, and the fact that they are not an elected body which can be held accountable by citizens. Donor funding has in some ways exacerbated the governance problems in developing countries by increasing the dependency of civil society and governments on foreign aid since aid is a means of income and status. By drawing attention to the negative affect that poor governance has in developing countries they have also, perhaps unwittingly, drawn people's attention to their own state of governance. Developing countries and academics have been quick to point out concerns such as donors' own effectiveness, efficiency, transparency and participation.

Overall, there does not appear to be any consensus on what good governance is and whether or not it actually leads to poverty alleviation although these issues do not seem to have deterred donors from poverty reduction strategies with strong governance components.

More recently there has been a growing interest in urban governance, focussing on governance in particular contexts. Spurred on by a growing realisation of the importance of cities, based on rapidly increasing population numbers and a recognition of the increasing economic importance of cities, donors and academics have increased

their focus on urban centres. Defining urban governance, however, has not been any easier than attempts to define good governance. Definitions have tended to follow those outlined previously with regard to good governance, with donors describing urban governance in administrative and managerial terms, emphasising urban management, performance issues and the government's role as an 'enabler' for other service providers, while academics, such as Porio<sup>3</sup> and Mitlin<sup>4</sup>, describe urban governance as the actors and relationships within an urban area, stressing the importance of power, interests and the rules and norms which mediate relationships. For academics, urban governance takes a closer look at the alliances and coalitions that are formed between various actors at the city level and concentrates on describing the current situation rather than reforming the current situation as is suggested by the term good governance or the donor's definition of urban governance. Given these distinctions it is more appropriate to refer to the donor's concept of urban governance as being good governance in an urban setting.

Within Dhaka, Bangladesh's capital city and the key economic, political and social centre, it is the actors, their actions and interactions, which demonstrate the difficulties in changing the governance situation. The present poor governance situation of the city is reflective of the national governance situation. With an ever-growing population, presently at 10 million, of which almost half are considered to be below the poverty line, together with a severe lack of capability and capacity to provide necessary infrastructure and deliver basic urban services, the forecast for the future of the city is gloomy. The income gap between the rich and the poor is widening. Pollution is made worse by the growing number of highly polluting two-stroke engine 'baby' taxis which are bought to the city without proper authorisation. Water, gas and electricity networks are tapped into illegally and resources stolen, aggravating local government agencies' ability to provide these services to a wider proportion of the population. Many residents in the city regard the law and order situation to be deteriorating since the police appear to be more often involved in accepting bribes than in the enforcement of the law. Political violence between supporters of the key political parties is common. The highly political nature of society in Dhaka has seen well-connected elites, with strong ties to commercial and political interests, maintain their power through systems of corruption, rent-seeking and patron-client relationships and the use of public assets. The most prosperous of the elite are those that have managed to maintain their influence

and wealth through successive regimes and use the bureaucracy, trade unions and mastaans to extend political control and influence, even though these groups may themselves resist and restrict change.

The dynamic nature of relationships in the urban centre, as well as the fact that it is home to the central government, adds an increased number of complicated dimensions to the governance problem. Rather than it simply being a contest for power and wealth between the rich and the poor or government and non-government, divisions of these categories come together or move apart depending on what is most beneficial to them personally. De Alcantara<sup>5</sup> and Moore<sup>6</sup> both warn of conclusions that develop on the assumption of the polarisation of one group against another, that a strong civil society requires a weak state or that the poor are a homogeneous group with the same agenda. This makes finding solutions even more difficult as local development practitioners try to appropriately analyse the levels of interest and influence in groups and sub-groups and their shifting allegiances.

Unfortunately, Dhaka does not seem to be able to extricate itself from the nationwide poor governance situation, to create a pocket of good governance, since the central government maintains such pervasive control over local governance and key organisations responsible for managing the city through legal, financial and operational means. While this is not to negate the small pockets within government and civil society, which may be seen as pro-poor and anti-poor governance, e.g. the Supreme Court and to some extent the print media, the level of support for good governance seems significantly outweighed by opposing forces. Appropriately, in the case of Dhaka, Bately<sup>7</sup> asks "whether planning and urban management, as a part of the official process of decision making, can do more than reflect the existing balance of political interests". It would seem that if a large proportion of the population is poor they should be able to put pressure on the government, to a greater degree than poor in developed countries where the wealthy are a higher percentage of the population<sup>8</sup>. Remarkably, it is possible in Dhaka, and Bangladesh as a whole, for governments to more or less ignore the needs and wants of 50% of the population. Therefore, there has not been any real commitment to pro-poor policy developments. One interviewee commented<sup>9</sup> "The government knows what it wants to do, it just does not know how to do it. It doesn't know how to take on the system. Vested interests straight-jacket them. If there was a

way of compensating the losers maybe there is a chance of moving forwards". Importantly, though it is a system that the government has helped strengthen so they can hardly abdicate responsibility for their inaction. It is within this environment that donors and civil society are trying to reform the governance situation.

Bilateral donors and multilateral donors are both trying to improve urban governance in Dhaka. However, donor initiatives directed towards government structures and institutions are limited in what they can achieve since the highest power holders, at a national and local level, set the context for change, and there has been little evidence that these power holders promote development through positive actions. Multilateral agencies, such as the World Bank, are bound by their charters not to interfere in the political situation in a recipient country and therefore cannot direct their attention to the actual people that command and hold the power. While many would argue that the Bank's actions are highly political, in the majority of cases the Bank attempts to influence the situation through secondary means such as capacity building rather than directly taking on city leaders. Although, the World Bank can and has withdrawn financial support in some situations it appears to do this as a last resort, perhaps ensuring that the threat of withdrawal has less impact since considerable resources, based on unfulfilled promises and little action, have often already been given. Bilateral donors also face limitations since they do not want to offend recipient countries and damage international relations. In attempting to deflect any associated pressure from themselves they are directing more aid through multilateral agencies that, as noted, have limited influence themselves because of their persistence to maintain funding despite poor results.

Leftwich<sup>10</sup> reaches the conclusion that governance, as a condition of development, is "virtuous but naïve" given that an efficient and effective administration is not the result of governance projects, such as institution building, but is the result of politics. New strategies, such as those being developed by USAID's Democracy and Governance team in Dhaka, aimed at the national policy level, and the World Bank's urban strategy for Bangladesh, are attempting to address the political issues which have acted as constraints to the level of success achievable in earlier programmes. However, a key question remains - what level of success will be possible if the same donors, who are currently unable to instil pro-poor attitudes and actions in the government, are



proposing these? One consideration is that their ability to influence may diminish as their agenda becomes openly more political. Further accusations of encroaching on Bangladesh's sovereignty and donor led policy directions can be expected.

The development of civil society has been, and continues to be, keenly publicized as the strongest opportunity to exert pressure for change within Dhaka, yet there are also limitations in civil society's capability. Those in power set the national context in which civil society operates and the Government of Bangladesh has placed controls on NGOs activities, with those NGOs based in the capital possibly come under much greater scrutiny than those situated on the peripheries of the country. NGOs themselves have established self-monitoring to avoid angering the powerful by largely staying away from advocacy areas, although there has been some move back to advocacy strategies in the last couple of years. Largely staffed by the upper and middle classes, NGOs are careful not to overstep the mark in order to steer clear of deregistration which would mean foreign funds were no longer available to them.

Criticisms of financial dependency, legitimacy, accountability, transparency, participation by the poor and their proximity to political parties are common. While donors are advocating the benefits of using civil society organisations for development, on one level to circumvent the poor governance of governments, they also have to deal with concerns about the governance of the non-government sector. Unfortunately, civil society organisations are in some ways simply replicas of donors' thoughts and structures and hence also develop similar problems and limitations to them. The greatest shortcoming of civil society organisations, however, is their lack of legal accountability. Through the provision of services NGOs are creating a 'franchise state'<sup>11</sup> but an institution that cannot be held accountable by citizens.

The activities undertaken by NGOs in Dhaka have led to some small successes but have not reached the level of impact that would have been possible if political will and commitment, at both the central and local levels, was present. A lasting and consistent approach to the city's poor is absent with both central and local governments seemingly changing their policy at whim depending on which individual or group has the Prime Minister's 'ear' at the time. Therefore, organisations such as the Coalition for the



Urban Poor are largely ineffective in their lobbying and advocacy attempts since supporters for their cause frequently sway to become the opposition.

Given the limitations of donors and civil society organisations, and their strategies, what incentives are there for those at the top of the power hierarchy to change? The World Bank<sup>12</sup> suggests the following situations may lead to change:

1. *Economic/political crisis may stimulate leaders to pursue far-reaching reforms in order to re-establish their hold on office. On the other hand if regime fears its tenure is about to end, a final wave of rent seeking actions may ensue;*
2. *A new government which succeeds a notoriously corrupt government has both an incentive and an opportunity to fight corruption as a means of differentiating itself from the previous administration;*
3. *Increased democratization that leads to a larger number of independent government decision makers creates greater potential for officials to hold each other accountable*

The issue of democracy and its tenuous links to poverty alleviation have already been discussed. With regard to the first suggestion, no donor wants to see economic or political crises within developing countries that they support, and many pursue programmes, such as election monitoring, to ensure some stability. It is unlikely that donors would let a situation deteriorate to this level if it were avoidable. From an historical perspective, crisis-type events in Bangladesh's political history have not necessarily resulted in positive reforms and outcomes. With regard to point two, the two major political parties in Bangladesh, both of which have been in power in the last twenty years either under military regimes or under a democratic system, have been involved in corrupt activities and have established their own rent-seeking and power increasing opportunities. Although, the previous BNP government was accused of corrupt practices the current Awami League also has accusations against it. There is nothing to indicate that who ever may come to power in 2001 will radically change their behaviour or that anti-corruption is a campaign strategy for key opposition parties.

If political leaders of developing countries are unwilling to reform their patterns of governance and move it more rapidly towards the good governance line it may take generations for the civil society, the educated masses, the middle class or whoever may be able to exert the greatest influence, to build to a strong enough position to change the status quo. It is unrealistic to think that the political culture of a country can be changed within a decade. It is because of the present political culture that the elite and those in power can ignore the poor. While the poor are not inactive players in this game, as they have their own agenda and goals, it could be because of the poor's own short-term goals, to survive day to day, that leads to their manipulation by elected power holders who in turn have their own short term aims. It may take considerably longer for power holders to recognise the long-term citywide benefits of a particular strategy, to create incentives that equalise power, to determine how a strategy may be effectively implemented, to gain enough public or political support and, finally, implement it. In the same light, it may take just as long for the poor to think longer than a day-to-day existence and to stop being 'prisoners' in the current system.

The World Bank has recently suggested that aid is better spent on countries, and therefore also cities, which have good policy environments. Similar to the belief that good governance is needed to achieve successful development, the new emphasis proposes that a good policy environment is needed for successful development. The two issues, good governance and good policy environments, are very closely linked yet the missing factor which remains is the outright acknowledgement that political will and commitment are needed to create both and that culture can act as a constrainer or initiator of change. Perhaps this lack of acknowledgement comes from donor's reluctance to damage international relations, or to, so obviously, step outside the boundaries to their charters, in the case of multilateral donors, or to have to openly acknowledge their own motivations, which may not necessarily be beneficial to recipient countries. This reluctance then puts donors in a position where they continue to fund programmes and projects which will not improve the governance situation and, according to their assumption that good governance is needed for good development, will also not alleviate poverty. Donor's own political will and commitment to poverty alleviation is therefore questionable since the continuation of funding in poor policy and governance environments may be seen as irresponsible.

This situation is perhaps exacerbated by donor impatience to improve the state of cities in the developing world. However, donor's impatience is understandable, from a humanitarian perspective the quicker people can move out of poverty the better, and from a financial perspective the quicker their own financial burden will ease. Wood<sup>13</sup> puts forward that it is more realistic to expect some movement towards an ideal rather than a wholesale change from a dysfunctional system to a functional one. There is no 'big bang' scenario for Dhaka, which will miraculously solve the urban governance problems in the city, but rather a series of small steps over time may allow opportunities for greater change. Development practitioners may have to settle for achieving less over a longer period. While achieving less may be a more realistic aim, it should not be less because resources are wasted on strategies which are unlikely to work but rather less because there is a conscious decision to stop 'forcing' reform and to invest aid only in situations which are likely to generate a notable reduction in poverty levels.

If donors can find the will and commitment to act in the best intentions of cities, like Dhaka, they may then have the ability to generate some movement towards greater levels of will and commitment from governments and civil society, although it still needs to be determined how this will be achieved - through dialogue or punitive measures. Previous experience in Dhaka should already give donors a good indication that dialogue is unlikely to work. Discussions with elected government representatives, government officials and civil society, focussing on the benefits of good governance and how to achieve good governance, has not generated a situation where it is possible to see that urban governance is improving. Rather than repeatedly attempting dialogue, which has already given some the impression that donors are unlikely to take punitive measures if promises (but not necessarily action) are made, stronger measures are necessary.

Firstly, donors could withdraw funding based on the premise that if actions by governments and civil society are taken in a serious attempt to alleviate poverty, given that this is the outcome desired rather than just achieving good governance, funding will gradually be reallocated. Secondly, donors could let developing countries find solutions at their own pace rather than trying to 'speed up' development<sup>14</sup>. As shown, throwing money at developing countries will not assist more rapid change to take place. This approach may allow developing countries to create a system of governance and poverty

alleviation policies and practices which are home-grown, rather than donor-directed, which meets their needs and reflects their cultural values and norms.

So where does this leave the good governance agenda? Without political will and commitment by all, the good governance agenda can be considered to have reached an impasse in Dhaka. Marked improvements to the governance situation are limited in the foreseeable future unless donors, the government and civil society change their behaviour. If donors are serious about achieving good governance they need to lead by example, just as governments do with regard to their citizens. And members of civil society can provide an example to other citizens. Given the recognition that the behaviours presently influencing actions have been built on historical cultural norms and values and are well entrenched, changing them requires a long-term outlook, but one that should be based on establishing governance which is pro-development and acknowledges local capabilities and orientations as much as donor expectations

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<sup>1</sup> Varshney, 1999

<sup>2</sup> Leftwich, 1993

<sup>3</sup> Porio, 1997: 2 in Devas, 1999: 25

<sup>4</sup> Mitlin, 1999: 2

<sup>5</sup> De Alcantara, 1998

<sup>6</sup> Moore, 1999c

<sup>7</sup> Batley, 1993: 176

<sup>8</sup> Varshney, 1999: 3

<sup>9</sup> Personal conversation, 4 December 2000

<sup>10</sup> Leftwich, 1993: 620

<sup>11</sup> Wood, 1997

<sup>12</sup> World Bank, 2000b: 113

<sup>13</sup> Wood, 2000

<sup>14</sup> Developed countries have been able to find solutions to their own problems at a pace, which may be regarded as a more natural progression.

## Appendices

1. Bangladesh – Historical Overview
2. The Rickshaw Business
3. Constitution of Bangladesh – Local Government
4. Bangladesh – Foreign Funding
5. Projects in Dhaka
6. DCC Revenue and Expenditure

## 1. Bangladesh

Bangladesh, as a country of only 147,000 square kilometres and over 120 million people, is one of the most densely populated countries in the world. Geographically, the country is divided by the Ganges-Brahmaputra delta, these rivers emptying into the Bay of Bengal in the south. The delta comprises 90% of the land in Bangladesh and while this makes the soil very fertile it also means that the area is subject to frequent flooding and erosion during the monsoon and cyclone seasons, events which regularly displace large numbers of people.

Bangladesh's expected rate of annual urban growth to 2015 is 5.4%, notably higher to the South Asian average of 3.6% and more than double that of India and Sri Lanka. While urbanization in Bangladesh is still relatively low at less than 30%, the absolute size of the urban population is substantial. From a base of 24 million people in 1996, equaling almost 20% of the total population, the urban population is expected to reach 50 million by 2010 and nearly 80 million by 2020<sup>1</sup>. The two largest urban centres, Dhaka and Chittagong, will continue to be the dominant cities in next 25 years. It is interesting to note, however, that most of the population increase is expected to occur outside of the four main centres of Dhaka, Chittagong, Khulna or Rajshahi. Rather, it will be the merging of nearby urban centres. It is estimated that the number of centres with over half million in population will increase from four in 1991 to ten in 2006 and centres over 250,000 from five in 1991 to twenty-five in 2006<sup>2</sup>.

### *History*

Bangladesh is a relatively new country having only gained independence in 1971. For centuries Hindu, Buddhist, Mughal and Muslim rulers have controlled some part of modern day Bangladesh, the earliest mention of the Bengal region being in the 9<sup>th</sup> century BC in the Hindu classic *Mahabharata*. More recently the country has been under the rule of Britain and Pakistan. Prior to Mughal rule two types of self-

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<sup>1</sup> These projections are based on the assumption of an average annual growth rate of 6.4% up to 2000, 5.3% between 2000-2010 and 4.3% thereafter.



government institutions were established, the headman and *Panchayats*. The former was from the most dominant family in the village, rather than an elected official, and all political and administrative matters between villagers and authorities were made through him/her<sup>3</sup>, whereas the *Panchayat* was an elected group with executive and judicial powers. Often the former controlled the latter. During Mughal rule the *Panchayat* system disappeared and a top-down hierarchical administrative system of *Mohallas* or wards was created in each town, aimed at extending central control. Officials included an appointed spokesman for each *Mohalla*, a chief executive officer for each town responsible for magisterial, police, fiscal and municipal matters, a judicial officer and a person to prevent illegal activities<sup>4</sup>.

Growth in sea trade saw the first Europeans (the Portuguese, Dutch, French and British) become established in the area during the fifteenth century and in 1600 Queen Elizabeth I granted the East India Company a royal charter, giving them a monopoly over British trade with India. The dominance of Britain increased as the East India Company established Calcutta as a centre of trade and commerce in the Bengal region and through a number of battles the British became the de facto rulers governing the region through compliant nawabs (rulers). This led to the start of the British governments intervention in India, until finally, in 1857, they took over control of India from the East India Company. The British introduced their educational, administrative and judicial systems into the Bengal region along with the English language and agricultural policies. Religious differences were heightened as the Hindus cooperated with the British, learning their language and systems, while the Muslims did not<sup>5</sup>. The local government systems established by the British were aimed at achieving two objectives: maximising land revenue collection and maintaining law and order. The British had little comprehension of the then current local systems and over time, by way of various acts, established a municipal system of elected representatives but indirectly<sup>6</sup> elected Chairmen and Vice-Chairmen with the power to levy rates and taxes, although government and local officials maintained significant powers to inspect, supervise and

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<sup>2</sup> Population estimations sourced from ADB, 2000 and ADB, 2000a.

<sup>3</sup> This was usually a male but not always.

<sup>4</sup> UNESCAP, 2000

<sup>5</sup> Virtual Bangladesh, 2001

<sup>6</sup> The Chairman and Vice-Chairmen were elected from the representatives only and not from the greater population.

control municipalities<sup>7</sup>. Laking<sup>8</sup> notes that the British operated a form of decentralisation aimed at continuing their rule. Local bodies were hindered by bureaucratic control and limited financial powers and did not have the ability to make plans or decisions regarding their own development.

At the beginning of the twentieth century, the British Raj moved its capital to Delhi and while Calcutta remained an important commercial, political and cultural centre the rest of Bengal was neglected. The late 19<sup>th</sup> and early 20<sup>th</sup> centuries saw increasing pressure from Muslim and Hindu leaders for independence from the British. The Indian National Congress played an important role in the independence movement aiming to achieve self-government for India within the British Empire. The dominance of Hindus in the Congress, however, led to the establishment of the All-India Muslim League in 1906. Despite having the same goals, the two groups were unable to agree on a model that would ensure protection of religious, economic and political rights and over time lead to increasing conflict. The concept of a separate Muslim state emerged in the 1930s and gained popularity as a solution. After the Second World War, the British came under increasing international pressure to reduce its empire, granting India independence would help achieve this. Independence finally came in 1947 after a long struggle, which was intensified in Bengal due to the religious differences. Lord Mountbatten, the viceroy of India, saw no option except partition since the Congress Party and the Muslim League could not agree on a framework. East and West Pakistan were created as one country but were separated by 1600 kilometres of Indian territory. The two Pakistans had little in common apart from religion.

West Pakistan dominated civilian administration and military life in East Pakistan, controlling revenues (including foreign aid) which it directed mainly to the West even though East Pakistan was more populous and produced the majority of crops. The provincial government of East Pakistan did make some changes to the local government system during this time, although these largely resembled the previous British system of union councils and municipal committees. The inequality between East and West was exacerbated by the fact that many of the Hindus experienced in the administrative service departed for India at this time leaving vacancies to be filled by trained West

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<sup>7</sup> UNESCAP, 2000

<sup>8</sup> Laking, 2001

Pakistanis rather than local Muslims. This situation, however, led to the increasing rise of Bengali nationalism, spurred on further by West Pakistan's announcement that only Urdu was to be spoken, a language few Bengali's understood. The Bangla Language Movement thus became a symbolism of the independence movement. Continual conflicts resulted in the end of democracy and martial law between 1958 and 1962 and again between 1969 and 1971. In 1959 the Basic Democracies Order led to the first four-tier (union council, *thana* council, district council and divisional council) local government structure being established. The system made use of patronage and clientelism and local elites to legitimise military rule. It was during this time that the Awami League, led by Sheikh Mujib Rahman, developed and strengthened until in 1971 the party won the majority of seats in the national elections.

The Awami League should have, legally, formed the government for all of Pakistan but the election outcome was unacceptable to West Pakistan. Riots and strikes broke out in East Pakistan and troops burnt villages, looted shops and killed civilians. At a rally on 25 March 1971, Sheikh Mujib stopped short of declaring Bangladesh<sup>9</sup> independent but was arrested and jailed in West Pakistan. In response, Ziaur Rahman, leader of the Bangladesh Freedom Fighters (*Mukti Bahini*) announced the birth of Bangladesh and called for people to resist the Pakistani army. This led to the start of the war between the army and *Mukti Bahini* and other nationalists which continued till the end of the year during which time ten million people fled to India and three million were killed. Pakistan attacked Indian troops near the border at the beginning of December resulting in India's direct involvement in the war<sup>10</sup>. Indian troops crossed the border and liberated Jessore on 7 December 1971 and the Pakistani army surrendered on 16 December. Mujib Rahman took over the leadership when he was released from jail<sup>11</sup>.

The Constitution was established based on nationalism, secularism, socialism and democracy and even though Mujib Rahman's popularity resulted in a win in the 1973 parliamentary elections he was not able to greatly improve the economic situation of the Bengali people. The situation was compounded because of famine in 1973-74, leading to Mujib Rahman declaring a state of emergency, amending the Constitution to limit the

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<sup>9</sup> Bangladesh means land of the Bangla speakers.

<sup>10</sup> Although India had been training and equipping the Freedom Fighters

<sup>11</sup> Virtual Bangladesh, 2001

powers of the legislature and judicial branch, establishing himself as President and a one-party system. Mujib Rahman did make some reforms to local government during this time although Awami League leaders were not supportive of democratising local government and the reforms did not seek to provide or build institutional capacity or financial independence. Once the one-party system was established, and the 1975 District Administration Act passed to see district administration councils composed of MPs and district officials from civil and law enforcement agencies, his main aim was to consolidate the party's power and strength at the peripheries through patronage ties. Overall, political reforms were slow, corruption by politicians and their relatives increasing, and in August 1975 military personnel assassinated Mujib Rahman<sup>12</sup>.

Eventually, the Army Chief of Staff General Ziaur Rahman, the former leader of the Freedom Fighters, took on the role of Chief Martial Law Administrator and finally became President in 1977. Zia (as Rahman is more commonly referred to as) and his Bangladesh National Party won the 1978 elections and democracy was once again established in Bangladesh. During his rule the economy strengthened, partly on account of the amount of foreign assistance coming into the country. However, in 1981 he was assassinated and Justice Abdul Sattar was appointed President since there was no obvious successor. His position was confirmed in a general election when he won 66% of the votes. Zia restructured the local government system into union parishad (council), thana parishad, zila parishad and gram sarkars with a mix of elected, official and nominated members but still dominated by the Chairman. While the representation on these councils did increase in its breadth to include a wider range of community members, central government continued to exercise control and supervision through the union parishad.

However, a military coup in 1982 led by General Hossain Mohammad Ershad once again saw a change in leadership, the seventh since independence eleven years earlier. Ershad established his own political party, the Jatiya Party, martial law was returned and while he guaranteed that local body elections would be held within two years they never were. National elections were held in 1988 although many political parties refused to participate making Ershad's easy victory a farce. Once again changes were

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<sup>12</sup> UNESCAP, 2000

made to the local government system by way of a number of Ordinances and Acts and decentralisation was made to the upazila level<sup>13</sup>. During this time the economy did improve although other political parties and the people were increasingly dissatisfied with the political situation. In early 1990, the economy however started to dissipate and strikes and rallies were held around the country. Begum Khaldea Zia, wife of Zia, was at this time established as the head of BNP even though she did not have political experience. Her call for Ershad's resignation and decreasing military support saw Ershad resign and a caretaker government appointed in 1991 to oversee parliamentary elections. Ershad was arrested on charges of corruption. The BNP won the ensuing election and again changed the local government system although local governance was not a top priority for this government<sup>14</sup>. Opposition organised numerous strikes and blockades, and political parties refused to take part in elections<sup>15</sup>.

Power once again transferred to a caretaker government for the next elections in 1996, which were won by the Awami League. In 1997 the Local Government Commission, established by the Awami government, produced its Report on Local Government Institutions Strengthening, recommending a four-tier local government structure (gram parishad, union parishad, thana/upazila parishad and zila parishad). Due to opposition by other political parties it has taken a number of years for the relevant bills to be passed by parliament. This latest system has its benefits; such as the introduction of directly elected positions for women at the union *parishad* level, but also its negative elements, including the empowerment of MPs as advisors to union parishads means they can veto decisions and that *zila parishads* can be headed by a government-appointed administrator<sup>16</sup>.

More recently a different structure has been created for urban local governments. The four largest cities of Dhaka, Chittagong, Khulna and Rajshahi are city corporations while there are 38 municipalities. Although, there are a larger number of urban areas in Bangladesh the rest are administered under the Union Parishad system of (rural) local government. The initial law creating Dhaka City Corporation allowed for the indirect election of mayors and deputy mayors by directly elected ward commissioners. Later

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<sup>13</sup> Westergaard and Alam, 1995

<sup>14</sup> Laking, 2001

<sup>15</sup> UNESCAP, 2000



amendments made during the Ershad regime (1982-1990) gave power to the government, permitting them to appoint the mayor although deputy mayors could still be elected indirectly<sup>17</sup>.

Most major parties boycotted the first ward commissioner elections in 1988. The Deputy Mayors of all four City Corporations, who were supposed to be elected, were chosen by the Jatiya Party (JP) along with the Mayors. Dhaka even saw the Minister for Local Government and Rural Development serve as Mayor for a period. The 1990 caretaker government eliminated these posts and temporarily handed the authority to senior government officials. However, the following government of the Bangladesh National Party (BNP) followed JP's practice, and nominated party members to the mayoral positions. The Supreme Court ordered the government to hold elections within six months in mid-1992, and in 1993, the government recommended the direct election of mayors along with the abolition of the deputy mayor positions. The election of women commissioners by the directly elected commissioners, recommendations which were resisted by opposition parties. However, although delayed due to the revision of laws and updating of voting lists, elections were held at the beginning of 1994. The 1994 City Corporation elections saw 48 candidates vie for the Mayoral positions in the four cities, 73% of which were from political parties. The remaining candidates were supposedly non-partisan, however often they were candidates who had been passed over by political parties. No mayoral candidates were women and less than 1% of commissioner candidates were women, over half of those being in Dhaka<sup>18</sup>. DCC Mayoral elections were due to be held at the end of 1998, but this has not occurred supposedly due to the Awami League's desire to maintain its influence over Dhaka city.

While decentralised local government was one of the drivers behind the independence movement it is difficult to ascertain if any of the local government systems in Bangladesh have ever been established with the aim of increasing participation by the poor in elections in order to introduce improvements<sup>19</sup>.

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<sup>16</sup> Laking, 2001

<sup>17</sup> Ahmed, 1995

<sup>18</sup> Ahmed, 1995

<sup>19</sup> See Westergaard and Alam, 1995 and Laking, 2001



## 2. The Rickshaw Business

The rickshaw business in Dhaka with its various actors, and their specific interests and influences, provides a good example of the complexity of urban relationships. Note, however, that the table is provided to illustrate some of the complexities involved in one small urban issue. The levels of interest and influence are guesstimations only, based on information provided in research and donor reports and local newspapers<sup>20</sup>, and are not based on interviews with the actors involved.

*Rickshaw drivers and pullers* are likely to have a high level of interest in the rickshaw business since it is likely to be their only source of income. Limited skills may make it difficult to find other income generating opportunities. Interest may be increased if they have own a rickshaw but they are unlikely to have interest in traffic congestion or the long-term health risks associated with their profession<sup>21</sup>. Their level of influence may be low but could be strengthened through association with other groups i.e. trade union, mastaans, political parties, although as a group could also be subject to practices such as vote buying which may lessen their ability to influence through the formal political processes. Rickshaw manufacturers and repairers are likely to be in a similar position to drivers and pullers.

*Owner's* interest is likely to be high although this may be dependent on the level of income that they generate as opposed to other sources of income. Owners may also be in patron-client relationships with drivers which may influence their level of interest. The level of influence is most likely at a medium level since owners may be mastaans or holders of political office themselves and therefore they may have links to influential people.

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<sup>20</sup> Siddiqui, 2000; World Bank, 1998; The Independent; The Daily Star

<sup>21</sup> A study of rickshaw drivers (cited in Siddiqui, 2000) showed that the blood lead levels was over double of the World Health Organisation.

*Trade unions* have a high interest in what happens since it is from their membership that they get their power. Their level of influence will however, be dependent on their linkages to other groups such as political parties and *mastaans*.

If *Mastaans* involved in the business are dependent on the industry as a key source of income and power their level of interest is higher. Their level of influence may be increased through their political connections and the use or threat of violence. Their influence over rickshaw drivers may come through social proximity in the slums.

*Citizens and road users* are likely to have a medium level of interest since citizens may be seen as a demand group as they use the cheap transportation service provided by rickshaws but may also be concerned about traffic congestion. Their level of interest may be dependent on citizen's wealth and other transportation options available to them. Influence is generally low since most users of rickshaws will not be in the upper classes. The users influence may be increased if they can come together as a group rather than trying to achieve change as individuals.

*DCC* is responsible for issuing licenses although the amount of revenue gained is relatively small compared to other sources. However, a significant portion of rickshaws are unlicensed (25% of the estimated 300-400,000) and if *DCC* were to pursue this source of income their interest could increase. Some bureaucrats within *DCC* may have a higher level of interest since issuing licenses provide be an illegal source of income for them. The Mayor close relationship with the current Awami League ruling party increases his influence over government policy, although this will depend on the influence of his contacts in the Government of Bangladesh and the status of his personal relationship with his contacts at the time. It has been reported that the Mayor has provided protection to the Awami League and its trade union, the Sramik league, who issued 'no objection certificates' to rickshaws in lieu of obtaining the required legal papers.

The *DMP*, who are responsible for traffic control, will have some level of interest although it is more likely to be as a source of illegal income. Their connection to politicians, the ability to use the law as a threat and violence increases their level of influence.

*Political parties* are likely to see those involved in the rickshaw business as a potential source of support. Levels of interest may fluctuate according to the support needed at any one time, for instance to win an election. For other political parties, their level of influence may be increased through association with mastaans. They may also be able to use rickshaw drivers to generate protest against the ruling party and cause disruptions. The ruling party has the ability to affect policy and legislation although this is presently constrained with the opposition's boycott of parliament. The government has attempted to designate some roads in Dhaka rickshaw free although implementation has not been successful. For example, in October 2000 the government announced that no rickshaws would be allowed to ply Mirpur Road from the beginning of November. A few days prior to the enforcement date, rickshaw drivers set up road blocks, set fire to rickshaws and disrupted traffic. No counter action was taken and rickshaws continue to use Mirpur Road.

*Donor's* interest may depend on their involvement in urban transport projects. Presently, the World Bank is funding the Dhaka Urban Transport Project, which sees cycle rickshaws as providing localized transportation and feeder services. Influence will depend on government commitment to projects and institutional capabilities of implementing authorities.

### 3. The Constitution of Bangladesh

#### Article 9:

*The state shall encourage local government institutions composed of representatives of the areas concerned and in such institutions special representation will be given, as far as possible, to peasants, workers and women.*

#### Article 59:

*Local government in every administrative unit of the Republic shall be entrusted to bodies, composed of persona elected in accordance with law, 2) everybody such as is referred to in clause 1) shall, subject to this constitution and any other law, perform within the appropriate administrative until such functions as shall be prescribed by an Act of Parliament, which include functions relating to a) administrative and the work of public offices; b) the maintenance of public order; and c) the preparation and implementation of plans relating to public services and economic development.*

#### Article 60:

*For the purpose of giving full effect to the provision of Article 59, Parliament by law shall confer powers on the local government bodies referred to in that Article, including power to impose taxes for local purposes, to prepare their budgets and to maintain funds.*

4. Bangladesh – Foreign Funding<sup>22</sup>

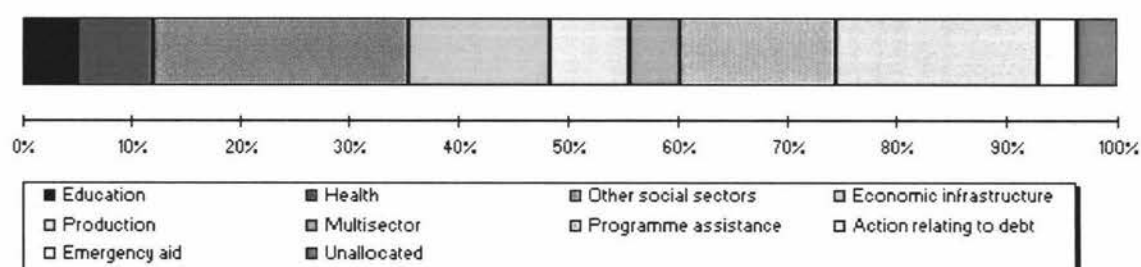
## Bangladesh

Net Receipts	1997	1998	1999
ODA (US\$ million)	1 010	1 252	1 203
Bilateral share	55%	50%	50%
ODA / GNP	2.3%	2.7%	2.5%
Private flows (US\$ million)	89	150	- 89

For reference	1997	1998	1999
Population (million)	123.6	125.6	127.7
GNP per capita (US\$)	360	360	370

Top Ten Donors of net ODA (1998-99 average)	(US \$m)
1 IDA	315
2 AS. D B SPECIAL FUNDS	199
3 JAPAN	156
4 UNITED KINGDOM	107
5 EC	76
6 UNITED STATES	59
7 GERMANY	56
8 NETHERLANDS	47
9 DENMARK	44
10 CANADA	41

Bilateral ODA by Sector (1998-99)



Sources: OECD, World Bank.

<sup>22</sup> OECD, 2001a

5. Projects in Dhaka<sup>23</sup>

<b>Projects in Dhaka with Donors' assistance</b>			
<i>Project</i>	<i>Funding Source US\$ million</i>	<i>Executing Agency</i>	<i>Current Status</i>
Dhaka Urban Transport Project (DUTP): to address urgent issues, infrastructure improvement, traffic management and long term strategic planning	WB Loan 234	GDTPCB	Phase III Ongoing
Fourth Dhaka Water Supply Project: To improve efficiency, management capacity of DWASA and water supply coverage in Dhaka.	WB Loan 148	DWASA	Ongoing
Air Quality Project (AQMP): air quality monitoring and vehicle emission reduction	WB Loan 155	MOEF/DOE	Ongoing
Second Rural Roads and Markets Improvement Project: removing physical bottlenecks in rural transport and marketing in selected priority regions (six Greater Dhaka districts included)	WB Loan 155	LGED/MLGRDC	Ongoing
9 <sup>th</sup> /10 <sup>th</sup> Power Project: Electric power development in and around Dhaka metropolitan area	ADB Loan 314/330	DESC, PGCB, REB, DESA	Ongoing
Urban Primary Health Care Project: To help ensure the delivery of preventative, primitive and curative health service for the poor in four cities	ADB Loan 60 Government of Bangladesh 42.5	DCC, LGD	Ongoing
Promoting Good Urban Governance in Dhaka. To improve the management capabilities of Dhaka city corporation	ADB (TA) 0.15	DCC	Ongoing
Dhaka Power System Upgrade: completion and strengthening of the 230kv network around Dhaka city and upgrading of distribution in Dhaka area.	ADB Loan 251	DESA	Ongoing
Ports Efficiency: One component include Dhaka inland container depot linked with railway	ADB Loan 167	BR, RHD. CPA	Committed
Dhaka Integrated Flood Protection Project: providing flood protection for the wester part of Dhaka city (about 136km)	ADB Loan 120	DCC	Ongoing
Flood Damage Rehabilitation Project: restoration of flood damaged facilities in key sectors (roads, rural infrastructure, water resources, rail, urban infrastructure etc.)	ADB Loan 130	BR, BWDB, DCC, DWASA, LGED, RHD etc.	Ongoing
Capacity Building of Dhaka Electric Supply Co. Ltd (DESCO)	ADB Loan (TA) 0.1	DESCO	
Southwest Road Network Development: improvement of national highway NH-7 linking Dhaka-Khulna-Mongla	ADB Loan 134	RHD	Committed
Urban Basic Services Delivery: to support a sustainable basic service delivery mechanism at local level for urban poor families (basically mothers and children)	UNICEF Grant 8.8	LGED	Ongoing
Community Waste Management – GO-	UNDP	DCC, MOE	Project

<sup>23</sup> ADB, 2000a: 2-53 – 54, 57



NGO partnership: a pilot project on GO-NGO partnership between DCC and Waste Concern for house to house collection and waste composting			Preparation
Solid Waste Management in Dhaka city: planned collection and disposal to be developed and improved	Japan Grant 35	DCC	In pipeline
Installation of incinerator for hospital waste and development of landfill in DCC	Netherlands loan 20	DCC	On-going
Procurement of modern remixing plant for development of Dhaka roads	German Grant	DCC	On-going
Urban transport and environment improvement: assistance to formulate an urban-transport based strategy to improve air quality in Dhaka and other major cities	ADB (TA) 0.6	BRTA	In pipeline
Dhaka Integrated Urban Renewal Program: flood embankment, four lane divided highway including link road and trunk municipal service	WB 1,200	MOC, BRTA, DMP, RAJUK, MOL, IWTA etc	Uncertain
Land Administration Reform: part one covers analysis of legal and institutional arrangement and recommend improved land administration.	ADB (TA) 0.88	MOL	Project preparation
Foreign Contribution	3463.53 <sup>24</sup>		
Government Contribution	42.5		
Total Loans <sup>25</sup>	2218		
Total Grants and TA	1245.53		

<sup>24</sup> Note not all projects listed have a cost attached to them.

<sup>25</sup> It is unknown whether the Government of Bangladesh contribution is a loan or grant.

Major Scope of Donor's Projects										
Project/Programme	Economic Development	Poverty Alleviation	Growth Management	Human Development	Financing Infrastructure and Services	Urban Environment/ Disaster Management	Urban Land and Housing	Urban Transport	Public Utilities and Services	Institute Development
Dhaka Urban Transport Project (DUTP)								↙		▽
Fourth Dhaka Water Supply Project										▽
Air Quality Project (AQMP)	▽	▽	↙			↙		▽		▽
Second Rural Roads and Markets Improvement Project								▽		▽
9 <sup>th</sup> /10 <sup>th</sup> Power Project									↙	▽
Urban Primary Health Care Project		▽		↙						▽
Promoting Good Urban Governance in Dhaka					↙					↙
Dhaka Power System Upgrade									↙	
Ports Efficiency	▽							▽		
Dhaka Integrated Flood Protection Project	▽		▽			↙				▽
Flood Damage Rehabilitation Project		▽				↙				
Capacity Building of Dhaka Electric Supply Co. Ltd (DESCO)									▽	↙
Southwest Road Network Development	▽		↙							
Urban Basic Services Delivery		▽		↙					↙	↙
Community Waste Management	▽					▽			↙	
Solid Waste Management in Dhaka city*						▽			↙	
Installation of incinerator						↙				
Procurement of modern remixing plant for development of Dhaka roads								↙		
Urban transport and environment improvement*						▽		▽		▽
Dhaka Integrated Urban renewal program*	▽	↙	↙	▽		↙	↙	↙	▽	↙
Land Administration reform*							↙			▽
Urban Sector Strategy*							▽			

↙ Primary Objective

▽ Subsequent Objectives

\* In pipeline only

<b>Proposed Government Projects with Dhaka Initiatives</b>			
<i>Project</i>	<i>Fund Procurement Scheme</i>	<i>Executing Agency</i>	<i>Current Status</i>
Proposed Major Link Roads (DMDP 1995 – 2015): the proposed project is in according with the DMDP 1995-2015. It entails the construction of the link roads in Dhaka city.	CG Tk. 11.5 billion	RAJUK, DCC	Preliminary Study completed
Third Pilot Project to solve the traffic congestion of Dhaka city under the Crash Program: to minimise traffic congestion, easy accessibility and mobilisation of vehicles as well as pedestrians.	CG Tk. 220 million	DCC, MLGRD&C, DMP	Implementation on-going
Institutional Capacity building of DCC through the introduction technology in the Planning, Operation and Monitoring Tasks: to establish computerised application systems within DCC	CG (LGD)	DCC	Submitted to MLGRD&C
Development of Public Land Information system (PLIS) in Dhaka city apply Geographic Information System (GIS): the project entails the development of a GIS based database of public land in Dhaka City for, among others, identifying land value and present use of such land.	CG Tk. 1.9 million	DCC	Submitted to MLGRD&C
Rehabilitation of Slum in Dhaka City: to remove the problem of housing and resettlement and improve the living condition of the poor slum dwellers.	CG Tk. 40 billion	DCC, LGED	Submitted to the Planning Commission
Resettlement of Urban Poor (Slums) in Dhaka city areas: a phased undertaking, the project entails the re-settlement of 10% of slums dwellers every 2-3 years.	CG Tk. 3 billion	RAJUK, DCC	Planning stage at RAJUK
Eastern by-pass within Dhaka Metropolitan Area: the provision of arterial roads through the metropolitan area as a key link between an upgraded Chittagong highway to the northwest of the country.	CG Tk. 1.7 billion	RHD, RAJUK, BWDB	Preliminary study completed
Development of 1000 lanes and by-lanes in Dhaka city: the project entails the road widening, construction of foot path and construction of missing links.	CG Tk. 6 billion	RAJUK, MOL, DCC	Plan preparation completed
Establishing Elevated mass rail transit system: introduction of urban rails to decongest major roads and improve public transport in Dhaka. Phase one entails 3 routes, phase two entails 2 routes.	BOT	Roads and Railways Division, MOC	Plan preparation completed
Establishment of a training centre for motor vehicle inspectors and driving instructors and examiners: improvement of road safety by providing improved training to motor vehicle inspectors, driving instructors and examiners.	CG (MOC) Tk. 600 million	MOC, BRTA	Submitted to MOC
Procurement of 20 mobile vehicle test units: to carry out roadside checks on vehicle safety and pollution.	CG (MOC) Tk. 400 million	MOC, BRTA	Submitted to MOC

## 6. DCC Revenue and Expenditure

<b>DCC Receipt and Expenditure Statement: Tk. crore<sup>26</sup></b>					
<i>Year</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>	<i>1999-00</i>
Opening Balance	11.27	13.39	7.08	7.82	3.93
<b>Revenue Receipt</b>					
Taxes <sup>27</sup>	61.59	67.52	71.62	74.17	75.35
Property transfer fee	3.41	3.54	4.45	3.47	4.73
Advertisement, cinema, entertainment	0.81	1.00	1.02	1.05	1.02
Trade license	4.23	4.44	4.74	5.82	5.83
Market salami and rent	8.83	31.84	25.50	20.74	15.47
Road cutting	26.45	3.95	6.44	12.41	13.77
Bus terminal	1.63	2.37	2.87	3.27	3.16
Cattle hat	3.86	5.04	6.87	8.26	6.06
Grave yard and crematorium	1.67	1.74	3.16	8.77	4.00
Children park	0.80	1.08	1.09	1.10	1.11
Subsidiaries from government. (octrai)	1.69	2.00	2.00	2.50	2.50
Miscellaneous <sup>28</sup>	4.01	7.15	6.72	12.21	10.07
<i>Subtotal Revenue</i>	<i>118.98</i>	<i>131.67</i>	<i>136.48</i>	<i>153.77</i>	<i>143.07</i>
<b>Other receipt</b>					
Government Grants	35.06	44.75	42.23	48.50	55.00
Others (incl. Loan)	16.19	32.93	16.38	0.7	16.71
<i>Subtotal other</i>	<i>51.17</i>	<i>77.68</i>	<i>58.61</i>	<i>49.20</i>	<i>71.91</i>
Government and foreign project	20.64	31.92	26.60	70.00	77.14
<b>Total Revenue Receipt</b>	<b>190.79</b>	<b>241.27</b>	<b>221.69</b>	<b>272.97</b>	<b>292.12</b>
<b>Grand Total</b>	<b>202.06</b>	<b>254.66</b>	<b>228.77</b>	<b>280.79</b>	<b>296.05</b>

<sup>26</sup> Provided by DCC<sup>27</sup> Holding, conservancy, lighting<sup>28</sup> Rickshaw licence fee, contractor registration fee, lease of slaughter house, toilet, ghat, parking etc.

<i>Year</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>	<i>1999-00</i>
<b>Revenue Expenditure</b>					
Salary and Wages	32.91	36.70	38.43	39.21	45.64
Repair and Maintenance	1.61	3.57	2.66	10.30	4.83
Power, fuel and water	7.42	9.24	11.36	7.92	9.23
Store Supplies	10.69	14.17	13.24	17.31	18.12
Mosquito Control	3.33	1.85	5.99	6.78	9.07
Miscellaneous <sup>29</sup>	3.12	2.78	2.64	2.74	3.46
<i>Subtotal Revenue Expenditure</i>	<i>59.08</i>	<i>63.31</i>	<i>74.32</i>	<i>84.26</i>	<i>90.35</i>
<b>Development Expenditure</b>					
Roads, drains, footpaths	45.62	66.67	38.12	52.94	52.36
Community Centre	1.32	5.38	6.33	5.48	7.16
Market Development	7.79	8.45	17.84	27.05	12.40
Park Development	0.95	0.56	0.53	0.24	0.39
Extension and development of streetlighting	2.14	2.82	1.08	3.80	1.91
Graveyard and Crematorium	1.00	1.30	.99	.98	1.56
Foot overbridge and underpass	1.95	1.99	0.95	1.69	2.05
Women's College	--	0.10	0.28	0.75	0.14
Maternity Centre	0.10	--	0.08	0.43	0.24
Slum Development	0.41	0.61	0.55	0.39	0.48
Bus/Track Terminal	0.39	1.83	0.57	1.21	0.41
Plantation	0.29	0.50	0.34	0.17	0.04
Central Children's Park	--	9.54	0.04	0.31	0.17
Toilet Development	0.07	0.05	0.22	0.16	0.23
Traffic Control	0.11	0.26	0.24	0.51	0.62
Procurement of Equipment	9.93	13.59	6.31	8.23	7.98
Miscellaneous <sup>30</sup>	19.05	8.92	12.71	10.06	29.44
<i>Subtotal Development Expenditure</i>	<i>91.12</i>	<i>122.57</i>	<i>87.18</i>	<i>114.40</i>	<i>117.58</i>
<b>Other Expenditure<sup>31</sup></b>	<b>17.83</b>	<b>24.78</b>	<b>32.85</b>	<b>8.20</b>	<b>6.78</b>
Government and Foreign Project	20.64	31.72	26.60	70.00	77.14
<b>Total Expenditure</b>	<b>188.67</b>	<b>247.58</b>	<b>220.95</b>	<b>276.86</b>	<b>268.89</b>
<b>Closing Balance</b>	<b>13.39</b>	<b>7.08</b>	<b>7.82</b>	<b>3.93</b>	<b>4.20</b>
<b>Grand Total</b>	<b>202.46</b>	<b>254.66</b>	<b>228.77</b>	<b>280.79</b>	<b>296.05</b>

<sup>29</sup> Welfare, travelling, postage, advertising

<sup>30</sup> Staff quarters, commissioners office, playground, drama stage, special project, slaughter house etc.

<sup>31</sup> Including loan repayment





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