

Urban Local Governance in Bangladesh: Some Arising Issues

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Abstract: *It is pertinent to discuss the issues concerning governance so as to devise strategies and policies in delivering efficient urban infrastructure and services by the Pourashavas (municipalities) and City Corporations in Bangladesh. This also has to be viewed in the context of the constitutional and legal framework, institutional, financial and other aspects. The Constitution of Bangladesh provides adequate supports for establishment of local bodies of governments in terms of their composition, administrative domains and financial arrangements. The legal framework for Pourashavas is covered by the Pourashava Ordinance, 1977. Each of the City Corporations has its own Ordinance. In practice, the autonomy of these local bodies is limited. These authorities collect local taxes, fees and rates and receive Government grants, both recurrent and capital. The Pourashava Ordinance, 1977 and the respective Ordinances of the City Corporations of Dhaka, Chittagong, Khulna and Rajshahi have the legal basis for preparing plans and programmes including preparation of master/physical development plans. There is no manpower to prepare such plans in Pourashavas. A number of problems and issues and possible areas of interventions have been identified here so as to ensure good governance for efficient delivery of services by urban local governments in Bangladesh.*

Introduction

McCarney, Halfani and Rodriguez define the term governance as a system of government concentrating on effective and accountable institutions, democratic principles and electoral process, representative and responsible structures to ensure an open and legitimate relationship between the civil society and the state. Further, they refer that a system of governing which is concerned with the nature of relationship between the rulers and the ruled, the state and the society, the government and the governed (McCarney,

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et al.,1995). These definitions concern with a number of the vital aspects such as civil society, electoral system, politicians' role and participation, accountability mechanism, governing institutions, etc.

In line with the above mentioned definitions of governance and guided by the principles underlying participation, autonomy and accountability of representative urban local government, this paper seeks to identify some important issues which merit consideration in view of efficient delivery of urban infrastructure and services by the Municipalities and City Corporations so as to devise strategies and policies in addressing future challenges in respect of urbanization in Bangladesh. These issues need to be examined in the contexts of the constitutional and legal framework, institutional, financial and other aspects.

Constitutional Provisions and Legal Framework Constitutional Provisions

The Constitution of the People's Republic of Bangladesh, as modified up to 31st December 1986, highlights the establishment of the local government institutions in Bangladesh for empowerment and participation of the people in the development processes at the local level. With regard to local government institutions, Article 9 of the Constitution, under Fundamental Principles of State Policy, says;

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

Furthermore, the Constitution, as modified up to 30th April 1996, describes compositions and administrative functions of the local bodies. Thus, the Constitution, under the Article 59, under heading Executive, states as follows:

"(1) Local Government in every administrative unit of the Republic shall be entrusted to bodies, composed of persons 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 unit such functions as shall be prescribed by Act of Parliament, which include functions relating to -

- (a) administrative and the work of public offices;
- (b) the maintenance of public order,
- (c) the preparation and implementation of plans relating to public services and economic development. "

Also, as regard the power of local government bodies, there is specific Constitutional provisions. Article 60 of the Constitution, under the heading Executive, relating to the financial power of the local bodies' states as follows:

"For the purpose of giving full effect to the provisions of article 59, Parliament shall, by law, 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."

Thus, the Constitution adequately provides for the establishment of local bodies of governments in terms of their composition, administrative domains and financial arrangements.

Legal Framework

The legal framework for Pourashavas is mainly covered by the Pourashava Ordinance, 1977. Each of the City Corporations has its own Ordinance, namely, The Dhaka City Corporation Ordinance, 1983; The Chittagong Municipal Corporation Ordinance, 1982; The Khulna Municipal Corporation Ordinance, 1984; and, The Rajshahi Municipal Corporation Ordinance, 1987.

These statutes defines organizational structure and character of the municipal government, their constitution and composition, process of elections, the organizational design and the scheme for management, conduct of business, functions, finances, control and supervision of the central government, relationship with other local government, offences and penalties, besides the powers to frame

rules, by-laws and regulations. The laws which govern the municipal governments, include: the Statute i.e., an Act or an Ordinance, the Rules framed by the Ministry under the provisions of the acts or the Ordinances, the By-laws, and, the Regulations.

A Statute is an Act of the Parliament and an Ordinance is promulgated by the President and is the basic law on any subject. Most of the laws, however, continue from the past as a federal legacy and no attempt has been made yet to review or remodel them in the context of present unitary structure of the Government. The relevant Acts and the Ordinances include powers for making rules, by-laws and regulations.

Institutional Aspect

Municipal institutions including City Corporations constitute the urban local governments in Bangladesh. These, again, constitute the vital parts of the political and administrative system which prevails at the local levels in the urban areas of the country. In fact, these municipal institutions have been in operation in various forms and names in Bangladesh since ancient times. The growth and development of these urban government institutions is closely related with the local governments in ancient India, British and Pakistan.

Further, the municipal bodies occupy an important place in the overall system of administration and governance in Bangladesh; firstly, as key local government bodies for urban areas of the country, and secondly, as agencies in rendering important public services and facilities to the urban population. As local government bodies, they enjoy the status of statutory bodies constituted under laws and function as autonomous self-governing units. As agencies of public service, they shoulder the responsibilities for providing a wide range of civic services to the people of the urban areas.

The urban local governments in Bangladesh namely, the Pourashava and the City Corporation are under the administrative control of the Ministry of Local Government, Rural Development and Co-operatives. The Ministry is divided into two Divisions: (i) The Local Government Division; and, (ii) The Rural Development

and Cooperatives Division. The Local Government Division deals with administrative matters of the Pourashavas and the City Corporations. This Division works through 4 City Corporations and 193 Pourashavas. This Division is supposed to play a key role by way of the central Government's supervision and control of the Pourashavas and the City Corporations. This Division lacks the human, capital and other budgetary resources to perform effective tastes of supervision and monitoring.

Both the Pourashavas and the City Corporations are autonomous corporate bodies having perpetual succession and a common seal. The autonomy is limited by the fact of Government acting as the controlling authority in the case of Pourashavas. In the case of City Corporations though there is no provision of prescribed authority, the Government has the authority to intervene in the affairs of the Corporations in several ways.

Financial Aspect

To provide municipal services, City Corporations and Pourashavas collect local taxes, fees and rates and receive Government grants, both recurrent and capital accounts. The source of revenue, both of City Corporations and Pourashavas, are almost similar. Most important of these are: taxes, rates, fees or surcharges, income from own sources such as fees, fines, rents, profits, charges for certain services and Government grants. Broadly, these sources fall into the following four categories: tax revenue, non-tax revenue, government grants, deposit and advance. It has been noticed that expenditure on physical development or on infrastructure takes the lion's share of the total expenditure. It ranged between 37.8 per cent to 48.9 per cent in financial year 1982- 83 among the different types of Pourashavas. It was followed by expenditure on administration (between 24.5 per cent to 29.6-per cent) and health care (13.4 per cent to 20.1 per cent).

Planning Aspect

Besides preparation of master/physical plans of the urban areas, the planning work for Pourashavas and City Corporations covers socio-economic development and infrastructure development as

well as preparation of plans for maintenance and delivery of civic services. However, the Pourashava Ordinance, 1977 and the respective Ordinances of the City Corporations of Dhaka, Chittagong, Khulna and Rajshahi have the legal basis for preparing any plans and programmes including master/physical development plans.

Urban planning in the metropolitan cities of Bangladesh, such as Dhaka, Chittagong, Khulna and Rajshahi, is the responsibility of the urban development authorities. These authorities are Rajdhani Unnayan Kartripakkha (capital development authority - RAJUK) for Dhaka city, Chittagong Development Authority (CDA) for Chittagong city, Khulna Development Authority (KDA) for Khulna city, and Rajshahi Development Authority (RDA) for Rajshahi city. These bodies were established either by the promulgation of Ordinance or Acts. These authorities undertake local planning as well as infrastructure and site development activities for housing, commercial and industrial areas. These authorities also exert development control functions. On the other hand, to accomplish these tasks, there is no such specialized manpower in the Pourashavas. In Bangladesh, there is no town planner in any Pourashava.

Arising Issues

Constitutional Provisions and Legal Framework Context

Some of the rules, regulations and by-laws of the Pourashavas and the City Corporations are no longer relevant to municipal affairs. They do not provide the flexibility for alternative ways to provide services, e.g., through privatization. Since the time of issue of the Ordinance, there has been a proliferation of rules and standing orders making it extremely hard to muster knowledge of all pertinent details. But perhaps the most powerful reason for reforms and updating and consolidating the legal framework for municipalities is to provide these bodies with real self-government and actual operational autonomy. The legal framework of the Pourashavas should be, therefore, reviewed right away with the objectives of consolidating and simplifying the numerous legal provisions affecting the Pourashavas and the City Corporations.

The best strategy for reform is to update and expand the Pourashava Ordinance into a Municipal Law; consolidate all the different legal provisions in regulations and standing orders and apply it equally for the Pourashavas and the City Corporations with specialized provisions, where it is necessary. The main objectives of this law would be to provide a legal framework for municipalities which is compatible with the changing environment of the country as well as allows municipalities more opportunities for self-governance and operational freedom and ensures a greater degree of accountability for the performance having enabling provisions for alternative approaches.

Moreover, the current legal framework for the Pourashavas and the City Corporations is inadequate from the point of view of that rules and regulations do not provide scope for considering alternative approaches for service delivery, through privatization and/or by participation by non-governmental organizations (NGOs). It is important that the Pourashavas and City Corporations are enable to consider alternative options for improving the municipal services and achieving efficient resources allocation. In Bangladesh, there are a few examples where the NGOs and private sector have successfully been involved in municipal services provision independently or in collaborations with the Pourashavas and the City Corporations.

Institutional Context

The Pourashavas have been established with the intention to provide different services and facilities to the city dwellers i.e., to counteract the emerging problems due to urbanization. The existing municipalization process in Bangladesh cannot effectively address the issues affecting urban environment.

Inherently, the Pourashavas suffer from the acute shortage of their own resources which is the root cause for the existence of low level of delivery of municipal services. There exists a vicious circle of low investment by the Pourashavas mostly due to low receipts from the municipal taxes from the city dwellers thus reducing the revenues of the Pourashavas and the City Corporations. There are

also reductions in grants of funds by the central Government. As a result, there are limited new infrastructural developments in the Pourashava and the City Corporation areas. It may be pointed out here that due to people's participation in the local governments through their elected representatives, political consideration greatly influence the flow of resources to certain urban local governments and some of these manage to obtain more funds than the others. Certain parameters such as the magnitude of revenue collections, the population, the level of development, the extent of contribution towards regional development need to be considered to rationalize the process of devolution of funds to the Pourashavas and the City Corporations.

The administrative capabilities of the urban local governments are poor. It is often noticed that the Mayors/Chairmen and Commissioners are sometime ignorant of the basic laws, rules and regulations. A report of an Asian Development Bank financed project namely, the Secondary Towns Infrastructure and Flood Protection Project (STIFPP) identified that project effective in the Pourashavas often characterized by the low level of competence and aptitude of the Pourashava's staff. The Pourashavas lack trained and qualified staff to meet the challenges of providing services to the growing urban population of the country. The career prospects in the Pourashavas are very limited. Trained and adequate manpower requirements for municipalities is an important issue which requires government's urgent intervention. Though the City Corporations of Dhaka, Chittagong, Khulna and Rajshahi have some qualified staff, but they are inadequate in relation to the need for services for the growing population of these cities.

The existing Ordinances provide the elected Chairman of the Pourashava and the Mayor of the City Corporation with all executive powers including the power to delegate to others. In practice, there has been little or no delegation of powers by the Executives. There are allegations of a high degree of arbitrariness in the exercise of powers by the Chairmen/Mayors. The concentration of political powers and the lack of delegation results in poor performance, inefficiency and lack of accountability, much

to the detriment of good governance since they put a workload on the Chairman/Mayor that he/she is not able to accomplish. In order to improve the overall governance of the Pourashavas and the City Corporations, it is necessary to provide effective delegation of powers by the Chairman/the Mayor and limit his/her discretionary powers.

At present, the Chairman of Pourashava/the Mayor of City Corporation controls almost all aspects of urban local governments including the affairs of the elected councils. The roles assigned to the Council and the Commissioners are too vague and the Committee structure of the Municipal/City Councils does not function properly. An important element of government's accountability is the oversight and control of the executive branch of the municipal authorities by the Council. This type of accountability is practically non-existent at the urban local government levels. In particular, the current structure of municipal governance mixes executive and legislative powers by making the Chairman/Mayor also heads of the Municipal/City Council. Thus, the Chairman/Mayor can overrule majority decisions of the Council. The Municipality/City Council needs to play a leading role in budgetary decisions and for overseeing municipal/city finances and operations. The involvement of the Commissioners in all aspects of policy decisions will be the most important step in increasing the political accountability of urban local governments.

It is observed that the Pourashavas and the City Corporations are far from attaining any standards in terms of provision of services as well as maintenance thereof. Even basic activities from the list of compulsory functions are not performed with any acceptable decency. Consequently, the quality of living in the urban areas is falling with the increasing pressure of population. The Pourashavas and the City Corporations with the existing efficiency have failed to perform properly their functional assignments as stated above due to several reasons. Lack of trained and adequate manpower and financial resources, inability to charge an economically viable price for the services due to political and others are some of the main reasons. The weak resource base in terms of men, materials and

money of the municipalities is one main reason for non-performance of the functions of the Pourashavas and the City Corporations.

As far as the managerial strengths and weaknesses of the Pourashavas and the City Corporations are concerned, these organizations are not capable enough to handle any bigger programmes and projects relating to urban service delivery as specified in their functional domains. Hence, there is need to look into their existing service delivery mechanisms. The Pourashavas and the City Corporations carry out their prescribed functions under the administrative control and direction of the Ministry of Local Government, Rural Development and Co-operatives. As such, much time is spent to receive approvals for annual development budgets, development projects, recruitment of staff, etc. from the Ministry.

The classification of function of both Pourashavas and the City Corporations is not clear and precise. The traditional classification of functions between compulsory and optional does not stand, in practice, instead of classifying cities and towns according to their financial strength, these should be classified taking into account the level of urbanization, administrative and the economic importance, etc. and only then functions should be set for these different types of Pourashavas.

Financial Context

The municipal financing is dominated by one tax source - the property tax. It contributes nearly one-third of their total income. On an average, nearly 40 to per cent of the total property tax estimated remain uncontrolled. Proper and regular assessments are not done. Most of the Pourashavas are not even properly equipped to do this. Abolition of the much-criticized octroi deprived many of the Pourashavas of the most buoyant source of revenue. It has been replaced by a compensatory grant which fails to capture this buoyancy. Instead of being compensated by a direct grant from the Government, it could be replaced by a turnover tax by a surcharge on sales tax. This could keep the source buoyant that the present grants system.

A cursory look at the financial situation suggests that most of the Pourashavas and the City Corporations depend heavily on central Government grants for meeting their local financial needs. According to Bangladesh Bureau of Statistics, the percentage of grants provided by the central Government rose to 15.6 per cent in 1979-80 to 48.8 per cent in 1995-96 to the Pourashava revenue while a low holding tax is often held accountable for the situation. It is expected that an improvement in the level of efficiency in collection of dues, property and other taxes/fees could significantly change the financial status of the Pourashavas and the City Corporations.

Apparently, it appears that the Pourashavas and the City Corporations are autonomous and independent in many ways, but in reality their effective autonomy is limited. Section 146 of the Pourashava Ordinance and section 157 of the respective City Corporation Ordinance grant the Central Government the power to make the rules necessary for carrying out the Ordinances. Consequently, the administrative operations of urban local governments are subject the rule making authority of the Central Government. For example, municipal revenues may be raised only at the marginal rates prescribed by the central Government. Furthermore, the Pourashavas and the City Corporations have limited flexibility in the daily implementation and management of their budgets. Any changes to the Pourashavas and the City Corporations revised budgets require approval of the Ministry, this process is a time-consuming as well as a cumbersome one.

A study conducted on 26 Pourashavas and 4 City Corporations by the World Bank under Municipal Finance Management Sector reveals that the level of collections from the own-revenue sources is extremely low; secondly, the variation in collections of total own revenues per capita across Pourashavas is extremely great; thirdly, there are extremely large differences in the growth rates of collections over times; fourthly, the Pourashavas are heavily dependent on central Government transfers for much of their revenues and this dependence has tended to increase over time. In this backdrop addressing central-local financial relations is a

necessary condition to secure both stable and growing local financial base and to protect the macro-economic balance in the country.

The Pourashavas and the City Corporations should be given some autonomy in deciding on the local taxes and rates. The variations in these rates and taxes represent important signals regarding the levels of services, in particular and the quality of local governance, in general. Increasing the tax base reflecting the market values should increase the revenues from the holding tax. In general, the Pourashavas and the City Corporations make very little use of charges and fees. Under services for which local charges and fees be levied according to the extent of use are heavily subsidized. The rates and fees are set well below what it cost to bring these services. Furthermore, flat rates and fees tend to discriminate small and marginal users (i.e., the poor) and marginal cost pricing in place of flat rates may resolve these problems. The Government may be pursued to rationalize the fees and rates structure on the basis of their users on order to promote fairness and equity at the local levels. Finally, the urban local governments should collect these rates and fees more aggressively.

The local governance ultimately depends on the quality and skills of those who are governing the local bodies. In order to improve the qualitative structure of the governance, massive training is required. This is required for both elected officials and the mid-level managers. In addition, assessment and collection process for all taxes should be computerized especially in the larger urban areas. A closer link between revenue mobilization and the responsiveness of urban local governments to residents need should be pre-conditions for sustained improvements in local tax effort. This link can be strengthened by participation of residents in decision regarding the services to be provided and by increasing the effectiveness in delivery of these services.

Plan Preparation Context

At present, there are no town planners in the medium and small sized Pourashavas though the Pourashava Ordinance, 1977 and the

City Corporation Ordinances make the provision for preparing master/physical plans for their respective areas. Only Dhaka City Corporation has a small unit of town planners. The issue of creation of posts for the town planners in the Pourashavas and the City Corporations is an urgent one in view of the existing deteriorated environmental conditions in the towns and cities of Bangladesh. The town planners can play vital role in implementation improving the overall environmental conditions of the towns and cities. In the overall plan making process, there is need to professionalize activities and draw a clear separation between political and technical tasks of the Pourashavas and the City Corporations.

The Pourashavas and the City Corporations in Bangladesh have a dismal record of not being involving the citizens in their plan making process. The budget process of urban local bodies lack transparency and their council meetings are closed to the public. The public participation helps to local officials identify demands for their services and thus make a more efficient use of resources available. Citizen's participation also helps strengthen their attachment and sense of ownership of community projects and affairs. The daily governance and citizens participation and attachment may be increased by creating community consultation institutions, holding regular meetings or hearings. Another effective way of increasing citizen's participation is to institutionalize the role of grass-root groups such as neighbourhood or community associations.

Conclusion

The present and future urbanization trend is another critical issue for the urban local government bodies such as metropolitan, secondary and smaller cities and towns in delivering services to the urbanites. At present, the urban population is estimated to be more 25 million than which is more than 25 per cent of the total population 120 million. In Bangladesh, the present urban and rural population mix is estimated to be 25:75. There are many projections on the urban population of Bangladesh. Of these, the projection of the World Bank is considered more realistic. According to this projection, the total national population would be

141 million by the year 2000 and 170.5 million by the year 2010- while the total urban population would be 37 million by 2000 and 57 million by 2010. There will be huge agglomeration of the people in the urban areas of Bangladesh. And the existing and newly established urban centres will have to create a good number of services and facilities for this burgeoning people. On the other hand, the urban local governments have institutionally to be equipped to render these services to the new comers to these cities and towns,

The poverty is also widespread in urban areas of Bangladesh and the consequence of the poverty is prevalent. The issue of poverty reduction should be the top most priority task of the local governments. Unfortunately, this issue has not been given due impetus in the routine activities of the local governments. Since it is a complex problem, this task mostly remains unaddressed due to lack of adequate knowledge of the officials of the local governments. The ideas and thoughts in providing urban services by the local governments through NGO-local government collaboration, CBO-local government collaboration, privatization, etc. are completely new aspects to the officials and staff of the local governments in Bangladesh. How these new types of developments are to be accommodated with the existing system of the urban local governments is an another challenge. The issue of good governance is very vital in context of efficient delivery of services by local government. The related aspects - accountability to the people, transparency, efficiency and incorruptibility in conducting the business of government and, above all, non-discriminatory application of the laws of the land are some of the major features of a good government. The present government, in pursuance of its Constitutional obligations is committed to the nation to ensure good governance. It is really a challenging task to achieve this goal at the levels of the urban local governments.

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