

PNAAA 655
12/1/78

DECENTRALISATION LOCAL GOVERNMENT INSTITUTIONS AND RESOURCE MOBILISATION

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Editor



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USAID/Dhaka Staff
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PREFACE

The International Seminar on "Decentralisation Local Government Institutions and Resource Mobilisation" was inaugurated by Lt. General H.M. Ershad, President and Chief Martial Law Administrator, Govt. of the People's Republic of Bangladesh on 20th January, 1985. The four day Seminar was jointly sponsored by the Govt. of Bangladesh and United States Agency for International Development and organised by Bangladesh Academy for Rural Development (BARD).

The Seminar held in the backdrop of the decentralisation programme of the Govt. of Bangladesh had great practical significance. It articulated the desire of the Govt. to benefit from the expert opinions of eminent scholars and others concerned with development administration and to learn from the experience of other developing countries in Asia. The structure of the Seminar appropriately blending theoretical exposition with case studies of selected countries including Bangladesh was eminently suitable to facilitate this.

As is wellknown considerable planning, discussion and exploration precede the organisation of a seminar or conference and not the least of these concern the determination of the main theme and sub-themes of the deliberations. The exercise becomes complex when a number of topics seem to be intimately related to the main theme. It goes to the credit of the small planning group comprising Mr. Hasnat Abdul Hye, Director, BARD, Mr. M. Faizullah, Joint Secretary, Cabinet Division, Govt. of Bangladesh, Mr. Gene V. George and Mr. Moniruzzaman of US-AID, Dhaka, and Mr. K. M. Tipu Sultan, Deputy Director, BARD that within a very short time the subject matter of the Seminar was delineated over a few brainstorming sessions maintaining a clear focus on the main theme.

But perhaps greater credit should be given to the writers of the Keynote and the country papers who inspite of very short notice and their various pre-occupations found time to complete their assignment. As the readers will find, most of the papers included in this volume are well researched and of very high standard which

is one reason why they are being published. The participants in the seminar also deserve thanks for the pains they had taken in making the seminar a success. The assemblage of noted academicians, scholars, administrators and public representatives made the seminar sessions lively and the discussion edifying providing opinions and views on a broad spectrum. That this divergent group could come to consensus over the basic issues speak volume of the accomodating spirit that was brought to bear on the discussion. The Group Reports and Recommendations of the Seminar appended in this volume have thus more than their usual significance.

The Seminar was the outcome of the collaborative efforts of the Cabinet Division, Govt. of Bangladesh, BARD, Comilla and the US-AID, Dhaka. In collaborating with the Govt. of Bangladesh for the sponsoring of the Seminar, US-AID reaffirmed its commitment and willingness to extend assistance in the socio-economic development of the country. Bangladesh Academy for Rural Development (BARD) proved its mettle in organising international events like seminars, conferences etc. on contemporary issues of development.

A large number of people, mostly from the faculty of BARD, worked untiringly both before and during the seminar. They remain anonymous but those who had seen them at work will remain ever impressed with their dedication and sincerity. The sponsors and organisers owe them a debt of gratitude that cannot be paid by mere platitudes. If the deliberations and recommendations are used as policy inputs, and the basis for further research by the academic community the organising of the Seminar would have its vindication in full measure.

10th August, 1985

M. M. Zaman
Secretary, Cabinet Division.
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INTRODUCTION

Hasnat Abdul Hye

The various interpretations given to 'decentralisation' over the past three decades are by now fairly wellknown to scholars and practitioners of public administration. That these definitions are intimately linked with the contexts in which they are considered as a public policy is also widely accepted. What is inadequately known is the reason why interest in the subject waxes and wanes at different times both within individual countries and the international development community. Pointing out that there has been a period in which there is a general move towards greater decentralisation followed by a move in the opposite direction and vice versa some writers have identified two main periods in which decentralisation has been a major focus of attention : first, the period from the mid 1950s to the early 1960s which was characterised by the establishment or strengthening of local level government in a number of countries ; and secondly, the period from the early 1970s to the early 1980s which has witnessed a renewed interest in decentralisation after a relative lull during the interregnum.¹ The major works on decentralisation produced during the first period highlight the advantages and disadvantages of decentralised systems of government, the various forms which they may take and their organisation and management.² They cover a similar range of issues as seen in comparable works published two decades later.³ Among the important differences between these two periods the actual form taken by decentralisation in different countries and the much wider variety of decentralised systems in the second period have been pointed out.⁴ More recent decentralisation programmes have been shown to have emphasized the role of decentralisation as a means of national development and for achieving a variety of development objectives ranging from popular participation to better management of rural development and the maintenance of national unity.⁵

According to some of the recent works on decentralisation, the growing interest in decentralisation in the 1970s can be attributed to the shift in the directions of development strategy requiring a particular form of planning and development administration.⁶ It has been explained that the increasing tendency towards decentralisation of planning and administration from central Govt. to state, region, district, local agencies, field units of central ministries, local Govt. and parastatal bodies arose from three converging forces: (a) disillusionment with the results of central planning and control of development activities during the 1950s and 1960s, (b) the implicit need for participatory management of development programmes to conform to the growth with equity strategy of 1970s and (c) the realisation that with expansion of Govt. activities and resulting complexity, it is difficult to plan and administer all development activities from the centre. It is recognised that this shift involves changes that are not "just technical and administrative; they are political. They involve a transfer of power from the groups who dominate the centre to those who have control at the local level."⁷

There is some contradiction between the views that 1950s and 1960s were characterised by greater centralisation in planning and administration and that it was also a period when decentralisation was given major attention. One explanation may be that strengthening of local Govt. institutions and the adoption of community development approach did not go hand in hand with adequate delegation and devolution of powers, particularly in respect of planning and administration. This points to the main issue behind decentralisation viz. the sharing of power under a particular system of governance. A politico-administrative system that uses decentralisation as a means of better planning and development administration is operating under different political imperative than a regime that considers it as a way of legitimating or strengthening its authority. For the former decentralisation is technical and administrative but for the latter it is mainly political though the former can also be considered as "political" in the very broadest sense. Once this distinction is made between these two overriding considerations for decen-

tralisation of different regimes the full import of participation, local Govt. and resource mobilisation can be understood in the context of the political economy. The fluctuation in the decentralisation process (the "pendulum effect") and the various forms taken by decentralisation coinciding with this fluctuation can then be seen in the proper perspective and better understood. It then becomes obvious that the structure of Govt. of which decentralisation is a manifestation, is not independent of the nature of the state power. This aspect of decentralisation has not been adequately treated in the vast literature on the subject. The capable experts and scholars have mostly dwelt at length with concepts, definitions, organisation and implementation of decentralisation, both at theoretical and empirical levels. The paper by Dr. Conyers included in this volume makes some reference to the "implicit objectives" that reflects the political nature of decentralisation but does not elaborate on this issue. She, however, makes the important point that political objectives of decentralisation are more difficult to identify and analyse because they are often not explicitly stated.⁸

With some risk of generalisation it can be said that when decentralisation follows a change in Govt. and it involves significant change in the equation of political forces, the development imperative are only one aspect of the change. Of greater significance is the political institutions that are sought to be nurtured with a medium to long term view. A decentralised system of administration and planning as a part of the structure of the government would have greater chance of survival if it were based only on development objectives, because in however limited way it is "political", (transfer of resources, change in the relative position of groups) changes in govt. would not make it a target for change because of its association with a particular configuration of political forces. Is it then significant that fledgling liberal democratic regimes of the parliamentary variety in the third world are more opposed to decentralisation of the devolutionary type than more authoritarian regimes who have little to be afraid of local leadership and their role within a decentralised framework because of the firm hold in the centre?

If this is the case then only strong central Govt. can afford to transfer power to lower levels through decentralisation. It will then appear as a paradox that strong local self-Govt; wider popular participation and greater mobilisation of resources can take place with greater likelihood when the regime exercising power is strong at the centre. Since Govt. in most of the developing countries based on multi-party system has tended to be unstable and relatively weak because of the constant flux in the political matrix arising out of unpredictable behaviour by the various actors at work and the difficulty that it causes for reaching consensus among groups at different levels, the various manifestations of decentralisation tend to remain within limited confines. They are not usually given full scope for blossoming on the ground of presumed threat to the weakly balanced power at the centre.⁹ To the extent a country has been able to resolve the problem of evolving a durable political system with well-defined institutions and mechanisms of exercise of power, it can afford to move towards greater decentralisation both in letter and spirit. If the durable system has sufficient continuity over a long period of time withstanding the changes in Govt. the process of decentralisation can become firmly institutionalised.

II

Decentralisation of any description (deconcentration, delegation, devolution, privatisation) has both direct and indirect influences on people's participation, local government institutions and mobilisation of resources. There seems to be some sort of organic relationship between decentralisation and these processes (people's participation, mobilisation of resources etc.) and institutions (local govt.). In any discussion and analysis of decentralisation the implications for and impact on these processes and institutions are important issues. In fact, a great deal of the rationale for decentralisation is based on the positive consequences for these processes and institutions. The degree to which decentralisation will bring about changes in these variables obviously depend on the nature, scope and extent of decentralisation. Some form of decentralisation can be shown to be more effective

in positively acting on these variables than others (e.g. decentralisation that combines the first three types). If the overriding objective for decentralisation is better planning and management of the rural development projects then deconcentration with delegation may meet the requirements. However, if the objectives include the additional criterion of participatory development then some degree of devolution of powers to local authorities becomes essential. It is obvious that better planning and management of development projects involve the technocratic approach to decentralisation while participatory development and administration imply a political approach. The former does not require any significant transfer of power by the central govt. to subnational levels but the latter does. Strengthening of local govt. institutions to facilitate participatory development and administration requires a willingness on the part of the central Govt. to part with some of the power of governance. If the central Govt. is not sure of its equation with the local Govt. institutions it may make exhortations at the level of rhetorics in favour of strengthening them. In practice it will prefer the participation to be effected through the party hierarchy and state apparatus at different levels. Bureaucratic resistance to change in centralised administrative system often buttress this proclivity. However, in a single party system there is a very thin line of distinction between the state apparatus and the party and thus a regime of this character having similar characteristics of authoritarian power may find it convenient to promote popular participation through strengthened local govt. institutions. Thus while theoretically all types of decentralisation are possible under different systems of governance, there is inevitably qualitative difference in the evolution of the different variables representing processes and institutions. The development of the polity with stability and continuity under commonly agreed procedures for exercise of political power within a multi-party system can overcome the apprehensions over devolution of powers and when that happens people's participation through strengthened local govt. institution can be perceived by the parties as an integral part of the political process. Negative attitudes of bureaucracy can also be overcome

to a great extent in that event. This situation may take quite a while to come about in many developing countries but this alone can ensure decentralisation with devolution of powers that will not be mere expedient.

III

Bangladesh has a long tradition in local self government starting from the later part of the British colonial rule.¹⁰ The original objective was to give a measure of self-governance over matters of local interest and to provide a forum for acquiring experience by local leaders. These institutions were given some financial powers for mobilisation of resources locally which were supplemented by Govt. grant. It was a case of devolution within very narrow limits. When the sub-continent gained independence in 1947 the area now constituting Bangladesh had two local govt. institutions, one at the union level and the other at the district level. During the regime of Ayub Khan in Pakistan (1958-1968) the almost moribund local govt. system was greatly strengthened and new institutional structures resembling local govt. were created at thana and divisional levels. A greater role in rural development, particularly for infrastructure building, was given to the union, thana and district level institutions for which considerable amount of resources were allocated by the govt. But in so far as the elected chairmen of the Union Councils constituted the electoral college for the Presidency, the local Govt. system came to have a political objective as well. Simultaneous with strengthening of local Govt. and also as part of it, the first move towards decentralisation of administration was taken in the early sixties as a result of which offices of different govt. departments were set up at the thana level with specified functions delegated to them. The Thana Council comprising official members representing these departments and the elected chairmen of Union Councils as non-official members provided a semi-local institution to plan, manage and co-ordinate development activities at the thana level. After the independence of Bangladesh the local Govt. institutions were suspended, probably for their past political role and elections to the Union Parishads were not held

until December 1973 under a new law. Due to limited resource allocation the activities of Union Parishads became very much circumscribed while the co-ordinated functioning of thana suffered through inter-departmental rivalries over the co-ordinative role and the absence of a clearcut policy and commitment from the Govt. in this respect. During the regime of President Ziaur Rahman (1977-1981) the thana level institution was once again strengthened and made somewhat more representative through the creation of the Thana Development Committee comprising only the elected chairmen of Union Parishads as ex-officio members and having one of them as the Chairman of the Committee. The Local Government Ordinance, 1976 provided for a 'Gram Sabha' (village councils) and the Govt. created "Gram Sarkars" (village Govt.) in 1980 under the Local Government Amendments Ordinance, 1980 and the Swanirvar Gram Sarkar Rules, 1980 with village representatives selected on the basis of consensus. Though the ostensible objective was to promote rural development the implicit desire to strengthen the power base of the party in power was discerned by many.¹¹ With the change in Govt. in 1982 this new tier of 'local government' was abolished. The Martial Law Govt. appointed a high-powered committee for Administrative Reorganisation/Reform in April, 1982 to review the existing administrative structure and to recommend an effective administrative system based on the spirit of devolution and the objective of taking the administration nearer to the people. On the recommendations of the Committee¹² the gov't. decentralised administration through abolition of sub-divisions as an unit of administration and the upgradation of thanas as Upazila to serve as the focal point of development administration and created Upazila Parishad as a new tier of local gov't. institution to which a large number of functions were delegated and necessary powers were devolved. The administrative reform implemented from November, 1982 by the Martial gov't. has been the most sweeping and comprehensive involving deconcentration, delegation and devolution within a common institutional framework.¹³

IV

An International Seminar on Decentralisation, Local Government Institutions and Resource Mobilization was held at BARD, Comilla, from January 20-23, 1985. The objectives of the Seminar were : (a) to conceptualise and help clarify the various issues relating to decentralized administration, local Government institutions, resource mobilization and participatory development ; (b) to arrive at broad conclusions relating to the above ; (c) to analyse the strategies and policy measures taken in the recent past by the governments of selected Asian countries for the implementation of decentralized administration, strengthening of local Government institutions and mobilization of local resources, and, (d) to make recommendations for the successful implementation of decentralised administration, strengthening of local govt. institutions and effective mobilisation of resources in the Bangladesh context.

The key-note papers presented set the theoretical framework of the Seminar. The country papers, including Bangladesh, covered the component themes of the Seminar subject in the perspective of the concerned countries. It was decided to publish the papers in an anthology for wider circulation among the academic community, policy makers and the practitioners of development administration within and outside Bangladesh. Since the papers represent the continuity of thought on the main theme and sub-themes and trace the evolution of policies in some of the Asian countries there is more than academic significance in the publication of this book. It is regretted that to keep the book within manageable proportions some editing in the form of deletion has been unavoidable. But in doing this it was ensured that the unity of thought and sequence of analysis were not impaired.

Dr. Diana Conyers in her paper has attempted to delineate the conceptual framework of decentralisation modestly suggesting in the title that it is tentative and meant for discussion. The originality of the paper lies in the attempt to focus on the criteria rather than on the conventional models of decentralisation that one comes across in the literature. Through detailed examination of

the main elements of the various systems of decentralisation, she arrives at an alternative approach to classification that differs from the traditional classification in two important ways. First, it provides a more detailed description of a system of decentralisation which provides a better basis for analysis and comparison. Secondly, by examining the elements separately, it allows for a much wider range of types of decentralisation. An additional advantage of this approach is that it facilitates the measurement of different degree of decentralisation in a meaningful way. In the part where she reviews the objective of decentralisation once again she can claim the distinction of being among the few to mention the explicit versus implicit objectives, a subject not touched by many probably because of its delicate nature. In examining the main issues in the design and implementation of decentralisation programme she establishes the correspondence with the five important characteristics of decentralisation identified by her which put design and implementation of decentralisation programme in their proper perspective. In analysing the implementation procedure Diana Conyers identifies political aspect of organisational capacity as the single most important factor. Perhaps it would be more appropriate to describe this as "commitment" or "will". Her treatment of the role of decentralisation in development is very brief and does not cover the relevant areas. It could be omitted from the paper without affecting the main trend of analysis.

Prof. Norman Uphoff in his paper on "Local Institutions and Decentralisation for Development" summarises some of the findings of a working group sponsored by the Rural Development Committee, Cornell University, on inter-country experiences with local institutions, decentralisation and resource mobilisation. Although the topic assigned to him was 'Local government' his paper focuses on the basic tasks of local governance, which go beyond the formal structure of local government. The full range of local institutions that can contribute to decentralisation and resource mobilisation is shown to encompass governmental or quasi-governmental, membership or self-help and private or quasi-private in a continuum which is subdivided into six kinds of local institutions of which local government is one.

Prof. Uphoff makes out a strong case for involvement of the whole range of public, membership, voluntary and private institutions in the decentralisation process as they can contribute to local governance through resource mobilisation and management. He further believes that when institutions at several "local" levels are engaged in systematic development efforts more extensive and profound decentralisation can take place. Though the inclusion of the 'middle sector' in the continuum of organisation is an innovative approach in the context of the developing countries this dilutes the focus from the centre-local relationships which lie at the heart of decentralisation initially. In the section dealing with decentralisation, he is not correct when he says that in Bangladesh the decentralisation underway is mostly deconcentration as certain devolution has also taken place.

Prof. Harry Blair in his paper on 'Participation' focusses on : (a) the project cycles within the implementing institution (b) local organisation and (c) local government institutions to analyse its role. He believes that participation in development administration concerned with project implementation can come about through bureaucratic re-orientation provided there is willingness to learn from the people, the beneficiaries and from lower level functionaries within the organisation. This re-orientation is not easy but Blair thinks that it is possible. In respect of local organisation that cover the vast middle area between local govt. structures to profit-oriented enterprises, he identifies self-directing participatory local organisation (SPLO) as being eminently suitable for people's participation. Since he does not provide any empirical evidence the examples of SPLOs cited by him appear as mere assertions. His optimism about SPLO's ability to avoid routinisation and bureaucratisation is also largely unsubstantiated. Referring to local government institutions Blair reviews their well documented failures and short-comings and believes that these are not oppressive reinforcers of status quo but vehicle of genuine social change. Giving the example of Panchayati Raj in India he expresses the hope that over a period of 10 to 20 years they can empower larger constituency thereby breaking the domination of the power elite. In conclusion Blair cautions that participation

is not a substitute for rural development administration and emphasises that participation will not work in the absence of effective administration and vice versa. This is the most significant statement in the paper suggestive of a pragmatic plan of action.

Prof. Abhijit Dutta in his paper on "Resource Mobilisation at the Local Level" briefly reviews the performance in the third world countries regarding local government revenue assignment and tries to show their relevance for Bangladesh. As a prelude to the analysis of local fiscal system, fiscal instrumentalities and improvements in fiscal performances, Prof. Dutta examines the nature of fiscal decentralisation and finds that actual experience in South Asia in this regard has been disappointing. He, however, believes that given political and administrative pre-disposition it is possible to set targets for both per capita local expenditure as well as the percentage of local to total public expenditure by the turn of this century. Explaining that user charges have not emerged as an important source of local revenue because of their provision of public and semi public goods, he suggests an illustrative composition of local government revenue budget items in Bangladesh around 1990. He then discusses various local fiscal instruments for local resource mobilisation in Bangladesh excluding grants meant for budget balancing. According to him apart from target setting and revenue assignment, local govt. resource mobilisation prospects depend on: (a) building supportive institutions and (b) relating fiscal transfers to performance. He believes that strengthening of local government finance, through fiscal capacity and its utilisation, needs to be facilitated by other related measures concerning democratic decentralisation. This otherwise excellent paper is flawed by the fact that it provides very little inter-country comparison and relatively more attention given to municipal finance.

Prof. Larry Schroeder in his paper on "Evaluating the Role of Inter-Governmental Grants in Decentralisation and Local Resource Mobilisation" has made an attempt to indicate how any grant system might be evaluated. The evaluative framework suggested by him is preceded by an analysis of the rationale for

inter-governmental grants and the roles grant play in countries throughout the world. He believes that while reallocation and redistribution may be the stated objectives for grant programmes, purely political motives are often the underlying rationale for inter-governmental transfers. After pointing out that the role of grant is increasing he provides a list of different kinds of grant programmes used in different countries and emphasises that since there is often a difference between the grant programme as written and what, in fact, occurs, in evaluating a grant system one must study carefully the actual flow of funds to local government rather than relying fully on the written rules. The section on grant evaluation criteria is more descriptive than analytical and it could be made more meaningful with inter-country experiences. The author concludes that since there are no cut and dried answers to the issue of what constitutes the optimum grant system, all of the criteria enumerated by him should be considered when evaluating a system of inter-governmental fiscal transfers. He strongly feels that when stated goals of decentralising decision-making include the desire to make local governments more self-reliant, the grant system should be adjusted to meet this goal.

Profs. Raul P. de Guzman and Perfecto L. Padilla have given an excellent analysis of the evolution of the policies and measures relating to decentralisation, local government institutions and resource mobilisation in the Philippines. The authors are in agreement with the assumption that local administration is strengthened with the devolution of powers and functions, including the power to generate revenue, upon the local government institutions. On the basis of the experiences in the Philippines they however, feel that when laws governing local authorities apply to them uniformly irrespective of differences in their administrative, technical and financial capabilities, the indiscriminate operationalisation of the principle of decentralisation may prove to be dysfunctional. They, therefore, favour selective decentralisation in implementing which it would be necessary to assess the resources, leadership capacities and administrative capabilities of the different levels of local governments. To promote administrative capacity, resource availability, restructuring and reorganisation

of local governments may be the main interventions that will involve consolidation of local services and functions and integration of smaller local units into larger and more viable political subdivision of the state. Local administration, thus strengthened, would have greater capacity for generating local resources, mobilising citizen participation and undertaking development programmes.

Prof. M. A. Mutalib reviews the Indian experience on decentralisation, local self-government institution and resource mobilisation mainly from a historical point of view. Stating that post-independence developments in the sphere of local-self government are marked partly by the continuation of the colonial legacies and partly by those in keeping with the ethos of democracy and development, the author traces the evolution of the Panchayati Raj System. Though the system widened the scope for popular participation and created new leadership, the author quotes Ashok Mehta Committee in listing the factors like dissociation of many development projects with the Panchayati Raj, the bureaucratic resistance, lack of govt. will etc. that have weakened the system since 1970s. The author discusses resource mobilisation under local and govt. efforts and shows how in spite of wide taxation powers, the local bodies have not utilised them fully with very few exceptions where some of the local taxes have reached a saturation point. On the otherhand, some of the policies of the govt. have contributed to the inadequacy of local finances. The author has shown that the government contribution to local bodies in the shape of grants and share of taxes is increasing in India though the central and state grants are mostly used as an instrument both of stimulus and control. He suggests that the issue of the type, nature, level and timeliness of grant should be decided by a national committee. In the section on participation the author pursues the question as to whether India is moving towards participatory federal polity and finds that partnership of local bodies with the state govt. is growing but the Center-Local government relationship has suffered a setback because of the implementation of several development programmes through central agencies. He also mentions the unhealthy and unequal competition between

the local government institution and specific purpose agencies set up by Central or State Govt.

In the country paper on Sri Lanka, Dr. Asoka S. Gunawardena examines some of the emerging issues in the socio-political development, structure of decentralised administration, programmes and strategies for local resource mobilisation. In the backdrop of these he analyses the functioning of the local government institutions, participatory development and resource mobilisation for decentralised development. The author contends that the history of decentralisation and local self government in Sri Lanka has been evolutionary and incremental going through a process of experimentation, review and re-experimentation rather than involving major structural changes. This is a very conservative view considering the drastic changes in district administration introduced through the creation of the District Political Authority (1973), District Ministership (1977), the use of the Decentralised Budget since 1974 and the establishment of the Development Councils (DC) (1982) all of which reduced the dominance of bureaucracy giving a greater role to peoples representatives in development administration. The Development Council constituted as the apex representative institution at the district level bringing together members directly elected by people to the DC with members of Parliament as ex-officio members was made responsible for local government functions in respect of fifteen subjects for which it has been given authority to draw up district budget and a plan. The DC and the Pradesh Mondalaya (PM) and the Gram Mondalaya (GM) complete the structure of the three tier local self government and this has introduced a new pattern of development administration which cannot be said to be based on incremental change or on experimentation. The author is, however, correct in stating that several environmental factors like the tradition of centralism, reluctance to share decision-making on the part of mainstream politicians etc. influence the scope and extent of administrative decentralisation in Sri Lanka. In this respect Sri Lanka's experience is not very different from other Asian countries. As regards participation, the author believes that the scope for this is greater below the district at the village level through

the Gram Mondalaya (GM) but whether empowerment of rural people can take place through the GM given the socio-political context in which it functions is considered doubtful. The author argues that resource mobilisation for rural development must lead to asset creation making these accessible to the rural disadvantaged and since there is no assurance that techno-economic approaches will lead to such asset creation there is urgent need to organise rural decision making process and empowering the rural weak. Resource mobilisation then cannot be separated from the institutional framework within which it takes place.

The paper by Dr. Prachanda Pradhan focuses on the government organisation in Nepal at the district and local levels with emphasis on the process of decentralisation of power and approaches adopted by the government reaching the village people. After reviewing the history of decentralised administration and local government institutions, he discusses the various provisions of the Decentralisation Act of 1982 that made the District Panchayat headed by an elected person, the focal point of development activities. According to the author the most important issue is how to bring the people closer to the process through which decentralised power is exercised. He joins Harry Blair in recommending that local administration which have technical expertise and local government organisations who know the problems of the people should work together within a participatory framework. As regards resource mobilisation the author has rightly bemoaned the fact that with the implementation of foreign aided rural development programmes in Nepal, resource mobilisation at the local level has suffered a set back.

Prof. Mohammad Mohabbat Khan in his paper on "Process of Decentralisation in Bangladesh" reviews the past efforts at institutionalising decentralisation and popular participation at the local level and then discusses the present process of decentralisation. The first part of the paper is very descriptive narrating the constitution of the Committee for Administrative Reorganisation/-Reform, its findings, recommendations, the mechanism of implementing the decentralisation policy, constitution of the National

Implementation Committee, the Resolutions and Ordinance issued to implement the programme and the system of financial allocation and management including guidelines for utilisation of the development fund. It would have been useful if he could subject these mechanisms and legal provisions to scrutiny to find out their suitability and adequacy for implementing the decentralisation programme. His critique of the decentralisation efforts concentrate on the unrepresentative character of the decentralised unit (Upazila Parishad) ignoring the fact that the official chairmanship of the Parishad is a temporary arrangement and the official members of the Upazila Parishad do not have voting rights which give ultimate decision-making powers to the chairmen of Union Parishad who are ex-officio members of Upazila Parishad having voting rights. He is also critical of the centralised bureaucratic control over Upazila administration but it is premature to make any judgement in this respect as during the process of implementation the role of Govt. functionaries at national level is inevitably crucial and significant. With the deputation of most of the officers to the Upazila Parishad the vertical chain of command has now been replaced by co-ordination and control at the local level. His criticism on the lack of a national consensus regarding the decentralisation programme misses the point that it is the continuation of a process that started in the sixties with the establishment of TT & DC and whatever changes have been introduced recently are of degree and not of kind whatever might be the underlying-motive. His critique of the weak financial base of the Upazila is not based on any analysis of the financial powers given to the Parishad. But it would be correct to say that even after full utilisation of these powers no Upazila Parishad can be financially self-reliant and there will be some dependence on govt. grant. Bangladesh will not be the only developing country in this respect.

Mohammad Faizullah briefly reviews the historical evolution of local government in Bangladesh through the various Acts, Ordinances and Resolutions starting from the colonial days and then focuses on the functioning of the institutions that now exist. He brings out the various issues and problems having direct and indirect bearing on the functioning of local govern-

ment institutions. In part one of the paper he reviews the functioning of local bodies under some selected heads and in part two he analyses the main issues and problems inherent in the present system. In his analysis of issues an attempt has been made to develop the thesis that the overall functioning of local govt. in Bangladesh suffers from inconsistencies and that most of these inconsistencies arise out of the structural anomaly. In part two of the paper he has tried to identify the structural issues and relate them to the inconsistencies. His is one among the very few approaches made by scholars and researchers to analyse the functioning of local govt. institution in Bangladesh through a thematic presentation. The only short-coming, admitted by the author himself, is the inadequate empirical evidence. Few will disagree with him when he concludes that local government as a national sub-system is yet to take final shape and his exhortation that the local government system has to be boldly restructured consistent to the overall government superstructure of a unitary state as well as the requirement of an independent and developing country.

Dr. Sk. Moqsood Ali and Ms. Sofia Hasna Jahan Ali in their paper on "People's Participation in Administration and Development through Local Institutions" have reviewed the experience of Bangladesh over the past three and half decades. They have examined the question of people's participation in administration and development through local institutions in the light of changes in the concepts and shift of emphasis in development strategies that took place during the 1950s, 1960s, 1970s and 1980s. In analysing the evolutionary role of participation attention has been given by them on, (a) the role of the state in re-orienting bureaucracy for empowerment of the poor and the disadvantaged within the existing structural constraints and (b) the new role of the local government institutions in the utilisation of the opportunity for 'participatory development'. Concluding that linkages between traditional elite and local administration circumscribe the scope of participation by the masses, they recommend organisation of the poor and training of social workers from among them to work as change agents to delink

the local administration from the traditional elites. Their preference of non-governmental agencies for this task minimises the role of govt. agencies without good reasons. For successful implementation of this strategy the efforts of both should complement each other.

Prof. Sadrel Reza in his paper on "Resource Mobilisation at the local levels in Bangladesh : Problems and Prospects" analyses the broad issues relating to the problems and prospects of resource mobilisation from theoretical point of view and then examines the same in the context of Bangladesh. In the first part of the paper he discusses the concept of resource mobilisation, underscores the need for resource mobilisation at local levels and analyses the constraints and possibilities of mobilising resources. Referring to the financial powers given to the local govt. institutions in Bangladesh the author states that even after their full utilisation, assistance in the form of grant from the government will still be necessary. Though this is stating the obvious he makes the important point that local resource mobilisations can be a successful means of achieving self-reliant growth only when resources, thus mobilised, are spent to meet local needs. Following from this he recommends redesigning the revenue system of the govt. through incentives and disincentives provided to local tax payers, elected local level officials and central and local govt. functionaries. It is not however, very clear how the success of any fiscal reform at the local level depends on changes in local level institutions simply by making them more responsive to the needs of the poor.

"The Role of grants in Local Government Finance in Bangladesh" is the subject of the paper by Dr. M. Asaduzzaman. Starting with the premise that centre-local fiscal relationship has significant bearing on the magnitude of resource mobilised and utilised, he tries to assess the role of grants in these two respects. The theoretical exposition of the role of grant contained in the original paper has been omitted in this book firstly because it may not be comprehensible to non-economists and secondly, because this has not been related to the Bangladesh case in any meaningful manner. Under the institutional frame-

work for and nature of grants in Bangladesh the author has analysed the categories of grants to the various tiers of local bodies. It is seen that there are substantial differences in reliance on grants among various type of local bodies but the dependence is increasing for all of them. The author contends that the impact of grant on local resource mobilisation depends on the way grants are structured. On the basis of some empirical evidence he then concludes that particular specific matching grants in Bangladesh are likely to fail in stimulating demand for the particular local goods, and that there are grants under specific non-matching category which, if matched even to a small extent, can create an improved local resource base. He recommends the inclusion of rural and urban works programme, and special projects under matching formula. He, however, does not explain how the abolition of various small compensatory grants and the merger of all (except octroi) general non-matching grants into one or two large general grants will create improved local resource base. The discussion on the development impact of grants is very limited in scope as it deals with rural works programme only. The conclusions and policy recommendations of the paper deserve serious consideration.

V

As is already evident the papers included in this book fall into two distinct categories: those dealing with concepts, theories and analytical framework on the subject and others containing experiences in selected Asian countries with special emphasis on Bangladesh. But in reality the distinction has often been blurred as papers of the first category give references from country experiences and vice versa, though the degree to which this has been resorted to varies from author to author. This is a fairly common practice in social science and by no way detracts from the merit of the papers. Two other conclusions emerge from these papers that confirm already widely held views. Firstly, the principles that have been expounded in the papers represent the mainstream views of public administration and there is unanimity among scholars regarding the meaning and scope of the

concepts and analytical framework on these subjects and only the emphasis differs. Secondly, the experiences of the developing countries with decentralisation, local government institutions, participation and local resources mobilisation are fairly similar in terms of success, failures and constraints. Since there is no confusion over the concepts, scope and objectives of the subjects, inadequate accomplishments and fluctuations in the implementations of various measures undertaken from time to time can only be attributed to the state of the commitment of the Government and the shared political will which emerge as the independent variable. In the ultimate analysis politics in the sense of exercise of state power by politicians and bureaucrats then becomes the crucible on which decentralisation programmes are to be evaluated.

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DECENTRALIZATION : A FRAMEWORK FOR DISCUSSION

Diana Conyers

1. INTRODUCTION

Discussions on decentralization can easily become confused and, therefore, unproductive because of the analytical problems which surround the concept of 'decentralization'. The term is used to refer to a variety of different organizational processes and structures and it is not always clear how it is being used in a particular situation. Moreover, decentralization's role in development is complex and discussions are further confused by the many different objectives which advocates of decentralization are concerned to achieve. The purpose of this paper is to clarify some of the conceptual and analytical issues related to decentralization in order to facilitate debate. The rest of the paper is divided into four sections. Section 2 examines the nature, scope and forms of decentralization, section 3 the objectives of decentralization and section 4 the design and implementation of decentralization programmes, while section 5 offers some concluding comments on the role of decentralization in development.

2. NATURE, SCOPE AND FORMS OF DECENTRALIZATION

There are many different definitions of 'decentralization'. For the purposes of this paper it may be defined as the transfer of 'authority to plan, make decisions and manage public functions' (Rondinelli, 1981, p. 137) from the national level to any individual, organization or agency at the sub-national level. This definition is consistent with the way in which the term seems to be most often used today, especially in less developed countries. It limits attention to 'territorial', as opposed to 'functional', decentralization, thus excluding the transfer of authority from central to peripheral organizations at the national level—for

example, from a government department to a parastatal agency. However, in other respects it is a broad definition, which covers a wide range of organizational changes. This section examines the variety of forms which decentralization may take and considers the problems of measuring decentralization and the relationship between centralization and decentralization.

Forms of decentralization

Because of the variety of forms which decentralization may take, attempts to generalize about its nature or impact can easily be misleading or confusing. Since this is one of the main reasons why decentralization poses analytical problems, it is necessary to look briefly at different types of decentralization before proceeding further. This raises questions about methods of classification. There is a widespread tendency to classify decentralization by distinguishing several different types, or models, which combine a number of different criteria. For example, the oft-used distinction between 'devolution' and 'deconcentration' is based on a variety of criteria, including the existence of a local political body, the composition of this body, the type of powers it has, and whether or not the existence of this body and its powers are enshrined in legislation. This is almost inevitable because one cannot classify anything as complex as a system of government on the basis of one criteria alone. However, it does lead to problems because the models tend to acquire much greater significance and to be much more widely utilized than the criteria on which they are based. Thus books or articles on decentralization tend to begin by listing or describing different models of decentralization, rather than the criteria on which they are based. This in turn leads to lengthy debates about which category particular examples fit into and, in some cases, which models are 'true' decentralization and which are not. For example, there is considerable debate about whether or not reforms such as those introduced in Ghana in 1971, Tanzania in 1972 and Zambia in 1980 should be regarded as 'devolution' or 'deconcentration', since they have elements of both (Conyers, 1983), while some writers, such as Mawhood

(1983), prefer to use the term 'decentralization' to refer only to clear-cut cases of 'devolution'. Such debates usually achieve very little and sometimes actually hinder constructive analysis, because the discussion is really about the choice of 'labels' to describe specific 'real-life' cases, rather than about the characteristics of, and the similarities and differences between, these specific cases. Moreover, such problems are particularly likely to occur in discussions about decentralization in less developed countries today because the conventional models, which tended to be based on forms of decentralization found in developed countries (especially the UK and North America), are becoming increasingly inappropriate, since many less developed countries are now experimenting with a much wider range of models, many of which do not correspond to the conventional ones (Subramaniam, 1980).

An alternative approach to classification, which I consider provides a better basis for analysis, focuses on the criteria rather than the models. It involves a more detailed examination of the main elements or characteristics of individual systems of decentralization. The following characteristics are particularly important.

1. the functional activities over which authority is transferred;
2. the type of authority, or powers, which are transferred with respect to each functional activity;
3. the level(s) or area(s) to which such authority is transferred;
4. the individual, organization or agency to which authority is transferred at each level; and
5. the legal or administrative means by which authority is transferred.

I shall examine each of these in detail later, in the context of the design of decentralized systems of government. At this stage, I shall merely point out how this method of classification differs from the other in two important ways. First, it provides a more detailed description of a system of decentralization, and therefore, provides a better basis for analysis and comparison. Secondly, by

examining each characteristic individually, it allows for a much wider range of types, or models, of decentralization.

Measuring decentralization

The approach to the classification of decentralization advocated above is also necessary in order to measure different degrees of decentralization in a meaningful way (Smith, 1979, 1980). Another source of analytical confusion relates to statements such as 'Country A is more decentralized than Country B' or 'The present system of decentralization in country C is more decentralized than it was'. Although simplistic statements such as these sometimes give an accurate picture of the situation, they are more often misleading or confusing because they do not allow for the fact that a system of government can be more decentralized than another (or than it was) in terms of one of the above characteristics while being less decentralized in terms of another. For example, a wider range of functional activities may be decentralized in country A than in country B but the powers which the decentralized levels of government exercise with respect to these powers may be more limited, these levels of government may be larger or 'higher up' in the organizational hierarchy, or those exercising power at this level may represent national rather than local interest.

Zambia provides a good illustration of the confusion which can arise as a result of this situation. In 1980 the Zambian government reformed its local administrative system. The reforms were publicly referred to as 'decentralization' but there was a heated debate among civil servants and general public as to whether or not they were, in fact, 'centralization'. This was because the reforms involved the transfer of increased authority to district councils ('decentralization') but the composition of the councils was changed, with representatives of the national party replacing local representatives elected by universal suffrage ('centralization') Zambia, 1978; (Conyers, 1981).

Centralization and decentralization

Finally, the relationship between centralization and decentralization is also rather more complex than might at first appear, and for similar reasons (Apthorpe and Conyers, 1982). Three points of clarification will be made here.

Firstly, it is important that both 'centralization' and 'decentralization' are regarded as processes of change, rather than as fixed states. (Rondinelli, 1981; Cohen et. al., 1981; Faltas, 1982). This should already be evident from the discussion so far in which decentralization has been defined as a process of transferring authority from national to subnational levels.

Secondly, it is not possible to envisage either a totally centralized or a totally decentralized system of government (Faltas, 1982). Centralization and decentralization should therefore be envisaged as processes of movement in either direction along a continuum which has no finite ends.

Thirdly, implicit in the above discussion on measuring decentralization, and the Zambian example in particular, is the fact that 'centralization' and 'decentralization' can take place simultaneously, since the direction of change with respect to one characteristics of decentralization may differ from that with respect to another.

3. OBJECTIVES OF DECENTRALIZATION

Decentralization may be seen as a means of achieving a variety of different objectives. This helps to explain the widespread interest in decentralization in recent years (Conyers, 1983) and, more important, it also adds to the complexity and confusion associated with the analysis of decentralization. It is not simply the number of different objectives which causes problems; more significant is the fact that, firstly these objectives have different, and sometimes conflicting, implications in terms of the type of decentralization required to achieve them, and secondly, that a particular decentralization programme is often advocated by several different

interest groups, each with its own objectives and, therefore, expectations in terms of the form of decentralization and its anticipated impact.

A brief review of the variety of different objectives in this section of the paper will not only illustrate the problems but hopefully also help to clarify the issues which have to be considered in any particular situation. In order to demonstrate the differences between the various objectives, and the potential conflicts these imply, I shall group the objectives into three dichotomous pairs: 'managerial' versus 'political', 'top-down' versus 'bottom-up', and 'explicit' versus 'implicit' objectives.

Managerial versus political objectives

I use the term 'managerial' objectives to refer to objectives related to the organization and management of development programmes. Decentralization is frequently seen as a way of improving the planning and implementation of development programmes and projects by taking account of local needs and conditions, improving coordination between the various government agencies involved in development at the regional or local level reducing delays in decision-making and increasing flexibility in the administration of development, and mobilizing local resources (including finance and manpower) and increasing local commitment. Since the early 1970s decentralization has been increasingly advocated as a strategy for achieving these sorts of objectives in many countries of Asia, Africa and Pacific (Cheema and Rondinelli, 1983; Conyers, 1983)—and Bangladesh is obviously no exception.

The political objectives of decentralization are rather more difficult to identify and analyze, partly because they are often not stated explicitly—a point which will be taken up in the section below, but also because of their ubiquity. Decentralization is inevitably a political issue because it is about the distribution of power, particularly the distribution of power between different levels in the political and administrative hierarchy but also the distri-

bution between different interest groups at each level. Consequently, however important the managerial objectives of decentralization, there will also be political objectives or motives; and these may well conflict with the managerial objectives (as well as with each other) in terms of the degree and form of decentralization required to achieve them, and also override them in the final decision-making process. The implication of this in terms of the design, implementation and impact of decentralization will be considered later.

Top-down versus bottom-up objectives

The distinction between 'top-down' and 'bottom-up' objectives is made in order to emphasize that objectives at the national level are likely to be significantly different from, and sometimes in conflict with, these at regional or local level. This is particularly obvious in the case of political objectives, where some conflict is almost inevitable because decentralization concerns the distribution of power between the different levels. However, it also applies to managerial objectives; in some cases it is only a matter of differences in priorities but in other cases national and regional (or local) objectives are actually in conflict with each other. For example, decentralization of control over agricultural pricing policy might enable an agricultural region to offer better incentives to farmers and improve rural living standards but it could have a negative effect in terms of national economic policy, for example by increasing the price of urban food and therefore leading to inflation and increases in public sector salaries. Consequently, the form which decentralization takes and the impact which it has will inevitably depend, at least in part, on the relative influence of national and regional (or local) demands or interests in the decision-making process. The majority of recent decentralization programmes in less developed countries seem to have been initiated almost entirely at the national level; however, countries such as Sudan (Alassam, 1983; Norris, 1983), Papua New Guinea (Conyers, 1981; Axline forthcoming), and--if some sort of decentralization is eventually negotiated--Sri Lanka are examples in which regional demands have had (or will

have) a significant impact on the degree and form of decentralization.

Explicit versus implicit objectives

Explicit objectives are those which are explicitly stated in public documents or declarations associated with decentralization. These may be managerial or political, top-down or bottom-up, but inevitably they are always 'positive' objectives, in the sense that they are objectives which are designed to legitimize decentralization in the eyes of the general public, a particular interest group—or the international community. The most obvious examples are objectives related to public participation, which are frequently expressed in terms of phrases such as 'power to the people', 'bringing government closer to the people' and 'improving access to government services'; but most managerial objectives have similar 'positive' connotations.

Implicit objectives, on the other hand, are those which underlie the views expressed by particular individuals or interest groups but are not publicly stated. These are usually (although not necessarily) political objectives and both their existence and their importance in determining the actual form and impact of decentralization reflects the political nature of decentralization.

The 1980 decentralization reforms in Zambia can be used to illustrate the relationship between explicit and implicit objectives. In public statement, decentralization was advocated as a means of 'bringing government closer to the people', improving coordination between various organs of government at district level and facilitating the planning and implementation of development programmes, especially in rural areas (Zambia, 1978). However, another important motivating factor, which was not explicitly stated, was the desire to strengthen the role of the party at district and local levels; hence the change in the composition of district councils and the consequent claims that this was 'centralization' rather than 'decentralization'. Another example from a rather different

environment is the move by the current British government to abolish metropolitan local government councils, ostensibly in order to reduce government expenditure but also and in reality more importantly, because they represent a major source of opposition to the present government.

4. DESIGN AND IMPLEMENTATION OF DECENTRALIZATION PROGRAMMES

The process of decision-making which leads to the introduction of some sort of decentralization reform is inevitably complex because of the many different factors and interests involved and, in particular, because of its highly political nature. Consequently, the planning and implementation of a decentralization programme cannot be conceived as a straight forward, 'logical' or 'rational' process, in which one simply considers the objectives of the reform, designs the 'best' system to achieve these objectives and then implements these plans in a careful, step-by-step manner. However, this does not mean that there is no point in giving some thought to the design and implementation of decentralization programmes. In most cases there is some attempt to plan the decentralization, even if the plans are not acceptable or not implemented to the letter, or if the final outcome of the decision-making process is an uneasy—and probably inconsistent—compromise between various plans put forward by different interest groups. For example, even in a situation such as that in Sri Lanka at present, where decentralization is an issue of extreme political sensitivity, both the government and the Tamil leaders have devoted a great deal of time and effort to the design of proposed systems of decentralization, which have provided the basis for the various rounds of negotiation which have taken place. Consequently, some knowledge of the main issues which should be considered and the range of alternatives available is essential to anyone concerned in any way with decentralization. Furthermore, even in cases where there is very little conscious or systematic planning, where plans are not accepted or implemented, or where decentralization takes the form of a series of

piecemeal reforms, such knowledge is still valuable in analyzing the strengths and weaknesses and likely impact of whatever form of decentralization emerges.

This section thus examines some of the main issues which merit consideration in the design and implementation of decentralization programmes. It is divided into six parts. The first five correspond to the five important characteristics of decentralization identified in section 2 which may also be regarded as the main issues to be considered in the design of decentralization, while the last part is concerned with methods of implementation.

Which functional activities are decentralized?

This issue relates to the type of functional activities over which authority is decentralized. The most obvious way of tackling this is to begin by considering the main functional or sectoral divisions of government activity, corresponding to departments or equivalent agencies; for example, agriculture, industry, health, education, and so on. However, further subdivision is necessary because it is usual for the responsibility for any one sectoral activity to be divided between national and subnational levels of government. Thus, to take the example of education, one needs to consider different types of education service (primary, secondary, tertiary, vocational, adult) and different types of function with regard to each kind of service (day-to-day administration, location of new schools, curriculum design, teacher training and so on). The actual division of functional activities, and in particular the degree of detail required, will depend very much on the situation in which—and the purpose for which—such an analysis is being undertaken.

What powers over each activity are decentralized?

This is one of the most important—and therefore politically sensitive—issues, since it determines the effective control or authority which the subnational levels of government or administration have over the various functional activities which are decen-

tralized. However, it is also one of the most complex, partly because each functional activity may have to be considered individually since it is unlikely that the same powers will be decentralized with regard to each one, and partly because there are many different types of 'powers'.

Figure 1 summarizes the main types of powers which may be decentralized with regard to any particular activity (referred to in the diagram as Activity One). These are divided into three main categories: policy-making powers, financial powers and powers over personnel matters. Each of these categories can in turn be subdivided, as indicated in the diagram; thus policy-making powers are subdivided into law-making and executive powers, financial powers into those concerning revenue and expenditure (each of which is further subdivided), and personnel powers are divided into those relating to conditions of service, establishments, appointments and promotions, transfers and direction and discipline (many of which could also be further subdivided). It is not possible to discuss any of these powers in detail here. However, two more general points may be mentioned.

Firstly, it is very important that all three types of powers identified above be considered because they are interrelated and decentralization of one on its own is likely to have a very different impact in terms of any particular objective than decentralization of all three. There are many examples of both local level governments and regional or local planning authorities which are ineffectual because they have powers to formulate policies or plans but they do not have control over, or access to, the financial and manpower resources needed to put these policies or plans into effect.

Secondly, the importance of financial powers cannot be over-emphasized. Decentralization will not necessarily facilitate resource mobilization (or, for that matter, any other objective). Its impact will depend on the degree and form of decentralization and, in particular in this case, on the types of financial powers which are decentralized.

FIGURE 1 ANALYSING DECENTRALIZATION

Type of powers		Level to which decentralized			To whom decentralized			How decentralized		
		Level in hierarchy	Population (ave)	Area (ave)	Politician/bureaucrat/'mixed'	Indiv. or group	Specialist or general	Const. legis.	Ord. legis.	Admin. deleg.
Policy making	Law making									
	Exec-utive									
Finance	Revenue	Tax								
		Grants								
		Loans								
	Exp- end.	Budget								
		Alloc.								
		Control								
		Acc/ audit								
Person- nel	Services conds.									
	Estabs.									
	Appoint/ promotn.									
	Transfer									
	Direct/ discip.									

ACTIVITY ONE

To what level are powers decentralized?

This is a simpler issue but one which is not always given due recognition. There is a tendency when considering alternative forms of decentralization to forget that the impact of decentralization to regions or states with a million or more people (as in countries like India, Nigeria, Sudan, the United States or Canada) will be very different from that of decentralizing similar powers to 'districts' or comparable units with perhaps 50,000–200,000 people, while decentralization to village or 'community' level is different again.

Although I have, for the sake of simplicity, used the word 'level' here, it should be stressed that, as the above examples suggest, it is not just the level in the organizational hierarchy which is important. It is the combination of the level and the size (taking into account both area and population) of the unit of administration or government which is significant (Figure 1).

It is also worth noting that in some situations it is better to think in terms of decentralization not to one specific level but to a number of different levels in the organizational hierarchy (FAO, 1981). This does not arise if the question of 'what level?' is asked in relation to each power and functional activity individually (as in Figure 1). But it does arise in more general debates about, for example, whether the main level to which government powers should be decentralized should be, say, the 'province' or the 'district'; such discussions tend to raise problems because it is seldom possible to decentralize all powers under consideration to one level. This is particularly obvious in large countries such as India and China, both of which operate on the basis of a hierarchy of administrative and planning regions, which has led to the use of terms such as 'multi-level planning' in the case of India (Misra and Sundaram, 1980) and 'top-down-and-bottom-up planning' in the case of China (Wu and Ip, 1981). However, even in relatively small countries with only one major subnational tier of administration, it is necessary to consider links between that tier and the very local level, particularly if decentralization is seen as a

means of encouraging local involvement in planning or decision-making—or in resource mobilization.

To whom are powers decentralized?

This issue follows logically from the previous one. Like the question regarding the type of powers decentralized, it is both a complex issue and one which is of major importance and political sensitivity, since it is again concerned with the distribution of power—this time between different individuals or groups at a particular level, rather than between levels. There are four dimensions of this issue, each of which is discussed briefly below. It should, however, be noted that for the sake of simplicity I have confined my attention to decentralization within the public sector and have, therefore, not considered the very important possibility of transferring authority to non-government organisations.

The first three dimensions are concerned with structural issues. The first is whether powers will be decentralized to politicians or to bureaucrats—or, as has been increasingly the case in one party states, to 'mixed' political and administrative authorities, such as a local governor or 'district commissioner' or a council composed of both politicians and bureaucrats. The second dimension is the choice between decentralization to an individual and decentralization to a group, while the third raises the question of whether decentralization is to a specialized, functional authority or to a multipurpose, territorially-based one. For example, in the case of education, powers may be decentralized to any of the following : a local education officer (an individual bureaucrat responsible for a specialized functional activity), a local education committee (a specialized functional group which may be composed of politicians and/or bureaucrats), an individual with multipurpose coordinating functions (such as a 'district commissioner' or equivalent figure), a multipurpose committee composed entirely of bureaucrats (such as the 'district coordinating committee' common to many countries), or a multipurpose

council composed wholly or partially of locally elected politicians (such as a local government council or regional government). These three dimensions are summarised in Figure 1.

The fourth dimension, which is much more difficult to analyze and cannot be represented diagrammatically in Figure 1, concerns the relationship between the authority to which powers are decentralized on the one hand and the public in general—or specific interest groups (or ‘target groups’) in particular—on the other hand. This raises issues, in the case of politicians, about modes of election or other forms of selection and, in the case of bureaucrats, their capacity as ‘extension agents’. Moreover, it also raises questions, which in many countries are of overriding importance, about the socio-economic and political structure of the local society. In many situations there is a very real danger that most forms of decentralization will merely strengthen the position of the local elite and thus perpetuate existing inequalities; this does not mean that centralization is a preferable strategy, but it does suggest that, to the extent that there is flexibility in the design process, the form of decentralization requires very careful consideration (Leonard and Marshall, 1982). Detailed consideration of this dimension is of supreme importance; but it is beyond the scope of this paper.

How are powers decentralized?

This issue concerns the formal (and informal) devices used to transfer powers from national to subnational authorities. The most important distinction is probably between systems in which the division of powers is embodied in some sort of legislation and those where it is merely determined by administrative delegation. However, there are a number of important variations within each category, particularly in the case of legal transfers of power, where the distinction between constitutional and ordinary legislation is one of the most important criteria used to distinguish between federal and unitary systems of government (Figure 1). Other variations, which are too complex to summarize in Figure 1,

relate to arrangements for power-sharing between levels of government within broad legislative constraints ; for example, the existence of 'concurrent' (or shared) powers common in federal systems or the power of one level of government to delegate functions to another by means of regulations.

It is not necessary to embark upon a detailed discussion of the various alternatives here, since their impact tends to be indirect rather than direct, in that the means of transfer affect the permanency of the arrangements (since some devices enable powers to be modified or revoked much more easily than others) and, therefore, the permanency of any impact which they may have, rather than the impact itself. Nevertheless, this is an important issue, especially when decentralization is primarily a response to political conflicts between different interest groups, each of which is concerned to ensure that whatever agreement is reached cannot be easily changed at the whim of the other group (s).

Implementing decentralization

Experience with decentralization programmes in recent years has revealed that one of the main problems—as with so many kinds of development activity—is the gap between planning, or design, and implementation (UN, 1981 ; Cheema and Rondinelli, 1983 ; Hyden, 1983). Implementation is dependent on three main factors : the design of the decentralization programme ; the organization of the implementation process ; and the organizational capacity to implement it. The question of design has already been discussed. However, it should be added that all the major design issues considered in sections 4.1—4.5 should, as far as possible, be considered during the design stages. Many decentralization programmes fail to get off the ground or are seriously delayed because a vital element (such as the financial or personnel arrangements) was neglected, sometimes because its importance was not recognised but more often because it was a particularly sensitive issue which could not be resolved or would have jeopardised the whole programme. The other two factors affecting implementation are discussed in more detail below.

The organization of implementation is important because of the magnitude of most decentralization programmes and the need for coordination between the various component parts. Many decentralization reforms affect most parts of the political and administrative machinery of government and, unless the reform is confined to one part of the country, they have to be implemented nationwide. Consequently, some sort of 'plan of operations', which specifies when different stages of the decentralization will take place and who will be responsible for each, is highly desirable. In addition, it is usually helpful to have some sort of special organizational machinery, such as a ministry, department or office preferably with easy access to 'the powers that be' to coordinate or direct the implementation process, and later to monitor progress and perhaps also coordinate regional matters. Tanzania (Fernandes, 1979) and Papua New Guinea (Conyers, 1979) provide some useful lessons about the role and organization of this sort of coordinating machinery.

The organizational capacity to implement decentralization is a complex issue which can only be touched upon here. For convenience it may be divided into two parts—administrative and political; although in most cases the two are so closely interwoven that they cannot be easily distinguished. The administrative aspect raises practical (but by no means simple) questions about the redesign of organizational procedures (such as reporting systems and budgeting procedures) and the reorientation and training of personnel affected by the decentralization, which have implications for the organization of the implementation process, since they have to be included in the 'plan of operations'. However, it also raises more complex questions about the capacity of individuals and organizations to adapt to major organizational changes, and the short- and long-term effects which such changes may have on administrative performance and morale.

The political aspect of organizational capacity is probably the single most important factor affecting implementation. It has been emphasized throughout that decentralization is concerned above all

else with the distribution of political power and one of the implications of this is that the implementation of any significant decentralization reform will be difficult because it involves a change in this distribution of power. Evidence from many countries supports the fact (Cheema and Rondinelli, 1983; Conyers, 1983; Hyden, 1983). Part of the problem is that national political leaders often appear to agree to a decentralization programme without realizing the full impact which it will have in terms of their own loss of status and influence; it is only when implementation begins that they become fully aware and it is often then that the implementation problems begin to appear. Papua New Guinea illustrates this situation well (Axline, forthcoming).

5. CONCLUSION : THE ROLE OF DECENTRALIZATION IN DEVELOPMENT

Many of the arguments for, and against, decentralization are as Herbert Simon pointed out 'like proverbs... for almost every principle one can find an equally plausible and acceptable contradictory principle'...Decentralization promotes efficiency and reduces it. Decentralization enhances national unity and inhibits it. And so on. (Larmour, 1984, P. 1)

The above quotation reflects many of the dilemmas associated with decentralization, one of which is the tendency for individuals or agencies concerned with decentralization to overemphasize the potential benefits to be gained from decentralization--and then to be unduly disappointed or disillusioned when they do not materialize (Conyers, 1983).

Why do such dilemmas arise ? They are partly due to conceptual and analytical problems. For example, as already suggested 'decentralization' is complex and confusing phenomenon which can take many different forms and the impact of decentralization in terms of achieving any particular objective will depend to a large extent on the type of decentralization. Furthermore, it is very difficult to

evaluate the impact of decentralization because of the difficulties of selecting appropriate (and measurable) indicators, determining the time at which the evaluation should be undertaken and distinguishing between those changes resulting (or not resulting) from decentralization and those attributable to other factors.

However, they also reflect more substantial issues concerning the role of decentralization in development. They reflect the fact that most of the objectives which decentralization is supposed to achieve, such as efficiency or national unity, coordination or popular participation—or resource mobilization, are themselves complex issues for which there are no easy or obvious recipes and which cannot be achieved by decentralization alone, whatever form it takes. Moreover, it must also be remembered that decentralization can itself create new problems, the nature and extent of which tend to depend on the degree and form of decentralization and the environment in which it is introduced. The risk of decentralization increasing inequalities between social groups at the local level has already been mentioned, while somewhat similar is the tendency for many forms of decentralization to increase rather than decrease regional inequalities because the more affluent regions are in a better position to utilise the powers which are decentralized to them.

Three main conclusions seem to emerge from this. The first is the importance of the conceptual or analytical framework within which debates on decentralization take place; the main purpose of this paper is to help to provide such a framework. The second is the need for more empirical evidence on the impact of alternative forms of decentralization in terms of achieving various objectives. And the third is the need for a realistic view of the role of decentralization in development, one which recognizes both its potential and its limitations.

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LOCAL INSTITUTIONS AND DECENTRALIZATION FOR DEVELOPMENT

Norman Uphoff

I. INTRODUCTION

For several reasons, few subjects are more relevant than this for developing countries today.

- (1) The growing "fiscal crisis" is undermining the capacity of central governments to continue undertaking development efforts in the manner they have done so in the past. There is a growing need to devolve responsibilities to local institutions for their self-management with a greater degree of self-financing.
- (2) The failure of more centralized methods to reach and benefit the poorer sections of rural society has been a glaring deficiency in centralized approaches, however good their intentions might have been. It is a lesson of development experience that without participation in decision-making, implementation and evaluation, real and sustained participation in benefits is less likely (Uphoff, Cohen and Goldsmith, 1979).
- (3) The very complexity of agricultural and rural development makes it difficult to plan and administer in conventional top-down ways. Having capacity to carry out multi-sectoral programs requires institutional development at many levels, particularly local levels as discussed below, and of many kinds, though different channels, as also discussed. The management capacities of any government will be overtaxed if it tries to handle all development activities itself.
- (4) In any country, according to the laws of demography and the natural distribution of intelligence, a majority of talent

will reside outside of the capital city and outside the civil service. Not to enlist a country's human resources to their fullest extent will hold back its progress as its people need to be treated as an asset not a liability (as is too often the view). Mobilization of human resources includes people's ideas and management skills, not just their labor.

These four observations could be elaborated and documented at some length, based on the work done over the last dozen years by the Rural Development Committee at Cornell and its associates at many other institutions. But they should be reasonably evident to any close observer of rural development experience, so they are stated here as premises for the analysis to follow.

It so happens that for the last year and a half, a working group on Local Institutional Development (LID), sponsored by the Rural Development Committee has been analyzing experience worldwide with local institutions, decentralization and resource mobilization. It has just completed a series of eight monographs on this general subject, and this paper will present in summary form some of the findings of that work that appear most relevant.

Although the assigned topic was "local government institutions" this paper deals with the full range of local institutions which can contribute to decentralization and resource mobilization, since there are other options besides "local government". We should consider the basic tasks of local **governance**, which go beyond the formal structure of "local government."

To do justice to the subject we need to consider alternative channels of decision-making and resource mobilization, at various levels, and how these institutions may be fitted together into productive **networks** of institutional development. One of the main findings of our previous work on local organization for rural development was that successful cases of rural development in Asia had evolved and strengthened not just one or two institutional channels between the center and rural communities but **whole systems** of local institutions (Uphoff and Esman, 1974).

This conclusion is reinforced by more recent survey of LID experience which included Africa and Latin America as well

as Asia. Time and again when we found a local institution performing well, if we looked further there were complementary local institutions helping to promote a variety of reinforcing changes. Thus we find that rural development depends on a number of specific kinds of local institutions, but even more so on a combination of institutions which pool the respective strengths of governmental, private and membership sectors. Otherwise we have isolated institutions like islands in the sea.

II. LEVELS OF LOCAL INSTITUTIONAL DEVELOPMENT

It is not often that social scientists can say they have literally "discovered" something, as a chemist discovers a new chemical compound or an astronomer discovers a new planet. But we think we have discovered something which has been overlooked or obscured by previous considerations of "local" development or "local" institutions.

We find that there are **three** different levels of organization, decision-making and activity contained within the generally used designation "Local". Understanding this and making consistent distinctions in planning, assistance and evaluation efforts is important, so I will begin with this. We would start by identifying ten analytically distinct **Levels** of decision-making and activity which range from the international (supra-national) level down to the level of individual decision-makers.

1. **International** level (e. g. donor agencies)
2. **National** level (central government agencies)
3. **Regional** level (divisions in Bangladesh ; states in India, provinces in Indonesia)
4. **District** level (district administration)
5. **Sub-district** level (upazila in Bangladesh)

LOCAL

6. **Locality** level (union in Bangladesh ; a collectivity of Communities, often centred around a market town)
7. **Community** level ("natural" village, not same as "revenue village")

8. **Group level** (neighborhood residential group, economic enterprise, occupational group, caste or other collectivity)

LEVELS

9. **Household level**
10. **Individual level**

The first two levels (international and national) are far removed from "local" conditions and activities. The next three (regional, district and sub-district) are closer, but still fairly far away, being essentially administrative entities.

Only when we get to the **locality** are we coming to a level where there is potential for collective action which can be enlisted to take some of the responsibilities and burdens of national government. We use the term "locality" as used by Mosher (1969) to designate a set of communities that have some established patterns of communication, economic exchange and social cooperation, usually corresponding to what regional scientists call "market towns" (Johnson, 1970).

People within a "locality" have some acquaintance with each other through things like inter-marriage, trading relations, religious festivals or participation in local government activities. If they do not know each other personally, they know some persons who in turn know most other persons in the area. This establishes some common identity which makes collective action more possible. This does not guarantee cooperation ; it only makes collective action easier than if there is no prior basis of acquaintance and trust .

In Bangladesh, the "union" was intended to correspond to such a level of "local" organization but the boundaries often match administrative convenience more than socio-economic realities. Where this is the case, and where years of common identity through the local government system have not created a new common identity, local action capabilities will be less than where social and administrative units of action are congruent.

The term **Community** implies a fairly cohesive and bounded social unit, having common interests and capability for collective

action. In fact, this is not always the case. Many "revenue villages" in Bangladesh were clearly demarcated to suit administrative convenience or preconceptions and thus the units for resource mobilization and management at this level have often been confused.

To the extent that there are strong caste, class or cultural divisions within residential units, they may have less capacity for collective action. On the other hand, common residence creates many joint needs in the area of public services and amenities that can best (or only) be met by cooperative efforts. So it is no accident that communities throughout the world represent important building blocks for development.

The **Group** level is a familiar and very flexible one, not necessarily defined territorially as are the levels above it. Groups are made up of members having some common characteristic, such as residence in the case of a neighborhood or hamlet. Economic interest, age, sex, religion or kinship can provide the basis for group identification and action. If groups become large enough, they can organize at the locality, district or even national level, but once beyond the elementary group level, they acquire a territorial definition and are no longer what would refer to as "group".

One of our major findings of the 1974 work on Asian rural development was the importance of having such basic elementary groups which linked households and producers together horizontally and then vertically to higher levels of organization that could be of assistance to them, or to which they needed to speak collectively to make demands and offer goods and services. (This applies as much to the "market" in the private sector as to "government" in the public sector.)

More and more development experience reinforces our earlier finding. The Small Farmer Development Program supported by FAO in Bangladesh, Nepal and other Asian countries has offered remarkable evidence of what can be done with and through such group organization (Alam, 1979; Ghai and Rahman, 1981). Recent efforts to improve irrigation water management in Sri Lanka through farmer groups at field channel level have been very encouraging (de Silva, 1981; Uphoff, 1984). The impressive

experience in Bangladesh with such groups supported by the Bangladesh Rural Advancement Committee and Grameen Bank is consistent with a great variety of experience in other countries as documented and analyzed in Esman and Uphoff (1984).

"Below" the group level come the two most basic levels of decision-making and activity—the household and the individual. We do not classify them as "local" because there is a distinct difference between them and higher levels. Because they are more unitary to begin with, they do not present the same kind of problems and potentials for collective action as do the group, community and locality levels, which are, therefore, both problematic and promising.

III. CHANNELS OF LOCAL INSTITUTIONAL DEVELOPMENT

The institutional channels through which development activity can take place are of different kinds. As will be shown, these kinds of institutions can be found at all of the levels discussed in the previous section. The channels range from public sector organizations at one end of a continuum to private enterprises at the other. In the middle are membership institutions which have characteristics of both the public and private sectors. They seek collective rather than purely private benefits through joint action, but they act in a voluntary way rather than relying on the authority of the state (Esman and Uphoff, 1984).

To be more specific about this "continuum," we would identify three basic types of institutions:

- (a) **governmental or quasi-governmental** where the authority and other resources of the state are involved, either directly or by delegation;
- (b) **membership or self-help** where persons have joined together to advance their interests through collective action—organizations of, by and for their members;
- (c) **private or quasi-private** where decisions can be made by owners on a for-profit basis, or by patrons and contributors on a charitable basis.

With regard to specific types of institutions, these three sectors can each be divided at the local level into two concrete sets of

institutions. As will be shown in the following section, these distinctions are very important for evaluating possibilities for decentralization and bases for resource mobilization. The six kinds of local institutions are :

- (1) **local administration (LA)**: local agencies and staff of central government ministries or parastatals, that are accountable to bureaucratic superiors.
- (2) **local government (LG)**: elected bodies such as village councils or panchayats, having authority to deal with development and regulatory tasks, accountable to local residents, in contrast to LA.
- (3) **membership organizations (MOs)**: self-help associations whose members seek to handle specific tasks (e.g. water users' association or village health committee) or multiple tasks (e.g. local development association), or to advance the interests of a certain group (e.g. mothers' club, caste organization, or tenant union).
- (4) **cooperatives (co-ops)**: a type of membership organization where members pool some economic resources for their mutual benefit (e.g. credit union, buying club, producer co-op, marketing association).
- (5) **service organizations (SOs)**: organizations formed primarily to help persons other than members, though members may benefit from them (e.g. religious or charitable organizations, service clubs, Red Cross or Red Crescent societies, fire brigades).
- (6) **private businesses (PBs)**: enterprises operating for profit, as independent operations or as branches of extra-local enterprises, engaged in manufacturing, services and/or trade.

Though LA and LG both fall within the "public" sector, the first represents bureaucratic institutions, whereas the latter is a forum of political representation. MOs, co-ops and SOs, all come within the general category of "local organizations" (LOs), which was analyzed in Esman and Uphoff (1984). LOs operate under the direction and control of members, though in the case of SOs, there is no direct accountability to beneficiaries, so they belong in the

“private” sector along with PBs. (If beneficiaries are also members, the organization is basically a self-help MO). PBs of course operate with different objectives than do SOs, the one being profit-oriented and the other being non-profit in nature.⁵

This set of local institutions covers what are usually regarded as “modern” institutions. There are in many or most areas “traditional” or long-established institutions which parallel the ones listed here. The tax collector in a previous era was a form of LA, as the village headman and council of elders constituted indigenous LG. There were and often still are many kinds of “traditional” cooperatives, such as rotating credit and savings associations (Geertz, 1962), or labor exchange arrangements (Seibel and Massing, 1974) Temples and mosques have sponsored various service organizations traditionally, and merchants and traders operate indigenous private businesses.

There is considerable debate over whether governments and development agencies should seek to work with “traditional” institutions. In most societies, such institutions have declined due to competition with “modern” channels of organization, though they may still be vigorous in many areas. The main objection to them is that they often operate quite inequitably. The fact of being “traditional” should not in itself be a stigma. A strategy of local institutional development should at least consider whether “traditional” institutions could play a constructive role, after determining how effectively and how equitably these organizations or roles may be carrying out various functions.

One purpose of delineating these different channels is to be able to assess the strengths and weaknesses of each. That none is fully satisfactory by itself leads to an appreciation of why it is important to develop effective **systems** or **networks** of institutions. Local administration has access to technical expertise and to substantial economic resources from central government, acquired through its taxing powers (or foreign aid). But it is not free of the rigidity and remoteness commonly associated with bureaucracy, and the central government’s ability to staff, support and supervise its operation at local levels is usually quite weak.

Local government has long presented attractive opportunities for development initiative (Hicks, 1961 ; Maddick, 1963), but that potential has seldom been realized. There is a well-recognized reluctance on the part of LG to use the revenue-raising powers delegated to them. Panchayats in India have failed to use the authority given them for development initiative in the all-important area of agriculture (Nicholson, 1973 ; Reddy 1982).

Membership organizations and Co-ops have contributed a wide variety of accomplishments in Asia (De, 1979 ; de Silva, 1979 ; Korten, 1980 ; Field, 1980) as well as in Africa and Latin America (Morss et al., 1976 ; Tandler, 1983 ; Hirschman, 1984). But they are subject to the ups and downs of any voluntary activity, to the predations of aggressive members and the failures of ineffective leadership. The same applies to service organizations.

Small-scale businesses are often attractive as a channel for development activity because they require no investment of scarce public resources and they are often more efficient and innovative than public sector institutions. However, recurrent, problems of monopoly and exploitation are reported, Such that private enterprises are generally not acceptable at least as the sole channel for economic activity.

This is a most cursory review of the alternative channels. It should be sufficient, however, to indicate that one needs to go beyond the conventional economist's bifurcation of activity into a "public" and a "private" sector. There can be a very important **middle** sector based on membership organization and voluntary self-help activity. There are significant complementarities among the three sectors, with the strengths of one offsetting the weaknesses of the others.

The significance of delineating these six kinds of local institutions becomes clearer when we consider analytically how "decentralization" can be undertaken in a more comprehensive and satisfactory way. Each of these institutional channels can be engaged in resource mobilization and management tasks, not just local administration in classic "deconcentrated" activities or local government in classic "devolved" activities.

As will be argued, decentralization is a matter both of **kind** and **degree**. Decentralization can be introduced through various channels and to various levels, according to the distinction introduced in this and the preceding sections. To permit this, however, there must be institutions in place to which responsibilities for resource mobilization and management can be transferred, or which can be encouraged to take on such responsibilities.

On the next page, a matrix is presented which describes with examples the range of possibilities for institutional development. Increased capacity and activity at any of the levels below the national level represents a degree of decentralization, but our concern here is particularly with those which represent "local" institutions, at the level of the locality, community or group. Note that this includes Union Parishads in Bangladesh but not Zilla Parishads, which operate above the local level.

The whole range of public, membership and private institutions should be considered as part of a strategy of decentralization as they can contribute to local governance, in the sense of resource mobilization and management. This need not and should not be restricted to formal local government institutions if the fullest potential of the country is to be tapped for development.

When institutions at several "local" levels are engaged in systematic development efforts, we have a more extensive and profound decentralization than when only regional, district or sub-district (thana) entities are enlisted. When thinking about local institutions, decentralization and resource mobilization, then, one needs to consider various combinations of levels and channels as laid out in the analysis thus far.

**EXAMPLES OF ALTERNATIVE INSTITUTIONAL CHANNELS,
BY LEVELS**

LEVELS	Governmental/ Quasi-Govt.	Membership/ Voluntary	Private/ Quasi-Pvt.
International	Bilateral and intl. donor agencies	Society for International Development	Multi-natl. Corporations/ external PVOs
National	Central ministries/ govt. corporations	National Cooperative federation	National corporations/ national PVOs
Regional	Divisional admin. bodies/regional authorities	Regional cooperative federation	Regional companies/ regional/PVOs
District	District admin. offices; old Divisional Council	District supply cooperative	District companies/ Charitable org's.
Sub-District	Upazila Parishad/ old Thana admin. head quarters/ bank branches	Sub-district marketing cooperative	Rural enter- prises/ charitable org's.
Locality	Union Parishad/ extension service/ health clinic/ secondary school	Wholesale cooperative society	Market town businesses/ service clubs
Community	Village council/ extension worker/ primary school/ post office	Primary cooperative society	Small busi- nesses/ mosque committee
Group	Caste panchayat/ neighborhood association (informal)	Tubewell users association/ T&V group/ mothers' club	Micro- enterprises
Household Individual	Household Citizen/taxpayer/ voter/partaker of services	Household Member	Household Customer/ beneficiary

IV. LOCAL INSTITUTIONS AND DECENTRALIZATION

Institutions of local governance should not exist simply for their own sake. The principal concern is the creation of local capacity for resource mobilization and management in support of development programs. We recognize that decentralization with attendant popular participation can contribute to nation-building through engagement of the citizenry and to greater personal satisfaction and fulfillment through self-management of people's own affairs. But we will focus on economic more than political or social objectives.

The subject of "decentralization" has long been mired in debates that overgeneralize about its merits and de-merits. The discipline of public administration got a boost when two major forms of decentralization were delineated: deconcentration and devolution (Fesler, 1962). This is an important distinction but more can be made of this once we analyze the kinds of local institutions which can play a role in development.

We should begin by noting that "decentralization" is a residual category, encompassing everything that is not "centralization." There are several dimensions of decentralization that produce different variants, as we shall see. The first two variables help to make clearer the difference between deconcentration and devolution:

- (a) whether decision-makers are **physically located** in some central location or are located de-centrally, i.e., in provincial, regional, district, sub-district or local settings, and
- (b) whether decision-makers are **politically accountable** to authorities located centrally or de-centrally, i.e., to national or to sub-national bodies or electorates.

Taking these two dimensions together, we get the following matrix (referred to subsequently at Matrix A):

		DECISION-MAKERS LOCATED	
		Centrally	De-Centrally
DECISION-MAKERS ACCOUNTABLE	Centrally	(I) CENTRALIZATION	(II) DECONCENTRATION
	De-Centrally	(IV) DEMOCRATIZATION	(III) DEVOLUTION

With **deconcentration** (II), one has decision-makers who are physically closer to the public affected by their decisions. This results from moving decision-makers out of the center to non-central locations or from transferring authority to officials located outside the center but still accountable to central authorities. A good example of this was the transfer during Nasser's rule in Egypt of some authority from the central ministries in Cairo, where it had resided from time immemorial, to the governors and their staffs who commanded the **governorates** (equivalent to states or provinces). Rural people no longer had to travel all the way to the capital for practically all decisions, though dealing with the governorate level was only somewhat easier.

Devolution (III) transfers authority to lower-level institutions which are, at least in principle, responsible to the people within their area of jurisdiction. As a rule this will be some territorial entity: a state, a province, a region, a district, a sub-district, a locality or possibly a community. Some oversight functions may be kept by higher levels. As suggested by Matrix A, devolution is a more far-reaching form of decentralization because it moves away from centralization in two directions.

The fourth possibility suggested by the matrix can be called **democratization** (IV). This is usually not considered a form of decentralization, along with deconcentration and devolution. However, the analysis here shows what it has in common with these forms of decentralized governance. Certainly, for people outside the center to be able to hold decision-makers at the center accountable, i.e., to be able to replace them or to penalize them, represents a means for making government more responsive to people's needs and to local conditions. But we are not prepared to go more deeply into the subject. Our purpose in mentioning this is only to complete the matrix, by filling in what would otherwise be a "blank cell."

If **deconcentration** (II) is carried down to one or more of the "local" levels, local administration (LA) becomes a major actor in the development process as authority, economic and other resources are vested in it. Local officials who are in the best position to know local circumstances, problems and capacities

can adjust programs, take new initiatives, stop ineffective efforts, and engage people's ideas as well as energies more successfully than if all resources remained under the control of administrative superiors.

The "classic" mode of **devolution** (III) transfers authority, and with it control over economic resources, to lower levels of government, possibly to local government (LG). Often there is only token devolution in that authority is given with many strings attached or with insufficient means to give effect to decisions, as discussed below. But if control is actually given, similar changes can be introduced as listed for deconcentration, only more directly in response to the judgments and needs of local people.

The process of decentralization underway in Bangladesh has thus far undertaken mostly deconcentration, through establishment of the **Upazila** level of administration to which greater operational and financial authority has been delegated. To the extent that the Zilla Parishad plays a greater role in decision-making and evaluation, one can speak of having achieved a certain devolution as well as deconcentration.

If the Union Parishad (LG) also is given some authority and control over other resources, the devolution will have been more complete, just as deconcentration will be greater if officials below the Upazila level are given some discretion and scope for initiative in carrying out their responsibilities with the public.

Several additional kinds of decentralization should be considered, as a complement to the measures already underway. One is an additional mode of deconcentration and the other three are less conventional modes of devolution.

- (a) **Delegation** of authority and resources to public agencies outside the regular bureaucratic structure can be carried out, with branches of public corporations or parastatal enterprises at regional, district or lower levels having more operating authority. This would represent additional deconcentration. It is probably not as urgent or interesting as the other three forms.

- (b) **Intermediation** can result from letting a variety of organizations not formally part of the government structure carry out activities otherwise liable to performance through LA or LG. Water user associations may discharge some functions of distribution and maintenance previously handled by the Irrigation Department, or village health committees may monitor health standards and help with scheduling doctor-patient visits.
- (c) **Philanthropization** is where the state allows, even encourages, private voluntary organizations (PVOs) to channel resources to the local level and to work with local institutions directly, or to let service organizations (SOs) perform tasks that the state might otherwise perform. It is interesting to note that a function as crucial to life itself as maintaining blood banks is left in many countries to a not-for-profit service organization like the Red Cross or Red Crescent.
- (d) **Marketization**—leaving activities to the private (for profit) sector—is not often seen as a form of decentralization, but functionally that is what it is. Decisions governing resource mobilization and management are made by persons in decentralized locations in response to decentralized market signals, prices that cumulatively reflect local demands.

The relationship of these latter three modes of decentralization to “devolution” can be seen by showing them in a matrix which is formed by delineating two dimensions :

- (a) the extent to which decisions are taken in the local institution (of whatever sort) for people or by people,
- (b) the extent to which decisions are made in the local institution (of whatever sort) with reference to some collective good or to various private goods.

These variables produce cells in which the different forms of devolution—and the different kinds of local institutions—nicely fit, as seen in Matrix B next page.

DECISIONS TAKEN		DECISIONS TAKEN
For Collective Good	For People (I) "CLASSIC" DEVOLUTION (LG)	By People (II) INTERMEDIATION (MOs and Co-ops)
For Private Good	(III) PHILANTHRO- PIZATION (PVOs and SOs)	(IV) MARKETIZATION (Private Businesses)

Delegation (a) is an extension of Deconcentration (cell II in Matrix A), whereas Intermediation (b), Philanthropization (c), and Marketization (d) all fit into the category of Devolution (cell III in Matrix A) along with the "classic" form of Devolution, which is to empower formal-legal institutions of local government. By this analysis, Marketization represents the most "extreme" form of decentralization as it is diagonally the farthest from the upper left cell (I) in Matrix A representing the initial condition of Centralization.

A. DEGREES OF DECENTRALIZATION

Short of Marketization, which as we have said is the most extreme or thorough form of decentralization, there is not only the question of kind of decentralization but also **degree**. The latter is very difficult to determine in any quantitative manner, but using the same kind of analysis we have been offering it is possible to suggest some distinctions that help to identify how much "power" has been shared with de-central institutions.

There are various resources which local institutions need to operate effectively in a decentralized manner. This applies to local administration in the deconcentration mode as much as to local government or different kinds of local organizations operating classic, intermediated or philanthropic modes of devolution. The two main resources are :

- (a) **Authority** to make binding decisions, that are backed by the sanctions of the state if necessary.
- (b) **Economic resources**, money to acquire the needed staff, equipment, materials, etc. for operation.

If we think of these in terms of two dimensions decentralization, we can construct another matrix (C) as follows :

ECON. RESOURCES		AUTHORITY	
		Insufficient	Sufficient
Insufficient	(I) No real decentralization	(II) Some decentralization	
Sufficient	(III) Some decentralization	(IV) Decentralization	

We cannot know whether (II) is "more" decentralization than (III) because the two are largely incommensurable and we cannot generalize about trade-offs between them. In situation (I), the institution has no power to pursue the objectives set for/by its constituency, membership or clientele. Only in (IV) is there a basis for decentralized programming. In that case, the more of either (a) authority, or (b) economic resources, the more decentralization.

One can make such comparisons more complicated, because **personnel** can represent an additional resource to be considered. It is possible that an institution has the budget (economic resources) to hire personnel but not the authority (permission from a civil service commission if it has jurisdiction) to do so. Conversely, there could be authorization but not funds for the needed personnel. Or an institution could have both but no personnel might be available, or willing to accept employment. In any of these situations, the degree of decentralization would be something less than (IV).

Similarly, one can say that institutions need **information** which permits them to make efficient and appropriate decisions on the use of their resources. Local institutions could have authority, budget and staff but not the required information to act, or they could have information but lack one or more of these other requisite resources. The degree of decentralization would be more nominal than real, again something less than (IV).

The point in discussing this is to suggest that one looks comprehensively at the resource base of local institutions when trying to assess decentralization. One should consider more than just budget, which is the usual preoccupation, because it

is so tangible and quantifiable. Important though funding is for decentralization, it represents only one of the needed inputs for performance.

B. LOCAL INSTITUTIONS AND DECENTRALIZED POWER

The foregoing analysis in terms of matrices implies that centralization is the "norm" from which systems can depart, or that it is practically a "natural state." Local self-government, collective self-help, charitable activities and private enterprise, the four modes of local governance mapped out in Matrix B have been very important for most of human history. However, the rise of powerful states through establishment of monarchial, military or colonial rule has made centralization the point of political departure for most countries in the modern world.

Not all political scientists agree with the view that decentralization is desirable. Huntington's writings on the subject (especially 1968) have argued that "too little authority" at the center in less-developed countries is a major obstacle to their development. This paper was commissioned to focus on local institutions rather than on decentralization, so my discussion of this issue will be brief. But I would argue myself that the lack of local capacity for resource mobilization and management has been a greater hindrance to economic and social progress than any comparable deficiency at the center.

It may be true that a measure of centralization is needed before de-centralization can be promoted. There has to be some authority to share, and many LDC governments have little authority to spare. But the method of building up central authority which Huntington proposes—excluding most of the public from authentic participation in decision-making—is likely to end up weakening both central and local capacity for governance, as people will have less reason to regard the center as worthy of their respect and compliance if it is not responsive to their ideas and needs. It is by engaging members of the public in governance that they will come to regard the processes and institutions as legitimate and as salient to their lives.

Decentralization is usually seen as involving some loss of "power" for the central government but this depends on its objectives and its relationship to the public. Power, after all, is basically the ability to get or achieve what one desires. If the center wants for the rural majority what they want for themselves in terms of improved living standards, greater status and dignity, physical security, etc., any increase in their capacity to produce these things for themselves will enhance the center's power (its ability to produce such desired results). Decentralization reduces central power only when there is a conflict of objectives and interests (Uphoff and Esman, 1974).

Having decentralized governance through a variety of modes such as described above does not mean the central government should or can be diminished. As Leonard says from his study of Kenya: "In a decentralized administrative structure, the centre needs to be every bit as strong as in a centralized one..... [however, the orientation of the center needs to be] one of technical service rather than hierarchical control." (1977:213)

This may seem paradoxical, but many things about development are paradoxical. Decentralized institutions will benefit from (optimally, not maximally) strong central institutions, just as we find that "top-down" initiative is often necessary to create "bottom-up" capacity. Our RDC studies have found that "autonomy" as such is not the most desirable condition for local institutions (Uphoff and Esman, 1974; Esman and Uphoff, 1984). Rather, reciprocating "linkages" provide more productive relationships for both center and localities.

C. LOCAL INSTITUTIONS, EQUITY AND PRODUCTIVITY

One of the main issues in considering decentralization is the possibility, indeed the probability that local institutions will be controlled and exploited by more advantaged sections of the rural community. This has been repeatedly reported from Bangladesh (e.g. Blair, 1978; Haq, 1978). There is no doubt that where socio-economic stratification is severe, it will be difficult for the majority to make local institutions serve their needs. But the comparison

to be made is not with some ideal democratic institutions, where all have equal influence, but with the alternatives that exist in the real world.

The question is whether centralized institutions can be made to serve the needs of the rural majority any better than do local institutions with all their vulnerabilities and faults. My conclusion is that they cannot. Despite all their faults, local institutions are more likely in my view to respond to the problems and needs of poor rural residents than central government agencies.

Greater physical proximity between decision-makers and the people they are supposed to serve, a condition satisfied even by deconcentration without devolution, permits the disadvantaged to have more access to those decision-makers. Travelling long distances to central or provincial offices is costly and intimidating. Getting attended to by very high officials, who are insulated by swarms of messengers, clerks and peons, is even more difficult if one does not have "connections." When officials or elected representatives empowered to make decisions live nearer to rural people, they have more incentive to maintain a good reputation locally, to avoid disappointing the disadvantaged, to find positive-sum solutions wherever possible.

Of course the better endowed will have more influence than the poorly endowed. But this is universal. The "comparative advantage" of the educated, the wealthy and the prestigious is greater when dealing with higher levels of governance. The poorly endowed as a rule will be relatively less disadvantaged in decision-making that occurs closer to them in space and status, where their presence is felt and their plight is visible.

This is a large part of the explanation I would suggest for Montgomery's finding (1972) from his comparative study of land reform implementation. He found that a larger proportion of potential benefits reached peasant beneficiaries where implementation was more decentralized and there was more opportunity for them to participate directly or indirectly in the decision-making process. This result, seen quantitatively, showed up even when Montgomery controlled for the ideology of the regime, the extent of disparity in landholdings, or rationale for the reform. Surely the

richer elements got more benefits than they were supposed to when implementation was decentralized, but they were even more able to manipulate and distort more centralized allocations.

One of the few other studies which has tried to measure the effects of decentralization is of rural electrification in the Indian state of Rajasthan (Hadden, 1982). The state electricity board had been responsible for deciding which two percent of villages each year would get connections to the state distribution grid. It had established criteria for allocation which would maximize the twin goals of efficiency and productivity.

When these decisions were devolved to panchayats, the proportion of hook-ups which met these criteria went up. (The criteria were proximity to the grid, to reduce connection costs, and evidence of groundwater potential, to increase irrigation and thus agricultural production.) Why should panchayats have adhered more closely to the board's criteria than it did itself?

Because the panchayats made their decisions under the glare of public scrutiny. Panchayat members knew that unjustifiable decisions could and would be objected to by disappointed villages that knew they had a better case than a village chosen due to favoritism. The board had been making its choices out of public sight, where political and economic pressures could be succumbed to with less backlash.

One cannot say that all decentralization will produce such results. Much depends on having clear and defensible criteria which can be set to guide decision-making. But the claim that decentralized decision-making will be more "politicized" and also more inequitable is not persuasive as a generalization. Hadden's study indicates how and why decentralization can be more productive in the process of being more participatory.

The amount of equity and productivity associated with decentralization depends very much on how familiar the majority of rural people have become with the institutions through which decentralized resource mobilization and management are to occur. How much confidence they have that such institutions will produce good results (for them) affects how much effort they will put

into exercising their franchise, into monitoring expenditure of funds, into attending meetings, etc.

Leadership from the lower strata is not likely to come forward, to invest resources and to take risks on behalf of the poor majority if the institution appears, like so many before it, to be transitory. There is no point struggling for influence at the local level when the institutions seems likely to be discarded soon. This element of stability is important and is one of the reasons why Blair (1982a) finds local institutions in India and Bangladesh, as well as the U. S., gradually coming to serve more fairly the interests of the poor.

V. LOCAL INSTITUTIONS AND RESOURCE MOBILIZATION

The subjects of "resource mobilization" and "resource management" should be addressed concurrently, because the willingness of rural people to contribute resources—their money and labor, but also ideas and managerial skill—crucially depends on how well those resources are utilized. It will do little good to start resource flows that cannot be sustained because people have no confidence that the resources will be used productively and honestly. The quality and capacity of local institutions, therefore, is of crucial importance for "resource mobilization."

One should not underestimate the management skills of the local population, even if poorly educated. In fact, as suggested in the introduction, the less educated the population, the more natural talent will still be there, as education will have caused less social and geographic mobility which removes many of the most energetic and capable people from the community. Some fine examples of indigenous management capacity in rural Thailand have recently been documented by Calavan (1984). He discusses the administrative equivalent of "appropriate technology"—"appropriate administration" which can create "space" for local managerial talents to take responsibility.

An excellent case study of local management skills among a mostly illiterate population is that of the construction of suspended bridges in the mountainous Baglung district of Nepal (Pradhan, 1980). With the government providing only the steel cable, 62

bridges, some of them up to 300 feet in length, were built by local communities. By using local labor, local materials, local craftsmen and local technology, as well as local management, the bridges were built 2-3 times faster than the government could have done and at about one-quarter the cost.

Such resource mobilization does not occur abstractly. It requires both local leadership and local institutions. In this Nepal case, there was initiative from the district which was deftly responded to by the government, giving appropriate aid and encouragement. The existing panchayat system was not effective enough to assume full responsibility, but it was useful in planning and overseeing the effort.

Another example from Nepal which shows indigenous capacity for resource mobilization and management is the Chhautis Muja irrigation scheme, serving about 7500 acres in the terai (Pradhan, 1984). It was entirely built at the local level, being one of four systems that tap the Tinau river. Each of the 54 communities served has its own management committee for distributing water and carrying out maintenance within its boundaries. There are nine area committees made up of representatives from the villages to oversee sub-system O&M, and finally a system committee for the whole command area, with representatives of the area committees.

The farmer-members elect at an annual meeting a president and secretary who are paid by them to oversee the entire operation, together with work supervisors hired and paid by the organization. This organization mobilizes 60,000 man-days of labor a year for system maintenance and operates entirely independently of the government. It can do this because it has evolved a very complex and appropriate institutional structure that goes beyond the community and indeed, beyond the locality to the equivalent of a sub-district. Problems of illiteracy and of ethnicity and class differences have not prevented these rural residents from carrying out resources mobilization and management on a scale and of a quality that could hardly be surpassed by governmental means.

This is not to suggest that there is no role for government in assisting or introducing local institutions, and in supporting resource mobilization and management. Rather it means that government personnel should approach their task with some humility and attentiveness, showing respect for local capabilities and trying to build on the human and institutional capacities that already exist. Two more examples from Africa may be useful to cite.

The Nigerian government introduced in 1967 a rather ambitious scheme of decentralization by creating 19 state governments, in place of the previous four regions, and a system of local governments. A thesis on this experiment in Kwara State, one of the poorest states in Nigeria, found that ten years later, 57 of the 100 approved post-primary schools and colleges in the state had been built by communities and were being run by them with help from the State Schools Board. Atteh (1980:428) writes :

In the 1976/77 financial year, 197 projects worth N 2.8 million were executed in all the twelve local government areas by people themselves, while 454 on-going projects valued at N 10.6 million were registered with the Ministry. To aid these efforts, government gave a paltry sum of N. 400,00 as grants to all the communities combined.

The Ministry estimates that since the creation of States in 1967, various communities have executed projects valued at N 20.3 million. Projects executed, and on-going, include building of roads and bridges, court houses, classrooms, dispensary/maternity centres, postal agencies, market stalls, libraries, hospitals, construction of dams for rural water supply, and the electrification of larger settlements.

All these projects were initiated by local people and their children living in urban centres. Villagers determine priorities, plan, finance, and execute development projects on their own. The people have, therefore, provided themselves with more amenities than the government did.

Most of these projects are financed from the sale of crops Produced by 'traditional' agriculture which is deemed primitive. Yet government appreciates and co-ordinates these

efforts, lending a hand through grants, technical supervision of projects, etc.

If government can take them [rural people] as partners in these efforts, because they are recognized to be capable, and 'progressive,' it is an irony that they are not seen to be worthy partners when planning policy is being formulated.

These experiences are profoundly relevant to the situation in Bangladesh. If rural people are enlisted in a major way to make resource contributions to agricultural and rural development, will they be regarded as "worthy partners when planning policy is being formulated" ? In the introduction, it was noted that one of the lessons from studies of participation is that people are more likely to participate in benefits if they are involved in decision-making and implementation. Similarly, people are more likely to take an active and constructive role in implementation, to contribute ideas, effort and materials resources, if they have a voice in planning.

It is a challenge to government agencies to work with local institutions in ways that produce additive results (known in the literature of game theory as "positive-sum" outcomes, which increase total well-being ; these differ from "zero-sum" outcomes which produce no net change in welfare, or from "negative-sum" outcomes which subtract from it).

If governments are either too directive and domineering, or too beneficent and paternalistic, they will discourage initiative and co-operation from the local level. A balance needs to be struck, as in the Baglung case in Nepal, where crucial inputs are made which elicit complementary inputs from rural communities. Another excellent example of the self-help water supply program in Malawi, where by starting on a pilot project basis with active involvement of rural people, particularly their traditional leaders, an appropriate process of community organisation with inexpensive and appropriate technology was developed to the point where permanent water supplies have been provided to over half a million people in scattered villages at a cost of about \$5 per capita (Glennie, 1982).

A decidedly non-paternalistic approach was taken to the communities. Officials when meeting with communities to discuss their involvement in the program tell them :

This is not the government's water scheme, it is yours. It will work if you are willing to work. And it is you, rather than government, that will make the decision on whether to proceed, on organizing yourselves into committees, and on deciding the order in which various villages would participate. (Liebenow, 1981:5)

It takes a decidedly different philosophy of governance to adopt such an approach. There must be respect for the talents and judgment of rural people, a willingness to let them decide and even to make mistakes—something which Korten (1980) calls willingness "to embrace error." After all, it is not as if the bureaucracy never makes mistakes. Only these are usually covered up. If communities make them, the problem is there for everyone to see. By taking a positive attitude toward mistakes, they can be turned into good lessons for others to learn from.

There is always a trade-off to be made, between giving up some control and gaining some enlistment of others' energies, efforts and sense of responsibility. It has been very tempting for politicians to try to "buy" support by doling out grants and benefits to rural communities, expecting thereby to create obligations in the future. In fact, this usually makes for greater unpopularity, because when government resources are scarce, for every community benefited by targeted largesse, five or ten will have to be disappointed and made unhappy. One does not have to be a political scientist to see this. A much more equitable approach is to use government resources to reward and encourage local efforts, as done in the Saemaul Undong movement in South Korea (Lee, 1981). This is the way that "positive-sum" outcomes can be promoted.

To restate the initial proposition which opened this section, effective resource management combined with effective local participation is the key to eliciting and sustaining local resource mobilization. Governments can make a contribution to building

up management capacity through training and technical assistance, as our LID working group discusses in its reports. But the most important contribution will be **support of a network of local institutions** that are mutually reinforcing, and **devolution of real responsibility and resources** to them so that social learning and social capability can be increased.

VI. CONCLUSION

One can reasonably ask why local institutions have in the past not received more systematic and sympathetic attention, so that there would be a more extensive knowledge base on which to draw for planning decentralized resource mobilization and management. Central institutions have often been wary of the initiative of local-level actors, but more often they have simply underestimated the capacity that exists at that level.

Too often the rural population has been seen as a burden. This was the major theme in social science some twenty years ago, when "modernization" theory was in its prime :

The new elite will drive their people by 'forced marches' into the modern world...[seeking] to sweep away the last vestiges of the traditional order, to jolt the people out of their ruts and to attack their most ancient beliefs and practices. (Sinai, 1964 : 218-219)

Nothing is more desperate for progress-minded political leaders than to find that the public becomes not an asset, [not] a pool of talent or a reservoir of strength, but a weight to be shifted from one shoulder to the next, finally crushing those who are attempting to march forward with the burden. (Apter, 1968 :82)

According to such a worldview, decentralization was unthinkable because the rural populace was too "backward." To delegate authority to them through local institutions was deemed tantamount to reinforcing "traditionalism." Fortunately, such "theory" is now largely discredited, though the disposition of "modern" elites to think that they can and should direct all socio-economic change does linger on.

Any systematic examination of rural development experience of the last twenty years will show that there are significant human talents and potentialities at the local level that deserve to be mobilized. Any such review of experience should include the pioneering experimentation done by the Comilla Academy, which encouraged people in other countries to undertake new approaches to rural development. These approaches sought to link local communities and groups to higher-level institutions through appropriate participatory channels, with two-way communication and co-operation.

For top-down, bureaucratic approaches to continue in the 1980s is anachronistic. Not only will they forgo substantial economic resources which could be mobilized to accelerate the development process. They place the entire burden of planning and implementation on a small segment of the population. No matter how educated this stratum may be, it includes only a portion of the nation's intelligence and leadership skills.

To try to develop a nation without tapping all of its human strengths will slow its progress. Contrary to the view expressed in "modernization" theory, the public is not to be regarded as a burden or a liability. It can and should be treated as an asset. For this to be realized, however, there must be effective local institutions—public, private and voluntary—operating at each level beyond the household. Only in this way can people reach up to the national center and become—to use Atteh's term from Nigeria—"partners."

NOTES

1. This is something which the Rural Development Committee learned when it first started working on the subject. In 1973, the Asia Bureau of USAID requested the RDC to do a comparative study of "local government for rural development in Asia," covering 16 countries including Bangladesh. This work was published in a series of case study monographs. The whole project in updated from has been published in three volumes edited by myself (1982-83). One of our

main conclusions was that we needed to broaden the focus to cover "local organization for rural development," as seen from the title of our summary analysis (Uphoff and Esman, 1974).

2. Some readers who are familiar with the literature on "collective action" may wonder why I am even dealing with this concept, since the dominant school of thought has argued not the "logic" of Collective action but rather the "illogic" thereof (e.g. Olson, 1965). It would be a digression to go into the persuasive critiques of this presumption, e.g. Kimber (1981) and Rung (1984). Suffice it to say that the Olson thesis, however intuitively satisfying because of its rigorous deductive logic, is empirically contradicted by the vast array of collective action observed around the world in defiance of Olson's "rational actor" formulations. More recent analyses identify the bases for "rational" collective action through institutional channels.
3. Owners are able, at least in principle, to make decisions independently of customers or employees, just as benefactors are not supposed to be controlled by beneficiaries. In the membership sector, members are themselves the customers, employees or beneficiaries of organizational services. As such they should have more influence than do customers, employees or beneficiaries in the private sector.
4. Co-ops. are different from MOs in that members have more shared risk. MOs are more like limited liability companies where only dues or specific contributions have been paid in. Co-ops may benefit non-members, including poorer strata, as seen from Tendler's fine study of Co-ops. in Bolivia (1983).
5. This classification has not included purely "political" local organizations, like branches of political parties, which may in some instances be involved in development work. By definition, they are oriented to acquiring, influencing or exercising government authority. The outcome of their activities may affect the performance of LA or the program of LG, provide subsidies to LOs, or possibly favorable policies for PBs. This is to say that they contribute to development usually indirectly

- if at all. So they are not treated here, though they were included in some of our previous analysis (Uphoff and Esman, 1974).
6. This is our conclusion after considerable review of the literature and debate within our working group. There are examples of whether "traditional" institutions are barriers to progress, but even more where they have been highly supportive to goals of productivity and equity. To be sure, the latter outcomes have been observed more often in communities with some isolation from the forces of commercialization and where ethnic solidarity is relatively strong, as in much of Africa or in parts of Latin America where Indian society remains fairly strong. The social and economic bases for solidarity in most South Asian Communities appears more tenuous, though traditional religious leaders have often played progressive developmental roles in local situations. The policy paper produced by USAID on "local organizations in development" (1984) after considerable debate also arrived at the recommendation of trying to work with and through existing institutions where these meet certain expectations.
 7. In Esman and Uphoff (1984), we devote a chapter to the "pathologies" of local organizations and one to remedies found in our review of case study materials.
 8. For a definition of "decentralization" I would accept that of Leonard : the process through which government agencies or local organizations obtain the resources and authority for timely adaptation to locally-specific conditions in the field (1982 : 4).
 9. This was the sense in which we subtitled our book on local organizations "intermediaries in rural development" (Esman and Uphoff, 1984).
 10. In a quantitative analysis of 37 animation rurale development projects in Francophone West Africa and Haiti, Charlick (1984 : 166-67) found that centralized administration was not associated with more equitable outcomes, or with better technical performance. On the other hand, decentralized administration was more likely to mobilize support in the form of economic resources and labor, and was also significantly associated with growth of local managerial capacity.

11. One of the things which I appreciated from the early experience of the Comilla Academy in its work on rural development and for which I continue to be extremely grateful, was the acceptance of mistakes as part of a learning process. This I understand is something Akhter Hameed Khan was especially insistent on. We learn more from our mistakes than our successes. There will always be mistakes, so we should be realistic and strive to recognize them, study them, learn from them and not repeat them. This approach, stated in Owens and Shaw (1972) and again by Kortzen (1980) has been followed in Nepal's SFDP programme and in water management in Sri Lanka (Uphoff, 1984).
12. A good analysis of this has been done by Sharma (1984) with a Japanese case study. The resource mobilization and management capabilities in Yachiho, a community of only 5,000 persons, are truly amazing : an advanced self-help health program, a community college organized each summer, transformation of agriculture, and planned development to avoid loss of community land and identify threatened by urban tourism.

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PARTICIPATORY RURAL DEVELOPMENT

Harry W. Blair

Calls for participation in development and praise for the value of participation in development have become as common as the ubiquitous adulation one finds for motherhood, patriotism, self-improvement and democracy. As with these other virtues, more is generally considered better by politicians, development administrators and academicians, at least in the abstract. And as also with these other qualities, thinking tends to get somewhat muddled when it comes time to build them into concrete programs and projects. Finally, as one last similarity, despite problems in implementation it is hard to find anyone not in favor of it; almost everyone see participation as a key component of the development process.

In this essay I shall try to pin down several ways in which participation is crucial to successful rural development efforts, first by excluding a couple of its variants, then through focusing on three strategies that revolve around participation as the key element. Specifically, our concentration will be first on participation in the project cycle, most particularly within the implementing institution itself. Second will be taken up participation in local organizations, with a special concern for the consequences of success. And third will be considered participation in local government institutions and the prospects for promoting genuine social change through such institutions.

It is not surprising that participation should be such a confusing term, for it covers a very wide range of human activity. Some degree of participation is inherently involved in all instances of decision-making (or the political process) as well as implementation (or the administrative process), even to the point of tautology, for one cannot conceive of either decision-making or implementation apart from some kind of participation. There may be more participation or less of it in any given instance, but in some measure

it is always there. It is thus rather like the term "efficiency" in the economic process; all production and distribution necessarily involve more or less of it, and we cannot discourse very long about either without getting into the topic of efficiency.

Accordingly, some sorting out is in order before proceeding further. In particular, there are several kinds of participation to be excluded from our analysis. First, there is the most common concept of participation in public affairs, taking part in the political process at the national or provincial level, generally in the form of elections or referenda. The emphasis is varyingly on choosing the leadership and holding it to account, as in the political democracies of the West, Japan and South Asia, or on mobilizing support behind the regime, as in authoritarian states like the Soviet Union or the Philippines. While this sort of participation can certainly have an impact on rural development (as in the election of "progressive-farmer"—oriented governments at the state level in India during the late 1970s, a point to which we shall return toward the end of this essay), it is not really relevant to our immediate concerns here. Its focus at national or provincial capital is too far away and, worthy though it may be this kind of participation on a grand scale is scarcely capable of becoming an intimate part of a specific rural development project or program.

Second, there is the participation currently being urged upon all by various quarters in the international donor community—participation in the marketplace (see World Bank, 1981 and 1983; and for USAID, see USAID, 1982 and Hageboeck and Allen, 1982; for a more forceful presentation of this approach, see P.T. Bauer, 1981). Here the emphasis is on the individualistic participation of the producer, the marketer, the consumer. Minimizing public sector intervention, dismantling controls of all kinds and restricting administration to providing help to the private sector constitute the policy recommendations in this new approach. This is not the place to enter a debate over the efficacy of market strategies for providing human needs through trickledown mechanisms (for a succinct critique of the new approach, see Murray, 1983) or over whether basic human needs should take second place

to a concentration on increasing aggregate production. Doubtless there is a place for such individualistic strategies, and the privatization efforts now underway in the fertilizer distribution and small-scale irrigation sectors in Bangladesh are illustrative here of marketplace participation. But in the present essay the focus will be on other kinds of participation in rural development at the local level.

REORIENTING RURAL ADMINISTRATION

The first area for consideration is the development project cycle itself. Increasing participation here is not a new idea in development circles ; it was in fact more than 15 years ago that a summer-long USAID—sponsored workshop conference at the Massachusetts Institute of Technology put together a set of recommendations for enhancing participation of the populations to be affected by development projects in the planning, implementation and output (or benefit) stages of the project cycle (Hapgood, 1969).

In the later 1970s, USAID again turned its interest to participation, which became a central concern with USAID's Office of Rural Development. That office sponsored several efforts in development administration that included a substantial participation component. In particular the Local Revenue Administration project at Syracuse University's Maxwell School, the Integrated Rural Development Administration project contracted to Development Alternatives, Inc., the Project Management Effectiveness project located at the National Association of Schools of Public Affairs and Administration and the Rural Development Participation project at Cornell University's Center for International Studies were all quite deeply involved in studying participation. The Cornell group produced two state-of-the-art monographs on participation (Cohen and Uphoff, 1977; Uphoff Cohen and Goldsmith, 1979; for a convenient synopsis, see Cohen and Uphoff, 1980), in which they explored the whole subject of participation extensively.

In terms of the project cycle, the Cornell group added the **evaluation** phase as one in which participation could be

fruitfully included. Despite the 1969 MIT recommendations, the tendency in international development circles in the 1960s and 1970s had been to think of participations as largely confined to the output or benefit stage of the project cycle. If anything this inclination was reinforced by the New Directions emphasis at USAID in the 1970s and the Redistribution-with-Growth focus at the World Bank at the same time (see, e.g., on U.S. foreign aid, Mickelwait et al., 1979 ; Morss and Morss, 1982 ; on the World Bank, Chenery et al., 1974 ; Streeten et al., 1981), with their concern for meeting the needs of "target groups" like the "bottom 40 percent" through development projects. The work of the Cornell group and others connected with USAID's Office of Rural Development (as well as still others, such as Robert Chambers, 1974 and 1983) helped enlarge this circle of participation to include the other phases of the project cycle.

One aspect of project cycle participation that has recently drawn much attention is administration itself. Several analysts (Korten, 1980 ; Korten and Uphoff, 1981 ; Rondinelli, 1983) have suggested that development bureaucracy assign a high priority to opening itself to more participation. Doing so requires a series of changes, none of them revolutionary but all of them taken together sufficiently serious that the general topic has come to be known as "bureaucratic reorientation," or BRO, thereby implying a definite change of direction for development administrators and development administrators.

At the heart of the BRO approach are two tendencies so much a part of all administration that they could be said to be inherent within it : routinization and control. In order to be impartial and consistent, bureaucracies find themselves developing standard processes or blueprints for their procedures, and to make sure the blueprints are followed, bureaucracies must exercise control over their members. This causal chain betrays a Weberian perspective,² but one could reverse the causal path and explain the concern for procedure as a function of the urge to control that lies at the heart of bureaucratic behavior (as in Gran, 1983), if not at the core of the modern human psyche itself (as posited by Foucault, e. g., 1977a and 1977b). In either case

the blueprint pathology and the urge to control are so inter-twined at the center of what bureaucracy is all about that they are virtually tautological: to say one is to say the other.

An excellent example of the forces at work here is found in the training and visit (T&V) system that has been advocated with increasing fervor by the world Bank over the last decade (Benor and Harrison, 1977 ; Benor, Harrison and Baxtar, 1984; Benor and Baxter, 1984). Here the basic idea is to replace the multipurpose, jack-of-all trades-but-master-at-none village level extension worker of the Community Development era with well-trained extension workers who will be able to deliver expert knowledge (on an admittedly more restricted range of subjects) at village level on a regular and systematic basis. In short, the T&V agent visits a fixed round of villages on a bi-weekly cycle to deliver a set package of technology. For such a system to function on any scale, the procedures and mechanics of disseminating the agronomic package must be highly standardized, and the whole network must be regularly and rigorously monitored to ensure that the standardized message is in fact spread to the whole circle of potential users. Or in other words, the process has to be turned into a replicable blueprint, and all concerned must be controlled from a central point. The world Bank is convinced of the efficacy of T&V, and has produced evidence of its success (e. g., Feder and Slade, 1984), but others are less impressed (e. g., Moore, 1984), holding that the message is often not delivered, not appropriate or not implemented.

Perhaps here and certainly in many other top-down blueprint/control approaches, BRO has much to offer.³ To begin with, a project should not be thought of as a set of tasks to be tested out and perfected in a pilot stage, then after that brief experiment formed into a blueprint that can be duplicated an infinite number of times without change. This approach is an almost sure recipe for project failure, in fact, for inevitably unexpected constraints and obstacles will be encountered and the blueprint will be inapplicable in various circumstances. And worse, the more the planners try to anticipate all contingencies by building greater specification

and detail into a project, the more rigid the project becomes, and consequently the greater will be the probability that it will fail, because the most important obstacles and problems can never be foreseen. The answer has to be flexibility, and the way to achieve it, in the BRO approach, is to make the whole project an experiment, not just its pilot phase. Setbacks and disappointments should be expected at every stage, but instead of being seen as evidence of project failure, they should be seen as opportunities to learn, to redesign a better project. The project itself, in a word, should be seen as a learning experience, not as a routinizable procedure.

And how to achieve this learning? By getting people to look for problems, point them out and suggest improvements—both people “inside” the project’s staff and those “outside” it, that is, those whom the project is supposed to serve. Government officials at all levels, from minister to peon, as well as beneficiaries, should be encouraged to participate in detecting shortcomings and devising solutions.

To put in this way, of course, is to point up the central problem with BRO. How can a bureaucracy with a rigid top-down hierarchical structure, in which subordinates are expected to defer to and take orders from superiors, and in which all members tend to be convinced of their superior wisdom (what, after all, is technical training all about?), be expected not only to admit error but actually to seek it out and hold it up to public view? And worse, how can this same cadre of experts be expected to entertain queries about its competence from the very populace from whom it has sought to guard its technical knowledge? Could an irrigation engineer actually learn anything about water management from an illiterate peasant farmer? Could a gazetted forestry officer discover anything of use by talking with a forest tribal? Could a plant pathologist gain anything worthwhile by speaking with a mini-farmer whose crop somehow was not decimated by the blight that ruined most of his neighbor’s fields? It is small wonder that this idea is called “bureaucratic orientation,” because if technical officers are to seek knowledge from their client publics,

a good deal of quite fundamental reorienting will be called for,

Yet it can be done. Uphoff (1983) has found that irrigation officers in Sri Lanka have picked up a considerable degree of knowledge from peasant water users, about improving water management practice. Coward (1979) has shown that officials of the National Irrigation Administration in the Philippines were able to learn much from local level water user associations, and Siy (1982) has shown that indigenous water user groups (zanjeras) there have developed quite technologically sophisticated practices that had much to teach government officials (though the latter were, as can be imagined, not always the most eager students).

As for enhancing participation within the bureaucracy, the Community Development Program in India during its early years offers an excellent example. Albert Mayer, the "founding father" of Community Development insisted upon self-criticism from within his program. Junior officers were encouraged to speak up, to point out problems and suggest solutions. This "inner democratization," as Mayer called it, was surely a major factor in the early success of Community Development (Mayer, 1958 ; Sussman, 1983). And certainly observers of the Bangladesh Academy for Rural Development will easily recall Akhter Hameed Khan's constant demands for self-criticism and soul-searching at every step (see, e.g., the many examples in Khan, 1983).

But it is far from easy. Irrigation officials in Sri Lanka and the Philippines were not eager to learn from water users, and the incentives to learn were at times painful. Korten (1980), for instance, tells of Filipino irrigation engineers who ignored local advice in building a dam, only to have it wash out at the first floods. Nor will the momentum necessarily keep up by itself. After its initial years of experimentation and success, Community Development gradually became a rigidified blueprint-based program, incapable of adaptation or flexibility. And many observers would probably agree that self-examination and experiment became less characteristics of Comilla after its first decade or so, particularly as managerial energies turned to expanding

the Comilla scheme across all of Bangladesh in the form of the Integrated Rural Development Programme.

How can the BRO approach be encouraged and, once begun, how can the momentum be maintained? Partly it has to be a function of leadership, as the cases of Akhter Hameed Khan and Albert Mayer demonstrate, but partly it has to come from that elusive ingredient of development, political will: in this case a willingness and eagerness to take citizens and lower level government officials seriously. And partly it will have to come from a political confidence that is not distressed at setbacks and does not have to pretend that each new project is going to be perfect and is going to deliver guaranteed results in a couple of years at most. BRO, like other participatory approaches, is a long-term proposition, of which more later on.

PARTICIPATION THROUGH LOCAL ORGANIZATIONS

A second dimension in which participation is a central component is the whole range of local institutions which runs from local governmental structures to local profit-oriented enterprises. It is the vast middle area of that range that the Cornell group has most recently subjected to analysis, that is, the universe of local organizations or LOs (Esman and Uphoff, 1984). LOs are locally oriented (though they may have some outside coordinating or mediating levels), they are generally voluntary or membership-based (unlike local government bodies, which include or represent all citizens of the area) and they are usually not quite in the public sector (for their members are not state employees) nor are they in the private sector (for profit-making is not their main purpose). Co-operatives, local religious groups (such as mosque committees or temple maintenance associations), youth recreational clubs or the many voluntary agencies included within the umbrella of ADAB (Associated Development Agencies of Bangladesh) would all be examples. As might be expected, participation plays a very large role in the success of these LOs. Indeed, in the Esman and Uphoff (1984) survey of some 150 LOs in 49 different less developed countries, it was found that overall project performance was more highly related to participation in com-

munity decision-making than to any other factor (like income for the poor, health improvements or even agricultural production.) I will confine my own thoughts here to just one aspect of LOs, one which I believe has considerable relevance to Bangladesh. This is the issue of the consequences of success of local organizations.

A good place to begin the query here is to ask, what are the goals of any development strategy involving local organization? At some level or other, the answer has to be to improve the well-being of their members by enabling them to better mobilize and utilize the resources available from within themselves, from the local area and from the world outside the immediate vicinity. To put it another way, the goal is to empower the LOs members to gain some control over their own socio-economic environment and hence their lives. In turn this must mean a change of outlook from acceptance of the existing reality to a determination to create a new reality. To say this is really to describe what it is that inspires a person to start a new business, or reorganize an enterprise to produce more efficiently, or re-invest the surplus after a bumper crop so as to grow even more the next year, and so on. The difference is that with local organizations, we are speaking of groups of people rather than individuals. And in both instances the outlook is of course a necessary but not a sufficient condition of success. Resources, technology, a market, even luck (as in the form of good weather) have to be there as well.

So then, how to foster this changing of outlook from negative and passive to positive and active? How to promote a change of consciousness that will initiate and maintain a long-term momentum toward change? Or finally, what kind of strategy should development administrators (and donor agencies) encourage LOs to pursue? The experience of LOs and the literature on them offer up several suggestions. Esman and Uphoff (1984: 54-57) reject several possibilities here: the Marxist strategy that advocates revolution as the only answer; the technocratic approach that urges a mix of market policies ("getting prices right," etc). and technological packages; and

what they label the liberationist school which holds that only LOs maintaining a rigorous autonomy from the state have even the least hope of success, for any official involvement will necessarily in this view mean corruption, incompetence and exploitation. Instead they press for what they call a "structural-reformist" position that will incrementally enhance the efficacy of LOs through working within the existing political and administrative framework but at the same time maintaining enough autonomy to avoid being taken over and coopted by it. It may appear that there is a rather fine line between this approach and the liberationist school, and I think that this is indeed the case, a point to be taken up shortly.

Others as well look for a better participatory path. Bernard Schaffer and Geoff Lamb (1981) also find a number of participatory approaches lacking. First, there is decentralization as an alternative to administrative allocation, in which distributional authority is passed downward, as in community development activities with the more or less inevitable result that the status quo is reinforced. Then there is administrative reform, in which grievance machinery is set up, watch dog structures erected and so on, all without effect. And third, there are agency efforts to mobilize its own constituency or take an existing one over, which if successful, merely produces top-down structures. Schaffer and Lamb urge "a fourth strategy" that will encourage local people to organize themselves and develop a position of strength from which they can deal with government without being coopted by it.

Guy Gran in his massive study (1983) of participation in development also takes up these issues. He opts for what he labels "hardnosed utopianism," which for him means a form of Paolo Freire's (1970, 1973) conscientization, a careful process of community mobilization through which people gain knowledge of their ability to work together to improve their situation while at the same time building experience at it. To do so successfully requires skillful leadership and diplomacy to avoid hostility on the part of local elites who may feel threatened, but this can be done. Conscientization has other supporters as well

in the development fraternity (e.g. Bryant and White, 1982: 223-224 ; Hyden, 1983: 119-133, although he doesn't use the same terminology). Even much of the Esman and Uphoff analysis sounds quite like a consciousness-raising approach, although Freire himself is rejected as representing the autonomy-oriented liberationist approach to participatory development.

Whatever it is to be called, a slow and patient, largely nondirective, participatory, conscience-raising (or-building) approach built on local organizations appears to command a wide following indeed in development circles. It will have to be called something, though, if only for the purpose of this essay. In the absence of a better term, then, "self-directing participatory local organization" or SPLO, should do for the time being.

It is not insignificant that Bangladesh has one of the premier world examples of this approach in the Bangladesh Rural Advancement Committee (BRAC), while it is nurturing two other highly successful versions in the Proshika organizations that began several years ago. The story of BRAC is by now very familiar in Bangladesh itself and is coming to be increasingly well known outside,⁹ so it will not be necessary to repeat it here. Sufficient to say that BRAC has been in operation since 1972, pursuing a learning-based SPLO approach to rural development. By the end of 1983 BRAC had grown to the point of embracing more than 1,700 groups in 925 villages, with about 80,000 members. And it should be noted that more than 40 percent of the members are women, which is a notable achievement in a rural muslim society.

The consequences of failure for SPLOs are obvious : the organization withers away and disappears, as so many have over the years, in Bangladesh and elsewhere. The consequences of success are not so clear, but can be equally enervating ; they are certainly worth examining. Successful SPLOs face two dangers, one more obvious, the other rather less so. First, to the extent that they do inspire their members to gain a measure of control over their own lives, they run the risk of offending local elites who may feel threatened and thus try to discredit or suppress the new LO. Examples abound, perhaps most not-

ably in the case of "Liberation theology", a movement following many of Freire's concepts that originated in the Latin American Catholic church in the 1970s; particularly in Central America. It was quite successful in raising social consciousness and in mobilizing groups of the poor for local level to undertake economic and social activities to improve their lot; it also provoked a harsh and vicious reaction from local (and national) elites, who immediately apprehended a threat to change the status quo.¹⁰ "Death squads" working on behalf of threatened elites and condoned (or even organized) by governments have been very brutal indeed in reacting to aspirations from below for even rather modest change.

Does Bangladesh face the same possibility? I think the answer has to be no, for two reasons. The first is that organizations like BRAC and Proshika are much less confrontational than the liberation theology movement. There is an understanding of local realities in Bangladesh and a very conscious and continual determination not to become threatening to local elites, to avoid possible confrontations by concentrating group focus on activity that will not be perceived as challenging. Work with rural Muslim women, for instance, is going to attract almost exclusively poor widowed and divorced females who, in the purdah-oriented society of the Bangladesh countryside, feel social pressure not to turn for a living outside the home, but find themselves with no other recourse. Such people are scarcely a threat to locally dominant groups.

The second and even more compelling reason why social conflict can and in all likelihood will be avoided is that the objective situation in rural Bangladesh is really quite different than what one finds in Latin America. As of the mid-1960s in Central America as a whole (i.e.; Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua), the top one-half of one percent of the landholders owned almost two-fifths of the arable land, while the top one-sixteenth held just about three-quarters of the land. In some countries in the region the situation was even more lopsided. For Guatemala the top one-thousandth (0.1 percent) of the landholders had over

40 percent of the land, while the top fiftieth held more than 70 percent.¹¹

In Bangladesh, by contrast, the top 3 percent held only 26 percent of the land and the top 10 percent held just under half: a most unequal distribution to be sure, and the ultimate basis for the dominance of local elites that is so characteristic of the countryside in Bangladesh,¹² but scarcely as unequal as the situation in Central America. India appears to be much the same as Bangladesh in this regard. Land distribution inequality, in short, appears to be of a different order of magnitude in South Asia than what is found in Central America. It should follow, then that the acute paranoia found among rural elites in Central America is less prevalent in South Asia, as is also the tendency to overreact to any sign of rural change. The general potential for success of an SPLO, in other words, is far larger in Bangladesh than appears to be the case in Central America.

If the risk of arousing hostility is less in Bangladesh, the second danger of success may well be greater. This is the tendency on the part of the SPLO to become like the institutions it deals with, just in the very process of dealing with them, to become in fact less self-directing, less participatory and less local in orientation. It is easy to see why this should be so. In order to relate effectively with other institutions, whether they are state bureaucracies, local gentry or private enterprises, an SPLO finds it necessary to operate in the specialized procedures and languages of those institutions. Take, for example, a group of landless workers operating a shallow tube-well, along the lines developed within BRAC or Proshika.¹³ Somehow the details of bureaucratic procedure must be mastered if a government loan is to be obtained. Then the local landowners must be shown that water from the group will be reliable and a good bargain. And arrangements will have to be set up to get fuel and spare parts for the pump from the market, now that those activities have been privatized. These are all highly specialized skills, certainly not within the experience of the average landless agricultural worker. To obtain these skills the group

will either have to get outsiders to furnish them or have some of its own members learn them. In either case, the skills become crucial to the continued existence of the group and assume an increasingly central place in the group's operations as it grows. The more successful the group becomes, the more important these specialized skills become, and the less important the original self-directing and participatory qualities become. Indeed the tendency is for the group in its activities to become in essence more like the outside world with which it deals than like the environment within which it originated. Examples are legion. Trade unions can become company clubs, faculty senates can turn into administration handmaidens, community organizations can be transformed into de facto agencies of the state.

Is it possible for successful SPLOs to avoid this fate, to maintain their participatory foundations and purposes rather than turn into institutions just like those they deal with? A recent case study from the United States is instructive in this regard. Ventriss and Pecorella (1984) looked at two local organizations serving the Hispanic community in the municipality of East Los Angeles—a poor urban slum area with serious problems of gang violence.¹⁴ The first organization began in 1968, mobilizing local residents around issues like better housing, improved education and community revitalization. Within several years the organization found its major success coming from economic development activities like neighborhood master planning, an investment program and a community credit association. As these activities blossomed and government funding was obtained, however, lawyers and managers were needed to follow the appropriate procedural and technical requirements for maintaining the necessary outside linkages to continue the program. Citizen participation became less and less important as the organization found itself spending more and more energy on its external connections. It continues to be successful—but at what? At managing development, it seems, not at enabling people to direct their lives and their futures. It has, in short, become professionalized and bureaucratized.

The second organization began in 1976 in the same area with much the same goals. Since its inception it has devoted much of its efforts to nurturing citizens input. The leadership routinely meets with members to determine priorities and tactics to follow. And it frequently redetermines them as the needs and wants of the members change ; in Korten's (1980) terms, leadership is a continuous 'learning process approach'. By constantly referring its agendas and procedures back to its membership, the organization maintains its initial purpose as a SPLO. Technicians and managers are there, to be sure, as they must be in some capacity in any SPLO, but they have not taken over.

Professionalization, bureaucratization and goal displacement are not inevitable, then, in SPLOs. But there is a definite cost in avoiding them. As Ventriss and Pecorella conclude :

(A) learning organization pays a price for its decision to maintain community participation. Group decisionmaking processes in a learning organization are inherently time consuming, frequently frustrating, and more than occasionally conflictual. Not only must the distance—in culture, language, and priorities—between professionals and residents be bridged but conflicts between and among residents must be mediated and a policy consensus developed. The amount of time and effort spent on any one project represents a significant opportunity cost given the number of social problems requiring attention.

That BRAC appears to have maintained these linkages between leadership and members over more than a decade, then, is a notable achievement. To the extent that any organization has an inherent tendency to routinize and bureaucratize its procedures and even its basic purposes,¹⁵ BRAC's success at avoiding such pitfalls for so long may rank with its attainment as an SPLO in the first place. Though its lifetime has been shorter, much the same appears true of the Proshika organizations as well. Just as Bangladesh had many lessons to offer the development fraternity in the early years of BARD, so too the same may prove to be the case with these newer organizations.

PARTICIPATORY LOCAL GOVERNMENT INSTITUTIONS

Institutions of local government have a very long history in modern South Asia as bodies incorporating citizen participation. The idea of local government as representing the populace and as being a vehicle of people to have a voice in determining policy goes back well into the last century to the Bengal Local Self Government Bill of 1883. Though originally restricted to property holders and people of substance, the franchise was gradually extended, and since independence in 1947 has included all adults in the South Asian countries as participants in the representative process.

Perhaps in part because of their long history and consequent exposure to public scrutiny, local government institutions tend to be perceived of as failures in participatory development. Criticism is voluminous. They are seen to be inefficient in translating citizens needs into public policy, incompetent at managing dominated by local elites, in most cases the landowning gentry. Indeed, the sense of promise gone somehow awry in local government institutions is so great that it seems difficult to find anything positive to say about them. The most that can be said for them, it would appear, is that they serve to keep the status quo in place by linking together local elites and national regime, funneling patronage to the former in the form of development funds, in return for which the latter receives support in the form of the calm that the local gentry enforces through its control of the political economy of peasant life: sharecropping, money-lending, agricultural day labor, and so on. It is an old story, long familiar to those in the development business.

Yet, I believe there is good reason to see participatory local government institutions not as repressive reinforcers of the status quo but rather as engines of social change and economic growth.¹⁶ The Indian Panchayati Raj structure furnishes an excellent illustrative case here. Initiated in the late 1950s as a three-tier system somewhat similar to the Basic Democracies apparatus setup in Pakistan at about the same time,¹⁷ panchayati Raj quickly came to be seen as embodying all the bad effects

pointed to above. It failed to convey village wants and needs up to higher levels, it proved unable to direct the bureaucracy at block (thana) and district levels except in the sense of furthering the corruption that had already been gnawing away at administrative integrity for many decades, and it reinforced the grip of local landed elites on the Indian countryside.

In the short run, say the first five and even ten years, these charges were for the most part well founded.¹⁸ But looked at from a vantage point of twenty years, the story is a vastly different one. True, the panchayats were dominated in their early years by the larger landholders, generally those of higher caste and often ex-zamindars and intermediaries relegitimizing their official status as local worthies. It was a relatively simple matter for such people to extend their dominance of local economy and society to a suzerainty over the ballot box as well.

But as time went on the far more numerous middle peasants¹⁹ (who tended to be of middle caste as well) came to understand the possibilities of the local political process, and began first to win seats on local panchayats, then to win them over, initially at village level, then at block and district level. The process continued at state level, and in a number of the state legislatures in North India, middle peasant coalitions were in power in the Janata period during the late 1970s. For a brief moment in 1979-80 in the prime ministership of Charan Singh, the middle peasantry even took control at national level.

The middle peasants were not simply seeking the glory that came from holding political office. Nor were they interested in merely replacing the larger farmers as the top level in a semi-feudal political economy, concerned primarily with maintaining the status quo. Rather, they had their own agenda, a "progressive farmer" orientation that sought more credit and rural financial facilities, more agricultural inputs like fertilizer and water, more infrastructural provisions such as roads and electric power, and so on. They saw politics as a way to get these benefits and used it accordingly. The green revolution was their success.

Equally if not more important was the awakening that came to the lower rival strata as a result of this middle peasant

activism in politics. As they observed the middle peasants/-middle castes make use of their numbers to get a share of political power, the rural poor—sharecroppers, marginal farmers,²⁰ landless labourers and the like—who also tended to be those of the lowest castes, began to get involved in political activity themselves. They also had an agenda : sharecropping guarantees, minimum wages in agriculture, abolition of bonded labor (still in existence in rural India despite many attempts to suppress it), enforcement of rights for Untouchables, etc. The path for them has not always been smooth. There has been some resistance from the upper caste gentry and perhaps more from the upstart middle castes/ classes who have themselves so recently begun to enjoy the benefits of political power that they are reluctant to share it. Accordingly there has been tension and even at times some violence in the countryside.

But overall, I think it is fair to say that a great deal of significant economic and social change has been and continues taking place in rural India. The middle peasant parties are now out of power at state as well as national level, but they remain a powerful factor in the calculus of state level politics. Perhaps the most important testimonial to their success is the efforts of the Congress-I party to take over their agenda, pushing higher prices for produce, more rural credit facilities, and the like. The Congress-I as well as the opposition parties have also taken up the demands of the poor for minimum wages, provision of basic needs, etc. Admittedly, there is a certain degree of rhetoric and hypocritical opportunism in all this, but the specter of losing power electorally to other parties is a real one in India, especially at state level, a possibility that, para-phrase Dr. Samuel Johnson, wonderfully concentrates a politician's mind. The demands of the middle peasantry, then, have a definite place in the system. And as for the poor, the surge of the middle peasants gives them a certain bargaining power with their votes : those who will give them the most—whether upper or middle caste/class politicians—will get their votes.

All this is not to say that any political utopia has arrived in rural India. Problems of all sorts continue to abound. A new

prosperity has come to many in the countryside, but many more are left behind. Aggregate grain production has increased impressively in recent years, but it should be much higher. Minimum wages have legally been raised and several states now have employment guarantee schemes set up along the lines pioneered by Maharashtra's highly successful system (see, e.g; GOI, 1981), but rural employment and underemployment remain an oppressive and debilitating problem for countless millions of the poor. The point is that not all of rural India's difficulties have been solved through participatory institutions, but that a very promising beginning has been made, one that did not appear possible during the early years of Panchayati Raj, but which emerged over the course of a couple of decades.

CONCLUSION

As is obvious from the preceding paragraph, participation is no panacea. It is, as Montgomery (1979) cautions, not a substitute for rural development administration: bottom-up participation is not going to make bureaucracy obsolete. Whether a participatory rural development strategy incorporates bureaucratic reorientation, local organizations, self-government institutions, or all three, problems are sure to be numerous.

Some of these problems have been pointed out above, such as resistance or takeover by local elites and suppression of BRO by the traditional bureaucratic urge to control from above. Various analyses in the literature point to other equally severe troubles. Esman and Uphoff (1984: ch. 6) speak of takeover by outside agencies assisting LOs, internal division, ineffectiveness and corruption as dangers. Moris (1981: 93-94) mentions organizing costs, the continuing need for technical expertise and overcommitment of government effort, in addition to other risks. Bryant and White (1982: ch. 10) have similar reservations.

To these problems should be added the factor of time. None of these participatory strategies can guarantee quick results. Local self-government institutions appear to need a decade and more to begin to empower a larger constituency in a significant way. Local organizations seem to require a number of years

before they can work effectively on any scale. And even bureaucratic reorientation must be carefully nurtured over several years lest administrators return to their time-honored non-participatory modes of behavior. Such a lag cannot be comforting to planners and rural development administrators who feel great pressure to show positive results as soon as possible if not immediately. But just as Montgomery (1979) is right in saying that participation will not work in the absence of effective administration, it is also the case that rural development administration will not work over the long run without genuine participation both from within and without.

Bangladesh is as good an example as can be found here. Its most successful rural development programs, the Comilla experiment in its earlier years and the BARC enterprise today, have had very high participatory components. And despite unhappy experiences with Ayub's Basic Democracies, Mujib's Relief Committees, Union Panchayats and finally his "Second Revolution", and Zia's Gram Sarkars, there is in the current Upazila scheme full recognition that participation at local level is absolutely essential in government process.²¹ Participation as a core element in development strategy should have a good future in Bangladesh.

NOTES

¹Though not absolutely everyone. See, for instance, Samuel Huntington's strictures against excessive participation, both in the less developed countries (1968 ; also Huntington and Nelson, 1976) and in the industrial democracies (1975).

²That is, it derives from Max Weber's analysis of bureaucracy, as e.g. found in Gertin and Mills (1958 : ch. 8)

³The account of BRO is taken largely and I hope without too much distortion from the three sources cited earlier (Korten, 1980 ; Korten and Uphoff, 1981 ; Rondinelli, 1983). Their work has been largely with the Ford Foundation (Korten) and USAID (all three). The World Bank has also shown some interest in BRO (e.g; Heaver, 1982 ; World Bank, 1983: ch. 11).

⁴Such questions should not be confined to the South Asian development context. To take my own environment, do university professors in the United States think they can learn anything about pedagogy from their students? To discover they can indeed is often a considerable shock (when it is admitted at all).

⁵See D. Kurten (1980) and F. Korten (1982) for further examples involving water management in the Philippines.

⁶This initial period lasted for some time, it should be noted, from the beginning of Community Development in 1948 until the onset of the countrywide expansion in late 1952.

⁷As hinted here, there does seem to be some inverse relationship between program effectiveness and the rate or scale of expansion. This theme is explored at length in Blair (1982).

⁸The correlation was .63, or about two-fifths of the variance in overall project performance ($R^2 = .40$) accounted for by the degree of participation in community decision-making.

⁹Korten (1980) gives a short account of BRAC. For more detailed analyses see Ahmed (1980) and Chen (1983). Much the same discussion that follows in my text here could be applied to the Proshika organizations as well.

¹⁰For a comprehensive account of liberation theology and its problems in its earlier years, see Lernoux (1980). More recently the movement has become a great controversy at the highest levels of the Catholic itself; see for instance Kamm (1984).

¹¹The situation in some Central American countries has of course changed since the 1960s. The revolutionary government in Nicaragua seized the land belonging to the Somoza family and its immediate supporters (about 20 percent of the total) for redistribution, while in El Salvador a reform was begun at the beginning of the 1980s but then aborted under pressure from landowners. In the other Central American countries the situation is roughly the same as 20 years ago, if not perhaps somewhat more unequal.

¹²As any number of studies attest, whether at village level (e.g; Arens and van Beurden, 1977) or at national level (e.g; de Vylder, 1982). These are only two studies among many.

¹³The Proshika experience here has been charted and analyzed by Wood (1982).

¹⁴The account that follows in the text is drawn from Ventriss and Pecorella (1984).

¹⁵This pattern, needless to say, was observed long before the Ventriss and Pecorella (1984) study. An analysis of it forms the core of much of Max Wever's thinking back in the early years of this century (see Gerth and Mills, 1958). For an assessment in a more contemporary developmental context, see Schaffer (1977).

¹⁶For a more extended study of such institutions in South Asia, see Blair (1982). The argument that is set out below in the text in favour of local government institutions is a brief distillation of that essay. For an application to one Indian state (Bihar) in particular, see Blair (1984b).

¹⁷The Indian system varied from state to state; in some areas it was directly elected at all three tiers, while in others only at village (gram panchayat) level, with indirect election at higher tiers. And of course it never constituted an "electoral college" as in Ayub Khan's scheme.

¹⁸Which is presumably why they had such a strong place in the prominent critiques of the period. See Myrday (1968) and Bendix (1964), for example. For more recent criticism of Panchayati Raj, see Frankel (1978: ch. 5) and Franda (1979: ch.4).

¹⁹To avoid controversy over definitions, let us say a "middle peasant" owns enough land to generate some surplus beyond subsistence needs and farms his holding himself, in some cases with a modest amount of hired labor. Large landholders, on the other hand, own more land, far beyond subsistence needs, and generally do not farm it themselves, renting it out or "managing" it through outside labor.

²⁰That is, those who do own some land, but not enough even for family subsistence, with the result that most of the family income has to be derived elsewhere.

²¹For an elaboration of this theme, see Blair (1984b).

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RESOURCE MOBILIZATION AT THE LOCAL LEVEL WITH REFERENCE TO BANGLADESH

Abhijit Datta

I. Introduction

The present paper is basically concerned with the question of local government revenue assignment and performance in the third world countries which may have relevance to Bangladesh. Currently the Bangladesh Government is attempting to restructure its rural local government system, while retaining the inherited system of urban local government. In both situations, the accumulated historical experience in South Asia in the development of local government institutions will determine the direction of their future growth. However, any deviation from the traditional framework of local government, as well as its instrumentalities, will have to be deliberate and backed by the necessary political will. While we shall deal with the relevant issues and options concerning the local government fiscal system in the subsequent sections, it might be useful to mention a few generic problems of local government in the South Asia region.

First, the systemic dichotomy between the rural and urban local governments noticeable in South Asia is the result of the Montagu-Chelmsford Reforms (1918) whereby the urban municipalities were freed from the immediate control of the district officials, while the rural local institutions remained as residual adjuncts of the central field administration.¹ This has resulted in a dual system of local government: for the urban areas the autonomous character of local government is perceptible, while the rural local government system approaches the features of local administration. A commitment to local government in this situation would transform the status of rural local institutions to function in an autonomous manner.

Secondly, tiering of rural local institutions has had disastrous consequences through indirect local political participation, diffu-

sion of functional and revenue responsibilities, and goal displacement of local government *per se*. A unitary system of rural local government, at a level where functional responsibilities could be organized for the local community and local revenues could be collected economically, has much to commend itself. In this context Bangladesh Government's commitment to develop the sub-district council at the **thana** level comes close to the recent Indian thinking by the Asoka Mehta Committee to organize **mandal panchayats** for 10–15 villages. It is still possible to retain the Union Parishad set-up of 2–3 villages in Bangladesh for local service delivery even within a basically unitary structure of the sub-district (**Upazila**) council.

Thirdly, the criteria for municipalisation in Bangladesh needs to be reviewed to provide for such status only to fiscally viable urban areas with an assured minimum domestic revenue, of say \$ 1 per capita, for a population size of at least 20,000. The Rowlands Committee suggested a minimum population of 20,000 for a municipal area in undivided Bengal, which has been acted upon in Bangladesh.² What is needed now is a minimum domestic revenue requirement for municipal fiscal viability. For the rural local authorities, with a population of 15,000–20,000 covering about 10 sq. miles, the minimum domestic revenue requirement may be placed at about one-half of the minimum municipal requirements, i.e. \$ 0.50.

Fourthly, in the larger urban centres—especially the million-plus cities—there seems to be a tendency to constrain the multi-purpose municipal government through direct assumption of local functions by the central government or creation of **ad hoc** functional and development authorities. This would transform the larger municipal corporations into maintenance authorities for rudimentary civic functions, as is already evident in both India and Pakistan. On the other hand, in the million-plus cities there may be a need to decentralize civic administration for efficient delivery of local services and in this context creation of borough-level administration with local councillor supervision could be attempted, as proposed under the new Calcutta municipal legislation (1980).³

Lastly, the central machinery for local government supervision should remain unified through a single ministry with a well-staffed directorate as the main controller of local bodies. The directorate may operate through its officers posted in the districts both for the rural and the urban local bodies; the municipal corporations may have to be linked only with the ministry, as at present. Local government needs to be manned by competent and well-paid personnel owing allegiance to locally elected councils and the present system of integrated personnel from central cadres serving local government needs to be dispensed with.

With these preliminary observations, we now turn to the substantive concern of the present paper through an examination of the nature of fiscal decentralisation as a prelude to the an indepth analysis of the local fiscal system, fiscal instrumentalities, and improvements in fiscal performance.

II. Fiscal Decentralization

In spite of rhetoric, actual experience of decentralisation in South Asia has been disappointing. In most ex-colonial countries of the third world, after independence there has been a marked tendency towards centralization for political reasons, as also due to the compulsions of centralised planning and development. For instance, in India local government share of total public expenditure stands at a mere 6.5 percent; in the 1960s this figure was around 10 per cent. Also, the share of rural local government has remained almost constant at around 2 per cent, the share of the municipal sector has come down from 8 per cent to about 4.5 per cent, during the past 25 years. In Bangladesh, local government's share in the total public expenditure would be less than 2 per cent.⁴

Target Setting

In a unitary country a vigorous system of local government could be established when its share of total public expenditure approaches around 12 per cent.⁵ In Bangladesh such a trans-

formation would need enormous political and administrative efforts; however, given such a predisposition it is possible to target for both per capita local expenditure as well as the percentage of local to total public expenditure by the turn of this century as indicated in Table 1.

Table 1 : Illustrative Size of Local Expenditure and its relation to Total Public Expenditure.

	Per capita local Expenditure in constant dollars			Percentage of local to total public expenditure		
	Rural	Urban	Total	Rural	Urban	Total
1985	\$ 0.35	\$ 1.52	= \$ 1.87	1.80	0.60	= 2.40
1990	\$ 1.00	\$ 4.35	= \$ 5.35	5.22	1.68	= 6.90
2000	\$ 2.00	\$ 7.50	= \$ 9.50	7.50	4.50	= 12.00

It is presumed that the difference between per capita domestic revenue and total per capita local expenditure would be met through transfers by way of shared-taxes and grants. While the local expenditure estimates are illustrative, the percentage targets of local to total public expenditure are real. Without such specification of overall growth it is not quite honest to discuss fiscal decentralisation of any meaningful magnitude and the consequent local resource mobilization scenario.

In order to ensure a minimum package of local taxes to local governments in Bangladesh, it might be necessary to revive the local tax list under the erstwhile Government of India Act, 1919, with suitable modifications to suit present requirements. Some third world countries, like Nigeria and Brazil, have guaranteed constitutional safeguards to local government ; in Bangladesh this may not be necessary once the local tax list is conceded in the constitution.

Local Revenue Scenario

We now attempt an illustrative scenario for local government domestic revenue and transfers to be achieved within the next five years, i.e. by 1990 in Bangladesh, both for rural as well as for urban local bodies in Table 2.

Table 2 : **Illustrative Local Government Revenue Arrangements.**

Local Authorities	Population	In dollars per capita			
		Domestic Revenue	Transfers	Total Revenue	%
Rural :					70.5
Subdistrict					
(i) (Upazila Parishad)	15,000– 20,000	\$ 0.50	\$ 0.50	= \$ 1	
Urban :					29.5
(i) Towns	20,000– 50,000	\$ 1.00	\$ 1.00	= \$ 2	1.1
(ii) Large Towns	50,000– 100,000	\$ 1.50	\$ 1.50	= \$ 3	2.6
(iii) Cities	100,001– 1,000,000	\$ 2.00	\$ 2.00	= \$ 4	4.4
(iv) Large Cities	1,000,001– above.	\$ 2.50	\$ 2.50	= \$ 5	21.4

In the immediate future greatest efforts towards local government revenue arrangements in Bangladesh lie in the rural authorities where more than 70 per cent of the total local revenues are to be generated to cover about 80 million people. The municipal authorities with about 8 million people will have to generate about 30 per cent of total local revenue. On top of this, suitable arrangements for development finance for both rural and urban local authorities are to be made. It is expected that the cities would have to rely mainly on loan finance for meeting their development

needs, while the towns and rural areas would have a mixture of grants and loans, depending on their status and the nature of projects.

Transfer Arrangements

The transfer arrangements envisaged here would be a combination of shared-taxes and deficiency grants, so that the local government expenditure needs may have to be calculated on the basis of growth in personnel costs, materials, maintenance requirements, and debt servicing. While resource availability has been indicated in global terms, the actual allocation of transfers would depend on local revenue performance. There would have to be special grant arrangements for local authorities in the backward regions and also for special purposes. Also, social service expenditures on education, health and welfare need to be met mainly through specific grants.

Assistance for development purposes will have to be tied to local revenue performance ; local authorities with a surplus in the revenue budget could be awarded matching assistance, while the other components of development assistance would have to be related to central priorities and upgradation of facilities to conform to national minima. Loan finance would be on the merits of schemes prepared by the local authorities and might best be routed through institutional channels.⁶ Within these local government fiscal arrangements we shall now concentrate on the specifics of local domestic resource mobilization.

III. Local Financing System

The system of financing local services is to a great extent conditioned by the inherited traditions of local government under colonial rule. In south Asia, the basically English local fiscal traditions have emphasized reliance on local taxation for financing most of the municipal services through local taxation, supplemented by non-tax revenues and grants ; the rural local services, on the other hand, are financed basically by transfers (shared-taxes and grants), supplemented by local resources of various kinds including taxation, fees, property income and contributions.

Since the local authorities are basically responsible for the provision of public and semi-public goods, user charges have not emerged as an important source of local revenue, in contrast to the continental experience (French and Spanish). Absence of local toll roads or local public utilities in South Asia bears testimony to this orientation. The most glaring manifestation of this approach is noticeable in the field of hydrological services covering water supply, drainage and sewerage. While attempts are made in the municipal areas to charge for these services through a combination of specific taxes and user fees, metering of water supply is resisted mainly because the service is perceived partly as a public health measure to be subsidised by the local taxpayer. Similarly, the English tradition of subsidised council housing has its echo in all public housing programme for the urban poor. Municipal roads are invariably freeways. On the other hand, locally provided social services, like education and personal health, are financed jointly by the local and central authorities.

A Normative Approach

In recent paper, attempts have been made to suggest norms for financing municipal services in the following manner : (a) purely public goods are to be financed through taxes, (b) services having 'excludability' are to be financed through user prices, (c) services having 'externalities' are to be financed from central transfers, and (d) most capital outlays are to be met from borrowing.⁷ Actual experience of 12 cities in seven countries documented in the paper, however, indicates major deviations from the suggested norm. One commentator of the paper raises the following questions :

First, is the classification as neat as it is made out to be? ... Second, though the paper recommends user charges for public utilities it does not indicate the appropriate basis for these charges... Finally, supposing the urban areas of developing countries finance most services through taxes... what would be the serious welfare and economic consequences of such a deviation from the prescribed norm?⁸

Inter-city Comparison

A comparison of city government service expenditure and revenue sources is indicated in Table 3, as reported in the above-mentioned paper. We have included the experience of city service financing from anglophone countries, the only other example cited is from Indonesia. As already stated, the deviation from the 'efficient' assignment of financing local services is quite marked. Major variations here are noticeable in Jamaica and Indonesia in their reliance on transfers; partly this may be due to the strong centralising nature of their fiscal system. Indian differences are mainly due to varying state practices governing state transfers and pricing for public utilities. In Pakistan, Karachi comes closer to Bombay and Ahmedabad only in respect of transfers for social services, while its heavy reliance on local taxes and slender reliance on user charges (plus moderate borrowing) correspond to the Madras situation. The Bangladesh situation (Dhaka and Chittagong) would correspond partly to the Indian experience in Madras regarding transfers (Calcutta being an exception even in India), and partly to the Pakistani experience in Karachi regarding user charges.

Composition of Local Revenues and Expenditures

It may be emphasized here that the experience of city service financing may be totally misleading for financing rural local services, especially in South Asia with rudimentary local services, anaemic tax bases and heavy dependence on central transfers. However, the Bangladesh situation seems to be much better compared to India or Pakistan where rural local authorities hardly rely on tax revenues—user charges being almost non-existent—and rely primarily on transfers (about 80%). Apart from the larger cities, the other municipal authorities in Bangladesh would lie in between the two extremes of sub-district and large city situations. Keeping these differences in mind, an illustrative composition of local government revenue budget items in Bangladesh in around 1990 is attempted in Table 4.

**Table 3 : Comparison of Urban Service Expenditure and Revenue Sources
in Selected Cities in Percentages**

Expenditure/ Revenue Categories	India				Pakistan	Zambia	Jamaica	Indonesia
	Ahmedabad 1970/71	Bombay 1970/71	Calcutta 1974/75	Madras 1975/76	Karachi 1974/75	Lusaka 1972	Kingston 1971/72	Jakarta 1972/73
A. General Urban Services								
Spending	33.6	13.6	20.4	23.3	21.8	27.4	45.5	44.1
Local Taxes	44.5	45.9	73.8	65.5	81.9	41.3	27.3	63.6
B. Public Utilities								
Spending (plus debt service)	31.1 (41.8)	52.1 (66.3)	65.4 (65.4)	42.7 (42.7)	45.5 (45.5)	44.0 (58.7)	32.3 (38.2)	42.4 (42.4)
User charges (plus borrowing)	41.8 (51.3)	38.7 (53.1)	— (6.8)	3.7 (9.4)	2.2 (15.3)	36.9 (52.7)	2.7 (5.4)	15.2 (15.2)
C. Social Services								
Spending	24.7	20.2	14.1	34.0	32.6	4.0	16.4	13.4
Transfers	4.2	1.0	19.4	25.1	2.8	6.0	67.2	21.1

Notes : Except for rounding error, all expenditures (including debt service) and all revenues (including borrowing) add to 100 per cent.

A. General Urban Services : Refuse collection, parks and recreation, industries, fire protection, law enforcement, general administration, employee pensions & health care, grants and transfers, and other miscellaneous services.

B. Public Utilities : Water supply, sewerage and drainage, electricity, telephones, housing, markets & abattoirs highways and roads, public transportation.

C. Social Services : Education, health and social welfare.

X. Local Taxes : Includes other miscellaneous revenues ; **User charges :** includes revenues from development charges, housing schemes etc.

Source : Bahl and Linn, *op. cit.*

Table 4 : Illustrative Percentage Composition of Local Government Revenue Budget Heads in Bangladesh, 1990.

Revenues	Rural	Urban
1. Taxes (local and shared)	40	55
2. Non-tax Revenue ...	8	10
3. User charges ...	12	15
4. Grants ...	40	20
	Total : 100	100
Expenditures		
1. Establishment and tax collection	15	12
2. Public health and conservancy	25	20
3. Water supply ...	10	15
4. Drainage and sewerage	5	10
5. Roads ...	10	12
6. Public Works ...	10	8
7. Education ...	12	10
8. Health ...	8	8
9. Others ...	5	5
	Total : 100	100

IV. Local Fiscal Instruments

From the point of local resource mobilization in Bangladesh one could discuss (i) local taxation, (ii) shared taxes, (iii) user charges, and (iv) market borrowings. This would exclude a discussion on grants meant for budget balancing, compensation, upgradation and development purposes.

(i) Local Taxation

The structure of local taxation in Bangladesh would substantially differ in the municipal areas, compared to the rural areas.

However, here we discuss both these under three common heads, viz ; (a) taxes on property, (b) taxes on goods and services, and (c) taxes on income and occupation.

(a) **Taxes on property** : Among a variety of taxes on property, the most important is the **holdings tax**—the mainstay of municipal revenue base. In common with other South Asian countries, the holding tax in Bangladesh is based on notional rent—a concept difficult to operate with legal control of urban rental, and predominance of owner-occupied holdings in the rural areas. A straight-forward switch to a capital value based holdings tax would ensure both revenue productivity and promote equity among tax payers. Vacant urban land could also be adequately taxed thereby. This would necessitate a system of valuation of both urban and rural land on the basis of sale data ; at the same time it would be easy to formulate guidelines on property valuation—ranging from a simple system in the rural areas to a more complex procedure of taxing improvements in the cities.

Analogous to this is a **tax on property registration**, which is presently the most important rural government tax. In the urban areas, its yield may not be quite substantial, but this would establish control data for valuation of the holdings tax.

A **land value improvement tax** could be imposed in the larger cities as a local capital gains tax on a graded basis, by replacing the existing betterment levy. For other urban and rural local authorities the existing **land development tax** might continue as an assigned tax to be raised by the central government and transfer the net proceeds to local government on an assignment basis.

(b) **Taxes on goods and services**: For the municipal corporations a **terminal tax** may be imposed on all goods terminating in a city area, as a substitute for local octroi or a area-wide entry tax prevalent in many South Asian city. Specification of goods subjected to terminal tax as well as the maximum rate structure could be specified by the central government. It is desirable that the rates should be primarily specific on goods of common use, and **ad valorem** on certain items of luxury con-

sumption. This would avoid cascading of indirect taxes levied by the central government. A terminal tax would not be a hindrance to through traffic and its collection could be done mainly by the railways.

A **tax on non-motorized vehicles** may be reserved for rural and town local authorities on bullock carts, cycles, horse-drawn carriages, rickshaws etc. However, the cost of collection may have to be watched to ensure revenue productivity and regulation.

For the rural local authorities a **tax on markets** may be an attractive source of revenue ; alternatively a **toll** on markets and ferries may be imposed without much fear of user resistance. On the other hand, the prospects of toll roads becoming popular in rural Bangladesh appears doubtful ; also such roads might prove to be a hindrance to free movement of goods across local boundaries all over the country.

(c) **Taxes on income and occupation** : A municipal **tax on professions, trades and vocations** in the urban areas could be designed to function as a local income tax mainly to tap income from employment below the income tax exemption limit. For the self employed there could be the professions tax and for the employed persons this could act as a payroll tax, with a common exemption, income gradations for different rates, and a maximum tax limit per assessee per years, of say \$ 100.

In the rural local authorities, the only effective way to tap local income is to impose a **poll tax** on all able-bodied males at a flat rate, with exemptions for the poor. The political problem in its imposition will have to be weighed against its advantages in favour of mass participation, avoidance of excess burden, and revenue prospect.

(ii) Shared-Taxes

The only tax suitable for sharing with the rural local authorities is the **land revenue** traditionally levied on the rental value of agricultural land in South Asia. While its revenue could be increased by a scientific classification of rural land to reflect its productivity, the difficulty of updating valuation makes it an in-

elastic source of revenue. Also sharing of 50% of net yield with the rural local bodies is suggested, so that the incentive to effectively use the tax does not disappear with the central government.

Municipal authorities in the urban areas—both towns and cities—should get at least 50% of the net yield of the **motor vehicles tax** collected by the central government.

Town municipalities may receive 50% of the net yield from **entertainment tax** in lieu of the right to impose terminal taxes. In order to make the tax sufficiently elastic it is important that there should not be any control over entertainment fees.

(iii) User Charges

As in other parts of South Asia, in Bangladesh too the scope of full pricing for municipal services is limited except for **water supply** in larger cities. For the other urban and rural areas reliance will have to be made to recover part of the cost of water supply and drainage through service taxes and water rates. Metering for water in the larger cities would imply provision of large number of free public standposts, differential tariff for residential, commercial and industrial purposes, and linking the rates to cover the costs of all hydrological services. Apart from water supply, the only other area where pricing could be attempted would be **municipal markets**. All other public utilities are expected to be operated through parastatal bodies. Some limited amount of revenue could be generated through **solid wastes recycling** by way of manures and land-filling. In most cases the prevailing user charges for municipal services assume the nature of **license fees** for regulatory services rendered where the pricing element is absent.

In the rural local governments also the major pricing prospects are in privatising commercial services, like **ferry service** and **markets**. Direct provision of these services by the rural local authorities appears doubtful in the near future so long as their administrative culture is oriented to regulation and welfare.

(iv) Market Borrowing

At the moment the local governments in Bangladesh receive loan funds as a part of the transfer arrangements for relief and development. Local authorities do not have access to market borrowing and there is no municipal bond market to attract long term funds for infrastructure development in the larger cities. Development assistance received by the local authorities from the central government contains a mixture of capital grants and soft loans, usually unrelated to their repaying capacity. With improvements in the local fiscal situation, the larger cities might need to venture into commercial enterprises ; also there may be a need to tap the capital market for urban development. In future, therefore, suitable institutional arrangements need to be made to meet this requirement. Development of municipal bonds in Bangladesh on the American pattern seems rather remote so long as such bonds need central government guarantee and income-tax deductions. Limited municipal access to the credit market, however, is possible with respect to unguaranteed medium-term loans and short-term ways and means advances. By and large, therefore, local market borrowing prospects are limited except for larger cities with sizeable reserves.

V. Resource Mobilization Performance

Apart from target-setting and revenue assignment, local government resource mobilization prospects critically depend on two factors : (i) building supportive institutions, and (ii) relating fiscal transfers to performance.

(i) **Supportive Institutions** : Among the supportive institutions needed for strengthening local government finances, mention may be made of a central valuation agency, a grants commission, a strengthened directorate for local bodies, a local government service commission, a local government loan board, and a local government training institution.

The **valuation agency** could start by providing guidelines for valuation and appointing practising valuers, while depending on municipal and district revenue staff for annual assess-

ment of property-related taxes. Over time the agency could take-over the valuation by its own staff. The agency could operate under the central board of direct taxes, as in Britain.

The **grants commission** should be a permanent body consisting of independent experts and would be responsible for suggesting suitable fiscal assistance to the local government bodies both for revenue and development purposes for a medium term period, say five years. It has to depend on the directorate of local bodies for monitoring local government fiscal performance, and also to the planning commission for overall allocation of development assistance to the local government sector.

The **directorate of local bodies** will be the main instrument of Bangladesh Government to liaise with various local government bodies and be responsible for a data bank, technical/fiscal assistance, and normsetting for various local functions. Its regulatory role would emphasize improvements in local budgetary practices and compliance of audit requirements. However, the major thrust of the directorate would be in the development of local government and improvements in their fiscal performance.

A **local government service commission** would also be necessary for recruitment of local government personnel and their career development. This is easier under a system of unified local personnel system; however, the experience of such a system in Indian rural and municipal governments suggest that great care needs to be taken to ensure proper local control of such personnel organised centrally. The system may be tried in Bangladesh rural local government where presently an intergrated personnel system operates.

As already indicated, there may be a need for creating a **local government loan board** to assess the long-term borrowing needs of local government, outside patterned development assistance. Such a central loan agency could promote proper project appraisal and accounting practices for local commercial ventures. A centralised credit institution for local government could make cheap long-term credit available for development purposes and, over time, the need for mixing capital grants and soft loans might disappear.

Finally, there seems to be a need to create a suitable **training institution** for locally-appointed staff as the main vehicle for local manpower development for performing complex local government tasks. The institution could also undertake action research and consultancy services for the various local government institutions. It may also provide faculty support for in-house training in the larger city corporations, and also to the specialised staff in the directorate of local bodies and other specialised institutions concerned with local government.

(ii) **Performance-related Fiscal Transfers** : While allocation of a medium-term fiscal transfer system to local governments could be assigned to the suggested grants commission, its actual annual release needs to be linked with local fiscal performance. A realistic scheme of this nature has recently been installed for the municipal bodies in the Calcutta metropolitan area, called the 'trigger mechanism'.⁹ Basically, this implies fixation of municipal current expenditure targets and corresponding domestic tax and shared-tax targets for three classes of municipal bodies : (a) below average, (b) average, and (c) above average—classified in terms of their domestic tax performance. While the shared-taxes remain constant in target terms, the tax targets vary for each category. The below average municipalities receive a deficit grant but no development assistance ; the average municipalities receive normal development assistance (with a mix of capital grants and loans) ; and the above average municipalities receive the normal development assistance plus a bonus loan component for specific projects. The development assistance to the average and above average municipal bodies are released after monitoring their domestic tax performance in the previous year. This type of an arrangement ensures that the local authorities are allowed to develop at a pace which is commensurate with their own fiscal efforts, so that their revenue budgets are not upset to maintain assets and service loan liabilities unrelated to their revenue capacity. At the same time, there is an assurance of meeting current service obligations through the release of a deficiency grant.

In Bangladesh situation also such an approach could be tried for each class of local authorities with separate current ex-

penditure targets, domestic tax targets, and shared-tax targets. Since the global transfer targets would be for a medium term, the annual tax performance experience would identify the areas where reforms are needed. Constant monitoring of local tax performance is, therefore, crucial in installing a system of performance-related transfers.

VI. Conclusion

The main thrust of the paper consists of an attempt at target-setting, capacity creation, performance and feed-back for needed corrections in local government finance in a South Asian country, such as Bangladesh. As already indicated, development of local finance is but one aspect of strengthening local government in any country, including Bangladesh. Other important aspects would include organizational issues, functional competence, areal spread, local executive, local personnel, performance efficiency, planning, and central-local relations. In all these areas vital political decisions are involved. In the situation obtaining in Bangladesh, as in other South Asian countries, with strong colonial traditions of centralisation in public administration and management, purposive decentralisation of government is not easy. This is especially so because of the absence of a local political tradition and subservience of local government to the central bureaucracy. A successful scheme of democratic decentralization in such a context needs major political and bureaucratic readjustments. Strengthening of local government finance, through fiscal capacity creation and its utilization, thus needs to be facilitated and sustained by other related measures concerning democratic decentralization in Bangladesh.

References

1. In undivided Bengal, this process started much earlier with the election of municipal chairman under the Municipal Act of 1884. See, Abhijit Datta, "Municipal Administration in West Bengal", in A. Avasthi (Ed.), **Municipal Administration in India**, Agra : Agarwal, 1972.

2. Bengal (India), **Report of the Bengal Administration Enquiry Committee, 1944-45**, Alipore, 1945.

3. In Calcutta Corporation district (later borough) committees were created under the Calcutta Municipal Act of 1899 (Mackenzie Act) ; these were retained by Sir Surendra Nath Banerjee in drafting the Calcutta Municipal Act of 1923, but were subsequently dropped in the Calcutta Municipal Act of 1951.

4. This base figure is derived from incomplete statistical information concerning local government finance in Bangladesh ; it is conceivable that the actual situation may be somewhat better with the result that target realisation would be a lot easier than is indicated here.

5. The target percentage is fixed on the assumption that once this exceeds 10%, local government assumes respectability within the total government set-up in a country ; see, IULA, **Local Government Finance**, The Hague, 1969 ("Introduction").

6. The transfer arrangements envisaged here follows the thinking of the West Bengal Municipal Finance Commission. For a discussion of the thrust of the report see, Bhabatosh Datta, "State-Municipal Financial Relations in West Bengal", **Nagarlok**, New Delhi, October-December, 1982.

7. Roy W. Bahl and Johannes F. Linn, "The Assignment of Local Government Revenues in Developing Countries", in Charles McLure (Ed.), **Tax Assignment in Federal Countries**, Canberra : ANU Press, 1983.

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EVALUATING THE ROLE OF INTERGOVERNMENTAL GRANTS IN DECENTRALIZATION AND LOCAL RESOURCE MOBILIZATION

Larry Schroeder

The primary objective of this paper is to indicate how any grant system might be evaluated. This, alone, is an extremely important task since too often grant systems, consisting numerous programs which have sprung up over time, end up being no system at all but, instead, simply a hodge podge of independent transfers with no coherent objective.

Before presenting this evaluative framework, it is instructive to consider the several rationale for intergovernmental grants and the roles grants play in countries throughout the world.

Purposes and Role of Grants

There are several good reasons why higher levels of government find it necessary to transfer money to lower level governments. At the same time, due to differences in governmental structure and functional assignments across countries, there is a wide range in the quantitative importance of grants in different locations.

Purposes of Grants

Distributing funds from higher to lower level governments is done for a variety of reasons. In general, however, these reasons tend to fall under two main headings—to reallocate resources or to redistribute resources.

Reallocation : Local governments will tend to spend their funds in ways they see as "best." This allocation is, however, not always in line with what is best for the nation. Grants provide a means to accomplish such readjustments in spending.

One classical case for grants arises from "spillovers" of benefits. Local governments will tend to spend less on programs which benefit those in other jurisdictions than is socially desirable. In a similar vein, the national government may wish to develop particular programs which local governments do not see as necessarily desirable. Resources in the form of grants can stimulate such spending. Finally, grant programs can be used to control expenditures in particular areas to ensure conformity with national standards.

Redistribution : Not all jurisdictions necessarily have at their disposal the same level of resources which they can tap locally to provide public services. Grants can provide a means for equalizing these differentials in local tax capacity.

It also may be national policy to promote particular sectors of the economy, e.g. rural, rather than urban or a particular region over other areas. This type of sectoral redistribution can also be accomplished via grant programs. In a similar vein, special grants to areas encountering emergency needs are also often used.

While reallocation and redistribution may be the stated rationale for grant programs, it cannot be denied that purely political motives are often the underlying rationale for intergovernmental transfers. Indeed, as Bird has noted, "no matter what the rationale for such a transfer, its amount and distribution is always a matter of political bargaining."¹ Nevertheless, even political ends can be served by a better understanding of the implications of alternative grant programs period. As will be discussed in more detail below, a particular grant program may or may not necessarily be capable of achieving varied purposes. Furthermore, the foregoing should made clear that any evaluation

must be carried out in the light of what policy makers view as the overall goal of a grant system. Before turning to such evaluation criteria, it is desirable to review at least briefly the importance of governmental transfer in countries throughout the world.

Role of Grants

Students of public finance are always taught that, when analyzing revenue structures of a sub-national government, one natural categorization of revenues is into "locally raised" and "grant" revenues. The relative size of the latter can then provide some indication of the reliance of local government on higher governmental units.

Reaching strong conclusions about the role of grants when making cross country comparisons is, however, more difficult. Different structures of government across countries and alternative assignments of functional responsibilities lead to considerable differences in the role grants play in the revenue structure of local governments. Finally, it must be admitted that, especially for developing countries, the data available for making such comparisons are far from perfect. Nevertheless, some data can be instructive.

Table 1 shows data on the role of grants in subnational governments in a set of "Developed" countries. Two conclusions emerge from those data. First, it is obvious that local governments are not required to raise all their own revenues. The median of 36.8 percent indicates that over one-third of total spending is financed from above. Second, the numbers suggest that even among developed countries it is hard to generalize about the role of grants when the per cents range from 16.8 to 84.7. Furthermore, these country-wide data mask further inter-jurisdictional differences which would indicate even greater variations.

Table 1

Grants to Subnational Governments in Selected Industrialized Countries.

Country	Grants From Higher Level Governments as a Percent of Subnational Government Expenditures
Denmark (1975)	50.0
Finland (1978)	36.8
Italy (1975)	60.0
Luxemburg (1979)	46.3
Norway (1979)	24.8
Australia (1980)	
States	57.8
Local	20.5
Ireland (1978)	67.5
Canada (1980)	
States	22.1
Local	49.1
France (1980)	41.5
West Germany (1979)	
States	16.8
Local	30.6
Netherlands (1979)	84.7
Spain (1979)	25.7
Sweden (1979)	27.1
Switzerland (1979)	
States	27.2
Local	16.8
United Kingdom (1980)	44.5
United States (1979)	
States	24.5
Local	48.6
Median	36.8

Source : Roy Bahl, "Intergovernmental Fiscal Relations in Industrialized Countries". Metropolitan Studies Program, Maxwell School, Syracuse University (Syracuse, N Y. : Mimeo).

The data are no more clear for developing nations. Table 2 shows grants to subnational governments as a percent of their total revenues. The range is even greater than in Table 1. But, interestingly, the medians are nearly identical. (Note, however, that these data are considerably older than in Table 1 and, hence, are not fully comparable with the first table).

Despite the lack of a clear-cut empirical conclusion regarding the role of grants, most students of the subject agree that this role is increasing and is likely to do so in the future. One major reason for this is that public service needs continue to expand in the face of increasing population and prices yet, in general, local governments are left with revenue sources which do not automatically respond to these same forces.² This, then, results in spending gaps which central governments fill via transfers rather than by promoting resource mobilization at the local level as Lady Hicks has written, "...it often proves easier to...give additional grants rather than helping lower level governments to better exploitation of their autonomous revenues.³ The issue then is, can the grant system itself assist in this effort? And if so, what sort of grants might best carry out that task? To answer these questions one must turn to an evaluation of alternative transfer programmes.

Typology of Grant Programs

The list of different kinds of grant programs used throughout the world is a long one, even if one ignores differences in the specific details of the programmes used in individual countries. Some grants are restricted to particular uses while others can be used for any purpose; some grants require the local government to "match" the grant with spending of its own while others do not have this restriction; and some grants are determined on the basis of an explicit formula known to all while others are determined in a purely ad-hoc manner. Given these great differences, it is useful to summarize the general types of grant programs that can be and are used in countries throughout the world.

Table 2

**Grants To Sub-national Governments in Selected
Developing Countries**

Country	Grants as a Percent of Subnational Government Revenues
Kenya (1968)	16.9
Uganda (1965)	37.9
Tanzania (1965)	24.3
Nigeria (1965)	52.2
Zambia (1967)	18.1
Malawi (1966)	56.5
Philippines (1963)	42.3
Srilanka (1968)	20.8
Viet Nam (1967)	68.6
Korea (1970)	60.5
Taiwan (1969)	18.2
Indonesia (1970)	90.1
Israel (1968)	18.6
Syria (1970)	40.5
Turkey (1964)	46.3
Columbia (1967)	12.6
Brazil (1968)	21.0
Venezuela (1969)	71.8
Dominican Republic (1964)	65.9
Panama (1968)	4.8
Costa Rica (1968)	44.9
Peru (1967)	10.3
Paraguay (1971)	0.0
Median	37.9

Source : Roger Smith, "Financing cities in Developing Countries," Fiscal Affairs Dept. (Washington : IMF) P 22.

Three major grant characteristics are important : whether the grant may be used for general purposes or is restricted to certain types of spending, how the total grant pool is determined, and how the share of any local government is determined. Table 3 provides such a typology.

Grants types C, G and J tend to be categorical since cost reimbursement grants are usually project oriented or for specified functions. Grants of Type J may be open-ended whereas C and G grants have fixed limits. The other grant types are usually general purpose grants and can be used as the local body sees fit (subject to other expenditure mandates imposed by higher level governments).

Table 3

Method of Determining Grand Fund	Forms of Intergovernmental Flows			
	Methods of Allocating Money		Total or Partial Cost Reimbursement	Ad-hoc
	Returned to Point of Collection	Formula		
Specified Share of Government Tax	A	B	C	D
Ad-hoc	-	F	G	H
Reimbursement of Approved Expenditure	-	-	J	K

Source : Developed in Roy Bahl and Johannes Linn, *Urban Public Finance and Administration in Less Developed Countries* (Washington : World Bank, forthcoming).

Type A grants are sometimes not viewed as grants at all ; yet, tax sharing arrangements really are another form of inter-governmental transfer.

In developing countries grants, other than shared taxes, tend to be determined in an ad-hoc manner as part of the central government budget process. Furthermore, while some of these

may be distributed to eligible governments by a preset formula (Type F), many are distributed purely on an ad-hoc basis (Type H).

Before turning to a consideration of the implications which these different grant forms have for local government behaviour, it should be recognised that there is often a difference between the grant programme as written and what, in fact, occurs. For example, while a formula may be specified, actual distribution of money may not conform to its criteria. Central government budget problems may result in less money distributed than originally allocated or political intervention may alter formula distribution. Indeed, Bird argues that "even in those countries in which there are explicit bases for such transfers, they are seldom in fact made in the way or at the time the law prescribes".⁴ This implies that, in any evaluation of a grant system, one must study carefully the actual flow of funds to local government rather than relying fully on the written rules.

Grant Evaluation Criteria

There are several criteria by which intergovernmental transfers can be evaluated. Among these are : allocation effects, equalising effects, effects on local fiscal planning, revenue growth and implications for decentralization and fiscal autonomy. Not all of these criteria necessarily coincide, hence the outcome of any evaluation is likely to depend on the goals of the policy maker. Furthermore, the perspectives of local versus central policy-makers are also likely to differ making any final conclusion regarding the desirability of a particular grant dependant upon the level of government.

Allocative Effects

The allocation issue relates to whether a grant system alters the level and uses of local government fiscal resources relating to what they would have been in the absence of the grant. Three specific questions generally arise : (1) does the grant make local government less accountable thereby encouraging less efficient operation : (2) are local budgetary choices altered due to the grant ; and (3) does the grant discourage localities from mobilising resources of their own ?

Operational Efficiency

When local governments are not penalised for inefficient operations nor rewarded for improvements, there is no incentive for efficient local administration. Full cost reimbursement grants (Type J), for example, are especially likely to thwart efficient operation since all local spending will be borne by the central government Treasury. Local governments are not responsible to either the central government or to their own tax payers.

Budget Decisions

Grants can cause local governments to alter their spending patterns. Partial cost reimbursement grants (Types J and K) or grants with other conditions attached are most likely to have this effect. By requiring the locality to match the grant, the local "price" of producing the service is effectively lowered. This, in turn, encourages the locality to spend more on that function and, possibly, less on something else. Whether such changes are desirable is a normative question that cannot be answered **a priori**. Nevertheless, the effects must be considered in any grant system review.

Tax Effort

One particularly important effect of any grant program is that it may discourage the local body using its resource base as extensively as it otherwise would. That is, the locality may choose to "substitute" grants for local Taxes. One way such response can be neutralized is by building some form of "Tax Effort" measure into an allocation formula. This can provide an incentive for the local government to tap its own taxable resources (assuming of course that it has the autonomy to do so). In this way a jurisdiction putting forth relatively greater effort in mobilising local resources is rewarded with relatively greater grant flows. Partial cost reimbursement grants (Types J and K) are another way to encourage local governments to raise additional revenues. This approach will not be effective, however, if the locality simply decreases spending in other areas in order to pay the local matching requirement.

Equalizing Effects

As noted in the first section of the paper, grants are often designed to "equalize" revenues across jurisdictions. One difficulty with this goal, however, is ascertaining what it really means. One interpretation is that it refers to equalizing the revenue-raising capacity of local governments. While income is probably the best measure of this capacity, in most countries it is difficult to obtain local level income data.

An alternative approach to equalization involves distributing grants on the basis of "needs". Unfortunately, exactly what constitutes need is hard to define. Often population, land area, proportion of the population in particular groups, etc. are used as proxies for these need indicators. Yet none of these may be fully adequate and political influence is often used to supplement such need indices. This can further distort any equalization goals. Finally, equalization objectives can easily fly in the face of allocation objectives, especially the goal of increased local resource mobilization.

Fiscal Planning Effects

Local governments can plan and budget their resources effectively only if some degree of certainty can be attached to their revenue expectations. This is especially important if grants from higher level governments constitute a significant portion of a local government's total revenues. Thus, grant systems which provide fluctuating grant funds from year to year, or grants that are promised early in the fiscal year but never materialize, or grant allocations that are made only when the fiscal year is nearly complete all hinder effective local financial management. While a central government may face severe fiscal stress itself and therefore may find it necessary to cut back budgeted amounts from time to time, the central government should also realize that such actions are not conducive to a well-administered local government sector. Similarly, while spatial reallocation of grants may be deemed necessary to promote domestic tranquility, such political manipulations of a grant system soon render it as no system at all. Furthermore, such actions may harm efforts to

decentralize decision-making by creating disappointments at the local level.

Revenue Growth

It is also desirable that grants increase to help meet the increased spending needs of localities brought on by inflation, increased population and increased demands for public sector services. As importantly, the growth in the grant pool will preferably grow automatically rather than be dependent upon discretionary political decisions. (This automatic feature would also help attain the previously-discussed goal of promoting local fiscal planning).

In order to attain automatic growth in the grant pool, it is preferable that grant types A–D be tied to an elastic central government tax base. That is, if some proportion of a central government tax source, such as an income-based or sales-based tax, is assigned to local government grants, localities are more likely to observe annual growth in their grant-based revenues.

Decentralization and Fiscal Autonomy

Perhaps the most obvious area in which the goals of the central government and its constituent local governments are likely to diverge concerns fiscal decentralization. While central governments may verbalize a desire for local government autonomy in fiscal decision-making, seldom do governments in either the developing or developed world feel it expedient to give up all control over a portion of the revenues that were originally collected centrally. Indeed, to do so is not fiscally prudent.

On the other hand, to the extent that local spending needs differ, economic efficiency can be attained only if localities have the power to use resources as they see fit. Furthermore, a vast system of controls over the spending of grants adds considerably to the cost administering these monies.

Unfortunately, this dilemma is not easily settled. One can only try to devise a compromise system that provides local governments with some flexibility to react to special local needs while

recognizing the desire by central governments of maintaining some control over the use of the monies.

Conclusions

There are then no cut and dried answers to the issue of what constitutes the ideal or optimum grant system. Nevertheless, all of the criteria previously mentioned must be considered when evaluating, building or restructuring a system of intergovernmental fiscal transfers. In any case, it is paramount for central government policy makers to recognize that grant programs have implications for local bodies above and beyond simply providing them with additional resources.

When stated goals of decentralizing decision-making includes the desire to make local governments more self-reliant, the grant system should be tailored to fit this goal. What must be broken is the all-too-often habit of local governments to look to the central government to fill their needs. Ironically, grants can themselves help break this habitual trait.

Any grant construction exercise must begin with a full consideration of the goals which the system ought to pursue. Once determined the specific constituent parts of that system can be designed. Then, once set, there should be few ad-hoc adjustments made in the forms of grants lest the resultant system ends up being no system at all.

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DECENTRALIZATION, LOCAL GOVERNMENT INSTITUTIONS AND RESOURCE MOBILIZATION

The Philippines Experience

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I. Introduction

A. Commitment of Developing Countries to Development

Since the attainment of political independence, most of the developing countries have declared their commitment to the attainment of development goals and objectives, e.g., economic and social prosperity and the improvement of the quality of life of the people. Development goals and objectives have tended to be place and time specific. The concern of most Third World countries has been to promote economic growth and to increase production. In some countries, the emphasis is on social justice or equity goals that would lead to a more equitable distribution of the national income and a more balanced development of various parts of the country. In other countries, the greater concern is on nation-building, i.e., to achieve national unity and to weld together people with diverse cultural and racial backgrounds so that they may feel that.

While the idea of development has generally been associated with improving the living conditions of the people, the nature and areas of the envisioned improvement have varied with the particular needs of particular periods—or perhaps more accurately, with the prevailing perceptions of what these needs were and in what order of priority they should be met.

Such development goals and objectives are achieved primarily through the politico/administrative system particularly the interaction of national and local government. While there is a consensus that the attainment of development goals and

objectives requires the joint effort of the national and local government, there are divergent views as to the nature and extent of decentralization or the extent of the participation of local government units in national development.

B. Role of National and Local Government Institutions: Alternative Institutional Arrangements for Development—Centralization vs. Decentralization

Developing countries face a dilemma of whether centralization or decentralization is the best or the appropriate institutional arrangements to adopt. They have to reckon with two equally attractive but seriously conflicting alternatives. The first alternative argues that since development requires unity of vision, comprehensiveness of planning, societal coordination of effort, rational allocation of resources to meet competing needs, and speed in policy decision-making, the powers of government must be centralized. The second alternative counter argues that the crucial issue of development is the generation of widespread initiative, effort and social responsibility throughout the society and thus, political/governmental power must be decentralized. These alternatives refer to no less than the distribution of power in society. The first advocate strong, centralized government, the second, citizen power and a decentralized system of governance.

The choice between centralization or decentralization involves the determination of whether the promotion of development should be the main responsibility of the central government, or should the lower levels of government or non-governmental institutions and groups be more directly involved in the development effort. It also involves the delineation or the proper allocation of powers/functions in the planning and implementation of development programs and projects between central and lower levels of government and non-governmental institutions. It requires the determination of whether local government have the administrative and financial capability to cope with the added responsibilities for the development functions that may be entrusted to them.

The other related issues is whether administrative decentralization and increased citizen participation can be effective

in a context of political centralism. Serious attempts have been made in some situations at least to decentralize administration in order to take better account of local conditions and to widen participation in the development process. But the chances of success of such decentralization efforts are limited by the fact that political centralism—which is often inherited from colonial masters and abetted by international institutions—has been reinforced by the growing role of the nation-state in the promotion of development. Is nothing short of devolution needed to realize decentralized development? On what grounds should some degree of central control be maintained vis-à-vis increased participation at the grassroots?

II. The Philippines Experience

Local Government Institutions

After more than 400 years of colonization by Spain and the United States, the Philippines become independent on July 4, 1946 when the Americans withdrew their sovereignty over the archipelago. Post-independence political/administrative institutions in the Philippines have been greatly influenced by American ideas and practices. The Americans brought with them their concept of liberal democracy and allowed the establishment of political institutions such as the electoral process, the party system, the legislative, an independent judiciary, a bureaucracy based on merit and local government. The tradition of political participation, constitutional democracy and representative political institutions were some of the major legacies of the Americans to the Filipinos.

The Philippines is a unitary state, with a central government consisting of 18 line ministries, 7 support offices and 249 government corporations (91 parent corporations and 158 subsidiaries) and regional/field offices in 12 geographical regions of the country (Metro Manila is the 13th region). There are five (5) types of local government, namely: (1) the barangay; (2) the municipality; (3) the city; (4) the province; and (5) the regional government in the National Capital Region and in Regions IX and XII. The 1973 Constitution, however, only

mentioned the provinces, cities, municipalities and barangays (barrios) as the territorial and political subdivisions of the Philippines. The Metro Manila Commission created in 1975 and the Regional Autonomous Government of Regions IX and XII created in 1979 can also be considered as local government units since they are subnational government units and they possess the elements or requisites of a municipal corporation which are legal creation, corporate name, inhabitants, place or territory and a charter. There are at present 13 regions, 75 provinces, 65 cities, 1,518 municipalities and around 42,000 barangays.

Local Governments Under the 1973 Constitution

The important role of local governments in the country has been recognized by the 1973 Constitution. Local autonomy is guaranteed by the Constitution and Local governments are given the power to create their own sources of revenues and to levy taxes.

The Constitution also encourages local units to pool their resources in development efforts by providing that "local government units may group themselves, or consolidate or coordinate their efforts, services, and resources for purpose commonly beneficial to them". It also provides greater participation by the citizen in matters that directly affect them. Particularly in requiring the approval of the residents in the creation and alteration of local government units and in providing for a recall system in the proposed local government code. The Constitution also grants supervisory powers to higher local government units over their component units. It provides that "provinces with respect to component cities and municipalities with respect to component barangays shall ensure that the acts of their component units are within the scope of their assigned powers and functions".

The criteria used in the creation of the local governments are : (1) population ; (2) average estimated annual income for the last 3 years ; (3) land area ; and (4) approval of the majority of the votes cast in a plebiscite.

The required population for the barangay, municipality, city, highly urbanized city and province are : 1,000 ; 10,000 ;

100,000 ; 150,000 and 500,000, respectively. The required income for the municipality, city, highly urbanized city and the province are : P200,000.00 ; P 10 million ; P 30 million ; and P 10 million respectively. The barangay has no income requirement. Only the province has a required land area of 3,500 square kilometers (Sections 83, 135, 164, 166, 197). The main reason for these minimum requirements is to avoid gerrymandering and to guarantee that any new creation can adequately provide the essential services required by the people from its local government.

Criteria in the Creation of the Local Government Units

Local Government Units	Population	Average Annual Income	Area
1. Barangay	1,000	None	None
2. Municipality	10,000	P200,000.00	None
3. City	100,000	P 10 million	None
4. Highly urbanized city	150,000	P 30 million	None
5. Province	500,000	P 10 million	3,500 sq.km.

Source : Local Government Code (Batas Pambansa Blg. 337 dated Feb. 10, 1983), Section 83, 135, 164, 166, 197.

Local Officials

The barangay has 8 elective and 2 appointive local officials. The municipality has 10 elective and 9 appointive officials. The city has a minimum of 8 and a maximum of 14 elective and 10 appointive officials. A highly urbanized city has 7 additional mandatory appointive officials. The province has a minimum of 6 and a maximum of 10 elective and 9 appointive officials.

The appointive local officials that are common among municipality, city, highly urbanized city and province are : (1)

President or the Katipunan ng mga Barangay ; (2) President of the Kabataang Barangay ; (3) Secretary ; (4) Treasurer ; (5) Assessor ; (6) Budget Officer ; (7) Planning and Development Coordinator.

The Agricultural and labor sectors are entitled to one representative each in the municipal and city legislative bodies. The sectoral representation in the province is provided by a special law. The additional appointive official of the city and the province is the engineer. The additional mandatory officials in highly urbanized cities are : (1) Legal Officer ; (2) City Registrar ; (3) Administrator ; (4) Veterinarian ; (5) Social Services and Development Officer ; (6) General Services Officer ; and (7) Agriculturist.

Roles and Functions of the Local Government Units

Barangay

As the basic political unit, the barangay serves as the primary planning and implementing unit of government programs, projects and activities, and as a forum in which the collective views of the people in the community may be crystallized and considered (Batas Pambansa Blg. 337, Sec. 81).

As has been observed, the barangays do not have the capabilities to have the same status as cities and municipalities, particularly in terms of their service functions. Politically, however, the structure (barangay council) which has been mandated under P.D. No. 86-A can become an effective vehicle for greater citizen participation.

During barangay assemblies or meetings, barangay residents can personally ventilate their demands and needs. The function of the barangay officials, therefore, would be to collate and concretize such demands and needs which could be regularly presented to higher authorities (city or municipal governments or field offices of the national government) for proper action. The assemblies could also be used for voicing out their sentiments about any government operation and project in their localities. In effect, the barangays become the sounding board of the national government for its activities.

City/Municipality

As a political unit covering more urbanized and developed communities, the city is akin to the municipality and serves as a general purpose government for the coordination and delivery of all basic, regular and direct services within its jurisdiction (BP 337, Sec. 162). On the other hand, the municipality, consisting of a group of barangays, serves primarily as a general-purpose government for the coordination and delivery of basic, regular and direct services within its jurisdiction.

The basic function of cities/municipalities, thus, becomes service delivery. Generally, such services are daily, direct and locally specific. Garbage collection, certain levels of education, health, market/telephone facilities, to name a few are delivered to particular people in particular areas on a regular basis. With many of these ordinary local functions expected, citizens can immediately tell whether their local governments have been remiss in effectively and regularly providing such service.

Service delivery in both the city and municipal levels involve a street-level relationship between the citizens and the city/-municipal government that is not only direct but personal as well. The provincial government, on one hand, covers too big an area to be able to provide direct personal attention to the citizens, while the barangay, on the other hand, is too small to become financially and administratively viable to provide the same types of services and relationship.

Province

As a political unit comprised of a group of municipalities and component cities, the province serves as an effective mechanism in the development process and assume basically area-wide functions, roles and activities. (BP 337, Sec. 195)

As a development unit, the province becomes a catchment area for services which smaller local units, either the city or municipality, cannot adequately provide to their constituents. This development unit approach involves giving the province responsibility of a significant number of services throughout all of its

jurisdiction. In the past, the province's efforts to keep pace with the demands of urbanization was hindered considerably by restrictions that prevent provinces from providing services and raising revenues to finance them (provinces prior to P.D. No. 231 have no taxing powers). This resulted in the national government providing essential services (e. g., agricultural/veterinary services, infrastructure) with only a coordinative linkage defining the province's relationship with the field offices of the national government charged with providing such services.

This approach does not necessarily diminish the stature of cities and municipalities retain self-determination in local matters not ceded to the province under this approach, e.g., provision of recreational facilities, market, local roads, environmental sanitation, and primary health care. The province can provide areawide agricultural services, including veterinary services, construction, improvement, repair and maintenance of secondary roads, certain aspects of health and education services, like emergency hospitals and secondary schools, particularly those which emphasize vocational skills, overall planning for the province and its component cities and municipalities.

This approach broadens the geographical base for planning and control over areawide problems and a better relationship between taxing local residents and the corresponding benefits derived at the same time that local responsibility for non-areawide services is preserved. The province, as a development unit, makes available economies of large scale administration.

Regional Government

Regional government has been created in the 3 out of the 13 regions of the country. The regional government that has been created are the Metro Manila Commission for the National Capital Region and the Regional Autonomous Governments in Regions IX and XII.

The Metro Manila Commission was created primarily to provide a balanced and orderly development in the National Capital Region. The degree of social, political and economic interdependence among the 4 cities and 13 municipalities has

reached to a point where it necessitated the creation of a metropolitan structure. On the other hand, the regional government in Regions IX (Western Mindanao) and XII (Southern Mindanao) were created primarily due to the need to accelerate development in the two regions, and as a political response to demands for more autonomy from Moslem groups. The main justification for the creation of the Metro Manila Commission was interdependence unlike in the Regional Autonomous Governments which was underdevelopment. It seems that the creation of regional government is not dependent on the degree of the development of a particular region. The mechanism of regional government has been adopted as a solution to the problems of both the developed and underdeveloped regions.

The main role of the regional government is to coordinate and integrate the planning and implementation of development programs and projects in the region which are now being performed by the various regional offices of line agencies and special statutory bodies. It may also provide the opportunity for political accommodations as exemplified by the establishment of the Autonomous Regions IX and XII.

The regional government only exercise powers expressly granted to it by the national government. Residual powers or those powers not expressly given to the regional government is considered reserved or retained by the national government. It performs both governmental and developmental functions in the region.

However, the creation of regional government as another layer or tiers of local government would increase the number of levels of the local government system and thus compound the existing bureaucratic procedure. It might also duplicate the functions of the provincial government. The creation of regional government may mean phasing out provincial governments as separate politico/governmental units and transforming them into administrative districts of the regional government.

III. Decentralization and Development

The Philippines as a country is committed to provide greater decentralization as a means of attaining its development goals

and objectives. The objectives of the Five-Year Development Plan 1983–1987 on development administration are : (1) to institute necessary changes in the functional delineations and organizational structure of the government to enhance its capability for the attainment of development goals and objectives ; (2) to streamline government operations, mainly through simplification of administrative processes and procedures to improve access of the public to government services and to effect the expeditious implementation of priority programs and projects ; (3) to effect better coordination of all development efforts, including the effective integration of government corporate programs within the mainstream of national government activities ; (4) to effect geographical and functional harmonization of development activities and security operations ; (5) to bring about more efficient and cost-effective project implementation through an improved planning–programming–budgeting process and more effective mobilization and utilization of resources, including technology support ; (6) to effect more democratic and active participation of the private sector and the citizenry in all development activities ; (7) to strengthen regional and local government administration primarily through the further devolution and decentralization of powers and authorities to enhance the capability of regional and local bodies for planning and implementing development programs and projects ; (8) to improve the quality of the civil service through the continuing development of human resources at all levels of government ; (9) to operationalize an integrated public information system that will ensure wider understanding of the Filipino ideology and of government development programs ; and (10) to inculcate and strengthen the sense of accountability and ethics in the civil service.

The Philippines is pursuing a decentralized approach to development and the government has already adopted the following decentralization measures.

On devolution, which is the transfer of authority from central to local government units, the following measures were adopted: (1) creation of regional government ; (2) creation of local

development councils ; (3) constitutional mandate on local autonomy and the local Government Code.

On deconcentration, which is the de'legation of authority and functions from central to field offices, the following measures were adopted : (1) creation of regional offices ; (2) creation of regional development councils ; (3) creation of regional and sub-regional development authorities ; and (4) adoption of the Integrated Area Development Program ; and (5) establishment of the Integrated Area Management System for Agricultural Services.

On the transfer of functions from the government to non-governmental institutions and groups or the active involvement of the people in the process of governance, the following measures were adopted : (1) citizen assemblies or barangay assembly; (2) creation of the kabataang barangay (youth organization) ; (3) samahang nayon ; (4) navigator's service association ; (5) KKK program ; (6) electric cooperative ; (7) barangay brigade ; and (8) homeowner association.

Devolution

1. Regional Government/Special Regional Administration Models

The Philippines has created three (3) regional governments: the Metro Manila Commission in the National Capital Region (NCR) and the Autonomous Regions in the Regions IX and XII. They were also referred to as the "special models or organizational systems for regional administration." However, the term regional government is more appropriate because they exercise the powers and functions of a municipal corporation or local government. They have the power to promulgate laws or ordinance within the region and they have the power to impose taxes. They exercise both governmental and proprietary functions and they have all the requisites of a municipal corporation.

(a) Metro Manila Commission

The Commission was created to act as the central government to establish and administer programs and provide services

common to the area. The need for more efficiency, economy, integration and unified management of local government services were cited as the main reasons for the creation of the Commission.

The Commission is a public corporation vested with the powers and attributes of a corporation including the power to make contracts, sue and be sued, acquire, purchase expropriate, hold, transfer and dispose of property and such other powers as are necessary to carry out its purposes (Sec. 1.). Among its powers are (1) to levy and collect taxes ; (2) to review, amend, revise or repeal ordinances resolutions and acts of cities and municipalities within Metro Manila ; and (3) to enact ordinances and fix penalties (Sec. 4). It is under the direct supervision and control of the President. The President has the power to revoke, amend or modify any ordinance, resolution or act of the Commission, the General Manager and the Commissioner (Sec. 13).

The Commission is a five-man body composed of a Chairman or Governor ; a Vice-Chairman or Vice-Governor ; and three (3) Commissioners : one for planning, one for finance, and one for operations. The Governor and Vice-Governor also act as the General Manager and Assistant General Manager respectively, of the Commission.

It is assisted by the consultative legislative assembly known as the Sangguniang ng Kalakhang Maynila. The Assembly "assist the Commission in the Formulation of ordinances, resolutions and other measures affecting Metro Manila". The members hold office at the pleasure of the President. The Assembly which replaced the municipality and city councils (P.D. 1274-A), is composed of two (2) representatives from each of the 13 municipalities, four (4) from each of the cities of Quezon, Pasay and Caloocan, six (6) from the City of Manila ; and sectoral representatives as may be determined by the Commission. The assembly was never activated by the Commission.

(b) Autonomous Regions

The transfer of authority to Regions IX and XII had undergone several stages : (1) creaiotn of regional commission ;

(2) creation of provisional government and (3) the creation of the Sangguniang Pampook (Regional Assembly) and Lupong Tagapagpaganap ng Pook (Regional Executive Council).

The objectives of the Autonomous Regions are : (1) to promote peace and order ; (2) to accelerate socio-economic development and (3) to resettle displaced persons and families in Regions IX and XII.

The Regional Assembly is composed of 21 members. It includes 17 representatives elected from the different provinces and component cities in each region and 4 sectoral workers, one representative each from among the youth, agricultural workers, non-agricultural workers and professionals of the region. The President is authorized to appoint an additional five representatives whenever in his judgement any sector is not properly represented.

The Regional Executive Council is composed of a chairman and 4 members appointed by the President on recommendation of the Regional Assembly who may or may not be members thereof. The President has the power to remove the members upon the recommendation of the 3/4 of all the members of the assembly.

The Regional Assembly exercises regional legislative power while the Regional Executive Council act as the executive arm of the regional government. Relatively substantial powers are bestowed upon the regional government. The Assembly is given some taxing authority as a means of generating its own resources and for undertaking development programs and projects. The Council on the other hand is given considerable coordinative authority over the regional offices in the region with respect to the implementation of regional development projects, as well as regulatory powers over local government units.

Under P.D. 1843 dated April 5, 1982, Regional Executive Councils in the two regions were combined into one, while the Regional Assemblies remained separate. The merger was approved by the people of the regions in a plebiscite held on May 17, 1982 but its implementation remains to be effected.

2. Local Development Councils

The decentralization of planning functions is not only confined to the regional level. There is also delegation of planning functions to the sub-regional levels.

Local development councils were created in the provinces, cities and municipalities. These bodies have been in existence since 1956 in conformity with the provisions of Executive Order No. 156 (series of 1956) and Executive Order No. 121 (series of 1968). Their activation has been provided for in Memorandum Circular No. 76-110 of the MLGCD, ordained by LOI No. 7. The Circular provides that in order to synchronize and unify all development efforts in the province, the municipalities and barangay councils shall operate and function under the umbrella of the Provincial Development Council. The local executive have been directed to organize the development staffs in order to provide technical assistance to the development councils.

The local chief executive serves as the chairman of the Council. The other members of the Council are : (1) heads of provincial offices and agencies operating in the area ; (2) chairman of the Sangguniang Bayan Appropriation Committee ; (3) President of the Kabataang Barangay ; and (4) two representatives from the parivate sector. The development staff is composed of provincial/city/municipal coordinator and some basic and recommendatory positions as financial capability permit.

The development council is primarily a policy-making body and the development staff serves as the technical arm of the chief executive in planning. The development council deliberates on project proposals while the development staff advises the governor and mayor on system of priorities that should be adopted.

3. Constitutional Mandate on Local Autonomy and the Local Government Code

The important role of local government in the country has been recognized by the 1973 Constitution. Local autonomy is guaranteed by the Constitution and local government units are given the power to create their own sources of revenues and to levy taxes.

The Local Government Code (Batas Pambansa Blg. 337) was enacted on Feb. 10, 1983. It retained the basic structure of local government, which is a major council type of local government, and incorporated certain innovations that were introduced during the martial law period. It clearly defined the role and functions of the local government units and the degree of supervision by the central agencies. It also provided for a system of recall of the local officials.

Deconcentration

1. Regional Offices

The regional offices were envisioned to be the extension of the ministries and agencies in the regions charged with the responsibility for implementing sectoral programs and projects within the region. Regional offices were organized in two ways: on a ministry wide basis or on a bureau-wide basis. Most of the ministries are regionalized on a ministry wide basis and only a few on a bureau-wide basis.

2. Regional Development Council (RDC)

The RDC was created in all the regions except in the National Capital Regions. It was created to serve as the primary coordinative framework for regional planning and development. Structurally, the RDC is an extension of the National Economic and Development Authority (NEDA) in the region.

It is composed of regional directors of national ministries and agencies and the provincial governors and city mayors in the region. The chairman is designated by the President from among the elective members.

The RDC was responsible for the formulation of the regional development investment program (RDIP).

Unlike the Metro Manila Commission and the Autonomous Regions, the RDC has no direct control and supervision over regional offices of line agencies and local government units. Its function is more of coordination rather than control and supervision.

3. Regional and Sub-Regional Development Authorities

Regional and sub-regional development authorities were also created to accelerate development in the depressed areas of the country. These authorities are invested with corporate powers and usually governed by a Board of Directors. They are given authority to call on any agency and local government in the area to assist in the implementation of its programs and projects.

One of the main problem encountered by these authorities was the lack of funding. Many of these authorities were not activated due to failure in providing for the necessary appropriation for their operations.

4. Integrated Area Development (IAD)

The IAD approach focuses on the spatial dimension for coordinating the planning and implementation of rural development programs and projects within a specific geographic area. It is multi-disciplinary in approach and multi-sectoral in operation.

The objectives of the IAD are : (1) to accelerate economic growth in depressed areas and (2) to increase participation and equitable distribution of its gains.

In its initial phase, a certain area is identified for integrated development and a decree is issued creating the program office in an area. After the creation of several IAD projects, the Cabinet Coordinating Committee on Integrated Area Development Projects (CCC-IRDP) was created by LOI No. 99 (July 10, 1973) to act as the governing body of all IAD projects. Later, the CCC-IRDP was converted into the National Council on Integrated Area Development (NACIAD) by P.D. No. 1376 (May 17, 1978) with the President as chairman.

A basic feature of the IAD approach is that a cabinet coordinator is made responsible for overseeing the implementation of a particular area development program or project. Invariably, the cabinet coordinators selected come from the region where the program or project is being implemented. This management is designed to assure the attainment of the political and high-level administrative leadership that is needed to secure the effective

coordination of the efforts of the various agencies that are involved in its program or project.

Like the regional development authorities, each IAD project office has corporate powers and given the authority to call on any government agency and local government in the area to assist in the implementation of its projects. It has no power and control over line agencies in the area as well as in local government. Its authority is confined to coordination.

The central offices of the agencies involved in IAD projects delegate certain powers and functions to their field offices.

5. Integrated Area Management Systems for Agricultural Services

Executive Order No. 803 dated May 21, 1982 which established the Integrated Area Management Systems for Agricultural Services provides that the Governor is "responsible for the general coordination and supervision at the provincial level". The Governor with the concurrence of the Ministry of Agriculture may also choose the city/municipal mayor as the agricultural action officer to be "responsible for the direct coordination of Agricultural extension workers of all agencies assigned to the various barangays comprising the city/municipality."

Constituency Organization/Peoples Participation

A new direction of reform to support decentralized development is the creation of constituency organizations. In essence this reforms aims at strengthening the capability of the people in general, and particularly of the client groups for specific government services to articulate their needs and demands and to interact more meaningfully with program/project implementation in regard to activities which directly affect them. When the beneficiaries of the development efforts are better organized, there is greater likelihood that the delivery of services and the planning and implementation of projects would be more responsive and effective.

Constituency organization could also be viewed as a channel of people's participation. People's participation in all aspects

and stages is becoming recognized as an essential component in the success of government programs and projects.

The transfer of power and functions in the Philippines is not only confined to local government and field offices but also to the people themselves—the repository of sovereign authority.

In the political aspect, the government organized the citizens assemblies or barangays and the Kabataang Barangay (youth organization). The barangays was created to “broaden the base of citizen participation in the democratic process and to afford ample opportunities for citizens to express their views on important national issues”. Among its roles are : (1) to decide questions or issues, both local and national, affecting their day-to-day lives and their future and (2) vehicle for expressing the views of the people in important national issues ; The Kabataang Barangay on the other hand are represented in local legislative councils as well as in the national legislative body—in the Batasang Pambansa.

In the economic aspect, the government organized the Samahang Nayon (SN) ; a barangay(village organization composed of small farmers whose membership range from 20–200 ; the Irrigators Service Association (ISA) an association of farmers beneficiaries and the different kinds of cooperatives such as credit and consumer cooperatives and the Kilusang Kabuhayan at Kaunlaran (KKK). Under the KKK, the local officials were given the authority to oversee KKK operations, including the granting of loans to qualified citizens. Executive No. 715 dated August 6, 1981 designates the local officials particularly the governors and mayors as coordinator of the program. The government also organized the consumers in the particular area to manage the electric cooperatives.

In the social aspect, the government organized the Barangay Brigade Development Program. The barangay (village) brigades are “organization of barangay based **volunteer groups** which render services corresponding to the specific needs or aspirations of the residents in the community.” It is founded on the spirit of volunteerism, self-reliance and initiative. The program aims to organize seventeen (17) barangay brigades in every

barangay. These are : water, food, economic base or livelihood, shelter, medical services, education and technology, clothing and cottage industries, sports and recreation, ecological balance, mobility, volunteer disaster, ladies, old, youth, legal and justice brigades. The government also organized the home-owners association to manage the BLISS housing projects.

IV. Central-Local Fiscal Relations and Resource Mobilization

The nature and extent of decentralization in any politico-administrative system as far as central-local government relationship is concerned can best be examined in terms of the financial powers devolved by the center upon the local units. How much power is granted to local governments to identify, explore and utilize their existing and potential sources of revenue? And to what extent are they authorized to allocate their financial resources to determine their objects of expenditures, and decide on an order of program priorities? Answers to these questions would depict and reflect the relationship between the central government and local authorities, and indirectly determine the capacity of the latter for resource mobilization.

That the central government has pre-empted the major sources of revenue has become a cliché in local fiscal administration, particularly in developing countries. The central government has retained the major levies and tax sources, relinquishing the less productive ones to the local units. Thus, referring to the agitation for the transfer of the national levies and grant of more taxing powers to local governments reforms in selected countries, the United Nations Organization noted the incompatibility between the revenue sources of local governments and the broad scope of their responsibilities. This is not any less true in the Philippines. But in the last decade, a highly significant development in Philippines local fiscal administration has taken place with the promulgation of Presidential Decree (P.D.) 231, the Local Tax Code, by virtue of which local governments have been granted additional taxing powers and revenue sources.

Studies have shown, however, that Philippines local governments generally have not been fully exercising the revenue powers devolved upon them and have not fully tapped their revenue potentials. The prevailing situation, therefore, is that the local governments demand for greater fiscal autonomy, yet they have not maximized the exercise of the financial powers available to them. There exists a big disparity between the taxable capacity of the provinces, cities and municipalities and the tax effort of the local governments. In other words, the tax capacity is not being fully tapped and the tax effort is not exerted to the maximum. (This is amplified in the latter part of this section).

A. Major Sources of Local Revenue and Income

Local Governments in the Philippines generally derive their income from following : national internal revenue allotments ; local taxation ; central government grants and aids ; local government rentals, charges and fees for local services, earnings from local public enterprises ; and credits and loans from financing institutions.

The income/revenue sources may be broadly classified, thus :

- a. External Sources:
 - (1) internal revenue allotments
 - (2) central government grants and aids
 - (3) loans and credits and grants from financing institutions and foreign countries.
- b. Local Sources
 - (1) taxation
 - (2) rentals, charges and fees
 - (3) earnings from public utilities and local public enterprises : public markets and slaughterhouses, electric plants.

1. Some Details about the Revenue Sources

The so-called external sources refer to the sources of revenue which are created and administered by the national government or by an agency/institution outside the administrative jurisdiction and responsibility of the local governments. As

contrasted and exploited from the revenues from local sources ; which are directly administered and exploited by the local governments, the revenues from external sources are more or less predetermined and amounts of which are beyond the capacity and effort of local governments to increase or decrease.

The local sources, as provided in the Tax Code, are specifically assigned to each of the local government tiers, which means that the province, city, municipality and the barangay (village) have their respective taxing powers and are assigned specific revenue sources to tap.

Internal revenue allotments refer to the shares of local governments from internal revenue collection or collection of taxes imposed and administered by, and proceeds from which, accrue substantially to the central government. Under the law, P.D. 144 as amended, local governments are allotted annually a total share of 20% from the total internal revenue collection (total national taxes collection), which is distributed among the local government units thus : the share of 10% for barangays is deducted from the 20%. Of the remaining total amount, 30% goes to the provinces, 45% to the municipalities and 25% to the cities. The share of each province, city and municipality is computed on the basis of three weighted factors : population, 70% ; land area, 20% and equal sharing, 10%.

In addition to the 20% allotment, the central government upon the discretion of the president gives 5% from the internal revenue collection to local governments as budgetary aid. Other financial assistance from the central government comes in the form of grants and aids specifically provided for approved local development projects.

Under P.D. 952, local governments are authorized to secure credits and loans from local financing institutions, e.g., the Philippine National Bank, the Development Bank, the Central Bank and the Land Bank. Some local governments may be the recipients of grants and loans from foreign governments—U.S., Australia, Canada, West Germany, and others.

The principal local-based sources of local revenues are the tax on land or the real property tax and the major levies

imposed and utilized by the local governments ; namely, the taxes on amusement and recreation, occupation, business, publication and printing establishments and the sand and gravel tax. Other local revenue sources include fees and charges for certain municipal services, like the issuance of building permits, cattle registration, sealing of weights and measure ; and rentals for the use of municipal waters. Substantial revenues may come also from earnings derived from public markets and slaughter houses and from not too many local public enterprises.

2. Estimated Proceeds from these Sources

Local finance studies show that 60–65% of the total revenues of most local governments come from external or national government sources, notably from internal revenue allotments ; only 35–40% represent revenues coming from local sources. There are even local units whose revenues from local sources amount to only 17–20% of their total income. This may imply that the local units concerned are not fully utilizing the local sources of revenue that are available to them and that they are not effectively exercising the revenue powers they are vested with. One fact that has been proven empirically by the studies aforementioned is that those local units which depend largely upon external sources, national government assistance in particular, have very deficient systems of revenue collection.

B. Resources Allocation and Utilization

In discussing resource mobilization, reference is made not to the creation or generation of resources. Equally important, because it should be an integral segment of the mobilization cycle, is the process of resources allocation and utilization.

Considering the very limited financial resources of local government, it is imperative that they utilize effectively the revenues generated and, through a rational ordering of priorities, allocate judiciously the funds available for programs and services planned to be undertaken at the local level. What system of allocation is being applied, how the financial resources are being allotted to the different programs and services, when and how

expenditure decisions have to be approved by the central government—these are some of the principal questions constituting the other functional area of intergovernmental fiscal relations, that needs to be examined.

One fundamental principle that local governments in the Philippines strive to observe is that their estimated expenditures should not exceed their estimated income. The very significant factor that has to be considered in local budget making is the estimated income of the province/city/municipality. The amount of revenues expected to be generated could in large measure determine the size of the budget and influence the allocation of resources to the various services and programs of the local governments.

The general guidelines in the allocation decisions of fiscal planners is their own order of priorities or that imposed by the national government. But how the prioritization is arrived at is something that cannot be described in terms of formula or specific set of criteria.

Some local governments have well-established and competent development staffs that, with the results of their socio-economic and administrative studies, assist the local executive and the budget staff in the budgeting functions. Others do not involve their development staff personnel, relying more on the constituent representative made by the local legislative council members.

One significant observation on resources allocation and utilization at the local level is the drastic variations in the percentage expenditure estimates of certain programs and services; no general pattern of expenditure choices or allocation trends in terms of appropriation sizes can be discerned. Some provinces and cities for example, allocate a huge portion of their finances for the operation of economic enterprises (30–35%), whereas others for the same program set aside negligible amounts (1–2%). General Administration and government finance take a big chunk of the budget among some provinces/cities, while as little as 13% is set aside by other provinces and cities. Among municipalities, a relatively high concentration on general administration is also noted.

C. Central Government Supervision and Control on Local Financial Operations

Two functional areas of local financial administration or in essence, two aspects of resource mobilization—revenue generation through taxation and revenue allocation and utilization—have been examined, in an effort to make an analysis of central-local relationship. The devolution of taxing powers, as explained, is an act of decentralization itself. In this regard, there is no denying the fact that local governments in the Philippines, are endowed with a significant measure of fiscal autonomy. In the exercise of such revenue powers at the local level the central government wields minimal restriction and control—for instance, provincial and city tax ordinances must be subjected to a public hearing and must be approved by the Ministry of Finance before they are enforced.

In the case of resources allocation and utilization, central government supervision and control is manifested in several ways, which may undermine the essence of decentralization. Local governments are seriously restricted in their capacity and flexibility to make expenditure choices, and decide on fund allocations, with the imposition by the central government of certain statutory obligations or mandatory services. First and foremost of these constricting measures employed by the central government on the allocation and utilization of local resources is the requirement that local government set aside or contribute fixed percentages of their annual revenues and income for certain national-government services or for central-government-planned projects : appropriation of 20% of their internal revenue allotments for development programs and projects (many of which are not planned and formulated at the local level) ; contribution of 18% of the regular income to the central government for the maintenance and operation of the Integrated National Police ; contribution to the barangay (village) development fund ; setting aside 2% of estimated revenues to cover unforeseen expenditures arising from the occurrence of national calamities ; contribution to election expenses ; etc. What is left after these mandatory appropriations is the very limited amount to be allocated by the local financial planner to other local basic services.

Not infrequently, the central government would just ram down the heads and hands of local authorities certain projects, the formulation of which has not sought their involvement. In such instances where they are forced to implement projects which may not fall within the local government schedule of priorities, the more urgent ones or those considered to be more responsive to the local people's needs may be displaced.

V. Local Governments' Capacity for Participation in Development : Some Issues, Problems and Recommendations

The central and critical point being implied in our discussion is the proposal to strengthen local government institutions, increase their capacity for participation in local and national development. The proposition that through effective decentralization, strengthened local governments and productive mobilization of resources, developing countries like the Philippines could accelerate progress and enhance the achievement of national development goals, appears to valid.

But in line with this proposition, what theoretical and pragmatic model may be designed and adopted?

A closer analysis of said proposition is called for, as it brings out certain issues and problems that need to be crystallized and explicated. Some fundamental questions arise and may be answered by way of recommendations. Should decentralization be further extended? With the present structure of local governments, do they have the capacity to absorb and exercise more political powers? Would the present internal organization enable them to mobilize substantial resources? Do local governments need additional revenue powers or improved revenue collection performance? To what extent are the local officials and the people involved in the development efforts of the government?

A. Structure and Administrative Capacity

The structure and organization of local governments which could be a measure of their viability have to be considered in

determining whether they are capable of additional powers or of exercising the powers they are already vested with. When we speak of structure and organisation, we are mainly referring to the levels and tiers of local administration and to the size of the local government units in terms of physical jurisdiction and clientele inhabitants.

Constituting the Philippines archipelago (area 116,000 sq.m.) are as mentioned earlier, 75 provinces, 1,518 municipalities, 65 cities and 42,000 barangays (villages). The proliferation and fragmentation of local government units may be accentuated by the preponderance of very small barangays and municipalities, so small that they are hardly viable. Related with the fragmentation and the huge number of extremely small local units are their very meager resources, which they do not have the capacity to increase. It is an established fact that these small units are hardly capable of undertaking the services assigned to them under the present system of decentralization. It would then be inadvisable at this stage to increase the responsibilities of said units, much less give them additional political and administrative powers, which after all they would not be capable of discharging.

Time and again it has been proposed that the smaller municipalities and villages may be amalgamated into bigger and more viable units—this would be more conducive to more efficient administrative operations, more congruent with the concept of extended power delegation. But this argument has always been refuted with the bias towards the preservation of the democratic values inherent in the forging of closer ties between the people and local authorities and manifested in the direct participation of the people in the process of governance.

B. Internal Organization and Administrative Efficiency

By internal organization, we mean the organization and staffing of the offices that make up the local government unit. Also a common fact is the prevalence of many local government offices which, for reasons of lack of competent technical personnel and deficient administrative procedures, are not capable of undertaking technical services like project management, deve-

development planning, resource mobilization, performance budgeting, which capability could be a requisite to the effective operation-alization of the decentralization system.

The obvious recommendation is to raise the administrative efficiency of the technical offices of the local governments by improving their organization and the quality of their technical manpower.

C. Additional Taxing Power vs. Revenue Collection Performance

Posited earlier is the general trend among local governments in the Philippines, as in any developing country, of deriving more income and revenue from central government sources than from local sources. The state of local government reliance upon the central government for financial assistance and supplemental revenues poses the question : should not the central government consider minimizing direct grants and encourage the local authorities, instead, to develop self-reliance by increasing their taxing powers or clothing them with authority to levy taxes or expanding their own sources of revenues? Grants-in-aid, which are actually "revenue transfers to local authorities either for general or specific purposes" (health, education, community development or whatever) undermine the concept of local autonomy and are usually used as a means to control the activities of the local units—to make them "toe the line", so to speak.

Local authorities claim that they lack sufficient taxing powers, which is the reason why they could generate only so much revenues. But studies on local financial management have shown the substandard collection performance of many local governments, the big disparity between the amounts of their collectibles and what they actually collect, which could be an indicator of their failure to fully utilize their taxing powers or maximize their revenue potentials. The devolution of taxing powers is uniform and any law or policy on local financial administration applies to all local governments ; local governments, therefore, exercise the same authority to make levies, impose the same taxes and their levels of financial position, in their income/expenditure

patterns, one possible explanation for which is the varying degrees in the capability of local governments to manage their financial resources.

D. Creation and Utilization of Potential Revenue Sources

Local governments have the power to tax, but may not have the objects to be taxed. Of what use would the taxing powers be to many local governments that do not have potential tax bases? Investment opportunities in the local areas must be created. Incentives for the establishment of local industries as well as incentives to attract businessmen to the localities must be provided.

In the local Resources Management Project repeatedly cited in this paper, one of the recommended measures to increase local government income is the establishment of income-generating local public enterprises, like ice plants, public markets, and convention centers. In this business venture, many local governments have been successful in that their annual income have tremendously increased.

Another observation regarding local revenue-raising capacity, which is borne out by several studies, is the tendency of local authorities to impose and collect only those taxes that are specifically provided **in the Local Tax Code**. Hardly would any local government attempt to explore levying a tax on objects not listed in the **Code**. It is encouraging to know, however, that a number of small municipalities have demonstrated their innovativeness in tapping new revenue sources and introducing tax levies which no provision clause in the **Code** expressly prohibits. Said municipalities have been able to increase their revenues and income to such proportions as making their locally raised revenues far exceed the amounts coming from the national government.

E. Decision Making and Planning for Development

One other function of local administration relevant to the herein subject of discussion—the capability of local governments

for participation in development—that may be examined is the process of decision-making and planning for development at the local level. In this connection, the point raised earlier regarding the allocation and utilization of resources may again come to the fore. Local fiscal planners and those advocating further decentralization decry the control and restrictions that the central government wields on the decision-making and planning functions of local authorities relative to the use of their funds. With the imposition of the statutory obligations, the local governments are being deprived of adequate discretion in assessing and “pricing” their respective programs and services, not to mention the resultant substantial reduction of their financial resources; worse it becomes when the local governments, as is their general complaint, do not get in return the services that would be worth their fund contributed to the above mentioned national funds.

Mentioned earlier is the practice of the central government to plan and formulate certain programs described as developmental in nature, without the involvement of the people in the local areas, who are presumably the intended beneficiaries. Such programs the local governments are required to implement, giving their support by way of counterpart funding. The planning process is upset when the implementation of what have been perceived by local authorities as priority programs may have to be deferred to give way to the priorities of a national ministry. This is antithetical to what is being advocated in project management as “planning from the bottom” approach.

The foregoing instance of non-involvement of the people in certain programs of the national government should, however, by no means imply a disregard of the value of citizen participation in development. Neither should it suggest that development administration in the Philippines setting does not recognize the need for mobilizing people’s support in the pursuance of governmental programs and services. Indeed citizen participation pervades in certain functions of the government as shown in the discussion that follows.

F. Citizen Participation in the Process of Governance in Local Development

Citizen participation as an indicator of a decentralized administrative system is remarkably articulated in the process of governance. To provide a broader base for citizen participation in a democracy, the minimum age requirement for membership in a barangay assembly has been lowered from 18 to 15.

The barangay which under the Constitution is a political subdivision of the state and represents the lowest tier of governmental administration, exercises limited powers, performs specific functions and responsibilities and serves as the direct link between the people and the government through which are articulated the needs and interests of the former. Citizen participation is most widely expressed in local politics where the people including the eligible ones in the remotest villages, take part in the selection of national and local leaders. Through the referendum, the people may react to vote against or for certain issues of local and national concern that are referred to them.

It is in the area of development planning and resource mobilization where a mechanism for citizen participation, an organized system of interaction between the local authorities and the people in the community, should be institutionalized. The case of a small town in Central Luzon, Philippines may be a local government experience to be replicated in other localities. It is presented to exemplify the citizen participation factor in the determination of program priorities and the generation and allocation of financial resources. One fundamental requisite of project management which the Municipal Government has satisfactorily complied with is the formulation of a development profile and plan which identifies specifically the programs and projects to be undertaken and the strategies to be employed. Thus, the municipality has a formal plan for its development, to begin with.

The town mayor and the local officials have utilized certain strategies which have succeeded in eliciting the participation of the people in the process of making decisions on project planning and implementation. The town mayor, local officials and field representatives of national ministries conduct regular visits

to the barangay, especially the far-flung ones, to meet and consult with them on their problems and needs. Bringing the government closer to the people, the Sangguniang Bayan actually holds its session in different barangays in the presence of the barangay residents. Direct services and concrete responses are administered right there in the places visited.

Citizen participation which has been effectively mobilized by the municipal officials has yielded concrete results in terms of development projects successfully implemented—construction of farm-to-market roads and bridges, rehabilitation of health clinics, installation of a waterworks system and others.

VI. Conclusion

A fitting conclusion to recapitulate what has been expounded in this paper and to restate its thesis would be a proposed theory model that a developing society like the Philippines may adopt and translate to action : **Decentralization, Local Administration and Resource Mobilization for Development.**

We are in agreement with the assumption that local administration is strengthened with the devolution of powers and functions, including the power to generate revenues, upon the local government institutions. But decentralization should be selective.

As stated earlier, laws governing local authorities apply to them uniformly, irrespective of variances in their administrative, technical and financial capabilities. The indiscriminate operationalization of the principle of decentralization, in addition to abetting inequity, may prove to be dysfunctional. Being assigned responsibilities beyond their level of competence and possessing financial powers that they are incapable of exercising anyway, local authorities would not be expected to have the capacity to share in the burden of social and economic development ; neither can they be productive in contributing to the country's development goals.

On the other hand, it would be frustrating, as it would be retarding their growth, if cities or municipalities in an urbani-

zed area with stable financial resources and comparatively high level of administrative competence, would not have sufficient power and authority to explore other potential sources of revenue and decide on how to utilize their resources for the promotion of the economic and social life of the people.

In implementing selective decentralization, it would be necessary to assess the resources, leadership capacities and potentials, and administrative capabilities of the different levels of local governments, which assessment would be the basis for determining the powers, functions and services that they can undertake and can be devolved upon them. It goes without saying that the nature and magnitude of the responsibilities assigned to them should match their assessed resources and capabilities.

As may be inferred from above, decentralization presupposes that local governments should have the capacity to discharge the responsibilities, perform the functions assigned, delegated or transferred to them. To have that administrative capacity, guaranteed with performance efficiency and effectiveness, the restructuring and reorganization of local governments may be the main interventions to be resorted to. The restructuring necessarily involves the consolidation of local services and functions and integration of the smaller local units into larger and more viable political subdivisions of the state. Reorganization involves management improvement of the local government offices, technical manpower development and modernization of system and procedures. Local administration, thus strengthened, would have greater capacity for generating local resources mobilizing citizen participation and undertaking development programs.

In the interplay and interaction of said variables—decentralization, local administration, citizen participation and resource mobilization—national development may be envisioned to take place.

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DECENTRALISATION: LOCAL SELF GOVERNMENT INSTITUTIONS AND RESOURCE MOBILISATION

The Indian Experience

M. A. Muttalib

I. DECENTRALISATION

In public parlance, decentralisation is used interchangeably with devolution, disconcentration and delegation, although each of them represents a distinct form of transfer of authority. They may be distinguished in respect of their genesis, nature, scope and accountability. Devolution may result as a response to political demand and decentralisation, to politico-administrative one. Deconcentration/delegation emanates purely out of administrative necessity.

Local Government as a Form of Decentralisation

Local Government or as in India it is referred to, local self-government, is essentially a form of decentralisation. In an authoritarian form of polity, the local government is necessarily a form of deconcentration, arising out of an administrative necessity. On the other hand, in the democratic pattern, it assumes the form of decentralisation, a politico-administrative mechanism. However, the Indian pattern like the French, combines several facets of deconcentration and decentralisation, unlike the British and more so, the American forms of local government that offer a higher degree of decentralisation of governance.

Local government is an ancient institution with a new emerging concept. It embodies the individuality of man's group activities, reflecting the spirit of liberty. It is an integral part of body politic of a country recognised or created under law for the management of local affairs of a human settlement with geographical boundaries.

Conceptually, it is multi-dimensional. In political terms, it is concerned with the governance of a specific local area constituting a political sub-division of a nation, state or other political unit, in other words, acting as an integrant of the political mechanism for governance of a country. Then, as a body corporate with juristic person; it represents a legal concept. Moreover, it is an administrative concept not known to other levels of government with its local elected representatives involved in making, unmaking and re-making administrative decisions in the council and its committees, on the civic services to the local people, and more recently, on nationbuilding activities. Finally, its environmental components namely, history, polity, economy, geography, democracy, etc., offer important dimensions in the conceptual articulation of local government.

II. THE INDIAN LOCAL GOVERNMENT INSTITUTIONS

The Constitution of India has bracketed the local government with the Central and State Governments along with other public agencies with the generic term, viz; State. The unifying bonds among them are the principles for public governance and management including public interest applicable uniformly by all. The basis of their exercise of authority is law, whether constitutional or statutory along with popular mandate. However, the local government is different from Central and State Governments, which constitute the locus of legal sovereignty derived directly from the Constitution. On the other hand, it enjoys delegated authority, with its statutory source. Hence, its accountability is both upward to the Government and downward to the local electorate. Thus, it is unlike the administrative outpost which is the executive creation with its accountability upward only.

In India, the concept of local self-government is not exotic. Throughout the ages until the British rule, some of its traces lingered in the village communities, referred to as "village Panchayats" —an interesting phenomenon in the sphere of local-self government. Dynasties rose and fell and empires were built and destroyed. But the village communities retained their 'community spirit'. These communities "contained in miniature", as Elphinstone

ton remarked, "all the materials of a State within themselves". Sir Charles Metcalfe characterised them as "republics having nearly everything they can want within themselves". Mutual dependence of the different sections of the community, age-old customs and traditions reinforcing 'community spirit', and self-sufficiency seems to have been the forces that helped retain the village community united and intact. Each village was a compact socio-economic and administrative unit with its full complement of public functionaries as servants of the village community—rather than of the government. With the Sabha comprising the adult residents of the village functioning through its executive committee, viz; Panchayat, no village affair was considered beyond its purview. The medieval ages witnessed the continuance of the village local government undisturbed, in spite of the radical political changes that took place in cities and towns.

The British rule however, introduced a new element with centralised tendency resulting in the disappearance of the village local government from the universe of local self-government. The most distinguishing trend of the British rule was the emergence of local government as the direct projection of the government.

The local governing institutions became the creation of the government—whether through a Charter conferred by the British Crown or through the Resolutions of the Government of India. The transfer of authority to the local institutions was a financial necessity in the context of Imperial financial strains and stresses in the wake of the Mutiny. A comprehensive political philosophy involving the transfer of authority from the Imperial level to the local representatives with legal, administrative and financial implications was enunciated by Lord Ripon through his famous Resolution of 1882. It envisaged a comprehensive geo-administrative country-wide principle for the local self-government institutions. The western concept of a local representative government with an elected chairman, became the model for them. While the participation of the general public was to be through their representatives, the official element was to look after the Imperial interest. Various enquiry commissions and the consequent legislative measures pursued this philosophy until the advent of Independence.

The post-Independence developments in the sphere of local self-government are marked partly by the continuation of the British legacies and partly, by those distinctively Indian in character in keeping with the ethos of democracy and development, deriving inspiration from the following :

- (i) the Gandhian philosophy for ruralism and village self-sufficiency ;
- (ii) the constitution of India for national commitments to democracy, secularism and socialism ;
- (iii) the Five Year Plans for 'planning from below' and local participation in nation-building activities, and
- (iv) the Community Development Programme for local mobilization and self-help.

The greatest British legacy is the continued central interest in reforming the patterns and the practices of local self-government—both rural and urban. The All India Panchayat Parishad and the Central Ministry for Agriculture and Rural Development for Panchayati Raj and the Central Council for Ministers for Local Self Government and the Ministry of Works & Housing and Urban Development for urban bodies have been offering national forums for evolving national consensus for their reforms.

Other British legacies include the institution of the Municipal Commissioner and the committee system. The former which introduced the dichotomy of deliberative and executive functions in the system of local governance, has been continued. The State Government maintains that it is a vehicle to secure efficiency. The local committees which drew inspiration from the British prototype, have developed on different lines.

The Gandhian emphasis on ruralism resulted in two-fold changes : a constitutional Directive Principle for village panchayats and the development of rural and urban local governments on two separate tracks. The immediate impact was that certain States enacted separate legislations for village panchayats and the urban bodies. But no significant progress was witnessed in respect of the execution of rural bodies. The 1950s were marked by the Community Development Movement which reinforced the view to give effect to the principle of democratic decentrali-

sation through legislative measures, resulting in the establishment of Panchayati Raj system in pursuance with the Balwant Ray Mehta Committee Report. The 1960s witnessed the peak of the system.

To-day, almost every State/Union Territory has Panchayati Raj system set-up. Bulk of them have three-tier system at the village, block/taluk, district/zilla levels. Some have only village panchayats as in Kerala, Manipur and Tripura ; others have two-tier arrangement at village and block/taluk levels, such as Jammu & Kashmir, Haryana, Orissa and Madhya Pradesh, while Assam has at the village and district levels. The village panchayats are elected directly. In some states, the panchayati samitis and zilla parishads are indirectly elected with the village panchayats constituting the electoral college. In some states, the officials along with the members of the State and Central Legislatures are associated as members/chairmen of these bodies or their committees. In others they are available as chief executive officers and/or as secretaries. The weaker sections, like women, Scheduled Castes and Scheduled Tribes are provided reservation ; cooperative societies have also found representation in these bodies.

The Panchayati Raj varies from one State to another in respect of the pattern of governance. In certain States the Panchayati Samiti is the strongest unit while in others, it is the Zilla Parishad. Where there are two, three or four tiers, they are generally, integrated upwards through election of higher levels by the lower levels and integrated downward through supervisory control of the lower levels by the higher levels. The Chief Executive Officers are the government officers available on deputation. The Chairman/Presidents of Panchayati Raj bodies exercise various degrees of powers ranging between those under the Strong Mayor and the Weak Mayor Plans. These bodies function through committees. Their functions include : Planning, coordination, in addition to supervision of civic amenities.

With the Panchayati Raj basic changes were witnessed in the system of rural local self-government through what the Ashok Mehta Committee remarked "a process of democratic seed drilling". It has given wide opportunity to the local inhabitants to participate

in the political and administrative processes and has brought into existence a separate line of political leadership, sometimes posing a serious challenge to the position of the State level politicians and officials, generating some kind of jealousy. The Presidents/ Chairmen of Zilla Parishads and Panchayat Samithis have emerged as power centres. Some of the Chairmen of the Zilla Parishads were also State Ministers in Andhra Pradesh. When a legal amendment necessitated them to choose between membership of the State Council of ministers & chairmanship of Zilla Parishad, they decided to give up the former. All this speaks of the enhanced public image and capacity of the local self-governing institutions as instruments of socio-economic and political change in the rural universe. In the process they helped rural people cultivate a development psyche. Also, the system established a more organic relationship between the State Government and Rural local bodies by bridging the gulf between the political elite and the people.

Unfortunately, since the 1970s, the system has had a setback. In some states, where these bodies completed their term, they have not been revived. In others they have remained superseded. Yet, in a few others, the system itself is a non-starter. The Ashok Mehta Committee listed out a number of factors for its declining phase : the recent disassociation of the growing and complex programmes of development with the Panchayati Raj institutions ; inability of the bureaucracy to be attuned with the executing of the programmes through the elected bodies ; lack of government will to foster these institutions ; internal deficiencies in their functioning and the emergence of oligarchic tendencies ; and above all, lack of clarity about the concept itself, weakening the entire system.

With the Ashok Mehta Committee Report, the system received definite and emphatic philosophical treatment. Thus it observed "Although both as an end to a means, Panchayat Raj should contribute to the philosophy as well as to the spectrum of a rich rewarding rural life in India. In that lies the future, both of democracy and nation-building in the country". The Committee diagnosed the syndrome for the social milieu and laid down the

institutional, structural and functional framework of rural government. It reinforced local democracy by stipulating transfer of all local functions—development and non-development—at the district level and below and ensured the pursuit of national objectives relating to weaker sections and through its idea of social audit a strong corporate management system was placed under the Chief Executive officer to be ultimately accountable to a Committee of State Legislature for financial and physical performance of Panchayati Raj system.

The most outstanding recommendation of the Committee in regard to structure relates to two tier Panchayati Raj with the Zilla Parishad at the district level as the first point of decentralisation and Mondal Panchayat as cluster of villages forging necessary linkages with the system in the development of focal points and growth centres to ensure efficient management of the growing rural-urban linkages. These structural changes have been under the serious consideration of the State Governments.

As against the rural local government, the urban local government has comparatively a more or less, uninterrupted but somewhat less dramatic innings since the system was planted about a century ago. The post-Independence era has however, witnessed a number of changes in the system. In the first place, they have emerged as fully democratic institutions. There is now a trend towards unified pattern of Municipal civil service in several states. Various experiments in regard to municipal executives have been attempted, both in the city corporations and in the municipalities deriving inspiration from the Strong Mayor Plan and Cabinet Form of Government.

The functions of urban bodies as in Panchayati Raj, are bifurcated into obligatory and voluntary, although, in practice, they do not have any distinct implications. Most of these functions have been civic and until recently they were virtually kept outside the planning map of the country. However, the urban bodies have now been involved in the nation-building activities, often on an agency basis on the lines of Panchayati Raj bodies. In big cities, the urban development functions are entrusted to uni and multi-functionary agencies, such as metropolitan/urban

development authority, city water supply board, housing board, slum clearance improvement boards. With these developments, the metropolitan/urban areas have become 'functioning jungles' giving rise to the problem of coordination. To meet this problem the Study Group on Urban Bodies suggested Metropolitan Government with better financial and technical resources.

More or less, similar trend is discernible in the rural universe. A number of specific function agencies with beneficiaries oriented approach, have been set up under the Integrated Rural Development Programme outside Panchayati Raj. This trend has arisen out of a feeling that the rural gentry has prevented the benefit to reach the poorest of the poor. All these developments speak of the fact that the Government has more confidence in its own bureaucracy than in the local democracy.

In sum, the two components of local government are, by and large, in a fluid state. If Panchyanti Raj system is being reviewed under the inspiration of Ashok Mehta Committee Report, the municipal government is also more or less in a state of revision. There does not, however, seem to be any significant outcome of the efforts in regard to the integration of rural-urban government. They may continue to operate on two separate tracks without their institutional convergence at any level, although under the Integrated Development of Small & Medium Towns Programmes, the small & medium towns are designed to improve the potential to serve their rural hinterland effectively.

III. RESOURCE MOBILISATION : LOCAL EFFORT

In India no factor contribtes so much to the existing low public image of the local government insitutions as their financial inadequacies. Local finance has therefore, been a critical factor for local government reforms. In addition to several State Governments, the Government of India appointed more than half a dozen national enquiry commissions on local finances alone since Independence.

Resource mobilisation for the local government institutions nave two broad dimensions : first, the local effort ; and second government support.

1. Ecology of Resource Mobilisation : Local resource mobilisation is an outcome of a number of contributory factors ; pattern of the local polity, size of the local unit ; local functions; and the local freedom to mobilize resources. Of these local polity is the most prominent. The decentralised pattern of local government, like the one that exists in the USA, enjoys greater degree of autonomy with considerable amount of freedom to levy, assess and collect local taxes, along with sufficient liberty to formulate, legislate and execute budgetary proposals. The deconcentrated pattern like the French and Indian, allows a less degree of financial freedom with its dependence on government in its various facets. Conversely, in a way, the financial position of the local government and its relationship with the government, shape the pattern of local government itself. Thus, inadequate local revenues and increasing local expenditure attract government interference. Similarly, a local government which is financially better off, attracts men of suitable calibre for its political and administrative personnel and thereby, it commends better political image and enjoys higher degree of freedom in relation to government.

The size of the local government determines the adequacy of local finance. A local authority which is sizeable in terms of area and human settlement, has better prospects of larger collection of taxes. The lowest level like a Village Panchayat with limited area, population and therefore, limited resources, always looks to higher levels for financial assistance. It cannot therefore be a viable institution. It was the main thesis of the Ashok Mehta, Committee for its abolition and its replacement by a cluster of villages to be designated as Panchayat Mandal. More or less, similar argument is advanced for prescribing the norms for the creation of a municipality or a city corporation. In the same way, the Study Group on Urban Bodies suggested an integrated Metropolitan Government for the adjoining urban, semi-urban and rural bodies operating in the same region.

The local functions are yet another important factor that determines the scope and scale of local finance under the function-finance correlation principle. Whenever any new function is

assigned to local government, the government provides resources. Where the local government is unable to discharge its responsibilities with the available resources, the government has to find extra revenue or withdraw such responsibilities. For instance, in the State of Karnataka when the local bodies were unable to pay the salaries of teachers of primary education, the State Government has been footing the bill. The local authority like the Bombay Municipal Corporation, which is on the other hand, financially viable maintains primary, secondary and high schools along with institutions of higher education and professional courses. In the like manner, water supply is a local function but capital constructions in regard to conservation and supply of water, are taken over by the government or by specific purpose bodies at the local, regional or State level. In the Hyderabad Metropolitan region it is entrusted to the Metro Water Supply Board, while in Bombay it is the municipal responsibility.

Finally, the degree of local freedom determines the structure of resource mobilisation. This factor has two dimensions : the degree of State control and the scope for local freedom. Under the Constitution the local authority may be permitted to have any source of revenue listed as State revenue. This authority is exercised by the State legislature through municipal legislation. Its scope is further restricted through statutory rules. Since the States themselves look to the Central Government for financial assistance, no liberal attitude can be expected from them. On the contrary some of them made inroads into local taxes where they are not fully exploited. Others have not conceded the local claim for certain taxes like entertainment tax. Yet others have even taken over the local taxes like the vehicle tax and the profession tax. Then there are States that have abolished some of the lucrative taxes like octroi and have not made adequate compensation either through grant or through new tax. The Study Group on Urban Studies therefore, suggested constitutional stipulation of local taxes for their necessary safeguard.

The local revenue structure consists of local taxes, non-tax resources and external resources. The local taxes may be categorised into the following four classes : (1) taxes on person-which

run all the way from a flat sum pole-tax to a progressive income-tax ; (2) taxes on assessed improved and unimproved property ; (3) taxes on economic activities and of all types of entertainment; and (4) taxes on consumption or on production.

In India, local authorities have developed a wide range of taxes. They include, among others, tax on markets, vehicles, animals, transfer of property, tax on entertainment, profession and trades. Between the urban and local bodies, the former obtains purely substantial income from the provision of needs and services. The income received from lighting, fines, charges and profit from local public utilities is not very great. Often, license fees reflect local social customs, acts, etc. There may be license fees on liquor, game and fishing. In recent years, the State Government has encouraged local authorities to take up remunerative enterprises through construction of shopping complexes, either by auctioning them or by collecting rents from the shops let out.

Among these sources, shared taxes or grants-in-aid have, in a way, blurred political responsibility. Local tax not only ensures political responsibility but also it adds to local stature and self-confidence. In India, among the local bodies, the city corporations have tax resources constituting the major portion of their income. The revenue from tax resources in rural bodies is generally of marginal importance. Rural bodies have a greater share of government tax in the form of grants. In fact, for the bulk of the local expenditure the rural bodies are dependent on grants-in-aid.

The problems of local finances are of varied character. The local bodies combine the disadvantages of public and private finances. Thus, like the public finance, the local finance has to be guided by public interest rather than profit motive. Like private finance, the local body has restricted scope for enhancing taxes.

Nevertheless, there are instances where in spite of wide taxation power, the local bodies have not as referred to earlier, exploited them fully. The findings of the Ashok Mehta Committee reveal that Panchayati Raj institutions have rarely utilised their powers to levy local taxes and that there is general reluctance by them to impose taxes. It concluded that the existing local approach "no taxation, only representation" should be discouraged. It

asserted that representation involves inescapable responsibility of raising resources for development and welfare work. On the other hand, some of the recent Committees have observed that certain the local taxes have reached saturation point and any amount of local effort may not fill up the existing gap between the local need and local expenditure.

One of the contributing factors to the local financial inadequacy is the policy of the government itself. The increasing adoption of welfare programmes at the instance of the government has resulted in local loss of revenue. Thus, the weaker sections are conceded tax exemption. For instance, tax on bicycles has to be abolished by the Municipal Corporation of Hyderabad. Also, these sections are exempted from property tax upto a certain limit.

Further, the local taxes are hedged with many restrictions. In India these restrictions are constitutional, statutory and self-imposed. Unlike the Government of India Act, 1919, the Constitution of India has empowered the State authorities to allot any resources at their discretion to the local bodies. The result is that the discretion of the State Government reigns supreme. Article 285 of the Constitution exempts the Central Government properties from local tax by the municipalities; hence, only buildings constructed before 1937 are liable to taxation. Even here, there can be no increase in tax levy of period prior to 1-4-1937.

Statutory limitations relate to total exemption of religious, charitable, educational and welfare institutions as well as of all buildings and lands, whose annual value is less than the prescribed minimum from the operation of the property tax provision. Then, the discretion of the local bodies is also restricted to the case of housing colonies of the Central and State Governments, the Housing Board and of the industrial workers. This amounts to a sort of voluntary inhibition in applying the prevailing market rate for purposes of assessment to these subsidised residential colonies of government employees and industrial workers.

There are certain taxes in respect of which there is no national consensus as to the competence of the local authorities. The entertainment tax and profession tax which are local taxes in some

States in others they are State taxes. In some States Octroi is permissible, in others as noticed above, it is abolished.

Further, there is interference in tax administration, preventing its smooth operation. In several States the urban bodies are not allowed to raise the taxes through periodic revision.

IV. RESOURCE MOBILISATION : GOVERNMENT EFFORT

There are two facets of government effort for resource mobilisation for the local bodies : one is 'enabling' in character and the other is in the nature of monetary contribution in the form of grant, subsidy and loan. The former is linked up with the local direct efforts. Hence they were examined together with the local efforts in the foregoing paragraphs. The government lays down the framework of local fiscal policy. It is a delicate exercise to balance between local and State-national scales. On the one hand, it has to assign resources to the local authorities in keeping with the local freedom of action to meet the local requirements, on the other, they have to be assisted financially from government's own revenues. The Central and State Governments have helped streamline local taxes in respect of their assessment and collection through measures, legislative and otherwise.

The government contribution to local offers in the shape of grants and share taxes is increasing out of necessity. Like other developing countries, India is awakened to greater degree of development and specially development from below. With this, the grant-in-aid has become an element of growing importance in the relations between the government and the local government.

There are two conflicting views about the grant-in-aid. While the Indian Taxation Enquiry Commission was in favour of grant-in-aid, the Zakaria Committee like the Leyfield Committee, contended that this will sap the autonomy of the local body. Nevertheless, the increasing local involvement in development seems to have mitigated the rigour of grant-in-aid as a tool of government control.

Grants are viewed from different dimensions. Broadly, they may be classified into two categories : recurring and non-recurring. Recurring grants may be divided into two sub-categories : block grant or general purpose grant and specific grant. Grants are also

given to meet the cost of living allowances for local government personnel. In some of the States, as referred to earlier, the salaries of teachers under the local government are paid entirely through grant-in-aid. Sometimes, grants are also given in lieu of abolition of taxes as in the case of Octroi. A block grant based upon anticipated deficit appears to be more appropriate for the local bodies. They tend to increase their sense of responsibility. They help meet the initial cost of certain projects like capital constructions for water supply. At the same time, they ensure adequate government control of the type and quality of new work.

The specific grants are earmarked for certain specific purposes operating on the principle that one who pays the piper calls the tune. Most of the Central and State grants are of this nature. Thus, grants are used as an instrument, both of stimulus and control. There seems to be some principle discernible upon which the grants are made, i.e., a system attempting to achieve a balance between stimulus and control and between local progress and utilisation.

The grant-in-aid may work in different directions. Unconditional grant may tend to make the local authority careless in the expenditure. When it is given to areas with good development potential by denying help to more prominent areas, it will be at the expense of national economy. Also, where particular services are stimulated, the local budget may be distorted and the development of the services retarded. Grants given to stimulate may also tend to act unevenly between the authorities, especially when the proper authorities will not be able to make such a good use of the grant.

Finally, grants may be used for reformatory purpose. The higher level of government may use grant as an incentive for social transformation. For instance, they may be considered as matching grant if they take up schemes for the welfare of the weaker sections. Considering the increasing quantum of grant-in-aid it is desirable to ensure (a) greater certainty over the years in the level of grant ; (b) more stability in grant distribution ; (c) a better integrated time-table for grant determination ; and (d) unitary grant related with expenditure. There are very few States

that have made positive efforts in this regard although grants-in-aid have been a permanent part of government-local government financial relations. An all-India enquiry into grants-in-aid is long overdue taking the national interest, the interest of State and Local Governments in view.

Like other aspects of local finance, the policy for the loans and bonds is decided by the government generally through the Local Government Act. India has a pattern with closer government control. It assumes different forms : first, the government helps the local government for actually obtaining loan at reasonable rates of interest. Sometimes, the government itself acts as the money-lender for local capital. For instance, under the Integrated Development of Small & Medium Towns programme, long-term soft loans have been envisaged. An advantage of this form of loan is that development on desirable lines, can be ensured in consonance with the principle of uniformity throughout the State taking into consideration the national interest. The government may also guarantee loans when obtained from outside agencies. The government may restrict or encourage the local government to borrow loans from some agency, specially constituted or approved by it.

Finally, the involvement of government in borrowing loans and bonds serves a two-fold purpose ; first, it helps improve local economy and secondly, it coordinates the local economic activities with those of the country as a whole. Thus, any unhealthy competition between the local government and the government and between the local governments themselves, can be reduced.

Financial stability of the local authorities is also the primary concern of the government. The usual devices vary from rigid legal control to varying degrees of guidance and consultation depending upon the financial adequacy of the locality. There seems to be, by and large, three patterns of investment for accruing local surplus : first, the government exercises full discretion in the matter of local investment. In some of the States like Andhra Pradesh, the urban local surplus is deposited and invested with the government treasury. Secondly, the local authorities invest their surplus in a jointly instituted body. In the third

pattern, each local authority may have sole discretion in making investment with or without the help or approval of the government. The role of government varies from actual participation to mere facilitation. However, the general trend is to use the surplus funds for development rather than for investment. Hence the primary concern is to find capital for development programmes.

V. PARTICIPATORY DEVELOPMENT : AN EMERGING PHENOMENON

The increasing government involvement in rural and urban development through specific functions, gives rise to certain issues of governance. With the people as the common target group to all levels of government, is it possible to adhere to any rigid distribution of functions among them ? If no, what norms for working relations should be preserved ? The first query relates to the local self-government institutions. Can one eliminate them from the scene of development when they are the weakest among them to contribute in terms of finance and technical know-how ? If no, is India moving towards what may be termed as the participatory federal polity ?

A. **Justification for Local Participation** : The involvement of local government institutions in development as decentralised agencies seem to have four-fold justification : (i) promotion of popular participation ; (ii) spurring of economic development ; (iii) social transformation ; and (iv) equitable distribution of the fruits of development. In other words, the development functions which are political, economic, social and administrative in character, can be more realistically performed with their involvement.

Participation of the local government in economic activities has been traditionally acknowledged in the business of making profits without loss of the public interest in the developed democracies. The local government units are encouraged to carry out new roles in mobilising resources for development. In recent years, the urban local bodies in India have demonstrated the efficacy of the scheme of remunerative enterprises in addition to public housing projects, industrial and market sites, construction

of shopping complex and transport terminals, etc. Thus, they have entered the sphere which was earlier left to the private enterprise. These programmes have been executed either on their own or with outside loans, grants and sometimes, technical and managerial assistance—of the State and Central Governments and the financial institutions. Under the Urban Development Programmes for large cities and under Integrated Urban Development for Small & Medium Cities Programme, the Central and State Governments have helped the economic development of urban areas.

For the involvement in the welfare activities in regard to the poor, old-aged people, etc., they could have various types of welfare programmes. In Kerala, for instance, such programmes are routed through local bodies. Then, there may be certain programmes in the field of education and health for weaker sections for their socio-economic transformation. Their participation in slum clearance and slum improvement is yet another field of social transformation.

Their proximity and actual contact with the people help equitable distribution of fruits of development by the constant public gaze. For, they cannot afford long to be otherwise. In some of the countries essential services are provided through them. With all their economic overheads like communication and transportation network, power, water and so on, or the social overheads such as education, public health, the local authorities have certain economic and social functions within their capacity. Since these functions are based on local decisions and local actions, thereby stimulate growth and initiative at the local level, the local bodies have a distinct role to play in this respect. Further, they can perform extension services for the government projects more conveniently and effectively.

B. Forms of Partnership : Partnership for development is varied in character. It may be viewed differently : (i) local partnership with State Government ; or (ii) local partnership with State Government along with specific-functions agencies ; (iii) local partnership with the State Government and Central

Government agencies ; (iv) local partnership with specific-functions agencies. In Maharashtra and Andhra Pradesh the District Planning and Development Board offers the example of (i) type of partnership, both for planning and implementation. The governing boards of the specific-functions bodies like the Housing Board and Hyderabad Urban Development Board have representation from the local authorities and the Government. The Bombay Metropolitan Regional Development Authority's governing Board is an illustration of (iii) type of partnership. For the execution work the Andhra Pradesh Electricity Board and the Tamil Nadu Slum Improvement Board they have the participation of the local authorities offering examples of (iv) type of partnership.

1. Partnership with the State Government : Participation with the State Government is unique in so far as the State Government figures in formally or informally, in all forms of partnership in which the local bodies are involved. The agencies of State Government are the closest to the local authorities, among the various public agencies in participatory development.

Besides their legal obligations towards their supervisory and control roles, there has now developed since Independence, a working relationship between them. They have civic and socio-economic dimensions. In the civic sphere of functions, on grounds of lack of technical know-how and inadequacy of local finances, the State Government agencies has to step in the case of water supply, electricity, housing, slums improvement, primary education etc. The Government's participation may be direct as in the case of primary education. While the primary schools are under the local authorities, in several states as in Karnataka and Andhra Pradesh the salaries of the teachers and the cost of the constructions of school buildings are met by the Government. In other there may be sharing of the functions by the State Government in an indirect way. It may create State level specific-functions corporate bodies like the Water Supply, Electricity, Housing and Slums Improvement Boards to plan, to fund capital construction and to monitor schemes and projects. The local authority may be charged with distribution as in the case of water

supply and electricity. They may get technical know-how and/or funds for low cost shelter and sites and services, etc.

Informal techniques are evolved for interaction between the local and State Government functionaries. For instance, in Maharashtra and Andhra Pradesh there is a district level board. The State level and Zilla Parishad level functionaries provide a face to face contact between the two levels with minister from the district concerned as chairman. In Andhra Pradesh, the erstwhile Zilla Development Board with the Collector as Chairman, and the Chairman, Zilla Parishad as Vice-Chairman, along with the district and Zilla Parishad officials offer yet another example.

The two levels of government get integrated when the State level officers are deputed to senior positions with the Municipal Commissioner/Chief Executive Officer at the various levels of local government. This is in addition to the members of the State Assemblies, who are also associated with the Zilla Parishad. Further, the State Public Service Commission serves as a recruiting agency for the local level functionaries.

Equally important is the field of finance which brings the two levels of government even closer in several respects in their endeavour to develop the rural/urban areas. The State Government helps for instance, the urban bodies in tax assessment and collection as referred to earlier. Then, most of the capital constructions in regard to water supply and sewerage are undertaken by the State Government before they are handed over to the local government for maintenance.

2. Participation with the Central Government : Since the local bodies are a State subject under the Indian Constitution, the Central agencies do not formally deal with local authorities. The State Government is always kept in the picture. With the increasing contacts of the Central Government with the local authorities the constitutional position is wearing away. The most important factor that has contributed to this phenomenon is the political values shared by all levels of government within the constitutional framework. When the same party is in power at all levels, the partnership spirit among them gets further reinforced.

The increasing economic necessity of mutual dependence among all levels of government has brought about a kind of symbiotic relationship among them. Two of the economic facets, viz., planning and development, whether social, economic or physical, have necessitated coordination and collaboration among the different levels of government. Partnership between them in planning minimises the negative effort of centralisation on the one hand, and corrects the distortion of extreme decentralisation, on the other. Recently there has been a realisation that the role of the units of local government will make the development programmes more realistic. In the same way, in the local model development plans the Central Government Departments provide guidance, which help improve the quality of local planning and development. Though the idea of 'planning from below' has yet remained an ideal with the developing countries, with Central programme of the Integrated Development of Small & Medium Towns, the idea is being translated into a reality. In fact, it is an exercise in which all the three levels of government are involved in the sphere of planning, funding, monitoring and technical know-how.

Central assistance may take the form of expert advice, preparation of plans, training facilities, loans, grants-in-aid, etc. The field of technology is yet another area of cooperation between the Central and local governments. The Central Ministries like those of Agriculture and Rural Development and Works & Housing, Education, Health have several schemes of development which are either wholly or partially funded by them for implementation by the local authorities.

Finally, as referred to earlier, the Central Government helps promote reformative efforts by acting as a grand coordinator. Of course, India has had the tradition of the Central Government initiating reforms on local government. The Central Council for Local Government Ministers, is in effect, an apex body so far as the urban-local authorities are concerned. It provides a national forum for evolving national consensus in respect of even local subjects, before they assume concrete shape. It consolidates national thinking over issues of local authorities which are of their common concern. The Central Reforms Commissions on Urban

Local Bodies emanated from its effort. Some of the revolutionary changes have flown from them. This is also true in respect of rural local government.

In recent years, there has been some set-back in Centre-Local Government relationship in participatory development, specially in the rural universe. For the various rural development programmes the Central Government has instituted its own specific functions agencies for their implementation. Similarly, in the urban sphere, the Central Government seems to prefer semi-democratic agencies like the Metropolitan/Urban Development Authorities to the City Corporations.

3. Participation with Specific-Purpose Agencies : Inadequate finances and technical know-how are the compelling reasons for the local authorities to have confined themselves as maintenance agencies. Hence, the emergence of specific-purpose agencies is becoming a common phenomenon with the State and Central Governments. They seem to have been preferred largely because of a hope to transmit expeditiously and efficiently the fruits of science and technology to the people and to protect them from bureaucratic and democratic excesses. There seems to be almost a mushroom growth of such agencies, both in urban and rural universe, perhaps, more in the former. For, the urban phenomenon is facing a complex web of socio-economic, political, cultural and technical problems. Some of the agencies are local like the Bangalore City Water Board ; some are regional like the Bombay Regional and Metropolitan Authority ; some are problem-wise, like the Drought Prone Area Agency ; some subject-cum-area oriented like the Command Area Development Authority ; others are State level like the Andhra Pradesh Electricity Board and yet others national. Often, they are the creation of an Act of the legislature, financed by the State and Central Governments in some cases, by international funding agencies. They do not have any particular relationship whatsoever, with the local government institutions. They function concurrently with them when they are operating at the local and regional levels. Sometimes they get certain projects executed by the local bodies.

The local authorities face a common danger consequent to the advent of the specific-functions agencies. A kind of unhealthy competition between them is witnessed, especially when they share some local functions with the local bodies. Since they are adequately funded and equipped with necessary technical know-how, their performance is better than that of the local bodies tending the local people to lose confidence in local democracy.

4. Participation with other Local Authorities : Inadequacies of finances and technical know-how entails a coordinated and cooperative effort on the part of the local bodies under the guidance and leadership of the State Government. This may be possible where a State-level organisation is constituted with the object of rural-urban and/or urban and urban coordination. Often, this effort necessitates the constitution of Joint Committees. The Chairman of the Chamber of Panchayati Raj or the Chairman of the Municipal Chairmen are examples for evolving coordinated policies and programmes among the local authorities. Such bodies are also effective enough in representing to the government or to the legislature on local issues or in giving evidence before the committees and commissions. In fact, in a way, the Metropolitan or Regional Development Authority is an institutionalised effort on the part of the urban and rural local authorities to sort out the regional problems faced by them.

C. Gains and Losses of Participatory Development

1. Problems of Partnership : Among the different forms of partnership, partnership among local authorities themselves for rural/urban/metropolitan development, is unique. It ensures a greater degree of local autonomy and maximum benefit of cooperative and coordinative effort by sharing the expenditure involved in the expensive services. However, sometimes, such efforts may bog down into protracted negotiation and hence, may be at the expense of public interest. Also, they may be hindered by factors such as local loyalty, political differences, etc.

Partnership among different levels of government or with other public agencies gives rise to political problems. Such efforts may not fructify where the government and the local authorities are

under different ruling parties with different political ideologies and policies because of their varying interpretations. Even public interest which can be a unifying factor, cannot hold them together to make a concerted effort.

Participatory development among the rural-urban bodies located in a particular region, may develop a tendency of being ultimately replaced by the process of integration by amalgamating them into a single local government. Any such effort is likely to give rise to conflict among different areas unevenly developed. The politicians are likely to make capital out of such issues. Hence, the Study Group on Urban Bodies suggested a two-tier metropolitan government for the million plus cities of India. The scheme has envisaged bifurcation of functions into local functions and regional functions to be managed by the local bodies and the metropolitan level of government.

If the concept of participatory development has given birth to partnership among different levels of government and public agencies, partnership for decentralised development has revolutionised inter-governmental relationship. In the first place, it tends to dismantle the earlier concept of control and autonomy and has established a new basis of relations between the government and the local government. Similarly, the basis of division of functions as local and national/state is acquiring new moorings—some kind of shifting has taken place in their listing as local or State, while in regard to others no categorical listing is found feasible. In the process, it has become a meaningless exercise to size up the loss and gain of the government and the local government. For, both have lost and gained to the advantage of the community.

2. Problems in Administration : The problems of partnership have become more acute in the fields of administration and finance. Coordination between unequally placed functionaries may not pose much challenge to the authority of the office. But any effort to coordinate the activity of co-equal agencies may come to a standstill when coordination is institutionalised. When coordination is sought between dissimilar levels of functionaries, it may not bear fruit. In Andhra Pradesh, the scheme of the Zilla Development Board failed for this reason when it tried to effect

coordination between the district administration and Zilla parishad for rural development. For, while the former was represented by the District Collector, the latter was represented by the Chairman of Zilla parishad, one is a senior officer, the other a popularly elected chief executive. This accentuated the controversy of the administrators vs. politicians. When the arrangement led to unhealthy competition giving rise to the serious problem of personal equations between them, the Board came to a standstill. The Maharashtra experiment with the District Planning and Development Council has not caused much serious difficulty. For, along with the representatives from the rural-urban bodies and the district divisional officers, the minister hailing from the district, has been nominated as the chairman.

The other facet of local government that has felt the impact more perceptibly, relate to its administrative capability. Perhaps, at no stage of development of local government, it has received so much attention of the government as now, once the inherent local strength is realised. The government has developed a vested interest in the improvement of local administrative capability when the success or failure of national and State programmes has become dependent on the local performance.

In sum, participatory development is a sophisticated exercise with a corporate approach to community problems entailing a high level of cooperation and mutual confidence. The greatest beneficiary of such a partnership is the local community whose members are the common clientele for all public agencies involved. Further, partnership has avoided the rigidity of the monolithic structure by introducing flexibility through participation by different agencies without loss of freedom of action within their spheres of action. But such an exercise is likely to be strained consequent to the presence of organisational loyalties and autonomy, and unequal capacity in terms of financial and technical resources. Participative development by unequals is likely to disturb the entire equilibrium of the mechanism designed for governance. Those who are politically, administratively and financially strong will have their say sometimes, at the expense of more legitimate local claims and interests. In the long run, it is the people who should matter

most in this exercise and therefore, persons who are public-spirited, should be carefully selected for such efforts.

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**DECENTRALIZATION, LOCAL GOVERNMENT INSTITUTIONS
AND RESOURCE MOBILIZATION**
Sri Lanka experience

Asoka S. Gunawardena

**1. Socio-Political Development In Sri Lanka :
Emerging Issues**

Sri Lanka is a heterogenous society with ethnic, linguistic, religious and caste cleavages dividing her people. While most of these lines of cleavage go back into pre-colonial times, the colonial experience made the situation more complex.

British rule sought to bring together the different socio-cultural groups under a unified political and administrative system by introducing a new framework of political and administrative institutions designed to bring about political integration and maintain law and order. Emergent attitudes and behaviours as well as practices and procedures guiding political and administrative decision making in newly independent Sri Lanka (1947), provided the framework for effective political integration and conflict regulation until recent times.

1956 marks a water-shed in the socio-political development in Sri Lanka. The 1956 electoral change was a protest against social inequality denying economic opportunity to rural masses. As Prof. Kearney has remarked, it signified the effective entry of new and broader groups into the political system.

This protest against the monopoly of power and privilege by a minority of english educated elite was partly if not largely the outcome of National Free Education introduced in 1945 envisaged as a means of providing equality of opportunity. The revolution of rising expectations resulting from this expansion of education could not be contained by the welfare policies of post independent Sri Lanka. The social distance between the rural youth and urban elite had widened, resulting in the youth insurrection of 1972.

While the insurrection failed to challenge the existing social and political institutions, it did bring about deep concern for and recognition of the 'rural problem', which development policy and administrative strategy took cognizance of. However the 'rural problem' was not a simple one.

With progressive self-government (from 1932 onward) increasing attention came to be focussed upon national development in general and agrarian development in particular. Policy programmes ranging from major settlement development to rehabilitation of traditional agriculture had resulted in a vast array of government activity organised around government departments and agencies. Local level activities of these departments and agencies were organised around respective field staff and/or government sponsored local organisations.

The framework of politico-administrative organizations introduced at independence (1947) consisted of a parliamentary system with a unitary and centralised departmental administrative set up with a three tier structure, central ministry level, secondary departmental level and a tertiary or district level. The district level itself consisted of a three-tiered structure of district, divisional and village levels. The administrative head quarters of the district was called the Kachchei and the Government Agent (GA) the administrative head. At the divisional level was the Divisional Revenue Officer and in later times the Assistant Government Agent (AGA).

The expansion of the sphere of state activities necessarily required an administrative organization on an island-wide basis resulting in a complex of sub offices in a district under a District Head. A separate structure of Local Government consisting of elected Village Councils, Town Councils, Urban Councils and Municipal Councils was made responsible for the provision of local civic and social welfare amenities. Local bodies because of the nature of functions and paucity of funds remained marginal in district development activities. Today Sri Lanka is a Republic with an Executive President, a Prime Minister and Cabinet and a single chamber legislature.

Excessive centralization of regulatory systems and procedures demanded administrative decentralisation to ensure efficient delivery of services and inputs at the district level and to bring about greater rapport with rural production needs. The scope and content of such decentralization was to enhance productivity by better implementation and co-ordination at the district level.

Administrative decentralization effected during the late 1960s did not bring about any fundamental changes in the structure and functioning of the administration. Indeed the challenge of administrative development in Sri Lanka was not only one of greater responsiveness to needs of the rural people but also co-opting the new forces on the social scene, namely the new rural elite seeking political legitimisation and authority. Thus the post 1970 period witnessed the growing power and influence of the political elite both at the centre and the district.

The early 1970s was marked by economic crisis and associated social problems. The youth insurrection of 1971 signified the proportions of the socio-economic insecurity of the country in general and of youth in particular. The government's response was a two pronged strategy of self-reliance. On the one hand a 'food war' to produce locally items of food which had potential of being grown locally and on the other, greater productivity through maximum use of local resources. The move to rationalise the institutional structure at the local level for greater productivity and efficiency in the use of local resources introduced political leadership in the planning and implementation of development projects, thereby placing administrative decentralization within a political framework.

Local level productivity and resource mobilisation was to be spearheaded by new local organizations ; the Divisional Development Council, the Agricultural Productivity Committee and the reconstituted Cultivation Committee. Planning offices were set up at the district kachcheris to strengthen planning and implementation capacities at the district level.

The most significant was the establishment of the District Political Authority (DPA) in 1973, a senior parliamentarian of the

party in power made responsible to the Prime Minister for the Food Drive and mobilizing popular support and co-operation. It was expected that the DPA would help cut through red tape in the formulation and implementation of local level development programmes while also help establish closer liaison between administrative and political spheres.

The policy instrument to give effect to political leadership was a Decentralised Budget (DCB) introduced in 1974. It was a scheme for decentralizing the allocation of funds for works of a local nature. Members of Parliament were made responsible for completion of projects in their respective electorates. The DCB was envisaged as an instrument for district planning which would enable the political leadership mobilise local people and resources in local level development.

Political leadership at the district however was consolidated in the post 1977 changes by establishing a constitutional position of a District Minister (DM) appointed by the President. Thus a formal political linkage was added to the relations between the centre and the district hitherto entirely administrative, thereby strengthening and supporting decision making in the district.

This process of decentralised administrative authority was complemented in 1982 by the establishment of Development Councils (DC) at the district level. DCs provided the institutional framework for devolution of political power to the district level. A three tiered institutional framework for political devolution was completed by Pradeshia Mandalas (PM) at the divisional level and Gramodaya Mandalas (GM) at the village level respectively.

These institutional changes sought to combine administrative decentralization (top-down) with political devolution (bottom-up) towards an integrated organizational framework for local government and administration. Thus three and a half decades of politico-administrative development has sought to,

- a. Bring about effective spatial integration of the activities of development agencies in the district ;
- b. Promote administrative decentralisation and people's involvement in the district administration for greater responsiveness to rural needs ;

- c. Develop institutions and organizational arrangements for mobilisation and productive use of local resources.

The current ethnic problem has broadened the political dimension from a local to a national level. The nature of decentralisation and local government is therefore both political and administrative.

2. The Structure of Decentralized Administration

The current structure of decentralized administration in Sri Lanka, therefore, represents the outcome of three decades of successive reform and adaptation of the colonial structure handed over at independence. The district administration today represents an amalgam of government departments and agencies, political positions and roles, representative political institutions and local organizations constituting an administrative system with a specific spatial area of authority. The country is divided into twenty five districts which constitutes the basic unit of administration. This system consists of three major components or sub-systems :

- a. The district Kachcheri and the network of government departments and agencies headed by the Government Agent (GA) and linked together by statutory and co-ordinating functions performed by him.
- b. The district planning sub-system consisting of the District Planning Office, the DCB and where relevant, district Integrated Rural Development Programmes.
- c. The set of political positions consisting of the DM and MPs and the new political institutions consisting of the DC, the MPs and GMs (which replaced the earlier Local Government System). This sub-system includes the former Village Councils now reconstituted as DC sub-offices as well as the whole range of local organisations at the village level.

The Government Agent (GA), the district kachcheri and district sub-offices of central government departments and agencies constitute the core of the district administration. The GA was the

focal point of state authority at the district level until the appointment of a District Minister. His direct responsibilities covered the collection of revenue, land administration and distribution of food while also performing a law and order function in the district. The GA reports to and comes within the purview of the Ministry of Home Affairs. The Assistant Government Agent at the divisional level and Grama Sevaka at the village level complete the hierarchy.

The departmental system of administration has led to the establishment at the district level sub-offices of the respective departments under a district head. These sub-offices reported direct to the Central Department in Colombo thereby centralizing decision making. Resulting excessive departmentalism at the district level was seen as a major impediment to the effective implementation of development programmes. Departmental decentralization did little to solve district level problems of implementation and during mid-sixties institutional devices for inter-departmental co-ordination were set up. Thus the GA was made deputy head of key development ministries. In addition to GA's liaison role as deputy head he also effected co-ordination through two key district level co-ordinating devices, the District Co-ordinating Committee and District Agricultural Committee convened and chaired by him. These committees comprised representatives of the relevant government departments and agencies as well as Members of Parliament. Administrative decentralisation through district level co-ordination constitutes one dimension of the structure of decentralized administration. This system of decentralised co-ordination is replicated at the divisional level by the AGA performing similar liaison and co-ordination roles.

The District Minister who replaced Government Agent at the apex of the system is expected to give political leadership and direction to the district administration. The DM system sought to bring the administration closer to the people by enabling their participation in the administration at the district level through their elected representatives elected through institutions established at the district. It was expected that the DM system would 'facilitate control and co-ordinate and secure the expeditious functioning of the administrative functions' at the district level.

In this regard the DM was expected to co-ordinate all district activity in respect of

- a. formulating the district development plan ;
- b. monitoring and evaluating implementation ;
- c. identifying bottlenecks and initiating corrective action ;
- d. supervising interdepartmental activity.

The DM is appointed by the President and is responsible to the President for the performance of above functions. The GA functions as Secretary to the DM, position of District Secretary.

The Development Council (DC) was constituted as the apex representative institution at the district level, bringing together members directly elected by people to the DC with Members of Parliament as *ex-officio*. The DC has thus introduced a new set of political actors at the district scene, the DC members. The DC was to perform the 'local government functions' hitherto undertaken by Village Councils through these 'local bodies' now reconstituted as DC sub offices. The GA functions as Secretary to the DC.

The DC was expected to play a major role in district development in respect of fifteen areas brought within the purview of its authority by formulating a district plan and a district budget. In this regard the DC worked through its Executive Committee which was chaired by the DM. The Annual Plan of the DC is submitted to the Ministry of local Government which portfolio is currently held by the Prime Minister.

The Pradeshiya Mandala (PM) and Gramodaya Mandala (GM) completes the three tier structure for local self-management. The chairmen of local organisations within the area of authority of a GM constitutes the Mandala. The Chairmen of GM within the area of authority of a PM constitute the Pradeshiya Mandala. The areas of authority of a PM corresponds to the administrative area of an Assistant Government Agent (AGA)—the division, and the area of authority of a GM corresponds to the administrative area of a Grama Sevaka—the village level unit. While the AGA functions as Secretary to the PM, Special Services Officer (an officer at the village level reporting to the AGA) functions as Secretary to the GM.

The government sponsored local organisations which constituted an important element in the structure of administrative decentralization as a delivery point for services at the village level (e.g. Rural Development Society, Co-operative Society) have along with other local organizations under the GM taken on a representative role. These local organisations performing roles ranging from service delivery to interest articulation and representation constitutes an integral component of the structure of decentralized administration.

A significant dimension of the district administration is the dual lines of sub system linkage, political and administrative. The political linkages effected by the DM as head of the district, Chairman of the Ex-committee of the DC is complemented by the administrative linkages effected by the GA as executive head of the district, deputy head of several departments, Secretary to DM and the DC as well as Chairman of several district level committees.

A further dimension of the district system is combination of 'top-down' administrative decentralization with 'bottom-up' political devolution. It is important that the two sub-systems would have functioned in complete isolation if not for the sub system linkages referred to above.

A significant element in the structure of decentralization at the district level is the role of the Member of Parliament. His power and influence over district level policy and allocative decisions at the district level has become a compelling factor in decisions being taken at the district level.

The role of the MP without a formal position in structure of district administration other than his ex-officio membership of the DC highlights the distinguishing character of the structure of decentralisation, namely, the political authority basis. There is no doubt that what decentralization has taken place has been more due to the growing sphere of influence of the MP which has been effectively reinforced by the position of the DM than to any new administrative arrangements. In fact it would be true to say that such administrative arrangements have been made effective by the political authority basis.

3. Programmes and Strategies for Local Resources Mobilization

Until the Seventies development activities at the district level comprised primarily the implementation of departmental programmes. Local organizations were envisaged in a service delivery role rather than initiating and organising development activities and projects. Local involvement was confined to contribution of labour in self-help (Shramadana). The Community development movement in Sri Lanka organised around Rural Service Centres and later Rural Development Societies did not take off due to various reasons, an important one being that the organizational framework of the new development administration particularly during the sixties had no clearly demarcated role, functional or service, to offer to the RDS. The Key Local Organisations during this period were the Multi-Purpose Co-operative Society and the Cultivation Committee.

With the emphasis on productivity in use of local resources a rationalisation in organisation was attempted by establishing a series of local organisations at the divisional level to which the village level ones were linked. The new local organizations established during early 1970s were the Divisional Development Council (DDC), Agricultural Productivity Committee (APC) and the Primary Co-operative Society. These organizations were expected to undertake local level planning, implement development projects and provide services in order to enhance local level productivity and resources use. A concomitant element of this package was the supportive legislation, notably the Agricultural Productivity Law, Agricultural Lands Law and the Land Reform Act which introduced a Land ceiling to the ownership of land.

A central role was envisaged for the DDC which comprised both government officials and representatives of local organizations (such as the Co-operative Society, Cultivation Committee, People's Committee and Village Committees). Its functions included the formulation of divisional development plans, identification of investment opportunities and development projects, co-ordination of development activity and review of plan implementation in the DDC area. The council was chaired by the

AGA and serviced by a Planning Assistant appointed by the Ministry of Planning and Employment. The DDC programme constituted an important strategy for local level planning and resource mobilization. (DDCs were dismantled by the new government which came to power in 1977).

The Decentralized Budget (DCB) for the first time in 1974 provided funds outside the departmental itemised votes for the execution of capital works of a local nature. The significance of the DCB lies in that it provided for the first time the financial basis for decentralised determination of investment priorities in development expenditure of a local nature. Initially introduced as the concomitant to the establishment of a DPA as the device for giving effect to his political leadership role in mobilising people for food production, it was also expected to provide the basis for district planning and means for people's participation in the process of planning and implementing development projects.

Today the DCB allocates funds to each district on the basis of Rs. 2.5m per electorate. Funds are allocated by the Ministry of Plan Implementation and disbursed under the financial control of the GA who is the accounting officer for these monies. The district planning office services and processes the programme in terms of the guidelines and procedures laid down by the Ministry of Plan Implementation regarding areas of investment, disbursements etc.

This scheme for decentralizing the allocation of funds for capital works of a local nature is intended to generate increased production and employment in the rural sector by enlisting participation of the local people in the planning and implementation of development projects at the local level.

The district planning office formulates the annual programme on the basis of the proposals submitted by the AGA and thereafter directs, co-ordinates and evaluates programme implementation. A quarterly progress review meeting is held by the GA which is attended by relevant officials and the MPs. AGA is the competent authority for submission of proposals under the DCB programme. While the process of project selection varies from district to district, in fact division to division, there is no

doubt that the local MP is the central figure in the process. At the divisional level a committee chaired by the MP with AGA as Secretary comprising officials and GM Chairmen reviews progress quarterly.

The major areas in which capital works get undertaken under the DCB are Roads, School buildings, Rural electrification, Village Irrigation works. While the general emphasis is on infrastructure works departures from this general pattern are emerging, viz, health volunteer training, food and nutrition activities and rural income generating projects.

The Annual Plan of the DC financed mainly by a Treasury Grant (called the Treasury Grant Programme in the districts) is the other major district planning device. The Ministry of Finance allocates monies to the DC on the basis of Rs. 2.5m per electorate to finance project activities from the specified subject areas assigned to the DC.

The DCB and DC Treasury Grant are the major programmes of finance for district development activities. While the working of these two programmes will be reviewed later, their potential as district planning programmes cannot be over emphasised. These two programmes have for the first time in Sri Lanka permitted decentralized determination of investment priorities both in terms of activity and location. While obviously the scope of activities is limited by the funds allocated, these programmes no doubt enable directing investments into activities in locations which are deprived and disadvantaged thereby enabling those communities make better use of available resources. The basic strategy of these two programmes, therefore, is to institutionalise local level planning over the spectrum of official, political and community organizations at the district level involving and facilitating people in undertaking their own socio-economic development activities.

District Integrated Rural Development Programmes in Sri Lanka have been envisaged as a strategy for accelerated development of those districts where the impact of large sectoral development programmes is negligible. While the IRDPs are not programmes of finance on grants, in the way DCB and DC Treasury Grants

are, these programmes are examined because they constitute a major district investment programme. Currently 10 out of the 25 districts have IRDPs. The objectives of IRDP is 'to bring about an increase in income, employment and general living standards of the population of a district by planning and implementation of a medium term multi-sectoral programme of high priority mutually supporting investments and critical institutional improvements. The fulfilment of local needs and realization of local potential for development' is the underlying strategy of IRDPs.

Selection of districts for IRDP is based mainly on their 'backwardness' and therefore there is an emphasis upon quick and high yielding avenues of investment. Resources are channelled into retarded areas and towards sectoral capacities perceived as being under-utilized. A further element of IRDP strategy is to supplement financial resources available for decentralized development activities and to enhance the capacity for district level planning and plan implementation.

Investment under IRDPs in the different districts range from Rs. 30/- to Rs. 233/- per person per year and is distributed on Agriculture and Irrigation, Forestry, Fisheries, other Industries, Roads, Water Supply, Health, Education and Training and other basic amenities. In all programmes there is no investment in Industry. Investment is designed to improve existing productive capacities rather than create new capacity. Thus there is very little new agricultural land developed. On the other hand, funds are channelled into activities which are expected to directly or indirectly intensify production processes and increase yields, viz., credit and inputs, irrigation and water management, advisory and training services, storage and marketing. Welfare and basic needs such as health care, education and domestic water have been given priority in all programmes.

Thus in Sri Lanka strategies for resource mobilization at the local level have used

- a. Programmes for involving rural people in productive activities by providing an institutional basis for managing such activities and/or obtaining inputs for such activities (e.g. Cultivation Committees, Agricultural Productivity Com-

mittees, Multi-Purpose Co-operative Societies). It was expected that these local organizations would provide the poor access to inputs enabling more effective use of their productive capacities. These programmes also seek to bring about changes in production relations and asset distribution.

- b. Channel resources into the rural economic infrastructure supporting productive activities of the rural people. (e.g. Roads, Village Irrigation works etc. under DCB and DC Programmes.
- c. Channel resources into existing under-utilised rural productive capacities in order to maximise their outputs (e.g. IRDPs.)
- d. Channel services and inputs required for productive activities thereby facilitating greater use of available productive capacities whether through local organizations or market arrangements.
- e. Generate a Commitment of effort and resources through participation in communal activities (Shramadana and resource support programmes).

Today programme strategies (b) and (c) above appear to be the more important for mobilizing local resources. In this regard it must be observed that resource mobilization is a relative matter since the criterion is as to how well it meets community development needs. An important issue to be resolved is how much is needed outside to local resources. While external assistance is necessary, dependency upon external assistance can be counter productive. However, the process of local resource mobilization is a complex one.

Mobilization of resources refer to decisions and actions of individuals and groups to commit resources to productive development activities. Such decisions and actions do not take place in a vacuum and is not entirely a behavioural phenomenon, or a technological one. Such decisions and actions take place in a structural context, structure of rural social interactions and production relations and the institutional arrangements organizing such relations. Then the process of resource mobilization is fundamentally an organizational process. How organizations, bearing upon economic

decisions and actions of rural people, function will then influence the process of resource mobilization.

4. **Functioning of Local Government Institution : The Management of Decentralized Development**

The local government system in Sri Lanka today comprises the Development Council at the district level, Pradeshiya Mandala at the divisional level and Gramodaya Mandala at the village level. The Development Councils Act (1980) replaced Village Councils and Town Councils, the offices of the Village Councils being reconstituted as DC sub offices. The new institutional system has a broader scope of activities and the preamble to the DC act sets out the purpose of DCs as 'accelerating development'. The first DCs were established in 1981.

As already noted the DC consist of the Members of Parliament Ex-officio, and a specified number of members elected on proportionate representation. Term of office of elected member is four years. The DC is expected to have monthly meetings. The functions of a DC are,

- i. approval of the annual development plan submitted to it by the Executive Committee ;
- ii. the implementation of such plan through the executive committee ;
- iii. the making of by-laws ;
- iv. the investment of the revenue of the council for development purposes ;
- v. the formulation of a development scheme in respect of any subject not specified for submission to appropriate minister for approval.

For its financial purposes the DC establishes a Development Fund. The operational arm of the DC is the Executive Committee (Ex-Co). The Ex-Co comprises the District Minister, the Chairman of the DC and not more than two other members of the DC appointed by the DM in consultation with the Chairman. The DM is the head of the Ex-Co. The Ex-Co too meets at least once every month. The major functions of the Ex-Co are,

- i. prepare an annual development plan ;
- ii. prepare the annual budget ;
- iii. implement the annual development plan.

The annual development plan is the instrument through which the DC performs its development functions. A district secretariat services the DC. The District Secretary is appointed by the President and is usually the GA.

The DC in addition performs the 'traditional' local government functions of providing civic and welfare amenities, having replaced the village councils and town councils who were providing these services earlier. The offices of the former Village Councils now function as DC sub offices responsible for councils administration in the sub-office area.

The elimination of the village councils in a sense created a vacuum at the divisional level. The DC sub office was merely an administrative outpost. Local government decision-making therefore got centralised at the district level. It was to fill this vacuum in representative local government that the Pradeshिया Mandala and Gramodaya Mandala were introduced. The first PM and GM were established in 1982.

While the DC comprised members elected by popular vote (though at different times i.e. MPs at General Elections and DC members at DC Elections), the PM and GM were constituted on an electoral college basis. The Chairman/President of each voluntary organisation which is not of a political nature and duly recognized by the state constitute the Gramodaya Mandala. A GM is constituted for each Grama Sevaka Division. Public officers serving at the Grama Sevaka Divisions are official members of the Mandala. The Special Services Officer who is appointed to cover two Grama Sevaka Divisions will be the Ex-Officio secretary to the GM. Pradeshिया Mandala is constituted by the Chairman of GM falling within the AGA Division and the government officials working at the AGA division level. The AGA functions as secretary to the PM.

There is no formal link between, the DC and the PM or GM. However PM and GM have been given legal recognition as competent bodies which will ensure effective participation of people in

the exercise, discharge and performance of the powers, functions and duties of the DCs. The PM and GM were expected initially to perform advisory functions. While GMs are expected to make recommendations to the PM taking account of the needs of the area and resources available locally, the PM are expected to examine these proposals and incorporate them into sectoral plans bearing in mind the form and structure of the Annual Plan of the DC.

The relationship between the DC and the PM and GM is therefore a supportive one. On the one hand the PM and GM will facilitate the implementation of the annual plan of the DC and on the other they will provide the DC with the organizational arrangements for people's participation and consensus building in planning and implementing development activities. The PM and GM therefore enables the DC assess district priorities more realistically. In addition to this supportive role the PM and GM function as executing agents, implementing and executing programmes and projects of the DC. Thus GM undertakes construction work of government departments and agencies upto Rs. 150,000/- without having to go through tender procedure. The GM fund set up in 1982 enables GMs directly undertaking work.

Thus the role and scope of local government in Sri Lanka has been changed radically by the new DC system. It is broadened from provision of services and amenities to residents to planning and implementation of local level development activities. Linking voluntary village organizations to the GM it was expected would revitalize these rural institutions and expand and promote people's participation. Further these voluntary organizations which had no clear role in the local government system have now been brought into the system and a clear role assigned.

In its new role the local government system cannot remain isolated from the main stream of development activity. It is very much a component of the larger district development system, in fact the lead sub system for political devolution and participatory development at the district level. Therefore, it must work within this larger system and its effectiveness or ineffectiveness is determined largely if not entirely by the system's interactions.

There is no doubt that gradual transfer of decision making of a 'local' nature was expected to take place in respect of the subject areas for which a DC was made competent in respect of the district. Naturally for such decentralization, i.e. transference of decision making, transference of funds from ministry/departmental finances in respect of the specified subject areas must also take place. While such allocation of functions or finances is yet to take place the DC in the meantime was effectively reduced to a 'talk shop' (Tresury Grant programme was instituted in 1984, almost three years after establishment of DCs). Several reasons explain the reluctance on the part of central Ministries to transfer functions to DCs, perhaps among the more important being the loss of power with loss of functions and finances and not the least in importance, the ethnic factor.

Apart from the power politics of centre-periphery relations, equally important is the power relations at the district level. DCs must function within the district system. In the district system the District Minister and the Member of Parliament had already established their power positions. The new 'local MPs'—the DC members were obviously a challenge to the 'Centre MPs'. While no doubt a certain diffusion of power and authority at the district level may have been envisaged, in fact counter-vailing force and an alternate voice for people, the balance of power has remained with the MPs thereby making the DC members and the DC ineffective. The MPs have successfully preserved their authority over DCB funds and extended their sphere of influence on to the Tresury Grant allocated to the DC. Indeed in many Pradeshiya Mandalas the proposals finally submitted to the DC are MPs proposals inuch to the chargin of MP councillors. Many MPs infact take a personal interest in the constitution of the GM by ensuring that his men are elected Chairman/President of the constituent voluntary organisation and later influencing the election of the Chairman, thereby alligning the GM in the local political power structure.

Given the relative power and influence of the DC and the DC members its influence over the district administration is minimal. The DC, the PM and the GM must rely on the administration for technical advice and to get things done. Much

of the district administration yet functions on a centralised departmental basis. In the absence of powers over these functions DCs can do little to influence course of implementation leave alone planning of district departmental programmes. While provision has been made in the DC law for a District Service the DCs continue to rely on the technical expertise of line departments. Therefore DCs are further handicapped by inadequate administrative and technical guidance. Thus DCs must rely on the line departments to process the projects in the annual plan and later to direct and supervise their implementation. These are additional chores for the administrator and where he does not see some benefit either material (e.g. payment of travelling expenses etc.) or career, there is little to motivate him to devote extra time and energy on such projects unless of course the MP too is interested.

At the PM and GM the experience has been that official involvement is minimal. With no powers over officials to compel participation, these bodies are virtually incapacitated. The absence of official involvement affects the PM and GM in two ways. On the one hand it means that these bodies have no way of getting community needs done and on the other without technical expertise and guidance they are ineffective in their planning and implementing roles. Where PM or GM functions effectively it is because of the AGAs personal involvement and MPs patronage and support.

The award of government contracts to GM have had dysfunctional effects too, and it appears as if dysfunctional effects outweigh positive and functional outcomes. Thus many GM have been reduced to role of government contractors and GMs become an opportunity to engage in governments contracts. It has also resulted in focussing of attention upon the GM to the relative neglect of the constituent rural organizations. Thus instead of revitalizing of rural voluntarism and participation, GM have instead led to gradual retardation of other local organizations. In fact in many GM the constituent local organizations exists only to enable its Chairman/President become a GM Councillor. The functioning of the DC system brings out the problems of incremental institutional reform. The new roles and institutions must function within the existing

system and here lies the dialectic of institutional development and change.

5. Participatory Development : Retrospect

In modern times participation as rural development strategy was incorporated in the rural development movement initiated during the forties and expanded on an island-wide basis during the early fifties. The Rural Development Society (RDS) a government sponsored voluntary organization, sought to mobilize traditional community self-help arrangements and voluntarism on an island-wide basis to undertake a broad based community development programme. As already noted despite the wide ranging social and economic development objectives RDSs failed to take off as an effective organisational basis for participatory rural development. The RDS could not integrate into the emerging departmentalized district development administration. Its omnibus role at the village level remained ambiguous, but in the few instances where successful, it was their strength. The problems has RDS faced in mobilizing rural self-help also reflected the breaking up of rural social relations built around a self-contained village community. Selfhelp was neither meaningful nor relevant in a social situation where people had to cope with the reality of their marginalization arising out of unequal access to resources.

A significant dimension of the emerging rural development scene is constituted by rural voluntary non-governmental organizations such as Mahila Samitis but notably the Sarvodaya Movement. Taking over the basic concept of Shramadana (or self-help) as the fundamental principle of Sarvodaya philosophy and strategy, the Sarvodaya design was to bring about 'village re-awakening' as the moral basis for a new social order. While several international and national non-governmental voluntary organizations have entered the rural development scene, because of the scope of their activities and extent of operations, the activities of these NGOs have remained marginal to the problem of rural development and ineffective as an organizational basis for participatory development.

Post 1956 development strategy introduced participation into the framework of district development administration. Rural ins-

tutions, notably the Cultivation Committee and the Multi-purpose Co-operative Society became an integral component of the district development administration system. These institutions sought to involve rural people in organizing and managing development activities of the respective departmental programmes at the village level.

These statutory rural organization were re-organized and re-constituted during the 1970-77 period, rationalizing the areas of operations in order to improve their viability. However the elective principle of rural institutions gave way to political appointment, thereby reducing participation to a strategy of political control over the administrative system and as the worst political expediency. While no doubt the area of participation broadened during 1970-77 with the Divisional Development Council, Agricultural Productivity Committees, Peoples Committees and Management Boards of Co-operatives the emerging direction of participatory development was clear, participatory development hereafter would be within a political framework. The DPA and the DCB were a part of the 1970-77 package of participatory development.

The political dimension of participatory development was strengthened and extended during the post 1977 period. On the one hand the establishment of the position of a DM it will be recalled, had as one of its specific objectives 'enable the people to participate in the administration at the district level.....'. On the other hand, the reconstitution of the local government system by replacing Village Councils with a three-tiered system comprising the DC, the PM and the GM, established representative institutions to plan and implement development programmes and projects. A significant aspect of this institutional arrangement is the integration of local organizations, both governmental and non-governmental, in the local government system thereby broadening the area of their participatory involvement beyond the confines of departmental programmes.

In Sri Lanka, therefore, peoples participation in development has taken on a decidedly political context. While formal participatory institutional arrangements have progressed from the political whitewash of participation through appointed party cadres during 1970-77 period, political dimension of participatory local self-management will be a characteristic feature of decentralised develop-

ment in Sri Lanka. In this context it would be relevant and interesting to examine the impact of politicisation of participatory arrangements upon the process of administration.

The problem of strengthening participation at the district level is also a problem of interaction between government departments and agencies on the one hand and representative organizations (DC, PM, GM and local organizations) on the other. Government departments and agencies are organized vertically and have their linkages with the respective ministries/departments at the centre. Even though the GA is deputy head at the district for several local heads (with notable exceptions such as Health, Education, Irrigation), for most local heads accountability and reporting relationships are with their respective ministries/departments at the centre. While the DM functions as the formal head of the district, accountability of local heads to the DM extends only to those matters the DM would be specifically interested in and where the DC is concerned, to works financed by the DC. In fact for many local heads of departments relations with the MP were more important than relations with the DM or the DC.

Thus for most local heads of departments their planning relations are with the centre extending over allocation of funds, furnishing information on programmes, decisions and directives on activity content as well as guidance and advice. In the absence of effective district level arrangements for monitoring and review of the activities of district level agencies, there is no real administrative accountability at the district level. Such accountability within limits operates through the MP and the Pradeshiya Mandala as a trouble shooting body, articulating local interests and raising problems and issues in service delivery. The picture that emerges is that effective administrative decentralization is in fact limited. Therefore interaction that exists between the administration and representative institutions is limited thereby restricting the scope and significance of participation and participatory arrangements for development. The DCB and DC programmes can account for less than 10% of development spending at the district level.

The picture in respect of IRDPs vary depending upon the planning strategy adopted. In the World Bank funded programmes

where a blue-print of the medium term package is identified at the commencement there is little scope for participatory involvement. In fact much of project identification and planning and monitoring and review is a 'Project Office' exercise. On the other hand where the programme strategy is annual planning, scope for beneficiary involvement is greater and has been found to obtain in significant measure. Thus planning and review decisions being more frequent are as a result open to greater beneficiary influence.

In an assessment of participation as a development strategy in Sri Lanka the history of performance of local organizations cannot be ignored. While local organisations constitute a major element in the local level administration for development their performance in promoting participatory development has been patchy due to various reasons. The most important reason is that government sponsored local organisations because of their importance in government delivery systems become positions of power. Thus the affluent minority have continued to control affairs of these institutions thereby subverting their very purpose and objectives. Rural people have, therefore, shunned these institutions and envisage themselves in a new dependent relationship, not quite the basis for participatory development. In the new dispensation of the local government system there is no evidence so far that the Gramodaya Mandala has been effective in pulling out local organizations from this morass. There is evidence however that in the new system local organizations are becoming spring boards to membership on the Gramodaya.

However broad based participation in development decision making is most likely to emerge through the GM than the PM. Whether meaningful empowerment of rural people can take place through the GM given the socio-political context in which it functions remains to be seen.

6. Resources Mobilization of Decentralized Development : Emergent Issues and Prospects

The challenge of decentralized development is to incorporate and institutionalize participatory planning processes such that bene-

fits of development become accessible to the disadvantaged as well. However the history of participatory institutions and local self government in bringing about rural development has not been a happy one in Sri Lanka as perhaps elsewhere in third world countries. Despite the tradition of communal activity in Sri Lanka the history of community organizations has been marked by elitist subversion and take over, politicisation, bureaucratic control and general government apathy and inattention.

Administrative decentralization and community organizations do not necessarily bring about greater participation and involvement of people, nor political representative institutions decentralised development. Indeed the extent of administrative control retained implicitly through bureaucratic practices and procedures makes much of administrative reform superficial and at best 'reformist'. A serious reappraisal is necessary if the new local government institutions at the district level are to make decentralisation and participation meaningful in bringing about local level resource mobilization and development.

The history of decentralization and local self management in Sri Lanka has been evolutionary and incremental, going through a process of experimentation, review and re-experimentation than major structural change. As Wanasinghe¹ notes several environmental factors are likely to affect this process of experimentation. The first set of environmental factors comprise the continuing tradition of centralization which has been the characteristic feature of the administration in Sri Lanka. A resilient bureaucracy with a strong inclination to be guided by precedent and common practice enunciated by the respective head offices had made district officials look to the centre.

Secondly, the reluctance to share decision making on the part of the mainstream politicians (both Ministers and Members of Parliament) has failed to effect the expected transference of functions to the new DCs. On the one hand is the reluctance on the part of the MPs to give up their brokerage role between the decision points at the centre and constituents in their respective electorates. On the other hand there is the necessary outcome of politicization, reluc-

tance of government party cadres to share decision making responsibility with others at the village level.

Third factor is the growing awareness of people and a desire for participation or at least the 'right to be heard'. The process has been hastened by successive measures of agrarian reform, but notably the Paddy Lands Act (1958) which set the process in motion.

The fourth factor relates to ethnic relations and communal tensions existing in the country as defined by the respective perceptions of the problem and its possible solutions held by the different communities. Minority communities no doubt would favour significant decentralization in decision making with access to central funds whereas the majority community appears unconcerned about local self management but strongly resist decentralization that permits the minority community access to outside resources. These differences naturally affect reform solutions and arrangements for decentralized development.

The significance of these environmental variables is that they influence not only the course of administrative reform but also how organizations function and hence the scope and extent of administrative decentralization. Though administrative decentralization is not a sufficient condition for participation, it is nevertheless a necessary condition.

While participation is not a necessary condition for local resource mobilization, resource mobilization at the local level cannot be meaningful in isolation from the larger concern of rural development. The problem of rural development is not merely one of ensuring that benefits of development reach all people, but more importantly ensuring that the disadvantaged i.e. the socially weak, have equal access to resources and benefits.

Then the question that rural development strategies must ask is whether decentralized participatory development can take development to all rural groups. It has been noted that in Sri Lanka decision making processes at the local level tend to be controlled by a minority who are affluent and of higher social status. Evidence shows that there exists a fringe in the rural society remaining outside the reach of governments development and reform measures and even the activities of local level organizations. While no doubt Sri

Lanka with her welfare policies has been able to avoid mass-poverty there is no doubt that there are socially weak and non-viable groups with poor access to resources skills and economic opportunity. In fact it has been noted that marginalization of people occurs with the marginalization of rural production base, assets and skills (ILO-1983).² Marginalized groups get linked up with marginalized resources. Here lies the challenge and problem of local resource mobilization and rural development.

Resource mobilization for meaningful rural development must therefore lead to rural asset creation i.e. assets accessible and available to rural people. There is no assurance that techno-economic approaches to rural development will lead to such asset creation or result in further marginalization of the weaker sections as was amply demonstrated by the green revolution experience. Rural development therefore is not simply behavioural or technological. While these are important aspects of rural development, experience demonstrates the need to organize rural decision making processes giving the rural weak control over such decision processes, i.e. empowering the rural weak. Hence the importance of the organizational aspects of rural development.

Resource mobilisation for meaningful rural development then requires organizing rural people into effective problem solving units, able to participate in the design and execution of development programmes and projects. However experience has been that while development programmes routinely call for target group participation, actual involvement has usually been passive and confined mainly to the provision of some local labour and materials.

Resource mobilization at the local level then cannot be separated from the institutional framework within which it takes place and in this sense decentralization, resource mobilization and participatory rural development is a process of institutional development. The creation of new action groups cannot take place in isolation. It requires supportive changes in its institutional environment, i.e. the district organizational-set.

No doubt action is called for on a broad front, political and social. In the administrative sphere future action points towards building capacity of the district administration to facilitate self reliant

rural development. In the context of Sri Lanka perhaps as in other parts of the region such capacity building relates to interaction between political and administrative spheres, reorienting bureaucrats and politicians to foster and work with self reliant community groups, local planning arrangements and above all a reflective learning approach to managing development organizations.

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LOCAL INSTITUTIONS, DECENTRALIZATION AND RESOURCE MOBILIZATION IN NEPAL

Prachanda Pradhan

The Setting

Nepal, with its topography, scattered population and multi-ethnic groups, has decentralized local institutions for different activities of local nature. Of course, these institutions are specific to these different ethnic groups of Nepal. On the one hand, ethnic based local institutions were in operation but on the other hand, the administrative objective of the government has been maintenance of law and order and collection of revenue until 1951. However, the centralized administrative system remained the mode of operation over period of time.

After 1951, with the overthrow of the Rana family Prime Ministership, changes in the overall objectives of the government took place. Social, political and economic development of the country became the guiding principles for the government in the following years. Accordingly, a number of institutional arrangements for enlisting the participation of the people were made.

Organizational Arrangements at the District and Village Levels

The implementing arms of the central government of Nepal (HMG/N) extend from headquarters in the capital city to the seventy five districts of the country. Depending on the particular agency or ministry, district level officials of HMG receive guidance through a chain of command within their own agency from intermediate officials stationed at regional, zonal or other administrative levels, such as Regional Agriculture Directorate or Regional Education Directorate, above the district but below the national level. The nineteen ministries of the central government are not necessarily all represented at the district level, but usually all the development-

related ministries are represented at that level through one or more of their subordinate "line-agencies". Usually there are over twenty of these line agencies represented in each district. The following list of ministries, agencies and district-level offices are represented in the district :

Ministry/Agency	District Level Offices
(1) Ministry of Panchayat	(1) Local Development Office (2) District Technical Office
(2) Ministry of Food and Agriculture Department of Agriculture Department of Livestock	(1) District Agriculture Development Office (2) Agriculture Research Farms (3) Horticulture Farm (1) District Livestock Office and Veterinary Hospital
(3) Ministry of Forest and Soil Conservation Department of Forest Department of Soil Conservation and Watershed Management	(1) District Forest Office Specific project activity
(4) Ministry of Power and Water Resources Department of Irrigation, Hydrology and Matereology	Specific projects above 50 hectare command area
(5) Ministry of Education and Culture	(1) District Education Office
(6) Ministry of Industry Department of Cottage and Rural Industries	(1) District Cottage Industry (2) Training Centers
(7) Ministry of Home	Chief District Officer's Office
(8) Ministry of Finance Department of Controller General	District Controller
(9) Corporate Agencies Agriculture Development Bank/Nepal	District Agriculture Bank

The agency officials at the district level are responsible for carrying out the regular HMG programs or activities plus any additional project-financed activities delegated to them.

In 1975, the HMG District Development Plan was implemented. This plan reorganized the responsibilities of HMG representatives in districts, whereby all the district level line agencies were required to work in a coordinated way to formulate an annual district plan, instead of merely following centrally mandated, agency-specific policies and programs. By this District Development Plan, the Chief District Officer (CDO) was placed in charge of district-level coordination of planning and monitoring activities as well as some day-to-day administrative functions such as the granting of permission to the district level officials to take leave from the district. The purpose of the plan was to encourage communication among line agencies and to have a district level review capability. As a result of this the elected heads, the Chairman of the District Panchayat, complained to the King that this role of the CDO undermined their authority at the district level. Readjustments were subsequently made whereby the district chairman would chair the various development committees instituted at the district level to select and finalize the district programmes.

In order to understand the totality of operation at the district level, let us examine how the local level political bodies are constituted and how the leaders, such as the district chairman, are elected.

The seventy-five districts of Nepal are subdivided into approximately 4100 (1983) village and town panchayats (territorial units). These village and town panchayats are at the bottom of the pyramidal structure of representative government in Nepal, known as the "panchayat system." The term "panchayat" traditionally connotes the deliberation of elders, but in the development of the modern political system in Nepal, the term has been adopted to refer to the mechanisms of using directly elected and representatively elected executive committees for reflecting the views of the people in political decision making. The preamble of the Constitution of Nepal (1962) states that the panchayat system is based on the traditional system of the life of the Nepalese people and it encourages

the promotion of two basic principles : the people's participation and the decentralization of power.

Each district has a District Panchayat (executive committee), headed by the District Panchayat Chairman. The district is divided into nine divisions (chetra). Each division is represented by one member on the District Panchayat, indirectly elected by an electoral college made up of all of the village assembly members from all of the village panchayats (territorial unit) within the division. Thus a District Panchayat will consist of nine members representing the nine divisions plus the District Chairman and the Vice Chairman who are elected by all of the electoral college members from the entire district. The district Panchayat also has ex-officio members drawn from the six constitutionally designated "class organizations," special interest groups including the women's organisation, the youth organisation (for males below 40 years of age), the adult organisation (for people over 40), the ex-service-man's organisation, the farmers' organisation and the labourer's organisation. The district's representative to the Rastriya (national) Panchayat is also a member.

The district assembly, a kind of legislative body which approves the budget and development programs for the district, meets twice a year. It consists of the District Panchayat members and the Pradhan (Panchas chiefs of the village level panchayats) and Vice Pradhan Panchas of all village panchayats within the district.

Each village level panchayat (the territorial unit), which may contain a number of villages or hamlets, has a village or town panchayat, the executive committee, headed by the Pradhan Pancha. Each village level panchayat is divided into nine wards. In each ward, a ward committee will be formed, consisting of five elected representatives. All are elected at large, but one of them is elected specifically to be chairman of the ward committee and to serve as ward's representative on the village-level panchayat (executive committee). This body meets frequently (approximately once a month) to carry out judiciary, planning and implementation functions, including the mobilization of people for village-level development activities. This village level panchayat is assigned a secretary, paid by the national government (HMG) through the Ministry of Panchayat and Local Development. The secretary is responsible

for keeping the records of the village panchayat including accounting records, minutes of meeting, collecting data at the village level (i.e. population census, forest, land use, etc.), as well as serving as advisor and assistant to the Pradhan Pancha. He also serves a liaison function between the district and the village panchayat. The village panchayat consists of nine ward chairman, the Pradhan Pancha, the Vice Pradhan pancha, plus ex-officio members representing the six "class organisations" mentioned above.

The village assembly consists of members of the village Panchayat plus the ward committee members.

The village assembly, like the district assembly, usually meets twice a year. Its primary functions are to review the budget prepared by the Village Panchayat covering the expenditure of revenues acquired through local fees of fines and district subsidies, including expenditures programmed for development activities within its jurisdiction.

Development Strategies at the Local Levels

Efforts of rural development through the government organization known as **Inibhuvan Gram Vikas** started even before the planning exercise in Nepal. Among other ministries formed after 1951, was the Ministry for Local Self-Government. To train the required manpower for village development, a Village Development Training Center was established in 1952. The graduates of the Training Center, after completing a six-month-course, were to man the satellite centers outside of Kathmandu and they were to train multipurpose village workers. The rural development scheme was that "the village development service is the multi-purpose organization which the government of Nepal is building to have an organized effective means of distributing and increasing services to the people and channel through which people may pass their judgement about problems and solutions to the central government" (Village Development Scheme, Kathmandu, United States Operation Mission, 1952).

The first Five-Year-Plan developed a strategy which provided for local contribution, particularly voluntary labour contribution. Rs. 20,000 was put at the disposal of each district office. The fund

would be used to subsidize public works of local importance like a road, a well, a school building, etc. The villagers had to contribute at least half of the project cost and voluntary labour. As the initial stimulation of local initiative for development, a rural development strategy was planned where improved seeds, fertilizer, horticulture practices and other improvements in the village would be introduced. The third stage was village development where all the previous activities would be intensified and new activities started on a wider scale like soil conservation, the improvement of practices, health facilities, etc. For the purpose of implementing village development activities, the country was divided into 150 development blocks averaging about 200 villages each. With a view to strengthening the village communities economically and in order to develop among them the feeling of self-help, experiments were made for the institutionalization of village cooperatives and a Co-operative Department was established in 1954.

Administrative Reform Planning Commission, 1957, proposed a hierarchical organization for village development activities. Village Panchayats would be at the bottom, with a block composed of a number of villages, a sub-division with a number of blocks, and a division with a number of sub-divisions to supervise, and a district unit to coordinate the overall activities. By 1960, the district and village development activities were organized in line with the proposal of the ARPC.

With the political change in 1960, Village Panchayats were established throughout the country. A village panchayat has two parts : an executive body known as the Panchayat, and a legislative body, the village Assembly composed of all adult members of the village. The latter was to meet twice in a year to approve plans and programmes for the village prepared by the village panchayat.

Village Panchayat was authorized to collect taxes for the development activities of the village. Many functions regarding the regulation of the village life were also given to the village Panchayat. The number of the village Panchayats has kept changing but at present there are about 4100 village Panchayats in Nepal. The establishment of village panchayats throughout the country must be counted as an achievement of the 1960 political change. How-

ever, they worked under constraints and under close direction of the District Administration. At least the Panchayat structure gave some identifiable forum in the village where the villagers can voice their opinions and ask for redress for the conditions of the villagers.

In order to help with village development activities, specially infrastructure development, a Local Development Department (LDD) was established in 1971. This department provides technical services as well as material and financial help to villagers if the villagers ask for assistance. When asking for help from Local Development Department, the village Panchayat should be able to mobilize resources. This Department attempts to mobilize and enlist the people's participation in the village development activities.

One of the strategies adopted to reach the people is the bureaucratic approach. To achieve the objectives set after the political change of 1951 the administrative services have been greatly expanded. In 1956, government employees were estimated to number about 14,000 ; there were 130,000 employees in 1984.

The center has accepted that the rural populace deserves more attention ; their basic needs of food, clothing and shelter should be met as much as and soon as possible ; a small farmer should be given more production inputs ; reforms in agriculture should be introduced. In order to fulfill these objectives, there was a shift in emphasis of the Five-Year Plans, a regional development approach in planning was adopted, and a "small area development program" was taken up by the government. Integrated rural development programmes were launched. Decisions implementing the goals set by policy makers at the center could have had a far-reaching impact upon the rural population. However, the administrations tend to be unilateral suppliers of these services. Thus the supply of such services has not been accountable to the clients and the supply of services was determined largely by the desire of the supplier. Formulation and implementation of Integrated Rural Development Programmes without involving the public in the identification of needs and in the implementation process has been the rule rather than the exception. The achievement of program targets by bureaucratic manipulation of target fulfillment does not necessarily benefit the targetted group at the local level. Thus, the

bureaucratic approach to reaching down to the people through government services negated their role of participation in determining services as well as in executing them.

Some positive examples of local self-help programmes in collaboration with government can be identified but they are scattered over here and there in different parts of Nepal. The Baglung Suspended Bridge Project is an excellent example how the local people using the local technology and little financial and material support of the government could achieve to make the whole district largely free from suspended bridge requirements. The people's self-help enthusiasm was prevalent in the education promotion activities in Nepal. The history of Private schools of Nepal starts with the history of self-help mechanism developed within the community.

Efforts for Decentralization in Nepal—a continuum

In the 1960's decentralization of power was thought in political, administrative and economic aspects. Decentralization only in one aspect ignoring other aspects would be an incomplete effort. Decentralization is a way of life, style of thinking and spontaneous response of the community and local institutions. In the early period of decentralization efforts attention was given more to administrative decentralization in the form of enactment of Local Administration empowering more power to the local administrators. The new position like chief District Officer (CDO) was created and he was also made the secretary of newly created district level political institution like District Panchayat. The CDO was also given law and order authority. This empowered him even to arrest and put in custody the chairman of the District panchayat, who was the political head of the district. This arrangement could not last long resulting into psychological, personality and administrative conflict. The loyalty of the CDO is not to the chairman of the District Panchayat but to the Home Ministry where he belongs as a member of permanent civil service.

The CDO was withdrawn as the secretary of the District panchayat and new position was created. Panchayat Development Officer was made the secretary of the District Panchayat. He

is to look after the implementation of the development programs approved by the District Panchayat and District Assembly.

However, the district activities did not have a common purpose and common goal. In 1975, District Development Plan was brought in. Unified and integrated district plan was intended. In this effort, Chief District Officer was made the incharge of the planning activities. All the line agency offices were made the section of the Chief District Officer. However, this arrangement did not have support of the district politicians. They felt that they were undermined with the introduction of the District Development Plan. All the District Panchayat Chairmen vehemently opposed this plan. Later on arrangement was made to make the chairman as the chairman of the District Development Committees.

In 1978, Integrated Panchayat Development Design came into force. Integrated Development Design aimed at integrating activities at the District and village Panchayats. District Panchayats were given more power. Around this period, Ministry of Panchayat and Local Development (MPLD) came into existence. This ministry was made in charge of local development and political mobilization through the panchayat institutions. Local Development activities were put under the charge of District Panchayat. Instead of Panchayat Development Officer, new elevated position—Local Development Officer, was created, making him the secretary of District panchayat and incharge of district development activities.

In order to make the local institutions capable of planning at the local level and finance these programs, Panchayat Development and Land Tax system was introduced. The village Panchayats on the basis of the yield of the land, would collect tax, central government, District panchayat and village Panchayat would share the resources thus collected. The local institutions could collect substantial resources to finance their local programs. This was a experimental program which had hopes for economic decentralization of the local institutions. In 1978, during the political crisis, number of compromises were made including the suspension of Panchayat Development and Land Tax.

Instead government increased grant-in-aid to the District panchayat. The grant-in-aid fund would then proportionately be

distributed to the village panchayats. Village panchayats and District Panchayats were empowered to collect taxes at the local level. Because of grant-in-aid system, instead of raising local resources, the District Panchayat's dependence on grant-in-aid increased. The local contribution usually would be indicated in the form of voluntary labour mobilization by the villagers. Often times, this system involved of exploitation other poor villagers or false mobilization figures were indicated.

On December 29, 1984, Decentralization Act, 1982, was enforced. This Act has new features and new dimensions. The features of this Act will be described in the following section.

However, the development of decentralization process in Nepal is a gradual one and it has been a continuous process over period of 30 years. During these years decentralization has been a struggle between political vs administrative power. This process will be a continuous process which require change in the attitudes and outlook of political leaders and bureaucrats.

Approaches to Reaching the People

Different Integrated Rural Development Programs have adopted different strategies to reaching the people at the village level. I would like to give examples of some of the approaches in brief as practiced in the rural development programs in Nepal.

(a) Integrated Village Development : The Canadian supported Karnali-Bheri Integrated Rural Development Program adopted strategy of developing integrated village development program. The villagers have to identify their needs, potentials and resources. After the formulation of the program, the line agencies of the district go to the village and have discussion with the villagers about the feasibility of the programs suggested by the villagers. Once the technical support and villagers' needs are identified, a five year action plan would be formulated. This will be presented to the District panchayat for the incorporation in the District Plan. This approach aims at increasing the planning capability of the villagers and management of the program. In order to get these activities done, interest groups will be formed in the village, like farmers groups etc. Technical know-how will be made available to these identifiable groups.

(b) Village Development Planning Program was adopted in Tinau Watershed Project. The Objective of this approach is to prepare the village plan in collaboration with the villagers. Workshop of the villagers would be organized in the village. Villagers identify their problems, available resources and what can be done and what can not be done. The exercise would help the villagers to understand their potentialities and limitation. Such exercises would give them a perspective of their activities in the village. In such exercises, villagers have identified more long term benefit giving economic activities than just public works activities.

(c) Goan Sallaha was adopted to some extent in the Resource Conservation and utilization project in Nepal. Goan Sallaha is the mutual consultation with the villagers. Before the formulation of the village plan, the villagers would be consulted about their needs and potentialities and on that basis the program would be formulated. Such program has undermined the existing institutions. The villagers are made only as the source of information. The final decision about the program would be made at the project office. This approach did not contribute much in institutionalized planning and implementation at the village level.

(d) Tuki Program has been introduced in Integrated Hill Development Program supported by SATA. Tuki is a Nepali word which means the lamp and it gives light. A group of catalyst would be trained in different aspects of village development Program. His responsibility shall be to pass on the information to the villagers on how they can do better in agriculture, health or in other activities. The concept is that the villagers are in darkness once they get some light, they will be able to find out the path by themselves.

(e) Ward level confidence building program is supported in Dhading District Development Project financed by GTZ. The village panchayat is only a geographical unit so community feeling is hard to come by. In order to reach the people, ward is taken as the unit of activities where development activities would be taken care of by the users group composed of the members of the same community. This approach aims at building up the confidence of the villagers that they can do quite a few things on their own.

(f) Small Farmers Development Program is one of the major programs aiming at the small farmers development. This program is managed by the Agriculture Development Bank of Nepal. At present, about 70,000 families are the members of the Small Farmers group. The key role would be played by the group organizer who is the appointee of the Agriculture Development Bank. His job is to get the group organized, provide training to the group members, provide loan on the recommendation of the group and integrate the services to these groups. The groups have to follow certain norms and values to be the member. The group pressure to the member is one of the important features of the Small Farmers Development Program. Only because of their participation in the group, small farmers benefit.

The above mentioned approaches are described in brief. Elaborate literature is available in all these approaches.

Present Decentralization Act : A New Dimension

The historical events and efforts over period of time to enlist the participation of the people in the development activities of Nepal, recently decentralization of power at the local institutions got a new trust. In 1982, Decentralization Act was enacted. It took almost two years to come out with the regulations governing Decentralization Act. The Decentralization Act came into operation from December 29, 1984. The features of the Decentralization Act are as follows :

- (a) The District Panchayat is made the focus of development activities at the district level.
- (b) Planning for the district would be prepared by the District panchayat. Decentralized planning system is one of the major features.
- (c) For preparation of planning at the district level, ceiling of fund would be allocated by the center.
- (d) The district line agencies are brought under the District Panchayat.
- (e) The chairman of the District Panchayat can influence on the record of the district personnel. He can ask for disciplinary action and transfer of the personnel. This aims at ensuring loyalty

of the district line agency personnel to the chairmen of the District panchayat.

(f) The implementation and maintenance of the programs are to be looked after by the users committee of the District or the village or of the ward depending on the size of the project.

(g) The projects are categorized as the national projects and district projects. For all the district projects, the District Panchayat is made responsible.

(h) Resource mobilization authority is also given to the District panchayat.

The Decentralization Act aims at institutionalization of decentralization.

As mentioned in earlier section, it is a gradual progress in Nepal. The present scheme aims at political decentralization making the local people responsible to determine their fate.

However, Act alone can not bring the total impact on decentralization until corresponding psychological and attitudinal changes take place at the central political, administrative and economic levels. Nepal has yet to witness these. In the coming years other factors will transform corresponding to the requirement of the application of decentralization of power.

Local Resource Mobilization in Nepal

In the villages of Nepal, technological resources human resources and physical and material resources can be identified. The degree of availability might be different from village to village. The villages could not have survived over period of time without certain level of technology to support their life system. While designing the mobilization of the resources in the villages, the available village technology has to be taken into consideration. The village technology in Nepal like in suspended bridge construction, irrigation water allocation and management are interesting examples. There are similar technologies in other areas as well. These technologies are low cost, technical know-how is available with the village and they are useful to the people.

When it comes to the question of the choice of technology or the village development, one has to make thorough analysis of

the technology and find out how much the people can do on their own and how much the government technical intervention might be appropriate.

In Nepal, human resources are available. Utilization of these human resources for the fulfillment of the basic needs of the villages is important. The approach of mobilization of the human resources is only in the form of voluntary labour mobilization for public works. There are opinions that this is gross exploitation of the poor people of the village. No proper scheme of human resource mobilization except free labour for public works have come out in Nepal.

Panchayat Development and land Tax is one of the approaches that HMG has taken over period of time for local resource mobilization and to support the local institutions. This scheme, however, has been suspended.

With the coming up of quite a few foreign aided rural development programs in Nepal, resource mobilization at the local level has been replaced by aid and donation. Such schemes have made people more dependent on external funding. The village activities which the villagers were used to do, they have been now replaced by the aid money making the villagers more dependent.

Conclusion

The important question is how to bring the people in focus. There are different opinions about this issue. One would argue that the district bureaucracy is so aloof from the problems of the people, therefore there is no sense to bring these agencies closer to the people and consequently the argument would be the lesser the government intervention, the better off will be the people. On the other hand, the district agencies have technical know how and the technical know how has to be given to the people so ignorance of the existence of the district agencies will not be good to the people. How to bridge the gap? At the same time, people are to be brought in focus, paternalization to be discouraged, dependency syndrome to be avoided and enthusiasm of the people to be encouraged.

One approach might be the district line agencies prepare program on technical basis and consult people and implement the

program where people will have knowledge about the program. The other approach is let the people at the village level take the initiative, formulate program consult with the line agencies and finally implement by the people with the technical support of the line agencies.

While preparing such program, two other approaches can be considered. One is shop type approach and other one is hawker type of approach. Whether the people will have free choice of the programs or the programs available with the line agencies are to be accepted by the people like in shop then you have limited choice. You can make choice out of limited commodities. Whereas in the hawker type of approach, it is not a specific thing. The commodities will be supplied according to the need and demand of the people. It is not only one set of commodities. If such approach is to be taken, catalyst will have to work as hawker linking the people and services available at the district level. The issue needs further discussion and more thinking. However, these approaches have implications on the style of decentralization of power.

PROCESS OF DECENTRALIZATION IN BANGLADESH

Mohammad Mohabbat Khan

Introduction

Increasing concern with the adverse affects of centralized bureaucratic control on development planning, resource mobilization and popular participation in administration at the local level in developing countries have paved the way for a resurgence of interest in decentralization. Many development planners, administrators and management specialists have advocated for the adoption of alternative national policies and implementation strategies based on the concept of decentralization to promote balanced development, to increase the quantum of popular participation at the grassroots level and to harness and optimally utilize local resources. The growing interest in the concept of decentralization is no accident. It grew as a result of disappointing experiences of the developing countries during the last two decades in the field of development. The use of highly centralized planning and control mechanisms, the increasing realization of new and humane way of approaching developmental policies and programmes and the tremendous expansion of governmental activities and the attendant complexities have pushed many developing countries to adopt decentralization as a kind of creed encompassing social, political and economic spheres.

Though there has been little disagreement among development planners and administrators as to the crucial role of decentralization in the overall development of a developing country still the term has conveyed different meanings to different people. It needs to be pointed out that different degrees and forms of decentralization are noticeable. It has been suggested that in describing or analysing decentralized systems of government at least four questions need to be raised. These are :

- a. **Which powers or functions** have been transferred, e.g. the number of powers transferred and their nature and significance?

- b. **How** have they been transferred, e.g. by constitution or ordinary legislation, by administrative delegation or by informal means?
- c. **To what level** have they been transferred, e.g. state, region, local government area, village?
- d. **Who holds** the powers at this level, e.g. elected representatives or appointed officials, an individual or a group?¹ (Emphasis added.)

The four key questions can be used as criteria to differentiate between various forms of decentralization. Devolution, deconcentration, delegation and dispersal are the four types of decentralization mentioned which are usually found in the literature.² The four types of decentralization differ as to the nature and extent of powers transferred, the way this has been done, the level at which transferred and the beneficiaries/recipients of such transfer. The components of the four-fold typology of decentralization are also used as a framework in this discussion to discern the nature of present experiment with Upazila administration in Bangladesh.

Devolution connotes legal transfer of powers to a locally elected political body. Deconcentration indicates the transfer of powers by administrative means to local representatives of the central government. Delegation refers to a transfer of powers or functions to either local governments or local representatives of the central government which is carried out by the use of administrative means and can be revoked easily. Dispersal refers to the posting of officials outside the capital without any substantial transfer of powers and functions to them.

Decentralization is used in the context of this paper to mean legal devolution of power and authority for strengthening or creation of new units of government at the local level free from the direct control of the central government. Devolution has certain fundamental characteristics which Rondinelli³ has clearly conceptualized and presented cogently. First, local units of government are autonomous, independent and clearly perceived as separate levels of government over which central government exercises little or no direct control. Second, the local governments have clear and legally recongized geographical boundaries within which they perform

public functions. Third, local governments have corporate status and the power to secure resources to perform their functions. Fourth, devolution implies the need to develop local governments as institutions in the sense that they are perceived by local citizens as organizations providing services that satisfy their needs and as governmental units over which they have some influence. Finally, the devolution is an arrangement in which there are reciprocal, mutually benefiting and coordinate relationships between central and local governments.

Any discussion of decentralization would be incomplete if one ignores the goals to be reached. The decentralization policies can be used to facilitate popular participation in decision making and developmental activities at the local level. It is by now well accepted that popular participation is not an easy concept to talk about. It is still harder to ensure popular participation in administration and development. But there is also no denial of the fact that popular participation in most cases is a highly desirable goal of decentralization. For facilitating popular participation it is necessary to (a) identify the target population, (b) their degree of participation intended and (c) consider what particular type of decentralization will guarantee the desired form of participation. Popular participation in the context of this paper means active involvement of the local population in the planning, management, implementation and evaluation of these policies and decisions which affect their daily lives directly or otherwise.

Decentralization to be meaningful must ensure popular participation in the sense stated above. Popular participation can be achieved by utilizing four key concepts which have lately gained currency in development literature. These concepts are social or people-centered development, empowerment, bureaucratic reorientation, and social learning. Social or people-centered development attempts to find ways to organize and coordinate capacity-building by focussing on efforts to enhance people's capacity to manage their own affairs. Empowerment means acquiring organizing capability by local community and having control over their own resources. Bureaucratic reorientation is required (a) to cater to the demands of the newly-empowered client groups and (b) to

build client's capacity to meet their own needs. But bureaucratic reorientation is very much dependent on drastic changes in personnel policy, significant changes in the incentive systems, institution of appropriate performance evaluation systems, designing of need-based training programmes and encouraging professional specializations. Social learning emphasizes the importance of human will, intuition, and belief as valid expressions of reality. For social learning to occur input from many people are required. Thus interactive skills, collaborative methods are needed. Essentially, social learning is a strategy directed at micro level and intended to bring about change through learning.

The success and failure of decentralization policies of the present government in Bangladesh must be judged in terms of nature and extent of popular participation at the upazila level in political and economic spheres. The four indicators for measurement, e.g., the types of powers and functions transferred from the National Government to the Upazila level, the mechanism used for such transfer, the particular level to which the transfer has taken place, and the recipient/recipients of such transferred powers and functions. Additionally, the four concepts, e.g., social or people-centered development, empowerment, bureaucratic reorientation and social learning will help us to assess whether significant changes have taken place in the relevant environment among crucial actors. This, in turn, will assist us to make some comments about the prospects of popular participation at the upazila level.

Besides providing the analytical framework the paper discusses the decentralization policies of the present government of Bangladesh, mechanisms used for implementation and finally, a critique of the present decentralization efforts.

PAST EFFORTS AT INSTITUTIONALIZING DECENTRALIZATION AND POPULAR PARTICIPATION AT THE LOCAL LEVEL⁵

Numerous efforts have been made in the Indian subcontinent especially in Bengal from the days of Mughal rulers to delegate power and responsibilities from the central to local level. But most of the efforts can only be termed as piecemeal, narrow and restrictive. The experiences of Bengal during the British rule, in the arena of

local self-government was not very satisfactory. Tinker puts it aptly "Indian local self-government was still in many ways a **democratic facade** to an autocratic structure. The actual conduct of business was carried on by district officials with non-official members as spectators....."⁶ (Emphasis added).

In independent Pakistan, a four-tier system of local government, the Basic Democracies (BD) was introduced with the object "to organize the people to take care of the problems of their areas and to inculcate in them spirit of self-help".⁷ The basic democrats "participated in the preparation and execution of local plans, kept records and accounts of local development projects".⁸ But official control at each and every level made it difficult for popularly elected people's representatives to function responsively and effectively.

The Awami League government which came to power in independent Bangladesh showed apathy in organizing and strengthening local government institutions. Nothing of substance was achieved in terms of institutionalizing local level bodies.

The government of Lt. Gen. Ziaur Rahman intended to utilize villages as key political units to undertake rural developmental activities. **Swanirvar Gram Sarker (SGS)** which emanated from the **Swanirvar** movement was designed for better mobilization of existing indigenous resources, extending BNP's influence and to decentralize limited quantum of power to the village level. A number of studies⁹ have shown that SGS like BD's were dominated by the richer and influential section of the rural population.

PROCESS OF DECENTRALIZATION IN BANGLADESH

Policies are guidelines for action. A government's policies indicate the direction to which it wants the country to move. The philosophy inherent within such policies can be delineated which is also important. The policies of a government are influenced by the socio-politico-economic conditions obtaining in a country at a particular time which may have been moulded to a large extent by the nature of policies implemented by past governments as well as how the present government views the reality and the actions it intends to initiate and implement to bring about a change in the existing state of affairs.

The present government came to power through a bloodless coup on March 25, 1982. The major policies of the military government can be gauged from the appointment of a number of committees to investigate the ills afflicting various sectors of the society and to recommend appropriate measures to overcome such malaises.

The present government has time and again expressed the view that one of its goals was "to take the government closer to the people". Administrative decentralization was adopted as a policy to reach the stated goal. Through administrative decentralization, "the government wanted to transform every thana (now called upazila) of the country into a self-reliant unit where people's representatives would oversee and direct developmental activities performed by the civil servants who would be responsible to the former for their actions".¹⁰

Appointment of Committee for Administrative Reorganization/Reform (CARR)

On April 28, 1982, a high-powered seven member Committee for Administrative Reorganization/Reform (CARR) was appointed.¹¹ The appointment of CARR manifested the government's intention to support the policy of administrative decentralization. The background of the members of the Committee indicated that the government wanted to ensure in it the representation of various segments of the society. Additionally, the government intended to give CARR a representative look.

The terms of reference of the Committee were :

- a. To review the structure and organization of the existing civilian administration with a view to **identifying the inadequacies of the system for serving the people effectively.**
- b. To recommend an appropriate, sound and effective administrative system **based on the spirit of devolution and the objective of taking the administration nearer to the people.** (Emphasis added.)

The terms of reference of CARR indicated in very strong terms as to what the government wanted the Committee to do. The government did not like the old administrative system to continue

rather it opted for a system, premised on the spirit of devolution, to effectively and efficiently serve the people. One of the ways of doing it was by identifying the inadequacies of the administrative system in operation.

Survey of literature, interviewing of academicians, bureaucrats, journalists, prominent people at the thana-level officials and non-officials alike, administering of questionnaires and visit to eight thanas in seven districts were utilized by the Committee to gather information pertaining to its area of enquiry. The deliberations in the Committee was very much influenced by the observations and recommendations of the Administrative and Services Reorganization Committee (ASRC) and the findings of the National Institute of Public Administration (NIPA) study titled **A Study on Decentralization of Administration and People's Participation at all Administrative Levels in Bangladesh**. The comprehensive and timely recommendations of the ASRC including introduction of elective representative system at different sub-national levels, i.e., Union, Thana and Zilla, abolition of subdivisions and divisions as tiers of administration, providing tax-levying power to various levels of government and creation of a Local Government Service though were rejected by the rulers of the day but these same recommendations under different and changed circumstances found a receptive audience among members of CARR. The NIPA study among other things found overwhelming public support for an elected chief of Thana Parishad with the additional role of coordinator of the activities of all public officials working at that level.

Findings of CARR

The CARR, in its report, identified nine major inadequacies of the then existing administrative system. These were¹² :

- a. lack of appropriate, consistent and uniform personnel policies with regard to recruitment, promotion and training of public services ;
- b. **tadbir**—based approach to decision making ;
- c. difficulties of the common man to comprehend the compartmentalized functions and complexity in governmental decision-making ;

- d. **absence of a sound and durable political process** to give appropriate, consistent and uniform policies with regard to public welfare ;
- e. vertical—functional departmentalism that vitiates area-based coordination ;
- f. **weak local government system rendered weaker by lack of** appropriate political directions ;
- g. **weakening of traditional administrative and representative institutions at different levels of administrations ;**
- h. **creation of parallel political and administrative institutions leading to conflict in jurisdiction ;** and
- i. **reluctance on the part of the political authority to devolve to the representative institutions at the local levels.** (Emphasis added).

The inadequacies identified by CARR look very real indeed as these clearly show the effect of policies pursued by successive governments in Bangladesh. Tendencies to concentrate power at the Centre not only led to weakening of the representative institutions at various local levels but at the same time encouraged the political leader at the Centre to become all-powerful, and oblivious of his responsibility of creating a durable and participatory political system. As a result the great majority of the masses were left out of the mainstream of the country's political process creating a situation where no government could stay in power for a reasonable period of time. The disinclination of past governments to strengthen and revitalize representative institutions, the Committee rightly observed, were because "Bangladesh did not have the benefit of mature, consistent and appropriate political leadership"¹³ as well as the fear that "if free and fair elections are given many of the Zilla Parishad and Thana Parishad Chairmanships may go to the opposition political parties..... will mean loss of political control over local communities..... will mean loss of votes for the power that are at the national level".¹⁴ In other words, crude political expediency rather than anything else dictated actions taken at the Centre to deny majority of the population residing outside the metropolis the right to govern themselves through their chosen representatives.

Recommendations of CARR

Within two months after its constitution to CARR submitted its report in June, 1982. The members of the Committee unanimously and firmly held the view that people's participation in the development process could be ensured only if the following policies were adopted by the government in the centre : (a) possession of effective authority by the elected local government bodies at different levels ; (b) elected local governments at District, Thana and Union levels be concurrently supported by a decentralized planning and budgetary system to enable local governments to plan and implement projects of local importance ; (c) adherence to a policy of non-intervention by the central government of matters which are within the purview of local governments ; and (d) placement of dedicated and trained civil servants who can live among and work with local people and local representatives.¹⁵

The Committee's recommendations¹⁶ were for :

- a. Directly elected Chairman at the Zilla (District) Parishad (ZP), Thana Parishad (TP) and Union Parishad (UP).
- b. Officials to be members of the Councils (Parishads) at respective levels.
- c. An elected Chairman to be the Chief Coordinator at all levels.
- d. Elected Councils to have full functional control over the officials working at that level.
- e. Elected Chairmen to be provided with full and adequate staff support in the form of a senior officer to be called Chief Executive Officer.
- f. Chairmen of UPs to be Members of TP.
- g. Chairmen of TPs to be Members of ZP.
- h. Adequate devolution of administrative, judicial and financial powers at the District and Thana levels.
- i. Strengthening of Village Courts in terms of authority and training.
- j. Development of infra-structure at thana level to make development of adequate authority possible.
- k. Elimination of unnecessary levels, i.e., sub-divisions and divisions.

The recommendations of CARR indicated that the members wanted nothing short of devolution of authority from the centre to the elected representatives of the people at the zilla, thana and union levels. It not only recognized the principles of representation and participation but advocated devolution as a means to operationalize those principles. There could be no half-way house. Sharing of power between people's representatives and officials working at various local levels was not considered desirable. Rather, popularly elected councils were vested with "full functional control over the officials working at the level." Only a people's representative was envisaged to be "chief coordinator" of all activities and persons who must be provided for proper functioning "with full and adequate staff support in the form of a senior officer to be called Chief Executive Officer." There was no question of compromising with the representative character of the councils at three different levels as only the elected members, i.e., who have earned the confidence, were destined to control and oversee the activities of the officials.

The Committee did not stop at diagnosing the inadequacies of the administrative system and suggesting appropriate remedies, but it went a step further and estimated manpower needs, physical facilities and costs of reorganization, and more importantly provided a blueprint for implementation of its recommendations.¹⁷ The members of CARR not only recommended for the institution of high-powered implementation committee styled as the National Implementation Committee with specific responsibilities but also specified the individuals who would become members of this Committee. This Committee (National Implementation Committee) would be a small but high-powered Committee consisting of CMLA as Chairman, one of the DCMLA's as Vice-Chairman, Ministers for Finance, Agriculture, Law and Local Government as members. The Cabinet Secretary may act as Secretary to the Committee".¹⁸ The major tasks¹⁹ of the proposed National Implementation Committee would be to :

- a. **identify functions** of the various departments which can be **transferred** to the **elected local government at various levels** within a **time-bound frame**.

- b. **Work out the principles of control mechanism of the elected Parishads over the government functionaries.**
- c. **Work out immediately a decentralized budget and planning mechanism for the elected local government so that the release of ADP funds under the present centralized planning process can further be decentralized to suit local needs and requirements.**
- d. **Identify and workout the training needs and training contents both for appointed and elected officials so that the new framework of local government administration may work to the best advantage of the people.**
(Emphasis added).

The Committee noted that the Local Government Ordinance, 1976 has given power of taxation to Zilla and Union Parishads but no such power has been given to Thana Parishad. To enable thana "to become the hub of governmental authority" the National Implementation Committee (NIC) might be asked to suggest possible sources of revenue for generation of income for Thana Parishad. The CARR in its report provided a list of twenty four items to help NIC in this regard. Delineation of areas of taxation between elected councils at different local levels was also emphasized upon.

It can be said that the recommendations of CARR was not only intended to breakaway from a centralized and top-heavy administrative system but more importantly to act as a blueprint for a decentralized self-government system at various local levels to undertake various developmental activities. The call for the establishment of NIC with specific responsibilities considerably facilitated the implementation of CARR's recommendations. Because NIC was designed to deliberate and decide on crucial issues on which success and failure of a decentralized system heavily rests.

Mechanisms of Decentralization

The government accepted, in principle, the recommendations of CARR almost as soon as the report was submitted to it.

The government utilized a number of mechanisms to implement the recommendations contained in the Committee's report. In this regard the government accepted the suggestions and guidelines contained in the report.

Constitution of National Implementation Committee for Administrative Reorganization/Reform (NICAR)

The government moved fast to create a high-powered implementation body to direct, oversee and coordinate the implementation of reform measures in line suggested by CAAR. The National Implementation Committee for Administrative Reorganization/Reform (NICAR) was constituted within two and half months of the submission of the report of CARR. The government did not adhere in toto with the recommendations of CARR with regard to composition and functions of NICAR. Also NICAR's membership was not restricted to a few. In fact membership was increased from time to time to include ministers and some senior army and civil officers. Originally NICAR was created as a small seven-member body.²⁰ The inclusion of two members of CARR into NICAR considerably facilitated the process of reform implementation.

The NICAR has been given the following responsibilities:²¹

- a. to identify the stages within which reorganization measures be made functional ;
- b. to determine the minimum number of officials and staff required in each thana under the reorganization scheme ;
- c. to identify those thanas from among the existing ones which would be chosen for upgrading in the first phase, taking into consideration their structural facilities ;
- d. to fix a time-table to gradually upgrade thanas, create new districts and abolish subdivisions with necessary staff support and other facilities ;
- e. to direct Establishment Division, Law and Parliamentary Division to make necessary plans to select and appoint government officials on the basis of time-table ;
- f. to direct Works Ministry, Local Government Ministry and Land Administration and Land Reform Division to

create facilities regarding land, building, road etc. in thanas and districts.

It appears that the government is not willing to provide NICAR with the opportunities to deal with basic and substantive issues which crop up in any effort to implement far-reaching policy decisions pertaining to decentralization. In fact CARR very much wanted, NICAR to take decisions on such vital issues as transfer of power, nature of control mechanisms, decentralization of financial and planning functions, identification of training needs for elected and appointed officials. Still, it must be said that NICAR has been given some important responsibilities like determining the phases of decentralization taking into consideration staff support required, structural and other facilities available and the fixing of time table for abolition of subdivisions and creation of upgraded thanas and new districts.

The Local Government (Thana Parishad and Thana Administration Reorganization) Ordinance, 1982

The promulgation of the Local Government (Thana Parishad and Thana Administration Reorganization) Ordinance, 1982 has provided the government the legal framework to implement its decentralization policies. The Ordinance is a significant piece of legal document as it provides a clear picture of government's intention with respect to decentralization of functions and responsibilities at the thana (now upazila) level.

The Ordinance,²² which has already been amended four times provides among other things, composition and functions of Parishads, indicates the nature of transfer of functions from the Parishad to the National Government and vice versa, identifies from the Parishad to the National Government and vice versa, identifies the manner in which Parishad can undertake developmental activities, levy taxes on specified items for generation of revenue, prepare and maintain accounts and the conduct of audit.

The Second Schedule of the Ordinance lists seventeen functions which have been given to the Upazila Parishad. The important of these include formulation, implementation, monitoring and evaluation of all development plans and programmes at the upa-

zila level ; supervision, control and coordination of functions of officers excepting Munsifs, Trying Magistraties and officers engaged in regulatory functions at upazila ; promotion and encouragement of employment generation activities; planning and execution of all rural public works programme, etc.

The Third Schedule of the Ordinance lists under eight headings items on which taxes, rates, tolls and fees can be levied by the Upazila Parishad to generate revenue. The Parishad has been empowered to lease jalmahals, to tax professions, trades and ceilings, to collect fees for fairs, shows, exhibitions, to levy fees for licences and permits granted by the Parishad and to collect toll on services and facilities maintained by the Parishad.

The Parishad is to be composed of a Chairman, representative members (i.e., Chairmen of the Union Parishads within the upazilla) three women members to be nominated by the National Government, official members with no voting right, Chairman of the TCCA and one nominated (by the National Government) member. A three-year tenure has been decided upon for the Chairman and women members of the Parishad.

A superficial and cursory look at the Ordinance will give an impression that the National Government has decentralized a lot of powers and functions to the elected representatives of the people at the upazila level. But a careful scanning of various sections of the Ordinance leaves one little choice but to conclude that the National Government has retained a lot of controlling power and authority over most of the activities of the Parishads. Section twenty six states that "any institution or service maintained by a Parishad shall be transferred to the management and control of the (National) Government". Sub-section two of section thirty seven directs that "an annual statement of accounts of a Parishad shall be prepared after the close of every financial year and shall be forwarded to the (National) Government and the Deputy Commissioner by the thirty-first December of the following year". Again sub-section one of section thirty eight stipulates that "the accounts of every Parishad shall be audited by Auditor and Comptroller-General in such manner and after such intervals as may be prescribed". The National Government has also incorporated within

a provision, i.e., section forty, ample opportunities for it to interfere with Parishad's preparation and implementation of development plans.

Resolution on Re-organization of Thana Administration

Another mechanism that the National Government has used to facilitate the implementation of decentralization policies is the Resolution on re-organization of Thana Administration. The Resolution is important as it delineates the spheres responsibility between the National Government on the one hand and upazila on the other.

Upazila Parishad has been given the responsibility for all developmental activities within its jurisdiction. The National Government has retained "direct responsibility for regulatory functions and major development activities of national and regional coverage."²³ The Annexure 1 of the Resolution provides a list of seventeen regulatory and major developmental functions retained by the National Government which include civil and criminal judiciary, administration and management of central revenue, maintenance of law and order, maintenance of essential supplies including food, generation and distribution of electric power, irrigation schemes involving more than one district, technical and general education above primary level, flood control and development of water resources, etc.

Thought the services of officers dealing with the transferred subjects have been placed at the 'disposal' of the Upazila Parishad and the concerned officers have been made 'responsible' for their actions to the Upazila Parishad but the National Government has retained the total control over these officers. The appointment transfer, promotion, discipline and remunerations of these officers will continue to be the responsibility of the National Government. In effect the Upazila Parishad has been given responsibility of but no control over civil servants dealing with transferred subjects. Interestingly, the officers in-charge of subjects retained by the National Government have also been made 'answerable' to the Upazila Parishad. But no where a clarification has been provided as to how the civil servants dealing with two categoris of functions will be made 'responsible' and 'answerable'. This calculated silence

has undoubtedly strengthened the position of the National Government vis-a-vis Upazila Parishad and made the centrally-controlled officers independent of Upazila Parishad.

The Resolution empowers the Upazila Nirbahi Officer to act as the Chairman of Upazila Parishad until elections are held for Chairman. The Upazila Nirbahi Officer has accordingly assumed charge of both regulatory and transferred subjects.

The Annexure II of the Ordinance contains an organizational chart of the reorganized set-up of the Upazila administration as well as the charter of duties²⁴ of the Chairman of the Upazila Parishad as well thirty nine officers posted at that level. The charter of duties indicate that the Chairman has been given a number of important responsibilities like conducting of day-to-day administration; supervision and control of staff (excluding centrally-controlled civil servants); coordinating of all development activities, initiation, formulation and identification of development projects; ensuring their timely implementation, monitoring and evaluation; initiation of the Annual Confidential Report of the Upazilla Nirbahi Officer. Many of the functions shown against the Chairman have also been given to the Upazila Parishad. It may be added that in performing all these functions the Chairman will require the cooperation, assistance and loyalty of officers.

Among the officers posted at the Upazila level the Upazila Nirbahi Officer (UNO) has been conceived of as the chief executive officer of the Parishad with responsibilities to assist the Chairman and the Parishad in developmental and administrative work. He has been given coordinating and to some extent controlling power over other officers except Munsif and Magistrate.

System of Financial Allocation and Management for the Upgraded Thanas. Guidelines for Upazila Parishads for Utilization of the Development Assistance provided by the National Government through the ADP and Instruction on Utilization of the Development Assistance Fund Provided by the Government to the Upazila Parishads.²⁵

The three directives as shown above were prepared and circulated by the Cabinet Division, the Planning Commission, and

the Local Government Division respectively within a brief span of six months (between April and September 1983). Taken together these three directives can be considered as the financial mechanism of the National Government to direct, guide, coordinate and control all developmental activities to be undertaken by the Upazila Parishad. A close look at the three directives will show the intention of the National Government vis-a-vis the Upazilla Parishad.

These three documents together specify to the minutest detail the contents of planning, type of projects to be chosen (within five broad sectors with percentage attached to each which have to be followed as a rule), criteria to be used for project formulation, and procedure to be utilized in the preparation, approval, management, supervision and implementation. For making a lump sum allocation in the Annual Development Programme to the Upazila Parishad the National Government has decided to use in future four criteria with relative weightage : (a) Population (50%), (b) Area (10%), (c) Extent of backwardness (20%) and (d) Performance (20%). Even financial ceilings have been imposed on individual projects i.e., taka twenty five lacs for construction projects and taka ten lacs for other projects.

The National Government's desire to tightly control spending of the public money at the Upazila level may have been prompted by the fact that it has very little confidence in the ability and integrity of those who will be running the show as people's chosen representatives.

Other Mechanisms

The CMLA's Secretariat, the Cabinet Division, the Local Government Division, Ministry of Finance and Planning have played key roles in implementing decentralization policies of the National Government. A few other divisions, ministries have also contributed their mite.

The regular visit of the CMLA to different Upazilas has not only kept the government officials working at the level on their toes but has shown the extent of commitment of the present government in implementing its decentralization policies. The DCMLA's, the ministers and the senior civil servants have also toured many

Upazilas to appraise themselves of the impact of the decentralization policies of the National Government.

A Critique of the Decentralization Efforts

The decentralization effort has been described as "perhaps the most important and far reaching.....policy initiative of the government"²⁶ and the resultant "the Upazila is now truly a local self-governing body".²⁷ The foreign donors, foreign consultants, government ministers and other functionaries confidently profess that decentralization effort has taken administration to the 'door-steps of the people.' The discussion so far in this paper clearly points out that all is not well with the decentralization policy of the government. But there are several issues which stand on the way of devolution of power to the local level. These are: the unrepresentative character of the upazila governance system, centralized bureaucratic control, lack of national consensus on the new system, and weak financial base of the upazila.

Conclusion

The decentralization effort of the present Government has not resulted in the devolution of power and authority to make the upazila government system an autonomous, independent and clearly identifiable separate unit of local government. Rather, upazila has in reality become a centrally-directed, financed and controlled adjunct of the National Government. As a result, upazila remains totally dependent on the National Government for administrative, financial and logistic support.

The decentralization policy of the National Government does not reflect the intention and spirit of the CARR recommendations. Introduction of the representative system has not even been attempted at the zilla (district) level. Division as a tier of administration continues to exist. Elections at the upazila level are yet to be held. The beneficiaries of the present policy appears to be the deputationist civil servants especially the Upazila Nirbahi Officer. All power and authority at that level is concentrated in the hands of civil servants who have been deployed in the upazila.

The role of the general masses in the whole process remains marginal. There is little scope for them to organize, manage and coordinate resources as they have no control over resource allocation and distribution. They are still 'guided' by the civil servants whose career progression is controlled by ministries and divisions of the National Government. Obviously, these civil servants have very little stake in the upazila. Significant changes in the attitudinal and behavioural patterns of the civil servants still have not taken place. There has been, very little, if any, change in the official power hierarchy at the upazila level. The decentralization policy of the present Government has not succeeded in ensuring popular participation at the upazila level.

Notes

1. **Decentralization for Development : A Select Annotated Bibliography.** London : Commonwealth Secretariat, 1984, p. 4.
2. *Ibid.*, p. 5.
3. Dennis A. Rondinelli, "Government Decentralization in Comparative Perspective : Theory and Practice in Developing Countries", **International Review of Administrative Sciences** 48(2) 1981 : 138.
4. For a representative sample of the literature, see the following. David C. Korten and Felipe B. Alfonso eds. **Bureaucracy and the Poor : Closing the Gap**, West Hartford, Connecticut : Kumarian Press, 1983 ; David C. Korten and Rudi Klaus eds. **People-Centered Development : Contributions Toward Theory and Planning Frameworks**, West Hartford, Connecticut : Kumarian Press, 1984 ; Theodore Thomas, **Reorienting Bureaucratic Performance : A Social Learning Approach to Development Action**, Working Paper No. 8, Washington, D.C. : NASPAA, July 1983 ; Guy Gran, "Learning from Development Success : Some Lessons from Field Experience", Forthcoming as a NASPAA Working Paper.
5. For an elaborate discussion see the following : Mohammad Mohabbat Khan and Habib Mohammad Zafarullah, "Rural

- Government in Bangladesh : Past and Present", **Journal of the Institute of Local Government Administrations** 20(5) July-August 1979 : 9-12 ; Mohammad Mohabbat Khan and Habib Mohammad Zafarullah, "Innovations in Village Government in Bangladesh", **Asian Profile** 9(5) October, 1981 : 447-453 ; Mohammad Mohabbat Khan, "Experiences of Rural Development Programmes in Bangladesh" in Jean-Claude Garcia-Zamor ed. **Public Participation in Development Planning**, Boulder, Colorado : Westview Press, 1984.
6. Hugh Tinker, **The Foundations of Local Self-Government in India, Pakistan and Burma**, London : The Athlone Press, 1954, p. 70.
 7. Mohammad Ayub Khan, **Friends Not Masters : A Political Autobiography**, New York : Oxford University Press, 1967, p. 207.
 8. Rounaq Jahan, **Pakistan : Failure in National Integration**, Dhaka : Oxford University Press, 1973, P. 117.
 9. See the following studies Mahbub Hossain, et. al, "**Participatory**" **Development Efforts in Rural Bangladesh : A Case Study of Experiences in Three Areas**, (Mimeo) Dhaka : Bangladesh Institute of Development Studies, 1978 ; Md. Manjur-ul-Alam, et. al. **Swanirvar Gram Sarker in Bangladesh : A Preliminary Observation on Three Villages** (Mimeo). Kotbari, Comilla : Bangladesh Academy for Rural Development, 1980 ; Barkat-e-Khuda, **Ideals and Realities in Participatory Institution in Rural Bangladesh : The Case of the Gram Sarker**, Bergen, Norway : DERAP Publications No. 123, The Chr. Michelsen Institute, August 1981.
 10. Address of Lt. Gen. H.M. Ershad, CMLA to the nation. **Bichitra**, May 14, 1982.
 11. The CARR in its first meeting held on May 2, 1982 decided to co-opt three more members. The members included a minister (a former civil servant), three serving civil servants belonging to the erstwhile elite Civil Service of Pakistan now encadred in the Bangladesh Civil service (Administra-

- tion : Administration), a high-ranking army officer, a retired senior civil servant, a member of the Planning Commission (with engineering background), a University Professor of Public Administration and an editor of a national newspaper.
12. Government of the People's Republic of Bangladesh, **Report of the Committee for Administrative Reorganization/Reform**, June 1982, pp. vii-viii.
 13. Ibid ; p. 51.
 14. Ibid; pp. 64-65.
 15. Mohammad Mohabbat Khan, "Reform for Decentralized Development : Bangladesh's Experience with Major Administrative Reforms/Reorganizations in the 80s" in Mohammad Mohabbat Khan and John P. Thorp eds. **Bangladesh: Society, Politics and Bureaucracy**, Dhaka : Center for Administrative Studies, University of Dhaka, 1984, p. 157.
 16. Report of CARR, pp. 147-148.
 17. Khan, "Reform for Decentralized Development", p. 158.
 18. Report of CARR, p. 173.
 19. Ibid; pp. 173-174.
 20. Rear Admiral M. A. Khan, DCMLA and Chief of Navy and Minister-in-Charge of Communications and Chairman of CARR was made Chairman of NICAR. The other members were Mr. A. Z. M. Obaidullah Khan, Minister of Agriculture, Mr. M.M. Zaman, Cabinet Secretary, Mr. A.M.A. Muhit, Minister for Finance and Planning, Mr. K.A. Baker, Minister for Law and Land Reform, Mr. Mahbubur Rahman, Minister for Local Government ; Major-General Mozammel Hossain, Principal Staff Officer to CMLA and Colonel Anwar Hossain Chowdhury, Colonel Staff Implementation, CMLA's Secretariat, Mr. Khan and Mr. Zaman were also members of CARR.
 21. **Daily Bangla**, September 9, 1982.
 22. For detail account, see, **The Local Government (Thana Parishad and Thana Administration Re-organization) Ordinance, 1982** in Government of the People's Republic of Bangladesh, **Manual on Thana Administration**, Vol. 1, February 1983, pp. 1-20.

23. "Resolution on Re-organization of Thana Administration" in **Manual on Thana Administration**, Vol. 1, February 1983, p. 25.
24. For detail see *Ibid*, pp. 29-56.
25. For details see, "System of Financial Allocation and Management for the Upgraded Thanas" in Government of the People's Republic of Bangladesh, **Manual on Upazila Administration**, Volume II, September 1983, pp. 7-12 ; "Guidelines for Upazila Parishad for Utilization of the Development Assistance provided by the National Government through the ADP" in **Manual**, Vol. II, pp. 13-35 ; "Instruction for Utilization of Development Assistance Fund by Upazila Parishads" in Government of the People's Republic of Bangladesh, **Manual on Upazila Administration**, Vol. II April 1984, pp. 100-112.
26. World Bank, **Bangladesh : Economic Trends and Development Administration**, Volume 1 : Main Report, February 27, 1984, p. 22.
27. Larry Schroeder and Maniruzzaman, **Local Government Structure in Bangladesh**, Zilla Roads, Local Finance Project. Interim Report No. 1. Syracuse, New York : Metropolitan Studies Programme, Syracuse University, May 1984, p. 11.

FUNCTIONING OF LOCAL GOVERNMENT IN BANGLADESH

Mohammad Faizullah

Local government has been a colonial legacy in Bangladesh, inherited by her as a member state of the Himalayan sub-continent which was ruled by the British upto August 14, 1947. Most of the local government bodies of Bangladesh, therefore, had their origin during the British days. The first municipality (Nasirabad), one of the earliest municipalities in the sub-continent, was set up in 1856. For the rural areas, the first attempt came in 1870 with enactment of the Bengal Village Chowkidari Act, under which Chowkidari Panchayets were set up at union level. At the higher level, by the Act of 1871, District Committees, forerunners of the district councils, were set up under the presidency of the District Magistrates. These bodies at the union, district and urban centres have been precursors of the local bodies as they exist in Bangladesh today.

Over the decades a number of important developments took place in the field of local government in Bangladesh. Some of these were progressive and greatly advanced the cause of local government while others were retrogressive, putting the wheel backward. To recount briefly, the famous Resolution of Lord Rippon (1882), the District Acts (1883), the Municipal Acts (1883), the Local self-Government Act (1885), Decentralization Commission Report (1911), Montagu-Chelmsford Report (1918), the Village Self-Government Act (1919) and the Bengal Municipal Act (1932) during the British period, the Ordinance No. 1 (1956) and the Basic Democracies Order (1959) and the Municipal Administration Ordinance (1960) during the Pakistan period (1947-71), and finally, the Local Government Ordinance (1976), the Poursava Ordinance (1977), the Dhaka Municipal Corporation Ordinance (1982), the Upazila Parishad Ordinance (1982) and the Union Parishad Ordinance (1983), following the independence of Bangladesh, were the

principal instruments which set the foundations of local government in the country.

The Local Government in Bangladesh is presently organized and distributed among following bodies :

Tiers of Local Government in Bangladesh

	Urban		Rural
Pourasavas (Municipalities)	76	Union Parishad	(4400)
Municipal Corporation	3	Upazila Parishad	(460)
		Zila Parishad	(22)

As is common in other countries, these local bodies have some correspondences to the general administrative divisions of the country, particularly at lower administrative tiers and territorial levels. Administratively the country is divided into Divisions (4), Districts (64), Upazilas (460), Unions (4400) and Villages (over 68000). The correspondence between the administrative/territorial divisions with the local government tiers can be visualized from the following :

Administrative levels versus local bodies

Levels (administrative/ territorial)	Local Bodies	
	Rural	Urban
i. Village	×	
ii. Union	Union Parishad	
iii. Upazila	Upazila Parishad	
iv. District	Zila Parishad	Pourasava (district towns)
v. Division	×	Pourasava (Municipal corporation) (Divisional towns)
vi. National	×	Municipal Corporation (capital city)

It would be evident from the above that while the rural local bodies correspond to the principal administrative units of district, upazila and union, the municipalities correspond to urban centres at the district and the divisional towns and other minor towns declared by law as "urban area". In the bigger towns like Dhaka and Chittagong, the Municipal Corporations are supported by speciali-

zed bodies like Water and Sewerage Authority (WASA) for Dhaka and Chittagong, Improvement Trusts for Dhaka, Development Authority for Chittagong and Khulna. Each of the local government units is a statutorily autonomous entity having its own charter. Being autonomous bodies, they are not related hierarchically and in any superior-subordinate relationship.

Scope and Limitations

In this paper an attempt has been made to review the functioning of local government bodies in Bangladesh and analyse main issues and problems confronting them. Since local government has been functioning in the territory now comprising Bangladesh for over a century and also since the roots of most of the present day local bodies lie in the past, it is obvious that occasional reference to their historical background will be made throughout the paper. The principal focus will, however, be on their current functioning. In this connection it is necessary to mention that since December 1982 a new programme is under implementation in the country under the upazila reorganization scheme. This scheme has two essential facets namely, decentralization and creation of a strong local government at the upazila level. The main elements of this programme has been that.

- (i) more offices have been created at the upazila level,
- (ii) the status of officers has been elevated,
- (iii) development of physical facilities at the Upazila has been accelerated,
- (iv) a new local government body viz the upazila parishad has been set up and most of the developmental functions have been transferred to it,
- (v) more government funds are being channelized to Upazila directly, and
- (vi) a large number of government officials have been deputed to the local body.

Therefore, special attention has been given in the paper to bring out the main features of the Upazila Parishad as a local body.

The paper is divided into two principal parts. Part one reviews generally the functioning of the local bodies in Bangladesh under

some selected heads and part two concentrates on bringing out the main issues and problems ingrained in the functioning of the local bodies. In treating the issues an attempt has been made to develop a thematic presentation the essence of which is that the overall functioning of local government in Bangladesh suffers from inconsistencies and that most of these inconsistencies result from the structural anomaly. Therefore, an attempt has been made in part two of the paper to identify the structural issues and relate them to the inconsistencies noticed in the functioning of the local bodies.

The paper suffers from certain limitations. For various constraints the discussion and analysis could not be made adequately data based. As a matter of fact data on local government in Bangladesh is highly scanty. Therefore, generation of data is both time and cost consuming. As a result, the treatment of the subjects in the paper had to be confined to documentary sources, particularly to various statutes that govern the local bodies.

However, the writer's long personal experience in the affairs of local government, firstly, as field administrator directly involved in the control and supervision of many local bodies for nearly half a decade, secondly, as a policy level executive in the Ministry of Local Government and also as Director, National Institute of Local Government, Dhaka, and lastly, as a Joint Secretary in the Cabinet Division, the agency of the government which steered the recent decentralization policy and programme of the government, have been used liberally in this paper.

I. GENERAL REVIEW OF THE FUNCTIONING

For the purpose of this paper, the functioning of the local government in Bangladesh will be reviewed under the following heads : (i) Legal status (ii) Composition of the council (iii) Function (iv) Finance (v) Management (vi) Control and supervision.

i. Legal status

The legal bases of local bodies in Bangladesh are provided by the respective statute creating them. At present there exists separate laws for each of the different types of local bodies, as stated below :

Statutes governing the Local Bodies

Name/category local body	Law/Statute governing the local body	Year of enactment
Rural		
Union Parishad	The Local Government (Union Parishad) Ordinance	1983
Upazila Parishad	The Local Government (Upazila Parishad and Upazila Reorganization) Ordinance	1982
Zila Parishad	The Local Government Ordinance	1976
Urban		
Pourasava	The Pourasava Ordinance	1977
Dhaka Municipal Corporation	Dhaka Municipal Corporation Ordinance	1983
Chittagong Municipal Corporation	The Chittagong Municipal Corporation Ordinance	1982
Khulna Municipal Corporation	The Khulna Municipal Corporation Ordinance	1984

It would be seen from the above that excepting the Zila Parishad and the Pourasava, the other local bodies have recently-enacted-laws as their foundation. It would be further observed that none of these statutes were actually enacted as "Acts" by the Parliament, as the term 'Ordinance' occurring with each would signify. These Ordinances were made and issued under the authority of the President when the parliament was not active or in existence (viz. during 1976-77 and 1982-84).

ii. Composition of the Council

Under the respective laws each local government body in the country has been provided with a council which acts as the repository of power and authority of the body. Though in principle the council is conceived to be representative in character, in practice there is considerable deviation in its actual composition. In the case of the Union Parishad the Council is composed in the following manner :

Composition of the Union Council

- 1 Chairman
- 9 Elected members
- 3 Women members

Section 4 of the Upazila Parishad Ordinance provides the following composition of the council :

Composition of the Upazila Parishad (council)

- 1 Chairman
- 3 Women members
- 1 Chairman, Upazila Central Cooperative Association
- 1 Nominated members
- Representative members (all Chairmen of Union Parishad with upazila)
- Official members (as designated by the government from among the officials at upazila).

The relevant law for Zila Parishad provides (Section 7) that its council will be composed of as below :

Composition of the Zila Parishad (Council)

- 1 Chairman (Elected from amongst the members)
- 1 Vice-Chairman (Elected from amongst the members)
- Elected members
- Official members
- Nominated women members.

By virtue of successive and periodic elections the composition of the Council of the Union Parishad conforms to the prescribed legal provisions. But this cannot be said of Upazila Parishad where the only directly elective position is that of the chairman. Election not being held so far the Nirbahi Officer (Executive Officer) is presently working as the Chairman, contrary to the spirit of representativeness. As has been mentioned earlier, the position of Zila Parishad is totally different as there is no Council and the Deputy Commissioner, being appointed by the government, acts as the Chairman.

The composition of pourasavas has been prescribed under Section 6 of the Ordinance to be as follows :

Composition of the Pourasava (Council)

- 1 Chairman (Elected)
- Elected Commissioners
- Nominated Women Commissioners

Note : The number of elected and nominated Commissioners vary from one pourasava to another.

By virtue of the election held in 1983, the composition of the council of the pourasava conforms to the provisions of law. In the case of municipal corporation (Section 4) relevant laws prescribe the following composition :

Composition of Municipal Corporation(Council)

- 1 Mayor elected from amongst the Commissioners
- 1 Deputy Mayor elected from amongst the Commissioners
- Elected Commissioners
- Official Commissioners
- Nominated women members

Note : Number of elected, official and nominated members vary from one corporation to another.

It may be noted from the above discussion that in each of the local bodies the relevant law ensures participation of women in the council through the mechanism of nomination which, however, is done by the central government.

iii. Functions

The specific provisions of the respective law define the functions of the local government bodies in Bangladesh. Thus, the functions of union parishad are laid down the sections 30, 31 and the First Schedule of the Union Parishad Ordinance, 1984. The functions of the Upazila Parishad are stated under section 24 and the Second Schedule of the Upazila Parishad Ordinance. The function of Zila Parishad under Section 31-32 and Part -I of the Third Schedule and those of the Pourasava and enumerated under sections 63 to 129 of the respective laws.

A glance at these provisions will reveal that all the local bodies have been entrusted with a large number of functions and responsibilities relating to the civic and community welfare as well as local

development. In some cases like Union Parishad, Zila Parishad and Pourasava, the lists of functions are quite formidable, running into nearly one hundred items. The relevant law in these cases makes, however, a provision for what is called "compulsory functions" and "optional functions", the optional functions being of the nature of permissive functions to be undertaken if resources permit.

In spite of what have been provided under the law, most of the local bodies, particularly the Union Parishad and Zila Parishad seldom perform even the compulsory functions. The usual functions performed by the Union Parishad today are maintenance of village police for keeping watch in the villages and construction and maintenance of roads which are mostly kutchas.

Somewhat comparable is the case of Zila Parishad whose principal function has come to be confined to maintenance and development of rural tertiary roads. This is mainly because, over the decades, higher governments (central and provincial) stepped into these areas with more funds and authority during the 1950s and 1960s. On the other hand for political expediency of successive regimes and ambivalent government policies of several decades these local government bodies also lost their financial base and capability of effective service to the people.

Compared to these two old local government institutions, the pourasavas/municipalities have, to a large extent, survived and continued with their functions which include sanitation, water supply, street lighting, construction and maintenance of roads, provision of parks etc. The reasons that they have survived with their functions can perhaps be attributed to their own resource base and also continued participatory character.

In respect of functions the Upazila Parishad deserves exclusive discussion. For though it is the most recent innovation in the field of local government, yet it stands out on a different base as compared to other local government bodies. As was mentioned earlier the union parishad, Zila Parishad and municipality had their foundations laid in the British colonial rule. The substantial development of the structure and functions of these bodies took place within the framework of federal government of the British India, particularly under the Act of 1935. The foundation of upazila parishad

rests on a concept of division of subjects between the centre and the upazila. By the Resolution dated 23rd November 1983, the functions of the government at the upazila level have been divided into "retained" subjects and "transferred" subjects. By this instrument the central government has retained to itself only a limited number of subjects, mostly regulatory, and transferred all other subjects, basically developmental in nature, to the upazila level local government called the upazila parishad. Under this dispensation the function by the central government at the Upazila level (and also below) have been limited to the followings :

**Illustrative list of subjects retained
by the Central Government**

1. Civil and Criminal judiciary.
2. Administration and Management of central revenue like Income Tax, Customs and Excise, Land Revenue, Land Tax, etc.
3. Maintenance of Law and Order.
4. Registration.
5. Maintenance of essential supplies including food.
6. Generation and distribution of electric power.
7. Irrigation schemes involving more than one District.
8. Technical education and education above Primary level, viz., agricultural, engineering, medical, etc., education, High School, College and University education.
9. Modernised District Hospitals and hospitals attached to the medical Colleges.
10. Research organisations like Council of Scientific and Industrial Research (C.S.I.R.) Laboratories.
11. Large scale seed multiplication and diary farms.
12. Large scale industries.
13. Inter-district and Inter-thana means of communication, viz., post, telegraph, telephone, railway, mechanically propelled road and inland water transport, highways, civil aviation, ports and shipping.
14. Flood control and development of water resources.
15. Marine fishing.
16. Mining and mineral development.

17. Compilation of national statistics.

As against this the subjects that have been transferred by the Central Government to the Upazila Parishad are as below :

List of subjects transferred to the Upazila Parishad

- i. Agriculture (Extension)
- ii. Livestock
- iii. Fishery
- iv. Health and Family Planning
- v. Public Health (Rural Supply and Sanitation)
- vi. Primary Education
- vii. Cooperative (Registration and Extension)
- viii. Social Welfare
- ix. Disaster relief
- x. Rural Works Programme.

Thus the Upazila Parishad enjoy a kind of "sharing" of functions with the central government on an exclusive basis which is somewhat comparable to the centre and the state relationship in a federal government set up. But this dispensation has not been extended to other local bodies who continue with their traditional status and functions as prescribed by the respective statute. Not only that, the upazila parishad has received special dispensation in a number of other matters as well. Most important in this regard is that the central government has deputed all the personnel to man the positions in the Upazila Parishad, has ensured all necessary fund and has introduced special budgetary mechanism for channelising massive dose of government grants to the Upazila Parishad.

iv. **Finance**

Financing local government bodies is perhaps the most intricate issue in the matter of their functioning. As autonomous bodies it is essential that each local body has a solid financial base of its own so that it can acquire adequate vitality and strength to maintain its autonomy and render required services to the people. Therefore, in reviewing the functioning of local government bodies in Bangladesh, it is essential to examine closely the nature of their financing. Respective laws prescribe the sources of finance of

respective local body. All the relevant laws also provide uniformly for a consolidated fund and prescribe uniform sources of revenue to be accrued to the Fund. The sources have been specified to be as follows :

Sources of the Fund of Various Local Government Bodies

- a. proceeds of all taxes, rates, fees and charges levied by the parishad.
- b. Rents and profits accruing from the properties of the parishad.
- c. Sums received in the performance of its functions.
- d. Contributions from individuals, institutions etc.
- e. Government grants.
- f. Profits from investments.
- g. Receipts accruing from the trusts placed with parishad.

It may be noted that the key source among the above is "proceeds of all taxes, rates, fees and other charges" which actually constitutes the core of own fund of the local body concerned. In fact it can be stated that financial autonomy of the local body and the attitude of the centre towards local government in a country is clearly discernible from the size and position of local government's income out of these sources.

Union Parishad

Section 53 of the Union Parishad Ordinance, 1983 prescribes the taxes that can be levied by the Union Parishad. The specific items on which Union Parishad has been empowered to levy tax to raise its own finance are specified in the Second Schedule attached to the Ordinance and as shown below :

Taxes, rates and fees leviable by Union Parishad

- a. Union rate (Rate on Annual value of homestead and residential land adjacent thereto),
- b. Rate for village police,
- c. Fees on birth, marriage and feasts,
- d. Community tax on adult males for civil works aimed at public welfare,

- e. Fees for specific public utility service maintained or rendered by the parishad.

It may be mentioned that till recently the tax Schedule of the Union Parishads included (i) tax on professions and (ii) lease money from hats and bazars and these two used to constitute important sources of Union Parishad's own income. With the transfer of these items to Upazila Parishad, the capacity to raise own fund has been reduced considerably. This has, however, been compensated by a provision that one third of Upazila Parishad's development allocation under Works Programme will be made over to the Union Parishad. But the facts remain that in the process the financial autonomy of Union Parishad has been sacrificed and it has been made dependent upon the Upazila Parishad. Appended hereto (Annex-A) is the income statement for 1982-83 of Aminpur Union Parishad which will reveal clearly the resultant position. It will be evident that in this particular case out of nine substantive heads of receipt six belonged to the Union Parishad. But with the omission of 'tax on professions and Callings' and revenue from hats and bazars, which together accounted for nearly 50% of the revenue realized from all sources and about 80% of own revenue, the Union Parishad will be hit very badly in respect of its own income. As a matter of fact if it receives equal amount out of Upazila Parishad for Works Programme, its own income will come down to 13% of the total income of the Parishad.

Upazila Parishad

As has been pointed out earlier, Upazila Parishad is a rather new addition to the local government bodies in Bangladesh and finances are met wholly by government grant. In fact since government has provided all the manpower, it has also undertaken to provide necessary grant-support to meet the pay and establishment cost of the personnel engaged in the services of Upazila Parishad. Besides, the government has also provided substantial grants to finance activities of the Upazila Parishad during 1983-84 (Taka 30 to Tk. 50 lakhs) and 1984-1985 (Taka 25 lakhs). The government stands committed to provide similar grants to support development programmes of the Upazila Parishad. However, in keeping with

the traditional concept and patterns of local government in the country, the relevant law (S-42) and the schedule (the third schedule) attached to it provide for several specific sources of income for the upazila parishad, as mentioned below :

Taxes, rates and fees leviable by the Upazila Parishad

- a. Lease money on jalamahals (inland natural fisheries).
- b. Tax on professions, trades and callings.
- c. Tax on dramatic and theatrical shows.
- d. Street lighting tax.
- e. Fees for fairs, exhibition etc.
- f. Fees for licence and permits.
- g. Tolls on services and facilities maintained.
- h. Lease money from hats and bazars.

It may be pointed out here that because of the very early stage, it is difficult to clearly foresee the scope and extent of revenue that may be generated from these sources. But surely lease money from hats and bazars will constitute the most important source. In some upazilas, because of typical topographical position 'Jalamahals' may emerge to be a good source of revenue. Eventually, tax on professions, trades and callings and fees for licences and permits may also emerge as important sources. In any case, given proper guidance and attention, the Upazila Parishad may muster sizeable income out of the sources identified under law.

Zila Parishad

Chapter II (Section 60-67) of the Local Government Ordinance 1976 provides for local taxation by the Zila Parishad. The specific items of local taxation are enumerated in the Fourth Schedule. The categories of local taxation leviable by district councils include taxes, rates, tolls and fees. Under the Fourth Schedule as many as 28 items/heads have been specified, of which thirteen relate to tax, six to rates, eight to fees and one to tolls. In practice the district councils do not engage much attention to attain financial autonomy through vigorous application of legally provided authorities and opportunities. In fact, it has become common to the district councils and also other local governments in Bangladesh to avoid making

diligent efforts to invigorate their financial muscle particularly since the days of Basic Democracy when an increased grant from the government made the district councils almost wholly dependent for finance.

To illustrate, the income of Sylhet district council for 1982-1983 from which an overview can be made of the finances of the district councils today can be seen in annexed at B. It needs to be pointed out that local rate which used to be the most important source of revenue of Zila Parishads was abolished in 1961. The income under this head during 1982-83 was a paltry sum which, in fact, was the arrear of previous years. Tax on transfer of immovable property makes the single most important source of own income of Sylhet district council. Other sources of own revenue, though often insignificant, are (i) tolls including ferry receipts and (ii) rent and profits from properties. In case of Sylhet district council these three sources, that is, (a) tax on transfer of immovable property, (b) tolls including ferry receipts and (c) rents and profits from properties constitute 21.25% of the total revenue. Unlike any other district councils in the country, tolls featured prominently in the income of Sylhet district council during last few years. It will be noticed from annexure-B that government grants to Zila Parishad come under several heads, and account for more than 50% of the total income. In fact grants under Works Programme head alone accounts for more than 50%.

Pourasava/Municipal Corporation

The Pourasava Ordinance 1977 and also the corresponding provisions of relevant laws for various corporations provide municipal/corporational taxation by these bodies. The Second Schedule of each of the relevant laws specify the items on which taxes, rates, cesses and fees may be levied by a pourasava or a corporation. Unlike the rural local bodies this creates an uniform base of local government taxation in all the urban areas. Of course, this has been possible because of the fact that the territorial jurisdictions of urban local bodies do not overlap each other, as is the case with rural local bodies.

As to the sources of actual finance of the urban local bodies, a statement at Annexure—C in respect of Narayanganj Poursava for 1982-83 financial year may be cited as an illustration. It will appear from the statement that unlike the Union and Zila Parishad, the Poursavas and Municipal Corporations are in much happier position in respect of own-finance. The grants from central government come under two items only and their relative contribution is not overwhelming (as in the case of Narayanganj Poursava where it is about 16% only of the total income).

v. Management

The Chairman (in case of Municipal Corporation, the Mayor) acts as the Chief Executive. Although relevant laws provide for elected Chief Executive, in practice the character of the head of various local bodies vary as may be seen below:

Character of the Chief Executive

Name of the Local body	Title of the position	Character legally prescribed	Actual character
i. Union Parishad	Chairman	Elected	Elected
ii. Upazila Parishad	Chairman	Elected	Appointed
iii. Zila Parishad	Chairman	Elected	Appointed
iv. Poursava	Chairman	Elected	Elected
v. Municipal Corporation	Mayor	Elected	Appointed

To support the Chief Executive, there exists various supportive officials usually borne on the local body. Excepting the Union Parishad, in each other case, these officials are organized in an elaborate bureaucracy. In the Union Parishad, the only functionary available is called 'Secretary' who has to attend to all types of functions of the parishad, as clerk, tax collector, keeper of books etc. In addition, in the Union Parishad there are two sets of auxiliary functionaries viz, the dafadars and chowkidars who perform limited function of rural police. They are, however, widely used to assist the Secretary of the Union Parishad in various matters as and when required.

In the case of Upazila Parishad, Zila Parishad, and Poursava/ Municipal Corporation the bureaucratic set up follows a structured pattern with built in hierarchies of officials, grouped into various divisions and sections. The usual strength of the office manpower of the local bodies can be seen from the figure below :

Strength of officials in the local bodies

Category of local government body	Number of officials
1. Union Council	1 (Plus 6-8 rural police)
2. Upazila Parishad	252
3. Zila Parishad	60-170
4. Poursava	Category I 200-250 Category II 50-100 Category III below 50
5. Municipal Corporation	300-800

Note : Excepting the Union Parishad, the figures represent a range, not the actual, which vary from one body to another.

It may be noted that the manpower engaged in the service of the local bodies is not borne on any cadre. There is no unified local government service. There are varying procedures and practices for recruitment of officials to the local bodies. The Union Parishad employs its own staff consisting of the secretary and the rural police. As has been indicated earlier, 100% of upazila parishad officials are on deputation from the central government. They are liable to withdrawal back to the government either on transfer or on promotion. Most of the officials of Zila Parishad excepting, the Works Programme officials are its own employees. The Works Programme officials attached to the Zila Parishad are borne on the government through the Local Government Engineering Bureau. In the case of Poursava and Municipal Corporation, all personnel excepting the Chief officer are own employees of these bodies. The administrator who may be a non-official, is a government appointee. The officer is a permanent government servant on deputation.

vi. **Control and Supervision**

One of the crucial issue in any discussion of local government is the control and supervision over the local government bodies by the higher government and its various authorities. Bangladesh having a unitary governmental structure and by virtue of some recent amendments in respective statutes, the control and supervision over the local bodies flow from the central government directly. Mention may be made here that till recently the control and supervision of the central government used to extend over all local bodies in almost all matters while administrative authorities like the Commissioner and the Deputy Commissioner used to supersede for control in specific matters as prescribed under the law. With the launching of Upazila Parishad government policy took a major turn. Unlike traditional practice the Parishad was not made a subject of the control of Central Government's administrative authorities. Soon this was adopted as the common pattern for other local bodies as well.

(a) **Union Parishad** : Under the provisions of the Local Government (Union Parishad) Ordinance, 1983 almost all operational control and supervision over the Union Parishad rests with the Upazila Parishad. Under this law, the Upazila Parishad has been empowered to approve budget and development plans of the Union Parishad (Sections 47 and 51). The Union Parishad is required to submit to the Upazila Parishad an annual statement of its accounts (S-48). Levy of taxes, fees and rates by the Union Parishad has been made subject to sanction by the Upazila Parishad (S-53). When an audit of the accounts of the union parishad is carried out the audit officer is required under section 49(3) to submit an audit report to the Upazila Parishad. As against this, specific control of the central government extends to quashing of proceedings, suspension of execution of any resolution, prohibition of doing anything proposed to be done (S-61), enquiry into the affairs of the Union Parishad (S-62) and supersession of a Union Parishad (S-69).

(b) **Upazila Parishad** : Control and supervision over the Upazila Parishad has a different pattern from the Union Parishad. Here the relevant authority rests entirely with the government.

Under the Ordinance, Upazila Parishad is competent to sanction its budget and is not required to obtain approval from any other authority. Only a copy is required to be forwarded to the government and the Deputy Commissioner (Section-36). The Development plans of upazila parishad, however, require sanction of the government in respect of financing, execution and implementation (S-40). Besides these two important and specific areas, the law provides that "the Government shall exercise general supervision and control" over the Upazila Parishad "in order to ensure that their activities conform to the purpose" of the law. As in the case of union parishad the government, however, can exercise control over the upazila parishad by way of quashing the proceedings, suspending the execution of any resolution or order etc., if anything is done by the Parishad contrary to law or policy of the government (S-50). The authority of government to interfere in the matters of the Upazila Parishad is almost unlimited as it can cause suomoto enquiries generally or on any particular issue (S-51) and, on the results of such enquiry, may supersede the Parishad (S-52).

(c) **Zila Parishad** : In the case of the Zila Parishad, the control and supervision of the government is cent percent. In the absence of a council, whether elected or nominated, its affairs are wholly controlled and managed by government authorities. As a matter of fact it does not have any character of local body excepting that it continues to be treated so and also continues to receive some limited income under local taxes, fees and rates and performs a limited number of local functions provided under the relevant law. It is a mere adjunct of the Deputy Commissioner who is responsible for running its affairs. However, in the pattern of other local bodies, its budget and annual development programme are submitted to and approved by the government and government reserves that authority to intervene in any of its actions.

(d) **Pourasava** : The control and supervision over the Pourasava is provided under chapter I of part V (Sections 130-136) of the Pourasava Ordinance 1977. It has been provided that the government shall exercise general supervision and control over the pourasava (S-130). Such supervision and control is exercised by

the government itself directly to (i) quash proceedings, suspend execution of any resolution passed and prohibit anything proposed to be done (S-31), (ii) direct the pourasava to take specific action for carrying out the purposes of the ordinance (s-132) and (iii) suspend the Chairman of the pourasava with the previous approval of the government, (iv) cause an enquiry into the affairs of the pourasava (S-133), (v) supersede the pourasava, vest all funds and property of the pourasava in the government and appoint any person or authority to perform the functions of the pourasava (S-135).

(e) **Municipal Corporations** : Chapter I of Part V of relevant Ordinance for Dhaka, Chittagong and Khulna municipal corporations defines the scope and limits of control and supervision over these bodies by the government. The laws require the corporations to submit Annual Administration Report to the government and government holds the right to call for any record, plan, estimate, accounts, report from the corporation. The government may, by deputation of an officer, cause an inspection or examination of any office, department, service or work of the Corporation. The government may, by order, restrain the Corporation from performing an act found to be unlawful, irregular or extravagant. The government may also annul or omit from the records any proceedings of the Corporation, not in conformity with the provisions of the law. A Corporation may be superseded by the government when in the opinion of the government the Corporation (i) is unable to discharge or persistently fails to discharge its duties, (ii) is unable to meet its financial obligations, (iii) acts against public interest, or (iv) abuses and exceeds its powers. Besides, the government may also suspend a particular department of the Corporation for a period on the ground of inefficiency.

It will thus appear that the nature of governmental control and supervision is at variance from one local body to another. In the cases of Upazila Parishad, Pourasava and Municipal corporation the control and supervision vests directly in the central government while in the case of union parishad, there is a duality as its control and supervision is shared between Upazila Parishad and the government in various matters. The Union Parishad, thus, has been rendered into a body subordinate to the Upazila Parishad. On the other

hand, the Zila Parishad does not fall in any pattern and exists virtually as an agency of the central government.

II. PRINCIPAL ISSUES AND PROBLEMS

The foregoing brief review of the functioning of local government bodies in Bangladesh reveals that although there is an elaborate system of local government in Bangladesh, its functioning suffers from some inherent inconsistency and the pattern has been changing periodically for political expediency. Identifying the issues and trends involved in the functional inconsistency and the changing pattern of local government in Bangladesh will be the focus of this part of the paper. In analysing the issues and trends due emphasis will, however, be given to structural as well as functional aspects, because both are closely interwoven. In fact, it can be stated that much of the issues and problems confronting functioning of local government in Bangladesh are rooted in the structural anomalies.

i. Structural Anomalies

By definition local government is a political institution. The structure of local government in a country has direct relationship with the political superstructure. However, the role described to local government in a federal type of government is usually different from that under a unitary form of government. Under a federal structure the local government is subordinate to the state or the provincial government whereas, under a unitary type it is directly linked up with the central government. In fact, in a unitary state vibrations of national policies and politics influence the local government directly and the shadow of central government always looms large over the local government because, often the central government leadership has to depend directly upon local government to reach the masses, the voters and the constituencies. This variation in the pattern of relationship with higher government units gives the local government a differential legal status and structure under the two types of government.

Being a politico-governmental institution the pattern of local government is often set by the provisions of the constitution, parti-

cularly in a unitary government. Under a federal constitution the state functions are distributed constitutionally into federal subjects, state subjects and concurrent subjects. Local Government is a minor subject, and is left to the state or provincial governments. At times, totalitarian regimes in the developing countries transcend the usual pattern and intervene in the local government as may be witnessed in the Basic Democracy system of local government introduced by the military regime of Ayub Khan under the federal Pakistan. Obviously Ayub Khan needed to earn legitimacy for his regime through a new mechanism other than the established political system, by-passing the province based political parties. On the contrary, in a unitary state, the political legitimacy of the central leadership rests considerably on the local government because local bodies offer an immediate playground for political influence and manoeuvre. Besides, interventions in a unitary framework increases preoccupation of the central government with the local government further. In Bangladesh, General Zia's Gram Sarkar and General Ershad's Upazila reorganizations are instances to the point.

ii. Undefined Constitutional Base

Viewed in the historical context the legacy of local government in Bangladesh flourished within federal structure of government during the British and the Pakistan periods. It was then a provincial subject. Independent Bangladesh being a unitary country, there occurred a structural transformation in the centre-local relationship. This found reflection in the constitution under chapter III (Articles 59 & 60), the salient points of which were

- i. There would be local government in every administrative unit ;
- ii. Such local government would be entrusted to bodies composed by elected persons
- iii. The foundations of local government units will be prescribed by Act of Parliament relating to administration and the work of public officers, administration of public order and preparation and implementation of plan ;
- iv. The Parliament would confer powers on the local government bodies to impose taxes for local purposes etc.

The above provisions of the Constitution gave a framework for transforming the age-old local government structure suitably. But nothing to this effect was done. By the Presidential Order I of 1972 Union Parishad was abolished but was soon restored under the traditional framework in exactly the same pattern as it was under the Basic Democracy system introduced by General Ayub. The Thana Council, which was nominally a local government, was also retained. The district council/zila parishad was allowed to continue in moribund status. Neither its representative character nor the council was restored. Thus, inspite of constitutional provisions and the new requirements of unitary governmental structure, no steps were taken to transform the local government structure to suit the changed requirements of the new nation.

However, by the proclamation order No. 1 of 1977 the above constitutional provisions were omitted. Instead, provisions were created under the general principles of state policy of the constitution in the following words :

“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” (Article 9)

Obviously, the above provision is nothing but mere statement of state policy and does not indicate anything specifically, about the structure of local government as original provisions of the constitution did. As a result, the pattern and structure of local government in the country is no longer a constitutional obligation.

However, inspite of the constitutional provisions as to the structure (as under the 1972 constitution) or without it (as in the present), the local government in Bangladesh has been suffering for lack of a consistent government policy. As had happened during Pakistan period, the successive governments in Bangladesh twisted local government to suit political expediency on the one hand, and on the other, some of the unsettled issues like the fate of Zila Parishad were allowed to remain so. At the same time, new experiments with local government continues. General Zia's Gram Sarker, (a village level local government tier) and General Ershad's Upazila Parishad are instances of such experimentation.

iii. Unbalanced Central Patronage

While Gram Sarker was a nebulous attempt and was used as a mere political frontage of the regime, the Upazila Parishad, as has been explained earlier, is a more serious exercise in as much as it is not only different from the existing local government units but it is receiving unprecedented patronage and weighted treatment from the central government in all matters as well.

The Upazila Parishad being founded on the concept of division of governmental functions between the centre and the local government (Upazila Parishad), introduces a kind of "sharing" of functions between the centre and one unit of local government only, to the exclusion of the others. Questions are, therefore, being raised as to the place of other local bodies who do not enjoy any "sharing" of functions with the centre. On the other hand, if the principle of 'sharing' or 'transfer' of functions is extended to other local government units, both urban and rural, there is possibility that the centre would have to divest itself of many more of its functions. This is not possible in the case of union parishad, because, all local functions have since been transferred to the Upazila Parishad. In the case of Zila Parishad any significant transfer of functions worth the name may lead to weakening the centre and hence may be inconsistent in a unitary framework of government. On the other hand, with its present structure and functioning Zila Parishad looks clearly redundant and, but for the nostalgia, there is no reason to retain it any longer. Therefore, question may be raised about rationale of retaining the Union Parishad and Zila Parishad as tiers of rural local government. This particular issue is relevant to the question on what number of local government tiers there should be in the country. Of the existing three tiers of rural local government, Zila Parishad looks clearly redundant.

iv. Politics and Local Government

As pointed out earlier, political expediency has been a factor in shaping the fate of local government in Bangladesh. While this had obvious reference to the higher politics as reflected through the regime in power, the local bodies as political institutions have always been a playground of politics, both local and national.

During the 30s and till 1947 when the British left the subcontinent, the local bodies were aligned along the party politics of the Indian National Congress and the Muslim League. During early years of Pakistan when politics ruled high in the country major political parties used local bodies as their base for electoral constituencies and also for gaining mass contact. The situation changed dramatically in 1958 after Ayub's Martial Law when a new framework of local government was introduced under Basic Democracy system. The local government was used as the springboard of national politics. The Basic democrats, that is the primary representatives to Union Council (Parishad) were formed into an Electoral College for selecting representatives to the national and provincial legislatures. It was because of such background, the Union Parishads were disbanded immediately after liberation.

In independent Bangladesh the political role of local government representatives is yet to emerge clearly. This is primarily because national politics itself has not taken a clear shape. The shifting of political pattern from parliamentary to one party and then to presidential types of government, intercepted by two spells of military government, have not allowed the politics in the country a sustained natural growth and crystalization. As a result, the role of local government as an important source of political training remains greatly unrealized. The tradition of local government as an input to national politics is yet to emerge clearly and take root in the country.

On the other hand, since the days of Ayub's Basic Democracy, local government increasingly became a direct agency of the government for executing government programmes and under this garb more and more funds were channelized to them. This has resulted, over the years, particularly in the case of rural local bodies, in a strong dependency relationship. Over the years, the government continued to increase its grants to the local bodies who found it convenient to relax on the unpleasant and unpopular job of raising local taxation. Obviously such a situation had great bearing upon the functioning of the local bodies because they now concentrated only on those functions for which government funds were readily available. In such a situation, a great metamor-

phases took place in the political role of the local bodies, specially the rural ones. For, whatever may be the political background of an individual chairman of a rural local body he would invariably tow the political line of the ruling regime for smooth flow of funds. He may do so from the fear of losing the government grants or strong governmental action like suspension and supersession as well. As a matter of fact, this has become a common pattern in the case of local government in Bangladesh that government would find it easy to mobilize the local bodies for its political ends and the local bodies also would readily respond.

v. Dwindling Local Finance and Increased Dependency on Central Grants

As has been highlighted earlier, because of increasingly greater dependence on central grants to finance them, the local government bodies, particularly the rural ones, are suffering greatly in respect of their own finance. It has been noted earlier that in the case of rural local bodies, there is not only reluctance to collect local revenues from the prescribed sources, but also that because of changing government policies the nature of sources of own revenues have undergone significant transformation. The Union Parishad have lost very significant sources like hats and bazars, Zila Parishad have lost local rate and the Poursava lost Octroi. These three sources were, in fact, the life blood of local government finance. On the other hand, no new and significant source such as land revenue has been identified and given to the local bodies. While the government has compensated the loss by grant but has, in the process, increased dependency and also has deprived the local bodies from the incremental income over time. As a result, with the increasing cost of services local bodies, particularly urban ones, find it difficult to render and maintain the same level of services as they used to do in the yester years.

vi. Adrift Functional Responsibility

While the changed perspective in respect of own finance has greatly affected the character and the scope of functioning of the local bodies, they have undergone significant transformation

in respect of their functions too. While the urban bodies have some what remained unaffected in this respect the rural bodies are in a state of confusion and disarray. The relevant laws of Union Parishad and Zila Parishad prescribe a long list of functions which they do not also cannot perform. In the first instance, because of fund constraint, lack of adequate and competent manpower, but more significantly, since 1950s the government in the name of development, assumed responsibility of a number of essential civic functions like road communication, education, health, water supply etc which now form key central functions. In fact, being denuded of these functions, the relevant local bodies do not really have any functional identity left. While this position still continues in respect of Union Parishad and Zila Parishad, introduction of the concept of sharing of functions with Upazila Parishad on an exclusive basis has introduced a new dimension in respect of functions of local bodies. For, this particular local body has now been declared to be the sole arbiter of its functions and the transfer of functions by the centre has been said to be complete with necessary manpower, logistic and fund. Contrary to Union Parishad and Zila Parishad, the Upazila Parishad has been loaded with numerous and important functions. It looks like that whatever government took over from the local bodies like Union Parishad and Zila Parishad since the 50s it has now chosen to return them, but to a new body. To what extent such swing would be assimilated in the overall body politic of the local government and the central government is yet to be seen.

vii. Inefficiency in Management

Connected with the functions is the issue of efficient management of local bodies. One of the basic consideration for setting up local bodies in a country is the question of efficient rendering of services locally. While functions of local bodies reflect services required to be rendered locally, in real terms it is dependent upon a sound and efficient management. Our earlier discussion on this subject revealed the existing state of art in the country. While good management is a function of various factors like finance, adequacy of able manpower etc. it is also necessary that there exists

a proper framework for fostering good management. Foremost in this respect is the factor of job and career opportunities of the incumbents. In this respect, the Local Government Service Rules, 1968 provides the condition of service of local government officials. But the Prerequisites of the growth of local government service cadre does not exist. The proposal for having a Local Government Service has not seen the light of the day. As a result, the conditions and prospects of service of local government officials particularly, career prospects of senior local government servants like Engineers, Chief Officers etc. remain to a large extent undefined. As a result, local government service as a whole is an unattractive venture. On the other hand, consistency in the staffing pattern of one body to another is also quite glaring. The Union Parishad with only one junior staff called Secretary is understaffed whereas the newly created Upazila Parishad with 252 staff is obviously well-staffed, if not overstaffed. Again, in the absence of adequate training opportunities, the scope of qualitative improvement of the officials has become problematic. The abolition of the Basic Democracy Training Institutes and virtual delinking of Comilla Academy from the area of local government activity has created a great vacuum in this respect. In the 60s there were institutions which organized regular training programmes for the local government functionaries of all levels and types. Similarly, the training aspect of Upazila Training and Development Centre is no longer emphasized upon. The Local Government Institute which was conceived to develop as the central training agency in the field is yet to be equipped with adequate facilities and programmes for undertaking the responsibility.

viii. Ambiguous Pattern of Leadership

Connected with proper management of the local bodies is the question of local government leadership. There are a number of issues in this respect. As we have noticed earlier, there exists a varying situation in this respect from one local body to another. While some local bodies have elected council others do not. While some have elected chairman, others have appointed or official as chairman. This mixed situation has led to serious controver-

sies as to the functioning and object of the local bodies. The most prominent and pertinent is the case of Upazila Parishad where, in the absence of an elected chairman, the Upazila Nirbahi Officer, a government official on deputation to the local body, has been allowed to act as the chairman. This has given rise to considerable controversy. Again, the municipalities have elected chairman but the municipal corporations have appointed ones. Although there exists varying patterns in various countries as to the head of a local body, some countries have government officials to act as chief of a local body, yet the fact remains that the overwhelming majority of the countries have elected chiefs to lead the local bodies. Bangladesh has not opted clearly in favour of either and its divergent politics and practices in this respect has rather increased the vulnerability of local government as public institution. Such divergence is also noticed in respect of composition of the council. While Zila Parishad is without a council, the councils of other bodies have varying and mixed patterns in their composition. The Union Parishad and the Poursava have numerical preponderance of elected representatives. In the Upazila Parishad the nominated and official members stand predominant in most cases. In the municipal corporations the council consists entirely of nominated members.

Conclusion

Although the tradition of local government extends over one hundred years, there is a lack of consistency in their pattern and functioning. Functionally as well as structurally, a number of mutually inconsistent patterns are operating in the country. At the same time, search for and experimentation with newer patterns has not yet ceased. No national consensus has apparently emerged. The local government as a national sub-system is yet to settle down. What still remains basically an offshoot of colonial and federal tradition has to be boldly restructured consistent to the overall governmental superstructure of a unitary state as well as to the requirement of an independent and developing country. This would call for a clearly laid out policy with regard to the structure, functions, finance, management, centre-local-relationship and other related critical issues.

Annexure—A**INCOME OF AMINPUR UNION PARISHAD
DURING FY 1982-83**

Head of Receipt	Income
1. Opening balance	2562.00
2. Tax on land and building	6000.00
3. Trade, profession & calling	2604.00
4. Trade License	1575.00
5. Tax on Vehicle	1745.00
6. Chowkidari Tax	4000.00
7. Govt. grant for salary, Honorarium of Chariman, Member, Secretary, Dafadar and Chowkidar	15210.00
8. Revenue from Hats & Bazars	39000.00
9. Govt. compensatory grant	2778.00
10. Govt. grant for Road Maintenance	15500.00
11. Misc.	1140.00
	<u>92114.00</u>

Annexure—B**INCOME OF SYLHET DISTRICT COUNCIL
DURING FY 1982-83**

Head of Receipt	Income
Local Rate	15,807.00
Tax on transfer of immovable property	43,00,000.00
Tolls	6,90,000.00
Rent & Profit from properties	1,08,000.00
Grant from Govt.	5,06,000.00
Interest	6,37,700.00
Misc.	8,94,777.00
Works Programme	1,24,57,900.00
Debt. Deposit & Advance	70,000.00
Opening Balance	41,74,802.00
	<u>2,38,54,986.00</u>

Annexure—C**INCOME OF NARAYANGONJ MUNICIPALITY DURING
1982-83**

Head of Receipts	Income
1. Holding Tax	21,51,595.00
2. Municipal rates	29,92,979.00
3. Tax on transfer of immovable	4,48,562.00
4. Cess & Fees from Ferries, Trade pro- fession & calling, Advertisement Cinema & Amusement, Rickshaw licence, Shopping centre, Hats & Bazars, Fees from road side land, water connection fees, slaughter house, warrent fee & M.A.O. other fine.	26,28,712.00
5. Other taxes	67,500.00
6. Rent & Profit from properties	1,77,065.00
7. Grant from Govt.	2,61,770.00
8. Tolls	12,41,250.00
9. Works Programme	28,46,752.00
10. Misc.	28,07,103.00
11. Debt. Deposit & Advance	15,58,575.00
12. Opening balance	25,32,307.00
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**PEOPLE'S PARTICIPATION IN ADMINISTRATION AND
DEVELOPMENT THROUGH LOCAL INSTITUTIONS
Bangladesh Case**

**Shaikh Maqsood Ali
Sofia Hasna Jahan Ali**

Over the past few decades a major shift seems to have taken place in our concept of development administration and development planning. Generally, it is said that in the 1950s the developing countries began their experiments in development planning primarily with a growth model that emphasized savings and investment, capital-output ratios, the role of foreign assistance in filling up the investment-savings and balance of payments gaps till the economy moved to the threshold of self-reliance. During this decade it was also assumed that the very process of income generation would, by its own dynamics percolate the benefits of development to all section of the community. In the 1960s, it was realized that (a) this 'growth with percolation' theory was not promoting economic growth at a desirable rate, in most developing countries and (b) where some growth was taking place, it was not percolating its benefits to the poorer section of the community to the extent it was desirable and so, polarisation of the society was increasing between the haves and the have-nots over the growth period. Therefore, in the 1960s, 'growth with redistribution' became the new slogan. This called for greater state intervention in the economy and there was a renewed interest in understanding and improving the administrative process that would promote desirable growth and desirable redistribution. It was, therefore, not surprising to see that many of the Western donor countries made administrative improvement a pre-condition for their aid-commitments to developing countries in this decade and where possible, they themselves took initiative in setting up a number of training institutions to increase the capability of indigenous civil servants to meet the new challenge of 'growth with redistribution'.

However, by the end of 1960s also it was found that the economies in most developing countries were not growing fast enough and whatever growth was there, was in fact, worsening the distribution of income and assets against the poorer section of the community.

In the 1970s, therefore, attention shifted to structural question : is there a built-in mechanism in the socio-economic structure of the developing countries that inhibits growth and increases disparity in income and assets against the poor and the disadvantaged ? In the Hammerskjold Report of 1974 "What Now?"—the answer was clear.¹ The report emphasised that in the developing countries, structural change is a precondition for development with redistributive justics.

However, in most developing countries neither the government in power nor their foreign denors were interested in promoting fundamental structural reform. The absence of such basic structural change meant that the rural society would continue to be dominated by the rural elites. It also implied that increased politicisation of the country, promoted through a political process of the Western type of government would strengthen the power of these rural elites, at least in the short run, and the planning process would have to seek the means for improving the conditions of the poor within these constraints.

As a second best, the developing countries got a new concept: the Basic Need Model (BNM) in the 1970s. However the enthronement of the BNM in this decade was as dramatic as its dethronement. The reason was simple : the BNM envisaged that the basic needs such as food, clothing, housing, education etc. of the people, particularly of the poor, would get first priority in the planning process. This could only be done either by diverting resources from the rich and the urban sector to the poor and the rural sector or by mobilizing the poor and the rural sector in such a way so that the required extra resources could be generated locally. Neither of this was possible. The urban elite would not allow the diversion of such resources to any significant extent that would affect them adversely. On the other hand, most of the planners, the economists, the administrators and the other technical experts could only talk

about mobilization of people but in reality did not know how to do it in order to generate extra resources.

By the late 1970s, therefore, there was a new emphasis on people's participation in administration and planning through effective devolution of decision making power in favour of the people at the grass root particularly, in areas that affect their lives. Simultaneously with the shifting of attention from a centralized administrative and planning process to a decentralized administrative and planning format, the role of local government institutions assumed new meaning and significance. It was increasingly felt that a decentralized administrative and planning format based on people's participation has to necessarily depend on mobilization of the people through their own organisation. Since in many developing countries, the Local Government Institutions had evolved historically as organization of the local people for their uplift, so the question was raised if these organisations could be revamped to play a more critical and dynamic role in promoting participatory administration and development.

In this background the role of the State and the civil service came under renewed scrutiny. Since most developing countries are still poor and since private enterprise in most of these countries is still shy, so the State would have to continue its promotional and entrepreneurial role for some more time but there has to be simultaneously an emphasis on the role of State as provider of services particularly to the poor. With an efficient service delivery system, the State may help improve the condition of the poor at least to some extent. But if the State has to ensure that the development dynamics would benefit primarily the poor and the disadvantaged, then the new role of the State would have to be that of 'empowerment' in which the State helps the poor and disadvantaged to organise their own interest groups and thus helps 'empower' them to a point where they can sufficiently 'influence' the decision making process to their own benefit in matters that affect their lives.²

In this paper the question of participation of the people in administration and development through local institutions in Bangladesh will be examined (i) in terms of the changes in concepts

and techniques of development in the 1950s, 1960s, 1970s and 1980s that we have outlined above. In doing this particular attention would be given on (i) the new role of the State as an agency for changing the bureaucracy so that they on their turn can 'empower' the poor and the disadvantaged within the existing structural constraints and (ii) the new role of the local government institutions in Bangladesh to make best use of the new opportunity for 'participatory development'.

The Decade of 1950s : Development Without Participation

During 1950s the area now called Bangladesh was a part of Pakistan and was known as East Bengal/East Pakistan. During this period, the planning and the administrative processes showed the following characteristics :

(1) the national macro (five year) plan was formulated around a growth with percolation type model. A desirable rate of growth (net of population increase) was fixed ; the needed savings ratio was calculated to achieve this rate of growth given the capital output coefficient and then, the required amount of foreign assistance was determined on the basis of saving-investment and balance of payment gaps. This exercise was done by the central planners.³ There was hardly any need to involve people in this exercise.

(2) in order to execute a centralized growth model, the crucial role of a central bureaucracy was emphasized. The civil service of Pakistan which was the apex cadre service at that time played the most critical role in decision making till its superior position was replaced in both Bangladesh and Pakistan by political events that took place after the war of independence of Bangladesh in 1971.

(3) in the context of (1) & (2) above, the role of local government institutions remained secondary for economic development. They had very little fund of their own. They received very little fund (grants or loans) from the government. Their main functions were to pay the village police and marginally to look after the rural roads and bridges.

(4) although the local government institutions were not allowed to play a dominant role in rural development during 1950s and 1960s, rural development, however, was not to be neglected. With the assistance of the United States, a massive Community Development Programme known as Village-Agricultural and Industrial Development (V-AID) was organised.⁴ This was a top-down approach. It was assumed that the farmers were rational human beings. They would respond positively to a programme of rural development if they could find that this programme would benefit them. However, the new development concepts particularly the improved techniques and practices of agriculture would have to be first sold to the farmers and as such, for a period of time, the central government had to play the critical role. Eventually the rural people would understand the utility of the new ideas and practices and would organise themselves to make best use of these independent of the government.

The role of the State, therefore, was essentially one of entrepreneur in the field of industries and of change agent in the field of agriculture and rural development.⁵ It gave lands, loanable funds and a policy package that would facilitate private investment, in the field of industries. It also went for direct productive investment where private investment was still shy. It tried to promote community development with its development officers (at the thana level which was the lowest effective unit of administration) and development workers in the village. However, the whole planning and administrative processes were characterized by extreme centralization and, as such, all important activities were directed, controlled, coordinated and supervised from the Centre.

The Decade of 1960s: the Demand on the State for Service Delivery

In the 1960s, the centralized administrative and planning processes continued but there were symptoms that everything was not alright. The main problem areas were the following :

(1) the centralized administrative and planning processes had widened disparity between the urban and the rural sector, between the regions and between rich and the poor within the regions.⁶

There was, therefore, widespread political upheaval not only in the Eastern region which suffered most but also within the Western Regions inspite of observation of Decade of Reform in 1968.

(2) the preliminary outline of the fourth five year plan (that was to be formulated for the period 1970-75) acknowledged at least partly, these dissatisfactions⁷ and recommended that in future there should be more emphasis not on growth but on service delivery. To achieve this there should be more investment in the social sectors as well as in the backward regions. However, the demand in the West was to promote these investment in the social sectors and in the backward regions mainly through administrative means. In the East, the demand was for great political autonomy and for the release of the creating power of the people at the grass root. This demand, when opposed, snowballed into a demand for total independence.

The Decade of 1970s : Experiments in Structural Change and Participative Development

Bangladesh emerged as an independent state in 1971. The government inherited a Centralized Planning and Administrative system as well as popular demand for a more efficient service delivery system and participatory process of development.

To understand the background of this demand for structural reform and participatory development, one needs to go back to the socio-political development that took place in this region during the last 100 years. In brief, these developments could be described as follows :

(1) the British conquered this region in 1757 from the Muslim rulers. For about a hundred years, the Muslim aristocracy opposed the British ruler and fought with them in sporadic battles. In the process they largely eliminated themselves or got themselves pauperised. However, a shared sense of poverty brought the Muslim leaders closer to the peasantry. From the end of the eighteenth century they also changed their strategy. They began to cooperate with the British rulers, learn English language, accept Western Institutions, organise themselves in a political

party to subsequently agitate against the rulers in a language that they understand (i.e. within the constitutional means). Indeed, so effective was the new strategy that by 1937, the Muslim of this region were able to capture political power (within the constitutional limit of the colonial government) against their far advanced Hindu Community.

(2) the process of development of political leaders in this region was greatly helped by the Institutions of Local Government. These Institutions were introduced in this region as early as 1885 under the British Raj.⁸ It consisted of three tiers—the Union Committee consisting of a number of villages, the Local Board with supervisory jurisdiction over the Union Committees and the District Board in each District.

The intention of the British rulers was to dampen and not to arouse political ambition among the population. To ensure this, these institutions (particularly the Union Committee/Board) were to act as adjunct to the Police Station and the Zamindari System that the British Raj introduced to consolidate its grip in this region. The Zamindari System through which lands were taken away from the disloyal owners and were distributed to the loyal indigeneous people was introduced in 1793. Under this the loyal Zamindars would pay a fixed amount of revenue to the British and on their turn, would be allowed to enjoy the remaining amount that could be collected from the peasant for the loyalty they had shown to their foreign masters. The Zamindars needed the police officers at their door step to suppress any agitation in their area against payment of exhorbitant rent they levied on their tenants. So the colonial administration created Police Stations known as Thanas (in between the sub-division and the unions) to help the Zamindars. The next step was the creation of the Union Committee to pay and maintain a group of village police known as Chowkidars out of the Union Committee Fund (to be raised as Chowkidari Tax) from the local people. The village police (Chowkidars) were to report to the Officer-in-Charge of the Police Station about any suspicious character (who is considered a threat to the British Raj) every fortnight. There was virtually no fund for the Union Committee to perform any other function. Naturally only a adult who paid chowkidari tax or cess tax or possessed

certain educational qualification could vote. Each Union Committee consisted of 9 members elected by the villagers. The District Board consisted of nine members of whom two-third were elected and one-third nominated by the government for a period of five years. Apparently, they had responsibilities for communication, health & sanitation, education, relief, census etc. but in practice, their capacity was seriously restricted because of shortage of fund. By 1913 it was also realized that the supervisory tier of Local Board was not necessary. The Union Committee was, therefore, upgraded as Union Board in 1919. But its functions did not change basically.

After independence from the British in 1947, Zamindari system was abolished in East Bengal within four years, but the provision of the legislation was such that it affected only the big landlords who were mostly Hindus. The middle peasant who were mostly Muslim, were not affected much. Instead, with 10 bighas of land per head and a maximum of 100 bighas for the family as the land ceiling, they could consolidate their position as the rural Jotdars (middle-landlord).

With the exodus of the Hindu elites from East Bengal, the Muslim Jotdars consolidated their position, not only on land but also in capturing the leadership of the Union and the District Boards. More alarming, political participation was denied to the people at the national level as the Governor General (later President) would impose Governor-General's/President's rule on the country on slightest pretext with the help of his civil and military bureaucracy. Naturally, people's participation through the local government institutions remained a far cry.

By October 1957, Martial Law was formally imposed over the country. The new ruler, General Ayub Khan, offered the country his own variety of local government institution. This was known as the Basic Democracies.⁹ Under it there were 4 tiers of local government. The Union Council at the lowest level with a number of villages followed by the Thana Council at the Thana level, the District Council at the District and the Divisional Council at the Divisional level. Only the members of the Union Council were to be directly elected. They were called Basic Democrats. They

elected their Chairmen at the Union Council. They also constituted the electoral college for the election of the President. The arm of the President was thus stretched upto the village. He could pump money in the villages through the Union Councils and get his support from them. All other (the Thana, District & Divisional) Councils were dominated by the official and had the supervisory role to ensure that the government directives were duly implemented. It was certainly not a form of participatory administration or development. And indeed by 1969, there were widespread oppositions against this system of Basic Democracies Institutions all over East Bengal.

However, in spite of the above constraint, the dynamics of socio-political development in East Bengal (inherited through its historical process explained above) tried to make the best use of the Basic Democracies institutions and the Works Programme through what is now known as the Comilla Approach.¹⁰ The essence of the Comilla Approach appeared to be the following :

(i) It is not true that the poor and the disadvantaged in a village cannot develop themselves because of their illiteracy, ignorance and poverty. They are basically intelligent and rational. They cannot develop themselves mainly because they are not organised ;

(ii) As the country is predominantly agricultural so the main development thrust in the rural areas must come from agriculture. Agricultural development on its turn would mainly depend on (a) organisation of the farmers, particularly, the poor farmers at the grass roots level ; (b) the development of a network of administrative and economic infrastructures at the local level ; (c) vertical linkage between administration and people's organisations ; and (e) easy access of the people to institutional credit and extension services.

(iii) To build up this format, the Comilla Approach provided (a) a two tier cooperative system consisting of the Krishi Samabaya Samity (KSS) of the farmers at the village level integrated with the Central Cooperative Association (TCCA) at the Thana level. In the KSS the farmers would organise and develop the habit of savings and after a certain stage of development, the KSS would link itself with TCCA for institutional credit.

(iv) To enable the KSS to move to the higher stage of development for linkage with TCCA, a systematic training programme is to be organised around the Thana Training and Development Centre (TTDC). At the TTDC, representatives of the KSS will come to get training in improved agricultural practices, in problem solving, decision making, project formulation and implementation and in other related areas. These trained representatives of KSS would, on their turn, become agents of change in their respective areas.

(v) In the process, the role of bureaucracy was defined. The civil servant is to be a facilitator. He is to help people to organise, and identify their problems and solve them. He is not to assume the leadership role for doing these things. The leaders must come from among the villagers.

(vi) To do this, the villagers would need not only their organisation and a changing role of the civil servants but also an effective administrative and planning infrastructure. As explained earlier, during the colonial days, the administrative infrastructure was provided by the local landlords (the Zamindars) and the Police Officer at the Thana level. They used to maintain law and order in the area with the help of the village police. It was exploitive and oppressive for the poor but there was no major upheaval in the villages until the last days of the British Raj. When the Zamindari System in East Bengal was abolished in 1952, the vacuum created by the departure of the Zamindars from the villagers was not filled up by the government. The law and order situation in the rural areas, therefore, deteriorated.

Further, the Zamindars derived their income mainly from agriculture. So in their own interest, they had to maintain a network of irrigation and drainage channels that would give them a minimum level of income. When Zamindars had left, the government did not step in to fill up this vacuum either. So the irrigation and drainage channels also dried up soon and it became difficult to maintain agricultural production even at its former level.

The Comilla Approach provided a solution to these problems too. It integrated the local government institutes of the Union Councils and the Thana Councils with TTDC on one hand and with the works programmes on the other. The former provided the

administrative infrastructure. The latter opened up a scope for building up economic infrastructure.

The wheat available under works Programme was to provide temporary employment to the rural poor during difficult months. The Basic democrats, who were to prepare and execute, this project were, in general, inclined to build up roads and bridges with the funds preferably to connect their houses and offices. But Comilla Approach persuaded the chairmen of the Union Councils around the Academy to build up irrigation and drainage channels which were more important for development of agriculture.

The combined result of the two tier-co-operative system, the TTDC training network and the supportive administrative and economic infrastructure was phenomenal at the Comilla Thana. Production of agriculture in this area increased substantially. More important, the personality of the poor farmers changed. They became self-confident and dynamic individuals ready to experiment new ideas and methods for self-sustaining growth.

Gradually, the two-tier cooperative system of Comilla Approach spread to non-farm areas. It was found that the Rickshaw Pullers, the Truk Drivers etc, could also change their economic and social conditions by this programme.

The next move of the Comilla Academy step was the promotion of a format for more systematic local level planning. Experience showed that a local plan could be based on (a) appropriate soil classification ; (b) identification of the needed economic infrastructure (roads, bridges, irrigation and drainage channels) over a longer period of say two to five years and (c) integrative training to all persons concerned in such planning, such as the members and the chairmen of the Union Councils, the Circle Officers (Development) and other officials at the Thana, Union and village levels as well as to the other relevant members of the public, like the school teachers, religious leaders, etc, who would be involved in rural development. It was also shown that the village plan book could be integrated at the Union level to prepare a Union Plan and the Union plans could be integrated at the Thana level. During 1965-70 these village, Union and Thana Planning formats were developed continuously. By 1969, the Comilla Academy was looking confidently at

the decade of the 1970s for a more systematic replication of the participatory administrative and planning format that it had evolved during the 1960s.

However, in spite of this impressive record during the 1960s, the Comilla Approach could not make much contribution to the improvement of the overall rural economy of Bangladesh in the 1970s. The reasons were mainly as follows :

(1) the local government institutions developed in the 1960s, were based on indirect election and patronage from an autocratic regime. The members of these local government institutions were, therefore, disowned by the people during the liberation movement. After independence in 1971, these Union Councils stood suspended. However, the government in power at that time could not also give bold direction to rural development. They would rhetorically talk about socialization of agriculture but would allow private ownership in agriculture till an indefinite date. Before they could firm up their ideas, the government changed through a violent coup in 1975.

(2) the government also assumed that it was possible to replicate the Comilla Model without an organised network of viable local government institutions. So, government tried to replicate the Comilla Model through what they called an Integrated rural Development Programme (IRDP) under the leadership of a Director General working under the Ministry of Local Government. The Comilla Model, which was essentially a "process of social learning from the grass root" was thus bureaucratized with all its attendant consequences.

(3) the co-operatives under IRDP increased rapidly in number but since they were mostly imposition from the top, they were not really viable in character.

(4) when the Comilla Approach developed (in the 1960s) the number of landless farmers was around 20% in this region. This percentage rapidly rose to about 50 by the end of the 1970s. The Comilla Approach that concentrated mainly on the development of the small farmers through KSS, therefore, appeared less suitable to handle the problems of organisation of the land-

less in the 1970s (in recent year Comilla Academy has developed its own strategy to accommodate the organisation of the poor landless and of the destitute women).

(5) the election for the offices of local government institutions did not take place in Bangladesh till 1977. When the new members to the Union Council (renamed as Union Parishad) were elected, the new government that came into power gave them newer task for rural development (consisting of such programmes as Family Planning, Adult Literacy, and Ulashi (Voluntary) type canal digging programme, in which the role of Comilla Academy was marginal. So, the integrative Thana, Union and Village Planning format that was developed by the Comilla Academy for the decade of 1970s fell from grace.

Many new experiments in rural development sprang up during the 1970s. Of these, one that was patronized by the government was the Ulashi-Jadunathpur Model. This was developed by the District Officer of Jessore in the process of utilizing the water resources of a river mainly for better agriculture. The earth work involved was apparently done by mobilizing local people for 'voluntary labour', through local government institutions. In effect, the voluntary labour was not so 'voluntary' because, there was significant element of 'direction' from the District Administration. But somehow, it created an impression in the government circle that it was possible to 'mobilize' people if the local government institutions and District Administration worked together at Jessore.

Under the government directives the Ulashi type canal digging programme rapidly spread all over the country in 1980. The new elected Chairmen and Members of the Union Parishads were requested to mobilize local 'volunteers' to help the District Administration to carry out this programme along with the programmes of adult literacy and family planning. To promote these programmes further, the government eventually created (1980) the post of District Development Coordinators (JDC)¹¹ in each District and selected some Members of the Parliament from those Districts for appointment

to these posts. They were also given the rank and status of Deputy Ministers.

The success of this programme was far less than was expected partly because (a) the local Union Parishad and the District Administration 'mobilized' the people more by direction than by persuasion and the programmes benefited the rich and the wealthy more than the disadvantaged poor and (b) the DDC's role as a supra-coordinator of development activities in the district was not liked by the District Administration still headed by a civil servant. This programme came to an end when government changed in 1982.

Another model for local level planning based on people's participation that developed in the second half of the 1970s was the Swanirvar (Self-Reliance) Movement.¹² The main underlying features of this movement are as follows :

(1) A village is essentially divided into different interest-cum-functional groups such as the small farmers, the rich farmers, the youth, the women, the landless, etc. So in order to make a village organisation truly representative each of these interest-cum-functional groups should be organised first and then each group should send its representatives to the village organisation. The Swanirvar Movement developed this format of village organisation during 1976-78.

(2) the village organisation (representing all interest-functional groups) so formed would not be effective until it is linked up with the Thana Administration. This linkage can be done if the Union Parishad also reorganises itself on the basis of functional division of responsibility. This means that a representative in the village organisation responsible for development of say agriculture in the village will have its counter-part at the union level. Since at the Thana level, offices are already represented on departmental/sectoral basis, it should therefore, be possible to integrate the village representative with his counterpart officer at the Thana level and his counterpart elected representative at the union level.

(3) if a village can be linked up vertically and on functional basis with the Union Parishad and the Thana Administration, it would be easier to mobilize local people to survey and identify

their sectoral problems, prepare and implement sectoral projects with local resources and implement them jointly with the local administration, when necessary.

(4) 'action training' would play a crucial role in the above process of development. This training should be organised centrally for all members of the Local Parishads, all relevant local level officials and all social workers who may be induced to work under the programme.

This format for participatory rural development was presented to the Government by Swanirvar Bangladesh during 1979 but neither the Kushtia nor the Sadullahpur Model was acceptable to the Government. In May 1981, however, the government accepted its own Model of Gram Sarkar for replication in all the 68,000 villages of Bangladesh. This Model envisaged that :

(1) The Head of the Village Sarkar with 11 members would be selected on the basis of 'consensus'. When it would be difficult for the villagers to reach consensus, the local Member of the Parliament of the ruling political party would be consulted, and,

(2) The Head of the Gram Sarkar would have no formal linkage with the Union Parishad. The Gram Sarkar would be independently linked up with the Thana administration sidetracking the Union Parishad.

During 1981, Gram Sarkars were formed in many villages in quick succession but there were allegations that (a) the members of these organisation were not the 'real' representatives of their interest groups, (b) they were not responsible to the people in the village or the Union Parishad and, therefore, (c) they could be politically misused.

The Decade of 1980s : Experiments in Decentralization and Empowerment

When the new Government came to power in March, 1982, they immediately disbanded the institutions of Gram Sarkar at the village level. A Committee on Administrative Reorganisation/Reform¹³ was then set up (in April 1982) to look afresh into the problem of the existing inadequacies in administration and suggest more effective measures for taking administration nearer to the

people. This Committee identified the main defects of Bangladesh administration as follows :

1. a tadbir (lobbying) approach to decision making ;
2. an absence of a sound, durable political process to articulate appropriate, consistent and uniform public welfare policies ;
3. a vertical-functional departmentalism that vitiates area based co-ordination ;
4. a weak local government system rendered weaker by lack of appropriate political direction ;
5. a penchant for creating parallel political and administrative institutions resulting in conflict of jurisdiction ;
6. a reluctance on the part of the political authority to devolve power to representative institutions at the local levels.

The Committee recognized the impossibility of correcting all these inadequacies immediately. There was consensus, however, that the most important step towards administrative reform would be to increase the viability of existing local government institutions. The following changes were scheduled for action:¹⁴

1. Instituting direct election of Zila (District) Parishad (ZP) and Thana Parishad (TP) (Chairmen of these local government institutions had been headed by appointed officials).
2. Designating the elected Chairman of the ZP and TP to serve as chief co-ordinator of all ZP or TP for development activities. To ensure performance, all development department officers to be placed under the Chairman's direction.
3. All elected Chairmen of the Union Parishad (UP) to be members of TP; elected chairmen of the TPs would be members of Zila Parishad.
4. Adequate devolution of administrative, judicial and financial powers to be implemented in favour of the ZP and TP.
5. Existing Thanas to be upgraded as Upazilas (subdistricts) and the existing subdivisions (i. e subdistricts) gradually to be upgraded to Districts in order to further strengthen the ZP and TP. The existing Districts and Divisions (consisting of 4-5 Districts) eventually would be abolished as units of administration.

6. The upgraded Upazilas (UPZ) is to be made responsible for (a) acting on behalf of the central government, as development agencies for some development projects; and (b) preparing, in consultation with the relevant Union Parishads, their own Periodic Development Plan and Annual Development Programs.

7. Increasing sums of development funding to be transferred from the Central Annual Development Program to the Upazilas to enable the latter to prepare development plans, using guidelines already made available by the Planning Commission.

8. In addition to the central grants, the Upazila and Union Parishads would be given additional taxation powers to raise revenue for development.

By 1984, about 460 thanas were converted into Upazilas. Further, to strengthen the Upazilas, the Government has requested all administrative Ministries to work out the schedule of additional administrative, financial and procedural powers that may be decentralized in favour of these Upazilas.

More important the Committee on Administrative Reorganization/Reform emphasized "devolution", not mere deconcentration of decision making power in favour of representative institutions at the local level.¹⁵

The Committee, therefore, recommended a gradualist approach to devolution as an implementation strategy, but also emphasized that it has no intention of stopping "devolution" halfway. To prevent any misgivings, the Committee has recommended that the Upazila Parishad be responsible for all area planning and development functions but that the regulatory functions (maintenance of law and order, revenue collection and magistracy) be transferred to the Upazila Parishad gradually within a time bound frame.

This is how the government of Bangladesh is trying to bring administration closer to the people. Election to the 460 Upazila Parishads is likely to be held soon. In the interim period,¹⁶ the Upazila Nirbahi (Executive) Officer will coordinate that activities of the development departments. A Planning Commission guideline provided that the Upazilas would receive a lumpsum allocation for development every year from the National Annual Development Programme. For the year 1983-84, the amount varied from

Tk. 3 million to Tk. 5 million. The Planning Commission guideline also provided the pattern of sectoral allocation of the fund that the Upazilas should follow. The highest priority here is given to agriculture (including irrigation) and Industry (30% to 50%). This is followed by development of physical infrastructure (25% to 30%) and socio-economic infrastructure (17.5% to 27.57%). The Planning Commission has also provided a proforma for preparing the Upazila Projects. The Upazila also has now greater autonomy in the preparation and selection of projects. Previously, the projects had to be approved by the authority located at the next high tier of administration. Now the Upazila Parishad can approve its own schemes. Most line department activities have come under the Upazila Parishad. Those line departments (like the Bangladesh Agricultural Development Corporation, Bangladesh water Development Board) which are still outside the Upazila Parishad are required to show their plans to the Upazila Parishad on request.

The Upazila system is still new. Time is not yet ripe for its objective evaluation. Our experience, however, shows the following problem areas :

1. the problem of coordination. Traditionally, the coordinating role in development activities at multi-levels in this region was given by the officers belonging to the top administrative service (the I. C. S. during the British time, the CSPs during the Pakistan Period). However, the leadership role of the officers of administrative service did not go unchallenged particularly by the officers of the Technical Departments even in the British days. During Pakistan period this agitation increased. After Bangladesh, the Cadre services have been abolished. All officers now belong to one administrative service with 28 sub-cadres and they fall into 21 different pay scales. As a result, the coordinating role of the UNO belonging to the administrative cadre has become more difficult, particularly if he has officers of the technical department with higher pay scales under him. One solution could be to have upazila election as early as possible and give the leadership and coordinating role to the elected Upazila Chairmen.

2. the problem of vertical linkage. Previously, the Thana (which is now converted into Upazila) was under the supervision of the

sub-divisional officer who on his turn was supervised by the Deputy Commissioner. Now as per the recommendation of the Administrative Reorganisation/Reform Committee, the sub-divisions have been converted into Districts raising the number of Districts from 21 to 60. So, one tier of administration has been abolished in the hope of better integration of the Upazila with District. But the Upazila is being developed as the focus of administration and as such, it is becoming more important than the District. In the new context, the role of the District has to be re-evaluated. The Administrative Reorganization Reform Committee had suggested a Zila (District) Parishad on the basis of direct election. A question is now being raised if this will be at all necessary if the key role is intended to be given to the Upazila Parishad.

What conclusion can we draw in the field of Bangladesh experience on creating national structures in support of Community Management? Our analysis shows that ;

(1) There is much soul searching in Bangladesh on the goals of administration. There seems to be some consensus that this goal should be the efficient delivery of services to the rural poor but there is also the realization that, given the socio-economic structure of the country, this would not be easy. The administrators, the rural elites and the politicians come from the upper 8% of the household who were around 40% of the total land. As a result, effective decentralization of administration and planning responsibilities is usually resisted and whatever decentralization takes place tends to strengthen the traditional elite and their linkages with local administrators.

(2) The social workers or change agents can play a critical role in the process of de-linking the local administrators from the traditional elites who oppose progressive ideas and re-linking them to the organizations of the poor and the disadvantaged.¹⁷

In the 1960s, the Comilla Approach developed a technique for doing this. In the 1970s, the Swanirvar Movement played a significant role in this. There are also a number of Non-government organisation like BRAC, VERC, PROSHIKA etc. who are playing this role of organising the poor and linking them with

local administration. But the output still seems to be small compared to the need.

(3) Where would we find enough social workers to be trained as change agents? Previously, we searched them among the relatively better off and educated in the village. They were difficult to be found and whatever small number was there tended to thin out when better opportunity came before them. The recent lesson is to try to find them among the poor and the disadvantaged group. They have a greater stake in the mechanism of organizing the poor because they are part of it. They tend to take action training seriously and they become good trainees themselves.

(4) What sort of action training should be given to the poor and the disadvantaged? Previously we thought that the poor and the disadvantaged were, by and large, unskilled and, therefore, tried to give them some new skill which we thought were best for them. Later it was realized that many poor are really not unskilled. If they can be given adequate credit and other input supports, they can become viable units of production.

(5) How would the poor get loans from the financial institutions? They can get loan if their 'characters' can be accepted as 'collateral'. This is a unique innovation in the banking system. It has been tried on experimental basis and found successful in Bangladesh. However, if this is to be tried on a larger scale, there would be resistance from the urban sector that is now getting the bulk of the institutional credit.

(6) Can the administrators be integrated to this innovative experiments?¹⁸ It was alleged that Bangladesh inherited a civil service that was irresponsible, irresponsive and unacceptable to the people. To make them responsible, responsive and accountable, government organised massive training first under the V-AID (Community Development programme), then under Comilla Approach & IRDP programme. But the result was not quite satisfactory. Over the years the gap between the generalist administrators and the technicians increased and co-ordination of development activities among the various departments became increasingly difficult.

(7) With larger amount of money flowing to the Upazilas, the concept of systematic planning at the local level has become important. However, a development plan at the Upazila can be prepared in two main ways : (i) the consultative approach and the (ii) participative approach. In the consultative approach :

(a) the UNO and the concerned departmental officers play the key role in preparing development projects within the guideline of the Planning Commission. They are supposed to initiate the project ideas in consultation with the elected representatives of the Union parishad and other concerned people but this consultation may not ensure effective participation of the people in the projects. The process of project formulation therefore, remains top-down and not bottom-up.

(b) the departmental offices are keen to maintain the separate identity of their projects and their functional responsibilities. As such, the compartmental approach to planning predominates.

(c) the Union Councils can prepare their project for inclusion in the Annual Upazila Development programme but these need not be prepared through a participatory process. The participatory approach to development would require :

(a) that there is some kind of organisation of the people at the village level preferably based on group interest. It is assumed that many problems at the grass roots may not be known to the officers or the public representatives at the higher level. So emphasis should be on problem identification and problem solution by activating these groups.

(b) appropriate training can increase the consciousness of these groups on the benefits of group dynamics, team building, problem solution, decision making and planning. The groups can also be trained in preparation and implementation of projects at local level. For larger projects, required technical assistance may be made available to them from the Upazila.

(c) the projects (so formulated) may then be integrated into a comprehensive development plan¹⁹ at the Upazila level through the concerned Union Parishads.

As has been explained earlier some basis of the participatory approach to local planning exist in Bangladesh. Some sort of

Development Committee may be formed at the village level as the supporting arm of the Union Parishad. Alternatively, the three wards in a Union Parishad may be organised as development unit and the ward Member concerned in the Union Parishad can be the Chairman of the Ward Development Committees. The members of these Village/Ward Development Committees may be selected on the basis of function, interest groups. They may be trained to serve the village, identify the development problem, form cooperative groups, prepare project and mobilize resources on behalf of the Union Parishad.

A study by former National Institute of Public Administration in two thanas in 1979 in collaboration with the United Nations Regional Centre, Japan showed that the performance of a thana in the field of development is better with people's participation than without participation.²⁰ In the thana with better performance, the thana officers and the people's representatives both helped the ordinary people to play a more activist role than could be observed in the other thana. On the other hand, under another action training programme at the National Institute of Public Administration, Dhaka about 1500 officers were sent to their own villages²¹ to motivate and work with the people's representatives and the village workers in the field of development. It appeared that most of the villagers had 'reservation' about the intention of the officers. It was difficult to make the villagers believe that the officers had no selfish motive in coming to their villages. If participatory approach to development is to be institutionalized through the Upalayas, this 'crisis of confidence' of the people in bureaucracy would have to be overcome.

This brings up the issue of political development. The Committee on Administrative Reorganization Reform, observed,²²

"when all is said and done, administrative re-organization/reform can be effective only in the framework of national political process and the national political system subsuming the administrative system. The need for a political superstructure based on national will and national aspirations to give adequate and consistent support to reform measures as outlined in this report cannot be ruled out".

we hope that the progress made so far towards participatory administration and development through local institutions in Bangladesh is irreversible and the political development in the second half of 1980s would reinforce this trend.

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RESOURCE MOBILIZATION AT THE LOCAL LEVELS IN BANGLADESH : PROBLEMS AND PROSPECTS

Sadrel Reza

The Guidelines for the Upazila level of government issued by the Bangladesh Planning Commission in mid-1983 begins as follows :

“Government has decided to delegate authority and devolve administrative and development functions at the grass roots level. The main objective is to induce faster and appropriate development at the local level through direct participation of the local people. This will help in identification, planning and implementation of development projects which will benefit local people most, more easily than before. In other words implications of this process of devolution are (a) reduction of dependence of the rural people on the national government for meeting the needs which can be met locally and development of self-reliance in the process ; (b) mobilization and utilization of local resources which have hitherto remained untapped ; and (c) reducing the direct involvement of the national government in planning and implementation of projects which are purely local in nature. All these are expected to lay the foundation of a solid local government structure which would be instrumental in ushering in a better life for the rural people in the near future”.¹

The above clearly recognises the importance of local plans and local level resource mobilization in a self-reliant growth process. As a matter of fact, a local plan without provision for adequate budgetary allocations and particularly a built-in mechanism for the mobilization of local resources has no operational significance. This point of view is also well reflected in the objectives of the Second Five Year Plan (SFYP) of Bangladesh which stresses on the need for increased domestic resource mobilization effort and participation of people in development

activities through devolution of administration and development of local institutions.²

The paper is divided in two parts. Part 1 analyses the broad issues relating to the problems and prospects of resource mobilization from a general, theoretical plane. Part 2 is devoted to an examination of the same, specifically in the Bangladesh context.

1. Resource Mobilization : Problems and Issues

There are three section in part 1. Section 1.1 is a brief attempt at determining the meaning of the concept of resource mobilization. Next, section 1.2 underscores the need for resource mobilization at the local levels. Finally, the constraints and possibilities of mobilizing resources are discussed in section 1.3.

1.1 Resource Mobilization : Nature and Meaning

Resources available to a society may be natural resources (e.g. land), financial resources (for investment and capital formation) and human resources (for labour and skill). The act of resource mobilization refers to mobilization of all these types of resources and is not confined, as is the popular notion, to finances alone, although it should be recognised that at a particular time financial resources may assume a preponderant position as the prime mover of other resources as well. In a dynamic context, however, the various types of resources simply interact on each other.

Resource mobilization at the local levels presupposes that :

- “(a) some ‘means’ for better socio-economic life already exists in the locality ;
- (b) these means are to be put in use ;
- (c) such an act could benefit most of the people in the locality ;
- (d) and this benefit should be directed towards increasing equality.”³

It is to be noted that resource mobilization is not a uni-dimensional phenomenon. It has to be understood in a number of senses as below. First, some of these resources could simply have remained idle at a given level of technology and organization.

Fallow land, unemployment and under-employment are examples of such under-utilized resources.

Second, resources in spite of being used intensively could have remained under-utilized judged by the productivity criterion. In a situation like this, minor changes in technology and/or organisation of production may lead to higher levels of productivity. An example would be the low cropping intensity where yields per unit of land could be increased by increasing the labour input without any significant new investment.

Finally, resources may be misallocated at a point in time implying an inefficient production pattern due to technological or management factors. Again, a simple reallocation of resources without any sizeable financial involvement may lead to a significant improvement in the productive process.

What follows, therefore is that resource mobilization does not necessarily refer to untapped resources in a land frontier or in areas of recent settlement. More importantly it refers to over populated, poverty stricken agrarian economies where resources appear, in relation to technical possibilities or best practices available elsewhere, to be less than fully utilized.⁴ Hence, resource mobilization does not end merely by tapping a few additional sources for raising tax revenue but it also includes measures for improving the intensity of land use and agricultural productivity, and higher levels of utilization of the labour force.

1.2 The Imperative of Resource Mobilization at the Local Level.

Several arguments may be provided as to why additional resources should be mobilized through strengthened local governments. First, it is widely recognized that the size of the Bangladesh public sector is relatively small even when compared with other developing countries having similar income levels and reliance upon agricultural production. While larger public sectors do not automatically guarantee economic development, the country's infrastructure needs and maintenance requirements suggest that tax effort in Bangladesh, which is currently 20 percent below the

norm for developing countries, should be geared up not only in the centre but also at the local levels.⁵

Second, the recent decentralization move without some fiscal responsibility on the part of the local governments for local resource mobilization will lose much of its meaning. Dependence on the centre whenever there is need for resources at the local level is sure to thwart the whole process of local decision-making for implementation of local plans. This point is of paramount importance since it is visualized that in the immediate future a multi-level planning framework comprising the best features of 'top-down' and 'bottom-up' systems having appropriate linkages will be put in place. In this system the National Planning Commission will 'determine priorities, strategies and targets at macro and sectoral levels based on socio-economic objectives for the country's planning horizon. On the basis of national priorities the local bodies will prepare plans in which local resources, needs and development possibilities have to be fully taken into account.⁶ Clearly, the success of the changing planning approach will depend to a great extent, on how best local resources can be mobilized for fulfilment of local needs. In other words, the size of a local level plan or the ability of a local body to undertake projects will depend, besides its implementation capacity, on the resources that can be mobilized both from within and outside.

A third argument in favour of increased local resource mobilization relates to the plan objective of attaining a self-reliant growth path for the Bangladesh economy. As is well known, at present gross domestic savings is only 3 percent of GDP which finances only 20 percent of the country's total investment. In contrast domestic savings rate, for example, is 20 percent in India and 14 percent in Sri Lanka. An increased level of investment for economic growth and social development, therefore, will have to be increasingly financed if the plan objective has to be realised through mobilization of domestic resources where local level resources must be assigned a significant role.

Closely intertwined with the above is the argument relating to the plan objective of participatory development. As is universally recognized these days, no economic planning, however

perfect from technical point of view, shall stand any chance of success unless it can also ensure people's participation at various stages in the planning process, including plan formulation, plan implementation as well as distribution of the gains of development. This calls not only for financial but also human resource mobilization in order to ensure not only growth but also equity and social justice.

Finally, there are questions of tax administration and compliance. It is argued that compliance is likely to improve only when the linkage between payment and benefits received is obvious to the tax payer. Expenditure programmes for local development, often come off poorly in the competition for scarce investible resources in macro plans. By its very nature, national planning exercises "necessarily resort to high degree of abstraction. National and regional aggregates obscure much of the details with regard to the obstacles to mobilization of local resources and the identification of the type of action that would help overcome them . . . (and) rarely look at the possibilities of employment and income generation within the detailed and specific context of resource endowment in the local level entity"⁷ Naturally, in a framework like this the proposition for local level resource mobilization loses much of its attraction. On the other hand, the willingness to pay taxes, fees or charges is higher when the revenues mobilized at the local level contribute ipso facto to local development activities rather than sent to the centre and received indirectly via central government expenditures or inter-governmental grants.⁸ If, however, the reverse occurs and there is a net transfer of resources out of the area people may be legitimately averse to making the required payments.

Thus, on all the above grounds, local resource mobilization appears to be a promising vehicle for activating local level development and alleviating poverty. Yet exploiting this potential is not an easy task as we shall shortly see.

1.3 Problems and Potentials of Resource Mobilization

The problems and prospects of local level resource mobilization involves a wide range of complex and interrelated political

and economic considerations. This includes not only problems of choice between present and future consumption but also of distribution of income and allocation of resources between the rural and urban areas, and between different income and occupational groups in the country, all of which wield different political strength or exercise different degrees of pressure or influence on economic policy-making.⁹ Moreover, the goal of local self-sufficiency may itself appear to be much too absurd to pursue in any society. Such a narrow objective could needlessly sacrifice all the benefits accruing from comparative advantage with little corresponding gain on the other side, except greater utilization of local labour power, which would mean that people would lead an unnecessarily strenuous life in quest of a never self-reliant land through an illusory self-development programme.¹⁰

All the same, the argument for comparative advantage for local entities (as also for poorer regions or countries) is weakened in a situation of widespread unemployment or underemployment, underutilization of some basic resources and a very high incidence of poverty. Most of the usual neoclassical propositions for comparative advantage break down if as a result unemployment and underutilization of resources become endemic and if survival of the economic agents is put at stake.¹¹ In a situation like this, pursuit of various economic activities, despite all the alleged comparative disadvantages, can in certain circumstances, make use of a labour force, the 'social cost' of which is otherwise nil.

Just as in the wider context of national policies, arguments based on the idea of infant industry and infant technology can be advanced for the protection of local industry and technology, so in the local context the argument can also be advanced that the investible surplus and the unemployed work force of the micro-region should be utilized to strengthen the productive capacity of the micro-region and to forge organic links between production, income generation and income distribution, rather than to attain the ever-elusive goal of maximizing the national product in the interests of property-owners and other members of the upper classes. "And once an internally linked and self-reliant pattern of development has been forged in the micro-regions, it

may be easier to integrate such internally connected units into a plan for development which starts off at a higher level. More concretely, once the rural people have become reasonably well-fed and skilled in their various professions, it may be easier to move them into other activities and locations which will help to raise their productivity."¹²

1.3.1 The Possibilities

Fortunately, the potential capacity even in poor country like Bangladesh to mobilize local level resources for local development is not meagre. By definition, an underdeveloped country has under-utilized and unutilized resources. With regard to financial resources, for example, there are and will be pockets of savings or surplus in general environment of poverty and deprivation, which could and should be mobilized for investment in the public and private sectors. High returns or incomes accruing to the surplus farms from the spread of new technology offer some possibilities in this regard.

In so far as human resources are concerned, with a large and growing population, such countries have often a large surplus labour force available for mobilization for productive work. There are some possibilities in the agricultural sector through improvement of cropping intensity but, by and large, it is the non-farm activities including rural industries and construction of physical infrastructure which hold out the greatest short-run hope in the area. In the longer run, of course, one has to look for more stable and productive alternative avenues.

1.3.2 The Constraints

It can be easily seen that in view of the general level of poverty and low capital income resource mobilization at the local level would remain a very difficult task. To begin with, at a purely technocratic level, an overriding difficulty facing localities in most developing countries is of course the shortage of natural resources, of investible capital and of skills. In general not enough land is available to provide gainful full employment for all people engaged in the agricultural sectors. The skills needed for prod-

using a variety of consumer or capital goods may not be there. Again, most revenue sources available to local governments do not have a sufficiently large base to generate any substantial revenue or capital stock. Further, when the base is small the rates cannot also be increased without limit. One other constraint here may be purely legal. e.g. central governments often impose strict rate ceiling on local government taxes. In any case, however, "high rates are more likely to produce excess burdens through reactions in behaviour by tax payers attempting to avoid the levy and can increase taxpayer resistance and evasion. Furthermore, inequities inherent in the levy will be exacerbated by higher rates."¹³

Next, there is the goal of stable revenue growth. Efforts to mobilize slack local resources might yield only modest and once-and-for-all gains if they are conceived of within a static framework. "As local government expenditure requirements rise due to population growth, increased service demands or inflation, a "good" revenue source will respond to these same forces. The principle is that revenue base should be as responsive as is the expenditure base to inflation, real economic expansion or population growth"¹⁴ Fiscal planning will naturally be greatly hampered revenue sources which vary erratically from one year to another. What is important, therefore, is that the mobilization of resources should also be geared to the dynamics of sustained growth which will, then, open up more difficult issues relating not only to administrative or structural deficiencies, but also the ones associated with ensuring that resources are mobilized in activities with high growth potential.

Another problem in this respect relates to the fact that local resource mobilization is not concerned with growth per se, but, also embraces the objective of alleviation of poverty. This imposes an additional constraint in that the growth process initiated at the local level should by no means exacerbate prevailing inequalities.

The above problems are compounded by a host of other factors which tend to interact on each other in perpetuating the under-utilization process by thwarting resource mobilization efforts at the local level. For example, the operation of market forces,

with the prevailing pattern of skewed income distribution, leads to a production pattern and product mix quite inconsistent with local needs and self-sufficiency. At the same time local production is displaced by competition from outside the locality and resources which would otherwise have been used for production within the local entity are bid away.¹⁵ This also has concomitant adverse effects on use up of idle or under-utilized local resources.

Another serious problem is created by the local power structures and institutions which are heavily dominated by the relatively rich who are usually insensitive to the interests of the poor majority in matters relating to development and fuller resource utilization. This is clearly manifest in problems arising in the process of implementing public investment projects. Many socially profitable projects such as schemes to mobilize unemployed labour for infrastructure building are not initiated because of the lack of an 'adequate motive and focus for development'. Implementing such schemes carries the threat of upsetting the convenient 'equilibrium of poverty' which prevails, since they are likely to augment the demand for labour, strengthen the bargaining position of labourers and increasing the likelihood of their escaping from the bondage of patron-client relationship.

A final set of factors which may subvert the process of resource utilization "could be subsumed under the heading of neglect of local entities by central government programmes. The micro-regions are the distant end of a bureaucratic chain, and there is often little injection of outside resources. On the contrary, there is a oneway transfer of resources out of them. One further dimension of neglect is that the deleterious effects of national policies on micro-regions are overlooked. For instance, prices and subsidies are distorted to favour labour-saving technology in agriculture, and industrial policies often inflict a de facto discrimination against rural industries".¹⁶

2. The Bangladesh Context

With an annual per capita income of just over US \$100, Bangladesh has the dubious distinction of being placed at the

bottom end of the worlds' least developed countries. A few relevant statistics in this regard will drive home the magnitude of the problem. For example, an estimated 75 percent of the country's nearly 100 million people—swelling every year by a growth rate of more than 2.5 percent—live below the poverty line. About 40 percent of the total labour force currently remains unemployed. The country is predominantly rural: less than 10 percent of the people live in urban surroundings out of an area of only about 56 thousand square miles. There is very little known natural resources. Agriculture is the mainstay of the economy, employing 80 percent of the labour force and directly contributing about 50 percent of the gross domestic product. Moreover, landlessness—defined to include all households owning 0-0.5 acres of land other than the homestead—is widespread and rising relentlessly and already covers about 50 percent of the households in Bangladesh.¹⁷ An environment like this naturally should appear nightmarish to any development planner—let alone at the local levels, where the problems usually are relatively far more serious.

2. 1 Mobilization of Financial Resources

Let us first look at the consolidated financial resource position of the local government as presented in table 1. It is found that on an average, over the period 1975/6 to 1981/2, around 30 percent of the local revenue receipts have come from the centre as grants-in-aid and as works programme grants. The rest have been generated from local sources, where taxes have dominated the scene. The next in importance were rates followed by tolls and fees. Incomes from property and investment which were relatively small at the beginning caught up with tolls and fees by the terminal year. On the whole, however, it should be apparent that the local bodies do not have many important sources from which they can expect to raise substantial revenues in the future. Most of the major sources can only be tapped by the centre which is why total revenue receipts generated at the local levels are found to be as low as just

above 3 percent of the total revenue receipts of the Bangladesh government (see item 11 of table 1).

In as far as the revenue receipts of the various local bodies are concerned, it is to be noted that the revenue receipts of the Union Parishads and also the municipalities have relatively increased much faster as compared to the receipts of the Zila Parishads (See table 2-4). However, in view of the recent decentralization move, the focal point has shifted to Upazilas in all matters of administration and development planning at the local levels. The Upazilas have been given some powers to raise own resources through rates, tolls, fees, taxes etc.¹⁸

The various sources, however, are unlikely to have any significant impact on local revenue position, particularly for meeting increased needs for maintenance and other recurrent expenditure of upgraded upazila parishads. Hence, additional revenue sources are needed. Such sources should fulfil a number of criterion so that they (a) tax the beneficiaries of development expenditure, (b) can be expected to expand in line with economic growth and should be elastic, and (c) do not go beyond the administrative collection capacity of the upazilas.¹⁹ In this regard, the Government should consider the transfer of the Land Development tax to Upazila Parishad and make the land tax related to productivity rather than based simply on the size of holdings.²⁰ Another source of revenue could be user charges such as tolls levied on some roads in the District of Sylhet which recover about one-third of the cost of maintenance of those roads. In addition, Upazila projects such as demonstration farms could be run on a commercial basis.²¹

However, even if all these measures can be put in place, it will still be necessary for the central government through block grants, food-for-work, and rural works programme allocations to provide incentives to local governments to use the autonomy to mobilize greater revenues. The proposed system of basing the allocation of grants on population (50%), area (10%), poverty level (20%) and performance (20%) does not appear to be sufficiently attractive for Upazilas to put in greater efforts for mobilizing local resources.²² Tying a proportion of block grants to such mobilization of resources

at the local levels could provide some incentive for greater efforts on the part of the local governments. Such a link could be established by introducing two separate measures of performance. One could be "physical" performance (i.e. ability to plan and implement development projects), while the other could be related to resource mobilization performance by the Upazila. This form of linking the financial contribution by the central government with investment resources to be mobilized by the local community is not new and can, indeed, be effective in mobilizing local resources for investment.²³ But to avoid any bias against poorer Upazilas with smaller revenue base, these efforts would need to be assessed in the terms of rates of improvement in revenue mobilization rather than on the absolute amounts of revenue raised.

It is worth reiterating the point that local level resource mobilization can be a successful means of achieving self-reliant growth only when resources thus mobilized are spent to meet local level needs. Currently, it is found that a major portion of the finances mobilized both by banks and cooperatives are diverted to other areas as can be seen from tables 5 and 6. Thus, as far as the cooperative societies are concerned, it is found that at the primary level, there has occurred a significant decline in withdrawals from above 92 percent of deposits in 1977/8 to less than 45 percent in 1982/3. For banks, however, there has been a steady rise in rural advances as percent of rural deposits but still about 25 percent of the latter are probably channelised to other sectors. This outflow of resources constitutes a positive hindrance to development activities and thwart initiatives for mobilization of resources at the local levels.

2.2 Natural and Human Resources

Turning now from financial to natural resources one is immediately struck by the fact there is considerable underutilization of cultivable land in terms of technical and cropping intensity leading to extremely low agricultural productivity.²⁴ A recent study has shown that simply by an increase in the

cropping intensity, a shift towards more labour-using and productive cropping pattern and more intensive weeding, fertilization and interculture, it is possible, with some modest financial investment, to substantially absorb more labour in agriculture as well as generating additional income.²⁵

Of paramount importance to Bangladesh in the final analysis, however, is the problem of mobilizing surplus labour in rural areas, outside of direct agricultural operations in various non-crop activities, including capital construction works. About a quarter of the country's labour force currently remains unemployed in the rural sector and agricultural improvement alone cannot absorb this labour which is at the same time swelling at a rapid pace. Non-crop activities, such as pond fisheries, rice milling, coir manufacturing, poultry and duckery, handloom weaving, sericulture, beef fattening, petty trading, etc. may provide some outlet for the productive utilization of some people in the rural areas. Such an action programme will call for more efficient production and marketing planning as well as supply of timely inputs including credit to the relevant persons or organizations which unfortunately are often found to pose critical problems at the local levels.²⁶

It is the Rural works Programme and the Food for Works Programme which will, however, have to assume increasing responsibility for generating significantly more employment in order not only to overcome the problem of large seasonal unemployment but also at the same time to create physical infrastructure and other capital assets in the shape of irrigation canals, embankments, tanks, roads, etc. Since there are severe international budgetary resource constraints the works programmes are dependent, by and large, on food aid and generation of counterpart funds. Payment to labour at the market rate of remuneration limits this activity below its potential. Ways and means should, therefore, be devised to utilize the idle labour force by payment of a rate lower than the going wage rate, particularly since the labourers may somehow be able to obtain subsistence, what with intermittent work and partly by dependence on friends, relatives and general charity. This would tantamount

to a "head tax in kind", i.e. in terms of labour input which, however, has the danger of running into several problems arising out of the fact that the projects on which the idle labour is put to work do not always confer direct benefits on the workers themselves. The construction of irrigation canals or roads or drainage schemes help those landowners with locations near the development projects. Even if it is possible to get people to work on projects which improve the land of others at lower than the going rural wage it is only to be expected that they would do so only grudgingly. Again, friends and relatives or members of the family who share consumption with the unemployed usually are reluctant to fund or provide subsistence once the idle persons found employment elsewhere. Finally, when idle labour is put to work, its consumption is likely to go up as well.²⁷

It is obvious that a policy as visualized above can achieve a degree of success only if accompanied by far reaching institutional changes which will ensure that the society as a whole can share both the benefits and the sacrifices of the development process. There is also the pre-requisite of a reasonably developed administrative machinery and a determined and mobilized political party with dedicated cadres throughout the countryside.

2.3 Concluding Observations

There is considerable scope for mobilizing natural human and financial resources at the local levels in Bangladesh. This is also indispensable if the country wants to realise the plan objective of participatory and self-reliant growth. The main problem, therefore, is to devise and implement the most efficient and equitable methods of mobilizing the local resources and to ensure their most efficient use.

To begin with, the central government has an important role to play in the process simply by enacting some administrative reforms. For example, local bodies may be granted greater independent taxing powers to make them increasingly free from outside control. This will warrant additional training

facilities, revision in relevant rules and statutes and alteration of the intergovernmental grants programme to give local bodies the incentives to use the fiscal autonomy provided.²⁸

In the proposed financial strategy, it is to be noted, that incentive mechanism is of paramount importance. The revenue system of the government, for example, can be successfully redesigned only by recognizing the incentives and disincentives which the system provides to local taxpayers, elected local level officials and central and local government managers. In keeping with this theme, a set of local benefit charges may be made which may link up the service provided by the local government to the taxpayer. This may significantly improve taxpayer compliance, besides making local officials more accountable to their constituencies.²⁹ Similarly, the intergovernmental grant system needs also be reoriented so as to change the focus from relief to promoting development, by providing incentives for local governments to raise more funds locally rather than to depend on central revenue.³⁰

It should be stressed, however, even at pains of repetition, that the success of any fiscal reform at the local levels should depend on accompanying changes in local-level institutions to make them more responsive to the interests of the poor. Redistribution of assets must also feature prominently in any local-level resource mobilization deal. A redistribution of land ownership clearly constitutes a major part of the institutional change which can help in the process of egalitarian growth.³¹

Another important instrument for fostering egalitarian growth in micro-regions is the formation of organizations among the poor. Only groups which can ensure adequate and effective representation of the poor can play a pivotal role in any local level plan for resource mobilization either through development of socio-economic infrastructure and/or generation and expansion of other non-crop activities. The rural industrial sector may be looked upon in this respect as a way of by-passing the agrarian problems of stagnation and poverty associated with land concentration. Two other features of employment in this sector may particularly be regarded as highly congenial. First, these jobs are dominated by women and the landless, who are the most disadvantaged groups

in the society and deserve special treatment for uplift. Secondly, these jobs are characterised by a high element of seasonality, either because the activities are seasonal in terms of supply of input or demand for outputs, or because the proprietors engage themselves in such activities only when they are free from working in agriculture. In this sense, the small enterprises have a key role to play in turning the largely unutilized (e.g. women) and the underutilized (e.g. seasonally unemployed farm workers) into a productive labour force. Additionally there are a number of other factors associated with small off-farm enterprises, such as development of entrepreneurship, geographical dispersion of industries, development of appropriate technology, reduction of income inequalities etc. which have aroused great interest among the planners to provide positive encouragement to the growth of this sector.³²

However, one should not overestimate potentials of the various measures listed above. For one thing, the past records relating to programme of asset redistribution and institutional changes have been extremely poor. Again, organizations meant for generating local-level initiatives have over the years been corrupted by dominance and machinations of the rural elite. Moreover, as for off-farm activities, their ownership can be concentrated among the rich, either from within or outside the locality. There is no reason, therefore, to presume that such activities will be necessarily more equal than land ownership. Besides, the potentials of such industries may often be extremely limited by their very nature which may further be constrained by outside interests who control credit and marketing operations.

Clearly, therefore, there are grounds for doubting if the various available measures can automatically ensure attainment of the various objectives which should normally be set in local-level plans. Nevertheless, institutional changes, if judiciously deployed, in micro-regions can serve as focal points for organizing thorough-going efforts to achieve growth with equity through mobilization of local resources. To avoid repeating the past mistakes, however, it is essential to always remember that local resource mobilization is not merely a question of techno-economic or administrative reform and that basic issues relating to changes in socio-economic system are also involved.³³

Table 1 : Consolidated Receipts of local Government
in Bangladesh, 1975/6—1981/2 (million Taka)

Income sources	1975/6	1976/7	1977/8	1978/9	1979/80	1980/1	1981/2
1. Taxes	213.2	141.2	226.7	255.7	306.6	329.1	471.7
2. Rates	62.2	54.1	71.5	79.1	89.7	108.7	141.5
3. Tolls and fees	24.8	41.6	51.2	72.3	80.0	118.6	95.7
4. Income from property and investment	11.0	14.8	25.2	74.8	38.5	45.9	96.8
5. Miscellaneous receipts	17.7	24.4	27.7	27.4	23.4	43.8	40.5
6. Grants-in-aid	22.1	44.8	103.5	120.8	122.0	133.0	339.6
7. W P grant	81.1	73.1	74.2	85.1	101.4	118.9	174.8
8. Total Receipts	432.1	394.0	580.1	674.2	761.4	898.0	1360.6
9. Local Resource (items 1 to 5) as % of total Receipts i.e. item 8	76.1	70.1	69.4	69.5	70.7	71.9	62.2
10. Total Revenue Receipt of Bangladesh Govt.	9743	9394	10981	15813	15333	17551	25725
11. Items 1 to 5 as % of total Revenue Receipt of Bangladesh Govt.	3.4	2.9	3.7	3.0	3.5	3.7	3.3

Source : BBS, Statistical Yearbook of Bangladesh.
Ministry of Finance, Bangladesh Economic Survey.

Note : Figures for Local Government are all provisional.

Table 2 : Receipts of District Councils (Zila Parishads),
1975/6—1981/2

(million taka)							
Income sources	1975/6	1976/7	1977/8	1978/9	1979/80	1980/1	1981/2
Taxes	47.9	45.4	52.3	65.8	85.4	88.8	70.3
Rates	4.3	3.9	2.1	1.9	1.5	0.9	12.9
Fees and tolls	1.6	7.2	6.7	7.4	8.9	9.7	4.0
Property income	5.4	4.9	5.6	8.3	10.6	8.7	29.5
Miscellaneous receipts	2.5	7.9	8.0	6.0	6.9	7.8	5.7
Government grants	6.5	16.6	31.8	37.8	36.7	36.2	28.9
Government Works Programme	37.2	44.3	42.1	40.1	48.6	60.3	35.5
Total	105.4	130.2	148.6	167.4	198.6	211.4	186.8

Sources and note : Same as table 1.

Table 3 : Receipts of Union Councils (Union Parishads),
1975/6—1981/2

(million taka)

Income sources	1975/6	1976/7	1977/8	1978/9	1979/80	1980/1	1981/2
Taxes	83.3	56.2	130.4	140.4	152.9	173.8	194.8
Rates	27.0	28.3	46.0	47.4	51.7	63.7	75.7
Fees and tolls	9.0	5.1	9.2	12.3	8.6	31.0	53.4
Property income	1.1	—	—	—	3.6	6.0	8.5
Miscellaneous receipts	4.0	5.7	12.2	8.4	10.4	15.2	20.0
Govt. grants	4.0	15.4	60.8	67.6	73.6	84.8	95.9
Works Programme grants	5.2	11.8	16.5	25.6	27.9	29.5	31.0
Total	134.0	122.5	275.0	301.8	328.6	404.0	479.4

Sources and Note : Same as table 1.

Table 4 : Receipts of Municipalities in Bangladesh,
1975/6—1981/2 (million taka)

Income sources	1975/6	1976/7	1977/8	1978/9	1979/80	1980/1	1981/2
Octroi taxes	29.6	—	—	—	—	—	71.4
Other taxes	52.4	39.6	44.1	48.1	68.2	66.4	135.2
Rates	31.0	21.8	23.4	29.7	36.5	44.1	52.9
Fees and tolls	14.3	29.3	35.3	52.6	62.4	77.9	38.3
Property income	4.5	9.9	19.6	26.4	24.3	31.1	58.7
Miscellaneous receipts	11.2	10.8	7.5	13.0	6.1	20.9	14.8
Grants-in-aid	11.1	12.8	11.0	15.3	11.6	13.1	214.8
Works Programme grant	38.7	17.0	10.6	19.4	24.9	29.1	108.3
Total	192.7	141.2	156.5	205.0	234.2	282.6	694.4

Sources and Note : Same as table 1.

Table 5 : Deposits and Withdrawals of Primary Cooperative Societies, 1977/8—1982/3 (million taka)

Year	Deposits	Withdrawals	Withdrawal as % of Deposits
1977/8	78.9	73.0	92.5
1978/9	25.4	17.8	70.1
1979/80	20.2	10.5	52.0
1980/1	48.2	26.6	65.2
1981/2	59.8	35.8	59.9
1982/3	109.0	48.5	44.5

Source : Government of Bangladesh (Registrar, Cooperative Societies), Annual Report.

Table 6 : Deposits and Advances of All Banks in Bangladesh by Rural and Urban Areas, 1977-1981.

(million taka)

Year (as on June 30)	Advances			Deposits			Rural Ad- vances as %	
	Rural	Urban	Total	Rural	Urban	Total	Rural Deposits	Total Dep.
1977	666	10874	11540	1552	12901	14453	42.9	4.6
1978	1367	13531	14898	2316	15161	17477	59.0	7.8
1979	1810	166533	18463	3541	19391	22932	51.1	7.9
1980	2773	22871	25644	4042	24027	28069	68.6	9.9
1981	4126	29126	33252	5599	29637	35236	73.7	11.7

Source : Bangladesh Bank.

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 15. Eddy Lee, *op. cit.*, Also see, A.K. Bagchi, *op. cit.*, The next two paragraphs also heavily drawn on these sources.
 16. Eddy Lee, *op. cit.*, P. 128
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 23. Nurul Islam, *op. cit.*, p.213.
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THE ROLE OF GRANTS IN LOCAL GOVERNMENT FINANCE IN BANGLADESH

M. Asaduzzaman

I. Introduction

Local government finance because of its very nature occupies an important place in the over-all scheme of domestic resource mobilization. Not only that taxes and revenues generated by the local governments constitute an integral part of the over-all domestic resource mobilization, the structure of central-local fiscal relationship has significant bearings upon the magnitude of resource mobilized and utilized. To be sure the centre-local fiscal relationship is not simply an economic one, it is also an administrative and political relationship. Grants from the central to local governments, being an important ingredient in this fiscal relationship, plays a crucial role in generation and utilization of resources. In this paper a modest effort will be made to assess the role of grants in local government finance both in generation of revenue and its expenditure.

Grants to local governments have been a topic of some intensive debates and investigation.¹ Many of the issues have been scrutinised in the context of the federal structure of the USA but can nevertheless be utilized to illuminate those arising in the context of other countries.

Three types of grants may be identified to merit investigation. These are general non-matching grant, specific non-matching grant and specific matching grant.² The last type of grant may be either open-ended or closed-ended. A general non-matching grant is that which may be used freely by a recipient local government in any manner it likes and for which the particular local government is not required to match the grant from its own resources. A specific non-matching grant similarly need not be matched but has to be used for specified purposes. A specific matching

grant has to be both matched from own resources and used for specified purposes.

II. Institutional Framework for and Nature of Grants in Bangladesh

There are four levels of local government in Bangladesh. Zila Parishad (district council) is the highest level of local government responsible for a district of which there are now sixty four. But most of these are new and smaller districts created out of 21 old and larger ones. Our figures relate to the old districts unless otherwise stated. The next tier of local government is in the Upazila (or sub-district) which are mostly the old Thana. Each Upazila is composed of several unions each of which has a local government of its own called the Union Parishad (union council). All these three may be said to be rural local governments. All are in theory to be elected on the basis of universal adult franchise. Union Parishad elections have been held as recently as the last year. Upazila elections have been postponed due to widespread differences of political opinion. Zila Parishad elections have not been held for a decade or more, nor are there indications that these will be held any time soon.

Apart from the three rural governments there are Poursabhas (municipalities) and municipal corporations which comprise the urban local governments. There are more than 70 municipalities and 3 municipal corporations. Elections have been held last year in the municipalities. The municipal corporations are yet to have elected councils.

The local governments receive grants from the revenue and the development budgets of the central authorities. The grants received by the rural governments fall in two categories, normal or recurring grants and works programme grants.

Normal grants usually refer to a combination of various grants given for both general and specific purposes. There are nearly twenty such heads (Table—1).

Table-1

Categories of Normal Grants to Local Bodies

- (i) Grants to Zila Board in lieu of landlord's share in road and public works cess
- (ii) Grants to Zila Boards for increased development activities
- (iii) Zila defence force grants
- (iv) Augmentation grants to Zila Boards
- (v) Grants for allowances and honoraria for drivers of Upazila Parishads
- (vi) Grants to Thana Development Committee
- (vii) Grants to Union Parishads
- (viii) Grants to Union Parishads for Chairmen's and members' honoraria
- (ix) Grants to Union Parishads for salary of secretaries
- (x) Grants to Union Parishads for salary of village police
- (xi) Grants in aid for meeting tour expenses for Chairmen/Members
- (xii) Special salary grants for local government employees
- (xiii) Compensatory grants for special purposes
- (xiv) Grants to village police
- (xv) Grants to Adarsha Gram
- (xvi) Various compensatory grants
 - (a) Grants in lieu of miscellaneous receipts under the Bengal Ferries Act
 - (b) Grants to local bodies in lieu of fines under the Bangladesh Pure Food Ordinance
 - (c) Grants to local bodies in lieu of fines under the Municipal Admn. Ordinance
 - (d) Grants to local bodies in lieu of fines under the Cattle Trespass Act
 - (e) Grants to local bodies in lieu of fines under the Cruelty to Animals Act

Source : **Demand for Grants and Appropriations (non-Development)**, various years, (Ministry of Finance)

General grants are given for budget support and also as various compensatory grants in lieu of revenue under heads since abolished or transferred to the central government.

The total special purpose grant is fixed on an ad-hoc basis and the shares of various types of local bodies is fixed according to a conventional formula which is Zila Parishads: 7%, municipalities: 45% and union parishads: 45%. The specific local government's share within specific type is fixed on the basis of its population share.

One-third of the union parishad chairman's honoraria and one-half of that of members are paid by the central authorities. Similarly 50% of the salary of a secretary is paid out of grants.

Village police account for two types of grant. One is for payment of one-half of their salaries; the other is for meeting other related expenses. The allocation is made partly on the basis of numbers of police men and their salaries and on the basis of population.

Rural Works Programme (RWP) grants constitute, as will be seen shortly, a major part of the transfer of resources from the central to the rural local authorities. Such transfers allow taking up of projects for improvement and construction of transport, irrigation and flood control infrastructures like roads and bridges, canals and river and coastal embankments. The RWP encompass a variety of programmes distinguished mainly by their sources of ultimate finance.

The allocation of RWP grants to local bodies are done in three stages. The first, allocation among types of infrastructure is basically the job of the Planning Commission. The next stage of allocation of infrastructures by types of RWP is done by the Local Government Division of the Ministry of Local Government, Rural Development and Cooperatives.

RWP Allocations by Zila particularly roads are made according to the formula two-thirds according to population and one-third by land area. Upazilas receive allocations in similar manner. However, which local government will execute which work depends upon usually the size of investment requirements. In special works programmes for example, pucca roads and buildings invol-

ving masonry works are the responsibilities of the zila parishad while dirt roads are executed by Project Implementation Committees which include union representatives.

Urban grants include normal grants (subvention), urban works programme grant and grants given as compensation for abolition of octroi. The urban works programme is allocated according to size of population. The urban works programme is different from the RWP in that technical staff of the municipalities themselves implement and supervise the projects.

Octroi tax was abolished in 1981/82. To compensate for the loss of revenue to the pourasabhas government made provisions for a compensatory grant equivalent to 75% of 1980/81 octroi collections and fixed the amount for 1982/83 at TK. 60 million. The Local Government Division proposed an annual rise of 20% over this amount in subsequent years. The total grant is distributed in proportion to actual collections in 1980/81.

Urban Special Project Grants are provided for capital investment in specific projects, generally in Dhaka by the Dhaka Municipal Corporation.

The above discussion shows that in Bangladesh, all the three types of grants are provided. There are general non-matching grants (like union parishad grants), specific non-matching grants (for RWP, for example) and specific matching and closed-ended grants (like honoraria supports). Note that there are no provisions for tax sharing as in the neighbouring state of West Bengal in India where motor vehicle taxes are shared between the urban local government and the state. Furthermore an entry tax (a form of octroi tax) is collected by the state and after deduction of collection charges handed over to the municipalities.³

3. Grants and Local Finance

Grants in Relation to Revenue

Somewhat dated figures published by the Bangladesh Bureau of Statistics indicate that (Table—2) share of grants in total revenue of the local governments is close to 40%. In fact, the table does not include the presently awarded grants to Upazilas which form the sole source of revenue for them. Their inclusion,

**Table—2 Importance of Grants in Local Government Revenue
(Million taka)**

Year	Local government		Zila parishad		Union parishad		Pourasabha	
	Total revenue	Total grant	Total revenue	Total grant	Total revenue	Total grant	Total revenue	Total grant
1975/76	432.14	103.22 (23.9)	105.38	9.06 (8.6)	134.02	9.65 (7.2)	192.74	49.81 (25.8)
1976/77	393.97	117.92 (29.9)	130.22	24.45 (18.8)	122.51	36.86 (30.1)	141.24	29.82 (21.1)
1977/78	580.09	177.74 (30.6)	148.61	39.79 (26.8)	275.01	77.30 (28.1)	156.47	21.58 (13.8)
1978/79	674.15	205.85 (30.5)	167.35	43.76 (26.1)	301.83	93.28 (30.9)	204.97	34.70 (16.9)
1979/80	761.45	223.39 (29.3)	198.65	43.66 (22.0)	328.65	101.55 (30.9)	234.15	36.54 (15.6)
1980/81 (R.E.)	898.03	251.91 (28.1)	211.42	42.94 (20.3)	404.05	114.25 (28.3)	282.56	42.16 (14.9)
1981/82 P(B.E.)	1360.59	514.39 (37.8)	186.76	34.54 (18.5)	479.45	126.96 (26.5)	694.38	323.09 (46.5)
Annual Average rate of growth (%)	12.7	13.4	10.1	14.4	16.6	22.9	9.7	2.8

Source : Revenue and grant figures are from Bangladesh Bureau of Statistics, Statistical Year Book, 1982.

Note : Figures in parentheses are percentages of relevant total revenue. As all thana parishad and later upazila parishad figures come entirely from grants, these are not included. Average annual growth rate have been calculated for the first six years in the table.

R.E. : Revised estimate ; P (B.E) : Provisional budget estimate.

almost certainly will push up the percentage of total revenue coming from grants nearly 50% or more.

The Bureau of Statistics may not be much of a help in understanding properly the importance of grants, however, as little is known about its method of collection of data. This becomes clear when we compare the figures on dependence on grants for various types of local government as indicated by Bureau with those obtained through an in-depth field survey conducted in recent years. The latter are reproduced in Table-8 along with comparative figures derived from Bureau information.

Table—3 indicates that Bureau figures very substantially understates the reliance of local governments on grants. Take for example, the year 1978/79 when the Bureau figures indicate the largest relative disbursements of grants. In that year, the magnitude of understatements have been 29%, 38% and 7% for Zila Parishad, Union Parishad and Poursabhas respectively. The divergence for other years is greater, still.

In 1980/81, the over-all ratio of grants was 28% as indicated by Bureau figures. For the same year, the survey indicates a proportion of 39%.

It is also clear from Table—3 that there are substantial differences in reliance on grants among type of local bodies although the dependence is increasing for all of them as indicated by the annual average growth rates. The total grants have been increasing fastest compared to revenue in case of union parishads. Accordingly one finds that they are the ones most dependent on grant. On the other hand pourasabhas fared worst in terms of growth of grant.

The aggregate figures also conceal very wide divergences among units within the same type of local governments. The ranges indicate near total independence to near total dependence.

There are some information available on municipal finance for the late sixties and early seventies. These show that urban governments relied on an average for about 54% of their revenue on grants. The range was from total independence to 92%. Figures available on 1982/83 actual budgets for 22 prourasabhas show some drastic changes. Only about a fifth of pourasabha revenues are now accounted for by grants.

Table—3
Relative Importance of Grants in Local Government Revenue
 (% of revenue from grants)

Year	Bureau figures			Survey figures		
	ZP	UP	PS	ZP	UP	PS
1976/77	18.8	30.1	21.1	43.0 (27.3-98.0)	35.3 (20.2-49.7)	28.2 (10.0-59.5)
1977/78	26.8	28.1	13.8	42.2 (28.6-92.2)	57.4 (9.4-81.2)	26.0 (8.0-63.0)
1978/79	26.1	30.9	16.9	36.7 (12.3-90.6)	50.1 (21.0-76.0)	18.2 (6.1-41.1)
1979/80	22.0	30.9	15.6	38.9 (20.4-91.1)	46.9 (16.8-76.0)	23.7 (9.5-51.8)
1980.81	20.3	28.3	14.9	36.8 (20.3-85.9)	50.9 (15.9-94.6)	23.5 (6.4-55.1)

Source : For Bureau figures, Table-1 ; For Survey figures, Bahl, Roy, Intergovernmental Grants in Bangladesh, (Interim Report No. 10), Zila Roads Local Finance Project, pp. 16-19.

Note : Figures in parentheses indicate range.

We can compare the municipal grant situations with that in West Bengal. The latter is shown in Table—4. In West Bengal, too, we find a static situation in the relative importance of grants although the absolute amount has significantly increased. Furthermore the relative dependence is more pronounced there than in Bangladesh. Also, grants are becoming more prominent over time as the growth rates indicate.

Table—4
Relative Importance of Grants/Transfers in
West Bengal Municipalities

(Rs. thousand)					
Municipal bodies and revenue heads	1975/76	1976/77	1977/78	1978/79	Average annual growth rate (%)
A. Calcutta Corporation					
Total revenue	1960	2129	2414	2578	6.8
Grant, Transfer	647 (33)	693 (33)	848 (35)	940 (36)	9.3
B. Others					
Total revenue	1498	1652	1909	2116	8.6
Grant, Transfer	595 (40)	784 (47)	958 (50)	1034 (49)	13.8
C. All					
Total revenue	3458	3781	4323	4694	7.6
Grant, Transfer	1242 (36)	1477 (39)	1806 (42)	1974 (42)	11.6

Note: Figures in parentheses indicate percentage of revenue due to grants.

Source: Govt. of West Bengal, op. cit., p. 53.

The growth rates in Table--2 further indicates that although both revenue and grants per capita have been rising in nominal terms in the aggregate (as population has been rising at a rate below 3%) in real per capita terms one would expect a largely static situation. In fact as Bahl has observed this indeed has been the case reproduced below as Table--5.

In case of municipalities, a general decline has been observed except for the most recent years which is also quite consistent with a rather sluggish growth in urban grants.

Table--5
Trends in Per capita Real Grants to Local
Governments in Bangladesh

Year	Rural	Urban	Total
1972/73	4.6	22.2	6.0
1973/74	3.3	4.7	3.5
1974/75	1.8	2.3	1.8
1975/76	3.1	5.2	3.3
1976/77	3.4	5.2	3.6
1977/78	2.8	2.7	2.8
1978/79	3.1	2.5	3.0
1979/80	3.6	3.1	3.6
1980/81	3.2	2.4	3.1
1981/82	3.3	6.5	3.7
1982/83	3.4	6.8	3.7

Source: Bahl, op. cit. p. 8--9.

See the explanatory notes also.

Composition of Grants Urban vs Rural

Grants as has already been stated above fall in two basic categories, normal and works programme grants. In urban areas, there are two additional types, special projects grants (generally for

Dhaka only) and octroi compensation. The absolute and relative magnitudes of these grants are shown in Table—6.

Looking first at urban rural division, the urban areas are found to receive around 25% of all central grants. This means that about 15% of the population are direct and indirect beneficiaries of the present grant system. Obviously this means a higher per capita grants to urban areas than to the rural. Indeed in the two years shown in the table, the respective per capita grants for urban and rural areas have been Tk. 17.1 and 5.7 in 1980 81 and Tk. 22.7 and 6.6 in 1981 82.⁴

Table—6
Relative Importance of Types of Grants by
Type of Local Government

Type of grant	1981/82		1982/83	
	Absolute (m. taka)	Relative (%)	Absolute (m. taka)	Relative (%)
A. Urban	139.3	100.0	164.6	100.0
(i) Normal	6.4	4.6	10.2	6.2
(ii) Octroi compensation	33.2	23.8	27.9	17.0
(iii) Special project (Dhaka)	51.7	37.1	56.5	34.3
(iv) Works programme	48.0	34.4	70.0	42.5
B. Rural	348.0	100.0	514.8	100.0
(i) Normal	32.2	38.0	121.5	23.6
(ii) Works programme	215.8	62.0	393.3	76.4

Source : See Table—8

Much of the relative predominance of urban grants is actually due the weight of municipal corporations like Dhaka and Chittagong. Infact, if one excludes special projects for say, 1982 '83, using Bahl's figures the per capita grant comes down to Tk. 13.5 representing a fall of just about 40%.

Also worthy of note is the fact that all local government units do not receive all types of grants. As table—7 shows for 22 municipalities subvention and works programme seem to be most frequently awarded grants to the urban governments.

Table—7
Types of Grant in 22 Municipalities, 1982/83

Type	No. of municipalities	Amount (Takā)	Percentage
Octroi	1	4054650	9.7
Subvention	17	3922436	9.4
Compensatory	3	1161153	2.8
Special	9	13021382	31.2
Others	9	2685237	6.4
Works programme	17	16927566	40.5
All	22	41772424	100.0

Source : Local Government Division.

Grant types

Considering by types, normal grants are unimportant in both absolute and relative terms in urban local government finance. In rural areas, they are less important in a relative sense but still account for a sizeable portion of total rural grants.

Judging by specificity and matching characteristics, works programme and specific project grants are specific and closed-ended non-matching grant. Octroi compensation is a non-matching general grant.

Among normal grants, one finds an amalgam of all the three basic types. Judged by such criterion, then our calculations have resulted in Table—8.

Table—8 shows that specific non-matching grants far outweigh all other grants. Among them again, RWP is the most important claiming nearly 45—55% of grants in the two years shown in the

Table—8

Specificity and Matching Characteristics of Grants

Characteristics of grant	1981 81		1982/83	
	Amount	Percent	Amount	Percent
A. General non-matching	44.06	9.0	38.05	5.6
(i) Octroi compensation pourasabha	33.22	6.8	27.89	4.1
(ii) Augmentation (zila parishad)	0.62	0.1	0.69	0.1
(iii) In lieu of landlord share of cess (zila parishad)	4.00	0.8	4.02	0.6
(iv) Increased development activities	1.30	0.3	1.45	0.2
(v) Grants to union parishad	4.64	0.9	4.00	0.6
(vi) Grants (in relation to Bengal Ferries Act)	0.26	0.1	—	—
(vii) Grants (in relation to Bengal Pure Food Ordinance)	0.02	—	—	—
B. Specific non-matching	360.16	73.9	565.57	83.2
(i) RWP ^a	215.81	44.2	393.33	57.9
(ii) UWP ^a	48.00	9.8	70.00	10.3
(iii) Special projects ^a	51.74	10.6	56.50	8.3
(iv) Thana development grant	0.84	0.2	—	—
(v) Seminar tour grants	3.28	0.7	3.10	0.4
(vi) Special salary grants	2.51	0.5	2.77	0.4
(vii) Special compensatory grants	17.92	3.7	18.28	2.7
(viii) Grants to village police	20.06	4.1	21.59	3.2
C. Specific matching	83.12	17.1	75.75	11.2
(i) Honoraria for UP Chairmen	6.89	1.4	5.87	0.9
(ii) Honoraria for UP Members	39.25	8.1	35.32	5.2
(iii) Salaries of UP Secretaries	8.60	1.8	8.23	1.2
(iv) Salaries of Village Police	28.38	5.8	26.33	3.9
All grants	487.34		679.37	

Source: Demand for Grants and Appropriation (Non-development), 1982 83 and 1983 84 ;

Demand for Grants and Appropriations (Development), 1982/83 and 1983 84.

^aThese are revised estimates. All others are actual figures.

table. Special projects grants given solely to 'Dhaka Municipal Corporation' account for nearly 10% of all grants.

Specific matching grants are the next most broad category of grants. These are all honoraria and salary grants. Among general grants octroi-compensation is the only important grant. All others are small grants.

How does one analyse the effects of the above grants. This is largely an empirical issue and the space of this paper is not enough to discuss it in the detail. However, if we view the grants in the light of the standard theory of grants-in-aid, a few tentative conclusions may be made.

Given the importance of local resource mobilization for local development, the basic question is whether the grants are structured in a way to stimulate local generation of resources. Before trying to answer the question, some fragmentary information from a union will be presented to somewhat better understand the implications of various kinds of grants.

We have information on one union over the last five years on its revenue and expenditure in Bhanga Upazila in Faridpur district. Some of the information are reproduced in Table—9. These may be used as very tentative indicators that grants do stimulate consumption.

Two points are worthy of note from the table. Firstly, the reliance on grant seem to have increased over time and then fallen to its almost initial level of one-third. Secondly for all specifically aided categories of expenditures, actual expenditure is much higher than the amount of grant. Though we do not know, what would have been the behaviour of the union parishad in absence of grant, the situation probably indicates a stimulation of the payments for services for which matching grants have been received. On the other hand the expenditure on items like works programme have been stimulated although no grants have been provided. An income effect of grant seems to have been brought into play by provision of the grant. Also note that, the year in which grants have been provided specifically for works programme, the works programme expenditure is at higher level compared to all other years

Table—9
Relationship Between Grants and Expenditure in Chandra Union Parishad, Bhanga

Grant/ Expenditure	1979 80		1980/81		1981 82		1982/83		1983/84	
	Grant	Expenditure	Grant	Expenditure	Grant	Expenditure	Grant	Expenditure	Grant	Expenditure
General	3403	7699.95 (44.2)	590	2753.50 (21.4)	3316	3400.5 (1.0)	3442	7205.35	4321	9266.25 (46.6)
Salary- secretary	1772	7070.64 (25.1)	1800	10383 (17.3)	610	5006.66 (12.2)	3600	6341.00	1500	7344.00 (20.4)
Salary- village police	4802	10918.00 (44.0)	9880	15435 (64.0)	8146	13860.00 (58.7)	8820	18945.00	11040	16350.00 (67.5)
Honorarium- Chairman	1200	—	7800	11000 (70.9)	8400	14400 (58.3)	9600	15235.00	8700	25315.00 (34.37)
Honorarium- members	3600	15300.00 (31.3)								
Works Programme	2500	9090.00 (27.5)	—	4132.25 (0)	—	5991.64 (0)	—	7430.00	—	10551.75 (0)
TA/DA	—	3207.40 (0)	—	2166.00 (0)	—	1765.20 (0)	—	3503.00	—	894.00 (0)
Total	17280	53285.99 (32.4)	20070	45872.75 (43.7)	20472	44424 (46.1)	25462	58659.35 (43.4)	25561	69721 (36.6)

Source : BIDS , Field Survey on Local Level Planning (unpublished), 1984

Note : Figures in parentheses are percentages of expenditure met from grants.

implying a better stimulating effect of specific grant over a general grant.

Assuming that a specific matching grants are likely to be most helpful in stimulating demand for the particular local good for which it is meant, the first conclusion one can draw is that the particular specific matching grants in Bangladesh are likely to fail in that effort. The reason is that services of Chairman, members and secretaries are by their very nature not likely to be increased much. Neither is it apparent how far such increases will be of help in local government management.

On the other hand, there are grants under specific non-matching category which if could be matched even to a small extent in the beginning can create an improved local resource base and also be almost immediately reflected in activities conducive to generation of short-term and long-term employment and income. I propose that RWP, urban works programme (UWP) and Special Projects all be under matching formula and the condition of matching should be tougher on UWP and more so in case of special projects.

Secondly, the various small compensatory grants seem to serve no real purpose except for increase in administrative and accounting burden. Except for octroi, all general non-matching grants may be converted into one or two comparatively large general grants. Octroi compensation may also be merged together with them at an opportune moment.

Development Impact of Grants

So far we have dwelt upon the importance of grant in revenue and expenditures of local governments. One may ask now if expenditures yield any benefit to the society. Part of the answer is obvious. So long as grants allow local governments to render certain services to the community they are always helpful. However, remembering that a very large part of the grant is for works programme, the question arises if these yield any benefit.

There are studies on various RWP which indicate and clearly show that benefits can be substantial. Some of the indicators

of such benefits are reproduced in Table-10. It is clear from the table, particularly for the SPWP that the benefits of the RWP far outweigh its economic costs. Such findings lead to two more questions. Firstly, how can one increase the investment under RWP? One way is certainly by putting in more money as grants. This will, however, make the local governments more dependent on grant. To counter such dependence, the grant may then be given as a matching grant so that local resources are also used for the purpose.

The second issue relates to the management of RWP. To be sure all RWP projects are not managed well and are thus likely to yield little, if any, benefit. Studies indicate that there are substantial scopes for improvement of the management of the RWP projects. Affirmative actions thus need to be taken for maximizing the benefits from RWP.⁵

iv. Summary and Conclusion

Grants are the important sources of local government revenue in Bangladesh. The reliance on grants may be rising in general but seems to have fallen in case of municipalities. Works programme grants are by far the most important ones both for rural and urban local governments.

General grants of budget support nature are unimportant for all types of governments. Specific non-matching grants are the most important ones. Specific matching grants given as salary support to union parishads, are relatively less important than non-matching grants but their combined total absolute size is not insignificant.

As to the possible effects of grants on expenditures, nothing can be said definitely in the absence of a vigorous empirical investigation. Very tentative indications are there, however, on their stimulative effect on consumption of all types of local public goods.*

As to the effect of grants on long-term development of localities concerned, RWP has been found to be definitely conducive to growth.

Table—10

**Benefits from Investment in Physical
Infrastructure through RWP**

Indicators	SPWP	IRWP	RD-I
A. Benefit/cost ratio			
i) Kutcha road	3.3-5.0		
ii) Derelict tank	5.9-8.8		
iii) Pucca irrigation channel	5.6-6.4		
iv) Culverts	5.4-6.4		
B. User cost savings due to Kutcha road improvement ('000 Tk./years)			
i) Alfadanga (backward)		27	
ii) Baliakandi (growth centre)		32	
iii) Sherpur (progressive)		71	
C. User cost saving for transformation of earth road to brick road ('000 Tk./year)			
i) Alfadanga		50	
ii) Baliakandi		101	
iii) Sherpur		260	
D. Fall in User cost per maund per mile (%) due to Kutcha road improvement			
i) Bogra			22.7
ii) Mymensingh			17.1

Source : For SPWP, Hossain, M. and M. Asaduzzaman, Socio-Economic Evaluation of the Special Public Works Programme in Bangladesh (mimeo.), 1982, pp. 74.

Hossain, M. and Omar H. Chowdhury, Socio-economic Impact of Roads in Rural Areas, (mimeo.), 1984, pp. 5.48.

Centre for Development Science (BUP), Evaluation of Rural Development-1 Project (Draft Report), p.5.48.

Note : SPWP : Special Public Works Programme
 IRWP : Intensive Rural works Programme
 RD-I : Rural Development-I Project

It is not easy to arrive at conclusions by way of policy recommendations from a discussion which is basically exploratory in nature. It becomes particularly difficult when the empirical basis is so thin as in this paper. Still, the following conclusions may be considered;

(a) Small compensatory grants of general budget support nature should be abolished and replaced with a few large ones.

(b) Whether a grant should be matched with local resources or not should be carefully examined. Particularly specific grants like RWP, UWP and special project grants should be matched probably under increasingly tough formula in that order. On the other hand, salary support grants may be made non-matching.

(c) There is a scope for a serious investigation of (i) why relative importance of grants or rather the relative importance of own internal resources vary so much across local government units. A broader question that begs answer is, is a grant necessarily bad? (ii) Similarly rigorous analyses are needed to find out the substitution and complementarity effects of various types of grants. This will help in deciding upon the desired specificity and matching characteristics of grants. (iii) A third related point is paucity of information. The planning and statistical cells of the concerned ministries must be strengthened to facilitate regular collection, compilation and publication of data on local level financial resources.

NOTES

1. See for example, Wilde, James A., 'Grants-in-Aid: The Analysis of Design and Response in National Tax Journal Vol. XXIV, No. 2, June 1971, pp. 142-155 and the references cited there in.
2. A general matching grant may have no limit as it may be used simply to cut down taxes and hence is of not much interest.
3. Govt. of West Bengal, **Report of the west Bengal Municipal Finance Commission**, March 1982, pp. 69-73.
4. Bahl, op. cit. p. 5.
5. On management issues, see Hossain and Asaduzzaman, op. cit. Also see Asaduzzaman, M. and Huddleston, B., *An Evaluation of the Management of Works Programme* (forthcoming in Bangladesh Development Studies).

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APPENDICES

Appendix A**Group Discussion and Recommendations**

Group—A

Topic : **Decentralisation****General Statement**

It is recognised that there is considerable confusion regarding the definition of the term 'decentralisation'. 'Decentralisation' here refers to the on going process in Bangladesh of transferring governmental powers and functions from national to sub-national level, and in particular to current moves to strengthen the role of the Upazila, through both the devolution of authority to Upazila Parishads and the decentralisation of national administrative and judicial functions to that level.

Broad Conclusions

Decentralisation reforms in developing countries have a number of objectives, including :

- Strengthening of development administration.
- increasing the efficiency of the judiciary.
- increasing the legitimacy of the national government.
- facilitating popular participation and local democracy.
- diffusing and deconcentrating political conflict.

Attempts to achieve several of these objectives simultaneously sometimes create problems since there may be conflicts between them.

Experience in implementing decentralisation programmes suggests a number of factors which are particularly important :

(i) The need for a clear and consistent long-term policy on decentralisation, which takes full account of local political, social and economic conditions.

(ii) The need for decentralisation to be a gradual process of incremental change, in which the transfer of authority is related to the development of organisational capacity at local level.

(iii) The importance of the organisational structure responsible for the implementation of decentralisation reforms.

(iv) The need for all sections of the population to be fully involved in the implementation of decentralisation.

(v) The importance of continuous monitoring of implementation progress and regular evaluation of its impact in terms of the achievement of stated objectives.

Recommendations

Taking account of these broad conclusions, a number of problem areas are identified in relation to the process of decentralisation in Bangladesh.

On the basis of the problems identified, the following recommendations, grouped into five main categories, are made :

1. Levels to which Powers are Transferred

1.1 Role of District

(a) The existing hierarchy of the government at the district level should not be given any controlling or supervisory powers over the Upazila Parishads.

(b) The District Council should be abolished and its revenue raising powers transferred to the Upazila Parishads.

(c) To ensure national and inter-Upazila co-ordination a District Development Planning and Co-ordination Committee should be established in order to facilitate effective top-down and bottom-up planning. It should be composed of all Upazila Chairmen and MPs in the district. The Chairmanship should rotate between the Upazila Parishad Chairmen and MPs, to be chosen by the respective groups. It should have a permanent secretariat to be provided by the Sadar Upazila. The Committee should invariably be consulted in respect of developmental programmes and projects undertaken by the national government at Upazila level to avoid duplication and to assess their appropriateness.

1.2 Regional Development Boards

with the emergence of Upazila Parishads the Regional Development Boards have become redundant and should be abolished.

1.3 Union Parishads

Union Parishads should be strengthened. Consideration should be given for increasing the effectiveness of the ward system, including an increase in the number of wards so that each ward covers approx. 1000—1200 people.

2. Types of Powers Transferred

2.1 Police

The police should be directly answerable to the Upazila Parishad because no local government can operate effectively without control over police functions. The magistracy, however, should remain independent of the Upazila Parishad.

2.2 Financial Powers of Upazila Parishad

- (a) Annual block development assistance grants to Upazila Parishads from Central Government should be, as far as possible, untied. But specific grants can be tied.
- (b) Upazila Parishads should be given more revenue raising powers, including those previously held by District Councils (see Rec. 1.1).

2.3 Staffing Powers of Upazila Parishads

- (a) A mechanism should be established to allow Upazila Parishads to have some say in the posting of UNOs.
- (b) The staffing and logistic needs of each Upazila should be reviewed in consultation with the Upazila Parishad in order to relate staff members more closely to local needs, including area and population.

3. Composition of Local Government Bodies

3.1 Representatives of Upazila Parishad

The Upazila parishad, as it stands now, has not brought about full participation of the people in making development decisions. This can be done by increasing the number of representative members of the Parishad through creation of more Union Parishads where justified. Alternatively 1/3rd of the elected ward members of all UPs should be made mem-

bers of the Upazila Parishad for one year by rotation. In cases of Upazila Parishads having less than 5 UPs all ward members should be made members of the Upazila Parishad.

3.2 Upazila Chairman

The Chairman should be elected directly. Until such time as elections for Upazila Chairmen are held, the Chairmanship of the Parishad should rotate among the representative members of the Parishad, chosen by all elected members.

3.3 Terms of Office

The terms of office of the Union Parishad Chairmen and members should be three years to ensure greater accountability.

4. Legal Basis of Decentralised System

4.1 The legal basis for the establishment of the new local government system should be reviewed to ensure that there is both adequate autonomy for each of the tiers in the system and sufficient co-ordination among them.

5. Organisation for Implementation

5.1 The importance of strengthening organisational capacity at Upazila level through reorientation and training cannot be overemphasised. There is need for the development of technical and managerial skills and for attitudinal changes, particularly regarding the relationship between elected representatives and officials.

Group—B

Topic : Local Government Institutions and Participatory Development

General Statement

Over the years there have been several experiments in Bangladesh with various models of local government institutions and approaches to participatory development. But these efforts have been short-lived. The successive new attempts have not been consistent and lack continuity. People's participation,

though recognised as a critical element of any development, has not been ensured fully because of lack of political 'will', poor institutional-organisational framework and wrong perceptions. Often, it was a paternalistic approach which ruined the very motivation of the people at grass-roots level.

1. Structure

Strengthening of local authorities does not imply weakening central institutions. It is recommended that both the Upazila Parishad and the Union Parishad should be strengthened and their autonomy be assured. If necessary, the size of existing units should be rationalised. There should be a comprehensive policy for local government and administration. It is doubtful if there is any continuing need for the Zila Parishad level of local government.

2. Functions

It is recommended that functions and powers be assigned to the Upazila Parishad, the Union Parishad and other local bodies in such a way as to strengthen them in their work. The decision-making structure should be reviewed to ensure that the councils have full decision-making responsibilities with controlling authority over their chairmen.

It is also recommended that the jurisdiction of courts at the union level be strengthened

3. Resources

(a) **Finance:** Careful consideration should be given to the allocation of responsibility for public resources within the jurisdiction of local authorities. These authorities require reliable sources of revenue and greater flexibility in reallocation of the funds at their disposal. Consideration should be given to incentives to improve tax collection.

(b) **Personnel:** The development of human resources at the local level is of utmost importance. Consideration should be given to the personnel policies of the local authorities with consideration of adequate career structure for local employees. There should be continuing effort to resolve the conflicts between

the generalists and specialists and to reorient the bureaucracy at all levels.

(c) **Institutions:** Local government requires effective supporting institutions to give necessary training, technical and financial assistance. Strong local government associations should be encouraged and given right of access to the central government.

4. Participation

Private and Voluntary Organisations can play a valuable role in local government, and machinery should exist to permit them to play their full part. The nomination system of women members should be reviewed to make them more representative.

5. Inter-governmental Relations

To ensure continuity of local government policies and institutions consideration should be given to the creation of a permanent Advisory Council on Inter-Governmental Agency. This should have the responsibility to delineate clearly the roles and responsibilities of the different levels of government and for coordination among them.

Field officials of the central government should be obliged to consult the local bodies in the preparation of policies and carrying out their duties.

Group—C

Topic : Resource Mobilisation

General Statement

The importance of resource mobilisation at the local level lies in the reduction of dependence of the local people on the national government for meeting their needs, in utilising the available local resources which have hitherto remained untapped, and above all, in arousing the spirit of self-reliance among the rural people. This becomes more crucial when the country in question is in the process of decentralisation. Resources available to a locality may include natural resources, financial

resources and, more importantly human resources. Mobilisation of these resources should not simply mean fuller utilisation of the available resources, but also prevention of their mis-utilisation due to the adoption of any inappropriate and inefficient technologies and other managerial factors. In addition, the matters relating to procurement of resource from one locality (surplus) to another (deficit) should also come under purview of resource mobilisation.

In Bangladesh, the problems and prospects of local level resource mobilisation in the sense described above involves a wide range of complex and interrelated socio-political-economic considerations.

Local Level Resource Mobilisation

Two issues need to be clarified first. These are (a) what should constitute **resource**; and, (b) what is the meaning of the term **local**.

—To answer (a) it may be noted that though there may be three basic resources, viz., natural, human and financial a pre-condition for mobilisation of natural resource is adequacy of finance. Similarly in most cases, human resource mobilisation is predicated upon financial expenditure. Human resource can also be mobilised without resource to monetary resources.

—To answer (b) for the time being all levels of government is treated as local. Thus, Union Parishad, Municipality and Municipal Corporation, Upazila Parishad and Zila Parishad finances are included under local government here. Resource mobilisation of other institutions, which are local in nature like cooperatives and bank branches are also important in any scheme of local level development. It is however felt that separate and fuller treatments are needed for the purpose. Thus the recommendations are limited to local government finances.

Recommendations

(a) General

(i) Fiscal Administration

—A Fiscal Institute may be established to analyse the fiscal affairs of both the national and local government institutions or

alternatively this responsibility may be given to a suitable institution like Bangladesh Institute of Development Studies or National Institute of Local Government to review and examine the tax base of the local government on a continuing basis and suggest changes as and when necessary. One important task of the organisation shall be to suggest measures for improved assessment of the value of properties.

—A permanent Grants Commission should be established to rationalise inter-governmental transfer system. Included in this Commission should be representatives of concerned ministries. The work of the Commission should be supported by an analytical unit capable of analysing the overall effects of the grant system.

(ii) Local Loan Board

A Local Government Loan Board or some such body should be formed to provide concessional loans to local governments.

(iii) Local Government revenue effort should be included as a primary measure of local performance when allocating inter-governmental transfers. In the case of transfers to Upazila parishads, resources mobilised by Union Parishads within the Upazila should be included as a part of this revenue effort measure.

(iv) Local Government should be given power to impose land development tax.

(b) Specific Local Government Finance

(i) Zila parishad

Assuming that Zila Parishad will be abolished as a local government body the heads of revenue under the Zila Parishad may be transferred to the Upazila Parishad. However, the surcharge with property transfer tax may be transferred wholly to the Union Parishad according to the location of the property. Till the abolition of Zila Parishad, surcharge with the property transfer tax should be divided between Upazila and the Union Parishad at the rate of 75 and 25 percent respectively.

(ii) Upazila Parishad

The entire receipt from fairs/exhibitions should go to the Upazila Parishad.

—Upazila Parishads should be given power to decide on all matters regarding exhibitions/fairs in the Upazila.

—Fees and License fees collected within the Upazila should be retained by the Upazila.

—There should not be any control over the fixation of surcharge on the entertainment/entry tax.

—Upazila parishads may share the lease monies from Hats and Bazars and Jalmahals with the Union Parishads from which these are collected. In case of the former, the split (net of collection charges and central government's share) may be 75:25 (Upazila : Union Parishad) in case of Jalmahals it may be 50:50.

(iii) Municipalities/Municipal Corporations

—Certain indirect taxes like sales and excise may be shared by the central authorities with the municipalities and municipal corporations. Similarly, 50% of motor vehicle tax and amusement tax may be shared with urban local government according to the location of registration.

—The tax on profession, trade and callings should be rationalised.

(c) Grants

(i) Small compensatory grants of general budget support nature should be abolished and replaced with a few large ones.

(ii) Whether a grant should be matched with local resources or not should be carefully examined. Particularly specific grants like RWP, UWP, and special project grants should have increasingly tougher matching formula in that order. On the other hand, salary support grants may be made non-matching.

(iii) The octroi compensatory grant has not been increased in line with economic activities in urban areas. The amounts allocated should be supplemented so as to truly compensate municipalities for their revenue loss.

It is felt that the mobilisation of financial resources is not sufficient for an improved utilisation of the other vital resources viz., natural and human resources. Hence separate and adequate attention should be given to these. Some indication of the issues involved are given below :

Natural Resources

The most important natural resources in Bangladesh is land and water. Available statistics suggest that both in terms of cropping intensity and crop yields most of the land in Bangladesh is under utilised and also unutilised. To improve this situation, it is necessary to take appropriate measures to utilise the available irrigation devices, fertilisers and credit. Institutional reorganisation should also be attempted. In order to provide incentive to the producers, subsidies on the critical inputs should be continued for some time more.

Gas is another very crucial resource. This resource is yet to be fully utilised in different regions in Bangladesh. It is recommended that measures should be undertaken to take gas from the eastern region to the other regions, particularly to the North West region of Bangladesh. Among other things, this would help establish industrial base in the region.

Human Resource

For mobilising human resources, many programmes and projects are now being implemented by the Government. There are many evaluation studies showing that these projects are implemented almost independently and in an unco-ordinated way. It is strongly suggested that Rural Works Programme and Food for Works Programme should be integrated with the development programme for e.g. construction of irrigation channel, re-excavation of ponds and tanks, etc.

Imams of mosques are not being fully utilised. The Government of Bangladesh have undertaken schemes to mobilise them for productive purposes. This scheme should be strengthened. Local Government institutions may be utilised as supporting institutions for the purpose.

Finally, for mobilising and implementing the human and natural resources, Comprehensive Village Development Programme, which will include all target groups, should be undertaken in each Union of the Upazila.

Appendix B

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