# Social development through rural transport expansion in Bangladesh: improving performance at the Local Government Engineering Department[1]

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1. Providing public infrastructure and services is about more than serving customers. Countries expect these programs to contribute to a host of outcomes such as economic development, poverty reduction, social justice, gender equity, ethnic inclusion, and a sustainable political settlement among rival elites. It takes effective public services and contribution to these broader outcomes to foster social trust and public confidence, an active and cooperative citizenry, and state legitimacy.

2. The recent history of Bangladesh provides an international comparative perspective of how public services can contribute to improved social outcomes. This paper will begin with a brief overview of the process. It will then look at the case of the Local Government Engineering Department (LGED) under the Local Government Division, Ministry of Local Government, Rural Development and Cooperatives, and how it has managed to continuously improve its performance in the context of "good-enough governance" to better contribute to these outcomes.

## Challenges of Social Integration in Bangladesh

3. Following the partition of the Indian state of Bengal in 1947, what became known as East Pakistan was an economy mainly producing rice and jute. Bangladesh achieved independence in 1971, following up to 3 million civilian deaths, and leading US Under-secretary of State Ural Alexis Johnson to predict: "They'll be an international basket case" (Department of State 2008, document 235 in Volume XI). This was followed by the assassination of two heads of state, and periods of military rule until 1991, seeming to confirm Johnson's prediction. Yet, starting in the late 1970s, subsequent governments began to encourage industrialization through a combination of, *inter alia*, trade liberalization, privatization, and financing instruments. The ready-made garments sector got its start from these favorable policy changes, along with a fortuitous connection with the Daewoo Group in South Korea, and high levels of effort by early investors. The emergence of a political settlement based on competitive clientalism starting from 1990 led to further economic and social reforms, including gender parity in primary and secondary education (Khan, undated; Khan 2009, World Bank 2010). The ready-made garments sector now comprises around 80% of Bangladesh's exports, and more than 40 percent of manufacturing employment.

4. A key social outcome was bringing down income poverty rates from 60% in 1990 to 40% (upper poverty line) in 2005, along with reduced child mortality (Bangladesh Government 2005b). A World Bank study (2008) noted that Bangladesh's steady 6% p.a. growth contributed to this reduction in poverty. In many respects Bangladesh's social performance has been better than that of Pakistan, and better than that of other peer countries (countries at the same level of development), despite starting from a lower base. Reasons include a civil service

[1] Earlier versions were presented at international conferences in 2010 in Japan and the Netherlands, and benefited from comments received. The findings, interpretations, and conclusions expressed here are those of the author and do not necessarily reflect the views of the Board of Executive Directors of the World Bank or the governments they represent.

with some capacity; increasing decentralization of key public services; a highly capable civil society; and better ratings in voice and accountability, and in civil liberties, than in peer countries[2]. Bangladesh also has a competitive electoral system, where political leaders feel a need to fund and deliver at least somewhat more and better public services. The 2008 national election benefited from a just completed electoral database for over 81 million voters, with photographs and fingerprints to prevent fraud. The database is feeding into a nationwide birth and death registration process, intended to provide better assured access to public services for all citizens[3].

5. These achievements are reinforced by an extensive legal and regulatory framework to protect human rights and social integration. Bangladesh has signed many international covenants, including the Universal Declaration of Human Rights; the International Covenant on Civil and Political Rights (freedom of religion and of expression); the UN Convention on the Elimination of All Forms of Discrimination against Women; the UN Convention on the Rights of the Child; the International Labor Organization Convention Against the Worst Forms of Child Labor; the Convention Against Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment; and the International Covenant on Social, Economic, and Cultural Rights.

6. The Constitution provides for equal rights for all citizens and prohibits discrimination on the basis of religion, race, caste, sex, or place. It also provides for affirmative action as follows: "Nothing shall prevent the state from making special provision in favor of women or for the advancement of any backward section of the population" (Article 28, cited in Bangladesh Government 2005a, 146). In addition, the government has frequently expressed its commitment to address allegations of human rights abuses (see, for example, Bangladesh Government 2002). It has expressed commitment to taking specific actions, including undertaking full implementation of the Chittagong Hill Tracts Peace Accord; operationalizing the Land Dispute Resolution Commission and the Chittagong Hill Tracts Refugees Task Force, including providing adequate resources, and scaling up efforts to provide health care and clean water and sanitation services to minority areas (Bangladesh Government 2005a, 152–53).

7. Despite the achievements and commitments, there are many causes for concern. 55 million citizens are still living in poverty, and 40% of children are chronically malnourished. Weaknesses in civil rights include constraints on labor unions by a 30 per cent employee approval requirement and limits on unregistered unions. Employers can fire or transfer workers for union activities and workers have no legal recourse. Civil servants are prohibited by law from joining unions and from bargaining collectively through other associations (Freedom House 2009).

8. Bangladesh reportedly has the largest number of journalists facing death threats or physical attacks of any other country (Reporters without Borders 2010). Extremist groups have attacked religious minorities and those responsible have not been prosecuted, nor is effective

[2] Bangladesh is rated higher on voice and accountability than comparators Pakistan and Sudan, at the 90% confidence level, and is about the same level as Nepal (World Bank 2009a). Freedom House (2009) gives Bangladesh a rating of 4 out of 7 in civil liberties, where 1 would be the top rating. By comparison, Pakistan (5), and Sudan (7) have lower ratings, and Nepal has the same rating. Of its peers, only Ghana has a better rating on both indicators.

[3] Draws from Wescott, C, Siddique K. and Rahman, M. 2007.

policing to prevent such attacks provided (Human Rights Watch 2006). Reports include descriptions of abductions, forced conversions, destruction of religious sites, eviction from land, and raping of girls with minimal investigation or follow-up by police (Amnesty International 2001). There are also reportedly high levels of corruption, with low-income households reportedly paying 10 per cent of their income for bribes to obtain basic services (Transparency International Bangladesh 2005, 4).

9. Some have termed this experience of growth and poverty reduction amidst uneven governance as the "Bangladesh paradox". Unlike "developmental states" in East Asia with dominant leaders or parties focusing on using state capacity to improve the investment climate, Bangladesh is an example of "good-enough governance", where competitive parties work at alleviating specific binding institutional constraints, which in turn unlocks economic growth. The benefits are then channeled as patronage to supporters in return for allegiance (Johnson 1982; Woo-Cummings 1999; Grindle 2006; Levy and Fukuyama 2010).

**Decentralization and social integration**

10. The previous section gave some indications of the progress made on improved social outcomes and state legitimacy, and some remaining challenges. The progress has come about due to a combination of policies and regulations, private investment, international commitments, constitutional and legal protection, and enhanced public services with greater decentralization. This section focuses on one of these processes: decentralization. It gives an overview of recent trends in decentralization and its contribution to social development, first looking broadly across Asia, and then specifically in Bangladesh.

11. Despite the rapid growth and poverty reduction across Asia in recent decades, not all people in developing nations and regional areas are benefiting, nor are they well connected within rapidly expanding economies[4]. Particularly for women, children and rural residents, the same basic entitlements to publicly provided goods and services are not accessible. As economic growth has progressed, poverty has come to be manifest in pockets of exclusion. Income and access to economic opportunity reveals increasing rather than decreasing inequality both across the region and within countries. Such opportunity is sharply differentiated by age and gender, level of education, urban-rural, upland-lowland, and other variables including ethnicity and geographic barriers to transportation and commerce.

12. Across Asia Pacific, one common feature applied by governments keen to foster growth alongside poverty reduction has been to assign state powers, responsibilities and resources to sub-national authorities and to private and civil society agencies under various forms of contracts, partnerships and other principal-agent arrangements. Decentralization has become a catch-all term for what proves in practice to be a highly differentiated, and differently motivated, range of practices and institutional forms.

13. Despite assertions to the effect that in East Asia devolution of authority has heralded major political restructuring and, "dramatic steps … of dispersing or decentralizing the highly centralized power structure" (Susumu, Fujiwara and Reforma 1996, vii), as noted above, the region's experience defies any uniform application of the concepts of 'decentralization' and 'devolution'. And although central – local relations have been reconfigured in many different

[4] Draws from Wescott and Jones 2007.

ways, it is quite clear that local, sub-national units of government are now widely regarded as promising areas for increasing governance capacity. To this level of governance is pinned the hopes for better public services delivery and private enterprise promotion. Increasingly, sub-national governments are promoting new forms of citizen participation and citizenship that are emerging throughout the region. Yet this process is hindered by limited resources not enough to adequately fund the new responsibilities.

14. Relationships between political participation, enhanced democracy, economic development and devolution have been debated since the time of John Stuart Mill and are still not entirely clear (Breton, Aassone and Fraschina 1998; Litvack, Ahmad and Bird 1998). While many of the issues related to fiscal decentralization and devolution have been analyzed for decades, the topic area continues to attract considerable attention from a number of observers as is demonstrated by completion of a major study on East Asia recently undertaken by the World Bank (World Bank 2005).

15. In Bangladesh, democratic decentralization is promoted as a way to improve public service delivery and strengthen democratic governance (Rahman 1999; Siddiqui 2005). The Government (Bangladesh Government 2005a) clearly endorses strong, decentralized, local government, acknowledging its potential role in increasing people's participation in raising the quality of public services, particularly at the grassroots levels.

16. However, decentralization is also a political strategy. An early phase was launched by the Basic Democracies Order of 1959, during the period of Pakistan rule. The political premise was to by-pass established political elites based in the towns, creating 80,000 'basic democrats' as the Electoral College for electing Members of Parliament, and the President. This is a typical tactic of authoritarian regimes, where low-level representatives are seen as easier to control than urban elites, and at a lower price in terms of rents demanded, for example, rural infrastructure and food for work (Khan, undated).

17. Following independence, there have been four attempts to introduce decentralization in Bangladesh beginning with the District Governorship system of 1972-75, followed by the *Gram Sarkar* experiment of 1975-81, the *Upazila* system of 1982-90 and the Thana Development and Co-ordination Committees of 1991-96[5]. These had a similar political motivation to 'basic democracy', although focused more on administrative control than elections, resulting in a deconcentrated administrative structure at divisional, district and sub district level with restricted democratic representation, (see Table 1). There has been recent progress in strengthening the framework for local government, including new ordinances passed, an increase in block grant financing to Union *Parishads* by 50% since 2006, with over ¾ of the UPs receiving block grants, nearly 7000 independent local government audits carried out over the same period, and the first *Upazila* elections that took place in January 2009.

18. However, resources provided to local authorities are still minimal (which is, after all, the political intention). The local share of public expenditure in Bangladesh is in the range of 3-4 percent of total consolidated government expenditures, among the lowest in the world. This contributes to weak structures of local governance that can translate into fiduciary risks arising from insufficient democratic accountability, elite capture of decision making, low levels of

[5] Draws from World Bank 2009b.

public participation in planning, weak targeting and leakage of public benefits (see World Bank 2006, 20–21). This is compounded by weak management of revenue, expenditure, audit and procurement.

Table 1: Structure of Bangladesh Local Government[6]

| **Rural Local Government Structure** | **Functions** | **Representations** |
|---|---|---|
| 6 Regions | Oversight, supervision and management of all administrative and development activities at district and sib district level | No direct political representation. Divisional Commissioner is Executive Head |
| 64 Districts<br>Average pop:<br>1.9 million<br>Average area:<br>2,250 sq km | Management and monitoring of government programmes and projects, implementation of district level public works and maintenance activities, grants and scholarships. | No direct political representation. Zila Parishad consists of a Secretary and Accountant. District Development Co-ordination Committee comprises Deputy Commissioner and line dept heads. |
| 482 *Upazilas*<br>(increased from 460)<br>Average pop:<br>250,000<br>Average area<br>300 sq km | Planning, implementation, coordination and monitoring of all infrastructure and services including health, education, public works, irrigation and water, agriculture, fisheries, livestock, forestry, community development | First elections in January, 2009. *Upazila Nirbahi* Officer (Chief Exec Officer). Chairpersons voting members on District Co-ordination Committee, line department officers (non voting) |
| 4,498 Union *Parishads*<br>Average pop:<br>27,000<br>Average area:<br>30 sq km | 38 functions, (10 mandatory) 28 (optional) Construction and maintenance of small scale infrastructure, dispute settlement registration of births & deaths.. | Elected chairperson and 12 elected members (one for each of nine wards and 3 women members each representing 3 wards). |
| 68,000 Villages/ *Gram Sarkar* Committees<br>Average pop: 1,600<br>Av area: 2 sq km | Participatory planning, (proposed), local community mobilization. project implementation, community contracting, | No direct political representation. 15 person council chaired by Union *Parishads* member. |
| 6 Municipal Corps | Water supply, solid waste, sanitation, public health, roads, drains, parks, community development and poverty | Elected Mayor and Corporators |

[6] World Bank 2009b.

| | | |
|---|---|---|
| | reduction | |
| 309 Pourashavas | Water supply, solid waste, sanitation, public health, roads, drains, tree plantation, community development and poverty reduction | Elected Chairperson and Councillors, women member |

19. Even though local government bodies are weak and are not delivering services at a satisfactory level, people's support of the union *parishads* is strong[7]. A survey by the Associates in Rural Development Local Government Initiative found that 80 per cent of respondents strongly supported the institution of union *parishads*. In addition, most did not perceive their chairs as being corrupt. As union *parishads* have been in existence for more than 100 years, people at the grassroots levels are familiar with their functions, and this is the greatest strength of this tier of local government (World Bank 2002).

20. Village (*gram*) *parishads* are also in place; however, their members are not elected and are selected on the basis of various criteria. In urban areas, both city corporations and municipalities are in place and members of city governments are elected. Local government is administered under the Ministry of Local Government, Rural Development and Co-operatives. However, local government in the Chittagong Hill District is administered by the Special Affairs Division in the Prime Minister's Office (Centre for Governance Studies 2006b).

**Civil Society and Social Development**

21. The weaknesses of the local government framework are mitigated to some extent by an active civil society presence. Since the 1990s, non-governmental organizations (NGOs) have become advocates for local and national governance issues (Centre for Governance Studies 2006a), lobbying state agencies, promoting transparency, promoting election reform, supporting activities aimed at protecting human rights, stimulating public debate, and helping build constituencies for governance reforms[8]. In doing this, they foster social trust and public confidence, and an active and cooperative citizenry. Consistent with the "good-enough governance" model, there is evidence in Bangladesh that while civil society institutions have not helped to transform citizen-state relations and enhance the legitimacy of the state as much as in some countries, they have helped to strengthen the social fabric, deliver essential services, and through this improve the investment climate, and the growth potential.

22. An estimated 2,000 development NGOs are working in Bangladesh, and a few of them are among the largest such organizations in the world. Many clients of NGOs are poor women. This is a great achievement for the NGOs given the persistence of strong patriarchal norms in Bangladesh society (Power and Participation Research Centre 2007).

23. NGO activities are recognized globally for the scale of their activities and for their ability to develop innovative services for the poor in both rural and urban areas. Notable innovations have included providing access to credit to those previously considered

[7] Draws from Wescott et. al. 2007.
[8] Draws from Wescott et al 2007.

"unbankable": currently 70 per cent of poor households have access to nongovernmental microfinance programs.[9] NGOs have also helped deliver education and community health services to a large number of poor people. In addition, they have undertaken various advocacy activities aimed at raising awareness by and empowerment of the poor and marginalized groups. However, the role of NGOs, and of civil society as a whole, is not confined to the delivery of social services and pro-poor advocacy. They also have undertaken commercial ventures to link poor people with markets and to develop a source of internally generated revenues to sustain the organizations over the long term.

24. Think tanks, advocacy organizations, and research organizations also undertake various activities pertaining to raising awareness about various issues and including creating demand for good governance. Many of these organizations help build capacity in local governments. They also undertake advocacy activities to help people understand their political, economic, and social rights and responsibilities and play an important role in democratization through election campaign and election monitoring. Many work at the grassroots level to help give the poor a voice in community affairs.

25. NGOs in Bangladesh have been able to create development models that can be scaled up rapidly, cheaply, and effectively (Zaman 2004). The global replication of the Grameen Bank microfinance model is well known, and Bangladesh Rural Advancement Committee (BRAC) has taken parts of its model to other developing countries. Another type of NGO activity concerns the distribution of *khas* (government) land to landless households.

26. Development partners and the government have provided funding for civil society that has increased steadily over the years. Partly through donor funding and partly through revenue generated from their own activities, NGOs expanded their activities dramatically during the 1990s and pioneered a number of institutional innovations as noted earlier (World Bank 2007a). Donor funding to undertake activities in the area of governance has risen considerably since 2000.

27. Civil society has continued to grow and receive external support because organizations have positioned themselves to work directly on governance issues, and a recent development has been the explosion of civil society activism in the area of governance. Organizations use research and policy analysis as advocacy tools and to influence the policy-making process and contribute to public discourse by monitoring the government's performance.

28. At the same time, however, many civil society organizations, particularly NGOs, have significant weaknesses. For example, in many case they have been involved in political activities, and therefore their neutrality is questionable. At the same time, their activities may be suspect from the government's viewpoint, and a previous government suspended the activities of five NGOs on the suspicion that they were aligned with the opposition party. In other instances, NGOs that receive funding from donors have been accused of carrying out donors' agendas. Similarly, many NGOs that are involved in service delivery obtain funding from the government; therefore it is difficult for them to criticize the government.

[9] This figure includes the Grameen Bank, which even though it is not an NGO and is registered as a financial institution, has many characteristics of an NGO.

29. Good governance is also an issue within NGOs in terms of their finances, recruitment, management, and so on. In some cases they engage in various profit-making activities but are exempt from paying taxes. A World Bank (2006d) study identifies the following actions as being helpful to rectify the situation: (a) improving the regulatory framework, including the governance of microfinance activities; (b) establishing a process for certifying NGOs; and (c) having NGOs themselves take steps to tackle their governance weaknesses.

## LGED's support to social integration through rural transport development

### Background

30. The remainder of the paper will focus on one of the key government service providers, LGED, and examine its role in Bangladesh's recent social progress in the context of decentralization. The paper draws on data from a recently concluded Operational Risk Assessment of LGED. The assessment builds on previous work (e.g. World Bank 2007b, Paterson and Chaudhuri 2007, Cavill and Sohail 2007) to suggest measures to mitigate fiduciary risks, along with inherent risks linked with road and infrastructure construction and maintenance, administrative control risks, and risks associated with political influence. All of these risks reduce the ability of an agency to deliver public goods, and allow illicit behavior that weakens social trust and public confidence. This thinking helped to inform fieldwork in 2008, financed by the United Kingdom Department of International Development, and managed by the World Bank.

31. After analyzing change dynamics at LGED in recent decades, the paper concludes with an analysis of how these can inform future changes, including those that would strengthen social trust and public confidence. The research finds that success of LGED's development work is dependent upon support from those benefiting from it. In order to mitigate operational risk that often accompanies institutional reform, a communication strategy is needed to build understanding, consensus and commitment among all stakeholders in both the public and private sectors in Bangladesh to address key issues in provision of rural infrastructure and design and implement essential reforms.

### Mandate and structure

32. There is considerable international evidence that remoteness and isolation are critical components of poverty, and that properly sited rural roads and related infrastructure of good quality substantially benefit the poor by enhancing access to markets and public services, fostering the spread of ideas and innovation, and enhancing access to services to the villages (ADB 2006; van der Walle 2000; Beenhakker and Chammari 1979) LGED is the primary agency in Bangladesh for planning, implementing, maintaining and monitoring rural roads and rural infrastructure[10]. LGED's mandate incorporates 3 of the 4 original functions under the Comilla rural development model: the provision of rural infrastructure, irrigation, training and urban development activities (Raper 1970). LGED's mandate also derives from the *Strategy for Rural Development Projects*, prepared by the Planning Commission (1984). The Strategy included

[10] Draws from World Bank 2009b.

rural infrastructure provision as one of three priorities; a rural engineering organization was set up to address it, and this organization became LGED. The main focus of LGED is rural roads construction and maintenance, accounting for 70% of its annual budget allocation, which in turn comprises over 1/5 of the Government's total annual development program (2006-07). Other focus areas include primary school construction and urban infrastructure, which together comprise about ¼ of LGED's budget.

33. In addition to its own programs, LGED also supports local governments in designing and implementing the infrastructure they plan and fund. As part of this, LGED provides training and capacity development for local government bodies and government officials working at the local level. It also supports community based groups working on village roads, paths, and culverts, and facilitates training in agriculture, fisheries, livestock, micro-credit and cooperatives (e.g. water management cooperative societies).

34. LGED's reports to the Local Government Division, which is responsible, *inter alia*, for creating staff positions in LGED, approving projects and high value. In addition, LGED works with many other units such as the Ministry of Finance (budget), Controller and Auditor General (payments), Ministry of Planning-Central Procurement Technical Unit (procurement), Ministry of Establishment and Public Service Commission (staffing) and Ministries of Education (in relation to construction of primary schools), Health, Land, Forestry and Fisheries (land acquisition and resettlement).

Continuous improvement with good-enough governance

35. LGED receives an annual budget of more than US$ 700 million each year with about 62 percent from the Government of Bangladesh (40 percent of the Government Annual Development Program for transport) and the remaining 38 percent from over thirty international development partners[11].

36. LGED's high standards of professionalism, and comparatively robust risk management systems, have given it the reputation as an "island of excellence" in the Government. How has it managed to do this, in an environment of overall weak capacity and high levels of corruption? Two key factors would seem important. First of all, consistent with the "good-enough governance" model discussed above, ruling elites from both major parties have recognized the value of a high-performing agency that can deliver a range of benefits to constituents throughout the country, including jobs, contracts, and valued public investment and services. The relatively small size of each investment means that work can be completed during a given regime's term of office. This is different from the situation of large infrastructure projects with long gestation periods, where an agreement reached with one regime may be overturned by its successor before the project is completed.

37. A second factor is that LGED has taken full advantage of this political support to put in place a number of performance-improving features. There are six important processes and structures that can be highlighted. First of all, LGED has the highest proportion of staff at the field level of any government organization, with 99% of all staff on the revenue budget located at regional, district and *upazila* levels. This gives staff an on-the-ground view of needs, and

[11] The following draws from World Bank 1996 and 2009b.

project designs and implementation that meets these needs. Secondly, LGED benefited in critical years of its expansion from the extended tenure of a Chief Engineer with exceptional leadership skills and vision, providing a key source of continuity and motivation among staff. Thirdly, LGED invests over US$4 million p.a. in staff training, up from US$1.1 million over the last five years. This training is carried out in headquarters, and in 10 Regional Training Centers, and informed by training needs assessments at five year intervals.

38. Fourthly, LGED has been one of the early governmental pioneers in the country the use of information and communication technology. As early as the 1990s, LGED recognized the role that computer systems could play in improving staff productivity, project management, risk management, communications and decision making. Computerization began in the late 1980s in LGED headquarters, and in the early 1990s with District and *Upazila* offices. One of the first activities of the Information Systems Unit set up in 1992 was to develop a digitized base map of Bangladesh using satellite imagery. This base map (on 1:50,000 scale) has been in use since then, is regularly updated based upon data provided by different field offices, and is used for planning of new schemes. These and other data, compiled from all over the country, are held in a data center comprised of multiple servers linked to 700 computers through a fiber optic backbone-based local area network in headquarters. This allows users to share and disseminate data, thereby enhancing accountability and reducing the risk of errors and redundant effort. Therefore computer infrastructure, though not an end in itself, is critical to informed decision making. LGED has an extensive network spread over the country.

39. Fifthly, internal decision making in LGED tends to be more rapid than in other departments. Although routine decision making follows standard government procedures of file noting and approval, the average turnaround time for formal communication of decisions is estimated at around 7-10 days for most routine matters and 10-15 days in cases where the Chief Engineer's approval is required. It is common practice in LGED, however, for officers to receive informal communication on a decision to facilitate speedy implementation. Such informal communication will usually be conveyed over the phone, reflecting an organizational culture where staff have sufficient confidence to take action pending receipt of a formal approval

40. Sixthly, the overall work culture is focused on performance and teamwork. Part of this culture is LGED's willingness to undergo periodic organizational reviews (e.g. Cole and Palin 1985; Bangladesh Government 1989; ISO et. al. 1998; Wilbur Smith 2007), and implement may recommendations of each review. As one of the newest departments in government, LGED has been able to continue growing while avoiding a legacy of traditional work practices and attitudes found in many government departments, thus making it more open to the possibility of introducing necessary changes and reforms. Staff at all levels in LGED report that there is a strong management culture embedded in the organization which is characterized by prompt reporting for work, low absenteeism and willingness of staff to work beyond office hours. Senior officers in LGED define good management as ensuring that staff complete work on time, within budget and at a satisfactory level of quality. Junior staff perceive good management as the effective allocation of duties, regular monitoring of progress and capability to solve problems. These characteristics are all relevant building blocks for risk mitigation. Although there is no formal structure for teamwork in LGED, there is a practice of staff working in teams to address specific issues at district or *upazila* level. A picture hanging in LGED's headquarters symbolizes the organization's commitment to teamwork, cooperation and continuous improvement.


41. Finally, and also unusual among Bangladesh government agencies, LGED has distinguished itself with an established information sharing approach with its stakeholders. It has ensured active involvement of the communities in which it works, including local governments, other government organizations, non-governmental organizations, project affected persons, and indigenous people in carrying out its projects, and monitoring the results, in line with international evidence on the important role of participatory processes in identifying places where poverty and economic potential are high and access is low (van de Walle 2000).

42. Despite these good practices, LGED faces many constraints in fully meeting its mission of "serving the people at the grassroots". These are given in detail in a recent report (World Bank 2009b), along with necessary mitigating measures that LGED is committed to carrying out.

43. The measures are divided into three types based on LGED's relative ability to carry them out. The first type includes reforms that LGED can immediately take action to address mainly on its own. The second type includes reforms that LGED needs to address in partnership with one or more other organizations. Although initial work on these can begin right away, successful implementation is expected to take longer than the first type. The third type includes reforms that stem from the external environment in which LGED operates, and reform measures that go beyond LGED's control and influence. These are more complex than the first two types, and may take significantly more time to address.

**44.** An example of the first type is in the area of training. Whilst LGED has succeeded in establishing and delivering in-house training as part of a routine management activity along with a regular allocation in the revenue budget, the vast bulk of training activity and expenditure arises from project-funded training. This includes training managed by LGED for staff in local governments. While development partner funding is likely to remain important in future, there is a risk of letting development partners define what training should be provided, with the inconsistencies and inefficiencies that this type of approach can create, and the possible crowding out of routine in-house training and staff development within LGED. In addition, assessments indicate that course material was often overloaded, and that many categories of staff have not been adequately covered by in-house training, especially junior and middle categories of staff. Based on a training needs assessment, the selection and use of course materials can be better linked to requirements. There are also issues with training selection and follow up. The Training Division is responsible for conducting post-course evaluation. This is undertaken on the basis of a standard training evaluation questionnaire which participants are invited to complete and hand in on an anonymous basis following a training course. While this is useful, there needs to be far more focus on proactive follow up and post-training performance improvement. LGED is now systematising trainee selection and is in the process of establishing a central database to

capture information on all staff trained. LGED has developed a training action plan to address these issues,

45. Another type 1 issue is in the area of information technology. LGED presently has multiple disparate systems, which sometimes duplicate or overlap with each other, and prevent LGED from getting a holistic organization-wide picture, making value for money type reviews difficult. There is also a limited use of the systems for core functions (such as financial management, procurement, human resource management, etc.). In addition, almost all the software being used by LGED is based upon older client-server technology. To address these issues, LGED has agreed to implement, *inter alia*, as part of a web based information decision support system, a centralized contracts database (covering all past and current LGED contracts) and a contractors database (covering all contractors who have or are executing any project for LGED) to facilitate contracts and contractors' performance evaluation, benchmarking and monitoring, and complaints resolution.

46. Another type 1 issue is the approval of work not meeting approved specification requirements due to insufficient quality assurance and non-enforcement of penalty. LGED is addressing this by strengthening the district, regional and central laboratories with equipment and skilled manpower. It will operate all laboratories under the direction of the central laboratory at Dhaka with international certification, and quality control audits to be carried out at least every 2 years to ensure sustainability of invested assets.

47. As an example of a type 2 issue, LGED's Internal Audit Unit concentrates the majority of its work at the transaction level rather than in reviewing control systems and procedures. LGED is addressing this by placing qualified accountants as the Head of Financial Management, and as the Head of Internal Audit. It is also adjusting annual work programs to provide more emphasis on strengthening the control environment rather than mainly verifying the accuracy of payments.. In doing this work, LGED needs to work closely with the Public Service Commission, the Ministry of Establishment, the Local Government Division, the Ministry of Finance, and the Controllers and Auditor General's Department; thus implementation is expected to take longer than for a type 1 recommendation.

48. Another type 2 issue concerns the resolution of disputes and complaints at LGED. The mechanism that applies to all government agencies does not appear to draw the confidence of smaller contractors. At the project level there are complaint boxes available for bidders to deposit their complaints safely. Moreover, bidders are advised about the mechanisms for filing complaints but there is not enough confidence in the system available to ensure transparency and accountability. To address this, a tracking system needs to be developed. LGED will seek to persuade the Central Procurement Technical Unit to find new ways of attracting the confidence of the smaller contractors in an environment that is not conducive of transparency, and to provide adequate reassurance to the bidders. LGED will also work with Central Procurement Technical Unit to organize regional workshops to inform bidders regarding the complaint mechanisms.

49. An example of a type 3 issue is that political influence can change the laid down rural infrastructure selection criteria for personal benefit. To address this, LGED will launch an awareness campaign at many levels to improve understanding of the advantages of following agreed criteria for road prioritization, and the cost of not following them. In a related issue, at districts where political influence is strong, some contractors succeed in getting contracts by

collusive practices. LGED can take steps to minimize such behavior including wider circulation of bids, more careful bid scrutiny, and stricter enforcement of penalty clauses. These measures will require working with Members of Parliament, NGOs, and the Media. Success will be difficult, since Bangladesh has a deep-rooted patronage system based on channeling benefits such as road access to political supporters.

**Conclusions and next steps**

50. This paper began with a brief overview of how a "good-enough governance" approach to incremental reforms in public policies, regulations, and public services has improved social outcomes and state legitimacy in Bangladesh, starting in the late 1970s. It went on to suggest links between the improved outcomes, advances in decentralization, and the growing prominence of civil society. It then reviewed a case study of the LGED, and how it was given the political space to continuously improve its performance in the context of wider decentralization reforms to better contribute to these outcomes since the mid-1980s.

51. LGED is an exceptional case in Bangladesh of a relatively high performance organization, notwithstanding the many shortcomings still being addressed by ongoing reforms. Further work would be useful to better understand why LGED has been able to sustain such high performance in the difficult institutional context of Bangladesh, although some believe that the performance has slipped somewhat in recent years. Future research might use Mahoney and Thelen's (2010) work and its antecedents (e.g. Schickler 2001) to understand which of the four modes of institutional change were most influential in the case of LGED: a) displacement – the substitution of new rules for existing ones; b) layering - adopting new rules alongside existing ones; c) drift – changes in the external environment changing the impact of existing rules, while actors neglect to adapt the rules to the new context; and d) conversion – rules stay the same, but they are interpreted and implemented in new ways. We also look at the role of different types of change agents in the reform process: a) insurrectionaries, who actively mobilize against institutions and the status quo; b) symbionts, who seek to preserve institutional rules, and come in two forms: parasitic symbionts, who follow rules formalistically, but contradict the spirit, and mutualistic symbionts, who break rules opportunistically in order to sustain their spirit; c) subversives, who work within the structure of rules, waiting for chances to overturn them; and d) opportunists, who take advantage of opportunities within the prevailing rules to achieve their objectives, without trying to change the rules or underlying institutions. It also looks at two other factors concerning the institutional context: the extent to which it offers actors chances to block or veto change, and the extent to which it offers actors discretion in interpreting or enforcing rules. The different types of change agents tend to use particular modes of change, as indicated in figure 1.

**Figure 1: Sources of change agents and characteristic change modes**

| | | **Characteristics of institutions** | |
|---|---|---|---|
| | | **Low level of discretion in interpretation/.enforcement** | **High level of discretion in interpretation/.enforcement** |
| | **Strong veto** | Subversives | Parasitic Symbionts |

| | | | |
|---|---|---|---|
| **Characteristics of political context** | **possibilities** | (layering) | (drift) |
| | **Weak veto possibilities** | Insurrectionaries (Displacement) | Opportunists (Conversion) |

Source: Mahoney and Thelen (2010, 28)

52. Because of the high reliance of LGED on international donors, both perspectives should also be informed by theories of why organizations accept or reject advice from international institutions. Comparative experience indicates conditions in which organizations are open to international advice on sensitive reforms. For example, research on reforms in Eastern Europe found that it was critical how international incentives to reform were aligned with local perceptions of appropriate authority and international orientation. When these organizations were uncertain what policies to pursue, and felt subordinate to international institutions, which were in turn consistent in their advice and considered authoritative sources of information, than they were more likely to be open to international advice. Where organizations had strong institutional legacies, a clear understanding of how changing policies will affect their interests, and where international advice was inconsistent, then national priorities prevailed (Epstein, 2008).

53. Better understanding the reasons for LGED's relative success would help to inform the reform efforts of organizations with similar mandates in other developing countries, and help bring a better return on the considerable investment in reform by governments and international agencies.

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