

**AUTONOMY IN BUDGETING DECISIONS OF UNION  
COUNCILS: A STUDY OF SUNAMGANJ DISTRICT IN  
BANGLADESH**



**Mohammad Rafiqul Islam Talukdar**

**A Dissertation Submitted in Partial  
Fulfillment of the Requirements for the Degree of  
Doctor of Philosophy (Development Administration)  
School of Public Administration  
National Institute of Development Administration  
2018**



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## ABSTRACT

<b>Title of Dissertation</b>	AUTONOMY IN BUDGETING DECISIONS OF UNION COUNCILS: A STUDY OF SUNAMGANJ DISTRICT IN BANGLADESH
<b>Author</b>	Mohammad Rafiqul Islam Talukdar
<b>Degree</b>	Doctor of Philosophy (Development Administration)
<b>Year</b>	2018

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A 2001 study of Khan observes that one of the vital concerns in relation to decentralization in Bangladesh is greater autonomy of the local state. The principal premise of the thesis is that a greater autonomy of the local state helps improve the effectiveness of decentralization. The main research concern is the exploration of the nature, cause, and consequences of a specific deep-rooted problem concerning the dimensions of influences and magnitude of autonomy in budgeting decisions of local government Union Councils in Bangladesh. These dimensions of influences are likely to be affected by both de facto issues and de jure aspects.

The study explores what type of de facto and/or de jure issues are affecting *the budgetary autonomy of Union Councils in Bangladesh*, as well as how and to what extent the autonomy of the same councils is being affected, and the consequences of this autonomy to the local governance.

There are four key research questions of this study:

- i. What are the key factors or phenomena that influence the budgeting decision-making process of Union Councils/Parishads(UPs) in their local governance? What are the de facto and de jure phenomena here?
- ii. What is the relative influence of aspects/issues in UP-budgeting decision-making process and decisions? Do they collide with the autonomy of the Union Councils in their budgeting decisions?
- iii. Why does such influence occur? What is the root cause of the problem? How does such influence occur in the UP-budgeting decisions? To what extent such influences affect the autonomy of UPs' budgeting decisions?
- iv. What are the theoretical and practical implications of such influences of the affecting issues, as well as the affected autonomy in budgeting decisions, leading to the

local governance of Union Councils/Parishads (UPs)?

The unit of analysis of this research is the Union Council/Parishad, one of the important rural local government institutes in Bangladesh. As such, analysis of the budgeting decision-making process of democratically elected Union Councils/Parishads (UPs) of Bangladesh in their local governance falls under the domains of political psychology, applied economics and public management (i.e. decentralization, local government finance, and local governance, and relates to the organization and budgeting theories).

*Summary of the findings and inferences*

Almost all the influencing phenomena - source of resources, previous year budget, scarcity of resources, local demands, political and personal traits of the Chair, local problems, legal aspects, UP competence aspects, and council management - hold both de jure and de facto characters, except political and personal traits of UP Chairs, and legal aspect. There is no de jure ground for political and personal traits of UP Chairs, excluding the fact that they must be elected by the electorate of the community, while the legal aspect holds entirely de-jure nature.

A rising scale of community demands, a limited scope of revenues, an excessive dependence on governmental transfers as well as a high magnitude of conditionality of the same, an absence of highly competent and responsible UP leadership as well as councils, the government politics with local government i.e. keeping UPs highly dependent both administratively (e.g. staff shortage and legal dominations) and financially (e.g. leaving UPs with very limited revenue sources), and the limitations of law or legal constraints all help make excessive as well as diversified effects of the influencing phenomena in the UP-budgeting process and decisions.

The causal relationship between the influencing phenomena and UP budgetary decisions governs the causal mechanism as well as the influence process in UP budgeting and governance, considering the social spectacles, experience, reality, practice, organization, and social relations. The influence of concerned phenomena in UP-budgeting decision-making process does not certainly collide with the autonomy of UPs in the budgetary decisions, but their effects are evident with varying degrees and dimensions on the budgetary autonomy of UPs, even to the UP overall management and

local governance.

The indicator-based empirical analysis reveals that the magnitude of influences is almost double than that of the budgetary autonomy of UPs at Sunamganj district in Bangladesh. The local government UPs seem to be homogeneous in Bangladesh. Thus, the budgetary autonomy of local government Union Councils is a serious apprehension in the study of decentralization and local governance in Bangladesh.

Moreover, the rationality of the government conditions and control on local government Union Councils is tied with the crisis of self-responsibility and competence of Union Council Chairs and members. Local governments in Bangladesh, particularly Union Councils, are yet to grow with a high sense of self-responsibility, commitment as well as competent leadership and capable councils. Once these grow, the basis for lessening government conditions to the inter-governmental transfers and/or increasing the local tax base at the local level will pave the way.

In summary, the originality, as well as the significance of the thesis, is that it has contributed in the literature stream of public administration, specifically in decentralization, local government finance as well as budgeting, and in local governance studies. The study findings to some extent have substantiated the rationality of conditional national government transfers to the sub-national governments in Bangladesh. Beyond the general theoretical and practical significance of the study, its findings have led to inviting a fundamental debate on the national-local tax base system and appreciated the fact that central hindrance towards effective functioning of the local government Union Councils in Bangladesh is the crisis of ownership and competence of UP representatives.

Importantly, there are two issues in this thesis that require further study.

First, the further study requires an in-depth understanding of how the influencing phenomena affect beyond the UP-budgeting decisions to its overall management as well as local governance. In other words, to what extent do these influencing phenomena affect the autonomy of UPs in their overall management and local governance?

Second, further study is necessary to understand the reasons why UP representatives are interested in being elected and what kind of incentives are attractive for them to be elected despite their salary and formal benefits being very poor.



## ACKNOWLEDGEMENTS

The empirical research of this Ph.D. thesis titled “Autonomy in Budgeting Decisions of Union Councils: A Study of Sunamgonj District in Bangladesh” is based on a combination of political psychology, applied economics, public management issues such as decentralization, local government finance, and local governance, as well as organization and budgeting theories. Two research articles titled ‘Influencing Phenomena of Local Government Union Councils’ Budgeting Decisions in Bangladesh’, and ‘Autonomy in Budgeting Decisions of Local Government Union Councils: A Study of Bangladesh’ are framed based on this thesis. Considering the critical influencing phenomena, the thesis has explored the causal mechanism of influences, as well as how such process works and shapes the dominant implications on UPs’ autonomy in their budgeting decisions, ultimately leading to an impact on local governance.

I sincerely acknowledge here the extensive review and guidance contribution of my advisor Associate Prof. Dr. Achakorn Wongpreedee, Faculty at Graduate School of Public Administration (GSPA)-National Institute of Development Administration (NIDA), co-advisor Dr. Tatchalerm Sudhipongpracha, Faculty at Thammasat University, and dissertation seminar instructor Associate Prof. Dr. Anchana Na Ranong, Faculty at GSPA-NIDA. I am also thankful to proposal defense committee chair Associate Prof. Dr. Boon-Anan Phinaitrup, Faculty at GSPA-NIDA, and dissertation defense committee chair Professor Dr. Sakon Varanyuwatana, Faculty at Thammasat University.

Furthermore, I am grateful to two international Ph.D. Program Directors at GSPA-NIDA, Professor Dr. Tippawan Lorsuwannarat and Associate Prof. Dr. Kasemsarn Chotchakornpant respectively. My sincere thanks are due to Staff Members of the International Ph.D. Program at GSPA-NIDA, especially to Orapin Kumkaew and Aom. And I am heavily indebted to Cristina Madalina Dan, the language editor of the thesis.

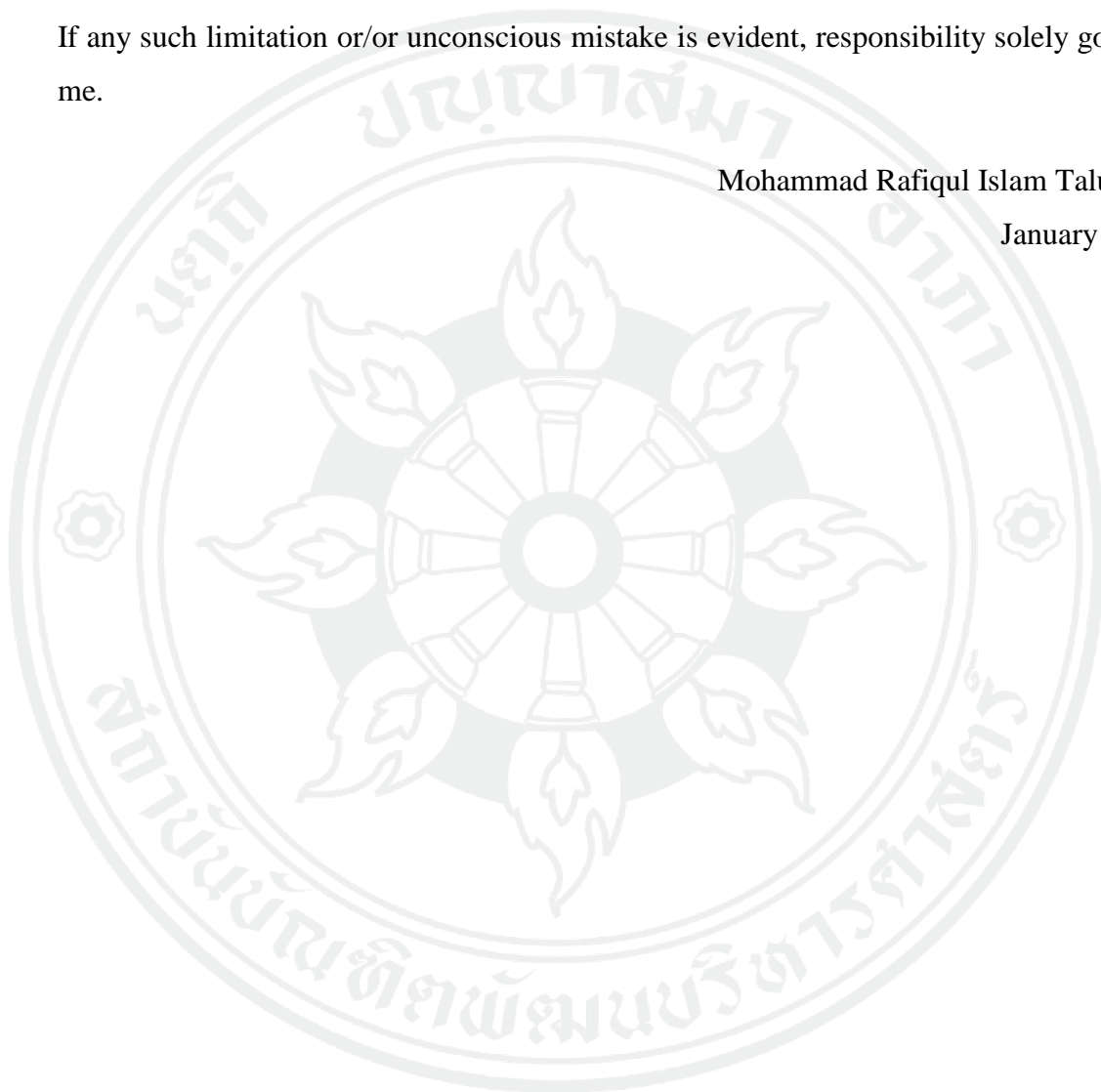
Importantly my sincere gratitude is due to the Chairs, Members and Secretaries of the sample Local Government Union Councils in Bangladesh for their extensive cooperation with data and explorative as well as in-depth discussion support. Also, I recall with sincere gratitude my political fellows, at Sunamgaonj district in Bangladesh,

who extensively helped with logistics support and in many other ways, particularly in the process of recollection of the missing data.

Finally, I confess the fact that the thesis might have some limitations and/or unconscious mistakes, despite undertaking it with systematic and methodological research design, careful data collection, rigorous analysis, and extensive review process. If any such limitation or/or unconscious mistake is evident, responsibility solely goes to me.

Mohammad Rafiqul Islam Talukdar

January 2019



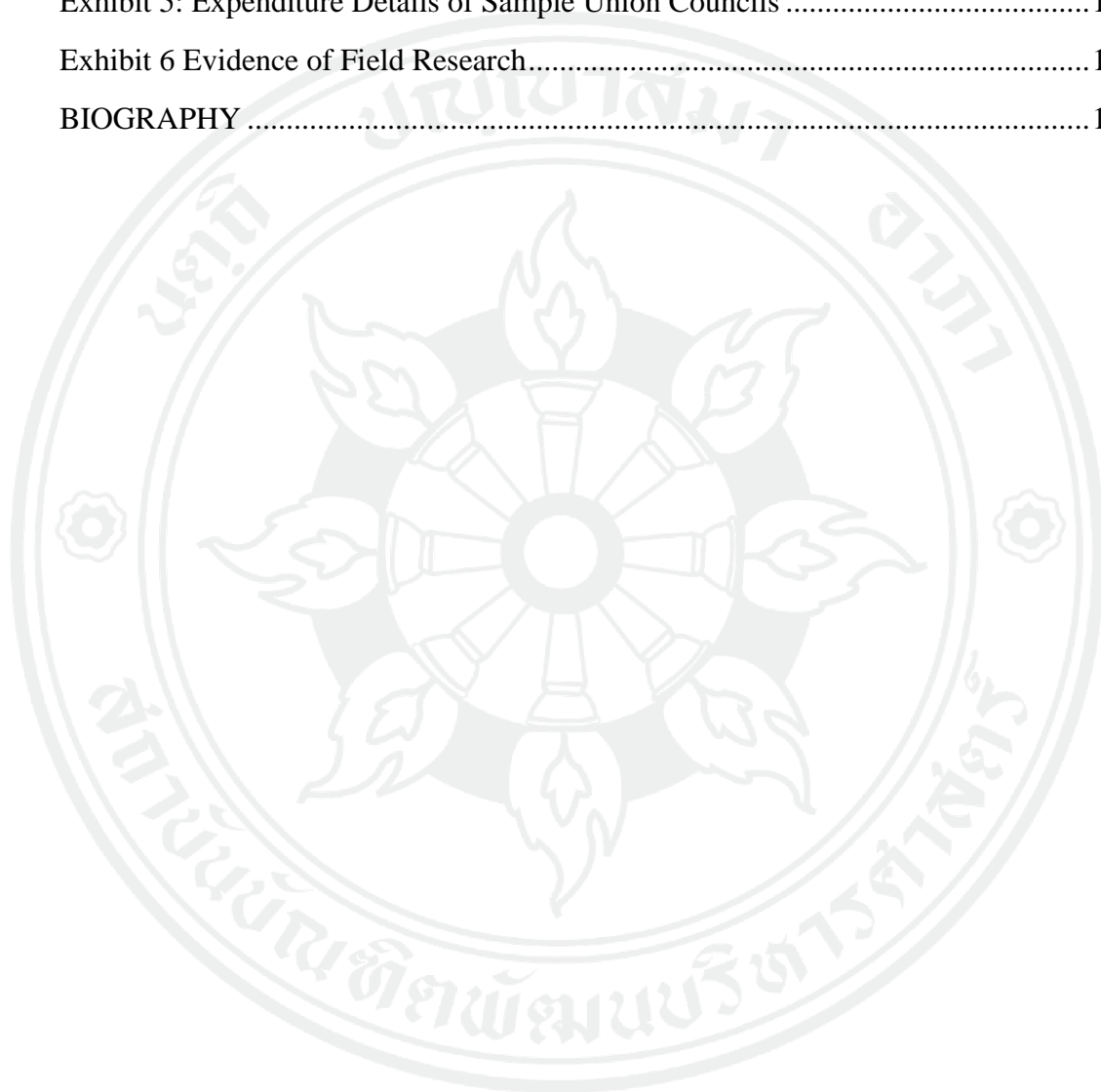


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# **CHAPTER 1**

## **INTRODUCTION**

Understanding the level of autonomy of local government Union Councils in their budgeting decisions in Bangladesh requires predominantly considering the autonomy of the same in relation to the resources needed to perform the responsibilities assigned to these councils. Simple observations support that demands for public goods and services are increasingly exceeding the supply at the local governments in Bangladesh and elsewhere, particularly in developing countries. Furthermore, the research of Devas (1988) and Talukdar (2013) reveals the fact that the revenue assignments of local governments in most developing countries including Bangladesh are often very poorly designed and very limited.

The poor design and limitation of these revenue assignments occur simply because in most countries, national governments or central governments have undertaken the main revenue sources, including the mainstream local base revenues, for themselves. This appropriation causes the allocation of national funds to local governments to overcome the mismatch between the increased responsibilities and resources available at the grass root levels of a government (Devas, 1988).

Thus, the government attitude postured in allocating funds to local governments matters much for three main reasons. First, the money involved does not belong to any one level of government because it is the taxpayers' money. Second, the local government in most countries have very limited revenue sources mainly because national governments have pre-empted the main tax fields. Third, although the services assigned to local government are often of strategic importance nationally. These services have been assigned there due to the opportunity for greater efficiency of decision-making and responsiveness to local conditions and local wishes that decentralization offers (Devas, 1988:3).



As a result, the local government budgeting becomes a major process of gaining public resources through intergovernmental transfers and by mobilizing local resources, as well as efficiently planning and strategically allocating the resources along with controlling fiscal management.

Such a process might require a continuum of decision-making theories that fundamentally invites tradeoffs between the political/incremental decision-making and systematically analyzed rational choice-making. But in practice, in many developing countries as in Bangladesh, national government allocations to local governments (i.e. intergovernmental transfers) follow mostly the incremental model and the slightly

rational choice model, while on the part of the local government, allocation of its probable aggregate resources to the expenditure responsibilities is based on the translation of a five-year strategic development plan into prioritized yearly planning with a blended approach of systematic and political analysis.

Therefore, understanding the budgeting process, and examining de jure and de facto influences on budgeting decision-making progression of the Union Council, the lowest tier of the local government in Bangladesh, entail a combination of political psychology, applied economics and public management issues (i.e. decentralization, local government finance and local governance, and organization as well as budgeting theories). Considering these facts, the study is exploring the influencing aspects in budgeting decision-making process of Union Councils/Parishds (UPs).

The study further identifies the implications of those influencing aspects on the magnitude of autonomy in local government Union Council budgeting, leading to the implications of the same aspects in local governance. The discussion in this chapter includes contextual analysis, research problem, objectives, research questions, scope of the study, significance, as well as originality and value.

## 1.1 Context

Bangladesh, officially the People's Republic of Bangladesh, is a sovereign state located in South Asia, whose capital is Dhaka, and state language is Bengali (Talukdar, 2014). The country emerged as an independent nation state on 26 March 1971, following the declaration of independence by the father of the nation Bangabandhu Sheikh Mujibur Rahman. Such declaration was inevitable as the then Pakistani Government ordered to kill mass people in the eastern province known as East Pakistan - currently Bangladesh. After a nine-month liberation war, the country got victory on 16 December 1971.

According to UN ESCAP (2009), the country holds a long-recorded history of several thousands of years. In its recent past, it was a part of Pakistan (1947-1971) and was known as East Pakistan. Prior to this, different parts of the present Bangladeshi territory were under British India (1765-1947), before 1765 under the Mughals and other Muslim rulers, and prior to these, under Buddhist and Hindu rulers.

There have been several growing concerns the country has been facing from the beginning; for instance, the lack of capacity as well as accountability of local government bodies, and the absence of consistency of state works for steeping ahead with the increasingly decentralized local governance (Talukdar, 2014).

Importantly, the Union Council, known as the Union Parishad - *the lowest level unit of rural local government in Bangladesh* - is expected to ensure inclusive local governance and development. It is important to note that until the recent development of decentralization in Bangladesh, only the Union Parishad, to some extent, had the devolutionary decentralization among the rural local government institutions there (Talukdar, 2010). By now, Bangladesh has separate Acts/laws for all local government institutions, and elected councils for all such institutions.

Noteworthy is the fact that Union Councils/Parishads are being operated under the Local Government (Union Parishad) Act, 2009 in Bangladesh. Several best practices are already being used in some Union Parishads following the interventions of local governance projects. These best practices focus on the quality and extent of service delivery and pro-poor local governance. Yet three distinct problems or challenges

addressed in the problem statement under the discussion of research problem below are evident here.

## 1.2 Research Problem

Despite a long heritage of local government in Bangladesh, success of decentralization is mixed here, and it has brought a little pro-people innovation. There are three distinct reasons for that: first, a weak inter-governmental relationship – poor status of balance of power between central and local governments, and poorly set inherent links between and among local government institutions; second, disproportionate magnitude of administrative, political, and fiscal decentralization; and third, the frequent changes of the system.

Local government reforms have evolved in Bangladesh very distinctly according to the preference of the ruling elites (Khan and Hussain, 2001; Westergaard, 2000).

*With the changes of governments, the policy of local government is also being kept changing. Such changes were generally dictated by the imperative of legitimizing and broadening the narrow base of the power-holders in the national government. Consequently, Local Government Institutions (LGIs) have not had any opportunity to act as effective tiers of governments with mandates and funds to carry out their roles and responsibilities (Aminuzzaman, 2010; 2016: 5).*

Previous research findings (see Talukdar, 2009, 2014) support that functions, finance and functionaries are vital to making this decentralization process successful, while a trend of imbalance among these elements is always strongly evident at local government institutions in Bangladesh. The study (Talukdar, 2014) also supports that absence of an aggregated local governance policy in Bangladesh is deepening the problems and their causes stated above. Talukdar (2014) suggests that unless Bangladesh makes an aggregate local governance policy, it will not have a vision and road map for development of its local governance.

*Despite the fact that Bangladesh has recently undertaken a number of legal reforms for strengthening local governance, the country is yet to enact an aggregate local governance policy – the absence of which undermines the balance of power between local government institutions and the government as well as the legislative body, renders instability of the local government system and distresses quality service delivery needed for local people (Talukdar, 2014: xv).*

Aminuzzaman (2010), further argues that local government has been repeatedly identified as a key strategic sector for improving governance and development in Bangladesh.

*Decentralization is an imperative to improve service delivery, respond to the demand of the civil society, resolve conflict, address the technological changes and meet the challenges of the growing urbanization. International lessons also draw a broad conclusion that decentralization is not only a political process of creating accountability but also is the best means to bring government closer to people and institutionalizing democracy (Aminuzzaman, 2010:4-5).*

Khan (2001) notes the fact that any decentralization scheme, irrespective of its notion and kind, to relate successfully with the target population, desires to be 'location specific'. Khan (2001) further observes that one of the vital concerns in relation to decentralization in Bangladesh is the greater autonomy of the local state.

*The widespread experimentation with varied decentralization schemes and models, the crucial issues and problems, which regulate the success of local institutions, have not been adequately addressed. Such vital issues as local resource mobilization, greater autonomy of the local state, proper representation of local populace in decentralized institutions, and combatting the tendency of central manipulation and interference are yet to be responded to. The above (unsolved) problems and issues have rendered the decentralization efforts mostly ineffective in bringing about any meaningful, broad-based qualitative changes in the lives of the rural mass (Khan, 2001:15).*

In relation to the broader area of problems with decentralization in Bangladesh, the current round study intends to explore the nature, cause and consequences of a specific deep-rooted problem— *i.e. dimensions of influences and magnitude of autonomy in budgeting decisions of Union Councils in Bangladesh is the research concern here*. It is likely to be affected by the de facto issues in addition to the de jure aspects.

The study will explore what type of de facto and/or de jure issues are affecting *the autonomy of Union Councils/Parishads of Bangladesh in their budgeting decision-making process, leading to the poor or good local governance*. The study will also look at how and to what extent the autonomy of these Union Councils is being affected, and at the consequences of this autonomy on the local governance.

The bold-shaded above-mentioned problem is inherently linked to the three reasons for the mixed (i.e. poor and good examples of) success of decentralization in

Bangladesh, as pointed out in the opening paragraph of the problem statement. Furthermore, it is related to the balance of functions, finance and functionaries as indicated in the second paragraph of the same statement. It is also related to the absence of an aggregate local governance policy in Bangladesh as discussed above.

Importantly, the theoretical lens of Davey (2003) would further be the basis to understand the problem.

*Fiscal decentralization covers two interrelated issues. The first is the division of spending responsibilities and revenue sources between levels of government (national, regional, local etc.). The second is the amount of discretion given to regional and local governments to determine their expenditures and revenues (both in aggregate and detail). These combined dimensions have a significant impact on the reality of decentralization in its broader political and administrative sense. How much power and responsibility regional and local governments actually exercise depend substantially on (1) what range of public services they finance; (2) whether their revenues are commensurate with these responsibilities; (3) how much real choice they have in allocating their budget to individual services; (4) whether they can determine the rates of their taxes and charges (Davey, 2003:1).*

### 1.3 Objectives

The purpose of this thesis is four dimensional.

**The first purpose is** to explore the nature of the de facto and de jure issues that could influence the budgeting decision-making process as well as the decisions of the Union Councils/Parishads (UPs) of Sunamganj district in Bangladesh, and whether they collide with the autonomy of these same councils. Depth analysis of the findings from the in-depth interviews and Focus Group Discussions (FGDs) will help solve this purpose.

**The second purpose is** to reveal the relative influence of each issue or factor on the budgeting decision making of the Union Parishads (UPs) of Sunamganj district in Bangladesh through critical analysis of the findings from the in-depth interviews and FGDs, and by applying grounded-theory data-analytic principles such as ‘incident-to-incident’ and ‘constant-comparison’ (Glaser, 1978) methods.

**The third purpose is** to investigate empirically and reveal why and how such influence occurs, and to what extent this affects the autonomy of the Union Councils/Parishads (UPs) of Sunamganj district in Bangladesh in their budgeting



decisions. A rigorous analysis of the findings from the in-depth interviews and FGDs is required in this regard. Furthermore, findings of the study are subject to be contrasted to the relevant research, established literature and theories. Also, the grounded-theory data-analytic principles such as ‘incident-to-incident’ and ‘constant-comparison’ (Ibid), shall be drawn here.

**The fourth purpose is** to observe, understand and document the theoretical and practical implications of the affecting issues and affected autonomy in budgeting decisions of Union Councils, leading to local governance of Sunamganj district in Bangladesh, and to the wider context. To conduct a rigorous analysis, findings of the study are subject to be contrasted to the relevant research, established literature and theories, and the grounded-theory data-analytic principles; for example, ‘incident-to-incident’ and ‘constant-comparison’ (Ibid), shall be drawn in this regard as well.

#### 1.4 Research Questions

There are four key research questions in this study.

- i. What are the key factors or phenomena that influence the budgeting decision-making process of Union Councils/Parishads (UPs) in their local governance? What are the de facto and de jure phenomena here?
- ii. What is the relative influence of aspects/issues in UP-budgeting decision-making process and decisions? Do they collide with the autonomy of the Union Councils in their budgeting decisions?
- iii. Why does such influence occur? What is the root cause of the problem? How does such influence occur in the UP-budgeting decisions? To what extent such influences affect the autonomy of UPs’ budgeting decisions?
- iv. What are the theoretical and practical implications of such influences of the affecting issues, as well as the affected autonomy in budgeting decisions, leading to the local governance of Union Councils/Parishads (UPs)?



## 1.5 Scope of Research

The scope of the research is limited to criteria based (see Table 3.4 in Chapter 3) purposively selected 6 Union Councils/Parishads (UPs) at Sunamganj District/Zila in Bangladesh (see sampling design in Chapter 3). The focus of the study is to explore the influence factors/issues of UPs' budgeting decision-making process, and to reveal why and how such influence happens, leading to its theoretical and practical implications in their autonomy and local governance in Bangladesh.

The thesis further limits its scope to the budget preparation and council's approval stage, and to some extent to the extended discourse of approval stage. The thesis does not encounter the other two stages of the budget cycle – budget execution, and the audit and evaluation phases. The other two stages of the budget cycle – budget execution and the audit and evaluation phases – are not featured in this study. In addition, the thesis focuses on the yearly budgeting decision-making process as well as decisions of the Union Councils/Parishads, not on the five-year planning or any other type of planning.

Importantly, the research findings are subject to be compared with the results of other relevant studies, while theoretical contribution based on the grounded approach is further to be validated with the established literature and theoretical support.

The limitation of these research findings, however, is inbuilt in its qualitative methodology and purposively selected limited number of sampling. Even though anecdotal evidence supports that there is a lot of homogeneity of UPs in all Districts/Zilas in Bangladesh, generalizing the findings to the countrywide UPs might face academic challenges. Thus, the practical contribution of this study is likely to generalize only within the District/Zila where the study is being conducted, while the theoretical contribution, following the grounded theory building approach and certain assumptions of the context, is subject to generalize both country-wide and globally

## 1.6 Significance

This research is likely to contribute in the literature stream of public administration, specifically in decentralization, local government finance as well as budgeting, and in

local governance studies. From a theoretical viewpoint, the research is providing us the impression or understanding of critical phenomena or influence factors/issues of UPs' budgeting decision-making authority and process, and how such process works and helps build dominant implications in autonomy and local governance.

On the other hand, from the practical point of view, the thesis is expected to portray the relative influence of the factors/issues on the same autonomy, and to reveal the root causes of the problem. For instance, it might explore the resource constraint aspect: *limitations of the scope of local resources, implications of national-local tax base, and socially as well as legally constructed limitations along with competence and leadership issues, and so on.*

## **1.7 Originality and Value**

This research is likely to be based on a combination of political psychology, applied economics and public management issues (i.e. decentralization, local government finance and local governance), and organization as well as budgeting theories. It is going to explore the influence factors/issues/aspects in the budgeting decision-making process of UPs leading to their magnitude of autonomy in the same decision-making process and implications in the local governance.

Therefore, this empirical research appears to be pioneering and original to identify the issues that influence the budgeting decision-making process of the UPs, and to substantiate the evidence of the value - *theoretical and practical significance of the study*- as pointed out above under the discussion of significance of the study.

Beyond the general theoretical and practical significance of the study, the findings of the study might lead to inviting a fundamental debate on the national-local tax base system, i.e. *whether tax from the major local sources should have gone to national government and then the same tax shall redistribute to the national and sub-national/local level* (de jure practice), or alternatively that should be collected by sub-national/local government and then the same tax shall contribute equitably to the national government as well.

The study findings might also encounter the rationality of conditional national governmental transfer to the sub-national/local governments. Beyond the general theoretical and practical significance of the study, its findings might lead to inviting a fundamental debate on the national-local tax base system.



## **CHAPTER 2**

### **LITERATURE REVIEW**

In many countries, local governments are neither well equipped, nor well accountable to perform their functions smoothly. They have also failed to become effective strategic partners of the national government as well as other levels of local or subnational governments. They have neither enough tax base as well as local resource entitlement, nor a full-bodied intergovernmental support, but the demands for public goods and services continue to exceed the supply at local governments in Bangladesh and elsewhere.

*Local governments are increasingly finding themselves in situations where the demand for public goods and services exceeds the supply. Increases in population, income, and urbanization, along with rising expectations, have clearly increased the need for, the demand for, and thus more extensive local government activity (Snyder, 1977: xiii).*

As a result, the local government planning and budgeting get centrally positioned in the discussion of subnational level of decentralization, especially in their fiscal as well as political decentralization, in relation to magnitude of autonomy of the localized level of governments. Keeping this fact in mind, the study is examining the autonomy in budgeting decisions of Union Councils, the lowest tier of rural local governments in Bangladesh.

The discussion in this chapter includes conceptual framework of the study, operational definitions of influence, autonomy, de jure and de facto, concepts of political psychology and applied economics in public budgeting decision making, the concept of local governance in relation to decentralization, local governance and local government institutions in Bangladesh, the structure of the union council as Local Government Institution (LGI) in Bangladesh, as well as local government finance, organization theories, budgeting theories, and budgeting process and cycle.

## 2.1 Conceptual Framework of the Study

Figure 2.1 below shows the conceptual framework of the study, while Table 2.1 on the next page sets the indicators coupled with budgeting decisions of Union Councils (UPs) in Bangladesh to measure the level of autonomy of these councils.

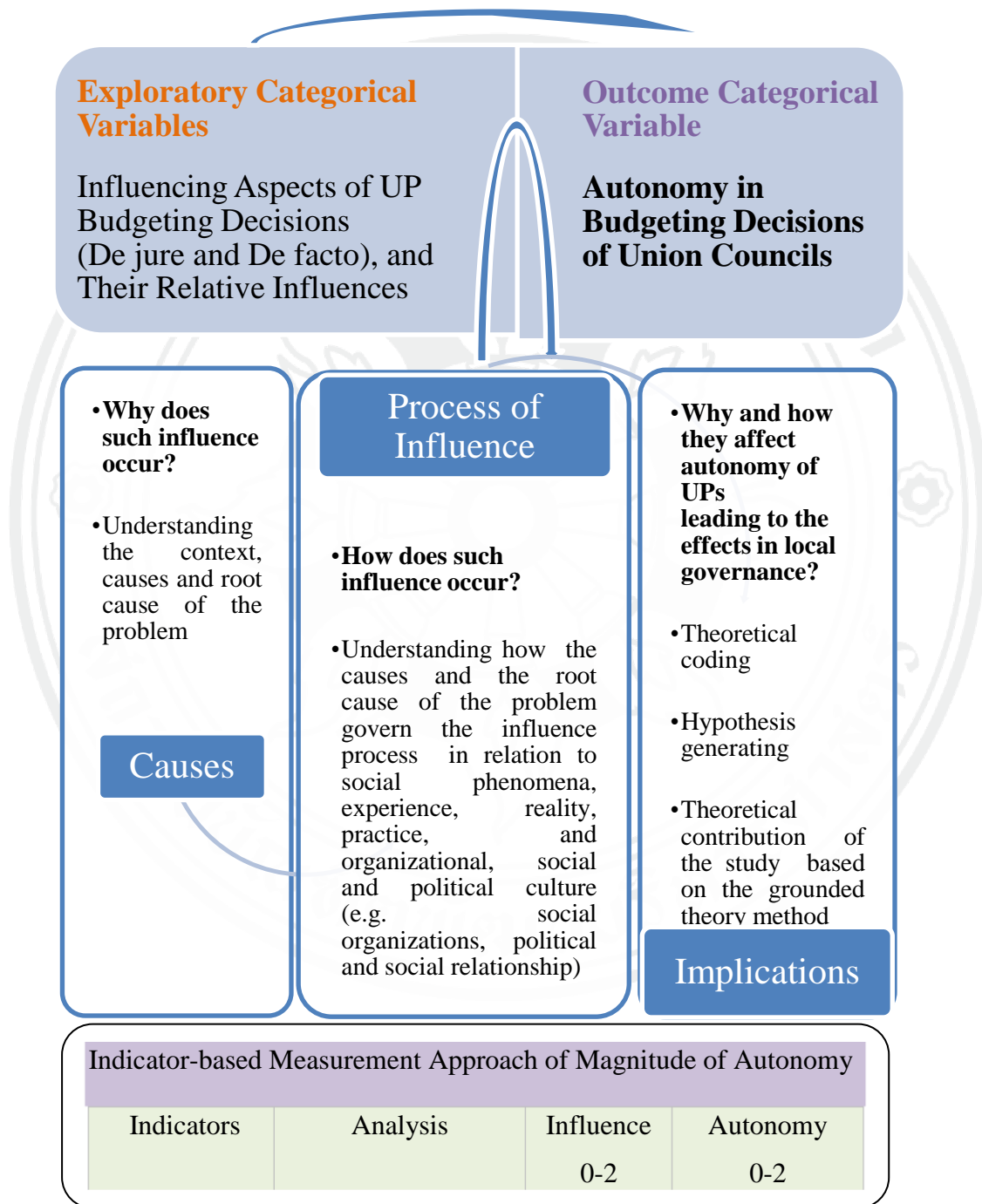


Figure 2.1: Conceptual framework of the study

The conceptual framework in Figure 2.1 above shows how exploratory categorical variables (i.e. influencing aspects relating to budgeting decisions of Union Councils, and their relative influences) help determine the outcome categorical variable (i.e. level of autonomy in budgeting decisions of Union Councils). Following the identification of exploratory categorical variables, such investigation goes through three further lead concerns: Why does such influence occur? How does such influence occur? Why and how these influences affect the autonomy of UPs leading to the effects in local governance?

It is important to note that the framework employs the indicator-based measurement approach to measure the level or magnitude of autonomy in budgeting decisions of Union Councils. Indicators (see Table 2.1 below) that lead to empirical analysis are set and followed by a weighted score (i.e. 0 - 2) for portraying the magnitude of influences and level of autonomy in budgeting decisions of Union Councils.

Table 2.1: Indicators to measure the influence and autonomy in UP budgeting decisions

Indicators
<i>Indicators to measure the influence and autonomy in UPs budgeting decisions, and how they determine aspects of budgeting, and/or how the DECISIONS are taken on their budgeting issues</i>
<p>Level of stakeholders' consultation and engagement in the planning and budgeting process (i.e. responsiveness to people). Who takes the budgeting decisions (UP Chair /Parishad / Collectively UP Committees and Parishad)? How much real choice do UPs have in determining the budgeting areas concerning local governance and development needs given the stakeholder consultative process and/or its discretions?</p> <p>How much real choice do UPs have in allocating the amount of budget by prioritizing the area of allocation?</p> <p>What range of public services do UPs finance or invest in? How much real choice do they have in allocating their budget to individual services?</p>



### Indicators

*Indicators to measure the influence and autonomy in UPs budgeting decisions, and how they determine aspects of budgeting, and/or how the DECISIONS are taken on their budgeting issues*

Do the UPs have the authority to:

- # select social safety net beneficiaries and allocate funds for them?
- # allocate funds for
  - a. social dispute resolution (i.e. Shalish and activating Village Court)?
  - b. local infrastructure development initiatives?
  - c. entrepreneurial initiatives?
  - d. local government innovations and development?
  - e. knowledge, leadership and capacity building initiatives?
  - f. local recruitment as well as staff payment?
- # provide input in the national
  - a. budgeting process?
  - b. five-year planning?

# determine the amount required from the government (inter-governmental transfer)?

Do UPs have the right and scope to explore:

- # civil society donations/funds?
- # public–private partnerships?
- # sub-national borrowing?

Do UPs have the right to:

- # expand local resource net/mapping?
- # determine the rates of local taxes and charges?

*Source: Tailor-made, as well as adapted from Davey (2003)<sup>1</sup> and Swift (2014)<sup>2</sup>*

<sup>1</sup>How much power and responsibility regional and local governments exercise depend substantially on (1) what range of public services they finance; (2) whether their revenues are commensurate with these responsibilities; (3) how much real choice they have in allocating their budget to individual services; (4) whether they can determine the rates of their taxes and charges (Davey, 2003:1).

<sup>2</sup>Effective freedom and freedom as autonomy (see Swift, 2014: 61-69).

## 2.2 Operational Definitions of Influence and Autonomy, and De Jure and De Facto

One hand, the term '*influence*' refers here to the phenomenal capacity of an aspect to have an effect on the budgeting decision or behavior of Union Councils. It denotes the capacity of influencer or the influencing aspect (i.e. persons or things) to tailor a compelling force on the action, choice and behavior relating to the budgeting decision of Union Councils in Bangladesh.

On the other hand, the concept of 'autonomy' simply makes sense here as the combination of degree of freedom, discretion of legal authority and level of rational power regarding the actions and decisions of the Union Councils in Bangladesh, particularly the budgeting decisions that they take in this context. Autonomy is an important property for self-government.

In this thesis, freedom refers to Swift's view regarding effective freedom and freedom as autonomy (see Swift, 2014: 66), as well as Kant's view that freedom consists in acting morally (Swift, 2014: 69). Legal authority entails formal authority provided in the concerned laws/acts, policy documents, rules, and regulations whereas rational power implies the ability to exercise the given freedom and authority in a sensible manner.

In this thesis, external influence and autonomy in UPs' budgeting decision-making process are being measured with the several indicators as set out in Table 2.1 at the beginning of the literature review.

In the case of the Union Council/Parishad (UP), some of the decisions are subject to be so routine that they can be made without risk consequences and alternatives being considered, whereas budgeting decisions are subject to be made by Union Councils/Parishads in a way that is consistent with the local government principles in the context of Bangladesh as set out in the Local Government (Union Parishad) Act, 2009 (GOB, 2009), and other relevant rules and regulations. However, this is just a de jure aspect.

There might be other aspects/issues that could influence budgeting decisions of UPs in Bangladesh. Exploring these de jure and de facto issues, through this empirical

research to understand the magnitude of autonomy of Union Councils in their budgeting decisions, is the central undertaking of this thesis.

The term ‘de jure’ refers here to the influencing facts or aspects in the budgeting decisions of Union Councils of Bangladesh that have strong legal basis whereas ‘de facto’ refers to the aspects or facts in those same decisions that arise from reality following economic, socio-political and social organizational practices rather than their legal basis.

Importantly, a 2016 Special Publication of BIGD-BRAC University shows the overwhelming authority and power (both formal and informal) of the Legislator/Member of Parliament (MP) over the local government institutions that could tend to influence the budgeting decisions in one way or another and thereby deter the decentralization process. The study has also observed that formal rules and policies, at times, seem to prevent adequate decentralization (Hasan and Mannan, 2016). Furthermore, a 2013 IDS Working Paper reveals the influence of party politics in local governance at UP level (Buchmann, 2013).

Nonetheless, this dissertation will explore to what extent the influencing de facto and de jure aspects in the budgeting decision-making process of UPs could affect the autonomy of this process, and thereby having an impact on the outcome of these decisions in serving the local governance.

The unit of analysis of this research is the Union Council/Parishad, one of the important rural local government institutes in Bangladesh. As such, the analysis of the budgeting decision-making process of democratically elected Bangladeshi Union Councils/Parishads (UPs) in their local governance falls under the domains of political psychology, applied economics and public management (i.e. decentralization, local government finance and local governance), and relates to organization and budgeting theories.

These concepts and theories will be discussed further in the following subchapters under the literature review.

### 2.3 The Concepts of Political Psychology and Applied Economics in Public Budgeting Decisions

Individual level decision making is an area of research under the domain of cognitive psychology. **Decision-making** is simply regarded as the reasoning process resulting in the selection of a choice or deciding without choice options, or a course of action among several alternative possibilities. Several factors, including experience (Jullisson.; Karlsson and Garling, 2005), cognitive biases (Stanovich and West, 2008), age and individual differences (Bruin.; Parker and Fischhoff, 2007), belief in personal relevance (Acevedo and Krueger, 2004), and an escalation of commitment (Dietrich, 2010) influence individuals in their decision-making process.

**Political psychology**, however, is an interdisciplinary academic field related to describing how individuals as public institutional representatives make their decisions relating to budgeting considering the exogenous political and cognitive psychological factors, and thus it is dedicated to understanding politics, politicians and political behavior from a psychological perspective.

According to Cottam et al. (2010), political psychology aims to understand inter-dependent relationships between individuals and contexts that are influenced by beliefs, motivation, perception, cognition, information processing, learning strategies, socialization and attitude formation.

The way Henley (1992) defines **budgeting**, it strongly reveals the concept of applied economics. Within the study of public budgeting decision making, for instance, local government budgeting decision making invites applied economics in terms of allocating public resources, in addition to the political psychological process being practiced in public budgeting decisions as discussed above.

*Budgeting is a process of measuring and converting plans for the use of real (i.e. physical) resources into financial values. It is the classic problem of how to add together quantities of apples and oranges into a meaningful economic measurement, the only practical way for everyday use is to express their economic values in terms of monetary costs and revenues. Through the process of budgeting the finance function provides the essential link between management planning and management control (Henley, 1992).*

To understand the settings in the context of local government budgeting in Bangladesh and many other developing and even developed countries, we need to comprehend an old but classic literature review on ‘system analysis’ (see Kramer, 1979:2) that focuses on economic rationality (i.e. the applied economics in this context). This system analysis refers to a blended approach of a set of concerns, such as community or social priorities, opportunity cost and risk analysis, results on investment including economic and non-economic returns, and appropriate level of expenditures and revenues.

## 2.4 Concept of Local Governance in Relation to Decentralization

The concept of ‘*governance*’ denotes the inter-relationship between the state and society, and/or the government and governed, and the focus of this is more on process and outcomes than on formal institutional arrangement and structure. As such, the concept of ‘local governance’ is governing at the local level, viewed broadly to include not only the machinery of government, but also the community at large and its interaction with local authorities (Talukdar, 2013).

Strengthening local governance means fostering good governance in any modern state as it helps build rights-based approach to development of communities with special focus on social, economic and political welfare of the marginal groups of people in the society of a given state. Central to ensuring good local governance is efficiency, citizenry accountability and effectiveness of local public service delivery and local development, which all together require strengthening the political, administrative and fiscal aspects of local government institutions.

Donors, scholars and governments around the world are increasingly in agreement with the fact that the strengthening of mechanisms and processes around local level governance is instrumental in bringing the development dialogue and the fruits of that dialogue closer to those that matter most in the development process itself – people themselves (Talukdar, 2014).

Formally, *devolution* is the increased reliance upon the sub-national levels of government i.e. local government institutions, with some degree of political

autonomy, that are substantially outside direct central government control yet subject to general policies and laws, such as those regarding civil rights and rule of law (USAID, 2000). While, theoretically, devolution does not necessarily mean democratic decentralization or democracy in local governance, there is a tendency to equate the two (Oxhorn, 2004). Democratic decentralization goes further than the devolution does in terms of autonomy, responsibility and accountability of the local authority, and participation, opportunity and emancipation of the people. Two interlinked and inevitable components of this latest form of decentralization are structural decentralization and institutional democratization.

**Structural decentralization** refers to devolution in the organization and relationship of government units, in relation to one another including a shift of production and provision functions to more localized government units (Hicks and Kaminski, 1995; Rainey, 1997). Basically, structural decentralization alters the balance of exercising the power among levels of government favoring localized levels of government; even to some extent this component allows local people's representatives to govern the local government, but values associated with legacy do not always change until it goes with institutional democratization (Talukdar, 2013 & 2014).

**Institutional democratization** refers to this shift in values, rules, skills, and interactions, favoring transparency, equity, responsiveness, accountability, and other traditional democratic values (Hodgson, 2006; McGill, 1997; Organization for Economic Co-operation and Development (OECD), 1996). Evidence of institutional democratization can be found through functioning oversight and accountability mechanisms and the systematic incorporation of public input into government decision-making (Coston, 1998; Klingner, 1996).

A fully-fledged democratic decentralization not only creates an environment for wider participation, social inclusiveness and for citizens to demand accountability of local authority, but also generates a sense of transparency and accountability of the country's political system and government (Talukdar, 2013 & 2014).

The current decentralization literature recognizes the importance of the central state in bringing about this higher standard of decentralization and so demands from central governments sophisticated coordination and oversight as well as the willingness to



allow autonomy, especially fiscal autonomy, and democratic participation at the local level (Crook, 2003; Dauda, 2006; Olow, 2003). In turn, local government institutions must show a certain worthiness of autonomy by providing an innovative, transparent and accountable administration along with a participatory political process geared in alleviating marginalization and poverty (Dauda, 2006).

In fact, the emphasis on decentralization began with the broadening of the concept of development beyond economic growth to include growth-with-equity and fulfillment of basic needs of the poorer sections of the community. This entails wider participation in the economic, social and political processes and structures that enable the poor to help themselves in increasing their productivity and incomes. It is also believed that decentralization is a more efficient way of meeting local needs (Alam, et al., 1994; Hussain, 2010).

To elucidate this further, Rondinelli (1981) puts forward two major arguments for encouraging decentralization. Firstly, decentralization is necessary to accelerate the pace and the spread of the benefits of growth, integrate diverse regions and use the scarce resources more efficiently to promote development in poverty stricken or economically backward areas. Secondly, the poorest groups are to obtain a larger share of government services and means must be found to decentralize public service delivery and involve the beneficiaries in planning and decision making at the local level.

Furthermore, in a world of rampant ethnic conflicts and separatist movements, decentralization is also regarded as a way of diffusing social and political tensions and ensuring local cultural and political economy (Bardhan, 2002). Moreover, decentralization is considered a means to achieve good governance in terms of a high level of public participation, accountability of public officials and low level of corruption, which is a crucial condition for poverty alleviation (Steiner, 2007).

It is gratifying to see that researchers are recognizing that decentralization takes place within a political context, and therefore evolves differently in each country (Smoke, 2003); yet, the requirements still set uniformly high standards (Dauda, 2006). It is important to note that Bangladesh is stepping ahead to the latest form of decentralization - *democratic decentralization* - yet there are lots of challenges and limitations, particularly with regards to fiscal autonomy.

## 2.5 Local Governance and Local Government Institutions in Bangladesh

Although globally as well as in Bangladesh, there has been a widespread emphasis on democracy as the current round of decentralization, the literature on this topic is still confined to relatively few studies (Talukdar, 2013). In response to this decentralization, globally there is plenty of evidence for both failure and success. For instance, Crook and Sverrisson (1999) provides evidence that despite extensive strides of devolution of authority and resources to democratically elected local governments, decentralization in Colombia, West Bengal and Brazil has attained little in improving quality service delivery. Grindle (2007), however, identifies the fact that local officials were lauded for the innovations they introduced in the governance of their communities and the new spaces they created for civic participation.

*In some cases, governments became world famous for such innovations, as did Porto Alegre, Brazil, when it introduced participatory budgeting process. In Mexico, cities such as Monterrey, Leon, and Aguascalientes became well-known models for efficient and responsive governance. In municipalities in Kenya, India, the Philippines, South Africa, and elsewhere, citizens shared information, made decisions about resource allocation, monitored policy implementation, and envisioned improvements that would alter the future of their communities (Grindle, 2007:2).*

Furthermore, Talukdar (2013) reveals that Sirajganj in Bangladesh is also noted for the local governance development that is resultant from Sirajganj Local Governance Development Fund Project (SLGDFP).<sup>3</sup> The experience of Union Councils/Parishads' Governance in Sirajganj had been exercised at Unions all over Bangladesh through the Local Governance Support Project (LGSP), with a special emphasis on the Unions of 6 Districts (Sirajganj, Barguna, Feni, Narshindi, Hobigonj and Sathkira) through LGSP-LIC.<sup>4</sup> Local Governance Support Project- Phase 2 (LGSP-II) was the

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<sup>3</sup> Sirajganj Local Governance Development Fund Project (SLGDFP), supported by UNDP and UNCDF, had been running successfully from 2000 to 2007 in the 82 Union Parishads of Sirajganj district.

<sup>4</sup> Local Governance Support Project- Learning and Innovation Component (LGSP-LIC), supported by UNDP, UNCDF, EC and Danida, was an innovative project of Local Government Division of the Bangladeshi Government. Basically, it was the second-generation pilot project of SLGDFP and the leading as well as innovative component of the Local Governance Support Project (LGSP), which was a full-fledged project of the Local Government Division of the Bangladeshi Government with the soft loan of WB.

follow up project of LGSP, and Phase 3 (LGSP-III) is the successor of LGSP-II, while LGSP-LIC succeeded the Union Parishad Governance Project (UPGP).

According to Talukdar (2013), although democratic decentralization can be conducive to poverty reduction through a rights-based approach, for a country like Bangladesh, the key likely challenges here are a marginalized population, and the lack of local resources, material, finance, expertise and competent leadership. Talukdar (2013) further points out the fact that lack of resources and finance remains a daunting issue, but these alone, however, are not the crucial factors for the success of decentralization in Bangladesh and elsewhere. The most crucial part is the changing attitude and behavior, and institutionalizing decentralization with democratic values.

Moreover, the absence of an aggregate local governance policy is a serious governance concern in Bangladesh, which affects effective implementation of decentralization policies and programmes intermittently undertaken from time to time. In fact, democratic decentralization concerning fiscal autonomy and local administrative reforms have been in midpoint for over three decades (T. Ahmed, 2015; Talukdar, 2014).

Importantly the contemporary world is experiencing profound change in the concept of local government, aiming to strengthen the local government as a body corporate and to encounter local economic activities in addition to attaining political and social welfare. The Latin American countries, for example, are focusing on local economic resources and opportunities to make the local investment attractive (Talukdar, 2013). Thus, the 'local government' can be termed as the linchpin of good governance for any modern state, specifically to attain political, economic and social welfare of the marginal groups of people within the state (Falguni, 2009)<sup>5</sup>

The contemporary local government in Bangladesh focuses on how the current paradigm of decentralization can open avenues for the development of democratic local governance. To get the proper outcome of this latest form of decentralization, local government must be responsive to citizen needs and gain the authority, resources and skills needed to be operative and accountable. Nonetheless, the

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<sup>5</sup> <http://www.thedailystar.net/news-detail-118255> (Retrieved on November 18, 2017).

constitutional commitment as well as the spirit, as cherished in the constitution of Bangladesh, has never been transformed into reality. Furthermore, the power of the local government, national–local relationships and balance of power, convergence of democratic and fiscal decentralization, as well as functions and functionaries of the local government are neither clearly encompassed in the constitution, nor in laws and practice (Talukdar, 2014).

Table 2.2 below shows the local government in the government structure of Bangladesh, while Table 2.3 demonstrates the local government institutions in Bangladesh at a glance.

Table 2.2: Local Government in the Government Structure of Bangladesh

Executive	Legislature	Judiciary
President <i>Plus</i> Prime Minister & the Cabinet Department of Defense Services <i>Plus</i> Attorney General Local Government	National Parliament	Supreme Court  Lower Court  Administrative Tribunal

Source: Talukdar, 2013

There are 300 elected members and 50 nominated women members in the national parliament of Bangladesh. As Bangladesh has a unitary as well as the parliamentary form of government, herein reality is that the Prime Minister is the kingpin of the Government, and the President holds just an ornamental position. Importantly, Local Government falls under the executive organ of the state. There are also three-type rural local government institutions and two-type urban local government institutions excluding the cantonment board. In addition, there is a separate set-up of special local government institutions for Chittagong hill area.

Table 2.3: Local Government Institutions in Bangladesh

Urban Local Government	Rural Local Government	Special Local Government
City Corporations (11)	Zilla Parishads (61)	Chittagong Hill Regional Council (1)
Municipalities (323)	Upazila Parishads (490)	Chittagong Hill District Councils (3)
Cantonment Boards (30)	Union Councils/Parishads (4553)	Traditional Raja (3) and Mouza Based Headman-Karbari (472)

Source: Talukdar, 2013

As shown in Table 2.2, there are a total of 11 City Corporations, 323 Municipalities (out of which 3 are in the hill area), 61 Zila Parishad/District Councils, 490 Upazila Parishads/Sub-districts (out of which 25 are in the hill area), 4553 Union Parishads (out of which 118 are in the hill area), 1 Hill Regional Council, 3 Hill District Councils, 3 Traditional Raja, and 472 Headman Karbari. Noteworthy is the fact that Cantonment Boards are not being considered as local government units in a true sense.

## 2.6 Structure of the Union Council as LGI in Bangladesh

Figure 2.2 and Table 2.4 show the structure of the Union Council/Parishad (UP) as Local Government Institute (LGI) in Bangladesh.

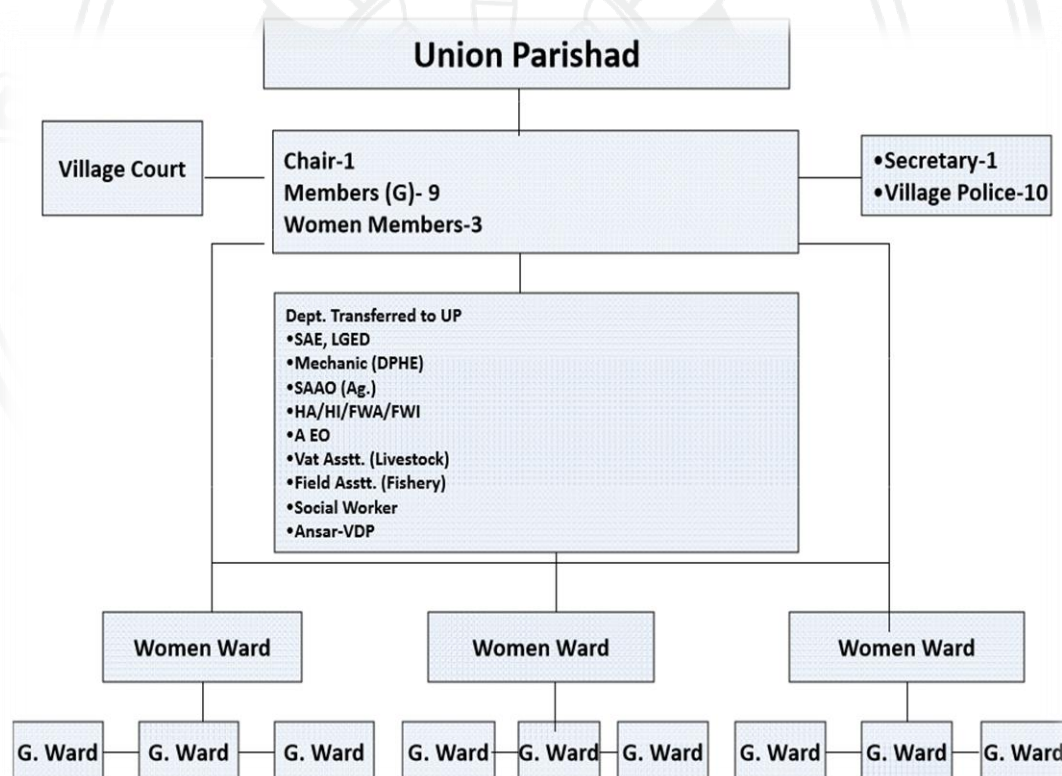


Figure 2.2 Structure of the Union Council/Parishad in Bangladesh

Source: Ahmed, 2014



Table 2.4: Structure of the Union Council in Bangladesh

<i>Level &amp; Quantity</i>	<i>Area &amp; Population Per Unit</i>	<i>Legal Basis</i>	<i>Headed By</i>	<i>Composition</i>	<i>Revenue Authority</i>	<i>Functional Observation</i>
4553 Lowest unit – Exclusively Rural	26.18 (km) <sup>2</sup> 27000	The Local Government (Union Parishad) Act, 2009 (Act No. 61 of 2009)	Elected Chairman	A Union Parishad consists of 1 elected Chairman and 12 members including 3 positions exclusively reserved for women. There is also a secretary to the Parishad.	Limited revenue authority and scope but does not have sub-national borrowing authority.	Participatory planning, budgeting and implementation, and service monitoring powers, but limited staffing capacity.

*Source: Talukdar, 2013*

## 2.7 Local Government Finance

A World Bank working paper on local government budgeting recognizes the fact that decentralization reforms in many developing countries are fostering changes in governance structures that are reshaping the relationship between local governments and citizens. The paper points out that the success of such decentralization reforms depends largely on the existence of sound public financial systems both at the central and local levels. Also, the role of budgeting is appreciated as a central tool in such reform efforts. It has also identified the problems or limitations that might hinder successful local government budget development and implementation (Schaeffer and Yilmaz, 2008).

To clarify this further, a UN-Habitat paper documents both the challenges and solutions related to the ability of local governments to mobilize revenues from local resources (UN Habitat, 2015). An old edited book deals with a similar issue in the context of decentralization of local government institutions in Bangladesh (Hye, 1985). Among others, a UN paper addresses the issues and challenges of local government participatory planning and budgeting process (United Nations, 2005).



The editorial preface of a 1988 UNCRD book identifies the fact that in many developing countries the core development problem at the sub-national level is the inadequate fiscal resource base of local and regional governments (Prantilla, 1988). Considering the bounded legal-rational framework, generally the same might be true in the case of Bangladesh, particularly at the Union Council/Parishad level.

Interestingly, anecdotes and priori-observations support that in the case of geographical area of the study, there are plentiful local natural resources, while the problem is associated with the legal access barriers of local governments to those properties. Certainly, - national-local tax base system of the country is a fundamental issue. In the case of Bangladesh, the nation's de jure practice is that tax from the major local sources goes to national government and the same shall then be distributed at the national and sub-national/local level. Therefore, the local tax net as well as base for the local government seems to be very poor in Bangladesh.

Regardless the reason of the problem, there is always a strong mismatch between the resources legitimately at hand of decentralized local governments in Bangladesh, like Union Councils/Parishads, and the responsibilities assigned to them. Thus, Devas (1988) fairly identifies that the main reason for allocating national funds to local governments relates to the mismatch between the resources available to decentralized agencies and the responsibilities assigned to local governments.

A 2010 report of United Cities and Local Governments, published in 2011, further justifies "why local government finance is so important." The potential importance of local government finance is based on two main pillars. The core rationale is that local governments are well positioned to improve how public resources are used and the extent to which diverse citizen needs are satisfied. The second justification is the role that local governments could potentially play in dealing with several significant contemporary global challenges that broadly, although differentially, affect virtually all countries (United Cities of Local Government, 2011).

Nonetheless, Devas In Prantilla ed. (1988) points out the debate on the issue as is presented below:

The allocation of national financial resources to decentralized authorities is a hotly debated issue in most countries of the world. It involves the sharing of scarce resources, and with that, the issue of the power to control expenditure decisions in important areas of the public sector. The way in which these allocations are handled varies widely between countries and has generally evolved over many years within political, institutional and economic settings. Thus, generalizations can be misleading, and experiences cannot easily be transferred from one country to another.

Finally, the book on local government economics and finance edited by David King is one of the classic contributions. In the introduction, Pola and King (1992), reveal that all the countries of western Europe have some form of democratic local government, and thus these countries are supposed to consider together the appropriate role for their local authorities and how these authorities should be financed. In the case of Bangladesh as well, now all forms of local governments are democratically elected.

Thoni (1992) deals with the lens of ‘political economy’ instead of purely ‘economic’ approach to tackle the local expenditure and frame the tax base. When it comes to the lens of political economy, it allows the analysis of the relationship between the institutional arrangements and the economic policies of the state and local authorities. In this context, analyzing the ‘politics of local governments’ means studying the decision-making processes of the local governments in relation to the politics of these local governments as well as the national government..

## **2.8 Organization Theories**

Prior to the late 1960s, most organizational analysis involved a focus on the internal workings of organizations, except the works of the old institutional school, such as Selznick (1949), Gouldner (1954) and Zald (1970) that emphasized the organizations’ ties with their environments on a limited scale.

Since the late 1960s, and throughout the 1970s and onward, mainstream organizational theories concerning external environment, for example, structural

contingency, resource dependence, new institutional theory, population ecology, and inter-organizational relationships, evolved.

A dominant approach in the late 1960s, influenced by Thompson (1967) and Lawrence and Lorsch, (1967), known as the structural contingency theory, was first clearly concerned with organizations' interactions with their environments.

Then in the 1970s and onward, organizations' relations with their environments turn out to be a major focus of study. Such works included Williamson's (1975) book on 'transaction-cost economics', Hannan and Freeman's (1977) article on 'the population ecology of organizations', and Pfeffer and Salancik's (1978) book on 'organization's resource dependence on external environments', and the new institutional theory, led by Meyer and Rowan's (1977) article on 'organizations as myth and ceremony', and further influenced by DiMaggio and Powell's (1983) essay on 'institutional isomorphism'.

The inter-organizational relationships theory also grew simultaneously and continued to evolve until the early 21<sup>st</sup> century. Interestingly, inter-organizational relationships theory was mainly influenced by the *transaction costs economics theory* (Williamson, 1975), the *agency theory* (K. M. Eisenhardt, 1989) and the *resource dependence theory* (Pfeffer and Salancik, 1978, 2003). The inter-organizational relationships were further termed as 'partnership', 'alliance', 'collaboration', 'network', and 'inter-organizational relations' (Baker et al., 2011).

## 2.9 Budgeting Theories

A budget simply portrays the revenue and expense projection for a specific upcoming period, typically for one fiscal year, July-June, in the case of most governments and their agencies and institutes. Budgeting and planning are integrally linked. According CIPFA, budget represents the expression in financial terms of an organization's policies and constitutes a statement of intent against which any achievements or failings can be compared.<sup>6</sup>

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<sup>6</sup><http://www.cipfa.org/tis/streams/financial-management/budgeting/budgeting-theory/definition-and-objectives-of-budgeting>. Retrieved on March 12, 2018.

Importantly, the budget theory is the academic study of the relationship among political psychology as well as political economy of the government, social motivation and empowerment of the actors as well as agencies, and institutional as well as public management approach concerning government budgeting process, decisions and their outcomes. As the local government falls under the executive organ in the government structure of Bangladesh, the concept of budget theory is equally applicable to the study of the state of budget affairs of the Union Councils/Parishads in Bangladesh provided that decentralization, autonomy, central-local relationship, local government finance and local governance get strong and further interrelationship attention.

The classic theorists in public budgeting are Henry Adams, William F. Willoughby, V.O. Key Jr., and more recently, Aaron Wildavsky, Richard Fenno, Charles Lindblom, Irene Rubin, Jones Frank R., Baumgartner, Bryan D. Jones, Naomi Caiden, James D. Savage, Allen Schick, Dennis Ippolito, Thomas Greitens, and Gary Wamsley.

Irene Rubin categorizes budgeting theory in two kinds: descriptive and normative. According to Rubin (1990):

*Descriptive theory is based on close observation or participation in public sector activities. Theorists describe trends, sequences of events, and infer causes, paying attention to local variations as well as uniformities across cases.*

*While normative theory-advice-may be based on a much narrower range of observations than descriptive theory and its proposed solutions may be based on values rather than observations.*

*If the explanatory power of the descriptive theory is too weak, or if the advice of normative theory is not adopted by public officials or is adopted and abandoned because it does not work, the gap between theory and practice may become unacceptably wide (Rubin, 1990: 179).*

Wehner (2015) analyses Aaron Wildavsky's seminal work, ***The Politics of the Budgetary Process***, published in 1964. Wehner considers Wildavsky's contribution as a classic one in public administration as the book used a simple yet fundamental theoretical framework for analyzing budgetary decisions that took an in-depth look at the norms and rules of budgeting in the United States and the stable patterns of interaction between the various actors involved. Wehner, however, discusses the challenges to Wildavsky's theory of budgetary incrementalism that arose mainly in the context of economic and fiscal crisis.

Following Wildavsky's 1964 contribution, Richard Fenno's successful book *The Power of the Purse: Appropriations Politics in Congress*, was published in 1966. Rubin (1990) compliments those two books as still being classic, and attributes the fact that together they framed the incrementalistic assumptions about budgeting at the national level: *centrality of a legislatively dominated budget, the importance of agencies in the process, the decentralization of the process.*

Rubin (1990) further observed the fact that the incrementalistic model argued that no major changes were made in the budgets from year to year and hence few choices of policy consequence were being made in the context of the budget. It, however, had lack of comparison between alternatives for spending, and prevented many budgeters from seeing the changing budget reality and theorizing about it.

Interestingly, Wildavsky gave up the framework that he laid out in his 1964 book and wrote a new book, *The New Politics of the Budgetary Process*, published in 1988. Also, it is notable in this regard the fact that incrementalism was originally built as a theory of public policy making in the 1950s by the American political scientist Charles E. Lindblom. In 1959, Lindblom wrote an essay *The Science of Muddling Through*, to help policymakers understand why they needed to consider a middle way between the 'rational actor model' and 'bounded rationality' to avoid making changes before they really get engaged to the complexity and evolving rationality of the issue.

In this approach, policies develop from a process of interaction and mutual adaptation among a multiplicity of actors advocating different values, representing different interests, and possessing different information (Hayes).<sup>7</sup> In public policy, incrementalism is the approach of change by which many small policy changes are enacted over time to make a larger broad-based policy change. According to Quinn (1978), logical incrementalism focuses on the power-behavioral approach to planning rather than to the formal systems planning approach.

Incrementalism, a dominant theory in public budgeting, was intended not only to be a descriptive one but also to act as a normative theory. However, in the purely

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<sup>7</sup> Michael T Hayes write-up on incrementalism. See <https://www.britannica.com/topic/incrementalism>. Retrieved on March 12, 2018.



normative lens of public budgeting theory, public accountability, citizenry involvement and central-local partnership, transparency, cost-effectiveness, and quality service delivery are central to the literature.

Rubin (1990) points out that these could only be achieved by improving the quality of budget information and publicizing that information to allow increased access of the people to this information. Both the public and legislature should understand the government's activities and achievements, and spending in those same areas. Thus, cost accounting, program budgeting implications and detailed performance budgets based on unit costs get reform attention, and this approach does not limit new services to be included in the budget considering the changing reality of the budget. Such reformers also emphasize the role of planning in the budget and argue that budgets must contain a work plan and provide funding for future as well as current needs. Rubin (1990) further observes:

*While the budget reformers emphasize both the need to run government like a business and the constitutional basis for their reforms, the public economists base their arguments on what they perceived as rational choices and optimization of decision making. Both groups emphasize the need to get the most from each dollar, but the public economists are less concerned with cost accounting and management and more concerned with choices between options, laying out the options carefully and choosing between them on carefully specified grounds.*

*Over the years, many specific budget reforms have been formulated and advocated, then adopted, rejected, or modified. Many of these reforms have the same goals or purposes as those of the reformers of the early 1900s. Program budgeting, for example, and its explanation of what government is trying to accomplish at what cost, addresses specific concerns raised by the early reformers; the linking of planning to programming in the Planning Programming, Budgeting System (PPBS) was also foreshadowed many years earlier. Performance budgets, with their varied emphasis on measuring demands and workloads or efficiency and unit costs, also reflect earlier concerns. The idea of determining desired service levels, associating costs with each one, and budgeting for only desired levels of service is the heart of Zero-Based Budgeting (ZBB) and Target-Based Budgets, but it was also part of the early reformers' attempts to judge what was needed versus what was wanted and to get out of the budget waste that had accumulated over the years. Current models of budgeting for outcomes perfectly express the activist, efficiency, and accountability goals of the early reformers. Management by objectives links the specific annual goals of the city to work loads and the personnel evaluation system, an elaboration of the old reformers' goals (Rubin, 1990:180).*



## **2.10 How These Theories Relate to This Research**

Organizational theories, particularly resource dependence, inter-organizational relationship and one element of the new institutional theory i.e. coercive isomorphism are likely to be closely linked to understanding the organizational context of influence in and autonomy of the Union Councils in Bangladesh.

Budgeting theories, especially Charles E. Lindblom's incrementalism in public decision making and Aaron Wildavsky's budgetary incrementalism, Irene Rubin's review of descriptive and normative budgetary theories and historical review of the budgetary reform process, and Wehner's critical analysis to Wildavsky's budgetary theory are likely to help much in analyzing the budgetary process and decisions with regards to understanding the ownership as well as accountability and the magnitude of budgetary autonomy of Union Councils in Bangladesh.

## **2.11 Budgeting Process and Cycle**

The core process of budget preparation supposes to include setting up the fiscal targets given the compatible expenditure assignments and strategic allocation of resources and mechanism for ensuring aggregate expenditure control, operational efficiency and competitive advantages. Following the theoretical base, government policies as well as rules-regulations, and analyzing the trade-offs as well as making prioritization from alternative options, setting up the most cost-effective variants supposes to be a sensible way for ensuring competitive advantage of the budgeting process.

Notably, public budgeting is the linking process of performance with the amount of resources required to accomplish those tasks, and most of the budgeting work is technical as well as managerial in nature, but the public budgeting is also necessarily and appropriately a political process (Rubin, 2014).

According to Menifield (2013), budget comes in three forms: i) Line item, ii) Program, and iii) Performance. There are also budgeting techniques: a) Zero-based budgeting, and b) Incremental budgeting. In the case of zero-based budgeting, it starts from zero or beginning, and thus each unit submitting a budget must justify all their

budget requests from beginning to end while in incremental budgeting, an agency may also use an incremental approach to budgeting where it simply adds or subtracts from the previous year's spending. Importantly, national governments may require agencies or local governments to submit a certain type of budget that they prefer (Axelrod, 1995; Gianakis and McCue, 1999; Menifield, 2013; Smith and Lynch, 2004; Thuurmaier and Willoughby, 2001). Figure 2.3 below shows the world view of the budget cycle at a glance.

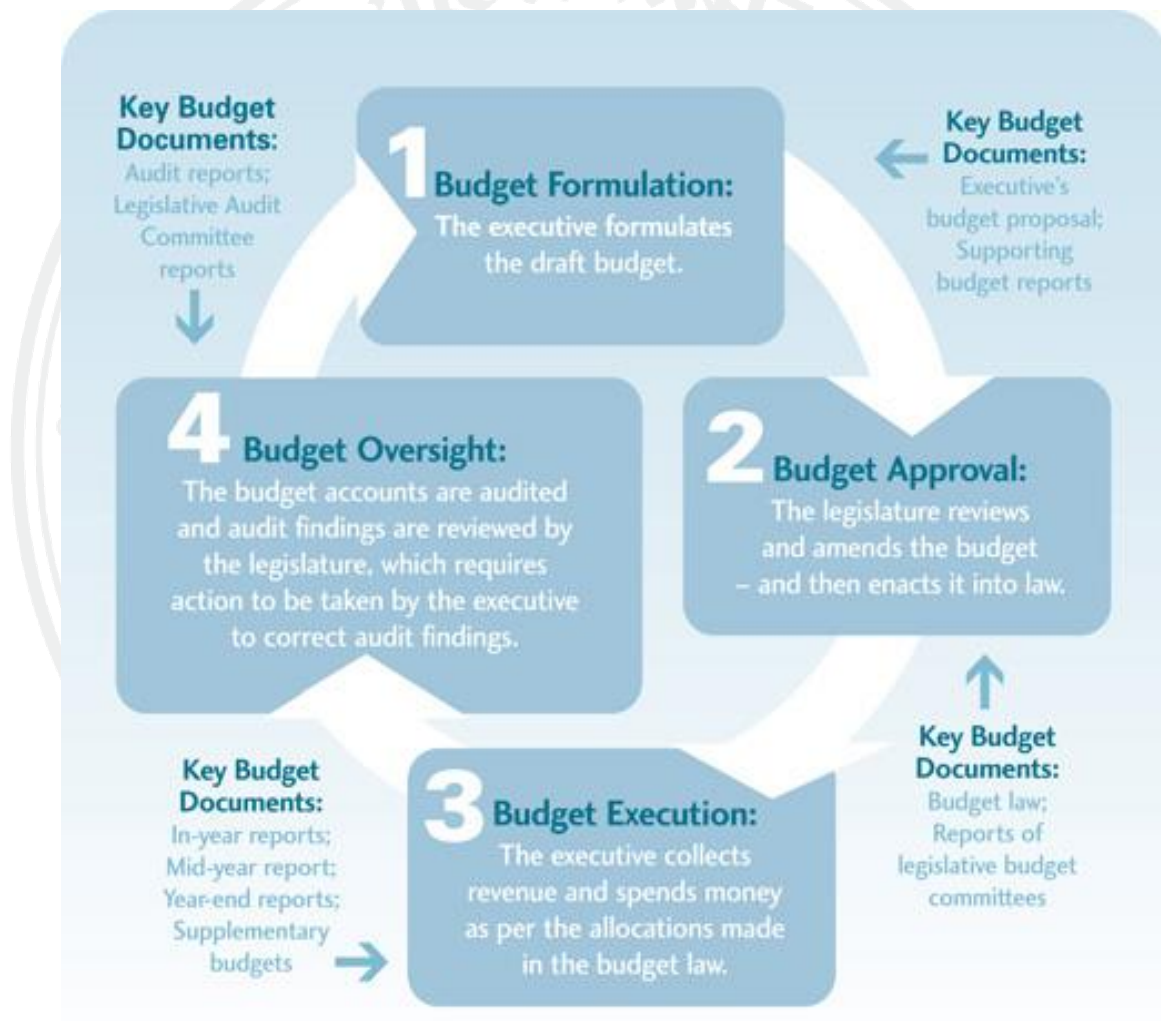


Figure 2.3 World View of the Budget Cycle

Source: Jay Colburn, *International Budget Partnership*<sup>8</sup>

<sup>8</sup> <https://www.internationalbudget.org/2017/02/making-budget-cycle-budget-formulation-stage>. Retrieved on March 12, 2018.

Now understanding the process by which Union Councils/Parishads (UPs) in Bangladesh make budgeting decisions is important to explain the decisions they make in this regard. Figure 2.4 shows the budget life cycle of Union Councils/Parishads (UPS) in Bangladesh.

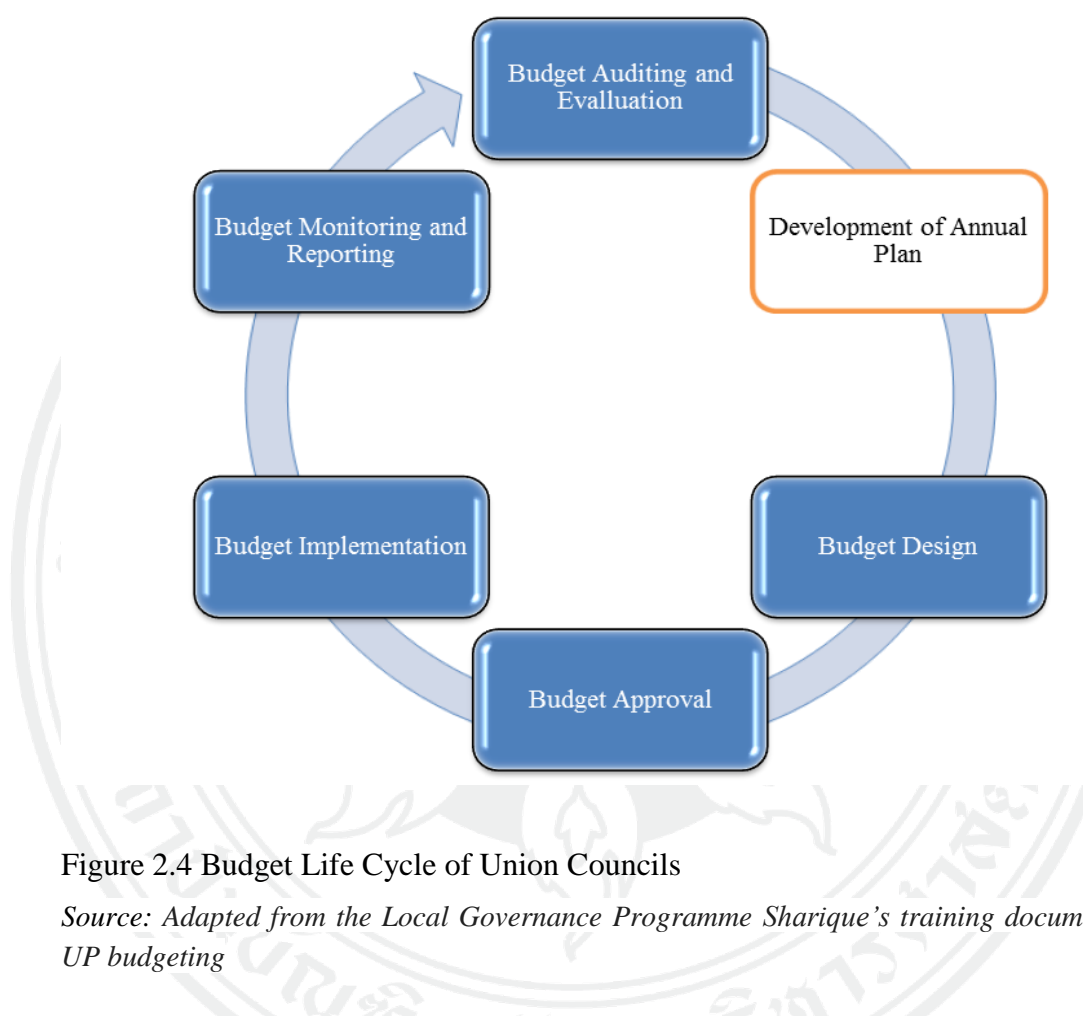


Figure 2.4 Budget Life Cycle of Union Councils

*Source: Adapted from the Local Governance Programme Sharique's training documents on UP budgeting*

Budgeting process of a UP in Bangladesh supposes to start tailoring an annual development plan by a planning committee, based on the strategic five-year plan of the UP. It requires reviewing the strategic five-year plan to sketch a draft plan, initiating ward<sup>9</sup> level discussions and placing ward level findings and demands to the UP-standing committees for their screening, making recommendations, and then framing the plan.<sup>10</sup>

<sup>9</sup> There are nine subunits of a UP, each of which is known as a Ward.

<sup>10</sup> Based on the Local Governance Programme Sharique's UP budgeting training documents.

Then usually the secretary along with the planning committee of a UP outlines the budget by subsuming the assessment of assets and revenues including grants, and assuming liabilities and expenditures based on the plan and office memos as well as documents, followed by placing the same to the Union Council/Parishad Coordination Committee (UDCC) for its comments and conducting an open budget meeting by the UP Chair in the presence of hundreds of local citizens at the UP level. Usually the Chair of a UP presents the draft budget to the open budget meeting for public review and feedback.<sup>11</sup>

Following public disclosure and assessment, the Union Council/Parishad revisits the budget and endorses it with or without making changes. UP then submits it the delegated government authorities, i.e. Upazila Nirbahi Officer (UNO), Deputy Director of Local Government (DDLG) and Deputy Secretary (DC). Local Government Division (LGD) of the Ministry of Local Government, Rural Development and Cooperatives (MLGRD&C) then allocates the actual amount of grants and keeps the UPs informed through official letters. Thus, a UP again revisits the actual fund situation, revises and adjusts the budget, and re-endorses it. Next stage is the implementation followed by monitoring and reporting, and audit and evaluation of the budget.<sup>12</sup> Table 2.5 below shows the UP-budget calendar at a glance.

Table 2.5: UP-Budget Calendar

Sl No	Activities	Initiating Date
01.	Budget Circular	1 <sup>st</sup> September
02.	Review of Tax, Fees, Service Charge etc.	15 <sup>th</sup> November
03.	Revenue Estimation (Tax, Rate, Fees and Grants etc.)	15 <sup>th</sup> December
04.	Administrative Expenditure Estimation	30 <sup>th</sup> December
05.	Formation of the Planning Committee	10 <sup>th</sup> January
06.	Formation of Annual Plan, based on the Strategic Five-Year Plan, by the Planning Committee, and Placing the Plan to the	5 <sup>th</sup> February

<sup>11</sup> ibid

<sup>12</sup> ibid

Sl No	Activities	Initiating Date
	Ward Level Discussions	
07.	Draft Plan, with Findings and Demands from Ward Level Discussions, to be Placed to the UP-Standing Committees for their Screenings and Recommendations	15 <sup>th</sup> February
08.	Acceptance of the Standing Committees' Recommendations and Preparing the Draft Budget	5 <sup>th</sup> March
09.	Draft Budget to be Placed to the Union Development Coordination Committee(UDCC) for their Comments	15 <sup>th</sup> March
10.	Draft Budget with UDCC Comments to be Placed to the Union Council/Parishad for Review	25 <sup>th</sup> March
11.	Placing the Final Draft Budget to the Open Budget Meeting of UP	Between 26 <sup>th</sup> March & 14 <sup>th</sup> April
12.	Approval of the Budget at the UP Meeting (with or without Corrections or Adjustments)	15 <sup>th</sup> April
13.	Submission of the UP Approved Budget to the Upazila Executive/Nirbahi Officer (UNO) with cc to Deputy Director of Local Government (DDLG) and Deputy Commissioner (DC)	20 <sup>th</sup> April



Tables 2.6 and 2.7 below show the basic structure of a UP budget, and the sources of legal basis of UP budget in Bangladesh, respectively

Table 2.6: The Basic Structure of a UP Budget (Example)

Amount in BDT	
A. Revenue and Grants	1,00,00,000.00
• Tax	2,00,000.00
• Rates	1,00,000.00
• Fees	2,00,000.00
• Grants	95,00,000.00
B. Expenditure	1,00,00,000.00
• Revenue Expenditure	8,00,000.00
• Development Expenditure	50,00,000.00
• Others Expenditure	42,00,000.00
Balance (A -B)	0

*Source: Adapted from the Local Governance Programme Sharique's training documents on UP budgeting*

Table 2.7: Legal Basis of UP Budgeting

Sl No	Legal Documents	Clauses
01	Constitution of the People's Republic of Bangladesh	Articles 11, 59 & 60
02	The Local Government (Union Parishad) Act, 2009	Sections 57 (1-2)
03	Rules of Union Parishad (Development Plan), 2013	Rules 3(2, 10), 5(2,3), 6 (2b, 2e)



## **CHAPTER 3**

### **RESEARCH DESIGN**

Examining the autonomy in budgeting decisions of Union Councils, the lowest tier of rural local governments in Bangladesh, considering the de jure and de facto aspects that influence in these same aspects, invites rigorous qualitative research design.

The discussion in this chapter includes methodology (i.e. research method, unit of analysis and sampling design, and sample UPs), relevant budgetary data of sample UPs, data analysis skeleton, research ethics, validity and reliability, and research timetables.

#### **3.1 Methodology**

##### **3.1.1 Research method**

The thesis employs the qualitative research method with a few case studies on criteria based purposively selected UPs in Sunamganj District/Zila. The data collection techniques include ‘in-depth interviews’ of chairpersons and secretaries of the unit of analysis, ‘focus group discussions’ of members of UPs, ‘document reviews’ of UPs, media review, and ‘researcher’s comprehensive observations’.

This study will further employ an emergent framework. The emergent approach will allow here for understanding the concerns of research questions from the perspective of the elected representatives (i.e. chairmen and members of UPs) and secretaries to the UPs, that is, the research participants’ perceptions and concerns as they emerge, rather than their voice being refocused. Such emergent approach is going to follow the lens of some existing theories or frameworks. This study draws on the grounded-theory approach to data collection, analysis and theory building, and is both highly iterative and closely linked to data and context. There are some key differences between this approach and the full grounded-theory approach described by Glaser (1978, 1992).

This approach is more likely to be Eisenhardt's (1989) description of theory building from case study research. Although the main purpose of the thesis is to build a detailed thematic description (i.e. developing a higher order theme), it does not limit the thesis to contribute in theory and/or tailor a theory based on the inductive as well as grounded theory building approach.

### 3.1.2 Unit of analysis and sampling design

The unit of analysis of this thesis is the Union Council/Parishad (UP). Union Council/Parishad (UP) is the lowest tier of the rural local government in Bangladesh. There are a total 4,553 Union Councils/Parishads under 490 Upazilas/Sub-districts and 64 Zilas/Districts in 8 Administrative Divisions/Regions of Bangladesh. The 8 regions in Bangladesh are Dhaka, Chittagong, Rajshahi, Khulna, Rangpur, Barisal, Mymensingh and Sylhet. The study will be conducted only at Sunamganj District/Zila under the Sylhet region in Bangladesh. The map in Figure 3.1 demonstrates regions in Bangladesh, while Table 3.1 shows the number of Union Parishads (UPs) in the Sunamganj District and in Sylhet region of Bangladesh.

Table 3.1: Number of UPs in Sylhet Region

Study Region	District	Number of Sub-districts	Number of Union Parishads
Sylhet	4	38	334
	Sunamganj	11	87



Figure 3.1: Regions in Bangladesh

Source: Wikipedia,<sup>14</sup> 24 November 2017

Source: LGED<sup>13</sup>, 24 November 2017

<sup>13</sup> <http://www.lged.gov.bd/DistrictArea2.aspx?Area=UnionParishad&DistrictID=64> (Retrieved on November 24, 2017).

There are a total 4 Districts, 38 Sub-districts and 334 Unions in Sylhet region of Bangladesh, while at Sunamganj District/Zila, there are only 11 Sub-districts/Upazilas and 87 Unions. Also, each of the Unions has an elected Council/Parishad. Table 3.1 above presents these at a glance.

Table 3.2 below presents and explains the population, sampling frame and sample size.

Table 3.2: Population and Sampling

Aspects	Design	Remarks
Population	The population for this study consists of 87 Union Councils/Parishads (UPs) at Sunamganj District/Zila in Sylhet region of Bangladesh.	The current round research is executed at one District under one Division/Region out of eight Regions in Bangladesh, considering the manageability of the qualitative data collection for this Ph.D. thesis.
Sampling frame	A list of 87 Union Councils/Parishads (UPs) of total 11 Sub-districts/Upazilas at Sunamganj District/Zila under the Sylhet Division/Region in Bangladesh (see <b>Exhibit 2</b> ).	The criteria based on purposively selected samples will be collected from the population by using some parameters given the priori data from Local Governance Programme Sharique <sup>15</sup> .
Sample size	Sample size would be 6 (Union Councils/Parishads), and those would purposively be selected based on the criteria, set in the remarks to the right of this row.	Based on the aggregate budget size as well as the amount of intergovernmental transfer (with high and low amounts); and private/nongovernmental direct development assistance (with high and low amounts); based on the own/local revenue scopes as well as collection (with high and low amounts); based on the political affiliation of the UP Chairs (affiliated with the political party in power, and on the other from a strong opposition party). Data require for last 3 fiscal years.

<sup>14</sup> [https://en.wikipedia.org/wiki/Divisions\\_of\\_Bangladesh](https://en.wikipedia.org/wiki/Divisions_of_Bangladesh) (Retrieved on November 24, 2017).

<sup>15</sup> Sharique was a local governance project, operated at Sunamganj, Rashahaji, Chapai Nawabganj and Khulna Districts at Union Council/Parishad level. The project closed in June 2017.

### Sample UPs

As determined in Table 3.2 (population, sampling frame and sampling), the sample size for this qualitative study is limited to the criteria based on 6 (Union Councils/Parishads) under Subdistricts/Upazilas of Sunamganj District/Zila in Bangladesh.

Table 3.3 below shows the list of sample Union Councils/Parishads (UPs) at a glance.

Table 3.3: List of Sample Union Councils

SUNAMGANJ DISTRICT/ZILA	
Dharmapasha Subdistrict/Upazila	Jamalganj Subdistrict/Upazila
<ul style="list-style-type: none"> <li>Joysree Union Council</li> <li>Uttar Sukhair Rajapur Union Council</li> <li>Madhanagar Union Council</li> </ul>	<ul style="list-style-type: none"> <li>Jamalganj Sadar Union Council</li> <li>Bhimkhali Union Council</li> <li>Fenarbak Union Council</li> </ul>

Among the sample 6 Union Councils, criteria-based classifications are drawn in Table 3.4 below. The criteria based purposively selected samples are collected from the sampling frame (as presented in **Exhibit 2**) and classified below in Box 3.1 by using the priori data from Local Governance Programme Sharique (see footnote 22), also based on the preliminary interviews of the sample UP chairs and secretaries, as well as by reviewing the concerned field documents. Explicit datasets in this regard are presented in Tables 3.5 and 3.6, respectively.

Table 3.4 Criteria Based Classifications of Samples

Criteria No	Criteria	Description
Criteria 1	Budget Size as well as Intergovernmental Transfer	Jamalganj Sadar and Fenarbak Union Councils are selected based on the high amount of aggregate budget size as well as the high amount of intergovernmental transfer, while Joysree and Madhanagar Union Councils are selected based on the low amount of aggregate budget size as well as the low amount of intergovernmental transfer.
Criteria 2	Private /Nongovernmental Support	Private/Nongovernmental Support Bhimkhali and Fenarbak Union Councils are selected based on the high amount of private and other nongovernmental direct development assistance/support, while Madhanagar and Joysree Union Councils are selected based on the low amount of private and other nongovernmental direct development assistance/support.
Criteria 3	Local Revenue Scope as well as Collection	Jamalganj Sadar and Fenarbak Union Councils are selected based on the high amount of own/local revenue scopes as well as collection, while Joysree and Madhanagar Union Councils are selected based on the low amount of own/local revenue scopes as well as collection.
Criteria 4	Political Affiliation	Joysree and Uttar Sukhair Rajapur Union Councils are selected based on the political affiliation of the UP Chairs with the ruling party, while Bhimkhali and Jamalganj Sadar Union Councils are selected based on the political affiliation of the UP Chairs with a strong opposition party.

### 3.1.3 Relevant Budgetary Data of Sample UPs

Table 3.5 below shows the relevant budgetary data of sample UPs for 3 fiscal years (2014-15, 2015-16, and 2016-17).

Table 3.5 Basic Budgeting Data of Sample UPs

Union Council	Joysree	Uttar Rajapur	Madhanagar	Jamalganj Sadar	Bhimkhali	Fenarbak	Ratio
<b>Chairman's profile</b>	Sonjoy, MSc, AL	Forhad, BA, AL	Probir, Mcom, AL	Sajjad, MSc, BNP	Dulal, HSC, BNP	Koruna, HSC, AL	Jo:Ut:Ma:Ja:Bh:Fe
Amount of local revenue scope in BDT	2016-17 300,000	650,000	300,000	1611,000	595,000	1343,000	6: 14: 6: 34: 12: 28
	2015-16 250,000	640,000	300,000	1659,000	681,000	1343,000	5: 13: 6: 34: 14: 28
	2014-15 200,000	515,000	250,000	1630,000	773,000	1343,000	4: 11: 5: 35: 16: 29
Amount of actual local revenue collection in BDT	2016-17 81,496	130,000	218,000	896,062	104,000	1240,339	3: 5: 8: 34: 4: 46
	2015-16 64,707	13,250	82,000	1072,791	189,000	733,460	3: 1: 4: 49: 9: 34
	2014-15 9,500	123,000	82,000	1278,457	342,000	1132,909	1: 4: 3: 42: 12: 38
Amount of intergovernmental transfer (government transfer) in BDT	2016-17 2994,064	8567,083	5740,000	10082,225	8112,000	12972,744	6: 18: 12: 21: 17: 26
	2015-16 2661,568	7365,396	7234,000	11588,475	8620,000	11024,974	5: 15: 15: 24: 18: 23
	2014-15 2845,239	6797,048	6590,000	13007,898	8271,000	9211,140	6: 14: 14: 28: 18: 20
Amount of private and other nongovernmental direct development assistance in BDT	2016-17 0	524,881	0	985,679	200,000	1729,000	0: 15: 0: 29: 6: 50
	2015-16 0	607,792	0	37,590	1819,000	800,000	0: 19: 0: 1: 56: 24
	2014-15 0	617,688	0	819,132	2602,000	0	0: 16: 0: 20: 64: 0
Amount of annual budget in BDT	2016-17 7972,000	8628,000	8050,000	20428,000	13487,000	18200,000	10: 11: 10: 27: 18: 24
	2015-16 7511,000	9228,000	7500,000	19426,000	15175,000	16580,000	10: 12: 10: 26: 20: 22
	2014-15 6322,000	8167,000	7000,000	16258,000	12059,000	11121,000	10: 13: 12: 27: 20: 18
Budget deficit/(surplus) [allocation -actual collection of fund] in BDT	2016-17 4893,505	(757,584)	2088,000	8464,034	5071,000	2257,917	22: (3): 10: 38: 23: 10
	2015-16 4666,465	1098,442	184,000	6727,144	4547,000	4021,566	22: 5: 1: 32: 21: 19
	2014-15 3467,261	629,264	328,000	1152,513	844,000	776,951	48: 9: 5: 16: 12: 10
Amount of final budget surplus / (deficit) [actual amount of fund-annual expenditure] in BDT	2016-17 64,431	211,620	4,000	0	0	0	23: 76: 1: 0: 0: 0
	2015-16 2,935	163,620	4,000	0	0	0	1: 97: 2: 0: 0: 0
	2014-15 118,260	143,120	0	0	0	0	45: 55: 0: 0: 0: 0

Source: Interviews of concerned UP chairs and secretaries, as well as field documents



Details of Chairmen's profiles are shown below in Table 3.6.

Table 3.6 Details of Chairmen's Profiles

Sl No	Union Council	Chairman Profile
1	Joysree Union Council	Chairman Sonjoy Roy Chowdhury (+88 01716022837), MSc, holds political affiliation with the ruling party 'Bangladesh Awami League' (AL). He got elected with the party symbol 'Boat' by the votes of the people of the Union.
2	Uttar Sukhair Rajapur Union Council	Chairman Forhad Ahmad (+88 01719238383), BA, holds political affiliation with the ruling party 'Bangladesh Awami League' (AL). He got elected with the party symbol 'Boat' by the votes of the people of the Union.
3	Madhanagar Union Council	Chairman Probir Bijoy Talukdar (+88 01712454841), MCom, holds political affiliation with the ruling party 'Bangladesh Awami League' (AL). He got elected with the party symbol 'Boat' by the votes of the people of the Union.
4	Jamalganj Sadar Union Council	Chairman Md. Sajjad Mahmud Talukdar Sajib (+88 01712122200), MSc, holds political affiliation with the opposition party 'Bangladesh Nationalist Party' (BNP). He got elected with the individual symbol 'Pineapple' by the votes of the people of the Union.
5	Bhimkhali Union Council	Chairman Dulal Mia (+88 01733670094), HSC, holds political affiliation with the opposition party 'Bangladesh Nationalist Party' (BNP). He got elected with the individual symbol 'Sunglass' by the votes of the people of the Union.
6	Fenarbak Union Council	Chairman Karuna Sindhu Talukdar (+88 01716395323), HSC, holds political affiliation with the ruling party 'Bangladesh Awami League' (AL). He got elected with the party symbol 'Boat' by the votes of the people of the Union.

*Source: Interviews of concerned UP chairs and secretaries*

### 3.2 Data Analysis Skeleton

Following the normative standard of the qualitative study, in-depth analysis of the data and findings is tailor-made. The findings of the study are then subject to be contrasted to relevant research, and established literature and theories. To conduct a rigorous analysis further, the grounded-theory data-analytic principles, for example,

‘incident-to-incident’ and ‘constant-comparison’ (Glaser, 1978), are being drawn upon. This ensures that the themes emerging remain grounded in that data, and thus strongly ensuring ‘fit and relevance’ (Glaser, 1978).

The following diagram (Figure 3.2 below) shows the data analysis mapping that is being used in this thesis.

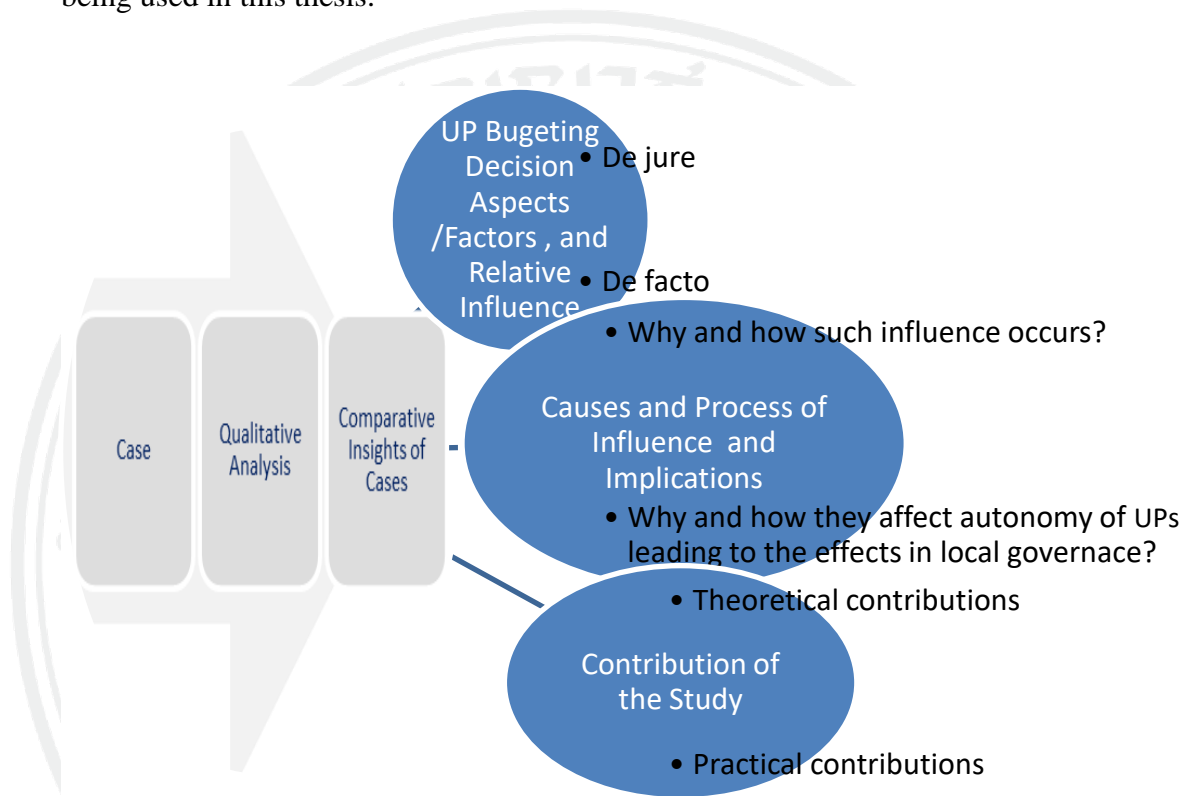


Figure 3.2: Data Analysis Mapping

Figure 3.3 below demonstrates the approach to the interpretation and analysis of materials arising from the use of qualitative techniques in this study, such as transcripts from in-depth interviews and focus group discussions, field notes from comprehensive observations, documents and content reviews, and so on.

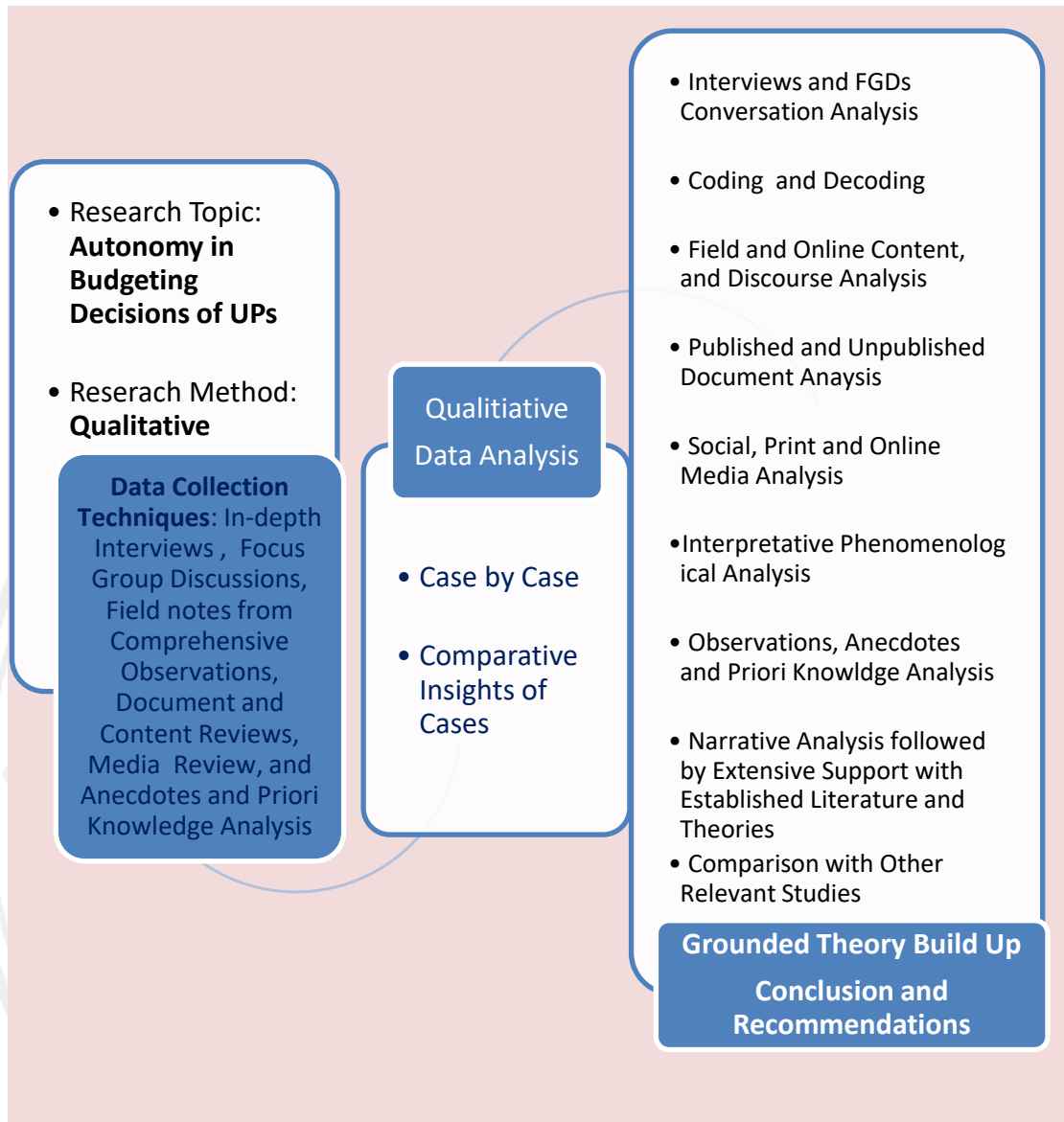


Figure 3.3: Approach to the Interpretation and Analysis of Data

### 3.3 Research Ethics, Validity and Reliability

“Research ethics” is concerned with the ethical principles being used to conduct research, from data collection to interpretation and analysis to conclusion and recommendations while the term “validity” refers to the ‘truth value’ (internal validity) and ‘applicability or generalizability’ (external validity). Another vital concern here is “reliability” that refers to dependability and consistency of the analysis of the findings, and so to the research contribution.

### **3.3.1 Research ethics**

The study employs the ethical principles for qualitative data collection, for instance, taking informed consent and maintaining confidentiality as well as privacy of key informants where applicable given the sensitivity of the data and/or information provided. Furthermore, during data interpretation and analysis, maximum level neutrality has been followed considering the data analysis mapping and data interpretation as well as analysis approach (as documented in Figures 3.2 and 3.3, respectively). The conclusions and recommendations have also been drawn based on the literature review, findings and analysis of the study.

### **3.3.2 Validity: internal and external**

Internal validity or ‘truth value’ of the data and findings has been ensured by employing robust research ethics and appropriate qualitative data collection tools, for instance, setting appropriate research questions and research framework. Also, researcher’s confidence to operationalize this research with the qualitative approach given his priori experience and expertise in the concerned domain helps ensure the internal validity of the data and findings. Furthermore, researcher and the research get embedded here because the researcher has personally and physically done the data collection in the field, the researcher is personally linked or in tune with the research.

To ensure the external validity or ‘applicability/generalizability’ of findings and results, the research employs a qualitative indicator-based measurement of influence and autonomy of Union Councils in their budgeting decisions. It further employs the emergent framework for understanding, interpreting and analyzing the findings, thus producing quality results.

Anecdotal evidence and priori research knowledge on local governance in Bangladesh support that there is lots of homogeneity of UPs in all districts in Bangladesh. In spite of this fact, generalizing the findings, developed based on a limited number of cases from a district, to the countrywide might encounter academic challenge. Thus, the practical contribution of this study supposes to generalize only within the study district, while theoretical contribution, following the grounded theory building

approach and certain assumptions of the context, is subject to generalize both countrywide and globally.

### **3.3.3 Reliability**

Dependability as well as consistency of the analysis of the findings and results or precisely the “reliability” of the analysis and contribution of the research, has been ensured by employing the emergent framework of data analysis and grounded-theory approach to data analysis and theory building.

Emergent framework allows understanding the concerns of research questions from the perspective of the research participants’ perceptions and concerns as they emerge, rather than their voice being refocused. Such emergent approach follows the lens of some existing theories or frameworks. Also, the findings of the study have been contrasted to relevant research, established literature and theories.

The grounded-theory approach to data analysis and theory building allows both to be highly iterative and closely linked to data and context that requires interpretation of culturally specific norms and values linking with the world views, intertwining of empirical and theoretical explanation, as well as inductive and deductive explanation. Furthermore, this approach focuses on identifying causes and getting flows from analysis of the decision making of the rational agents of the unit of analysis. As such, a blending of the interpretative, casual and theoretical explanations, makes the analysis of findings of the study highly reliable and consistent.

## **3.4 Research Timetable**

As is shown in Exhibit 1

## **CHAPTER 4**

### **FINDINGS AND ANALYSIS**

At the onset of this chapter – findings and analysis – it is gratifying to see the focus of the chapter: identifying the exploring category/independent variables (i.e. UP-budgeting decision aspects or de jure and de facto factors that influence the outcome category/dependent variable (i.e. autonomy in the budgeting decisions of Union Councils). Understanding the relative influences of the exploring categorical issues on the autonomy of UPs in relation to their budgeting decisions along with the causal mechanism (i.e. evolving causes and the root cause of such influences, as well as the process of influence), and implications of those influences cause on the autonomy in a wider context of UPs leading to the effects in their local governance, is pivotal to this research.

Such a pivot in yielding the research results, leading to framing the theoretical and practical contributions of the study, is spinning and moving forward based on the UP-budget cycle as well as calendar, and data analysis skeleton and mapping of this thesis, as well as the interpretation approach with regards to the data analysis.

Specifically, the discussion in this chapter includes UP-budgeting decision aspects/influence factors, relative influence of the influence factors, causes and process of influences (i.e. causes and the root cause, and the process), implications of the influences (i.e. implications in the autonomy of UPs and effects in local governance), and contributions of the study (i.e. theoretical contribution and practical contribution).



#### 4.1 UP Budgeting Decision Aspects/Influence Factors

*What are the key factors that influence the budgeting decision-making process of the Union Councils/Parishads(UPs) in their local governance?*

Among the six cases of Union Is/Parishads (UPs), Jamalgonj Sadar Union Council experiences the fact that the source of resources (i.e. amount of local revenue, intergovernmental transfers and private as well as other nongovernmental direct development assistance), the previous year budget, and the political affiliation of the UP Chair, and education as well as leadership ability of the UP-Chair have a great influence on the UP-budgeting process and decisions. According to Fenarbak Union Council, the most likely influence factors in the UP budgeting process and decisions are sources of resources, the previous year budget (i.e. difference between the preliminary budget and the revised budget of the previous year), diversity, magnitude as well as priority of local demands, political affiliation of the UP Chair, and personal traits of the Chair (i.e. leadership, trained or untrained and education level).

Joysree Union Council opines its experience in this regard in the following sequence: source of resources, scarcity of the resources as well as limited scope of local revenue generation, political affiliation of the UP Chair, previous year budget, diversity as well as magnitude of local problems, and education level of the Chair. Madhanagar Union Council views its experience in this regard in the following sequence: source of resources, previous year budget, scarcity of the resources, political affiliation of the UP Chair, government law, rules and regulations, collaboration, management and coordination aspects of the Union Council, education level as well as leadership ability of the Chair, and aptitude level and scope of capacity building for the council.

Sukhair Rajapur Union Council shares its experience in this regard in the following sequence: previous year budget, source of resources, scarcity of resources as well as limited local revenue scope, education level of the Chair as well as training opportunity for the council, political affiliation of the Chair, diversity as well as magnitude of local problems and conflicts of individual demands. Bhimkhali Union Council experiences in this regard reveal the following sequence: source of resources, previous year budget ( i.e. amount of previous year revised budget and its

deficit/surplus), resource gap (i.e. demand-supply gap) as well as poor amount of local revenue, area-based diversity as well as magnitude of problems along with individual stakeholder's influence, political affiliation of the Chair, and education level as well as leadership ability of the Chair and competence of the council.

The synopsis of the aspects or issues that influence the UP-budgeting decision-making process is documented below:

Considering the empirical experiences of Jamalgonj Sadar, Fenarbak, Joysree, Madhanagar, Sukhair Rajapur Uttar and Bhimkhali Union Councils at Sunamgnaj District in Bangladesh, the key aspects/issues/factors that influence the UP-budgeting decision-making process as well as decisions are source of resources( i.e. local revenue, intergovernmental transfers, and private as well as other nongovernmental direct development assistance), previous year budget (i.e. preliminary budget, resource/revenue gap, revised budget and final budget deficit/surplus), scarcity of resources (i.e. demand-supply gap, scarcity of resources and limited scope of local revenue generation), political and personal traits of the Chair (i.e. political affiliation, leadership ability, education level, and the amount of training), local problems (i.e. diversity as well as magnitude of the problems, area based priority and individual stakeholders' influence), local demands (i.e. diversity, magnitude, priority and conflicts of individual demands and collective interests), legal aspects (i.e. Government law, rules and regulations), council management (i.e. UP collaboration, coordination and management aspects), UP competence aspects (i.e. aptitude level, scope of capacity building and training opportunity for the council).

*What are the de facto and de jure issues that could influence the UP-budgeting decision-making process?*

Almost all the influencing issues or aspects in the UP-budgeting decision-making process could have been both de jure and de facto characters. Following the in-depth discussions with six case-UP Chairs and FGDs with UP Chairs, Councilors and Secretaries, Table 4.1 below reveals how these influencing issues in UP-budgeting decisions could have entailed de jure and de facto notions and characters.

Table 4.1: De jure and de facto features of the influencing issues in UP-budgeting decisions

<i>Influencing issues</i>	<i>De jure features</i>	<i>De facto features</i>
Source of resources (i.e. local revenue, inter-governmental transfers, and private as well as other non-governmental direct development assistance)	Source of resources holds de jure feature in a sense that acquisition of own revenue of UPs, inter-governmental transfers and private and/or other non-governmental transfers to UPs have legal basis.	It is de facto in the sense that UPs are unenthusiastic to collect the maximum level of local revenue because even though maximum amounts of local revenues get collected, these would be very insignificant compared to the aggregate budget sizes of these local revenues.
Previous year budget (i.e. preliminary resource/revenue gap, budget and final deficit/surplus)	Previous year budget works as a point of reference for incrementalism, a dominant theory in public budgeting, intended not only to be a descriptive, but also to act as a normative theory.	In practice it works as a point of reference for incrementalism only in understanding the previous year's initial budget amount and actual resource gained as well as the year end deficit/surplus based on that revised budget. In fact, it entails a combination of political psychology, applied economics and local public problems, demands, priorities, and organization and management issues.

<i>Influencing issues</i>	<i>De jure features</i>	<i>De facto features</i>
Scarcity of resources (i.e. demand-supply gap, scarcity of resources and limited scope of local revenue generation)	UPs have neither enough tax base nor sufficient local resource entitlement. As such UPs heavily depend on inter-governmental transfer as well as non-governmental support.	In practice, UPs get insufficient inter-governmental and rarely non-governmental support compared to the increasing local demands for public goods and services.
Political and personal traits of the Chair (i.e. political affiliation, leadership ability, education level, and the amount of training)	There is no de jure ground for political and personal traits of UP Chairs, except they must be elected by the electorate or citizens of the community.	All the influencing political and personal traits of the Chairs are de facto.
Local problems (i.e. diversity as well as magnitude of the problems, area-based priority and individual stakeholders' influence)	Legal basis is grounded on the local public management authority of UPs (i.e. decentralization and local governance)	De facto features are inbuilt here with conflicts of interests of the UP Chair and councilors, and individual influential stakeholders including concerned legislator's unjustified influences.
Local demands (i.e. diversity, magnitude, priority and conflicts of individual demands and collective interests)	Legal basis is grounded on the local public management authority of UPs (i.e. decentralization and local governance)	De facto features are inbuilt here with conflicts of interests of the UP Chair and councilors, and individual influential stakeholders including concerned legislator's unjustified influences.
Legal aspects (i.e. government law, rules and regulations)	Fully fledged de jure aspects	-

<i>Influencing issues</i>	<i>De jure features</i>	<i>De facto features</i>
Council management (i.e. UP collaboration, coordination and management aspects)	Legal basis is grounded on the organization (i.e. local government unit – UP)	UP collaboration, coordination and management aspects are not always rationally based, and as such these entail, to a certain extent, de facto features.
UP competence aspects (i.e. aptitude level, scope of capacity building and training opportunity for the council).	There is no vibrant point of legal reference for competence buildup of UPs.	Initiatives for competence build up and development of training opportunity for the council are to a certain extent de facto aspect aiming to get the competitive advantage of the council.

## 4.2 Relative Influence of the Factors and UP's Autonomy

*What is the relative influence of aspects/issues in the UP-budgeting decision-making process?*

The scale of score (1-9, where 9 ranks the highest and 1 represents the lowest) is set by the researcher, but the weight of the score against each influencing issue is marked by the six classified sample UPs at Sunamganj District in Bangladesh following the second-round discussions with six case-UP Chairs and Secretaries. The relative influence of the aspects/issues in UP-budgeting decision-making process depends on the case and the situation. Therefore, the weight of the influencing aspects slightly varies among sample UPs. Table 4.2 shows the score difference and weighted average scores of the influences or influencing aspects in UP-budgeting decision-making process.

Table 4.2: Weighted average scores of the aspects influencing the UP-budgeting decisions

Issues/Factors	Jamalgo Sadar	Fenarbal	Joysree	Madha Nagar	Rajapur Uttar	Bhim Khali	Total	Aver
Source of resources	9	9	9	9	8	9	53	8.8
Previous year budget	8	8	8	8	9	8	49	8.2
Scarcity of resources	6	7	9	8	8	8	46	7.7
Political and personal traits of the Chair	7	7	8	7	7	6	42	7
Local problems	7	7	7	7	7	7	42	7
Local demands	7	9	7	7	6	7	43	7.2
Legal aspects	7	6	6	7	6	6	38	6.3
Council management	5	5	5	7	7	5	34	5.7
UP competence aspects	5	6	6	7	7	7	38	6.3

Considering the average scores out of 9 in Table 4.2.1, source of resources (i.e. local revenue, inter-governmental transfers, and private as well as other non-governmental direct development assistance) gets the highest average score of 8.8, the previous year budget (i.e. preliminary budget, resource/revenue gap, revised budget and final budget deficit/surplus) ranks second with an average score of 8.2, scarcity of resources (i.e. demand-supply gap, and scarcity of resources and limited scope of local revenue generation) positions third with an average score of 7.7.

Furthermore, local demands (i.e. diversity, magnitude, priority and conflicts of individual demands and collective interests) positions fourth with an average score of 7.2, political and personal traits of the Chair (i.e. political affiliation, leadership ability, education level, and the amount of training ) and local problems (i.e. diversity as well as magnitude of the problems, area-based priority and individual stakeholders' influence) jointly rank fifth with an average score of 7, legal aspects (i.e. government laws, rules and regulations) and UP competence aspects (i.e. aptitude level, scope of capacity building and training opportunity for the council) jointly rank sixth with an average score of 6.3, and council management (i.e. UP collaboration, coordination and management aspects) stands last with an average score of 5.7.



Figure 4.1 below portrays the relative influences of the abovementioned factors or issues in the UP-budgeting decision-making process and decisions.

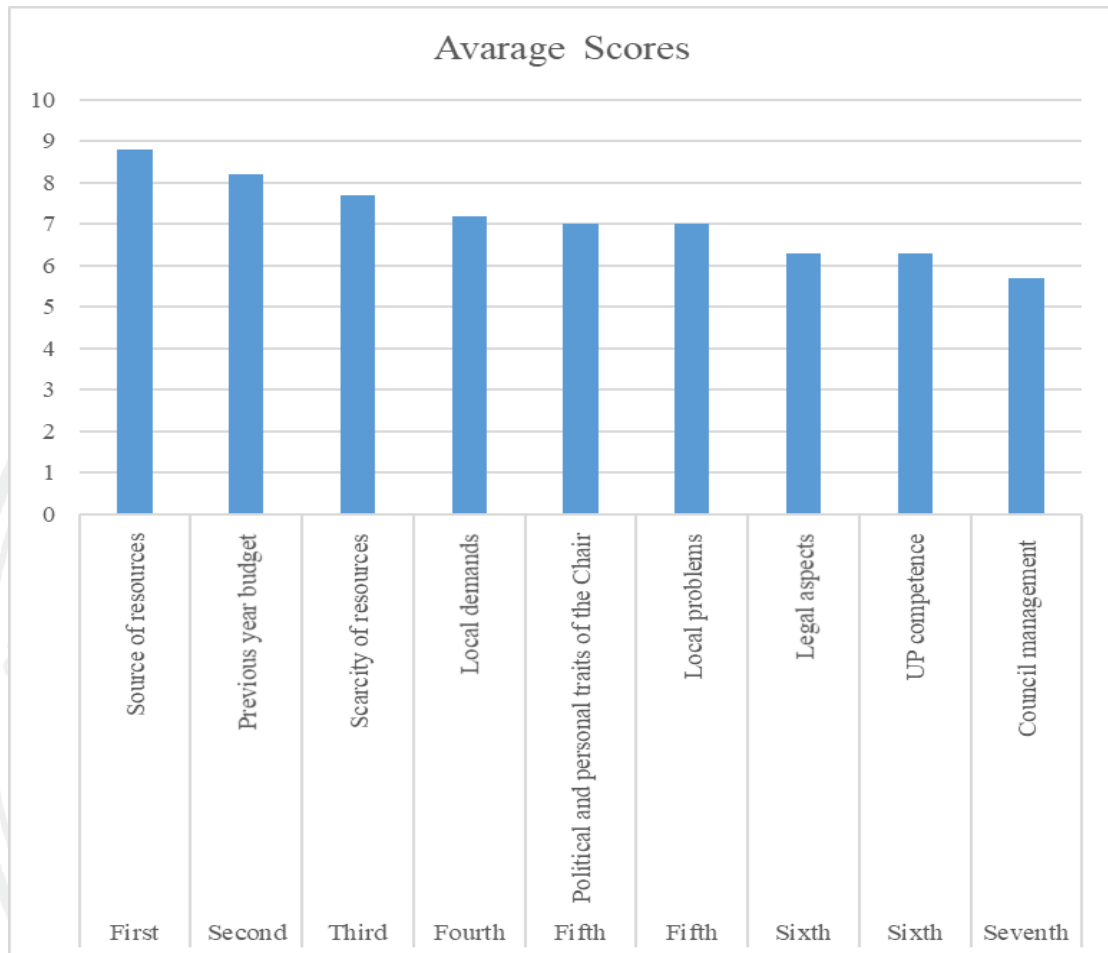


Figure 4.1: Relative influences of the aspects in the UP-budgeting decisions

*Do the influences collide with the autonomy of the Union Councils in their budgeting decisions?*

Discussions with UP representatives, field notes and previous participant-observations<sup>16</sup> simply reveal that influence of aspects/issues in the UP-budgeting decision-making process does not certainly collide with the autonomy of UPs in their budgeting decisions, but their effects are evident with varying degrees and dimensions on the autonomy of

<sup>16</sup>I had previous participant-observations on the issue while being a board member of a local governance programme sharique that operated in four districts in Bangladesh including Sunamgonj for a long run until it was closed in 2017.

UPs in their budgeting decision outcomes,, even to the wider context of UP management and local governance.

It is necessary to employ indicator-based measurement linking with the influencing aspects to further understand the magnitude of Union Councils' autonomy in their budgeting decisions (as is shown at the sub chapter *4.4 Implications of Influence*).

### **4.3 Causes and Process of Influences**

Previous two sub-chapters have identified the issues/aspects that influence the UP-budgeting decision-making process and decision outcomes, as well as their magnitude of influences with a comparative lens and their relationship with budgeting autonomy of UPs. This sub-chapter intends to explore the causes and processes of such influences in the UP-budgeting decisions. Two sets of lead questions that need to be addressed are: First, why does such influence occur? What is root cause of the problem? Second, how does such influence occur? How does such influence go beyond the UP-budgeting decisions to its management as well as local governance?

#### **4.3.1 Causes and the root cause**

Understanding the context, causes and root cause of the problem is central to the causal analysis of issues in social sciences, and so is true in understanding the causal mechanism of influences in the UP-budgeting decisions. Although the context of Union Councils in Bangladesh is more likely to be homogeneous in a sense that all is exclusively rural in nature<sup>17</sup>, the observation under the current round study reveals that UPs in Sunamgonj District of Bangladesh face some extra risk of environmental and social vulnerability considering its haor<sup>18</sup> feature.

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<sup>17</sup> Such observational statement is made based on my personal experience as a board member of the local governance programme Sharique that was operated in four districts under three regions in Bangladesh – Rajshahi, Khulna and Sylhet - for a long run until it closed in 2017.

<sup>18</sup> Haor, according to dictionary.com, refers to “a marshy wetland ecosystem in the north eastern part of Bangladesh which physically is a bowl or saucer shaped depression that looks like inland seas during the monsoon floods” (see <http://www.yourdictionary.com/haor>. Retrieved on 28 April 2018).

*Why does such influence occur?*

There are several reasons for such influences of the aspects/issues identified in the previous two sub-chapters, in the UP-budgeting process and decisions, evident from the opinions of UP representatives and field observation notes. Here is a list of these reasons: a rising scale of community demands, limited scope as well as scale of resources or scarcity of resources (e.g. poor amount of resources available to UPs compared to their needs), excessive dependence on governmental transfers as well as a high magnitude of conditionality, absence of a highly competent and responsible UP leadership, politics with local government i.e. keeping UPs highly dependent both administratively (e.g. staff shortage and legal dominations) and financially (e.g. leaving UPs with very limited revenue sources), limitations of law or legal constraints, and absence of highly responsible and accountable councils.

According to the Chairman of Fenarbak Union Council, “ensuring check and balance between national government and local government is rationally acceptable. As such placing limited de jure control over Union Councils/Parishads by law, rules and procedure and establishing a high-level transparency and accountability mechanism is apparently natural, but continual administrative control and excessive conditionality as well as domination with government transfers hampers addressing peoplecentric and localized priority-based UP-budgeting.”

Furthermore, Bhimkhali UP Chair criticizes the politics of national government with local governance. He opines, “I want to run my council/parishad in accordance with our community stakeholders, UP committees and councilors, and given my leadership style and vision. But government excessive administrative control and budgetary dominations through tightly coupled conditional transfers undermines both UP-leadership as well as autonomy and spirit of local governance - community driven development, and as such the outcome of UP management, planning and budgeting – i.e. local governance - becomes feeble. I, however, strongly encourage government to place here robust oversight and accountability mechanisms.”

On the other hand, Sukhair Rajapur Uttar Union Chairman opines, “government guideline and control help the UPs keep streamlined as the councils are yet to be self-responsible. Ownership and committed leadership as well as responsible UP management, all together still pose an evolving challenge in the context of Bangladesh. Reducing government control and increasing competent as well as responsible UP-councils should go side by side. I rather emphasize at this stage to consider local government, particularly Union Council/Parishad as a truly strategic partner of the government, and thus recommend involving them in the national strategy and planning, as well as appreciating the UP approved budget as much as possible, and thus to make government transfers accordingly so as that UPs could overcome the resource constraint to a great extent.”

Moreover, Joyshree Union Chairman argues, “rather than the government control and domination, a serious problem here is the scarcity of resources. A Union Council/Parishad like ours has neither enough of its own revenue and resource base nor sufficient government transfers to address the increasing amount of rational community demands”

Fenarbak, one of the high budgeted, large governmental as well as non-governmental transferred and relatively large local revenue capacity-based Union Councils, identifies excessive government control, conditions as well as dominations as the causes of the problem, i.e. disproportionate external influence in the UP-budgeting process and decisions. Contrarily, Joysree, one of the poorest resource capacity-based UPs, stresses imbalance between scarcity of resources and increasing community demands as the main cause of the problem.

Bhimkhal UP Chair, one of the opposition party affiliated and lower self-revenue capacity based UP Chairs, reveals how excessive government control as well as budgetary dominations through tightly coupled conditional transfers undermine both UP-leadership as well as autonomy and spirit of local governance. Uttar Sukhair Rajapur<sup>19</sup> UP Chair, one of the ruling party affiliated UP Chairs, justifies the government controls considering the absence of competent and self-responsible as well promising UP-leaderships to date.

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<sup>19</sup> Uttar Sukhair Rajapur UP is alike the BhimKhali UP considering the own revenue capacity.

Importantly, Sukhair Rajapur UP Chair has put forward a theoretical lens that has two aspects. First, reducing government control and increasing competent as well as responsible UP-councils should go side by side. This is aligned with Davey (2003):

*Extent local discretion would be matter of balance between national and local interests. Neither central control nor local autonomy should have unchallenged priority (Davey, 2003:7).*

Second, emphasizing the call for local government, particularly the Union Council to make a truly strategic partner of the government, and thus to involve them in the national strategy build-up and planning as well as the budgeting process. This resonates with what United Cities of Local Government (2011) states:

*In many countries local governments are not adequately equipped to perform their functions well and to become more effective partners of higher level governments in meeting pressing common goals (UCLG, 2011:13).*

*What is the root cause of the problem?*

Field notes from observations and experiences of UPs support that the root cause of the problem is the scarcity of UP resources due to leaving Union Parishads with their own very limited revenue sources and insufficient but highly conditional government transfers, as well as the absence of robust ownership of Union Councils with a high sense of obligations to the institution as well as to the community they represent.

The latter part of the ownership – i.e. obligation to the community – is seemingly evident as part of social accountability concerning the vote factor, not in real sense given most cases as is observed during field visits of the current round study on local government autonomy in budgeting decisions. In fact, institutional ownership administers leadership commitment, competency and accountability. Thus, the absence of robust ownership of the elected local government councils, specifically in this case Union Councils, makes ground for highly conditional government transfers.

Government transfer to UPs, however, is justified due to the scarcity of local resources, especially considering UPs' poor local tax base. Devas (1988) observes in this regard that public services to be satisfactorily implemented, it is imperative that there be a mechanism whereby the resources to match the designated responsibilities are dispensed to the local government. In practice, most local governments are unable to

afford taking care of their local needs due to central governments having appropriated for themselves the main revenue sources.

*The services assigned to local government are often of strategic importance nationally, but they have been assigned to local government because decentralization offers scope greater efficiency of decision making and responsiveness to local conditions and local wishes. Such responsibilities are costly to carry out, yet the revenue sources assigned to local government are often very limited. This is because in most countries, central governments have taken for themselves the main revenue sources. Thus, a mechanism of allocating to local government the resources to match the tasks assigned is a prerequisite for ensuring that important public services are adequately provided (Devas, 1988:2-3).*

Importantly, the above findings, observations and analysis go along with the theoretical perspective of Davey (2003) regarding fiscal decentralization:

*Fiscal decentralization covers two interrelated issues: First, division of spending responsibilities as well as revenue sources between levels of government. Second, the amount of discretion given to regional and local governments to determine their expenditure and revenues (Davey, 2003:1).*

Table 4.3 and 4.4 as well as figure 4.2 support the theoretical information presented above. Tables 4.3 and 4.4 show revenue and expenditure statements of sample Union Councils, while Figure 4.2 demonstrates Union Council's revenue flow diagram.



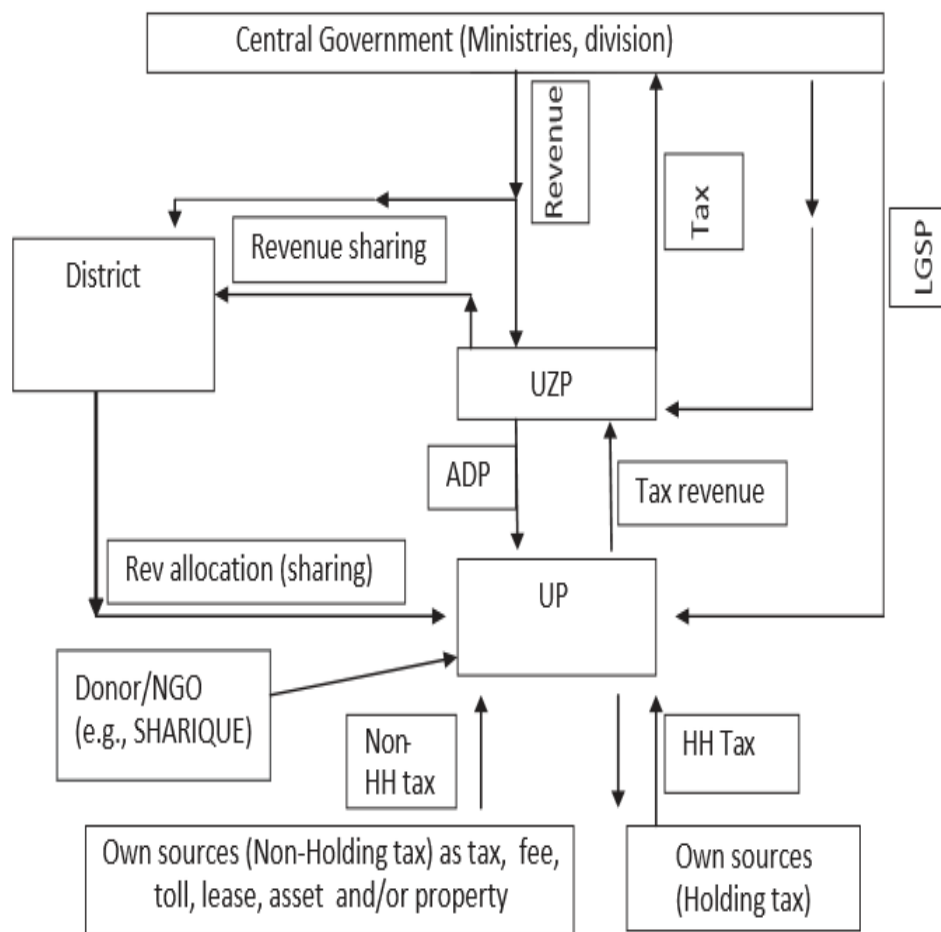


Figure 4.2 Union Council's Revenue Flow Diagram  
 Source: Rahman et al., 2016:6

Table 4.3 Revenue Statement of Union Councils<sup>20</sup>

Revenue Nature	I. Joyshree (BDT)			II. Uttar Rajapur (BDT)			III. Madhanagor (BDT)			IV. Jamalgonj Sadar (BDT)			V. Bhimkhali (BDT)			VI. Fenarbak (BDT)		
	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15
<b>1. Own Revenue</b>	81,496 2.6%	64,707 2.3%	9,500 0.3%	130,000 1.4%	13,250 0.2%	123,000 1.6%	218,000 3.7%	82,000 1.1%	82,000 1.2%	896,062 7.5%	1072,791 8.4%	1278,457 8.5%	104,000 1.2%	189,000 1.8%	342,000 3%	1240,339 7.8%	733,460 5.8%	1132,909 11%
<b>2. Inter-Governmental Transfer</b>	2994,064 97.3%	2661,568 93.6%	2845,239 99.7%	8567,083 91.3%	7365,396 90.6%	6797,048 90.2%	5740,000 96.2%	7234,000 98.9%	6590,000 98.8%	10082,225 84.3%	11588,475 91.3%	13007,898 86.1%	8112,000 96.4%	8620,000 81.1%	8271,000 73.8%	12972,744 81.4%	11024,974 87.8%	9211,140 89%
<b>3. Private and Non-Governmental support</b>	0 0%	0 0%	0 0%	524,881 5.6%	607,792 7.5%	617,688 8.2%	0 0%	0 0%	0 0%	985,679 8.2%	37,590 0.3%	819,132 5.4%	200,000 2.4%	1819,000 17.1%	2602,000 23.2%	1729,000 10.8%	800,000 6.4%	0 0%
<b>4. Surplus or (Deficit) from the Previous</b>	2,935 0.1%	118,260 4.1%	0 0%	163,620 1.7%	143,120 1.7%	0 0%	4,000 0.1%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%
<b>TOTAL</b>	<b>3078,495</b> 100%	<b>2844,535</b> 100%	<b>2854,739</b> 100%	<b>9385,584</b> 100%	<b>8129,558</b> 100%	<b>7537,736</b> 100%	<b>5962,000</b> 100%	<b>7316,000</b> 100%	<b>6672,000</b> 100%	<b>11963,966</b> 100%	<b>12698,856</b> 100%	<b>15105,487</b> 100%	<b>8416,000</b> 100%	<b>10628,000</b> 100%	<b>11215,000</b> 100%	<b>15942,083</b> 100%	<b>12558,434</b> 100%	<b>10344,049</b> 100%

<sup>20</sup> See details in the revenue statement of each sample Union Council in Exhibit 4.

Table 4.4 Expenditure Statement of Union Councils<sup>21</sup>

Expenditure Nature	I. Joyshree (BDT)			II. Uttar Rajapur (BDT)			III. Madhanagor (BDT)			IV. Jamalgonj Sadar (BDT)			V. Bhimkhali (BDT)			VI. Fenarbak (BDT)		
	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15
1. Social Protection or Safety Net	1055,111 35%	988,360 35%	1391,913 50.8%	5705,239 62.1%	4674,710 58.7%	4706,224 63.6%	700,000 12%	904,000 12%	750,000 11%	5102,945 43%	6336,515 50%	6336,515 42%	4069,165 48.3%	4303,554 40.5%	3406,447 30.4%	8788,316 55%	6428,782 51%	4697,949 45%
2. Community Development	1147,916 38%	1128,108 40%	937,500 34%	2288,818 25%	2562,958 32.2%	2270,306 30.7%	4400,000 74%	5809,000 79.5%	5332,000 80%	5703,696 48%	5389,025 42.5%	7926,938 52%	3831,135 45.5%	5815,746 54.7%	7294,753 65%	6159,251 38.5%	5144,608 41%	4771,924 46%
3. Salary and Allowances	791,037 26%	545,100 19%	399,276 15%	1169,937 12.8%	717,190 9%	418,086 5.7%	791,000 13%	545,000 7.5%	545,000 8%	1012,016 8%	792,296 6%	554,618 4%	495,700 6%	490,700 4.6%	488,400 4.4%	885,508 5.5%	885,508 7%	790,394 8%
4. Office Operational Cost	20,000 1%	180,032 6%	7,790 0.2%	9,970 0.1%	11,080 0.1%	0 0%	67,000 1%	54,000 1%	45,000 1%	145,309 1%	181,020 1.5%	287,416 2%	20,000 0.2%	18,000 0.2%	25,400 0.2%	109,008 1%	99,536 1%	83,782 1%
<b>TOTAL</b>	<b>3014,064</b> 100%	<b>2841,600</b> 100%	<b>2736,479</b> 100%	<b>9173,964</b> 100%	<b>7965,938</b> 100%	<b>7394,616</b> 100%	<b>5958,000</b> 100%	<b>7312,000</b> 100%	<b>6672,000</b> 100%	<b>11963,966</b> 100%	<b>12698,856</b> 100%	<b>15105,487</b> 100%	<b>8416,000</b> 100%	<b>10628,000</b> 100%	<b>11215,000</b> 100%	<b>15942,083</b> 100%	<b>12558,434</b> 100%	<b>10344,049</b> 100%

<sup>21</sup> See details in the expenditure statement of each sample Union Council in Exhibit 5

### *Review and explanation of the Table 4.3 revenue statement of Union Councils*

Talukdar (2013) suggests that the budget preparation needs to be participatory and open so that it deliberates impression to the residents that tax and other available resources will be used in their interests. Field observation from this study reveals that UP budget preparation to a certain extent is participatory. The problem, however, is vested with limited local tax base and taxation authority, shortage of human resources, weak capacity of Union Councils to collect their own revenue from household and other taxes, as well as fees, charges etc., and poor competence of these Union Councils to maintain a standard delivery of public services.

Union Councils receive most of their revenue as inter-governmental transfers that include social grants/social safety net support and development assistance, local government project assistance as block grants and portion of pay, and allowance support for council's elected representatives, secretary and village polices. The finding of this study is alike Rahman et al. (2016), although the current round study cautiously observes that local tax base is limited given the distribution of revenue sources between the levels of government – national and local:

*UPs lack skilled human resources and adequate incentive to increase their revenue base and manage the taxation system efficiently and effectively. UP tax rates are fixed by the central government as shown in the UP-Model Tax Schedule (Rahman et al., 2016:ix).*

This study further observes that Union Councils do not maintain their revenue records and statements properly. Four out of six sample UPs have found difficulties and taken long periods of time to provide appropriate data relevant to the revenue assignments. Such lengthiness in responding to data requirements invites concerns of proper documentations and record keeping that is inherently linked to the weak institutional ownership and accountability.

Building governance safeguards, including citizenry awareness and public disclosure of all revenues as a booklet to prevent revenue leakage and improve revenue transparency, along with the reforms of procedural improvements, increased human resources support and capacity building interventions are crucial requirements to overcome the challenge relating to the lack of institutional accountability. But unless

the institutional ownership grows to the UP elected representatives, especially to its chairman, accountability framework does not work robustly in this context.

*Review and explanation of the Table 4.4 expenditure statement of Union Councils*

Value of public money is important, and so the expenditure management of Union Councils is crucial to fiscal decentralization. The expected results of decentralization are citizen centric efficient service delivery, and participatory, transparent and accountable local governance. Central to all these aspects are capacity and institutional ownership as well as accountability of local government elected representatives.

As part of transparency of Union Councils, their expenditure information is a subject that should be made publicly available. Field observations support that current year expenditure information to a certain extent is publicly available, but old expenditure data and information, even the data of recent past fiscal years are not properly recorded and maintained. It took a long period to collect expenditure details of three recent past fiscal years (i.e. 2016-17, 2015-16 and 2014-15). The situation worsened at two out of the six sample Union Councils, where UP secretaries recently transferred, because unsystematic maintenance of records of expenditure statements and documents twisted this problem.

It is important to note that UP expenditure falls under four major categories i.e. social protection or safety net, community development, salary allowances and office operational cost. Data support that compared to the development and social protection expenditure, both salary and allowances, and office operations costs are minimal.

Noteworthy, field observation reveals that during the revenue stage, *Kabita* and *Kabikha* allocations fall under social protection, but its expenditure activities and implications entail development output as well, for instance, small village roads, barrage etc. Nonetheless, for maintaining consistency of revenue and expenditure statements, expenditure of those are shown under social protection as *Kabita* and *Kabikha* assistance in the datasheets in Exhibit 5.

### 4.3.2 Process

Understanding how the causes and the root cause of the problem govern the influence process with the influencing aspects or issues in UP-budgeting decisions and beyond in relation to social phenomena, experience, reality, practice, organizational and social culture (e.g. social organizations and social relationships) helps portray sensibly the process mechanism of influences in the UP-budgeting decisions.

*How does such influence occur in the UP-budgeting decisions?*

Considering the relative influences in the UP-budgeting decisions, the order/sequence of the influencing issues/aspects is source of resources, previous year budget, scarcity of resources, local demands, political and personal traits of the Chair, as well as local problems, legal aspects, as well as UP competence aspects, and the issue of council management (see sub-chapters 4.1 and 4.2).

Now the concern is how such influences occur. Based on discussions with UP representatives, literature review and observation notes, Table 4.5 is tailored to document the process of such influences.

Table 4.5 Influence process in the UP-budgeting decisions

<i>Influencing issues/aspects</i>	<i>Influence process</i>
<b><i>Source of resources</i></b>	Considering the very limited self-revenue scope of UPs, they are heavily reliant on excessive conditional inter-governmental, and to some extent non-governmental transfer for undertaking their responsibilities and delivering public services.
<b><i>Previous year budget</i></b>	The government transfers are made available to UPs following the incremental approach largely considering the previous year transfers leading to their revised budgets and the performances as well as outcomes of the previous year revised budget.
<b><i>Scarcity of resources</i></b>	Evolving community problems as well as increasing demands always exceed availability of aggregate amount of resources, and thus resource centric decisions get in focus. Such process is alike Pfeffer and Salancik's



<i>Influencing issues/aspects</i>	<i>Influence process</i>
<i>Local demands</i>	<p>(1978) resource dependence theory.</p> <p>Mismatch between the ever-increasing community demands and availability of resources leads the UPs to consider intensely the diversity and magnitude of priority of the community demands, and conflicts between individual demands and collective interests. Such mismatch also governs UPs to get inter-connected with other local government institutes (i.e. Upazila and Zila Parshads) and national government as well as non-government financial and technical cooperation, that is alike Baker et al.'s (2011) inter-organizational relations theory.</p>
<i>Political and personal traits of the Chair, as well as local problems</i>	<p>Political affiliation, commitment, ownership, leadership ability, education level, and knowledge, training as well as competence of the Chairs help determine UPs to get magnitude of competitive advantage in their management, planning and budgeting process and decisions. In the case of local problems considering the diversity as well as magnitude of the problems, area-based priority and individual stakeholders' influence (for example, influence of the Member of Parliament or ruling party-political leaders), UPs are more likely to be focused on the probable aggregate amount of resources to determine to what extent problems are to be addressed and solved. This further stress the inter-organizational relations (Baker et al. 2011), and helps UPs get concerned with their environments and consider the contingency factors that are evident in Thompson's (1967) and Lawrence and Lorsch's (1967) structural contingency theory.</p>
<i>Legal aspects, as well as UP competence aspects</i>	<p>UPs are bound to follow the government law, rules and regulations in their planning and budgeting process. Three foremost legal documents here are the Local Government (Union Parishad) Act 2009, Union Parishad Model Tax Schedule 2012, Union Parishad Development Planning Rules 2013. Apart from these,</p>

<i>Influencing issues/aspects</i>	<i>Influence process</i>
	Local Government Support Project (LGSP) and line departments' circulars and guidelines along with the fund transfers are evident. Regarding UPs' competence, their aptitude level, scope of undertaking capacity building initiatives and their generic training opportunities matter in their management, planning and budgeting processes in a way that these provide UPs with confidence and competitive advantages.
<b><i>Issue of council management</i></b>	Collaboration and coordination within the council and with the standing committees, project implementation committees, planning committee and union development coordination committee (UDCC), as well as community stakeholders have a significant influence on the UP-budgeting process and decisions in way that these all together encompass a UP management culture leading to the magnitude of transparency and accountability in UP-budgeting decisions.

*How does such influence go beyond the UP-budgeting decisions?*

In practice, influences of the influencing issues or aspects, as discussed above, go beyond the UP-budgeting decisions to its management as well as local governance. Based on some additional discussions with UP representatives and the logical interpretation of Table 4.3 (influence process in the UP-budgeting decisions), how the influence of influencing aspects work in UP-budgeting decisions and beyond is portrayed hereunder:

**First**, scarcity and sources of resources have their influence in making UPs resource-centric focused that is alike Pfeffer and Salancik's (1978) resource dependence theory. These, in effect, make UPs heavily dependent on excessive conditional inter-governmental, and slightly on non-governmental transfers for undertaking their assigned responsibilities and delivering best possible public services, and thus to a certain extent counterfeit the essence of community stakeholders' consultations and

undermine the spirit of local governance - responding to community-centric concerns, i.e. community-driven development.

**Second,** Government transfers are likely to be based on the previous year actual transfers and revised budgets, and the performances as well as outcomes of the previous year transfers in local governance. In effect, last year's actual government transfers tailored the revised budget of the local government Union Councils, and the government's response to the new year budget is not necessarily based on the proposed budget only, but also heavily based on the government's politics of the budgetary process and decisions – i.e. budgetary incrementalism approach of the government that principally counts the performances as well as outcomes of the previous year transfers, also that is alike to the well expressed Wildavsky's seminal work, "The Politics of the Budgetary Process" (see Wildavsky, 1964).

**Third,** evolving local problems as well as increasing demands make UPs concerned regarding external environments to assume and adapt with contingency factors, and make them interconnected with other local government institutes (i.e. Upazila and Zila Parshads) in their areas as well as dependent on national government and non-government for financial support and technical cooperation. Thus, these aspects stress inter-organizational relations (Baker et al. 2011), and allow UPs more interactions with their environments, that is alike Thompson's (1967) and Lawrence and Lorsch's (1967) structural contingency theory.

**Fourth,** applications of the relevant government law, rules and regulations, and their dominance go beyond budgeting decisions of UPs to their management as well as local governance, while UP competence aspect matters in their management, planning and budgeting processes and help build their confidence and competitive advantages, effects of which go to the local governance.

**Fifth,** political and personal traits of the Chair Influence UPs not only in getting competitive advantage in planning and budgeting process and decisions, but also in building a self-responsible Union Council and participatory management as well as robust local governance architecture. Political affiliation and leadership quality also help build political and social networking, and thus ruling party affiliated UP Chairs

could have access to some special grants, but they still lose some opportunities if there are strained relations with the concerned Member of Parliament (MP).

**Sixth,** UP-council management encompasses a UP management culture leading to the magnitude of transparency and accountability in UP-budgeting decisions. Such accountability mechanism helps pave the pathway of robust local governance.

#### **4.4 Implications of the Influences**

Following the understanding of causal mechanism and influence process with the influencing aspects in UP-budgeting decisions and to a certain extent to the wider context of Union Parishad governance, revealing the main thrust of the research - implications of such influences in the autonomy of Union Councils/Parishads (UPs) in Bangladesh - is the main concern now. There are two research questions here in this regard. First, to what extent such influences affect the autonomy of UPs' budgeting decisions? Second, how do the influences affect the autonomy of UPs' overall management, leading to the effects in their local governance?

##### **4.4.1 Implications in autonomy of UPs' budgeting decisions**

*To what extent such influences affect the autonomy of UPs' budgeting decisions?*

It is necessary to employ indicator-based measurement linking with the influencing aspects to the magnitude of Union Councils' autonomy in their budgeting decisions. Such employment of indicator-based measurement of autonomy linking with the influencing issues requires connecting exploratory category (independent variables), i.e. UP-budgeting decision influencing aspects/factors, with the outcome category (dependent variable), i.e. autonomy of Union Councils in their budgeting decisions.

Indicators intend to measure the influences and magnitude of autonomy, as well as to connect the dots of influences (already identified above) with their effects on autonomy of UPs in their budgeting decisions, leading to autonomy in the wider context of UP management including the local governance. Indicators further help understand how decisions are taken on UP-budgeting issues. Following the discussions with UP

representatives, field notes and previous participant-observations,<sup>22</sup> table 4.6 below reveals how indicators help measure the influences and autonomy in UP-budgeting decisions.

Indicators Here indicators alike questions are set based on the literature review (Davey, 2003; Swift, 2014), analysis of the research problem, conceptual framework and priori knowledge of the context.

Analysis Analysis is drawn following the indicators alike questions, and based on discussions with UP representatives, field notes and previous participant-observations, and extensive literature review (for instance, GOB, 2009; GOB, 2012).

Scores Importantly, the scale of score (0-2, where 2 ranks the highest and 0 represents neutrality) is set by the researcher, but the weight of the score to measure the magnitude of influence and/or autonomy against each indicator alike questions is put forward by the representatives (Chairs) of the six classified sample UPs at Sunamganj District in Bangladesh, following the analysis of the indicators, presented to them during the second-round field visit. Only the average score of the given scores of six sample UP Chairs has been documented in this table.

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<sup>22</sup>Ibid



Table 4.6 Measuring influences and autonomy in UP-budgeting decisions.

Indicators	Analysis	Influence 0-2	Autonomy 0-2
1. Level of stakeholders' consultation and engagement in the planning and budgeting process (i.e. responsiveness to people).	UP planning committee drafts Annual Plan, based on its Strategic Five-Year Plan, and places it to the Ward level for stakeholders' consultations. Also, UP places final draft budget to the open budget meeting to get final round stakeholders' feedback and/or consent.	0	2
2. Who takes the budgeting decisions (UP Chair /Parishad / Collectively UP Committees and Parishad)?	Findings and demands from the Ward level discussions to be placed to the UP-Standing Committees for screenings, then UP planning committee prepares draft budget to place to the Union Development Coordination Committee (UDCC) for their comments, and then UP reviews and places the final draft to the open budget meeting to the public, and approves the budget at the UP meeting (with or without adjustments).	0	2
3. How much real choice do UPs have in determining the budgeting areas concerning local governance and development needs given the stakeholder consultative process and/or its discretions?	In practice, UPs do not have real choice in determining the budgeting areas concerning local governance and development needs as the influence of source of resources and scarcity of resources is strongly evident here. UP budget largely depends on inter-governmental transfers, while government transfers are conditional with rules, regulations and circulars.	2	1
4. How much real choice do UPs have in allocating the amount of budget in the prioritized areas?	It is evident considering the local problems (i.e. diversity as well as magnitude of the problems, area-based priority and individual stakeholders' influence), and local demands (i.e. diversity, magnitude, priority and conflicts of individual demands and collective interests), and to a certain extent, political and personal traits of the Chair (i.e. political affiliation, leadership ability, education level, and the amount of training ) as well as the council management (i.e. UP collaboration, coordination and management aspects).	1	2
5. What range of public services do UPs finance or invest in?	Typically UPs in the study region of Bangladesh finance rural drinking water (e.g. tube wall), sanitation (e.g. latrines), primary education, certain health and	1	0



Indicators	Analysis	Influence 0-2	Autonomy 0-2
	family planning services, birth and death registration, community development and social welfare (e.g. social safety net schemes), certain elements of rural agriculture and rural development (e.g. hoar barrage, agriculture water, fisheries, livestock and other economic development), rural roads and infrastructure development, environmental preservation and development, ensuring women's and children's welfare, and facilitating cultural and sports activities. Importantly these services are influenced by the source of resources and legal aspects (i.e. government laws, rules and regulations), and especially in accordance with the Local Government (Union Parishad) Act 2009, Section 45 and 47 (GoB, 2009).		
6. How much real choice do UPs have in allocating their budget to individual services?	Unfortunately, UPs do not have enough real choices in allocating their budget to individual services as these are determined by the conditionality of source of resources and influenced by the scarcity of resources. Budget here largely depends on conditional government line departments and Local Government Support Project (LGSP) transfers.	1	0
7. Do the UPs have the authority to select social safety net beneficiaries and allocate funds for them?	Usually UPs do select social safety net beneficiaries and allocate funds for them following the conditions and guidelines concerned with the government departments that are transferring such funds to UPs.	1	1
8. Do they have the authority to allocate funds for social dispute resolutions (i.e. Shalish and activating Village Court)?	In the study region of Bangladesh, there is no project support or departmental fund transfer for this purpose. Thus, here UPs may allocate funds for social dispute resolutions only from local or their own revenue sources with the government's consent. The Local Government (Union Parishad) Act 2009 (Section 54), prescribes the expenditure area from the Union Council's own fund, and sets parameters by the provision of government control, especially by the Section 54(3) that restricts the UP spending from its own surplus funds by the requirement of government direction for the UP (GoB,	2	0

Indicators	Analysis	Influence 0-2	Autonomy 0-2
	2009). In practice, they hardly have their own resource surplus, beyond maintaining cost and sharing their salary along with the government support.		
9. Do they have the authority to allocate funds for local infrastructure development initiatives?	They do not have independent authority to allocate funds for local infrastructure development initiatives as they do not have sufficient revenue/resources of their own. Such activity is heavily dependent on source of resource (i.e. transferring departments allocate funds with strict conditions and guidelines) and government's approval. As mentioned above, government control and domination, by the Local Government (Union Parishad) Act 2009, Section 54, are evident here (GoB, 2009).	2	0
10. Do the UPs have the authority to allocate funds for entrepreneurial initiatives?	UPs have bounded authority to allocate funds for limited entrepreneurial initiatives if they have their own resource/revenue capacity for those initiatives. The Local Government (Union Parishad) Act 2009, Section 55 (2) allows UPs to invest their own funds (GOB, 2009). In contrast, government control and domination, by the Local Government (Union Parishad) Act 2009 Section 54, are evident here (GoB, 2009). In practice, they do not have enough revenue or resources (i.e. resource constraint) of their own. Also, no external resource support is available for that.	2	1
11. Do they have the authority to allocate funds for local government innovations and development?	UPs may allocate funds for limited local government innovations and development with their own revenue/resources with the government's approval. As mentioned above, government control and domination, by the Local Government (Union Parishad) Act 2009, Section 54, are evident here (GoB, 2009). Since they do not have sufficient revenue (i.e. resource constraint) of their own, such own initiative is yet to be seen. However, in this case, two strong external supports are evident (i.e. external resource dependent or influence of source of resources). First, the Union Services and Information Centers (USICs), under Access to Information (A2I) programme,	2	1

Indicators	Analysis	Influence 0-2	Autonomy 0-2
	is providing necessary ICT services at the grass-roots level of the country. Second, Union Parishad Helpline -16256 ((UPHL), provided by Synesis IT, aims at improving local governance by ensuring that UPs and citizens can access timely, accurate, relevant and updated information related to UP issues.		
12. Do they have the authority to allocate funds for knowledge, leadership and capacity building initiatives?	UPs may allocate funds for knowledge, leadership and capacity building initiatives with their own revenue/resources with the government's consent. As mentioned above, government control and domination, by the Local Government (Union Parishad) Act 2009, Section 54, are evident here (GoB, 2009). Since they do not have sufficient revenue (i.e. resource constraint) of their own, such own initiative is yet to be seen. Also, government initiative for development of UP competence is very limited here. Absence of the robust UP competence building initiatives - including enhancing UP aptitude level, widening scope of capacity building and developing training opportunity for the councils - undermines the competence, competitive advantage and autonomy of UPs.	2	0
13. Do they have the authority to allocate funds for local recruitment as well as staff payment?	Normally they do not have authority of recruitment. Such activity is done by the pertinent government authority and determined by the law and rules. However, UPs with their own resources are supposed to cost share with the government for council as well as staff payment until they are capable enough to maintain this independently (i.e. influence of resource constraint and source of resources)	2	1
14. Do the UPs have the authority to provide input in the national budgeting process? Do they have the authority to provide input in the national five-year planning?	Normally UPs do not have scope to provide input either in national budgeting process, or in national five-year planning. No legal support (i.e. absence of legal aspect).	1	0

Indicators	Analysis	Influence 0-2	Autonomy 0-2
15. Do the UPs have the authority to determine the amount required from the government (inter-governmental transfer)?	Yes, they do have such authority in a sense that the UPs submit their approved budgets to the Upazila Executive/Nirbahi Officer (UNO) with cc to Deputy Director of Local Government (DDLG) and Deputy Commissioner (DC), in which they show the required amounts from the government (inter-governmental transfers). But the government rarely responds to their actual needs, rather it applies incremental approach to the broad heads of the budgets, usually based on the previous year budgetary allocations to them and their expenditure performances and outcomes (i.e. influence of source of resources).	1	1
16. Do they have the right and scope to explore civil society donations/funds?	Yes, they do have right and scope to explore civil society donations/funds within the country. In case of foreign and/or multilateral agency grants or cooperation either these need to come directly through government or by the intermediary legal entity/civil society organization as well as indirectly through the government. Here political and personal traits of the UP Chair and council's competence matter much.	2	2
17. Do they have the right and scope to explore public-private partnerships?	The Local Government (Union Parishad) Act 2009, Section 55 (2) allows UPs to invest their own funds, and section 55 (3) of this same Act allows the creation of a special account with the consent of the government (GoB, 2009). These imply that UPs have the right and scope to explore public-private partnerships as well. But in practice, they do not have enough of their own funds/revenue to do so. In summary, here on one hand, there is legal support/influence, and on the other, resource constraint is a strong hindrance. Also, political and personal traits of the UP Chair and council's competence matter much here.	2	1
18. Do they have the right to explore sub-national borrowing scopes?	No, they do not. There is no legal support for that.	1	0
19. Do they have the right to <b>expand</b> local resource net/mapping?	Yes, they do have the right to expand local resource net/mapping following the Union Parishad model tax schedule 2012	2	1

Indicators	Analysis	Influence 0-2	Autonomy 0-2
	(GOB, 2012), i.e. influence of legal aspects. Given the model tax Schedule, UPs in the study area do not have access to the many local resources (e.g. natural resources and water bodies like haor-bill). Besides, political and personal traits of the UP Chair and council's competence matter much here.		
20. Do they have the right to determine the rates of the local taxes and charges?	No, they do not have right to determine the rates of the local taxes and charges. These are determined by the government at the Union Parishad model tax schedule 2012 (GOB, 2012), i.e. influence of legal aspects.	2	0
Total		29/40	16/40

Influences > Autonomy of UPs in their budgeting decisions = 29>16

It seems that the magnitude of influences is almost double than that of the autonomy of UPs in their budgeting decisions. Thus, autonomy of UPs at Sunamganj District in Bangladesh in their budgeting decisions is a serious apprehension in the study of decentralization and local governance.

#### 4.4.2 Effects in UP management and local governance

*How do the influences affect autonomy of UPs' overall management, leading to the effects in their local governance?*

Bhimkhali UP Chair's opinion, as cited at the sub-chapter 4.3.1 (i.e. causes of the influence), is partly relevant to understand how the influences affect the autonomy of UPs' overall management, leading to the effects in their local governance.

Relevant part of his opinion is documented hereunder again:

*Government excessive administrative control and budgetary dominations through tightly coupled conditional transfers undermines both UP-leadership as well as autonomy and spirit of local governance - community driven development, and as such outcome of the UP management, planning and budgeting – i.e. local governance - becomes feeble.*

Modhanagor UP Chair opines that excessive influences undermine autonomy of UPs not only in their budgeting processes and decisions, but also in the overall management as



well as in the outcome of both budgeting decisions and UP governance (i.e. to the community governance and development – local governance).

Jamalganj Sadar UP Secretary points out the fact that influences are inevitable and budgetary autonomy of UPs continues to be lessened unless the government transfers transform to be responsive to the local demands and become less conditional, as well as UPs become highly competent, committed and self-responsible, and UPs get wide range of local revenue sources under their jurisdiction lessening the national government revenue sources in the local area.

Furthermore, UP Chair of the Jamalganj Sadar suggests making legal reforms to establish minimally acceptable autonomy in UP-budgeting as well as its service delivery, and in UP governance as well as development. He refers to two legal points here. The first point he is making is that the Local Government (Union Parishad) Act 2009 (Section 54) deters UP autonomy, even at a context where UP could have maximized its own revenue. The second point he is making is that increasing local tax-base/net by trading off national government resource base at the local level is essential here, as the maximum possible amount can be collected from the local revenue assignments is relatively very insufficient compared to the aggregate budget of a year.

The Local Government (Union Parishad) Act 2009 (Section 54), determines the expenditure area of UP from its own fund of the UP, and sets parameters by the provision of government control, especially by the Section 54(3) that controls UP spending even from its own surplus funds by placing the provision of government direction requirement for the UP (GoB, 2009).

The second point of Jamalganj Sadar UP Chair gets serious attention here in a sense that this is one of the remarkable own/local revenue-based UPs both in terms of scope and collection. This thesis can test the validity of this statement given the data of the sample six UPs. Table 4.7 shows this validity test.



Table 4.7 Maximum possible amount of own revenue compared to the budget

Sample UPs	Aggregate Budget 2016-17	Maximum possible amount/ scope of own revenue	Ratio
Fenarbak	18200,000	1343,000	14:1
Jamalganj Sadar	20428,000	1611,000	13:1
Joysree	7972,000	300,000	27:1
Modhanagar	8050,000	300,000	27:1
Uttar Sukhair Rajapur	8628,000	650,000	13:1
Bhimkhali	13487,000	595,000	23:1
Average	12794167	799,833	16:1

Empirical results of this test prove the statement of Jamalganj Sdar UP Chair:

*The maximum possible amount can be collected from the local revenue assignments is relatively very insufficient comparing to the aggregate budget of a year.*

Thus, linking with the former part of statement of Jamalganj Sdar UP Chair, there are two options here: first, increasing local tax-base/net by trading off national government resource base at the local level, as opined by the respondent, and second, tax from the all local sources should be collected by local governments and in turn these governments shall contribute equitably to the national government as well.

#### 4.5 Contributions of the Study

The contribution of the study is revealing the critical influencing phenomena and their relative influences in UP-budgeting decisions and portraying the causal mechanism as well as how such process works that leads to shape the dominant implications in UP autonomy and local governance. Such contribution is tailored-made based on the grounded theory data-analytic principles - ‘incident-to-incident’ and ‘constant-comparison’ - which ensures that the themes emerging remain grounded in that data, and thus strongly ensuring ‘fit and relevance’ (Glaser, 1978). Importantly, the contribution of the study has two streams: theoretical and practical.

#### 4.5.1 Theoretical contribution

This includes critical influencing phenomena, causal mechanism as well as process and dominant implications in UP autonomy and local governance, and rationality of the government conditions and control on local government like Union Council in relation to the UPs' self-responsibility and competence, as well as balance between central-local authority.

##### *Critical influencing phenomena*

Almost all the influencing phenomena - source of resources, previous year budget, scarcity of resources, local demands, political and personal traits of the Chair, local problems, legal aspects, UP competence aspects, and council management - hold both de jure and de facto characters, except political and personal traits of UP Chairs, and legal aspects. There is no de jure ground for political and personal traits of UP Chairs, excluding the fact that they must be elected by the electorate of the community, while legal aspects hold entirely a de-jure nature (see Table 4.1 at sub-chapter 4.1).

##### *Causal mechanism as well as process*

Rising the scale of community demands, limited scope of revenues, excessive dependence on the governmental transfers as well as high magnitude of conditionality of such transfers, absence of highly competent and responsible UP leadership as well as councils, government politics with local government i.e. keeping UPs highly dependent both administratively (e.g. staff shortage and legally dominations) and financially (e.g. leaving UPs with very limited revenue sources), limitations of law or legal constraints help make excessive as well as diversified influences of the influencing phenomena in UP-budgeting process and decisions (see Sub-chapter 4.2)

This theoretical analysis of causal relations goes along with the theoretical frame of Davey regarding fiscal decentralization (2003):

*Fiscal decentralization covers two interrelated issues: First, division of spending responsibilities as well as revenue sources between levels of government. Second, the amount of discretion given to regional and local governments to determine their expenditure and revenues (Davey, 2003:1).*

Such causal relations govern the causal mechanism as well as influence process with the influencing phenomena in UP budgeting, governance and development considering the social spectacles, experience, reality, practice, and organization and social relations. Theoretical analysis of how causal relations govern the causal mechanism as well as influence in UP budgeting decisions and beyond is portrayed hereunder:

First, scarcity and sources of resources have their influence in making UPs resource-centric focused that is alike Pfeffer and Salancik's (1978) resource dependence theory. These, in effect, make UPs heavily dependent on excessive conditional inter-governmental, and slightly on non-governmental transfers for undertaking their assigned responsibilities and delivering best possible public services, and thus to a certain extent counterfeit the essence of community stakeholders' consultations and undermine the spirit of local governance - responding to community-centric concerns, i.e. community-driven development.

Second, Government transfers are likely to be based on the previous year revised budgets, and the performances as well as outcomes of the previous year transfers in local governance. In effect, the last year's actual government transfers tailored the revised budget of that year, and the government's response to the new year budget is not necessarily based on the proposed budget only, but also heavily based on the government's politics of the budgetary process and decisions – i.e. budgetary incrementalism approach of the government that is meant to be based on the amount of the previous year revised budget and performance as well as outcome of the previous year transfers, and also that is alike the well-expressed Wildavsky's seminal work, "The Politics of the Budgetary Process" (see Wildavsky, 1964).

Third, evolving local problems as well as increasing demands make UPs concerned regarding external environments to assume and adapt with contingency factors, make them interconnected with other local government institutes (i.e. Upazila and Zila Parshads) in their areas, and also make them dependent on national government as well as non-government financial support and technical cooperation. Thus, these aspects stress the inter-organizational relations (Baker et al. 2011), and allow UPs

more interactions with their environments, a concept that is also found in Thompson's (1967) and Lawrence and Lorsch's (1967) structural contingency theory.

Fourth, applications of the relevant government law, rules and regulations, and their dominance go beyond budgeting decisions of UPs to their management as well as local governance, while UP competence aspect matters in their management, planning and budgeting processes and help build their confidence and competitive advantages, effects of which go to the local governance.

Fifth, political and personal traits of the Chair have an influence on UPs not only in getting competitive advantage in planning and budgeting process and decisions, but also in building a self-responsible Union Council and participatory management as well as a robust local governance architecture. Political affiliation and leadership quality also help build political and social networking, and thus ruling party affiliated UP Chairs could have access to some special grants, but they still lose some opportunities if there are strained relations with the concerned Member of Parliament (MP).

Sixth, collaboration and coordination within the council and with the standing committees, project implementation committees, planning committee and union development coordination committee (UDCC), and community stakeholders have significant influence in UP-budgeting process and decisions in way that these all together encompass a UP management culture leading to the magnitude of transparency and accountability in UP-budgeting decisions, and the beyond – UP overall management and local governance.

#### *Dominant implications in UP autonomy and local governance*

Influence of concerned phenomena in UP-budgeting process decisions does not certainly collide with autonomy of UPs in their budgeting decisions, but the effects of such influences are evident with varying degrees and dimensions on the budgetary autonomy of UPs, and even to their overall management and local governance (see sub-chapter 4.2).

Following the indicator-based empirical analysis, it seems that magnitude of influences is almost double than that of the autonomy of UPs in their budgeting decisions. Thus, the

autonomy of UPs at Sunamganj District in Bangladesh in their budgeting decisions is a serious apprehension in the study of decentralization and local governance (see Table 4.6, Sub-chapter 4.4). Same would be true all over the country or even globally if context as well as influencing phenomena and magnitude of the influence are more likely similar in other areas of the country or globe.

*Rationality of the government conditions and control on local government like Union Council in relation to the UPs' self-responsibility and competence, as well as balance between central-local authority*

To understand the rationality of the government conditions and control on Union Councils, it is important to revisit the empirical opinions of two respondents - Secretary of Jamalgonj Sadar UP and Chairman of Sukhair Rajapur Uttar Union (as discussed at Sub-chapters 4.3.1 and 4.4.2):

*Jamalgonj Sadar UP Secretary – “Influences of the influencing phenomena are inevitable in the UP-budgeting decisions and beyond, as well as the autonomy in UP-budgeting to governance and development continue to be lessen so long as government transfers get transformed to be responsive to the local demands and become less conditional, and UPs become highly competent, committed as well as self-responsible, and UPs get wide range of local revenue sources under their jurisdiction lessening the national government revenue sources in the local area.”*

*On the other, Sukhair Rajapur Uttar Union Chairman opines, “government guideline and control help the UPs keeping streamline as the councils are yet to be self-responsible. Ownership and committed leadership as well as responsible UP management, all together is still being an evolving challenge in the context of Bangladesh. Reducing government control and increasing competent as well as responsible UP-councils should go side by side. I rather emphasize at this stage to consider local government, particularly Union Council/Parishad as a truly strategic partner of the government, and thus recommend involving them in the national strategy and planning, as well as appreciating the UP approved budget as much as possible, and thus to make government transfers accordingly so as that UPs could overcome the resource constraint to a great extent.”*

Considering the proximity, local government officials are in a better position than state officials to assess the needs and preferences of their citizens, and they are in a better place to make decisions over the distribution and allocation of resources and public services. Furthermore, management of public services could be improved in terms of accountability and performance, if they are entrusted to the sub-national



officials, compared to the far removed national bureaucrats and elected officials (Ostrom et al.,1993). But empirical observations support that there are lots of other deliberations here. Rationality of the government conditions and control on local government like Union Councils is tied to the crisis of self-responsibility and competence of Union Council Chairs and members.

Government conditions are further entrenched in the inevitable inter-governmental resource dependency and call for ensuring financial accountability and monitoring the performance local government Union Councils.

The thesis appreciates the fact that central hindrance towards effective functioning of the local government like Union Councils is the crisis of ownership and competence compared to the external influences that affect their autonomy in budgeting decisions. Local governments in Bangladesh, particularly Union Councils, have yet to grow a high sense of self-responsibility, commitment as well as competent leadership and capable councils. Once these grow, the basis for lessening government conditions to the inter-governmental transfers and/or increasing local tax base by trading of national government resource base at the local level will pave the way.

However, the community perception of ‘accountability’ is different from accountability tools academics and international best practices suggest. Despite similarities in spirit, the forms and activities are different here. For instance, citizens are not concerned about the financial accountability of UP or their earnings and expenses, but rather they demand construction of infrastructures, and expect fair distributions of various social safety-net programmes. Both the UP representatives and the citizens in general attach less emphasis on formal accountability tools and concern, but more on traditional, informal and customary practices of social accountability. The more personal contact one can maintain, the more popular and accountable s/he is rated (Ahmed et al., 2016:42).



Figure 4.3 below summarizes the discussion above regarding accountability of Union Councils/Union Parishds (UPs)

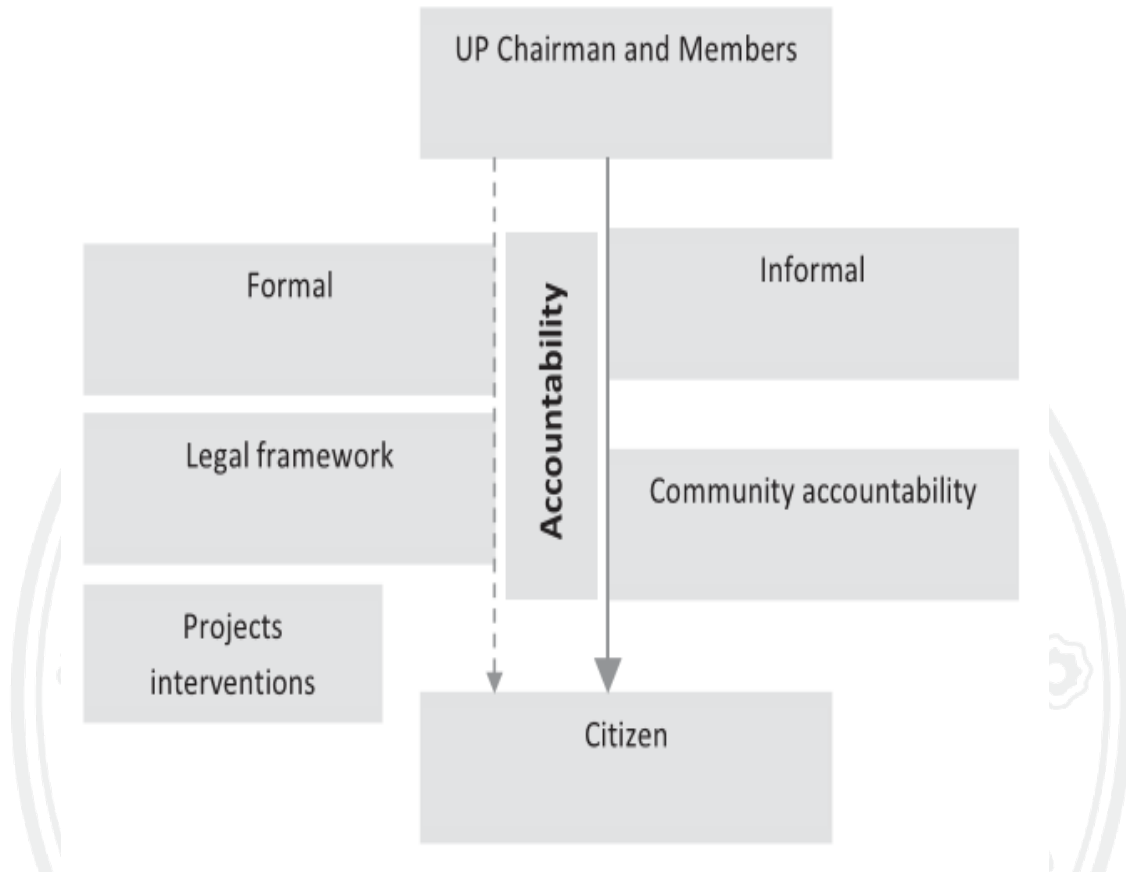


Figure 4.3 Formal and Informal Accountability Flow of UPs

Source: Ahmed et al., 2016: 6

*The power, function and role assigned to the UPs through the formal-legal source and the actual function they perform and role they play are though not altogether different in type and nature, but emphasis and intensities are quite opposite. The elected representatives spend most of their effective time, energy and resources in performing informal socio-community obligations rather than comply the formal-legal activities. There exists a gap and contradiction between De Jure and De facto role and functions which was never assessed and reconciled. (Ahmed et al., 2016:43).*

Therefore, the de jure performances researchers measure, are quite different from their actual performances. As such, their social contributions and performance are undocumented. Field observations reveal that their institutional ownership and competence to manage revenue and expenditure portfolio sensibly is a serious

concern that justifies the conditionality and guidelines of government transfers to them.

In fact, ownership, competence as well as financial accountability and conditionality are intrinsically linked. These are also linked to an important unresolved question that it is beyond this research's terms of reference: What makes the UP representatives interested to be elected here? or What are the incentives for them to be elected here? Their salary and formal benefits (as shown in the expenditure statement under 4.3.1) are very poor. A 2016 study of Ahmed et al. also supports the same statement.

*“It is a completely loss project” as repeatedly mentioned by the UP Members in Khulna and Sunamgonj, when asked them about the salary and other benefit they receive from the government and non-government projects. Depending on the age, social status, occupation, gender of the Chairmen/Members, total money spent by them in a month varies within a range of tk. 5 thousand to tk. 60 thousand. The cost incurred by a Chairman is bigger than that of Members. Women still spend but compared to male it is less. The money they spend and the honorarium they get do not match. (Ahmed et al., 2016:41).*

Ahmed et al. (2016) further notes the fact that contrary to the traditional patron-client relationship, local electorates consider UP representatives their clients as they support them with votes, and voters assume the role of patrons. There is an underlying feeling that the elected representatives of Union Councils need their votes for the positions they enjoy.

Ahmed et al. (2016), however, presents a precise response to the unresolved question:

*By influence of the positions they (elected members and chairs) can grab many lucrative businesses and make money. The people do not think that UP representatives are making money from UPs rather they utilize UP leadership identity in exploiting many other lucrative money-making ventures (Ahmed et al., 2016:45).*

Nonetheless, this response is not evidence based, and still could be treated as anecdote. Further study to understand the political psychology of UP representatives regarding their interest for being elected, is required.

Importantly, above-mentioned opinions, empirical observations and analysis put forward a theoretical lens that has two aspects:

First, reducing government control and increasing competent as well as responsible UP-councils should go side by side. This is aligned with Davey (2003):

*Extent local discretion would be matter of balance between national and local interests. Neither central control nor local autonomy should have unchallenged priority (Davey, 2003:7).*

Second, emphasizing the call for local government, particularly the Union Council to make a truly strategic partner of the government, and thus to involve them in the national strategy build-up and planning as well as budgeting process. This goes with United Cities of Local Government (2011):

*In many countries local governments are not adequately equipped to perform their functions well and to become more effective partners of higher level governments in meeting pressing common goals (UCLG, 2011:13).*

#### **4.5.2 Practical contribution**

Practical contribution of the study encompasses context-specific relative influences of the influencing phenomena and prove the fact of maximum level local revenue collection cannot solve the autonomy crisis of UPs considering the current revenue base and legal constraints.

##### *Context specific relative influences of the influencing phenomena*

Source as well as scarcity of resources and previous year budget are extremely influential in UP governance and development, especially in its budgeting process and decisions in the context of Sunamganj Districts in Bangladesh. Among other influences, local problems as well as demands (including diversity as well as magnitude of the problems, area-based priority, conflicts between individual demands and collective interests, and individual stakeholders' influence, for example, MP and local ruling party politicians' influence), political and personal traits of the Chair as well as UP competence aspects, legal aspects (i.e. government law, rules and regulations, and their dominations) and council management (including collaboration and coordination within the council and with the standing committees, project implementation committees, planning committee and union development coordination committee and community stakeholders) have significant influence in UP-budgeting process and decisions, and the beyond – UP overall management and local governance.

*Proving the fact of maximum level local revenue collection cannot solve the autonomy crisis of UPs considering the current revenue base and legal constraints*

Empirical results of the test (see Table 4.7 at Sub-chapter 4.4.2), in the context of UPs at Sunamganj District in Bangladesh, proves the following part of the statement of Jamalganj Sdar UP Chair at Sub-chapter 4.4.2:

*The maximum possible amount can be collected from the local revenue assignments is relatively very insufficient comparing to the aggregate budget of a year.*

This study solves this problem providing the two options: first, increasing local tax-base/net by trading off national government resource base at the local level, and second, tax from the all local sources should be collected by local governments and then this collected tax shall contribute equitably to the national government as well.

Yet the solution above alone cannot solve the autonomy crisis of UPs considering the legal constraints that are applicable for the countrywide:

*The Local Government (Union Parishad) Act 2009 (Section 54) deters the UP autonomy even it could maximize its own revenue. It determines the expenditure area of UP from the own fund of the same, and sets parameter by the provision of government control, especially by the Section 54(3) that controls the UP spending even from its surplus own funds by placing the provision of government direction requirement for the same (GOB, 2009:35-36).*

## **CHAPTER 5**

### **CONCLUSION**

A 2001 study of Khan observes that one of the vital concerns in relation to decentralization in Bangladesh is the greater autonomy of the local state. The thesis is based on this principal premise. It explores critical phenomena that influence in UP budgeting process as well as decisions and reveals the dominant implications of such phenomena with regards to the budgeting autonomy of local government Union Councils at Sunamganaj district in Bangladesh.

The practical contribution of this study has only been generalized within the study district, while the theoretical contribution following the grounded theory building approach has been generalized both within the study district and to a certain extent countrywide as well as globally, provided there are certain assumptions/conditions where applicable.

This concluding chapter includes summary discussions of the main sections, key findings and inferences as well as suggestions based on these key findings along with the statement of actions and who is responsible for each of the reforms.

It further emphasizes the conclusion with a clear link to the introduction, and entails the wider consideration, inferred from the findings of this research but outside the terms of reference of the study, on which the thesis may have a posture. It also indicates the requirement of further research relevant to new questions and scopes that have emerged from this study.

#### **5.1 Concluding Explanation**

##### *Summary of the discussions in the main sections*

The research on the title thesis – autonomy in budgeting decisions of Union Councils at Sunamganj District in Bangladesh - is based on a combination of political psychology, applied economics, public management issues (i.e. decentralization, local



government finance and local governance and organization as well as budgeting theories). It explores the critical influencing phenomena and their relative influences in UP-budgeting decisions and portrays the causal mechanism as well as how such process works that leads to shape the dominant implications on UP autonomy in their budgeting decisions, and beyond – overall UP management, governance and development (i.e. local governance).

The thesis has three main chapters – literature review, methodology and findings and analysis. At the onset of the literature review, the thesis acknowledges the fact that in many countries local governments are neither well equipped, nor well accountable to perform their functions smoothly. Also, they have failed to become effective strategic partners of the national government as well as other level of local or sub-national governments. They have neither enough tax base as well as local resource entitlement, nor a full-bodied inter-governmental support. But the demands for public goods and services continue to exceed the supply at local governments in Bangladesh and elsewhere.

Thus, the local government planning and budgeting get centrally positioned in the discussion of sub-national level of decentralization, especially in their fiscal as well as political decentralization, in relation to the magnitude of autonomy of the localized level of governments.

The discussion in the literature review further includes the conceptual framework of the study, the concept of local governance in relation to decentralization, local governance and local government institutions in Bangladesh, the structure of the union council as LGI in Bangladesh, the concept of cognitive and political psychology in decision making, concept of applied economics, concept of influence and autonomy in budgeting decision of UPs, local government finance, organization theories, budgeting theories, and the budgeting process and cycle.

Central to the methodological discussion consists of methodology (i.e. research method, unit of analysis and sampling design, and sample UPs), relevant basic data of sample UPs, data analysis skeleton, research ethics, validity and reliability, and research time. The thesis has employed the qualitative research method with a few case studies on criteria based purposively selected UPs in Sunamganj District/Zila,



while the data collection techniques include ‘in-depth interviews’ of chairpersons and secretaries of the unit of analysis, ‘focus group discussions’ of members of UPs, ‘document reviews’ of UPs, media review, and ‘researcher’s comprehensive observations’.

Discussion on the findings and analysis gratifies by identifying the exploring category/independent variables (i.e. UP-budgeting decision aspects/phenomena) that influence the outcome category/dependent variable (i.e. autonomy in the budgeting decisions of Union Councils). Revealing the relative influences of the exploring categorical issues on the autonomy of UPs in relation to their budgeting decisions and wider context (i.e. in their local governance) is the main thrust of this research. Then following the construction of the research results, it frames the theoretical and practical contributions of the study.

#### *Summary of the findings and inferences*

Almost all the influencing phenomena - source of resources, previous year budget, scarcity of resources, local demands, political and personal traits of the Chair, local problems, legal aspects, UP competence aspects, and council management - hold both de jure and de facto characters, except political and personal traits of UP Chairs, and legal aspects. There is no de jure ground for political and personal traits of UP Chairs, excluding the fact that they must be elected by the electorate of the community, while legal aspects hold an entirely de-jure nature.

Rising the scale of community demands, limited scope of revenues, excessive dependence on the governmental transfers as well as high magnitude of conditionality of such transfers, absence of highly competent and responsible UP leadership as well councils, government politics with local government i.e. keeping UPs highly dependent both administratively (e.g. staff shortage and legally dominations) and financially (e.g. leaving UPs with very limited revenue sources), limitations of law or legal constraints help make excessive as well as diversified influences of the influencing phenomena in UP-budgeting process and decisions.

Such causal relations govern the causal mechanism as well as influence process with the influencing phenomena in UP budgeting, governance and development

considering the social spectacles, experience, reality, practice, and organization and social relations.

Scarcity and sources of resources, for example, have their influence in making UPs resource-centric focused, which is relevant to Pfeffer and Salancik's (1978) resource dependence theory. These, in effect, make UPs heavily dependent on excessive conditional inter-governmental, and slightly on non-governmental transfers for undertaking their assigned responsibilities and delivering best possible public services, and thus to a certain extent counterfeit the essence of community stakeholders' consultations and undermine the spirit of local governance - responding to community-centric concerns, i.e. community driven development.

Government transfers are likely to be based on the previous year revised budgets of UPs, and the performances as well as outcomes of such transfers in local governance. In effect, the last year's actual government transfers tailored the revised budget of that year, and the government's response to the new year budget is not necessarily based on the proposed budget only, but also heavily based on the government's politics of the budgetary process and decisions – i.e. budgetary incrementalism approach of the government that is meant to be based on the amount of the previous year revised budget and performance as well as outcome of the previous year transfers, and also that is alike the well expressed Wildavsky's seminal work, "The Politics of the Budgetary Process" (see Wildavsky, 1964).

Evolving local problems as well as increasing demands make UPs concerned regarding external environments to assume and adapt with contingency factors, make them interconnected with other local government institutes (i.e. Upazila and Zila Parshads) in their areas, and make them dependent on national government as well as non-government for financial support and technical cooperation. Thus, these aspects stress the inter-organizational relations (Baker et al. 2011), and allow UPs more interactions with their environments, which mirrors Thompson's (1967) and Lawrence and Lorsch's (1967) structural contingency theory.

Applications of the relevant government law, rules and regulations, and their dominance go beyond budgeting decisions of UPs to their management as well as local governance, while UP competence aspect matters in their management,

planning and budgeting processes and help build their confidence and competitive advantages, effects of which go to the local governance.

Political and personal traits of the Chair influence UPs not only in getting competitive advantage in planning and budgeting process and decisions, but also in building a self-responsible Union Council and participatory management as well as robust local governance architecture. Political affiliation and leadership quality also help build political and social networking, and thus ruling party affiliated UP Chairs could have access to some special grants, but they still lose some opportunities if there are strained relations with the concerned Member of Parliament (MP).

Collaboration and coordination within the council and with the standing committees, project implementation committees, planning committee and union development coordination committee (UDCC), and community stakeholders have significant influence in the UP-budgeting process and decisions in way that these all together encompass a UP management culture leading to the magnitude of transparency and accountability in UP-budgeting decisions, and the beyond – UP overall management and local governance.

Importantly, influence of concerned phenomena or issues in UP-budgeting process and decisions does not certainly or always collide with autonomy of UPs in their budgeting decisions, but the effects of such influences are evident with varying degrees and dimensions on the budgetary autonomy of UPs, and even to their overall management and local governance.

Following the indicator-based empirical analysis, it seems that the magnitude of influences is almost double than that of the budgetary autonomy of UPs at Sunamganj district in Bangladesh. Thus, the autonomy of UPs at Sunamganj District in Bangladesh in their budgeting decisions is a serious apprehension in the study of decentralization and local governance (see Table 4.6 at Sub-chapter 4.4). The same would be true all over the country or even globally if context as well as influencing phenomena and magnitude of the influence are more likely similar in other areas of the country or globe. The local government UPs seem to be homogeneous in Bangladesh. So, the budgetary autonomy of local government UPs is a serious concern in the study of decentralization and local governance in Bangladesh.

Furthermore, to understand the rationality of the government conditions and control on Union Councils, it is important to revisit the empirical opinions of two respondents - Secretary of Jamalgonj Sadar UP and Chairman of Sukhair Rajapur Uttar Union (as discussed at Sub-chapters 4.3.1 and 4.4.2 respectively).

Furthermore, practical contribution of the study encompasses context-specific relative influences of the influencing phenomena and prove the fact that a maximum level local revenue collection cannot solve the autonomy crisis of UPs considering the current revenue base and legal constraints.

Regarding relative influences, source as well as scarcity of resources and previous year budget are extremely influential in UP governance and development, especially in its budgeting process and decisions in the context of Sunamganj Districts in Bangladesh. Among other influences, local problems as well as demands (including diversity as well as magnitude of the problems, area-based priority, conflicts between individual demands and collective interests, and individual stakeholders' influence, for example, MP and local ruling party politicians' influence), political and personal traits of the Chair as well as UP competence aspects, legal aspects (i.e. government law, rules and regulations, and their dominations) and council management (including collaboration and coordination within the council and with the standing committees, project implementation committees, planning committee and union development coordination committee and community stakeholders) have significant influence in the UP-budgeting process and decisions, and the beyond – UP overall management and local governance.

Empirical results test (Table 4.7 under Sub-chapter 4.4.2), in the context of UPs at Sunamganj District in Bangladesh, proves the fact that the maximum possible amount that can be collected from the local revenue assignments is relatively very insufficient compared to the aggregate budget of a year. Thus, the maximum level local revenue collection cannot solve the autonomy crisis of UPs considering the current revenue base and legal constraints (as evident in The Local Government (Union Parishad) Act 2009, Section 54 (see GOB, 2009).

## 5.2 Recommendations

### *Suggestions based on the findings and inferences*

**First**, focus should be drawn on how to build up ownership, self-responsibility, committed leadership and competence of UP-councils. Once these grow, the basis for lessening government conditions to the inter-governmental transfers and/or increasing local tax base by trading of national government resource base at the local level will pave the way.

**Second**, following the research findings, it is recommended that the section 54(3) of The Local Government (Union Parishad) Act 2009 be amended to strengthen the local government innovations and to motivate local government Union Councils for focusing on their own revenue collection. Section 54 of the abovementioned Act/Law determines the expenditure area, the revenue based of which from the own source of the Union Councils. It further sets the parameters by the provision of government control, especially by the Section 54(3) that controls the UP spending even from its own surplus funds by placing the provision of government direction requirement for the UP (see GoB, 2009:35-36).

**Third**, following the opinions of the UP representatives and based on empirical observations, the thesis suggests that UPs focus on building up strategic partnerships with other levels of local governments, not just with the national government, use the common source of resources effectively, as well as strengthen inter-connectedness for doing advocacy together on common issues of local governance.

### *Clear statement of action that should be taken based on the suggestions, and by whom*

Increasingly building up competent and responsible UP-councils as well as leadership requires robust capacity building initiatives by the government on one hand, and changing attitudes of Union Council members, chair and secretary, as well as the government on the other. The former can be done by the local government division by initiating the strengthening of local governance projects, while the latter is challenging and requires advocacy campaigns to run by building a local governance



platform by the local government institutes themselves. Thus, the latter is closely linked to the third recommendation.

Increasing the local tax-base/net of UPs also requires legal reforms to be done by the government, particularly reforms of the Union Parishad model tax schedule 2012, and subsequent changes of the government tax net.

Regarding the legal reform in addressing the autonomy crisis of UPs, mentioned under the second recommendation, the government requires to amend section 54 of the Local Government (Union Parishad) Act 2009 and delete 54(3) from the same act.

Building strategic partnership of UPs with other levels of local governments, not just with the national government, initially requires inviting dialogue among the local government institutes by the Local Government Division under Ministry of LGRD&C of the Government of Bangladesh.

### **5.3 Concluding Remarks**

#### *Conclusion with a clear link to the introduction*

Considering the critical influencing phenomena, the study explores the causal mechanism of influences, as well as how such process works that lead to shape the dominant implications of influences on local government Union Councils' budgetary autonomy, leading to the impact on their local governance.

The research reveals the fact that the effects of the influencing phenomena on the budgetary autonomy of Union Councils in Bangladesh are evident with varying degrees and dimensions, but the influences do not always collide with the budgetary autonomy of Union Councils there. The indicator-based empirical analysis reveals that the magnitude of influences is almost double than that of the budgetary autonomy of Union Councils in Bangladesh. Thus, the budgetary autonomy of local government Union Councils in Bangladesh is a serious concern in the study of decentralization and local governance.

At the beginning (i.e. at the opening of introduction), the thesis outlines a proposition, which shows that demands for public goods and services are increasingly exceeding



the supply at local governments in Bangladesh and elsewhere, particularly in developing countries. Yet the revenue assignments of local governments in most developing countries including Bangladesh are often very poorly designed and very limited.

The thesis findings clearly support and strengthen its opening statement. The thesis proves that the maximum possible amount that can be collected from the local revenue assignments is relatively very insufficient compared to the aggregate budget of a year (as shown in Table 4.7). Thus, the maximum level local revenue collection cannot solve the autonomy crisis of UPs considering the current revenue base and legal constraints.

Consequently, increasing local tax-base/net by trading off national government resource base at the local level along with the legal reforms is one way to establish minimum autonomy through growing its own resource capacity. But this alone cannot provide the resources needed to an UP considering its growing local problems and increasing community demands.

Thus, it requires flexible as well as less conditional inter-governmental transfers following its approved budget submitted to the government. Government's incrementalism approach in transferring funds based on the previous year transferred amount and performance audit should not be stereotyped, rather must be responsive to the UP approved budget submitted to the appropriate authority of the government. Otherwise, the citizenry involvement (as shown in Table 4.6 under Sub-chapter 4.4.1), as well as stakeholder consultative processes, for example, ward shaba meetings and UP open-budget meetings, all might superficially become counterfeit.

Rationality of the government conditions and control on local government Union Councils is tied with the crisis of self-responsibility and competence of Union Council Chairs and members. Government conditions are further entrenched in the inevitable inter-governmental resource dependency and call for ensuring financial accountability and monitoring the performance of local government Union Councils.

Local governments in Bangladesh, particularly Union Councils, have yet to grow a high sense of self-responsibility, commitment as well as competent leadership and capable councils. Once these grow, the basis for lessening government conditions to the inter-

governmental transfers and/or increasing local tax base by trading off national government resource base at the local level will pave the way.

The thesis, also, takes a stance that reducing government control and increasing competent as well as responsible UP-councils and leadership should go side by side. It also suggests placing here robust oversight and accountability mechanisms.

In summary, **the originality, as well as the significance** of the thesis, is that it has contributed in the literature stream of public administration, specifically in decentralization, local government finance as well as budgeting, and in local governance studies. The study findings to some extent have substantiated the rationality of conditional national government transfers to the sub-national governments in Bangladesh. Beyond the general theoretical and practical significance of the study, its findings have led to inviting a fundamental debate on the national-local tax base system and appreciated the fact that central hindrance towards effective functioning of the local government Union Councils in Bangladesh is the crisis of ownership and competence of UP representatives.

*Wider consideration outside the terms of reference of the study*

Influences of the influencing aspects or phenomena (as discussed in Sub-chapter 4.1), go beyond the UP-budgeting decisions to its overall management as well as local governance (as discussed in Sub-chapter 4.3.2).

Bhimkhali UP Chair's opinion (as cited in Sub-chapter 4.3.1) is partly relevant to understand how the influences affect the autonomy of UPs' overall management, leading to the effects in their local governance. Furthermore, Modhanagor UP Chair (in Sub-chapter 4.4.2) opines that excessive influences undermine the autonomy of UPs' not only in their budgeting processes and decisions, but also in the overall management as well as in the outcome of both (i.e. to the community governance and development – local governance).

*Requirement of further research relevant to new questions as well as scopes emerged from this study*

There are two issues here that require further study:

First, further study requires an in-depth understanding of how the influencing phenomena affect beyond the UP-budgeting decisions to its overall management as well as local governance. In other words, to what extent do these influencing phenomena affect the autonomy of UPs in their overall management and local governance?

Second, further study is necessary to understand the reasons why UP representatives are interested in being elected and what kind of incentives are attractive for them to be elected despite their salary and formal benefits being very poor, as shown in the expenditure statement under 4.3.1.

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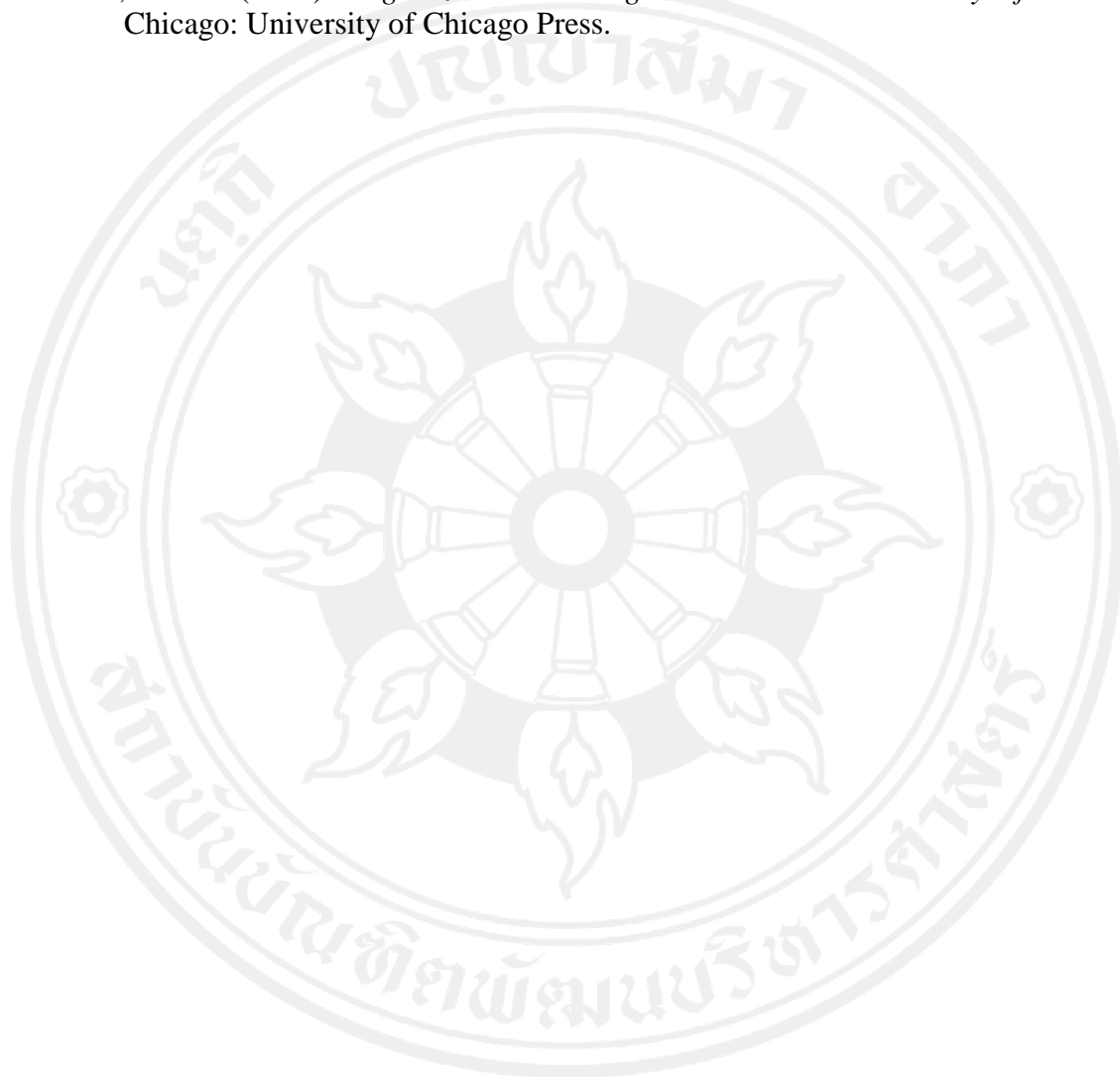
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## Exhibit 1 Research Timetable

[illegible]

## Exhibit 2 Sampling Frame

### List of Union Councils/Parishads at Sunamganj District in Bangladesh<sup>23</sup>

#### Dakhin Sunamganj Upazila/Subdistrict

Dorgapasha Union Council  
 Joykalas Union Council  
 Patharia Union Council  
 Shimulbak Union Council  
 Paschim Birgaon Union Council  
 Paschim Pagla Union Council  
 Purba Birgoan Union Council  
 Purba Pagla Union Council

#### Biswamvarpur Upazila/Subdistrict

Dakshin Badaghat Union Council  
 Dhanpur Union Council  
 Fatehpur Union Council  
 Palash Union Council  
 Salukabad Union Council

#### Tahirpur Upazila/Subdistrict

Balijuri Union Council  
 Dakshin Sreepur Union Council  
 Dakshin Baradal Union Council  
 Tahirpur Union Council  
 Badaghat Union Council  
 Uttar Baradal Union Council  
 Uttar Sreepur Union Council

<sup>23</sup> Source: Local Government Engineering Department, Local Government Division, Ministry of Local Government, Rural Development and Cooperatives

### **Sunamganj Sadar Upazila/Subdistrict**

Aptabnagar Union Council  
 Gourararang Union Council  
 Laxmansree Union Council  
 Mohanpur Union Council  
 Mollah Para Union Council  
 Rangar Char Union Council  
 Surma Union Council  
 Jahangirnagar Union Council

### **Sulla Upazila/Subdistrict**

Atgaon Union Council  
 Bahara Union Council  
 Habibpur Union Council  
 Salla Union Council

### **Jamalganj Upazila/Subdistrict**

Beheli Union Council  
 Bhimkhali Union Council (Sample Union)  
 Fenarbak Union Council (Sample Union)  
 Jamalganj Uttar Union Council  
 Jamalganj Sadar Union Council (Sample Union)  
 Sachna Bazar Union Council

### **Jagannathpur Upazila/Subdistrict**

Asharkandi Union Council  
 Haldipur Union Council  
 Kalkalia Union Council  
 Mirpur Union Council  
 Pailgaon Union Council  
 Patali Union Council

Raniganj Union Council  
 Sayedpur-Saharpara Union Council  
 Fenchugonj Union Council  
 Ghilachora Union Council  
 Maijgao Union Council

#### **Doarabazar Upazila/Subdistrict**

Bangla Bazar Union Council  
 Dowarabazar Union Council  
 Duhalia Union Council  
 Laxmipur Union Council  
 Mannargaon Union Council  
 Narsingpur Union Council  
 Pandergaon Union Council

#### **Dharmapasha Upazila/Subdistrict**

Dakshin Sukhair Union Council  
 Chamardani Union Council  
 Dakshin Bongshikunda Union Council  
 Dharmapasha Union Council

Joysree Union Council (Sample Union)

Madhyanagar Union Council (Sample Union)

Paikorati Union Council

Selborash Union Council

Uttar Sukhair Rajapur Union Council (Sample Union)

Uttar Bangshikunda Union Council

#### **Chatak Upazila/Subdistrict**

Bhatgaon Union Council  
 Chhatak Union Council  
 Charmahalla Union Council  
 Dular Bazar Union Council



Dakshin Khurma Union Council

Islampur Union Council

Jawa Bazar Union Council

Kalaruka Union Council

Noarai Union Council

Sedergaon Union Council

Afzalabad Union Council

Sing Chapair Union Council

Uttar Khurma Union Council

**Derai Upazila/Subdistrict**

Bhati Para Union Council

Charnar Char Union Council

Sarmangal Union Council

Jasdhal Union Council

Karimpur Union Council

Kulanja Union Council

Rafinagar Union Council

Rajanagar Union Council

Taral Union Council

## **Exhibit 3 Interview and FGD Outline**

### **Research Concerns**

- i. What are the key factors that influence the budgeting decision-making process of Union Councils in their local governance?
- ii. What is the relative influence of each factor on budgeting decision-making process of Union Councils in their local governance?
- iii. How does such influence occur on budgeting decision-making of Councils in their local governance process?
- iv. Why does such influence exist or what is the root cause of the problem?
- v. What are the implications of such influence in the autonomy and local governance of Union Councils in Bangladesh?
- vi. Is it necessary to reduce dependency and/or negative influences on budgeting decisions in terms of autonomy of Union Councils? If so, how to overcome this challenge, and/or how to improve the capacity and enabling environment for independent as well as matured decisions of Union Councils in terms of budgeting decisions as well as governing local affairs?

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### **Questions alike indicators to measure the level of influences and magnitude of autonomy in budgeting decisions of Union Councils, and reversely the parameters to the same:**

1. What is the level of stakeholders' consultation and engagement in the planning and budgeting process (i.e. responsiveness to people)?
  2. Who takes the budgeting decisions (UP Chair /Parishad/Collectively UP Committees and Parishad)?
  3. How much real choice UPs have in determining the budgeting areas concerning local governance and development needs given the stakeholder consultative process and/or its discretions?
  4. How much real choice do UPs have in allocating the amount of budget at the prioritized areas?
  5. What range of public services do they finance or invest in?
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6. How much real choice do they have in allocating their budget to individual services?
  7. Do the UPs have the authority to select social safety net beneficiaries and allocate funds for them?
  8. Do they have the authority to allocate funds for social dispute resolution (i.e. Shalish and activating Village Court)?
  9. Do they have the authority to allocate funds for local infrastructure development initiatives?
  10. Do the UPs have the authority to allocate funds for entrepreneurial initiatives?
  11. Do they have the authority to allocate funds for local government innovations and development?
  12. Do they have the authority to allocate funds for knowledge, leadership and capacity building initiatives?
  13. Do they have the authority to allocate funds for local recruitment as well as staff payment?
  14. Do the UPs have the authority to provide input in the national budgeting process? Do they have authority to provide input in the national five-year planning?
  15. Do the UPs have the authority to determine amounts required from the government (inter-governmental transfer)?
  16. Do they have the right and scope to explore civil society donations/funds?
  17. Do they have the right and scope to explore public-private partnerships?
  18. Do they have the right to explore sub-national borrowing scope?
  19. Do they have the right to expand local resource net/mapping?
  20. Do they have the right to determine the rates of the local taxes and charges?
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## **Key Documents and Dataset Required**

### Research design stage

1. The Local Government (Union Parishad) Act 2009, Local Government Division, Government of the People's Republic of Bangladesh (GOB, 2009)
2. The Union Parishad model tax schedule 2012. Local Government Division, Government of the People's Republic of Bangladesh (GOB, 2012)
3. Reports and/or articles relating the relevant studies
4. Literature relevant to theories and concepts
5. Basic budgeting data of sample Union Councils

### Data collection stage

6. Revenue details of sample Union Councils for three fiscal years
7. Expenditure details of Sample Union Councils for three fiscal years

### Exhibit 4: Revenue Details of Sample Union Councils

I. Joyshree Union Council/Union Parishad (UP): Revenue Details					
No	Revenue Nature	Three Fiscal Years (BDT)			Total (BDT)
		2016-17	2015-16	2014-15	
<b>1</b>	<b>Own Revenue</b>	81,496	64,707	9,500	155,703
1.1	Local Tax	8,426	15,592	5,000	29,018
1.1.1	Holding and Homestead Tax	8,426	15,592	5,000	29,018
1.1.2	Business and Occupation Tax	0	0	0	0
1.1.3	Hat Bazar Leasing Tax 1%	0	0	0	0
1.2	Leasing of Hat Bazar	0	0	0	0
1.3	Rates, Fees & Service Charges <sup>24</sup>	73,070	49,115	4,500	126,685
1.4	Others	0	0	0	0
<b>2</b>	<b>Inter-Governmental Transfer</b>	2994,064	2661,568	2845,239	8500,871
2.1	Social Grants/Safety Net	1055,111	988360	1391913	3435,384
2.1.1	From Upazila Parishad (e.g. Kabita, Khabikha etc.)	566,874	541,885	585,291	1694,050
2.1.2	From Zila Parsishad	0	0	0	0
2.1.3	Directly from the Government (TR/GR Grants & Social Vulnerability Allowances etc.)	488,237	446,475	806,622	1741,334
2.2	Development Grants	1147,916	1128,108	1054,050	3330,074
2.2.1	From LGED and Other Line Agencies of Ministries			116,550	116,550
2.2.2	Block and Expanded Block Grants from LGD, Ministry of LGRD&C	1147,916	1128,108	937,500	3213,524
2.3	Percent of Staff Allowances from the Government	791,037	545,100	399276	1735,413
2.3.1	Percent of pay and allowances from Government for UP Chairman and members	385,200	155,700	155,700	696,600
2.3.2	Percent of pay and allowances from Government for UP Secretary and others	405,837	389,400	243,576	1038,813
<b>3</b>	<b>Private and Non-Governmental support</b>	0	0	0	0
3.1	NGO run Project/assistance	0	0	0	0
3.2	Private grants/assistance	0	0	0	0
<b>4</b>	<b>Surplus or (Deficit) from the Previous Year</b>	2,935	118,260	0	121,195
<b>TOTAL</b>		<b>3078,495</b>	<b>2844,535</b>	<b>2854,739</b>	<b>8777,769</b>

<sup>24</sup> e.g. Business license fee, Non-Motorized Vehicle fee, Market Auction fees (5% share), Land registration fees (1% share), birth registration fee etc.

II. Uttar Rajapur Union Council/Union Parishad (UP): Revenue Details					
No	Revenue Nature	Three Fiscal Years (BDT)			Total (BDT)
		2016-17	2015-16	2014-15	
<b>1</b>	<b>Own Revenue</b>	130,000	13,250	123,000	266,250
1.1	Local Tax	4,000	5,000	70,400	79,400
1.1.1	Holding and Homestead Tax	4,000	5,000	70,400	79,400
1.1.2	Business and Occupation Tax	0	0	0	0
1.1.3	Hat Bazar Leasing Tax 1%	0	0	0	0
1.2	Leasing of Hat Bazar	0	0	0	0
1.3	Rates, Fees & Service Charges <sup>25</sup>	126,000	8,250	52,600	186,850
1.4	Others	0	0	0	0
<b>2</b>	<b>Inter-Governmental Transfer</b>	8567,083	7365,396	6797,048	22729,527
2.1	Social Grants/Safety Net	6427,098	5350,305	5361,078	17138,481
2.1.1	From Upazila Parishad (e.g. Kabita, Khabikha etc.)	3726,839	3090,510	3122,024	9939,373
2.1.2	From Zila Parsishad	0	0	0	0
2.1.3	Directly from the Government (TR/GR Grants & Social Vulnerability Allowances etc.)	2700,259	2259,795	2239,054	7199,108
2.2	Development Grants	970,048	1297,901	1017,884	3285833
2.2.1	From LGED and Other Line Agencies of Ministries	0	100,000	200,000	300,000
2.2.2	Block and Expanded Block Grants from LGD, Ministry of LGRD&C	970,048	1197,901	817,884	2985,833
2.3	Percent of Staff Allowances from the Government	1169,937	717,190	418,086	2305,213
2.3.1	Percent of pay and allowances from Government for UP Chairman and members	155,700	155,700	155,700	467,100
2.3.2	Percent of pay and allowances from Government for UP Secretary and others	1014,237	561,490	262,386	1838,113
<b>3</b>	<b>Private and Non-Governmental support</b>	524,881	607,792	617,688	1750,361
3.1	NGO run Project/assistance	524,881	607,792	617,688	1750,361
3.2	Private grants/assistance	0	0	0	0
<b>4</b>	<b>Surplus or (Deficit) from the Previous Year</b>	163,620	143,120	0	306,740
<b>TOTAL</b>		<b>9385,584</b>	<b>8129,558</b>	<b>7537,736</b>	<b>25052,878</b>

<sup>25</sup> e.g. Business license fee, Non-Motorized Vehicle fee, Market Auction fees (5% share), Land registration fees (1% share), birth registration fee etc.



III. Madhanagor Union Council/Union Parishad (UP): Revenue Details					
No	Revenue Nature	Three Fiscal Years (BDT)			Total (BDT)
		2016-17	2015-16	2014-15	
<b>1</b>	<b>Own Revenue</b>	218,000	82,000	82,000	382,000
1.1	Local Tax	168,000	47,000	74,000	289,000
1.1.1	Holding and Homestead Tax	130,000	47,000	74,000	251,000
1.1.2	Business and Occupation Tax	38,000	0	0	38,000
1.1.3	Hat Bazar Leasing Tax 1%	0	0	0	0
1.2	Leasing of Hat Bazar	0	0	0	0
1.3	Rates, Fees & Service Charges <sup>26</sup>	50,000	35,000	8,000	93,000
1.4	Others	0	0	0	0
<b>2</b>	<b>Inter-Governmental Transfer</b>	5740,000	7234,000	6590,000	19564,000
2.1	Social Grants/Safety Net	700,000	904,000	750,000	2354,000
2.1.1	From Upazila Parishad (e.g. Kabita, Khabikha etc.)	500,000	650,000	480,000	1630,000
2.1.2	From Zila Parsishad	0	0	0	0
2.1.3	Directly from the Government (TR/GR Grants & Social Vulnerability Allowances etc.)	200,000	254,000	270,000	724,000
2.2	Development Grants	4249,000	5785,000	5295,000	15329,000
2.2.1	From LGED and Other Line Agencies of Ministries	2249,000	3585,000	3395,000	9229,000
2.2.2	Block and Expanded Block Grants from LGD, Ministry of LGRD&C	2000,000	2200,000	1900,000	6100,000
2.3	Percent of Staff Allowances from the Government	791,000	545,000	545,000	1881,000
2.3.1	Percent of pay and allowances from Government for UP Chairman and members	218,000	218,000	218,000	654,000
2.3.2	Percent of pay and allowances from Government for UP Secretary and others	573,000	327,000	327,000	1227,000
<b>3</b>	<b>Private and Non-Governmental support</b>	0	0	0	0
3.1	NGO run Project/assistance	0	0	0	0
3.2	Private grants/assistance	0	0	0	0
<b>4</b>	<b>Surplus or (Deficit) from the Previous Year</b>	4,000	0	0	4,000
<b>TOTAL</b>		<b>5962,000</b>	<b>7316,000</b>	<b>6672,000</b>	<b>19950,000</b>

<sup>26</sup> e.g. Business license fee, Non-Motorized Vehicle fee, Market Auction fees (5% share), Land registration fees (1% share), birth registration fee etc.

IV. Jamalganj Sadar Union Council/Union Parishad (UP): Revenue Details					
No	Revenue Nature	Three Fiscal Years (BDT)			Total (BDT)
		2016-17	2015-16	2014-15	
<b>1</b>	<b>Own Revenue</b>	896,062	1072,791	1278,457	3247,310
1.1	Local Tax	310,156	240,489	720,616	1271,261
1.1.1	Holding and Homestead Tax	87,486	31,539	586,141	705,166
1.1.2	Business and Occupation Tax	107,670	133,500	124,475	365,645
1.1.3	Hat Bazar Leasing Tax 1%	115,000	75,450	10,000	200,450
1.2	Leasing of Hat Bazar	0	0	0	0
1.3	Rates, Fees & Service Charges <sup>27</sup>	585,906	832,302	557,841	1976,049
1.4	Others	0	0	0	0
<b>2</b>	<b>Inter-Governmental Transfer</b>	10082,225	11588,475	13007,898	34678,598
2.1	Social Grants/Safety Net	5102,945	6336,515	6336,515	17775,975
2.1.1	From Upazila Parishad (e.g. Kabita, Khabikha etc.)	5102,945	6336,515	6336,515	17775,975
2.1.2	From Zila Parsishad	0	0	0	0
2.1.3	Directly from the Government (TR/GR Grants & Social Vulnerability Allowances etc.)	0	0	0	0
2.2	Development Grants	3967,264	4459,664	6116,765	14543,693
2.2.1	From LGED and Other Line Agencies of Ministries	1683,271	1671,916	1756,481	5111,668
2.2.2	Block and Expanded Block Grants from LGD, Ministry of LGRD&C	2283,993	2787,748	4360,284	9432,025
2.3	Percent of Staff Allowances from the Government	1012,016	792,296	554,618	2358,930
2.3.1	Percent of pay and allowances from Government for UP Chairman and members	159,900	155,700	117,000	432,600
2.3.2	Percent of pay and allowances from Government for UP Secretary and others	852,116	636,596	437,618	1926,330
<b>3</b>	<b>Private and Non-Governmental support</b>	985,679	37,590	819,132	1842,401
3.1	NGO run Project/assistance	985,679	37,590	819,132	1842,401
3.2	Private grants/assistance	0	0	0	0
<b>4</b>	<b>Surplus or (Deficit) from the Previous Year</b>	0	0	0	0
<b>TOTAL</b>		<b>11963,966</b>	<b>12698,856</b>	<b>15105,487</b>	<b>39768,309</b>

<sup>27</sup> e.g. Business license fee, Non-Motorized Vehicle fee, Market Auction fees (5% share), Land registration fees (1% share), birth registration fee etc.

V. Bhimkhali Union Council/Union Parishad (UP): Revenue Details					
No	Revenue Nature	Three Fiscal Years (BDT)			Total (BDT)
		2016-17	2015-16	2014-15	
<b>1</b>	<b>Own Revenue</b>	104,000	189,000	342,000	635,000
1.1	Local Tax	56,025	120,104	285,585	461,714
1.1.1	Holding and Homestead Tax	5,154	53,225	231,475	289,854
1.1.2	Business and Occupation Tax	50,871	66,879	54,110	171,860
1.1.3	Hat Bazar Leasing Tax 1%	0	0	0	0
1.2	Leasing of Hat Bazar	0	0	0	0
1.3	Rates, Fees & Service Charges <sup>28</sup>	47,975	68,896	56,415	173,286
1.4	Others	0	0	0	0
<b>2</b>	<b>Inter-Governmental Transfer</b>	8112,000	8620,000	8271,000	25003,000
2.1	Social Grants/Safety Net	4069,165	4303,554	3406,447	11779,166
2.1.1	From Upazila Parishad (e.g. Kabita, Khabikha etc.)	3138,000	3315,000	3204,000	9657,000
2.1.2	From Zila Parsishad	0	0	0	0
2.1.3	Directly from the Government (TR/GR Grants & Social Vulnerability Allowances etc.)	931,165	988,554	202,447	2122,166
2.2	Development Grants	3547,135	3825,746	4416,153	11789,034
2.2.1	From LGED and Other Line Agencies of Ministries	2000,000	3000,000	2300,000	7300,000
2.2.2	Block and Expanded Block Grants from LGD, Ministry of LGRD&C	1547,135	825,746	2116,153	4489,034
2.3	Percent of Staff Allowances from the Government	495,700	490,700	488,400	1474,800
2.3.1	Percent of pay and allowances from Government for UP Chairman and members	155,700	155,700	155,700	467,100
2.3.2	Percent of pay and allowances from Government for UP Secretary and others	340,000	335,000	332,700	1007,700
<b>3</b>	<b>Private and Non-Governmental support</b>	200,000	1819,000	2602,000	4621,000
3.1	NGO run Project/assistance	200,000	1819,000	2602,000	4621,000
3.2	Private grants/assistance	0	0	0	0
<b>4</b>	<b>Surplus or (Deficit) from the Previous Year</b>	0	0	0	0
<b>TOTAL</b>		<b>8416,000</b>	<b>10628,000</b>	<b>11215,000</b>	<b>30259,000</b>

<sup>28</sup> e.g. Business license fee, Non-Motorized Vehicle fee, Market Auction fees (5% share), Land registration fees (1% share), birth registration fee etc.

VI. Fenarbak Union Council/Union Parishad (UP): Revenue Details					
No	Revenue Nature	Three Fiscal Years (BDT)			Total (BDT)
		2016-17	2015-16	2014-15	
<b>1</b>	<b>Own Revenue</b>	1240,339	733,460	1132,909	3106,708
1.1	Local Tax	1070,129	672,860	761,308	2504,297
1.1.1	Holding and Homestead Tax	358,263	50,860	235,593	644,716
1.1.2	Business and Occupation Tax	35,700	12,000	65,715	113,415
1.1.3	Hat Bazar Leasing Tax 1%	676,166	610,000	460,000	1746,166
1.2	Leasing of Hat Bazar	0	0	0	0
1.3	Rates, Fees & Service Charges <sup>29</sup>	170,210	60,600	371,601	602,411
1.4	Others	0	0	0	0
<b>2</b>	<b>Inter-Governmental Transfer</b>	12972,744	11024,974	9211,140	33208,858
2.1	Social Grants/Safety Net	8788,316	6428,782	4697,949	19915,047
2.1.1	From Upazila Parishad (e.g. Kabita, Khabikha etc.)	2606,316	1635,282	880,000	5121,598
2.1.2	From Zila Parsishad	0	0	0	0
2.1.3	Directly from the Government (TR/GR Grants & Social Vulnerability Allowances etc.)	6182,000	4793,500	3817,949	14793,449
2.2	Development Grants	3540,382	4012,594	3949,593	11502,569
2.2.1	From LGED and Other Line Agencies of Ministries	701,910	2056,796	390,860	3149,566
2.2.2	Block and Expanded Block Grants from LGD, Ministry of LGRD&C	2838,472	1955,798	3558,733	8353,003
2.3	Percent of Staff Allowances from the Government	644,046	583,598	563,598	1791,242
2.3.1	Percent of pay and allowances from Government for UP Chairman and members	155,700	155,700	155,700	467,100
2.3.2	Percent of pay and allowances from Government for UP Secretary and others	488,346	427,898	407,898	1324,142
<b>3</b>	<b>Private and Non-Governmental support</b>	1729,000	800,000	0	2529,000
3.1	NGO run Project/assistance	1729,000	800,000	0	2529,000
3.2	Private grants/assistance	0	0	0	0
<b>4</b>	<b>Surplus or Deficit from the Previous Year</b>	0	0	0	0
<b>TOTAL</b>		<b>15942,083</b>	<b>12558,434</b>	<b>10344,049</b>	<b>38844,566</b>

<sup>29</sup> e.g. Business license fee, Non-Motorized Vehicle fee, Market Auction fees (5% share), Land registration fees (1% share), birth registration fee etc.

### Exhibit 5: Expenditure Details of Sample Union Councils

I. Joyshree Union Council/Union Parishad (UP): Expenditure Details					
No	Expenditure Nature	Three Fiscal Years (BDT)			Total (BDT)
		2016-17	2015-16	2014-15	
<b>1</b>	<b>Social Protection/ Social Safety Net</b>	1055,111	988,360	1391,913	3435,384
1.1	Emergency relief distribution	0	0	0	0
1.2	TR and GR assistance	488,237	446,475	585,291	1520,003
1.3	Kabita & kabikha assistance	566,874	541,885	806,622	1915,381
1.4	Social Vulnerability allowances	0	0	0	0
1.5	Poor housing and repairing assistance	0	0	0	0
1.6	Others	0	0	0	0
<b>2</b>	<b>Community Development</b>	1147,916	1128,108	937,500	3213,524
2.1	Agriculture, irrigation and dam construction	0	0	100,000	100,000
2.2	Health, sanitation and drinking water facility	490,000	876,760	837,500	2204,260
2.3	Education	0	0	0	0
2.4	Rural road construction and maintenance	0	0	0	0
2.5	School /office /community building/ community market construction and/or repairing	300,000	0	0	300,000
2.6	Tree plantation and/or community gardening	100,564	50,000	0	150,564
2.7	Other Community services and amenities	0	0	0	0
2.8	Others	257,352	201,348	0	458,700
<b>3</b>	<b>Salary and allowances</b>	791,037	545,100	399,276	1735,413
3.1	Pay and allowances for UP Chairman and members	385,200	155,700	155,700	696,600
3.2	Pay and allowances for UP Secretary and Village Police	405,837	389,400	243,576	1038,813
<b>4</b>	<b>Operational cost</b>	20,000	180,032	7,790	207,822
4.1	Office maintenance <sup>30</sup>	20,000	180,032	7,790	207,822
4.2	Additional costs for Local revenue collection	0	0	0	0
4.3	Administration cost of Social Judgements e.g. Salish/village court operation	0	0	0	0
4.4	Others	0	0	0	0
<b>TOTAL</b>		<b>3014,064</b>	<b>2841,600</b>	<b>2736,479</b>	<b>8592,143</b>

<sup>30</sup> Including entertainment, accounting, filing, record keeping and auditing, cleaning, electricity and water bill, office telephone /internet bill etc.

II. Uttar Rajapur Union Council/Union Parishad (UP): Expenditure Details					
No	Expenditure Nature	Three Fiscal Years (BDT)			Total (BDT)
		2016-17	2015-16	2014-15	
<b>1</b>	<b>Social Protection/ Social Safety Net</b>	5705,239	4674,710	4706,224	15086,173
1.1	Emergency relief distribution	0	0	0	0
1.2	TR and GR assistance	1190,000	1190,000	1190,000	3570,000
1.3	Kabita & kabikha assistance	3726,839	3090,510	3122,024	9939,373
1.4	Social Vulnerability allowances	788,400	394,200	394,200	1576,800
1.5	Poor housing and repairing assistance	0	0	0	0
1.6	Others	0	0	0	0
<b>2</b>	<b>Community Development</b>	2288,818	2562,958	2270,306	7122,082
2.1	Agriculture, irrigation and dam construction	100,650	275,000	292,800	668,450
2.2	Health, sanitation and drinking water facility	297,300	499,863	153,350	950,513
2.3	Education	728,276	350,180	0	1078,456
2.4	Rural road construction and maintenance	172,726	564,112	772,000	1508,838
2.5	School /office /community building/ community market construction and/or repairing	677,996	189,450	918,404	1785,850
2.6	Tree plantation and/or community gardening	0	262,000	0	262,000
2.7	Other Community services and amenities	0	50,000	0	50,000
2.8	Others	311,870	372,353	133,752	817,975
<b>3</b>	<b>Salary and allowances</b>	1169,937	717,190	418,086	2305,213
3.1	Pay and allowances for UP Chairman and members	155,700	155,7000	155,700	467,100
3.2	Pay and allowances for UP Secretary and Village Police	1014,237	561,490	262,386	1838,113
<b>4</b>	<b>Operational cost</b>	9,970	11,080	0	21,050
4.1	Office maintenance <sup>31</sup>	9,970	11,080	0	21,050
4.2	Additional costs for Local revenue collection	0	0	0	0
4.3	Administration cost of Social Judgements e.g. Salish/village court operation	0	0	0	0
4.4	Others	0	0	0	0
<b>TOTAL</b>		<b>9173,964</b>	<b>7965,938</b>	<b>7394,616</b>	<b>24534,518</b>

<sup>31</sup> Including entertainment, accounting, filing, record keeping and auditing, cleaning, electricity and water bill, office telephone /internet bill etc.



III. Madhanagor Union Council/Union Parishad (UP): Expenditure Details					
No	Expenditure Nature	Three Fiscal Years (BDT)			Total (BDT)
		2016-17	2015-16	2014-15	
<b>1</b>	<b>Social Protection/ Social Safety Net</b>	700,000	904,000	750,000	2354,000
1.1	Emergency relief distribution	0	0	0	0
1.2	TR and GR assistance	200,000	254,000	270,000	724,000
1.3	Kabita & kabikha assistance	500,000	650,000	480,000	1630,000
1.4	Social Vulnerability allowances	0	0	0	0
1.5	Poor housing and repairing assistance	0	0	0	0
1.6	Others	0	0	0	0
<b>2</b>	<b>Community Development</b>	4400,000	5809,000	5332,000	15541,000
2.1	Agriculture, irrigation and dam construction	300,000	500,000	500,000	1300,000
2.2	Health, sanitation and drinking water facility	700,000	1000,000	400,000	2100,000
2.3	Education	400,000	600,000	100,000	1100,000
2.4	Rural road construction and maintenance	2400,000	3709,000	4332,000	10441,000
2.5	School /office /community building/ community market construction and/or repairing	0	0	0	0
2.6	Tree plantation and/or community gardening	100,000	0	0	100,000
2.7	Other Community services and amenities	0	0	0	0
2.8	Others	500,000	0	0	500,000
<b>3</b>	<b>Salary and allowances</b>	791,000	545,000	545,000	1881,000
3.1	Pay and allowances for UP Chairman and members	218,000	218,000	218,000	654,000
3.2	Pay and allowances for UP Secretary and Village Police	573,000	327,000	327,000	1227,000
<b>4</b>	<b>Operational cost</b>	67,000	54,000	45,000	166,000
4.1	Office maintenance <sup>32</sup>	67,000	54,000	45,000	166,000
4.2	Additional costs for Local revenue collection	0	0	0	0
4.3	Administration cost of Social Judgements e.g. Salish/village court operation	0	0	0	0
4.4	Others	0	0	0	0
<b>TOTAL</b>		<b>5958,000</b>	<b>7312,000</b>	<b>6672,000</b>	<b>19942,000</b>

<sup>32</sup> Including entertainment, accounting, filing, record keeping and auditing, cleaning, electricity and water bill, office telephone /internet bill etc.

IV. Jamalgonj Sadar Union Council/Union Parishad (UP): Expenditure Details					
No	Expenditure Nature	Three Fiscal Years (BDT)			Total (BDT)
		2016-17	2015-16	2014-15	
<b>1</b>	<b>Social Protection/ Social Safety Net</b>	5102,945	6336,515	6336,515	17775,975
1.1	Emergency relief distribution	0	0	0	0
1.2	TR and GR assistance	0	0	0	0
1.3	Kabita & kabikha assistance	5102,945	6336,515	6336,515	17775,975
1.4	Social Vulnerability allowances	0	0	0	0
1.5	Poor housing and repairing assistance	0	0	0	0
1.6	Others	0	0	0	0
<b>2</b>	<b>Community Development</b>	5703,696	5389,025	7926,938	19019,659
2.1	Agriculture, irrigation and dam construction	400,000	250,000	343,768	993,768
2.2	Health, sanitation and drinking water facility	533,442	1623,393	1638,317	3795,152
2.3	Education	3054,900	1781,992	848,776	5685,668
2.4	Rural road construction and maintenance	0	1618,975	2544,752	4163,727
2.5	School /office /community building/ community market construction and/or repairing	0	0	0	0
2.6	Tree plantation and/or community gardening	0	0	0	0
2.7	Other Community services and amenities	0	0	0	0
2.8	Others	1715,354	114,665	2551,325	4381,344
<b>3</b>	<b>Salary and allowances</b>	1012,016	792,296	554,618	2358,930
3.1	Pay and allowances for UP Chairman and members	159,900	155,700	117,000	432,600
3.2	Pay and allowances for UP Secretary and Village Police	852,116	636,596	437,618	1926,330
<b>4</b>	<b>Operational cost</b>	145,309	181,020	287,416	613,745
4.1	Office maintenance <sup>33</sup>	145,309	181,020	287,416	613,745
4.2	Additional costs for Local revenue collection	0	0	0	0
4.3	Administration cost of Social Judgements e.g. Salish/village court operation	0	0	0	0
4.4	Others	0	0	0	0
<b>TOTAL</b>		<b>11963,966</b>	<b>12698,856</b>	<b>15105,487</b>	<b>39768,309</b>

<sup>33</sup> Including entertainment, accounting, filing, record keeping and auditing, cleaning, electricity and water bill, office telephone /internet bill etc.

V. Bhimkhali Union Council/Union Parishad (UP): Expenditure Details					
No	Expenditure Nature	Three Fiscal Years (BDT)			Total (BDT)
		2016-17	2015-16	2014-15	
<b>1</b>	<b>Social Protection/ Social Safety Net</b>	4069,165	4303,554	3406,447	11779,166
1.1	Emergency relief distribution	0	0	0	0
1.2	TR and GR assistance	130,000	50,000	45,000	225,000
1.3	Kabita & kabikha assistance	3138,000	3315,000	3204,000	9657,000
1.4	Social Vulnerability allowances	801,165	938,554	157,447	1897,166
1.5	Poor housing and repairing assistance	0	0	0	0
1.6	Others	0	0	0	0
<b>2</b>	<b>Community Development</b>	3831,135	5815,746	7294,753	16941,634
2.1	Agriculture, irrigation and dam construction	134,235	867,650	950,000	1951,885
2.2	Health, sanitation and drinking water facility	2035,000	2848,708	2500,000	7383,708
2.3	Education	286,909	843,900	650,000	1780,809
2.4	Rural road construction and maintenance	1249,991	1221,995	2348,553	4820,539
2.5	School /office /community building/ community market construction and/or repairing	125,000	0	325,000	450,000
2.6	Tree plantation and/or community gardening	0	0	0	0
2.7	Other Community services and amenities	0	0	0	0
2.8	Others	0	33,493	521,200	554,693
<b>3</b>	<b>Salary and allowances</b>	495,700	490,700	488,400	1474,800
3.1	Pay and allowances for UP Chairman and members	155,700	155,700	155,700	467,100
3.2	Pay and allowances for UP Secretary and Village Police	340,000	335,000	332,700	1007,700
<b>4</b>	<b>Operational cost</b>	20,000	18,000	25,400	63,400
4.1	Office maintenance <sup>34</sup>	20,000	18,000	25,400	63,400
4.2	Additional costs for Local revenue collection	0	0	0	0
4.3	Administration cost of Social Judgements e.g. Salish/village court operation	0	0	0	0
4.4	Others	0	0	0	0
<b>TOTAL</b>		<b>8416,000</b>	<b>10628,000</b>	<b>11215,000</b>	<b>30259,000</b>

<sup>34</sup> Including entertainment, accounting, filing, record keeping and auditing, cleaning, electricity and water bill, office telephone /internet bill etc.

VI. Fenarbak Union Council/Union Parishad (UP): Expenditure Details					
No	Expenditure Nature	Three Fiscal Years (BDT)			Total (BDT)
		2016-17	2015-16	2014-15	
<b>1</b>	<b>Social Protection/ Social Safety Net</b>	8788,316	6428,782	4697,949	19915,047
1.1	Emergency relief distribution	0	0	0	0
1.2	TR and GR assistance	1430,000	1281,500	697,949	3409,449
1.3	Kabita & kabikha assistance	2606,316	1635,282	880,000	5121,598
1.4	Social Vulnerability allowances	4752,000	3512,000	3120,000	11384,000
1.5	Poor housing and repairing assistance	0	0	0	0
1.6	Others	0	0	0	0
<b>2</b>	<b>Community Development</b>	6159,251	5144,608	4771,924	16075,783
2.1	Agriculture, irrigation and dam construction	945,340	400,000	250,000	1595,340
2.2	Health, sanitation and drinking water facility	858,112	610,000	210,000	1678,112
2.3	Education	2539,867	1309,149	1101,544	4950,560
2.4	Rural road construction and maintenance	1729,000	1553,285	2585,429	5867,714
2.5	School /office /community building/ community market construction and/or repairing	86,932	1272,174	624,951	1984,057
2.6	Tree plantation and/or community gardening	0	0	0	0
2.7	Other Community services and amenities	0	0	0	0
2.8	Others	0	0	0	0
<b>3</b>	<b>Salary and allowances</b>	885,508	885,508	790,394	2561,410
3.1	Pay and allowances for UP Chairman and members	155,700	155,700	155,700	467,100
3.2	Pay and allowances for UP Secretary and Village Police	729,808	729,808	634,694	2094,310
<b>4</b>	<b>Operational cost</b>	109,008	99,536	83,782	292,326
4.1	Office maintenance <sup>35</sup>	109,008	99,536	83,782	292,326
4.2	Additional costs for Local revenue collection	0	0	0	0
4.3	Administration cost of Social Judgements e.g. Salish/village court operation	0	0	0	0
4.4	Others	0	0	0	0
<b>TOTAL</b>		<b>15942,083</b>	<b>12558,434</b>	<b>10344,049</b>	<b>38844,566</b>

<sup>35</sup> Including entertainment, accounting, filing, record keeping and auditing, cleaning, electricity and water bill, office telephone /internet bill etc.

## Exhibit 6 Evidence of Field Research



Pictures: In-depth interviews of Fenarbak and Joyshree Union Chairmen, and FGD with Joyshree Union Council



Pictures: In-depth interview of Rajapur Uttar Union Chairman, and documents collection from Secretary of Jamalganong Sadar Union Council





Pictures: Discussion with Vhimkhali Union Chairman as well as Union Council



Pictures: Walking on a village road towards a Union Council for the thesis data collection, and FGD with Madhanagor Union Council

## BIOGRAPHY

**NAME**

Mohammad Rafiqul Islam Talukdar

**ACADEMIC****BACKGROUND**

Mohammad Talukdar holds a Master's degree in Development Management from the Asian Institute of Management (AIM), Manila, and a Master of Social Sciences in Public Administration degree from Dhaka University, Dhaka.

**EXPERIENCES**

He joined BRAC Institute of Governance and Development (BIGD)-BRAC University, Bangladesh in July 2013.

Previously, he was a Fellow at the Stephen Zuellig Graduate School of Development Management in the Asian Institute of Management (Manila) and Team Leader at World Bank supported GOB initiative for Human Development. He also worked for UNDP and the European Commission. He undertook several national and international consultancy assignments in Bangladesh, Philippines and Vietnam. He has expertise in research and policy advocacy, bridging leadership, results-based research programme management, and teaching at the graduate level. He has authored three books and several scholarly journal articles as well as internationally published book chapters.

Below is a review link of one of his books:

<http://epress.lib.uts.edu.au/journals/index.php/cjlg/article/view/4852/5218>