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for Equitable Economic Growth in Cities

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About the Report

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Disclaimer

The views, analysis and recommendations of this report are those of the author(s) alone and do not represent the position of Cities Alliance or its members.

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Acronyms

AC	Assistant Commissioner
ADP	Annual Development Programme
BIWTA	Bangladesh Inland Water Transport Authority
BIGD	BRAC Institute of Governance and Development
BDT	Bangladeshi Taka
BMDF	Bangladesh Municipal Development Fund
BREB	Bangladesh Rural Electrification Board
BRTA	Bangladesh Road Transport Authority
CA	Cities Alliance
CEO	Chief Executive Officer
CC	City Corporation
CBO	Community Based Organizations
CLO	Certificate of Land Ownership
DESA	Dhaka Electric Supply Authority
DMDP	Dhaka Metropolitan Development Plan
DAP	Detailed Area Plan
DoE	Department of Environment
DPDC	Dhaka Power Distribution Company Ltd.
DND	Dhaka-Narayanganj-Demra
DPHE	Department of Public Health Engineering
EPZ	Export Processing Zone
FYP	Five Year Plan

JWP	Joint Work Programme
KII	Key Informant Interview
LGD	Local Government Division
LGED	Local Government Engineering Department
MOHFW	Ministry of Health and Family Welfare
MoLGRDC	Ministry of Local Government, Rural Development & Cooperatives
MOL	Ministry of Land
NGO	Non-Governmental Organization
NLUP	National Land Use Policy
OSR	Own Source Revenue
RAJUK	Rajdhani Unnayan Kartripakkha
STS	Secondary Transfer Station
SCC	Sylhet City Corporation
SOC	State of Cities
UDD	Urban Development Directorate
UGIIP	Urban Governance and Infrastructural Improvement Project
UNDP	United Nations Development Programme
WASA	Water Supply and Sewerage Authority

Executive Summary

In light of rapid urbanization, equitable economic growth in cities is paramount to ensure the sustainable prosperity of their citizens. Therefore, the provision of public goods and services in an equitable manner is one of the main policy targets of city authorities. However, promoting sustainable economic growth and equity depends on the enabling environment, defined as the rules, policies, and authority under which city authorities create, maintain, and deliver public goods and services. Therefore, the objective of this Institutional Environment Enabling Report (IEER) is to describe the political, functional, and fiscal arrangements under which Sylhet City Corporation (SCC) operates. It will assist in facilitating city-level policy actions by defining the space wherein city-level actions can become effective and operational.

Since Bangladesh's independence in 1971, there have been changes in the legislative and institutional frameworks for local government. These changes have proven to be advantageous in some cases, albeit challenging for the emergence of a demand-driven system of public goods production. The Local Government (City Corporation) Act 2009 is the principal legislation that provides the framework for functions, composition, terms, and power of city corporations. However, there are other laws and policies that mention the role of local government but contradict the provisions of the 2009 legislation, which makes the current legal situation confusing.

There have been some changes in political and governance frameworks relating to city corporations. These can be seen by an attempt at greater gender integration through policies that reserve seats for women, greater inclusion by granting voting rights to the urban poor, and greater public participation in the stakeholder committees formed by city corporations. However, some of these changes appear superficial. For example, the system of reserving seats for women as councillors does not also provide them with the authority and resources that would enable them to discharge their responsibilities in their respective wards.

Analysis of the legal framework shows that despite a national move towards increased decentralisation, the central government retains control over city corporations through its overall administrative system. Therefore, local governments have limited operational autonomy. The law gives the central government

the power to advise on and investigate into city corporations' affairs, such as their financial management, staff management, and project planning and implementation.

Some of the core issues relating to functional mandates and responsibilities of city corporations still need to be addressed. The responsibility of public service delivery is shared between city corporations and other government agencies, which have varying responsibilities to provide utility services across sectors such as health, education, planning, housing and transportation. Evidence demonstrates that in SCC there is an overall lack in the quality of and coordination among public service providers. However, there is no geographical fragmentation in SCC, which aids in the provision of goods and services. Similar to other city corporations in Bangladesh, SCC mobilizes a portion of its resources for new capital investments for public goods and services through revenues earned.

The process of municipalisation is contingent on a number of factors including population size, local revenue, and infrastructure. These varying factors determine which class a city is categorised into. The administrative structure does not change according to the class of the city. The central government has the power to decide ward delimitation and which areas will join existing city corporations, as well as largely over resource allocation. The local municipal government has limited decision-making power. There has been a change in the functionality of municipalities since the early nineteenth century, however, as the electoral system for municipal councillors developed from direct election to indirect/stepwise representations. There has also been a change in the terminology and process of electing candidates, with chairmen now being known as mayors, and ward commissioners as councillors.

Sylhet City Corporation is largely dependent on central government funds for development works. The fiscal transfers from the national government are largely in the form of project aid, with strict conditionalities. Own source revenue (OSR) for SCC from assigned local taxes, user charges and levies has shown a steady increase of 65 per cent from fiscal year (FY) 2011-12 to FY 2014-15. However, the central government is still the primary source of financing for SCC, as OSR only amounted to 22 per cent of the total budgeted income in FY 2014-15. Due to fragmented mandates and jurisdiction and a high dependence on fiscal transfers, SCC is inhibited in the formulation of plans and implementation of projects to improve delivery of public goods and services. The city corporation is unable to predict the amount of fiscal transfers, due to the lack of transparent and quantifiable criteria for sharing the central

pool of funds with local governments and the distribution across the local governments. Consequently, there are major gaps in the proposed and revised budgets of SCC.

Despite the legal sanctions, SCC does not borrow from financial institutions for development projects. This is due to four main reasons: the complicated and prolonged processes of obtaining necessary approval from the central government; sanctions from financial institutions; a low cap on the loan amount; and accounting and financial management processes that are not synchronized to meet the loan assessment requirements of financial institutions. Therefore, SCC borrows primarily from the Bangladesh Municipal Development Fund (BMDF) and the Urban Governance and Infrastructural Improvement Project (UGIIP).

The absence of a unified regulatory system, compounded by overlapping mandates within government agencies and service providers, as well as the existence of strong financial incentives for illegal encroachment on public lands all impede the efficient provision and management of public space in cities. There is a lack of coordination on the provision of social space between public land authorities of the national government and city corporations. There is no established development authority to regulate and develop land use in the SCC area. Encroachment on public land for profit-oriented activities is managed through informal intermediaries, and is possible because of the large amount of *khas* (state-owned) and vacant land in the city. Private vested-interest groups or individuals attempt to use these lands due to the potential economic gains from their use and the demand for the informal provision of economic services. Rent-seeking behaviour of different interest groups hinders the city corporation's objective of keeping public space for its citizens. In order to establish a unified authority to develop and manage public space in cities, a consistent legal framework must be formulated that empowers city corporations to manage public spaces in their respective cities. Further work is required to address the different political economy factors and different interest groups involved in order to prevent the occupation of public space in the city.

The following conclusions can be drawn from the IEER:

- The process of local government reform is underway and shows promising trends, particularly the promulgation of the Local Government (City Corporation) Act 2009, which in theory provides

greater functional mandates and responsibilities to city corporations to efficiently provide public goods and services.

- There are loopholes in the existing legislation that allow the national government control over the autonomous functioning of the local government.
- There is functional fragmentation in service delivery, which creates problems in coordinating and maintaining quality in the delivery of public goods and services.
- There has been an increase in revenue earnings from own sources; however, there is still a major dependence on national government funds, and there are strict conditionalities limiting the ability to invest on the scale needed.
- The lack of updated information and the influence of political decisions stops revenue generation from reaching an optimal level.
- There are increasing trends in fund transfers; however, the lack of specific criteria of fiscal transfers makes it difficult to plan development activities effectively.
- The absence of a unified regulatory system, as well as overlapping mandates among government agencies and service providers, combined with the broad scope of illegitimate gains from illegal encroachment inhibit the efficient provision and management of public space.

Section 1: Introduction

1.1 Objective

The Institutional Environment Enabling Report (IEER) aims to identify the institutional parameters under which cities operate. More specifically, it reviews the ability of the city corporation to manage and deliver public goods and services. The objectives of the IEER are to describe the political, functional, and fiscal arrangements under which city corporations operate, to provide an assessment of municipalisation criteria, and to describe the functional arrangements of access to public space in the city. This report aims to assist in facilitating city-level policy making by providing an overview of governance in cities, which is expected to aid equitable economic growth in cities.

This report provides a description of the enabling environment for identifying city-level actions proposed under the Joint Work Programme (JWP)-Equitable Economic Growth in cities promoted by Cities Alliance. The main objective of JWP is to promote equitable economic growth in cities. In order to do that, the programme puts emphasis on the provision of and equitable access to public goods and services for citizens. With this premise in mind, JWP facilitates global dialogues, contributes to knowledge creation, and extends its support to selected cities through building partnerships to help achieve the goal of equitable economic growth. The programme covers five countries¹, with two cities selected as Campaign Cities per country. Bangladesh is one of the countries where two secondary cities, Narayanganj and Sylhet, have been reviewed as part of JWP. This IEER is a diagnostic report of the legal, institutional, and policy framework within which Sylhet City Corporation (SCC) operates. The objective of the diagnostics is to identify the range of city-level actions that can be undertaken to provide more equitable access to public goods and services.

In line with JWP objectives, the IEER discusses the policy framework within which SCC operates. It reviews the existing laws and regulations and clearly identifies the mandates of SCC. The diagnostics includes critical analysis of the decentralisation act and related legislation to assess the enabling environment for SCC to efficiently discharge its assigned responsibilities. The parameters for the diagnostics are devolution of fiscal powers, ability to respond to changes in dynamics, and management of public space.

In relation to policy analysis, the report aims to assess the functional capacity of city corporations to plan, design, finance, operate, and upgrade public goods and services within the city. The IEER also identifies other key actors in charge of public goods and services. It analyses the relationship between

¹ Uganda, Bangladesh, Nigeria, Ghana, and Kenya

SCC and these key actors, and it identifies the overlapping areas. A brief profile of SCC is given in Box 1.1 and the location and geographic jurisdiction of Sylhet City Corporation is shown in Map 1.1.

In the context of growing urbanization in Bangladesh, it is extremely necessary for urban local governments to be responsive to changes and the demands they entail. Against this backdrop, the IEER also looks at the criteria of municipalisation. It aims to analyse city corporations' ability to respond to population growth and increasing population density. Specifically, it looks at their ability to respond to population densities and settlement growth through administrative restructuring and the expansion of municipal boundaries and reorganisation of ward boundaries. It also looks at the enabling framework for upgrading the status of municipalities and the linked administrative functions and functional mandates.

Fiscal analysis is crucial to understanding the ability of local governments to carry out the mandate to provide public goods and services. This report touches on the fiscal system of city corporations in Bangladesh and provides an analysis of the framework of their fiscal operations. In addition, it provides trend analysis and a composition of capital budget. It assesses the trend and composition of fiscal transfers and own source revenues (OSR), and it reports major challenges relating to both. Furthermore, it explores the legal framework of the borrowing and fiscal management practices of SCC.

Allocation of public space is essential for ensuring quality of life for city dwellers, and it has significant impacts on the business prospects of the informal sector. Therefore, the IEER provides an analysis of public space provision in SCC. It examines the legal and institutional framework in which the government agencies provide, protect, and promote city dwellers' access to public space. It specifically looks at the role of SCC in the provision of public spaces and in reclaiming open space from encroachment, which includes water resources for community usage.

1.2 Structure of the report

The report is organized into seven sections. Following the introduction, section two, on political and governance framework, discusses the policies and institutional setup under which cities operate. Section three, on functional mandates and responsibilities, deals with the roles and responsibilities of city corporations in public service delivery. Section four presents the criteria for municipalisation and change management. Section five offers a discussion on the fiscal management of city corporations. Section six focuses on public space management and provides an assessment of the rules for allocation and usage of public space and land and of their relevance to commercial activities taking place in the public and open spaces of the city. Section seven presents the overall findings and conclusions.

1.3 Data sources and methods

This report was prepared mostly based on secondary data and reports, with government policies and websites as the major sources of information. Sources included national policy documents, law and regulations, and annual reports. Some academic literature was also consulted for drafting this report. In addition, a number of interviews with city officials and civil society members were also carried out.

Box 1.1: Brief profile of Sylhet City Corporation

Sylhet is a spiritual city of Bangladesh and is also famous for its tea gardens. It is located in the northeastern part of Bangladesh, about 250 km away from the capital, Dhaka. Sylhet Municipality was established in 1878 with an area of 10.49 km². Until 1995, the municipality had 5 wards, which expanded to 15 wards in 1996. Sylhet Municipality was upgraded to Sylhet City Corporation (SCC) in 2001, with an area of 26.50 km². The government designated Sylhet a metropolitan area in 2009. The district and the divisional headquarters of the districts of Sunamganj, Habiganj, Maulvi Bazar, and Sylhet are located within SCC. The geographic location of SCC is between 24°51' and 24°55' north latitude and between 91°50' and 91°54' east longitude (Banglapedia, 2015).

The urban history of Sylhet traces back centuries to when a civilization began to build up by the Surma River (SCC 2017). Hazrat Shahjalal (R), Hazrat Shahporan (R), Sree Chaitanya Dev and many other respected spiritual personalities are associated with Sylhet, which has been symbolized as a place for peace, harmony and heritage. Its spirituality has attracted many people to Sylhet, including politicians, as key political parties typically begin their campaigns during national elections from this city. Sylhet is connected by road and rail with Comilla, Chhatak, Habiganj, Dhaka, and Chittagong, by road with the states of Assam and Meghalaya (both in India), and by air (Osmani International Airport) with Dhaka and several international destinations.

Demographic profile

There are more than half a million people in Sylhet City Corporation, with an average of 18,867 people per km². The total number of voters in SCC is 291,046 (male 157,181 and female 133,865). The population doubled between 2000 and 2015, from 331,000 to 672,000. The population increased on average 4.79 per cent annually from 2010 to 2015, compared with 2.91 per cent from 1995 to 2000. Presently, SCC accommodates 1.2 per cent of the country's urban population.

Thousands of Bangladeshi expatriates have origins in the Sylhet region. The greatest numbers of people from Sylhet living abroad are in the United Kingdom, where they are concentrated in the boroughs of East London. Sylheti expatriates are known as "Londoni" in Sylhet. Sylhet city dwellers are international migrants, businessmen, government and non-government service holders, day laborers in tea gardens and other sectors, housewives, students, and fishermen.

Social and economic indicators

In SCC, there are 3 universities, 4 medical colleges, a government madrassa (religious college), Cadet College (a military college), and 69 different types of educational institutions. The literacy rate is 73 per cent in the city. Sylheti people have a unique, different linguistic accent (being a part of Assam and Surma Valley State) in comparison to the rest of Bangladesh.

Sylhet has high rates of both electrical power and water shortages. According to the Bangladesh Power Development Board, Sylhet only receives 50MW, which is half of the 100MW demand. The SCC supplies only 22,500 gallons of water, far less than the demand of about 65,000 gallons. The major sources of water to the city are tube wells and the Surma River. There are also high levels of arsenic in the water in Sylhet, compared to many other regions. This is mainly due to the multiple-depth screening in the tube wells. There are about 331 registered restaurants in the city; only 15 per cent maintain sanitary facilities and 85 per cent have unhygienic conditions that are unsafe for the public.

The economy of Sylhet is directly linked with the British Bangladeshi diaspora community. It has a major flow of foreign currency, especially from the UK, which has driven growth in real estate, construction, shopping centres, restaurants and hotels. In addition, Sylhet relies on religious tourism, with thousands of devotees visiting its Sufi shrines annually, as well as ecotourism in its broader natural hinterland. The hinterland of the Sylhet Valley is the largest oil- and gas-producing region in Bangladesh, and it produces fertilizer and liquefied petroleum (propane) gas. Tea estates southeast of Sylhet provide most of Bangladesh's yield, and the area is known for its cane products and agro wood. There are also several handicraft cottage industries, including mat weaving and bamboo work.

Town level multi-stakeholder committee, formed under the Urban Partnerships for Poverty Reduction project, and achievements

Between 2008 and 2014, the Urban Partnerships for Poverty Reduction (UPPR) project worked in 23 towns and cities, including Sylhet City. Alongside the Town Federations and community development committees, it worked for empowering community people to improve their settlements, develop sustainable livelihoods, and break the cycle of poverty. Overall achievements of the UPPR include:

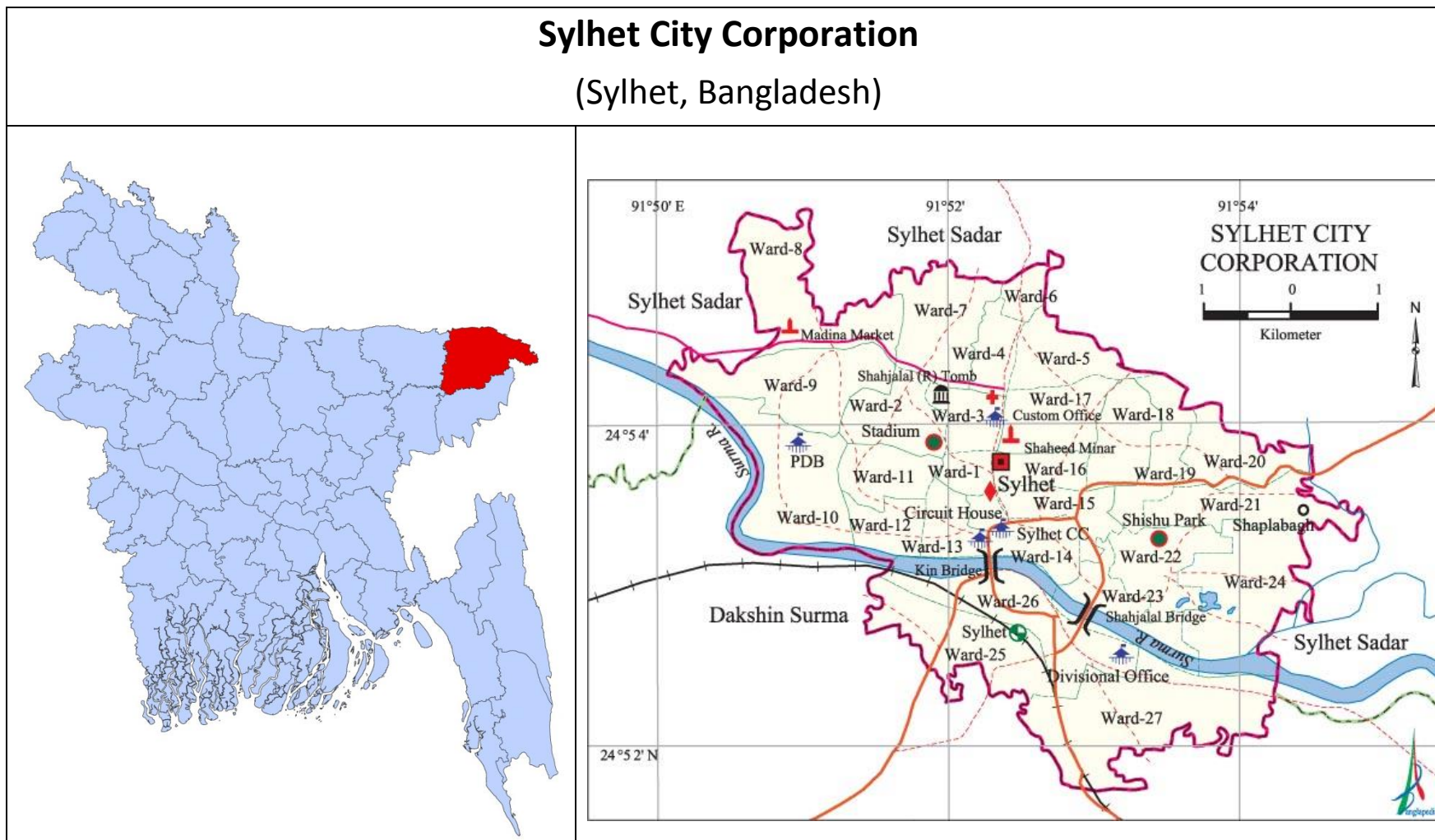
- In 23 towns, community committees have formed federations that will contribute to their sustainability.
- 99.7 per cent of UPPR's tube wells are arsenic free (only 0.3 per cent were marked as polluted).
- 87 per cent of beneficiary households are using an improved latrine (near, functional, and safe to use).
- The intensity of poverty declined from 44.5 per cent in 2013 to 40.3 per cent in 2014.
- 399,091 households have saved over 640 million Bangladeshi Taka (BDT).
- There are higher empowerment levels among those saving with their community groups.
- Efficiency savings through community contracting (of \$5.7m compared to the usual LGED contracting costs), have led to average savings of 15.5 per cent.

However, city-wide disaggregated data is not available online. The online data shows that there are 115 community development committees in the Sylhet district. These committees have about 18,000 savings and credit group members, with about 15 million BDT in savings. The town manager for UPPR is Mr. Gonesh Chandra Bhowmik (email: tm.sylhet@upprbd.org Office Location: Road no.31, House no.07, Block-D, ShahajalalUpashahar).

Development challenges

In the last two decades, the SCC has experienced remarkable growth in most of the outskirts of the city area. Thus, once a small town with a limited population, it is now facing the challenges of drastic urban growth coupled with the pressure of an ever-increasing population. The most pressing issues include traffic management, water supply, the restoration of canals and removal of water logging, waste management, roads, education and healthcare services, the construction of foot-over-bridges, automation of billing processes, a service centre for the city's non-resident Bangladeshis, and enlargement of SCC territory.

Map 1.1: Location and geographic jurisdiction of Sylhet City Corporation



Source: Banglapedia, 2015, Sylhet City Corporation. [Online] Available from http://en.banglapedia.org/index.php?title=Sylhet_City_Corporation [Accessed on 7th May, 2017]

Section 2: Political and Governance Framework

This section describes the authority of local government in cities in Bangladesh to deliver public goods and services in an equitable manner. Public goods production and service delivery are among the mandated functions of all local government institutions, including city corporations. Nonetheless, the national government created specialised authorities to maintain certain services in the large cities of Bangladesh. For instance, city development authorities were created in Dhaka (including Narayanganj), Chittagong, Rajshahi and Khulna. The creation of water and sewerage authorities in Dhaka (including part of Narayanganj) and Chittagong is another example. The intention to form these specialised authorities *vis-à-vis* city corporations, was to deliver the required public goods and services to a rapidly urbanizing population in an efficient and effective manner.

The central motivation of the government to produce public goods and deliver services emanates from the constitution. The constitution states that the Government of Bangladesh is mandated with the responsibility to create an environment for its citizens that allows them to improve their quality of life through access to health, education, and other basic services. There is the need to examine the extent to which the responsibility for this has been assigned to local governments, as well as the changes that have occurred over time, in order to assess decentralisation trends in the country. In line with the mandate, it is necessary to assess whether local governments are adequately empowered— institutionally, legally and financially—to effectively perform the devolved functions.

Accordingly, this section examines the legal framework for the political authority of city corporations of Bangladesh in general, and SCC in particular. It assesses the institutional structure and framework to plan and deliver public goods and services. By reviewing the constitution, policies, laws and regulations, this section presents the existing political authority of city corporations, mayors and councillors, and their respective executive powers and authorities. In addition, it explores the governance structures of city authorities with a further focus on the internal and external setup. Internal setup refers to departments and subdivisions, including zones and wards at the city level, and external setup refers to

the relationship of city corporations with ministries and parastatal institutions. Furthermore, this section highlights the changes of legal and governance frameworks over the years.

2.1 Legal framework for political authority and governance structure of city corporations

As stated in the Constitution of Bangladesh, adopted in 1972, Bangladesh has a unitary² structure of governance comprising national and local governments. At the national level, the President is the head of state and is elected by the national parliament for a five-year term. The President acts upon the advice of the Prime Minister, but has no influence over the appointment of the Prime Minister and the Chief Justice. The Prime Minister is the head of the executive branch of the government. The upper tier is the Secretariat at the national level, and consists of the ministries and divisions to formulate policies and to perform clearinghouse functions. The other tier consists of “line” departments/directorates attached to the ministries and divisions, which are mainly responsible for general administration, service delivery to citizens, and implementation of various government development programs at the sub-national levels.

Since its independence in 1971, successive governments of Bangladesh have experimented with different models of local government—rural and urban—to promote decentralization and local governance. At the local level, there are two types of government institutions: city corporations/municipalities in urban areas and *Union Parishad*, *Upazila Parishad* and *Zila Parishad* in rural areas. There is no common legal framework for both urban and rural local governance of these institutions, and each local government is also regulated by its own “Act or Ordinance.”

2.1.1 Legal framework for political authority of local governments in Bangladesh

The constitutional provisions promise the formation of elected local government at every administrative unit; bestow the local government bodies with responsibilities of public order maintenance, public services and economic development; and grant power to levy local taxes. Articles of the constitution relating to local government are stated in Box 2.1.

² Article 1 of the Constitution of Bangladesh stipulates, “Bangladesh is a unitary, independent, sovereign Republic to be known as the People’s Republic of Bangladesh” (People’s Republic of Bangladesh, 1972).

Box 2.1. Constitutional provisions on Local Government

Article 11: “The Republic shall be a democracy in which fundamental human rights and freedoms and respect for the dignity and worth of the human person shall be guaranteed, and in which effective participation by the people through their elected representatives in administration at all levels shall be ensured.”

Article 59(1): “Local Government in every administrative unit of the Republic shall be entrusted to bodies, composed of persons elected in accordance with law.”

Article 59(2) mentions the broad functions of local government as: “administration and the work of public officers; the maintenance of public order; the preparation and implementation of plans relating to public services and economic development.”

Article 60: “For the purpose of giving full effect to the provisions of Article 59 Parliament shall by law, confer powers on the local government bodies referred to in that article, including power to impose taxes for local purposes, to prepare their budgets and to maintain funds.”

The Local Government (City Corporation) Act 2009 is the primary legislation that gives full effect to the constitutional articulation on local government and details the functions, composition, and terms of city corporations. According to the Act, a city corporation government is made up of a mayor and a prescribed number of councillors in general seats, with one-third of the general seats reserved for women (Section 5). A general councillor is elected from each respective ward, a female councillor for a reserved seat is elected from the geographical area of three general wards, and the mayor is elected from the geographical area of the whole city corporation. The mayor, the councillor for each general ward, and the female councillors are directly elected by the people. The tenure of mayors and councillors of a city corporation is five years, and it begins when the first city corporation meeting is held (Section 6). Section 20 of the Act details the formation of a panel of additional mayors from among the councillors, with at least one chosen from the reserved seats. One of the panel mayors, based on seniority, performs the duties and responsibilities of the mayor when that person is unable to perform his or her duties. Furthermore, the Act stipulates recruitment of a chief executive officer (CEO), who is appointed by the government and is accountable to the mayor (Section 62). The mayor, councillors, CEO and all other officials are considered civil servants (Section 119).

The creation or dissolution of any local government unit, including city corporations, is undertaken by the national government through new Acts of Parliament or amendments to the existing Act. According to the Local Government (City Corporation) Act 2009, the Ministry of Local Government, Rural Development and Cooperatives (MoLGRDC) can dissolve the formation of a city corporation based on valid evidence of corruption and/or failure to discharge its responsibilities. In addition, this ministry has the power to remove mayors and councillors on account of corruption, criminal charges, inability to discharge duties etc. The notice of suspension of mayors and councillors is made public by notification in the official gazette; however, mayors and councillors are legally entitled to appeal the suspension notice to the President of Bangladesh. By virtue of constitutional rights, suspended mayors and councillors can also file a writ petition with the High Court against the suspensions. During the army backed caretaker government regime, the power and authority exercised presently by the MoLGRDC was transferred to an autonomous Local Government Commission, which was formed through Local Government Commission Ordinance 2008. However, the elected government in 2009 did not ratify the Ordinance, thus resulting in its dissolution.

The Local Government (City Corporation) Act 2009 states that new elections are to be organised 180 days before the tenure of an elected city corporation is due to expire. The Election Commission—an independent constitutional body—is responsible for organizing, regulating and overseeing the elections of mayors and councillors (Section 35).

Executive power and authorities of mayor and councillors

The executive power of city corporations is detailed in Chapter Seven of the Local Government (City Corporation) Act 2009. It states that city corporations are given powers to do what is necessary to accomplish the functions stipulated in this Act (Section 46). Specifically, the executive power of the city corporation lies with the mayor, whereas the day-to-day functioning of the city corporation is overseen by the CEO. Ward councillors are responsible for the functioning of the standing committees. They attend the meetings of the corporation and standing committees. With assistance from the staff of the Zonal Executive Office, ward councillors can formulate development plans relating to their wards and submit them to be included in the city corporation's annual development programme. However, the terms of reference for the reserved seats of female ward councillors are yet to be laid down in the law.

Importantly in terms of power and political authority, city corporations have the power to formulate regulations³ regarding the distribution of activities among the functional departments of the corporation and the delegation of financial and administrative powers to city corporation officials (Section 121 and 122). The proposals that confer executive powers on city corporation officials are approved in meetings of the corporations and can be amended periodically by the corporations. Apart from regulations, the power to formulate rules lies with MoLGRDC. The ministry often gives standing orders in respect to the activities of the city corporation; in addition, it can withdraw any institution or activity from the city corporation (Section 42/1).

An overview of other provisions relating to the financial, legislative, planning, and administrative functions of city corporations as stipulated in the Local Government (City Corporation) Act 2009 are presented in Table 2.1.

Table 2.1 Outline of powers of city corporations in Bangladesh

Areas of authority	Provisions of the Act 2009	Description of powers and authorities
Financial	Section 71 (2)	The corporation can make investments and undertake projects meant for public interest from its fund. ^a The government will reimburse money spend on public works.
	Section 76	Formulate and approve annual budget.
	Section 79	Under the Local Authorities Loans Act 1914, city corporations can borrow from any financial institution and make arrangements to repay the loan from its revenues after consulting with the government. Such consultation translates into taking approval from the government.
	Section 82	Levy tax, rate, fee, and toll.
Planning	Section 50	Form standing committees on various development themes for a duration of two and a half years.
Administrative	Section 49 (15)	Convene a meeting with line agencies to coordinate work.
	Section 43	Draft the annual administrative and development reports in consultation with the mayor and present it to the government for

³ Regulations are the formal set of binding operating procedures, while rules refer to a specific written set of criteria to guide public officials including mayor and councilors on programmatic actions.

		its approval.
	Section 44	Producing citizens’ charter detailing the public services delivered, process and rates of service delivery, among other things; the corporation can make changes to the citizens’ charter when required.
Legislative	Section 46	The corporation can promulgate regulations to demarcate its administrative and financial powers
	Section 47	City corporations can divide their areas into zones to ensure better service delivery.
	Sections 121 and 122	City corporations can formulate regulations and by-laws.

^a Section 70 (2) of the Local Government (City Corporation) Act 2009 states that the fund will consist of money collected from taxes, rates, tolls, fees, property rent, revenues earned through investments, grants from government and other sources, income from trust funds and other sources.

According to Section 49, the corporation is required to meet on any day of the first week of every month. In addition, the mayor (or the person performing the role of the mayor) can call a meeting any time it is needed. At each meeting, a quorum is ensured with the participation of at least one-third of the councillors. The corporation has the power to call experts to give opinions on technical and important issues. Furthermore, presence in the meetings and active participation in discussions of the meetings by the heads of other city specific agencies are stipulated in the Act.

A critical analysis of the provisions of the Local Government (City Corporation) Act 2009 revealed that in practice, city corporations have limited powers. City corporations are supposed to be autonomous; however, they often adhere to the rules of de facto administrators following the interests of the central government. This can be seen, for example, in Section 60 of the Act, which states that the national government will formulate rules on the planning, designing, and implementation of all public works for city corporations. Accordingly, city corporations wait for instructions from the national government when it undertakes public works. In addition, there is a provision in the law (Section 105) that grants the government the right to offer “guidance” in all functions of the city corporation, which include financial management, staff management, project design, selection of project beneficiaries, meetings, and all other activities of wards. The provision also states that the city corporation will be obliged to follow the “guidance” of the government. Such a mandate goes against the spirit of decentralisation because apparently, by incorporating this provision into the law, the government has retained the right to intervene in the autonomous functioning of city corporations. City corporations can only make

regulations and by-laws regarding public service delivery, license issuance, functioning of standing committees, and similar administrative matters.

The lack of real power in the city can also be seen by the fact that the government appoints key important positions, such CEO and secretary. The decision to transfer staff from one city corporation to another also lies with the government. This indicates that city corporations have limited authority to intervene in the recruitment and retention of staff, which potentially hinders their capacity to deliver public services efficiently. Another interesting point to note in the legislation is that the provision to include public opinion while developing budgets and planning development activities is missing. By contrast, the *Union Parishad*, the lowest tier of the local government, is legally required to share its budget during both the formulating and finalising phases.

The following summarises the main areas in which city corporations lack authority:

- Planning: city corporations are required to secure permission from the national government while undertaking public works.
- Administrative: recruitment for key positions (CEO and secretary) in the city corporation and retention of other administrative staff depends on the national government.
- Financial: mandatory prior consultation with the national government in regarding the borrowing of loans from financial institutions.

Rules

In addition to the Local Government (City Corporation) Act 2009, a number of rules have been formulated to guide the work of city corporations. For example, the criteria for the formation of a city corporation are detailed in the City Corporation Formation Rules of 2010. The rules titled “Naming the Roads, Buildings and Architecture of City Corporations 2014,” detail the guidelines for assigning names to important sites and establishments of the city corporation. These rules are formed by the national government, and the city corporation does not have the power to change them.

Seventh Five Year Plan FY2016-FY2020

The *Seventh Five Year Plan FY2016-FY2020* has been formed to demonstrate the government’s commitment to undertake a set of local government reform initiatives. One of these reforms includes formulating a common Local Government Legal Framework that will be applicable to all tiers of local

government, and “will cover all units and tiers irrespective of urban and rural, regarding their formation, function, jurisdiction, taxation, finance, budget account, electoral process, and central-local and local-local relationship. (pp430)” In addition, the plan recognises the significance of increasing citizens’ participation in prioritizing, implementing, and monitoring development programmes; aligning the local government’s annual and five-year plans with the national plans; and better sharing of taxes. Box 2.2 highlights key points of the *Seventh Five Year Plan FY2016-FY2020* (People’s Republic of Bangladesh, 2015).

Box 2.2: Excerpt from the *Seventh Five Year Plan FY2016-FY2020*

a) Regulatory Environment

- Review, consolidate and simplify existing laws, regulations, etc., and introduce appropriate regulatory framework to suit the present need;
- Institutionalize citizen participation (civil society, NGOs, CBOs) in municipal business through appropriate changes in legal framework;
- Introduce improved administrative and management practices and procedures; impart training to municipal staff; change prevailing culture and perception;
- Augment revenue raising, improve municipal financial system and capital budget planning;
- Introduce comprehensive development plan, master plan, Infrastructure investment plan and development control;
- Expedite ICT intervention.

b) Basic Service

- Integrated urban development (mainly in smaller/ medium/rural towns) covering various sub-sectors;
- Alternate service delivery mechanisms (public-private partnerships, community-based and self-help project);
- More emphasis on O&M issues;
- Incremental upgrading of low-income areas;
- Reduction/loan for service connections with users’ charge recovery;
- Community based faecal and solid waste management;
- Provision for loans for incremental house improvements;
- Preparation and execution of community Action Plan by Community Based Organization (CBO).

c) Spatial Dimension of Urbanization

- Develop a pro-poor national urbanization development taking into account carefully projected urban migration;
- Develop low cost housing and construction material industry;
- Develop small towns based on rural industrialization or create new towns around export-oriented private SMEs;
- Encourage compact development with all basic services and facilities.

government has adopted the *Perspective Plan of Bangladesh 2010–2021* (People’s Republic of Bangladesh, 2012), which provides goals for the future along with an indicative plan for achieving these

goals by 2021. The *Perspective Plan of Bangladesh 2010–2021* recognizes the challenges of an increasing urban population, lack of provision of services, and deteriorating environmental conditions. Hence, it has demonstrated certain commitments with regard to urban environmental management, housing, transportation, land management and planning, infrastructure and services, and urban poverty. The *Perspective Plan of Bangladesh 2010–2021* demonstrates a commitment to establishing urban governance through institutional reforms and the decentralization of responsibilities and resources from the national to local governments.

Moreover, in 2006 Bangladesh drafted a “National Urban Sector Policy.”⁴ The draft policy envisioned strengthening the beneficial aspects of urbanization and was expected to ensure freedom from hunger and poverty; enhance the capacity to live a healthy life; and improve access to education, shelter, and basic services. The policy has yet to be approved by the government, however.

2.1.2 Governance structure of city corporations

As previously mentioned, Bangladesh’s local government system is based on two kinds of settings: urban and rural. The urban local government system comprises the city corporations and municipalities (pourashavas) representing large cities and small towns, respectively. There are 307 municipalities and 11 city corporations. Many of the smaller municipalities are known as “rural towns.” For example, in the late 1990s, nearly 70 per cent of municipalities did not meet the criteria necessary to be considered as urban municipalities.⁵

Internal governance structure

The city corporation comprises the Mayor’s Office, functional departments, regional (zonal) offices, and ward offices. The number of wards is fixed by the national government based on the population of the city corporation, and it is announced through the official gazette (Section 27 (2)). The wards are distributed appropriately among reserved and general seats. Each city corporation, if required, can divide its area into zones to ensure effective service delivery (Section 47). In addition, each city

⁴ Report of the 1st Bangladesh Urban Forum. ‘Bangladesh’s urban future: making cities and towns work for all’, 5-7 December 2011, Bangabandhu International Conference Centre, Dhaka, Bangladesh.
<http://www.bd.undp.org/content/bangladesh/en/home/library/poverty/BANGLADESH-URBAN-FUTURE.html> accessed 7 May 2017

⁵ Municipalities must have a total population of more than 15,000 inhabitants, have a population density of more than 2,000 per square mile, and have more than three-quarters of the population engaged in industry other than agriculture.

corporation is required to form 14 or more standing committees on different development sectors (Section 50). The vertical accountability of the city corporations lies with the Local Government Division (LGD) under MoLGRDC for policy guidance and fiscal transfers. The budgetary allocations for local government institutions, including city corporations, are agreed upon through discussions between MoLGRDC, and the Ministry of Finance. The Ministry of Finance is the ultimate central authority for pooling national resources. Once the annual budget is approved in the Parliament, the Ministry of Finance transfers resources to MoLGRDC; subsequently, MoLGRDC transfers it to the city corporations.

Linkage between city corporations and other ministries

A number of service-providing agencies of the national government are responsible for providing services to the city dwellers. These agencies are accountable to their respective line ministries and not to the city corporations. The main national agencies responsible for service delivery in cities are the Local Government Engineering Department (LGED), Water and Sewerage Authority (WASA), Power Development Board, Bangladesh Telephone and Telegraph Board, Department of Public Works, National Housing Authority, Department of Roads and Highways, Department of Public Health Engineering (DPHE), Bangladesh Inland Water Transport Authority (BIWTA), Bangladesh Road Transport Authority (BRTA), Department of Health, Department of Environment, Directorate of Primary Education, Bangladesh Railway, Fire Service and Civil Defence, Metropolitan Police, Deputy Commissioner's Office, and Titas Gas Transmission and Distribution Company (Titas Gas). In addition, the Urban Development Directorate (UDD) under the Ministry of Housing and Public Works exists to advise "on matters of policy relating to urbanisation, land-use and land development," as well as to formulate master plans and detail layouts for both existing and new urban centres (Urban Development Directorate, Creation Order, 1965).

The LGED, under LGD, is responsible for building rural and urban infrastructure, such as roads, culverts, bridges, and growth centres for the expansion of market facilities; developing small-scale water resources; constructing bus terminals; making slum improvements; and implementing tree plantation programmes and livelihood improvement projects. The DPHE under LGD is responsible for providing a safe water supply and sanitation facilities to rural and urban areas. The *Seventh Five-Year Plan FY2016-FY2020* states that the Planning Commission will be responsible for coordination with the UDD in local level planning, while LGED will assist with conducting the local-level planning as per the functions

assigned by the LGD. Moreover, to avoid overlapping and ensure coordination, there will be mutual coordination between UDD and LGED under the umbrella of the Planning Commission. The Department of Environment, under the Ministry of Environment and Forests, is primarily responsible for implementing environmental rules and regulations, including those related to climate change issues. The Metropolitan Police of each city is responsible for maintaining law and order in daily life and also during natural disasters.

Although the above agencies work under respective line ministries, city corporation works span across several line agencies of other ministries. This has the potential to create dualism in service delivery. To ensure coordinated service delivery in city corporations, Section 49 (15) of the Local Government (City Corporation) Act 2009 requires the utility service authorities to work in coordination with the city corporation authorities. This implies that the city corporation should lead the coordination and divide the roles and responsibilities of the line ministries within the purview of each party's jurisdiction. To fulfil this mandate, a circular was issued by the Prime Minister's Office in June 2016. The circular also requested that the concerned agency chiefs join the coordination meetings of the city corporations to ensure proper implementation of the government's decisions. In addition, it stated that a new organogram was due to be developed to further clarify the responsibilities of the city corporations.

2.2 Evolution of political and governance frameworks of urban local government in Bangladesh

Titles of mayor and commissioners

According to the Municipal Ordinance 1977, city corporations were comprised of a chairman and commissioners. This changed following the succeeding Ordinance and Acts, which introduced the positions of mayor and councillors in city corporations and municipalities. The provisions for general councillors and the requirement for reserving one-third of general seats for women have remained unchanged throughout all legislation.

Elections of city mayors and councillors

Prior to 1994, the government appointed city corporations' mayors. The process of electing mayors and ward councillors in direct elections was introduced in 1994. Although mayoral candidates had political affiliations, political parties did not formally nominate them. This changed in 2016, when the

government introduced the provision allowing the political parties to nominate candidates for mayoral positions. However, the ward councillors are not required to disclose their political identity for electoral competition. The political parties nominate the councillors implicitly, and the electorates know the political affiliation of councillors. Hence, while the mayoral candidates nominated by political parties compete with their respective party symbols, the candidates for ward councillors do not compete with a party symbol. Historically, city corporation elections did not allow the participation of the urban poor, who were only granted voting rights in 1994. Prior to this, voting rights were dependent on property, income and qualifications.⁶

Women in reserved seats

In order to increase political participation of local women in local government, the concept of reserved seats for women was introduced in 1997. The idea behind reserved seats for women was to encourage large numbers of women to contest seats at all tiers of the rural local government. In 1999, direct election for reserved seats was introduced for women contesting for the ward commissioner's position in city corporations.

2.3 Political and governance frameworks: positioning Sylhet

2.3.1 Political authority

Sylhet Municipality was established in 1878 and upgraded to Sylhet City Corporation in 2001. The government designated Sylhet a metropolitan area in 2009. The district and the divisional headquarters of the districts of Sunamganj, Habiganj, Maulvi Bazar, and Sylhet are located within SCC. Following the provision of the Local Government (City Corporation) Act 2009, the last city corporation election in Sylhet was held in June 2013. Mr. Ariful Haque Chowdhury, a candidate from the then-opposition political party—Bangladesh Nationalist Party (BNP)—was elected as the mayor. Eight councillors were elected from the ruling party, Bangladesh Awami League; 13 councillors were elected from BNP; and the remaining councillors were elected either from other political parties, or were without any party affiliation. Four women councillors were elected from Awami League, and four women candidates from

⁶ Kamal, Ahmed (2000). *Accountable governance and poverty alleviation*. Commissioned Paper for the *Regional Workshops Democracy Forum 2000: Democracy and Poverty: A Missing Link? Kathmandu, 10–11 April 2000*.

BNP won the elections in reserved seats. However, the mayor was subsequently suspended on the grounds of criminal charges, and in his absence, the national government entrusted administrative and financial powers to the CEO.

Previous Area	10.49 km ²
Current Area	26.50 km ²
Year formed as a municipality	1878
Year upgraded to a city corporation	2001

2.3.2 Governance structure: Internal and external organizational set up

Currently SCC has 9 reserved wards for women and 27 general wards. In addition, SCC has town federations and community development committees. The city corporation is responsible for the delivery of some of the services that are provided to the area, including road works, garbage collection, water supply, public safety, and registrations. Different government departments such as the Public Works Department, Roads and Highway Department, LGED, Power Development Board (PDB), Bangladesh Tele Communication Limited, and Bakhrabad Gas are also engaged in the process. Regarding urban planning, the Master Plan of Sylhet City Corporation was published in 2011.

Sylhet City Corporation has evolved in terms of area and administrative status over the years. Likewise, legal provisions defining city corporations' constitution, executive authority and composition, among other things, have also undergone some changes (Annex 2 .1).

2.4 Key findings

In order to achieve equitable economic growth in urban areas, Bangladesh needs to address the issues of public goods and service delivery by strengthening concerned institutional and legal frameworks. While there have been improvements in some areas, there remain some issues in current government policies and practices that need reform. Based on a review of legal mandates and literature on city corporations, a summary of the key findings has been presented below:

Positive developments

- Evidence of upgrading urban authority – There have been considerable improvements in the legislation and institutional structure of local government in the past few decades in Bangladesh. These reforms attest to the government’s interest in and movement toward decentralisation. For instance, in the case of urban local government, over the 2011-2012 period, a number of pourashavas (single or in combinations of two or three) have been upgraded to the status of city corporations. Examples are the Narayanganj, Comilla, Gazipur (with Tongi Pourashava amalgamated) and Rangpur. Through upgradation, the wider geographical area has been included in unified planning; the corporations draw more attention from the national government in access to financial resources; and the position of mayor has been upgraded to the status of a state minister.
- Evidence of devolution of political power – In the past, city corporations were managed by mayors appointed by the government; however, they are now directly elected. In 2008, all pourashava chairmen came to be known as “mayors” and ward commissioners as “councillors.” Directly elected mayors and councillors meet the fundamental condition of effective devolution and make the elected bodies accountable to the local people. Thus, the key role of elected mayor and councillors is recognised in local governance. The reclassification of the positions of mayors and councillors aims to ensure consistency in such positions among urban local government bodies in the country.
- Evidence of greater inclusion – Recent revisions in the law have opened some space for citizens to participate in the affairs of city corporations. For example, Section 53 of the Local Government (City Corporation) Act 2009 allows city corporations to seek the advice of any expert individual from the public when required. Section 54 states that unless the corporation’s meetings are extremely confidential, citizens will have access to meetings. Expertise of citizens is also sought in standing committee meetings. City corporations are obliged to exhibit the Citizen’s Charter openly so that people are aware of developments in their local authorities. Moreover, some city corporations that have donor-funded projects that are required to form a Town Level Coordination Committee with the participation of representatives of the civil society. This is another step forward towards greater participation. Most importantly, since 1994 voting rights have been granted to all people including the poor and marginalized, thereby making elections more inclusive. This was not the case before 1994 when voting rights were granted to only those who could meet the requirements of income, qualifications and property.

- Evidence of gender integration – Progress in the democratisation process was further achieved in 1999 when direct election of women commissioners for reserved seats was introduced in urban local government.
- Space for transparency – The yearly expenditures of city corporations are audited by the government. City corporations are required to share their yearly expenditure with the public and respond to advice or objections. Section 57 (3) requires the city corporation to publish proceedings of all its meetings on the website for citizens. These measures indicate that an attempt is being made to bring about greater transparency in the local government.

Challenges

- On the surface, it appears that Bangladesh has significantly advanced towards a decentralised form of government. Laws have been enacted that empower local government organisations to proceed with their administrative and development activities. In practice, however, local government is still very much under the control of MoLGRDC. For instance, the city corporation is an autonomous body, and its mayor and ward councillors are elected by direct votes by the city dwellers. It has been demonstrated that power largely lies with the ministry. City corporations do not have sufficient control and leadership over municipal affairs. Their functional jurisdiction is also very limited, since such functions as town planning and urban development, water supply, and electricity supply services have been removed from their control and given to autonomous agencies under the central government. This is evident in the fact that despite repeated attempts, the larger cities (e.g., Dhaka and Chittagong city corporations) have failed to bring all utilities and services within their jurisdictions.
- The administrative structure related to service delivery is complex. Services are delivered by a mix of central and local agencies, with limited resources, weak administrative capacity, and weak coordination among agencies such as WASA, DESA, TITAS Gas, and Bangladesh Road Transport Corporations. This results in poor governance and impedes equitable growth.
- Although some level of public participation is seen in municipal affairs, it remains missing from urban infrastructure development projects, which are prepared and implemented by the central government agencies, or even by city authorities without citizen participation. Such projects often lack transparency in the process of planning and implementation.

- Public participation also remains missing from the planning of development activities and the formulation of the city corporation budget. The Local Government (City Corporation) Act 2009 legislature does not provide any directive regarding this need.
- The system of reserved seats has, to some extent, addressed the issue of women's under-representation in the political field. Since the inception of this system, a large number of women have joined local government institutions, including city corporations. However, the question still remains as to whether the system is leading women to a greater participation in national-level politics, or limiting their participation to the reserved seats only. Furthermore, reserved seat members do not have the same authority and resources as those elected through general seats. As a result, although women representatives gain access to local government institutions through reserved seats, their influence in these public offices remains trivial.

Section 3: Functional Mandates and Responsibilities

As noted in the previous sections, the Constitution of Bangladesh assigns responsibility to the government to create an environment for its citizens that allows them to improve their quality of life through access to health, education and other basic services. This section assesses the distribution of responsibility across the government, and it specifically identifies the functions assigned to urban local bodies, with particular reference to SCC. As cities in Bangladesh grow in terms of population and area, city institutions must be empowered in order to be able to fulfil their mandates. This section therefore assesses the functional mandate of city corporations to plan, design, finance, operate and upgrade public goods and service within the city. It also examines the institutional functional setup to see whether there are any overlapping responsibilities that may occur from functional fragmentation (lack of clarity in functional responsibility) and also from geographical fragmentation (lack of clarity over jurisdictional responsibility within a given geographical area). In addition, the rules for fresh capital investments and the maintenance of assets are explored to ascertain how city corporations could become self-reliant.

3.1 Legal framework for public goods provision

In Bangladesh, the Local Government (City Corporation) Act 2009 is the most recent legal framework for public goods provision in city corporations. It was enacted by unifying and integrating all of the existing laws and ordinances related to different city corporations. The following acts were abolished as a result of the enactment of the Local Government (City Corporation) Act 2009:

1. Chittagong City Corporation ordinance, 1982 (Ordinance No. XXXV of 1982)
2. Dhaka City Corporation ordinance, 1983 (Ordinance No. XL of 1983)
3. Khulna City Corporation ordinance, 1984 (Ordinance No. LXXII of 1984)
4. Rajshahi City Corporation law, 1987 (Law No. 38 of 1987)
5. Sylhet City Corporation law, 2001 (Law No. 10 of 2001)
6. Barishal City Corporation law, 2001 (Law No. 11 of 2001)

The Local Government (City Corporation) Act 2009 states that city corporations have 28 types of activities, which are mostly rendered by city corporations. The rest are provided by other government agencies. These activities, with responsible agencies are tabled in Annex 3.1.

For the most part, activities mentioned in Local Government Act (City Corporation) 2009 stipulate several other sub-activities. For example: public health includes waste management activities, health care management; roads construction and maintenance activities include lighting and naming the roads; and public safety includes fire safety. Although city corporations are the accountable authority for ensuring services for city dwellers, in order to ensure proper service delivery, “single purpose organizations” under several parastatal bodies, such as Jalalabad Gas Transmission and Distribution System Limited and Bangladesh Power Development Board act closely with the city corporation.

For example in SCC, gas and electricity supply have been implemented through single purpose organizations:

- Jalalabad Gas Transmission and Distribution System Limited carries out the transmission and distribution of natural gas within the northeast part of Bangladesh. This covers the Sylhet Division, including the districts of Sylhet, Moulvibazar, Habiganj and Sunamganj.⁷
- Bangladesh Power Development Board supplies electricity in SCC.⁸
- There is no separate water supply and sewerage authority within the SCC area. Water is supplied to its citizens through 23 pump stations and surface water treatment plants. However, the city’s two plants are located in the Shahi Eidgah and Tupkhana areas and cannot sufficiently supply the water required by all city dwellers.

The aforementioned has highlighted that in addition to SCC there are other agencies providing public goods and services. While SCC provides services according to the Local Government (City Corporation) Act 2009, other agencies mainly follow their own rules or their respective line ministries’ rules.

⁷ Source: Jalalabad Gas Transmission and Distribution System Limited (2017). Available from <https://jalalabadgas.org.bd/>. Accessed on 2 February 2017

⁸ Source: Bangladesh Power Development Board (2017). Available from: <http://www.bpdb.gov.bd/bpdb/> Accessed on 2 February 2017

3.2 Role of a city corporation and its relationship with other government agencies

City corporations are liable to coordinate the development activities of all of the government agencies working in their jurisdiction areas. In order to do this, city corporation officials form a committee in consultation with LGD. This committee arranges a tri-monthly meeting with all government agencies in order to achieve better coordination of the development activities and avoid overlapping work within the same area. It appears that coordination is substandard, however, as other government agencies often do not follow the same schedule in beginning their development activities. Analysis shows that different agencies receive funds from their line ministries at different times of the year. This hinders the ability of agencies to work together in a coordinated manner, which if done successfully, could save a large amount of money.

Key informant interviews (KII) have highlighted a lack of coordination and consultation between city corporations and government agencies. For example, city roads, which are owned by city corporations, are being developed by different agencies. To repair these roads and footpaths, city corporations then charge money to agencies. However, it has been stated that, in many cases, even though activities are finished, the road repairs remain incomplete. The suggested explanation was because in some cases, agencies do not give the repair fees on time, or if fees are given on time, the city corporation does not complete the tasks in a timely manner. If the government agencies providing services were to do so in coordination and consultation with the city corporation, it would assist in better planning of the development activities, and also would build better relationships between all of the government agencies responsible.

3.2.1 Pricing power for services

In Bangladesh, city corporations follow certain guidelines when determining service fees. For example, in deciding the holding tax rate, they follow the “City Corporations (Taxation) Rule 1986” (People’s Republic of Bangladesh, 2015), and for trade license issuing fees, they follow the “City Corporation Ideal Tax Schedule 2016” (People’s Republic of Bangladesh, 2015). Similar to other city corporations, however, KII revealed that in SCC, in most cases, servicing agencies do not discuss with city corporation authorities or carry out any studies among citizens before determining the price of the services. When gas and electricity service providers plan to increase service fees, they submit their initial plans for the

fee increase to Bangladesh Energy Regulatory Commission (BERC),⁹ which calls for a public hearing with stakeholders. Upon getting the suggestions from stakeholders, BERC approves a fee rate, which agencies eventually have to follow.

3.3 Geographical fragmentation and land use

From reviews of SCC, no geographical fragmentation is found in the provision of public goods and services. City planning and development are bestowed solely upon SCC; therefore, the city corporation does not need to take permission from other authorities, which eases the process of carrying out development activities. For example, in order to reduce traffic congestion in the corporation area, SCC decided to relocate a truck-stand to outside the area. As the truck-stand was situated on non-agricultural *khas* land, which is generally owned by the District Commissioner's Office, SCC applied directly to that office. The process of relocating the truck-stand took minimal time due to the few government authorities involved.

3.4 Norms for fresh capital investment and maintenance of assets

In SCC, like in other city corporations of Bangladesh, fresh capital investments for public goods and services are generated through revenues earned. The city corporation itself has little influence over the projects designed to improve public goods and services. Upon advisement of the central government, development agencies carry out these projects.

The following outlines the norms for fresh capital investments and maintenance of assets as stated in the Local Government (City Corporation) Act 2009:

a) Fresh capital investment

According to section 71 (2) of the Local Government (City Corporation) Act 2009; city corporations can invest part of their fund and, as mentioned in section 71 (3), with the government's instruction, corporations can create a separate fund for special reasons.

b) Maintenance of assets

⁹ BERC has been formed to create an efficient, well-managed and sustainable energy sector in Bangladesh for providing energy at just and reasonable costs, and for protecting the consumers' interest and satisfaction through fair practices.

- Section 80 (1) says that, by enacting law, government:
 1. Can create provision for maintenance, protection and development of assets that are owned by City Corporation or have been given to them.
 2. Can control the transfer of own assets.
 3. City Corporation can enact law to acquire assets necessary for them.
- Section 80 (2) states City corporation:
 1. Can protect, inspect or develop assets that are owned by them or are given under their authorisation.
 2. To serve the purpose of laws, City Corporation can use own assets.
 3. Through prior approval from government; granting, selling, mortgaging leasing or exchanging or through any other way, can own or transfer assets.
 4. To serve the purpose of laws, if City Corporation needs to own assets outside of its area, it can own assets with government's approval.

Besides the aforementioned sections, Sections 80(3), 80(4), and 80(5) of the Local Government (City Corporation) Act 2009 are also related to assets' maintenance.

As a government institution, SCC is required to follow government rules and regulations without discrepancies. For fresh capital investment, they have to follow the benchmark rules, which are laid out in the Local Authorities Loans Act, 1914. However, if donor countries want to invest in a city corporation area, they must follow government-to-government (G2G) policies.

City corporations' assets on their own land consist mainly of markets and shops. The rules regarding the building of markets are detailed in the Building Construction Act 1996, which was formed following section 18 of the Building Construction Act 1952. On the other hand, for allotting shops in city corporation markets, city corporations follow the Shop Allotment Policy of the Directorate of Government Accommodation.

3.5 Key findings

- Like all city corporations of Bangladesh, enactment of Local Government Act (City Corporation) 2009 theoretically provided SCC with greater functional mandates and responsibilities to provide public goods and services efficiently.
- Regarding service delivery, SCC shows greater coordination than other city corporations, because, for the most part, they are the single authority, and, similar to other city corporations in Bangladesh, there is no city development authority. However, SCC has very little influence over the projects designed to improve public goods and services. Development agencies carry out projects with direct consultation of the central government.
- Most public goods and services are provided by solely by SCC. However, coordination failure is still evident in some cases when the development activities of other agencies are not carried out in consultation with SCC. Furthermore, the fund allocation timing of these agencies varies, which creates difficulty in the coordination of development activities and the delivery of public services.
- There is no geographical fragmentation in SCC, which gives SCC an advantage in terms of uniform service delivery.

Section 4: Municipalisation Criteria

Through initiatives by the British in the early 1820s and following the enactment of Bengal Municipal Act 1864, municipalisation has evolved in Bangladesh and constitutes an important form of urbanization through the initiation of local governance. Given the importance of municipalisation, it is necessary to scrutinise the criteria for municipalisation to aid in a better evaluation of cities' ability to respond to the challenges of rapid urbanization. Therefore, this section aims to present and evaluate criteria for the municipalisation of cities in Bangladesh, and particularly for SCC. It assesses the existing legal framework for municipalisation by looking into the policies, acts, rules and regulations, as well as by analysing trends in the evolution of these instruments over the years.

The inferences are based on the assessment of the legal and institutional framework for local governments. The assessment highlights the municipalisation criteria in Sylhet, and its ability to respond to change through municipal expansion and administrative re-organization based on needs. In sum, the criteria for the assessment are as follows: (i) the city's ability to respond to increasing population densities and growth of settlements through administrative restructuring by wards delimitation; (ii) the city's ability to manage peri-urban growth through the expansion of municipal boundaries; and (iii) the enabling framework for upgrading the status of municipalities and the linked administrative functions and functional mandate.

4.1 Legal framework for municipalisation

4.1.1 Policies, acts, rules and regulations for city corporation boundaries

As previously stated, SCC follows the Local Government (City Corporation) Act 2009, which is the legal document that details the mandates for the functions, composition and terms of city corporations. Section 4 of the Local Government (City Corporation) Act 2009 points out some of the criteria based on which SCC was formed. For the comprehensive legal framework of local governance see section 2.1.1.

Based on the Local Government (City Corporation) Act 2009, the following details the relevant criteria for the expansion or contraction of a city corporation area, and translates it to the case of SCC:

- I. Government can include any areas adjoined to a city corporation into the boundary of the corporation or exclude any area from the boundary of the corporation according to the process determined by law and notification in the government gazette.
- II. This law; rules; regulations; all the orders, instructions and powers under this law; will be applicable to any area included in the city corporation.
- III. This law; rules; regulations; all the orders, instructions and powers under this law; will no longer be applicable to any area excluded from the city corporation.
- IV. Government can correct the first schedule of this law by notification in the government gazette.

4.1.2 Authority of city corporations to extend boundaries

As previously noted, urban local governments in Bangladesh, including city corporations such as SCC, are subject to strong control from the central government. Similarly, increasing the size and boundaries of city corporations and their authority to make rules and conduct their affairs are all subject to central government consent. This can be seen in SCC, where in order to increase its boundary or declare adjoining areas to be part of it, SCC must inform MoLGRDC of its needs in writing; MoLGRDC then seeks the support of the respective Deputy Commissioner in collecting public opinion over the proposal to increasing the city corporation's boundary. Upon collecting public views, the Deputy Commissioner submits a report to a committee set up at MoLGRDC to evaluate the proposal and public opinion. The committee then makes its recommendations to the Cabinet Division, which in turn reviews and forwards them to the Prime Minister for the final decision.

4.2 Criteria for classifying urban authorities as city corporations and pourashavas

4.2.1 Criteria to assess the classification of city corporations and municipalities/pourashavas

The legal document to classify an area as a city corporation or municipality/pourashava is the Act of 1974 (Act 56) (Islam, 2013). Under this Act, Sylhet was positioned as the Sylhet Municipal Corporation.

Bangladesh has 532 urban areas classified into 11 city corporations and 318 pourashavas (municipalities) run by elected pourashava councils. These urban areas are contained within 10,600 km² (7 per cent) of the country's 147,000 km² area, reflecting a high urban population density of 4028 persons per km² in

2011.¹⁰ About 60 per cent of the urban population resides in city corporations, while 40% lives in pourashavas. Pourashavas are classified into A, B, and C categories based on the minimum annual revenues collected over last three years. Class A are those with revenues of more than 6 million Bangladeshi taka (BDT), class B with incomes of more than 2.5 million BDT up to 6 million BDT, and class C with incomes of more than 1 million BDT up to 2.5 million BDT.¹¹ Further, the different classes of municipalities can be categorised in terms of total road network size measured in length. Class A municipalities each have around 200 km of roads (of varying types). For class B and C municipalities, the length of roads declines, respectively, to half and one-quarter that of class A. About one-third of the total road length is constructed in class A municipalities (Yunus and Rahman, 2015).

The major reason why municipalities evolved over the years is to provide local public goods and services more efficiently to the local residents and to collect taxes, tolls, and fees from the respective residents in order to finance those activities. This is also true for Sylhet municipality. Although municipalities are classified according to size, revenue mobilization and population densities (Class A, B and C), there is no change in the administrative structure and the mandate across these classes.

4.2.2 Change in ward boundaries

The government has the authority over ward delimitation. The necessary guidelines are given in the official gazette and, according to the guideline for the purpose of determining the boundaries, a number of officers—who are the existing LGD employees—are recruited to assist. In determining the boundaries of wards, the size of the area and the population density are required to be maintained.

For the purpose of determining boundaries, a wards boundary delimitation officer may investigate relevant circumstances and examine related documents; the officer may consider all of the objections and suggestions regarding ward delimitation. Any objections or suggestions under sub-section (ii) of the Local Government (City Corporation) Act 2009, or errors or deviations from the initial ward list will be addressed. For the purpose of eliminating any errors or deviations, based on the accepted objections or suggestions, the boundary delimitation officer may amend or change the initial ward list under sub-section (ii) of the Local Corporation (City Corporation) Act 2009. After the amendments or changes have

¹⁰ Information collected from Local Government Engineering Department (LGED) website. <http://www.lged.gov.bd/> Accessed 2 March 2017

¹¹ Information collected from Local Government Engineering Department (LGED) website. <http://www.lged.gov.bd/> accessed 2 March 2017

been made; the boundary delimitation officer shall prepare the final list of wards, making reference to the included areas.

4.3 Key findings

The key findings from the assessment of municipalisation criteria are as follows:

- Although municipalities are classified according to size, revenue mobilization and population densities (Class A, B and C), there is no change in the administrative structure and the mandate across these classes of municipalities. Evidence of this can be seen in SCC.
- The national government has authority over the expansion of municipal boundaries and ward delimitation. The area expansion of municipalities can be determined based on the size and revenue mobilization.
- Regarding wards delimitation, the national government appoints officers who investigate events, examine related documents and consider all aspects, such as population density and size of area to determine whether the existing ward size may be expanded. However, population density is the main factor in determining the size of the ward.

Section 5: Fiscal System

This section presents an analysis of the fiscal system of city corporations in Bangladesh with a particular focus on SCC. The analysis covers financial policy and the overall capacity of city corporations to generate resources to provide public goods. The assessment of the fiscal system presents the following: (i) an overview of the rules and frameworks of the fiscal operation of city corporations; (ii) an analysis of the trend and composition of capital budget; (iii) a diagnosis of OSR; (iv) an analysis of fiscal transfers to city corporations; and (v) an analysis of city corporations' ability to access capital markets, including the financial management practices required to borrow and the enabling legal framework.

The analysis in this section is based on data collected from secondary sources including fiscal related government laws, regulations, rules and office order. Key informant interviews were conducted with SCC officials regarding the borrowing loan framework, fiscal transfer criteria, and tied and untied grants. Moreover, the budget books of SCC were extensively reviewed in the process of calculating the grants and OSR.

5.1. Framework and composition of existing revenues and capital grants of city corporations

The resources of city corporations come from OSR, government grants and special government grants, government and foreign projects, and loans. According to article 70 (1), each city corporation has an individual fund and can generate revenue from 26 of its own sources (Yunus and Rahman, 2015). The OSR of city corporations includes different types of taxes, payment from utility services, fees from different licenses, registrations fees, tolls, fines, and fees from leases and rentals. Tax revenues are collected from holdings, land transfers, advertisements, trades, amusements, and non-motorised vehicles. Table 5.1 shows sources of revenue as identified in law.

Table 5.1: Sources of revenue as identified in law

Theme	Description	Source
Own source revenue	<ul style="list-style-type: none"> • Own revenue sources of city corporations • Settlement and land tax • Conservancy tax • Property tax • Fees • Light tax • Leases and rentals tax • Building construction tax • Cinema and advertisement tax • Trades licenses • Non-motorised vehicles registration fees 	Section 70 (1 and 2) of Local Government (City Corporation) Act 2009
Rules for borrowing of funds by city corporations	City corporations can allow loans from other financial institutes.	Section 79 (1) of Local Government (City Corporation) Act 2009 follows previous act, Local Authorities Loans Act, 1914 (Act No. IX of 1914)
Intergovernmental fiscal system	<ul style="list-style-type: none"> • Government grant (block (<i>includes salary compensation and octroi</i>)) • Special government grant • Government and foreign funded project • Other (Annual Development Programme (block grant)) 	Section 70 (2) of Local Government (City Corporation) Act 2009

City corporations receive government grants, including normal or salary compensation grants, as well as *octroi* compensation and development grants (Samad, 2009). Octroi tax was introduced after the 1980s, and the government has been distributing grants to city corporations from the annual octroi income. Along with this, LGED allocates a fixed, nominal amount of money to city corporations for development activities. City corporations also receive development grants from various donor-funded projects.

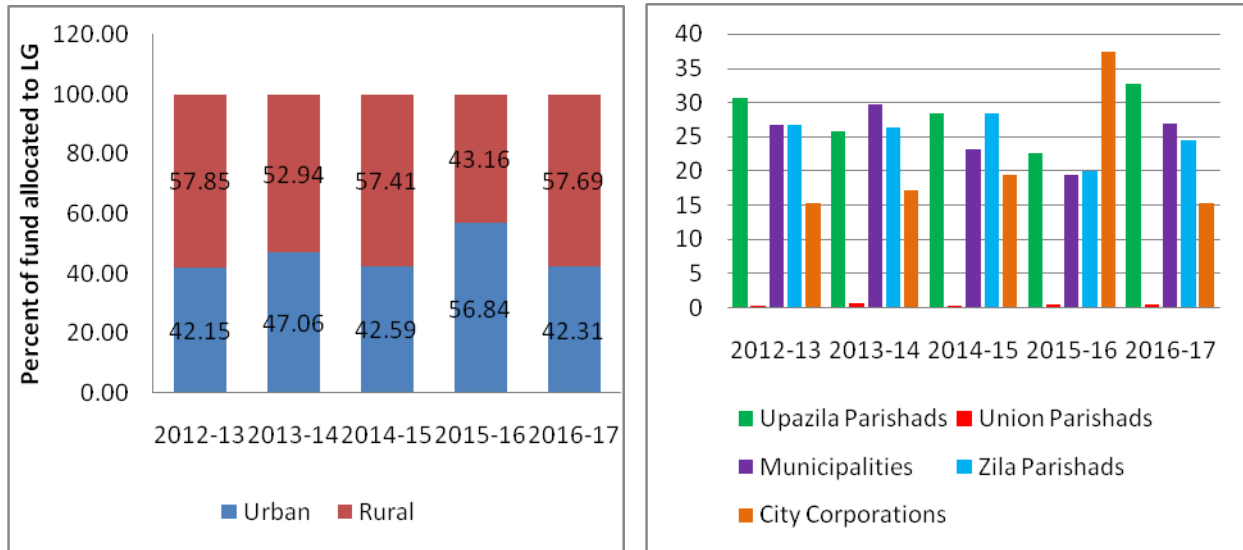
5.2 Trend and composition of annual income generation

The national government transfers to urban and rural local government units by fiscal year (FY) are shown in figure 5.1. The graph shows that, with the exception of FY 2015-16, the combined share of funds allocated to rural local government units was higher than the share allocated to urban local government units between 2012 and 2017. The disaggregation by local government unit shows that in each year, city corporations received the second lowest share among all the local government bodies (see figure 5.1). For instance, according to estimates for FY 2015-16, 37.36 per cent of the total fund was

allocated to city corporations; but for FY 2016-17, the allocation was dramatically reduced, to just 15.37 per cent.

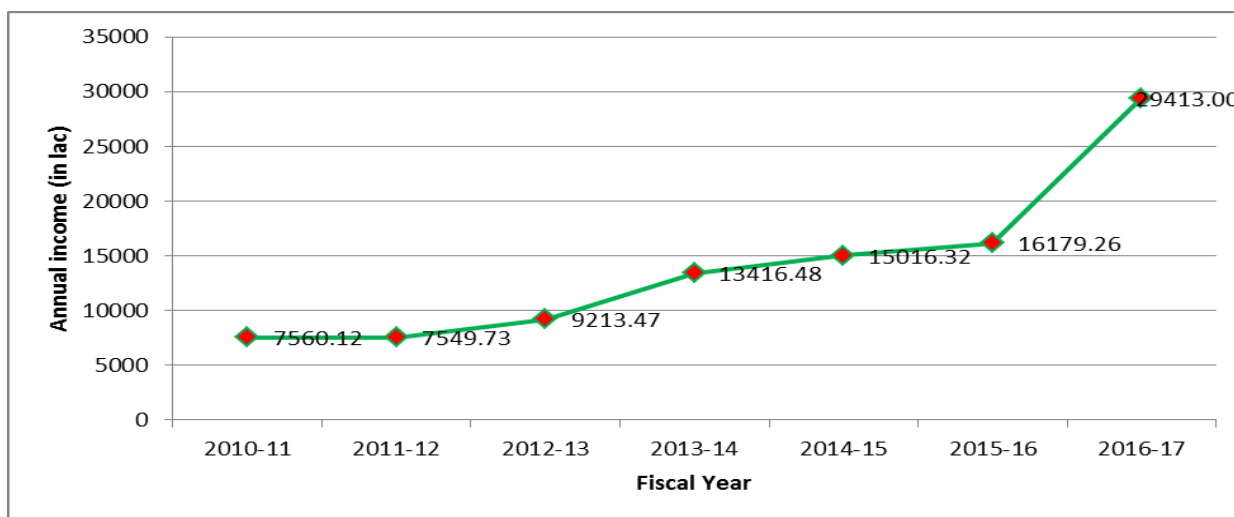
Figure 5.1: Budget allocation to local government units

a. Budget allocation to urban and rural local governments, b. Budget allocation to Local government Units



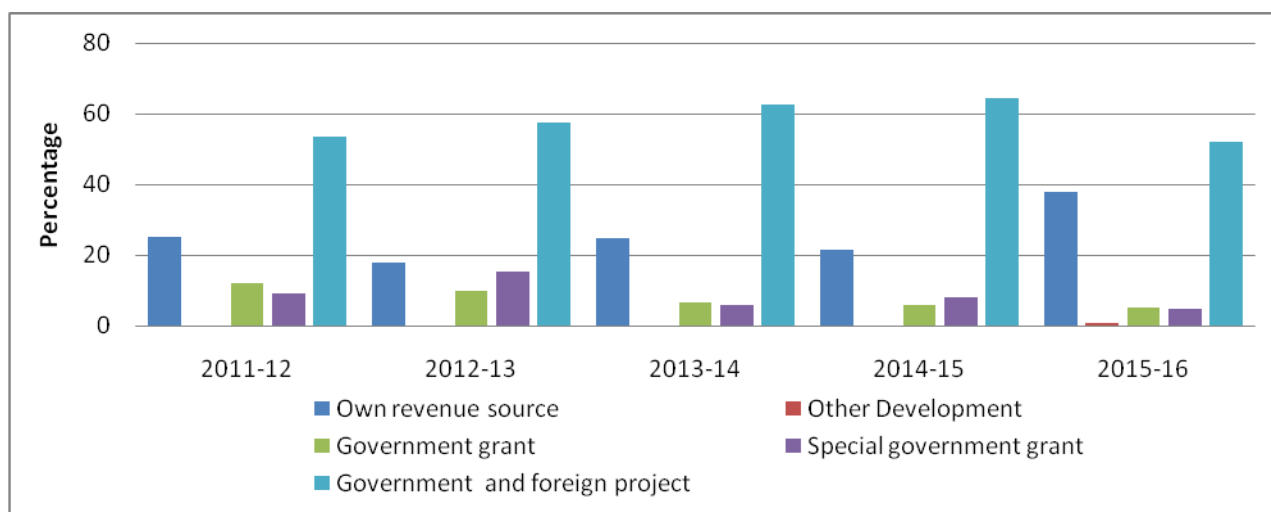
The annual income of SCC is shown in figure 5.2. It depicts a gradual increase in the annual income allocated to SCC over the years, with the exception of FY 2013-14, which showed a sharp increase (over 45 per cent) compared to the previous period. The increase was due to a significant rise in both OSR and central government funds. Table 5.3 presents the detailed revenue amounts disaggregated by sources for the period from FY 2011-12 to FY 2014-15.

Figure 5.2: Annual income of SCC (FY 2011-12 to FY 2016-17)



Note: FY 2015-16 figures are based on the revised budget; FY 2016-17 figures are based on the proposed budget.

Figure 5.3: Shares of different sources in total income



Note: FY 2015-16 figures are based on the revised budget.

National government funds are the major source of funds for SCC. In FY 2014-15, around 78 per cent of the funding came from the national government, while 22 per cent of funds were generated from OSR. Figure 5.3 presents the percentage share of different sources for a period of five years. The share of OSR in total income showed a slightly declining trend until FY 2014-15. During that period, the share of government and foreign project funds showed a slightly increasing trend. The shares of government grants and Annual Development Programme (ADP) grants showed a slightly declining trend.

Table 5.2: Revenue generation for Sylhet City Corporation (in lac BDT)^a

Revenue Sources	2011-12	2012-13	2013-14	2014-15
Own source revenue	1902.61	1630.00	3321.58	3213.32
Other development (ADP grants)	2.54	0.00	0.00	0.00
Government grant	900.00	900.00	900.00	900.00
Special government grant	700.00	1400.00	800.00	1212.00
Government and foreign project	4044.58	5283.47	8398.90	9691.00
Total	7549.73	9213.47	13420.48	15016.32

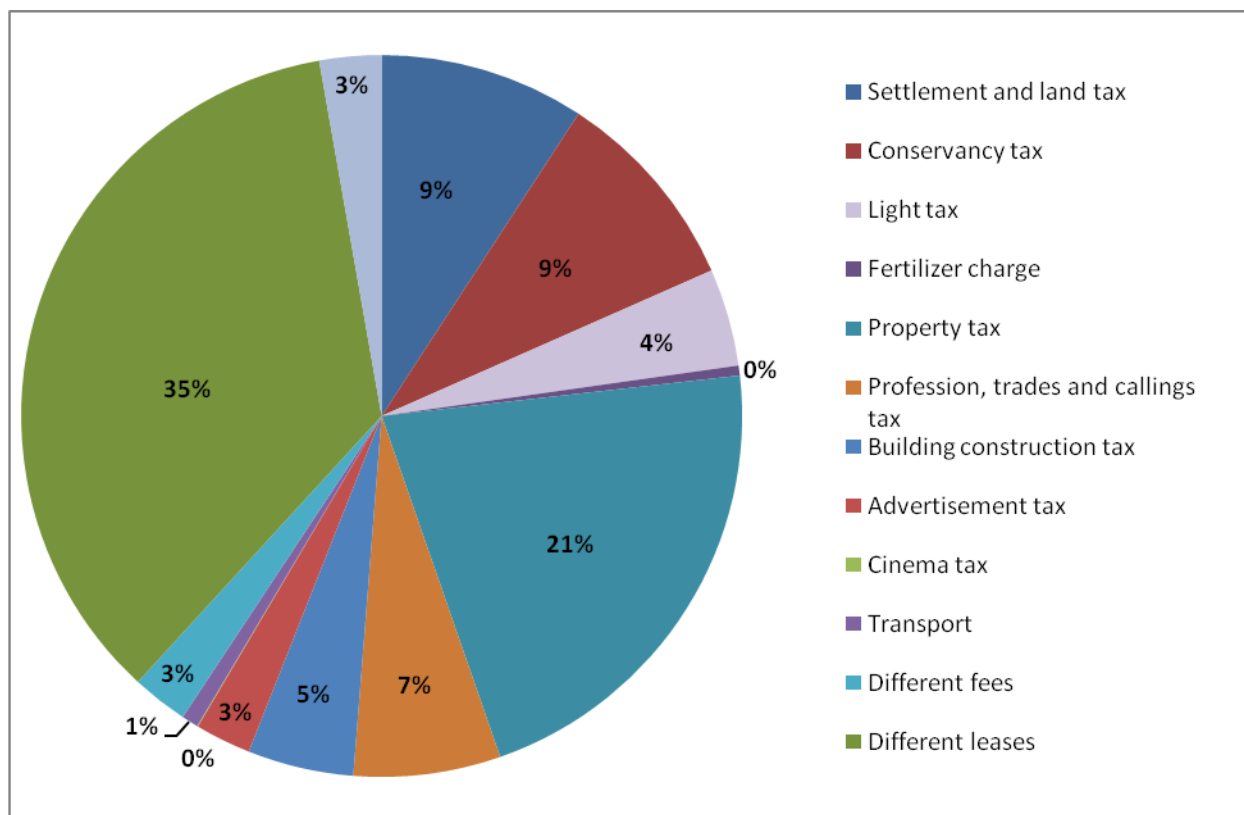
^a Lac (or *lakh*) is a unit equal to 100,000.

5.3 Own Source Revenue in SCC

Own source revenue showed a steady increase over a period of five years, both in absolute amount and in terms of its share in total income. During that period, the amount of OSR increased from 1902 lac BDT to 3213 lac BDT, which is a 65 per cent increase in amount.

Figure 5.4 shows the share of different sources in OSR for FY 2014-15. As seen in the figure, income from leases is the major source of income in SCC This comprised around one-third of total OSR collection during FY 2014-15. Property tax, conservancy tax and tax from professions, trades and callings were also important sources of income for SCC.

Figure 5.4: Breakdown of OSR collection in Sylhet City Corporation (FY 2014-15)



When inquiring about the limited share of OSR in the total budget during KII, city corporation officials argued that there are a number of reasons behind it, including the following:

- There is a lack of overall awareness among citizens about taxes. Citizens are not encouraged to pay taxes because they are not fully aware of where the tax revenue will be spent.
- Citizen willingness is also a major barrier behind low collection of taxes. In most cases, people belonging to higher income groups are tax defaulters.
- Elected representatives of the city corporation are not willing to enforce comprehensive assessments of the value of property and impose holding taxes¹² because it might have a negative impact on their popularity within the constituency.
- Sylhet City Corporation also generates its revenue from property taxes. Like all other city corporations in Bangladesh, to collect the taxes, it uses the rateable¹³ value of the property.

¹² Holding tax is the major component of property tax, which is the tax on the estimated rental value of a property. (Samad, 2009)

Debapriya et al. (2013) state that generally in Bangladesh, this is not done based on actual market value, and on average only 50 to 70 per cent of taxes are collected.

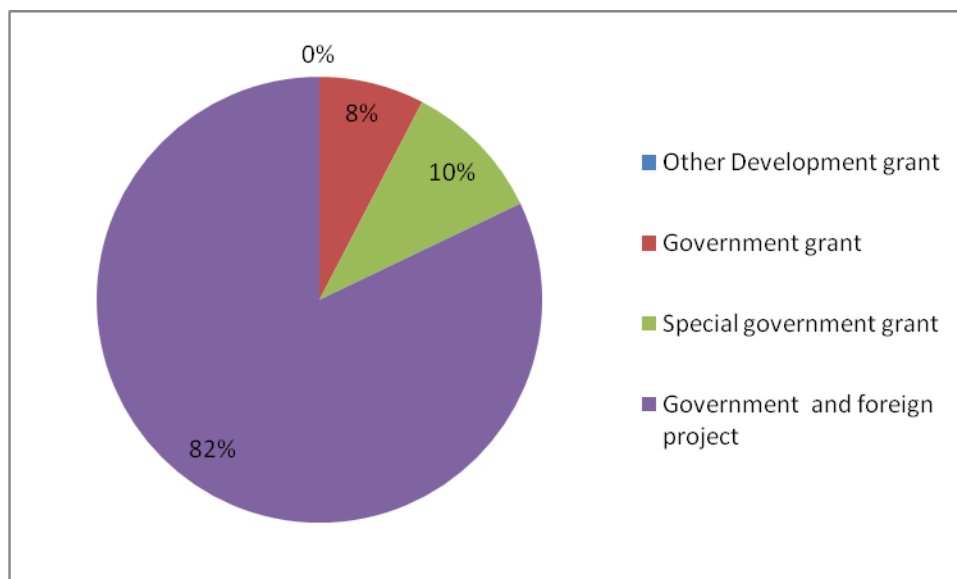
- Sylhet City Corporation is interested in following the strategy for mobilizing tax income from different sources, however it gives a lower priority to collecting revenues from non-tax sources, like service charges and fees.
- Furthermore, inefficient assessment, insufficient human resources, and weak enforcement hamper the collection of OSR in SCC. A city corporation official stated that if they had more staff, they would be able to collect more revenue from holding taxes and different types of fees.

5.4 Process of fiscal transfers to city corporations

There are four major sources of funds that city corporations receive from the government:

1. Government block grants
2. Special government grants
3. Allocation from Annual Development Programme (ADP)
4. Government and foreign funded projects

Figure 5.5: Disaggregation of government funding (FY 2014-15)



¹³ The rateable value is usually defined as the rental value that the property would fetch if it were rented out. In practice, however, the rateable value is estimated not through the market mechanism but through administrative procedures. (Bhattacharya et al., 2013)

The central government remains the primary source of financing for municipalities and city corporations, such as SCC. As shown in Table 5.3, during FY 2014-15, OSR comprised around 22 per cent of the total budgeted income, while the remaining 78 per cent came from central government funding. The disaggregation of central government funding is provided in figure 5.5. Of the total funds the central government transferred to SCC, 82 per cent came as project grants, which are tied in nature; 10 per cent came as special grants and another 8 per cent as government block grants.

Criteria for fiscal transfer

In Bangladesh, there is no explicit framework for grant allocations from the central government to city corporations; however, there are some implicit criteria, which are not publicly disclosed. A study on municipalities and city corporations shows that decisions regarding special block grants are made based on political considerations (Bhattacharya et al., 2013). According to that study, the amount of grants and the time needed for the release of funds depend on whether the mayor is from the ruling party, the mayor's closeness to the central leaders of the party, and their ability to handle the bureaucracy. The study also suggests that it is difficult for local government authorities to secure block grants if the mayors are from opposition political parties.

The interviews with SCC officials suggest that there are no specific criteria based on which the national government makes the transfers. Sometimes, the amount of a city corporation's OSR is used to make the funding decision. City corporations with less OSR receive better allocations and vice versa. The SCC official also stated that political influence and population size of the city corporations also influence the funding decisions of the national government.

As mentioned above, because there are no explicit criteria used to allocate grants to city corporations, it is difficult for the city corporations to estimate the amount they might receive. For this reason, making advanced plans for development work remains a challenge. In Bangladesh, city corporations tend to submit inflated budgets in anticipation of getting large government grants. As a result, the gaps between proposed and revised budgets remain very high. Table 5.3 shows the proposed and revised disbursement. Table 5.4 shows the revised and actual disbursement.

5.5 Borrowing framework and procedure for city corporations

City corporations can borrow money from the banks with advance approval from the central government. There is a World-Bank supported project of the Government of Bangladesh known as the Bangladesh Municipal Development Fund (BMDF) that allows municipalities to borrow money to complete important development works. Municipalities and city corporations that have been able to demonstrate increasingly higher levels of OSR generation can claim additional financial resources from the Urban Governance and Infrastructural Improvement Project (UGIIP).

Article 79 (1 and 2) of the Local Government (City Corporation) Act 2009 describes how and when city corporations can receive loans from others financial institutes. The City Corporation Act echoes the previous act, known the “Local Authorities Loans Act, 1914 (Act No. IX of 1914).” According to the act “A local authority may, subject to the prescribed conditions, borrow on the security of its funds or any portion thereof for five purposes, namely: development works, relief, dangerous epidemic disease, repayment of money, and emergency cases. Moreover, the sum of the loan will not exceed twenty-five lakhs BDT, and the borrowing money is payable within any period not exceeding twelve months.”

Table 5.3: Expectation and reality of budget in Sylhet City Corporation from FY 2013-14 to FY 2015-16

Revenue Sources	2012-13			2013-2014			2014-2015			2015-2016		
	Proposed	Revised	Fund realisation (%)	Proposed	Revised	Fund realisation (%)	Proposed	Revised	Fund realisation (%)	Proposed	Revised	Fund realisation (%)
Own source revenue	7765.51	2482.10	31.96	8866.52	4399.50	49.62	6663.00	5649.53	84.79	7628.05	6108.26	80.08
Other development	300.00	285.00	95.00	675.00	0.00	0.00	1000.00	0.00	0.00	1000.00	100.00	10.00
Government grant	1500.00	900.00	60.00	900.00	900.00	100.00	1000.00	900.00	90.00	1000.00	800.00	80.00
Special government grant	1600.00	1400.00	87.50	1400.00	1200.00	85.71	1100.00	300.00	27.27	1100.00	737.00	67.00
Government and foreign project	20257.12	5407.41	26.69	5407.41	10086.25	186.53	19791.26	9191.25	46.44	16326.75	8434.00	51.66
Total	31422.63	10474.51	301.16	17248.93	16585.75	421.86	29554.26	16040.78	248.50	27054.80	16179.26	288.73

Table 5.4: The revised and actual disbursement of Sylhet City Corporation

Revenue Sources	2011-2012			2012-2013			2013-2014			2014-2015		
	Revised	Actual	Fund realisation (%)	Revised	Actual	Fund realisation (%)	Revised	Actual	Fund realisation (%)	Revised	Actual	Fund realisation (%)
Own source revenue	2187.00	1902.61	87.00	2482.10	1630.00	65.67	4399.50	3321.58	75.50	6663.00	3213.32	48.23
Other development	35.00	2.54	7.26	285.00	0.00	0.00	0.00	0.00	-	1000.00	0.00	0.00
Government grant	900.00	900.00	100.00	900.00	900.00	100.00	900.00	900.00	100.00	1000.00	900.00	90.00
Special government grant	700.00	700.00	100.00	1400.00	1400.00	100.00	1200.00	800.00	66.67	1100.00	1212.00	110.18
Government and foreign project	4424.31	4044.58	91.42	5407.00	5283.47	97.72	10086.25	8398.90	83.27	19791.26	9691.00	48.97
Total	8246.31	7549.73	385.67	10474.10	9213.47	363.39	16585.75	13420.48	325.44	29554.26	15016.32	297.37

When it comes to borrowing, it has been found that city corporations do not usually go to banks, as they require advanced approval from the central government. Sylhet City Corporation officials stated that SCC does not take loans from banks; however, SCC received some funds from BMDF in FY 2010-11. The total amount of the funding from BMDF was 7.95 crore, 15 per cent of which was a loan.

When asked whether city corporations follow standard financial procedures that enable them to borrow, it was found that their documentation is not always adequate for applying for loans from financial institutions. When asked if they prepare the annual balance sheet, the response was negative.

5.6 Key findings

Keeping the section objectives in mind, the following are the major findings about the SCC fiscal system:

- City corporations generate funds from two major sources: OSR and transfers from the national government. The analysis of the fiscal system of SCC shows that in recent years the city corporation became more dependent on the central government fund. According to the FY 2014-15 estimate, around 22 per cent of the total income of SCC was generated from OSR, while the rest (78 per cent) came from central government funding. Half of the funds that came from the central government were tied, whereas the rest were block grants.
- Disaggregation of national government funding for SCC shows that project grant funds comprise the highest share of the government transfer. Around 82 per cent of the total government transfer to SCC comes in the form of project aid, which is tied in nature.
- Own source revenues come from 26 different sources, which can be categorised into five broad groups, including taxes, rates, fees, leases and others. The policy does not allow city corporations to levy new taxes. Regarding the revision of existing tax rates, they must follow Tax Schedule 2015, which is provided by the government. The schedule fixes the highest rates of tax that any city corporations are allowed to impose.
- In FY 2014-15, income from leases was the major source of OSR in SCC. Around one-third of total OSR in that year was collected from leases. Property tax, conservancy tax and tax from professions, trades and callings are also important sources of income for SCC.
- National central government policy allows city corporations to borrow from different financial institutions, and there are two sources, BMDF and UGIIP, from which they can take loans. Sylhet City

Corporation has access to financing from multiple sources, including banks and financial institutes, UGIIP and BMDF. However, due to the complicated procedures for getting approval, along with the limit imposed in the borrowing amount, SCC officials prefer to avoid the banks. They prefer BMDF and UGIIP instead, as the procedure for sanctioning is much simpler. At the same time, it has been noticed that SCC does not have adequate preparation in terms of the documentation that would enable them to take loan from financial institutions.

- The Bangladesh government does not follow any specific, defined criteria to make financial transfers to city corporations. The transfers are primarily based on political favouritism. Population size, economic importance of the city, and the collection of revenue from own sources also influence the transfer decisions. The OSR-based funding decision is regressive in nature, as the city corporations with higher OSR get lower allocations.
- The absence of any explicit criteria for transfers makes it extremely difficult for SCC to plan development work in advance. The planning is usually done based on inflated estimations of budget. As a result, there remains a serious gap between planning and implementation.
- It is essential for SCC to generate more revenue from its own resources, which will empower the fiscal system of SCC and may ensure more sustainable goods and services for its city dwellers.

Section 6: Public Space

A public space is a social space that is generally open and accessible to everyone. According to the *Dhaka Structure Plan, 2016-2035* (RAJUK, 2015), open space can be defined as un-built lands and water bodies within the city, devoted to recreation, scenic beauty, and conservation. Roads and pavements, public squares, and parks and beaches are typically considered as public space (Wikipedia 2017). These places are used as recreational facilities, in addition to their ecological and aesthetic value to urban dwellers. Considering the importance of public spaces, Gehl (1980; cited in BIGD, 2013) argues that the existence of outdoor spaces and their social uses are akin to the differences between a lively and a lifeless city. However, evidence suggests that in cities in Bangladesh, public spaces are often occupied for purposes of informal settlements and informal economic activities. This triggers the need to examine the power of city-level authorities in reclaiming the occupied public spaces and ensuring the use of those spaces for their intended purposes.

This section focuses on the legal and institutional framework in which government agencies provide, protect and promote urban dwellers' access to public space. By reviewing acts, rules, and regulations, the specific roles of government agencies, including city corporations, are mapped out with regard to allocation and regulation of urban land and open spaces within the city. It specifically examines the role of SCC in the provision of public spaces and the reclamation of open space from encroachment, including water resources for the community usage. In order to understand the contextual trends, this section highlights the historic changes in public land use patterns in SCC.

6.1 Agencies to manage public land and social space in cities

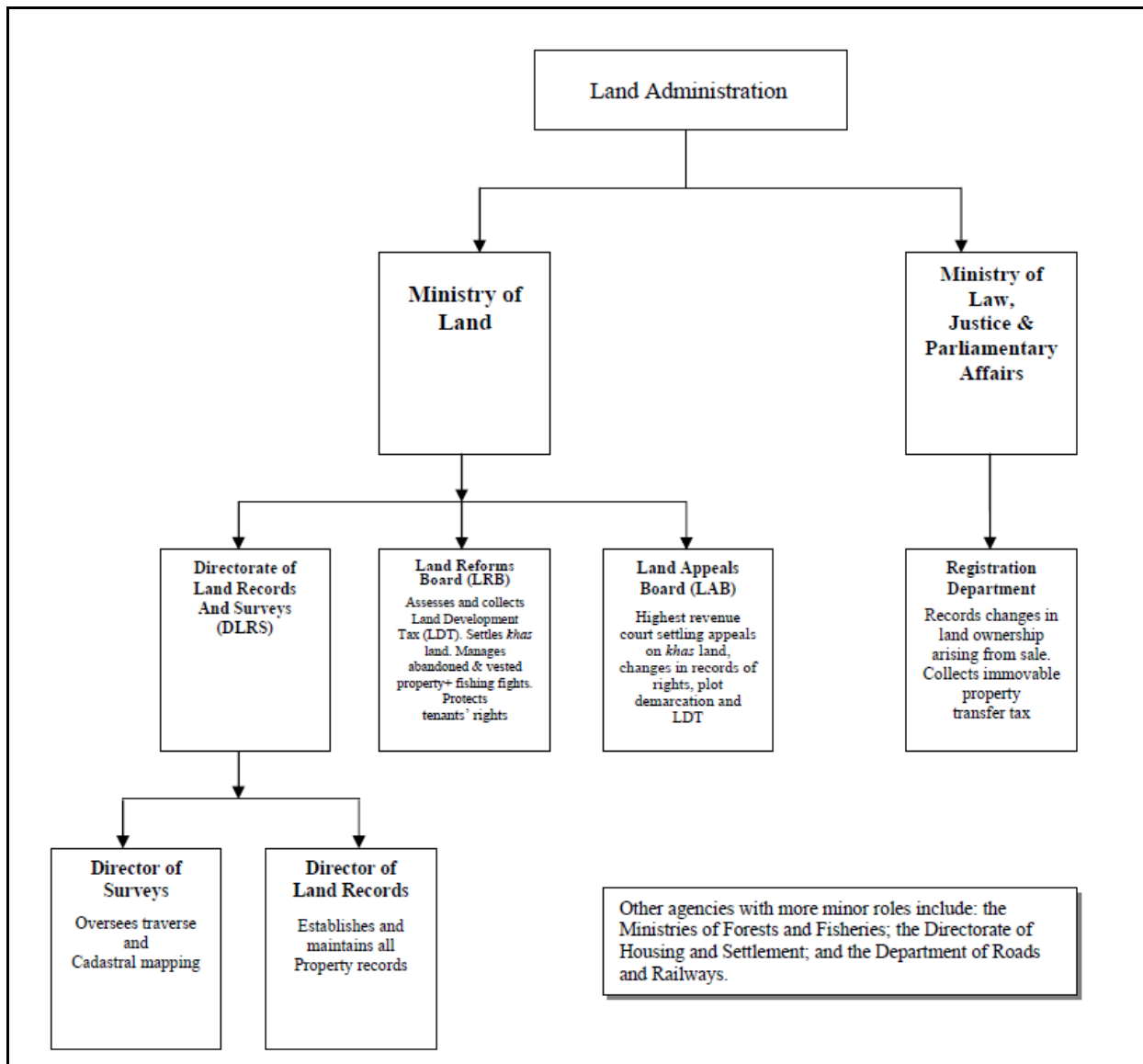
There are three core functions of land administration: record keeping, registration, and settlement.¹⁴ These core functions are primarily assigned to various departments of two ministries: the Ministry of Land (MoL) and the Ministry of Law, Justice and Parliamentary Affairs (MoLJPA) (Figure 6.1). While MoLJPA deals with land registration, MoL maintains land records and allocates and reallocates government land. The management structure of MoL is the same nationwide, including the unions.¹⁵ Except for privately owned land, the Deputy Commissioner of a district can allocate government land for public or private purposes. Generally, the Deputy Commissioner allocates agricultural and non-

¹⁴ Land records are preserved in the District Record Room. These land records are utilized while preparing master plans, structure plans, infrastructure development plans, and the valuation of property for taxes.

¹⁵The Union Land Officer (Tahsildar) at the union level, the office of the Assistant Commissioner (Land) at the upazila level, the office of the Deputy Commissioner at the district level, and the office of the Divisional Commissioner at the division level.

agricultural *khas* lands, and leases out the water resources (e.g. ponds, lakes, etc.). *Khas* lands within city corporations and municipalities are treated as non-agricultural *khas* land.¹⁶ City corporations can acquire any non-agricultural *khas* land from the Deputy Commissioner by completing a systematic procedure.¹⁷ In addition, city corporations can inherit lands from previous municipalities. This land is recorded in both the Cadastral Survey conducted between 1887 and 1940, and the Revised Survey conducted 50 years thereafter (Ministry of Lands 2017).

Figure 6.2: Land administration at the national level



¹⁶ See People’s Republic of Bangladesh, 1995. Non-agricultural Khas Land Management and Settlement Policy.

¹⁷ See the Land Management Manual of 2003]

Source: CARE, 2003.

In addition to the Deputy Commissioner and city corporations, some agencies are involved in and responsible for land management and development in cities. For instance, Rajdhani Unnayan Kartripakkha (RAJUK), which is affiliated with the Ministry of Housing and Public Works, is responsible for land-use planning and land development in Dhaka, Narayanganj, and Gazipur (Section 73(1) Town Improvement Act 1953). Rajshahi, Khulna, and Chittagong cities have similar development authorities namely, Rajshahi Development Authority, Khulna Development and Chittagong Development Authority. These authorities are responsible for formulating and implementing master plans in those cities. When city corporations decide to build public on spaces, they follow the master plans of the development authorities. City corporations such as Sylhet, Comilla, and Rangpur, which do not have development authorities, are required to deal with the Office of the Deputy Commissioner for land development.

6.2 Legal framework for the management of land and public space

6.2.1 Legal framework for land classification, conversions and valuations

Various policies and acts have been formulated to deal with land use, transfers, acquisition and resettlements in Bangladesh. Among them, the National Land Use Policy 2001 (NLUP 2001) has been the most important policy document with regard to land use in Bangladesh. The main objectives in formulating NLUP 2001 were to ensure that land use was based on certain criteria and to provide guidelines for the use of land for the purpose of agricultures (crop production, fish cultivation and rearing of poultry), housing, afforestation, commercial and industrial establishments, rail and highways, and tea and rubber gardens. The national government has also formulated issue-specific policies to manage *khas* land and water bodies. While the land policies have addressed the issues based on the realities of the last two decades, the land-related Acts were inherited from the British Indian land-management structure and procedures. The land laws address the issues of land acquisition, land transfer, and land registration. A list of land policies and acts are as follows:

Land related Policies	Land related Acts
<ul style="list-style-type: none"> National Land Use Policy, 2001 <i>Khas</i> Land Settlement Policy, 1997 Non-Agricultural <i>khas</i> Land Management and Settlement Policy, 1995 	<ul style="list-style-type: none"> The Land Reform Ordinance, 1984 The Acquisition and Requisition of Immovable Properties Ordinance, 1982 The Land Development Tax Ordinance, 1976

<ul style="list-style-type: none">• <i>Khas</i> Land Settlement Policy for Hotel Motel, 1998• Chingri Mohal Management Policy, 1998• Jal Mohal Management Policy, 2009• Salt Mohal Management Policy, 1992	<ul style="list-style-type: none">• The Registration Act, 1908• The Land Reform Board Act, 1989• The Land Appeal Board Act, 1989• The Transfer of Property Act, 1882• The Stamp Act, 1899• The State Acquisition and Tenancy Act, 1950• Vested Property (Amendment) Act, 2011
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The Land Reform Ordinance 1984 details limitations on land acquisition:

- No owner of land (who or whose family owns more than 60 standard *bighas*¹⁸ of agricultural land) shall acquire any new agricultural land by transfer, inheritance, gift or any other means;
- An owner (who or whose family owns less than 60 standard *bighas* of agricultural land) may acquire new agricultural land by any means, but such new land, together with the agricultural land owned by them, shall not exceed 60 standard *bighas*.
- If any owner acquires any new agricultural land in contravention of the provisions of this section, the area of land which is in excess of 60 standard *bighas* shall be vested in the Government and no compensation shall be payable to him for the land so vested, except in the case where the excess land is acquired by inheritance, gift or will.
- Compensation for the excess land payable under sub-section (3) of the Land Reform Ordinance 1984, shall be assessed and paid in such manner as may be prescribed.
- Provided that where such compensation is payable only for a portion of the excess land, the assessment and payment of compensation shall be made for such portion of the excess land as the owner may specify in this behalf.

6.2.2 Legal framework for public space access and usage

Although city corporations have to secure permission from development authorities or the office of the Deputy Commissioner to developing land within the city, the Local Government (City Corporation) Act 2009 empowers city corporations to prepare a master plan and have control over the construction and

¹⁸A measure of land area varying locally from one-third to one acre (0.125 to 0.4 ha).

reconstruction of buildings, the construction and maintenance of public markets, and tree plantation, etc. Specifically, city corporations are made responsible for the building and maintenance of necessary parks, public gardens, and open space for recreation and for the convenience of city dwellers. Grounded in such legal authority, city corporations build, maintain, and develop public spaces in the cities. Legal mandates of city corporations regarding the management of public land and public spaces are enumerated in Table 6.1. The legal mandates and responsibilities of city corporations are inherited from the Dhaka City Corporation Ordinance, 1983. In addition, an Act signed into law in 2000¹⁹ prohibits changing the use of playgrounds, open spaces, parks and natural water bodies, as well as renting, leasing out, and handing over these spaces for alternative use.

Table 6.1: Legal mandates of city corporations regarding management of public land and spaces

Areas of authority	Provisions of Local Government (City Corporation) Act 2009	Description of mandates
Town planning	Section 16(1)	Formulation of five yearly Master Plan for the city, providing for: <ul style="list-style-type: none"> - development, expansion, and improvement of any area within the city corporation - restrictions, regulations and prohibitions to be imposed with regard to the development of sites, and the erection and re-erection of buildings within the city corporation
Formulation of land development plan	Section 16(3)	Formulation of any land development plan, <i>inter alia</i> , is to: <ul style="list-style-type: none"> - provide roads, drains and open space - manage lands reserved for public use and which is to be transferred to city corporation - decide land acquisition for corporation

¹⁹ Mega City, Divisional Town and District Town's municipal areas including country's all the municipal areas' playground, open space, park and natural water reservoir conservation Act, 2000 (Section 5).

Public roads	Section 18(1)	Building and maintenance of necessary roads and other communication network for comfort and facilities for city dwellers and visitors
Public spaces	Section 24(1), (3), (5)	<ul style="list-style-type: none"> - Plantation and protection of trees on public streets - Building and maintenance of parks and public gardens - Provision of open spaces within the city and grassing, boundary erection and improvement of those open spaces

It has been observed that in cities, roads and open spaces are often occupied and used for unintended activities. For example, this can be seen on sidewalks, which are often occupied by street vendors. In addition, informal settlements are constructed on open spaces for low-income households. To deal with the misuse of public space, city corporations and other relevant authorities have endeavoured to conduct mobile courts with the objective to free sidewalks and open spaces from encroachment. The daily management regarding open space and sidewalks is based solely on executive orders. There have not been any full-fledged guidelines formulated to address encroachments (BIGD, 2016). Unlike Bangladesh, the Indian Government introduced the Street Vendors (Livelihood Protection and Regulation of Street Vending) Bill in 2012. Three states—Bihar, Uttarakh and and Karnataka—have begun implementing the law.

6.3 Management of public land and open spaces

The boundary of SCC expanded from an area of 10.49 km² in 1878 to that of 26.5 km² in 2001. However, the SCC has recently sent a proposal to incorporate surrounding areas of about 137 km² within its boundary to the LGD. The proposal is now pending with the office of the Deputy Commissioner of Sylhet for review. Once the proposal receives a positive response from the Deputy Commissioner, it will be submitted to the Cabinet through the LGD for approval. When approved, the total geographical area will have expanded to five times its present size.

In order to regulate land use and develop land in the SCC area, no *Unnayan kartripakkha* (development authority) has been created, as in other large cities in Bangladesh. The SCC formulated a master plan for land-use planning and development in November 2011 by inheriting authority from the Local

Government (City Corporation) Act 2009. Based on the master plan, the SCC can develop its own land for public purposes such as parks, markets, graveyards, and playgrounds. The corporation has leased, rented, and allotted some of its land to other parties and kept some as open spaces for public use. Important public spaces like small canals, rivers, abandoned open spaces, and roads are still under the Deputy Commissioner's office, however, which has the maintenance authority over these public spaces. Without mutual cooperation between the office of the Deputy Commissioner and SCC, the latter cannot alone turn these places into public spaces. Moreover, apart from SCC, Roads and Highway Department, Bangladesh Railway, and Bangladesh Tele Communication Limited have tracts of lands in Sylhet. Unlike many other cities in Bangladesh, there are no slums on public lands of Sylhet; instead, all the slums are built on private land.

Some open hawker markets available in SCC provide earning opportunities for low-income people. In addition, SCC has 12 large and small public markets from which it collects revenues. For example, Bandar Bazaar is known for both wholesale and daily markets, and is the main commercial supply route of Sylhet. Great quantities of revenues are collected from this market every year (Rahman, 2016). Furthermore, the SCC has 219.98 km of roads in the city area. On both sides of the primary roads, sidewalks have been built for pedestrians' use. Due to the shortage of land, however, SCC cannot construct any planned parking systems (SCC 2014).

Some of the public spaces, such as sidewalks and small canals, have been occupied for unintended purposes. In the central portion of Sylhet city, floating shops, mobile hawkers, artisans, and temporary traders of different goods and commodities occupy a portion of almost every road. From Surma market to Court Point; Zindabazar, Chowhatta, Ambarkhana areas; and again, Court Point to Bandar Bazaar, children's park – temporary traders occupy both sides of these roads. In addition, most of the canals in the city are illegally encroached by earth filling and the dumping of city garbage and are used for various construction purposes. It is reported that about 300 illegal structures have been built by occupying lakes and canals. Sixteen canals and nine sub-canals (locally called "*Chhora*") pass through the structure plan area that serves as the primary drainage channels of the city (Alam *et al.* 2006). A decade ago there were about 17 ponds in SCC, but many of these have been filled for various purposes, such as in Dhopadighi (for the construction of "Osmani Children Park") and Laldighi (for the construction of a hawkers' market). In addition, low-income people are reported to have migrated to the hills and are

cutting the forest for housing (Rahman, H et al. 2011), which could endanger ecological sustainability. The situation of grabbing public spaces has worsened in the absence of prompt and regular actions undertaken by city-level authorities. With the help of law enforcement authorities, SCC has conducted mobile courts to free these places from encroachment. When the elected mayor came to power, he conducted frequent drives to evict private encroachments in SCC. However, these places became occupied again in the absence of regular eviction drives. The situation is explained in the following statement from a Sylhet City Corporation official:

“The elected mayor has started taking steps against encroachment against the occupations of chora (small canals) and footpath from illegal encroachment but after his suspension, the situation has returned to the previous occupied condition.”

Sylhet, the spiritual capital of Bangladesh, is blessed with the memorials of Hazrat Shahjalal (R), Hazrat Shahporan (R), Sree Chaitanya Dev and many other respected spiritual personalities. Falling under the jurisdiction of SCC, the shrine of Saint Hazrat Shah Jajal is the most historic place. Other popular public places include Osmani Jadughar, Gourgovinda's Tila, the historic Shahi Eidgah, Gopal Tila, Kendrio Muslim Sahitya Parishad Library, and Shahi Edgah. City dwellers and visitors come to these public places for religious and recreational purposes.

6.3 Key findings

The section has highlighted the important issues affecting the provision and management of public space in cities, among them the absence of a unified regulatory system, as well as unclear mandates, and incentives for the illegal encroachment of public land. A summary of the key findings is presented below:

- There is lack of cooperation between the Office of the Deputy Commissioner and the City Corporation regarding the provision of social space in Sylhet. Further problems arise from the existence of multiple, non-integrated legal frameworks, e.g., in the Local Government (City Corporation) Act 2009; Town Improvement Act 1953; NLUP Policy 2001; and Mega City, Divisional Town and District Town's Municipal Areas, Act 2000 (covering municipal areas' playground, open space, park and natural water reservoir conservation).

- The potential financial benefits from illegal encroachment create pressure on public space to be used for economic purposes. The situation worsens in absence of prompt and regular actions undertaken by city-level authorities.
- Unlike many cities in Bangladesh, Sylhet does not have slums on public land. All slums have been built on private land. Rent seeking through erecting informal settlements is absent in Sylhet. However, there is evidence of migration to the hills for shelter, which is putting ecological sustainability at risk.

Section 7: Findings and Conclusions

In light of rapid urbanization, equitable economic growth in cities is paramount to ensure the sustainable prosperity of their citizens. Therefore, the provision of public goods and services in an equitable manner is one of the main policy targets of city authorities. However, promoting sustainable economic growth and equity depends on the enabling environment, defined as the rules, policies, and authority under which city authorities create, maintain, and deliver public goods and services. Therefore, the objective of this IEER is to describe the political, functional and fiscal arrangements under which Sylhet City Corporation (SCC) operates. It will assist in facilitating city-level policy actions by defining the space wherein city-level actions can become effective and operational.

7.1 Political and governance framework

Since Bangladesh's independence in 1971, there have been changes in the legislative and institutional frameworks for local government. These changes have proven to be advantageous in some cases, albeit challenging for the emergence of a demand-driven system of public goods production. The Local Government (City Corporation) Act 2009 is the principal legislation that provides the framework for functions, composition, terms, and power of city corporations. However, there are other laws and policies that mention the role of local government but that contradict the provisions of the 2009 legislation, which makes the current legal situation confusing.

There have been some changes in political and governance frameworks relating to city corporations. These can be seen in an attempt at greater gender integration through reserved policies, greater inclusion by granting voting rights to the urban poor, and greater public participation in the stakeholder committees formed by city corporations. Some of these changes appear superficial, however. For example, the system of reservation policies for women does not provide the authority and resources to women councillors in reserved seats that would enable them to discharge their responsibilities in their respective wards.

Analysis of the legal framework shows that despite a national move towards increased decentralisation, the central government retains control over city corporations through its overall administrative system.

Therefore, local governments have limited operational autonomy. The law gives the central government the power to advise on and investigate into the affairs of city corporations, such as their financial management, staff management, project planning and implementation.

7.2 Functional mandates and responsibilities

Some of the core issues relating to the functional mandates and responsibilities of city corporations still need to be addressed. The responsibility of public service delivery is shared between city corporations and other government agencies. They have varying responsibilities to provide utility services across sectors such as health, education, planning, housing and transportation. Evidence demonstrates that in SCC there is an overall lack in the coordination among and quality of public service providers. However, there is no geographical fragmentation in SCC, which aids in the provision of goods and services. Similar to other city corporations in Bangladesh, SCC mobilizes a portion of its resources for new capital investments for public goods and services through revenues earned.

7.3 Municipalisation criteria

The process of municipalisation is contingent on a number of factors, including population size, local revenue, and infrastructure. These varying factors determine the class into which a city is categorised. The administrative structure does not change according to the class of the city. The central government has the power to decide ward delimitation and which areas will join existing city corporations, as well as largely over resource allocation. The local municipal government has limited decision-making power. However, there has been a change in the functionality of municipalities since the early nineteenth century, as the election system for municipal councillors developed from a direct election to indirect/stepwise representations. There has also been a change in the terminology and process of electing candidates, with chairmen now being known as mayors, and ward commissioners as councillors.

7.4 Fiscal system

Sylhet City Corporation is largely dependent on central government funds for development works. The fiscal transfers from the national government are largely in the form of project aid, with strict conditionalities. The city corporation's own source revenue from assigned local taxes, user charges and levies showed a steady increase of 65 per cent from FY 2011-12 to FY 2014-15. The central government

is still the primary source of finance for SCC, however, and OSR only amounted to 22 per cent of the total budgeted income in 2014/15. Due to fragmented mandates and jurisdiction and a high dependence on fiscal transfers, SCC is inhibited in the formulation of plans and the implementation of projects to improve the delivery of public goods and services. The city corporation is unable to predict the amount of fiscal transfers due to the lack of transparent and quantifiable criteria for sharing the central pool of funds with local governments and for its distribution across the local governments. Consequently, there are major gaps in the proposed and revised budgets of SCC.

Despite the legal sanctions, SCC does not borrow from financial institutions for development projects. This is due to four main reasons: the complicated and prolonged processes of obtaining the necessary approval from the central government; sanctions from financial institutions; a low cap on the loan amount; and because the accounting and financial management processes are not synchronized to meet the loan assessment requirements of financial institutions. Therefore, SCC borrowings are largely from BMDF and UGIIP.

7.5 Public space

The absence of a unified regulatory system, combined with overlapping mandates and the existence of financial incentives for illegal encroachments on public land all impede the efficient provision and management of public space in cities. There is a lack of coordination on the provision of social space between public land authorities of the national government and city corporations. There is no established development authority to regulate and develop land use in the SCC area. Encroachment on public land for profit-oriented activities is managed through informal intermediaries, and is possible because of the large amount of *khas* and vacant land in the city. Private vested-interest groups and individuals attempt to use these lands due to their potential for economic gains and the demand for the informal provision of economic services. Rent-seeking behaviour of different interest groups hinders the city corporation's objective of keeping public space available to its citizens. In order to establish a unified authority to develop and manage public space in cities, a consistent legal framework must be formulated that empowers city corporations to manage public spaces in the city. Further work is required to address the different political economy factors as well as the different interest groups in order to prevent the occupation of public space in the city.

7.6 Conclusions

The following conclusions can be drawn from the IEER:

- The process of local government reform is underway and shows promising trends. Particularly the promulgation of the Local Government (City Corporation) Act 2009, which in theory provides greater functional mandates and responsibilities to city corporations to efficiently provide public goods and services.
- There are loopholes in the existing legislation that allow the national government control over the autonomous functioning of the local government.
- There is functional fragmentation in service delivery, which creates problems in both coordinating their delivery and maintaining their quality.
- There has been an increase in revenue earnings from own sources. There is still a major dependence on national government funds, however, and there are strict conditionalities limiting the ability to invest on the scale needed.
- The lack of updated information and the influence of political decisions stops revenue generation reaching an optimal level.
- There are increasing trends in fund transfers. However, the lack of definite criteria for fiscal transfers makes it difficult to plan development activities effectively.
- The absence of a unified regulatory system, the existence of overlapping mandates within government agencies and service providers, and the scope of illegitimate gains from illegal encroachment all inhibit the efficient provision and management of public space.

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Annex

Annex 2.1: Comparison of Legislative Framework & Political Authority

Institution	Provision	Legislation				Remarks
		Municipal Ordinance, 1977	Sylhet City Corporation Act 2001	Dhaka City Corporation Ordinance 1983	Local Government City Corporation Act 2009	
Municipality	Declaration of urban area as a municipality	Section 3 (2) The Government shall not declare any rural area to be an urban area unless it is satisfied that three-fourths of the adult male population of the area to which it refers are chiefly employed in pursuits other than agriculture, and such area contains not less than fifteen thousand population, and an average number of not less than two thousand inhabitants per square mile.	-	-	-	Population size and occupation criteria for declaring an area as urban were clearly mentioned in the Ordinance
	Composition of a municipality	Section 6 (1) states that each municipality will be formed with a Chairman, such number of commissioners as fixed by the government and one-third of seats reserved for women. Section 6 (2) mentions that the Chairman and commissioners of a municipality will be directly elected.	-	-	-	

Institution	Provision	Legislation				Remarks
		Municipal Ordinance, 1977	Sylhet City Corporation Act 2001	Dhaka City Corporation Ordinance 1983	Local Government City Corporation Act 2009	
	Term of a municipality	Section 7 (1) The term of a municipality shall be a period for five years commencing on the day of its first meeting after its constitution.				
	Functions	Section 31 mentions the compulsory and options functions, provided that these activities are within the limit of its fund. Part 4 elaborates the functions related to public health, water supply and drainage, articles of food and drink, animals, town planning, building control, trees, parks, garden and forests and public safety, education, social welfare and development.				
	Executive Power	Section 33 (2) states that the executive powers of a Pourashava shall vest in and be exercised by its Chairman, either directly or through other persons authorised by him, in accordance with this Ordinance or the rules.	-	-	-	
City Corporation	Constitution of a corporation	-	Section 3 (2) The Corporation area shall be an administrative unit of the Republic for the purpose of Article 59 of the Constitution of the People's Republic of Bangladesh.	Section 3 The Corporation shall be a body corporate, having perpetual succession and a common seal, with powers, subject to the provisions of this Ordinance and the rules, to acquire, hold and	Section 3 (2) requires detailed description of the area of each city corporation Section 3 (3) states that the government can constitute new city corporations	The provision has extended over the years to include certain criteria based on which a city corporation can be constituted. Previously the criteria were

Institution	Provision	Legislation				Remarks
		Municipal Ordinance, 1977	Sylhet City Corporation Act 2001	Dhaka City Corporation Ordinance 1983	Local Government City Corporation Act 2009	
			Section 3 (3) The Corporation shall be a body corporate, having perpetual succession and a common seal, with powers, subject to the provisions of this Ordinance and the rules, to acquire, hold and dispose of property, both movable and immovable, and shall by the said name sue and be sued.	dispose of property, both movable and immovable, and shall by the said name sue and be sued. Section 3 A The Corporation area shall be an administrative unit of the Republic for the purpose of Article 59 of the Constitution of the People's Republic of Bangladesh.	under certain rules Section 4 states some of the criteria for declaring a city corporation	missing. In addition, accurate land demarcation of city corporation is required by the latest Act of 2009.
	Composition of the corporation	-	Section 4	Section 4	Section 5	The provisions about the composition of corporation with mayor, councillors from general seats fixed by the government and women councillors from reserved seats, have remained unchanged.
	Term of the corporation	-	Section 5	Section 6	Section 6	The provision states that the term of the corporation will be for five years. The term of the corporation has

Institution	Provision	Legislation				Remarks
		Municipal Ordinance, 1977	Sylhet City Corporation Act 2001	Dhaka City Corporation Ordinance 1983	Local Government City Corporation Act 2009	
						remained unchanged.
	Functions		Section 34 requires the corporation to carry out all or any of the functions mentioned in Part 4 provided that these activities are within the limit of its fund. Part 4 very elaborately mentions the responsibilities related to public service delivery: water and sanitation, health care, garbage management, control of epidemic disease, ferry, management of public water bodies, animal management, urban planning, building and road construction, public safety etc.	Section 26 requires the corporation to carry out all or any of the functions mentioned in Section 31** of the Act, provided that these activities are within the limit of its fund. **Section 31 speaks of the formation of eight Standing Committees on different issues, namely finance and establishment; education; health, family planning and education; town planning and improvement; audit and accounts; works and buildings; water and electricity; social welfare and community centres. However, the functions of the Committees are not mentioned in the Act.	Section 41 mentions that the corporation's functions will be those mentioned in Part 3 and that the functions shall be within the limit of its fund. Part 3 elaborates the functions. All other responsibilities mentioned in government rules and circular will also be discharged by the corporation. However, the provisions in Part 3 are related to tax collection only and nothing is mentioned about service delivery. The functions of the Standing Committees, which are usually associated with public services, are not mentioned either.	The provisions related to public service delivery were comprehensively mentioned only in Sylhet City Corporation Act.
	Executive Powers		Section 36 (2)	Section 28 (2)	Section 46 (2)	The provisions in all three Acts have remained unchanged and assigned executive power to the

Institution	Provision	Legislation				Remarks
		Municipal Ordinance, 1977	Sylhet City Corporation Act 2001	Dhaka City Corporation Ordinance 1983	Local Government City Corporation Act 2009	
						Mayor and commissioners.

Annex 3.1: Sources of functional mandates for public goods and services

Activities	Responsible agency	Source of functional mandates
Birth, death and marriage registry	City corporations (CCs)	Clause 41 of Schedule third of Local Government (City Corporation) Act
Building and maintenance of Government market	CCs	Clause 41 of Schedule third of Local Government (City Corporation) Act
Providing license for building and maintenance of non-government market	CCs	Clause 41 of Schedule third of Local Government (City Corporation) Act
Management and maintenance of slaughterhouses	CCs	Clause 41 of Schedule third of Local Government (City Corporation) Act
Providing public safety	CCs	Clause 41 of Schedule third of Local Government (City Corporation) Act
	Police	The Police Act, 1861
	Bangladesh fire service and civil defense	Fire Law, 2013 and Fire Prevention and Extinction Rules, 2014
Business of detrimental products	CCs	Clause 41 of Schedule third of Local Government (City Corporation) Act
Management, maintenance and operation of graveyards	CCs	Clause 41 of Schedule third of Local Government (City Corporation) Act
Tree plantation, park and forestry management	CCs	Clause 41 of Schedule third of Local Government (City Corporation) Act
Social welfare	CCs	Clause 41 of Schedule third of Local Government (City Corporation) Act
	Ministry of Social Welfare	National Social Security Strategies (NSSS) of Bangladesh, 2015. National Social Welfare Policy, 2005.
Improving public health	CCs, DPHE	Clause 41 of Schedule third of Local Government (City Corporation) Act
Controlling of contagious diseases	CCs	Clause 41 of Schedule third of Local Government (City Corporation) Act
Health care and maternity care centre	CCs, MOHFW	Clause 41 of Schedule third of Local Government (City Corporation) Act
Improving public health	CCs, DPHE	Clause 41 of Schedule third of Local Government (City Corporation) Act
Hospital and dispensary services	CCs, MOHFW	Clause 41 of Schedule third of Local Government (City Corporation) Act

Educational and cultural activities	CCs	Clause 41 of Schedule third of Local Government (City Corporation) Act
	Ministry of Education	National Educational Policy-2010
Setting up treatment, help and health education centre and its operation	CCs	Clause 41 of Schedule third of Local Government (City Corporation) Act
Water supply and drainage system	WASA	Water supply and Drainage system Authority law, 1996 (Law 6 of 1996)
Government fisheries	CCs	Clause 41 of Schedule third of Local Government (City Corporation) Act
Food and mineral products	CCs	Clause 41 of Schedule third of Local Government (City Corporation) Act
Animal husbandry and veterinary treatment	CCs	Clause 41 of Schedule third of Local Government (City Corporation) Act Veterinary law, 2005
Management of ferry services	CCs	Clause 41 of Schedule third of Local Government (City Corporation) Act
City planning	RAJUK	Town Improvement Act, 1953
Building construction control	RAJUK	Town Improvement Act, 1953
Road construction and maintenance	CCs	Clause 41 of Schedule third of Local Government (City Corporation) Act
Transport control	CCs	Clause 41 of Schedule third of Local Government (City Corporation) Act
Disaster management	Ministry of Relief and Disaster management	Allocation of business under 1 st schedule of Rules of Business, 1996 stated that Ministry of Disaster Management and Relief would be the responsible authority for disaster management.
Ponds and low land Development	CCs, Department of Environment	Clause 41 of Schedule third of Local Government (City Corporation) Act