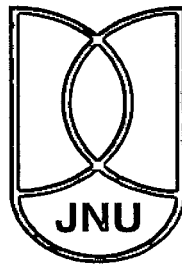


Government and Non-Governmental Organisations in Bangladesh: A Study of Institutional Relationship

*Dissertation submitted to Jawaharlal Nehru University
in partial fulfillment of requirements for award of the degree of*

MASTER OF PHILOSOPHY

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2009



Date

DECLARATION

I do here by declare that the dissertation entitled “**Government and Non-Governmental Organisations in Bangladesh: A Study of Institutional Relationship**” submitted by me for the award of **Master of Philosophy** of Jawaharlal Nehru University is my own work. The dissertation has not been submitted for any other degree of this university or any other university.

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CERTIFICATE

We recommend that this dissertation be placed before the examiners for evaluation.

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Dedicated

To

My MAA

Late Smt. Saita Khemundu

Who was the Only Solace in My Embarrassing Moments

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LIST OF ABBREVIATIONS

ADAB	Association of Development Agencies in Bangladesh
ADB	Asian Development Bank
AIDS	Acquired Immune Deficiency Syndrome
AL	Awami League
ASA	Association for Social Advancement
BBS	Bangladesh Bureau of Statics
BIDS	Bangladesh Institute of Development Studies
BNP	Bangladesh Nationalist Party
BRAC	Bangladesh Rural Advancement Committee
BRDB	Bangladesh Rural Development Board
CAMPE	Campaign for Popular Education
CBO	Community Based Organization
CDF	Credit and Development Forum
DAM	Dhaka Ahsania Mission
DNFE	Directorate of Non-Formal Education
DSW	Department of Social Welfare
ERD	Economic Relations Division
ESAP	Economic Structural Adjustment Programme
ESCAP	Economic and Social Commission for Asia and the Pacific
FAO	Food and Agriculture Organization
FAPE	Facilitation Assistance Program on Education
FYP	Five Year Plan

GB	Grameen Bank
GDP	Gross Domestic Product
GK	Gonoshasthaya Kendra
GNCC	Government-NGO Consultative Council
GO	Government Organization
GOB	Government of Bangladesh
GRO	Grass Root Organization
HDC	Human Development Commission
IDA	International Development Association
IDF	Integrated Development Foundation
IGVGD	Income Generation for Vulnerable Group Development
IMF	International Monetary Fund
INFEP	Integrated Non-Formal Education Project
IRDP	Integrated Rural Development Project
LPG	Lower or Low Pressure Group
MDG	Millennium Development Goals
MFI	Micro Finance Institution
MOHFW	Ministry of Health and Family Welfare
MoU	Memorandum of Understanding
NA	National Assembly
NAB	NGO Affairs Bureau
NABARD	National Bank for Agriculture and Rural Development
NBR	National Board of Revenue
NCB	Nationalized Commercial Bank
NFE	Non Formal Education

NFPE	Non Formal Primary Education
NGO	Non-Governmental Organization
NGOAB	Non-Governmental Organization Affairs Bureau
NSDP	NGO Service Delivery Program
OECD	Organizations for Economic Co-operation and Development
OSS	Operational Self Sufficiency
PAP	Project Affected Persons
PKSF	Palli Karma Sahayak Foundation
PRSP	Poverty Reduction Strategy Paper
RDRS	Rangpur Dinajpur Rural Service
RJSC	Registrar of Joint Stock Companies
SAP	Social Action Plan
SRO	Self Regulatory Organization
TB	Tuberculosis
UK	United Kingdom
UN	United Nation
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNICEF	United Nations International Children Education Fund
USAID	United States Agency for International Development
WB	World Bank
WHO	World Health Organization
WTO	World Trade Organization

CHAPTER-I

INTRODUCTION

CHAPTER- I

INTRODUCTION

Introduction

The government of each and every country has major contribution in the development process. As globalisation and international trade impact societies, Non-Governmental Organisations (NGOs) have become increasingly influential in world affairs. NGOs have emerged as an integral part of the institutional structure for addressing poverty as well as rural development, gender equality, environmental conservation, disaster management, human rights and other social issues. The NGOs, in order to support social and economic empowerment of the poor, have vastly widened their activities to include group formation, microcredit, formal and non-formal education, training, health and nutrition, family planning and welfare, agriculture and related activities, water supply and sanitation, human rights and advocacy, legal aid and other areas. NGOs are consulted by government as well as international organisations like the United Nations which have created associative status for them. They are now tens of thousands of NGOs in the world, operating in most countries but active in many countries of Asia, Africa, Latin America and the Middle East. Though these organisations are not directly affiliated with any national government, they often have a significant impact on the social, economic and political activities of the country or region involved. However, the NGOs, whether strong or weak, play more of an oppositional rather than operational role and the governments are highly suspicious of them. A number of factors influence the development of NGOs; many of which are predetermined by the relationship between the NGO sector and the Government.

There are a number of arguments, which are used to justify the near inevitability of NGOs, premised primarily on the shrinking role of the state and flexibility and effectiveness of NGOs to reach and serve the poor. NGOs are considered as trendsetters in development and hence the popularity of the term 'Alternative Development Strategies' vis-a-vis NGOs (Drabek, 1987). It is also observed that NGOs have generally been able to reach the poor where the Government failed (Brown and Korten, 1991).

When a government endeavours to give greater weight to reducing poverty, to redressing gender or ethnic biases, to combating environmental degradation or to strengthening the more vulnerable regions, it is likely to find the current development mechanisms inadequate.

However, a strong voluntary sector does not guarantee a high degree of interaction among various organisations. There can be a rigid divide between voluntary organisations and the public and private sectors. It appears that where the interaction is high, the situation (climate) is most favourable for poverty reduction and other social priorities (Clark, 1991). Whether a strong non-governmental organisation (NGO) sector encourages governments to pursue such priorities or assists them attain their objectives, this vehicle of civil society has potential importance which has hitherto been largely neglected. In many countries, the NGOs concentrate on operating its own projects improving the situation in micro regions but doing little to bring its experience to bear on the government's service delivery or policy making (Fowler, 1992). These projects may be laudable and their worth to the communities served should not be ignored, but their contribution to the stock of development know-how is inadequate. A large number of voluntary sectors which also interacts with the public and private sector are able to achieve a significant multiplier effect on its own efforts. However, the rapid growth and diversification of the NGO sector has also given rise to questions and concerns.

Bangladesh, which emerged as a newly independent country of South Asia in 1971, is considered as one of the poorest countries in the world. It is a small and densely populated country with over fifteen crore population thronging a land area of only 147,570 square kilometers. The density is more than 900 people per sq. km. and a majority of the total population lives in rural areas. A total of 87,000 villages make up the rural scenario. From the administrative point of view, Bangladesh is divided into 6 Divisions, 64 Districts and 481 Upazillas (BBS, GOB Report, 2008). The Government and various Non-governmental Organisations (NGOs) play an important role towards the country's development process in Bangladesh. The task of institutional relationship between the Government and NGO has become overwhelmingly challenging on the part of Bangladesh. In recent years, partly because of the powerful influence of donors, the

Bangladesh government has also begun to give greater weight age to the activities of NGOs. While acknowledging the role played by NGOs, the government is looking for ways to regulate their scope of activities and flows of aid funds from foreign countries. The status of relationship between Bangladesh government and non-governmental organisations in developmental sector is very poor both in the rural and urban areas. Therefore the attention should be given towards improving the institutional relationship between them, which will lead to the country's development at local and national level.

Non-Governmental Organisations: A Conceptual Framework

The Non-Governmental Organisations (NGOs) are not a new phenomenon. The term NGO was officially brought into being with the passing of Resolution 288 (X) by the United Nations Economic and Social Council on February 27, 1950. It referred to officially recognized organizations with no governmental affiliation that had consultative status with the United Nations (Vakil, 1997). Non-Governmental Organisation is a legally constituted and non-profit making organisation, created by private persons or organisations with no participation or representation of any government. When a NGO is funded totally or partially by governments, it maintains its Non-governmental status as far as no government representatives are part of the organisation.

An NGO is a formal, non-profit, non-partisan private body that comes into being as a result of personal initiative of an individual or a group of individuals to voluntarily undertake development work at grassroots level to better the lives of poor (Aminuzzaman, 1998). Another definition refers to NGOs as those non-profit and non-governmental organisations that are active in the field of development issues in Third World countries such as rural development, alleviation of poverty, health and education, and global issues such as the environment, human rights, refugees and the population crisis (Yamamoto, 1995: 1).

However, the lack of consensus on how to define and classify NGOs remains a confusing dilemma. For the analytical purpose of this chapter it will refer to a comparative study of NGOs by (L.M. Salmon and H.K Anheier ,1992) as a useful guide

and define NGO as an organisation possessing the following six attributes (1) non-governmental, (2) non-profit-making, (3) voluntary (4) of a solid and continuing form, (5) altruistic, and (6) philanthropic (Brown and Korten, 1991).

To begin with, the requirement of being non-governmental means that an NGO must carry out its decision making as an organisation independently from the wishes of the government. The second requirement that an NGO must be non-profit-making means that its activities must not be driven by profit-making motives, and that whatever profit may arise from its activities must not be divided among its members for personal benefit. The third requirement, that it be 'voluntary' means that the only qualification for membership must be the desire of an individual to participate. Participation must not be conditional on belonging to some other organisation. The fourth condition, 'a solid and continuing form', means that unlike various forms of voluntary activities carried out on an ad hoc basis an NGO must be an ongoing entity with a solid organisational form.

The fifth requirement, 'altruistic', means that the immediate purpose of an NGO is to act for the benefit of others. The addition of this requirement is necessary because the provision of relief to the socially and economically weak is an important motivation for the establishment of NGOs in developing societies. The last requirement 'philanthropic', means that an NGO has a poor prospect of receiving adequate payments from the recipients of its services. But local third sector organisations of various types have worked relatively unnoticed in most societies for generations through religious organisations, community groups and organized self- help ventures in villages and towns. Until the 1980s, NGOs have a little or no attention from government, policy makers and researchers. Since then NGOs have become an integral part of nearly all developing countries. The growing involvement of NGOs in development problems has precipitated a rapid increase in the research literature on NGOs. For the purpose of this study, NGOs are defined as a formal independent societal organisations and the legal or institutional relationship with the government whose primary aim is to promote common goals at the national or international levels (Martens, 2002). Often these goals involve the promotion of full stakeholder participation, mutual learning, accountability and transparency, local

self governance, long-term sustainability, and, perhaps above all, a people centered approach (Hailey, 2000).

NGOs in South Asia: An Overview

In recent decades, there has been a massive proliferation of non-governmental organisations all over the world. In the developing country, NGOs are reckoned to impact on the lives of million people with their diverse agendas and interest groups that include associations of landless and marginal farmer and indigenous groups (Haque 2002). Non-governmental Organisations (NGOs) perform an important role in not only the South Asian countries but also the other developing nations. The NGOs provide services to society through welfare works for community development, assistance in national disasters, sustainable development, popular movements and women empowerment throughout the country. NGOs working in development have achieved a significant profile during the past fifteen years or so.

Most of the NGOs are working as a development agents utilizing aid and development dollars that come to them as project funds from international donors to pay for the alleviation of poverty. Development activities instigated to alleviate poverty are widespread in South Asia because it is a region characterized by high population densities and a relatively high incidence of poverty. The poor of the land does not need charity; what they need is access to equal opportunities and leveling of the playing field so that they can also compete in the market-place on an equal footing. It is the capacity-building, not income transfers that can transform the lives of the poor. Only the grass root movements reach the poorest of the poor. Government projects face great difficulty in targeting such groups. The poorest section of the society needs to be organized into viable groups, which can assume the responsibility of their own development as a community.

In fact, many NGO's reflect the personal ambitions of some rich do-gooders or a cynical effort to exploit the generosity of foreign donors or the patronage of the Government. For instance, out of more than 2 lakhs of NGOs/Trusts formally registered

in India, there are only a few which have credibility and standing. A thorough, in-depth evaluation of NGO activities in India can easily prove the credibility of their working. Going through the history of the development of NGO's, it becomes evident that there has been an impressive growth of civil society organisations and NGO's only in the recent decade. There were well over two lakhs NGO's in the region in 2003-04 (ADB, 2004). But now it figured more than five lakhs in the mid of year 2008 (ADB, 2008). Out of these, more than two lakhs are in India and over one lakh in Pakistan, in spite of its democratic political system which allows the free expression of opinions, India treats NGOs more restrictively than the preceding other countries. Since the mid 1960s, however, and especially since the poverty of rural areas became a serious political issues, the government has come to recognize the inevitability of relying at least to some extent on NGOs in order to distribute resources more effectively.

However, India's NGOs, with their strong tradition of voluntaries, have the potential to try to change the government's resource distribution system, instead of merely making up for the system flaws. In India, nearly half of the NGO's are committed to programmes for women development. In fact, several civil society efforts now target women as a preferred group. NGO's enjoy a great advantage over government programmes in displaying much greater gender-sensitivity than for Government projects. The long term sustainability of any NGO's effort is ensured only if it manages to mobilize resources from its beneficiaries, and if it is operated on the principle of self-help groups (NABARD, 1998e).

In Pakistan around 60,000 of NGOs were working for the country's socio-economic development in 2003-04 (Khan, 2004: 134). This is due to the fact that NGOs operating in Pakistan, a country that is sharply segmented into small social groups, often find that their proclaimed ideals run counter to, and are restrained by norms upheld by social groups or communities which are meant to be the beneficiaries of their services. As country with serious problems involving poverty in rural districts and urban slums and violations of women's human rights, Pakistan has a large economic space for NGOs (Hussain, 1996). Now over 100,000 NGOs are currently operational in Pakistan admin, (2009). Federal Minister for Social Welfare and Special Education Samina Khalid Ghurki

informed the National Assembly (NA) in a written statement: It is estimated that there are more than 100,000 NGOs working in the country.

However, due to fragmented legal and regulatory framework, exact number of NGOs is not known.” The new database contains details of 45,000 NGOs, which have been registered under different laws. There is more than one law under which an NGO could be registered at federal, provincial and district level governments. She clarified that her ministry was neither the registration nor the monitoring authority under any of the existing laws, which govern NGOs in the country. However, Ghurki said, the ministry had taken a number of steps to facilitate strengthening of monitoring mechanism to be adopted by regulatory authorities (Government of Pakistan, by admin on June 30th, 2009).

Like India and Pakistan, Sri Lanka has also more than 32,000 NGOs are working all over the country. The most important role of NGOs has been to counsel grass roots organisations on how to use resources effectively, and the government on how to improve the methods of resource distribution and what recipients should be given priority, given the fact that the political opinions of the people have been transmitted to the government through political parties. NGOs have been expected to perform the role of political advocacy groups, in sum, NGOs and the government has been supportive, rather than antagonistic, to each other. It should be noted, however, that, after witnessing an expansion of the economic space for NGOs brought about by the unfolding of economic liberalisation since 1977, as well as the escalation of ethnic conflicts, the government has begun to make the legal system towards NGOs slightly more restrictive than in the past. The range of NGO activities varies from one country to the other (Haque, 2002: 23).

Initially, all the NGOs of South Asian countries have suffered because of their over-dependence on foreign donors support or on financial assistance from their own government except more or less in India. The failure of many NGO's in our part of the world is due to such personal preferences and ambitions to become richer using the name of community development. Foreign grants are often scarce and this becomes the cause of a rift between government and NGO's. Moreover government cannot have access, even for accountability reason, into the financial affairs of any NGO. This in fact increases the

risk of exploitation and misuse of funds granted by the donors for the cause of community development. This is all without accountability interference and some NGO's have played havoc with the resources provided by the donors. There are several instances of financial misuse and mismanagements in the civil society organisations, with exceptions of course, have led to a general mistrust among the masses in South Asia. Very few NGO's have their own data and statistics on the subject they are working on. They either depend on the media or the reports of United Nations (UN) agencies working in various sectors. Though the NGO's are required to do their own basic research and have their own records of data and statistics on the subject they are working on. NGOs in South Asia began their activities with the purpose of serving the large number of relatively improvised people who had been behind in the process of economic development. Since the 1980s, the easing of governmental restrictions on NGOs, the political space for their activities has grown wider.

The Growth of NGOs in Bangladesh

Although the NGOs had been working in traditional form since the British colonial period, the development oriented NGO activities are relatively new in Bangladesh (Aminuzzaman, 1998). They had started their activities on a greater scale after the devastating cyclone 1970 and they got a radical transformation only after the war of liberation in 1971 and turned into the agents of development (Clements, 1985).

In human suffering of people and a massive destruction of the physical infrastructure and the economy caused by the war of liberation called of immediate relief and rehabilitation intervention. Due to newly independent, instable government and Lower Pressure Groups (LPG), the state has largely failed in developmental sectors and thus the NGOs have grown dramatically to fill this vacuum. Government of Bangladesh (GOB) had to face a herculean task of renewal and reconstruction of the war torn economy after the war of independence. But the GOB neither had the capacity nor had the appropriate institutional mechanism to address to the volume and diversity of such enormous problems single handed. At this time a large number of international NGOs

and voluntary organisations extended their helping hands to assist Bangladesh (Begum, 2000).

Although some of the NGOs originated in the late 1970s, the expansion and legitimating of NGOs in socio-economic development began largely in the late 1980s. It has been noticed that the real proliferation of NGOs in Bangladesh has occurred only since 1990, especially due to their success stories, the growing pressure of aid agencies on the government to use them for developmental activities, and as influential partnership increased, funding sources from both the government and foreign donors. The growing focus on service delivery reflected donor preferences for a less radical model of civil society and for more emphasis on service provision, and NGOs themselves began to recognize that efforts to mobilize the poor without also providing them with economic inputs were unlikely to succeed. This shift meant that NGOs were, with some justification, viewed as aid-dependent service delivery agents supportive of the military regime through the 1980s.

It was during the late 1980s that donors began to fund NGOs on a large scale, particularly a small group which now includes the largest organisations - BRAC, the Grameen Bank (registered as a specialized Bank but sharing many characteristics of NGO service delivery), ASA and Proshika. A study found in late 1990 showed that around 12,000 NGOs registered with a concerned government department (Siddiqui, 1998: 299). A new phase in NGO advocacy work began with the emergence of multi-party electoral Democracy in the 1990s. The spread of NGOs can be discerned from the fact they work in 78 per cent of the villages of the country (World Bank, 2006: 5) covering 24 million i.e. one-fifth of the population. In a poor country like Bangladesh the financial resources at the disposal of big NGOs is impressive.

NGOs in Bangladesh have not originated from Grass Roots Organisations (GROs) in civil society. Rather, it is NGO workers who set up groups, which clients then join to get microcredit and other services. Most Bangladeshi NGOs are totally dependent upon foreign funds. The volume of foreign funds to NGOs in Bangladesh has been increasing over the years and stood at just under 18 percent of all foreign aid to the country in Five Year (FY) 1995-96 (NGO Affairs Bureau, 1998). One decisive factor in the rapid growth

of the sector has undoubtedly been the availability of foreign aid; grants to NGOs averaged \$ 290 million annually in the first half of the nineties and has grown to about \$432 million annually since then (World Bank, 2007). These grants do not include the share of credit funds disbursed by lending agencies that flow through NGOs, as this is not recorded by the NGO Affairs Bureau and is therefore harder to estimate. From 1990-91 to 1994-95 Palli Karma-Shahayak Foundation (PKSF), a quasi public agency (established in 1990 by the government) to provide funds on softer terms to small NGOs, disbursed TK. 663m to 113 NGOs (Siddiqui, 1998: 304).

BRAC and Proshika, two of the biggest NGOs, have negotiated aid packages with donor consortia in excess of US \$50 million at a time (Hulme and Edwards, 1997: 7). However, estimates for this study indicate that since 1995 around \$76 million was channeled annually to development NGOs from concessional loan sources. Adding these two sources it is estimated that total aid to NGOs rose from around 14 percent of total aid to Bangladesh in the first half of the nineties to around 25 percent since 1995 (ADAB Annual Report 1996). The larger NGOs are now funding a rising proportion of their development activities out of fees for services (primarily micro-credit interest income) and from the proceeds of their commercial enterprises. Population density and the availability of a good transportation infrastructure network were also important contextual factors behind the expansion in NGO services. Other institutional features linked to NGO growth are the presence of strong leadership and management skills, the development of staff incentives and monitoring systems and the in-built capacity for experimentation (Routherford, 1995).

The growth of the NGO sector is a product of government failure to handle the development needs of the country (Rahman and Razzaque, 2000). Scholars have argued that the activities of NGOs are superior and they concentrate more on the poor and the landless than governments. NGOs were attractive as an alternative sector for delivering services to disadvantaged people, not least to frustrated donors. Over the past quarter century, Bangladesh has a unique record of innovative NGO achievement (World Bank, 1996). Significant developments in Bangladesh rural finance is a direct contribution of

NGOs dispensing micro-credit for non-farm activities, building socio-economic infrastructures, and instilling financial discipline among poor people (Ahmad, 1999).

Bangladesh currently has more than 22,000 thousand NGOs of different types (The Daily Star News, 5 January 2009). They range from big national NGOs to branches of international NGOs, and numerous small national and local organisations of which less than 50 percent are registered. About 16,000 NGOs are registered as “voluntary societies” with the Ministry of Social Welfare. Another 1400 or so, with some duplication with Ministry of Social Welfare registrations are registered with the NGO Affairs Bureau (NGOAB). NGOs seeking foreign funding must register with NGOAB. A third category that overlap with the previous groups of registered NGOs, register with other competent authorities, including the Ministry of Health and Family Planning, Ministry of Women Affairs, Ministry of Education, Ministry of Cooperatives, Ministry of Commerce and Register of Trust (Ahmed, 2008). The dominant position of NGOs in Bangladesh’s development effort is confirmed by grass-roots surveys that reveal that NGOs’ activities cover around 90 percent of the villages (UNESCAP, 2008). Furthermore, the world’s most renowned NGOs like, Bangladesh Rural Advancement Committee (BRAC), Proshika, Associations for Social Advancement (ASA), Proshika, Micro-credit Programme and Grameen Bank (GB) have their origin in Bangladesh.

After the nineteen nineties, major NGOs like Bangladesh Rural Advancement Committee (BRAC) had adopted the best known multipurpose development in activities related to nationwide socio-economic development in Bangladesh. BRAC is currently working in all 64 districts of Bangladesh, with over 7 million micro-finance group members, 37,500 non-formal primary schools and more than 70,000 health volunteers. BRAC is the largest NGO by number of staff employing over 120,000 people, the majority of whom are women. BRAC operates various programs such as those in microfinance and education in over nine countries across Asia and Africa, reaching more than 110 million people. BRAC maintains offices in 14 countries throughout the world, including BRAC-USA and BRAC-UK. They have offices in countries like Afghanistan, Tanzania and Uganda. The mission of BRAC is to strive to bring about positive changes in the quality of life of poor people (BRAC Annual Report, 2007).

It gradually emerged as one of the largest NGO's in Bangladesh with the aim to assist and raise the consciousness of the rural poor, such as poverty alleviation, primary health care, micro-credit, agriculture, education and infrastructure development, irrigation and water, forestry etc. BRAC had approached to deliver projects that provided services in education, health and micro-credit facilities to over 3 million people in Bangladesh while maintaining a staff base of over 120,00. Within a decade of its inception, BRAC had expanded to become one of the largest NGOs in the world, employing 58,000 staff with an annual turnover of over \$US60 million and providing services to over 40,000 villages (BRAC Annual Report, 2007).

The other prominent NGO in Bangladesh is PROSHIKA (derived from the Bengali words proshikhan (training) and shiksha (education) kaj (action) was established in 1971 with an objectives to rebuilding the war-ravaed country and the organisations is to conduct an extensive, intensive, and participatory process of sustainable development through empowerment of the poor and assistance to other organisations. Presently, Proshika operates through 207 Area Development Centres (ADCs) spread in 28,865 villages and 1,975 urban slums in 57 districts. It works with 1.34 million women and about one million men drawn from poor rural and urban households organized into 112,184 primary groups of 23 members each on average. The budget of the organisation for 2007-08 was \$186.97 million (Bangladesh Observer, 2008).

Association for Social Advancement (ASA) formed as a NGO in early 1978, aims to empower and mobilize the poor with a special emphasis on the role of women in development both rural and urban areas through promoting income generating activities. ASA motivates grass roots level poor people to establish a decision making system in their family and conducts awareness development campaigns and helps the poor to identify various issues relating to the violation of human rights. The training programs encompass topics as diverse as development concepts and strategies, leadership and organisation, communication skill, and effective participation. The Present sources of ASAs micro-finance funding in operation are the institutions own funds, members savings, loans from PKSF, loans and grants from donors and other contributions. Up to June 2008 ASA's cumulative Loan disbursement has been TK. 284,686 million (US\$

4,126 million) while loan outstanding (principal) is TK. 29,182 million (US\$ 423 million) among almost 5,675,784 borrowers (ASA, 2008). By the end of year 2008, ASA operation expanded over 3,219 branches under 64 administrative areas all over in Bangladesh (ASA Report, 2008).

The Grameen Bank, in “Bangla” it means rural bank which began in 1976. The main objective of the Grameen Bank was to develop an organization structure, which can provide collateral free credit to the landless people in a reasonably dependable form. Sources of funds of the bank are share capital, general and other reserves, various special funds maintained and managed by the bank itself, deposits and balance of other funds, borrowing from banks and other foreign institutions etc. till the end of year 2003, Grameen Bank disbursed TK117 billion (ADAB 2004).

NGOs have mainly functioned to service the needs of the landless, usually assisted by foreign donor funding as a counterpoint to the state's efforts (Lewis, 1993). Without further describing the whole list of development of NGOs in Bangladesh, it can be safely summarized that these organisations are already deep-rooted in the country. The nation-wide scope of these development of NGO's and their involvement in the development activities and services formerly handled by the state or private enterprises, have considerable implications for the power structure.

NGO dependence on donor grants has kept the whole operation highly subsidized by foreign capital. For example, the annual working costs of BRAC's (Bangladesh Rural Advancement Committee, one of the largest NGOs in Bangladesh) branch-level units are still more than three times their locally generated income (BRAC Annual Report, 2007). Thus the partnership necessary between the government and non-governmental organisation through which the corruption can removed from the country like Bangladesh in particular and South Asia in general.

Government in Bangladesh: A Brief History

In its brief history, the government of Bangladesh has been characterized by military intervention, one-party dominance, military-bureaucratic alliance, political

conflict, and instability. Under intensive political pressure, the Pakistani regime eventually conducted a general election in 1970, but it denied the Awami League, as the winning party its right from the government which led to violent conflict, and the eventually separation of Bangladesh as an independent nation in 1971 (Bangladesh Assessment, 1999). At the same time, in the atmosphere of government of Bangladesh has been characterized by military intervention, one-party dominance, military-bureaucratic alliance, political conflict and instability. Ironically, the post liberation government formed by the Awami League under Mujibur Rahman gradually took on an authoritarian character by disbanding opposition parties and moving toward a single increasing authoritarianism under the ruling party and deteriorating socio-economic conditions, the military found it opportune to intervene in politics, leading to another long period of military rule between 1975 and 1990. During these phase the two military rulers (Ziaur Rahman and Hossain Mohammad Ershad) allowed some political opposition formed their own political parties, the Bangladesh Nationalist Party (BNP) of Zia-ur Rahman and the Jatiya (National) Party of Mohammad Ershad. Paradoxically, during this military rule, the number and activities of NGO's expanded considerable, which was largely due to the regimes efforts to enhance its legitimacy at the grassroots level, co-opt and use large NGO's as substitutes for opposition political parties and, more importantly respond to the emerging global trend toward greater NGO power since the early 1980s.

After 1990, there have been four well contested parliamentary elections- the BNP-led alliance won the 1991 and 2001 elections while the alliance led by the Awami League won the 1996 and 2008 election (GOB Report, 2008). Due to lack of coordination of the government, election commission and political parties the fourth well contest election was postponed indefinitely and emergency law declared in January 2007. When it was postponed due to the failure of government, failure of democracy and the case of corruptions, the Bangladeshi people had started to bandh, dharana, strikes, and that was widespread of violence in the country. Therefore, a caretaker government was appointed to administer the next general election. As Army backed caretaker government of Fakhruddin Ahmed aims to prepare a new voter list and crack down on corruption. Again the government aims to hold new elections by 2008 but a lack of coordination between

the Election Commission and the Government and Political Parties threatens to undermine this deadline (Bangladesh Election Commission, 2008).

Meanwhile the Bangladesh Military has expressed their interest in controlling the country with statements like own brand of Democracy and making changes in the constitution to allow military participation in politics. They were also assisting the interim Government of Bangladesh in a drive against corruption which seems to be mostly targeted against the politicians and opponents. Illegal detentions and torture to extract confessions has also become rampant (BBC News: 5th August, 2008). Finally the Grand alliance led by Awami League's Sheikh Hasina won a landslide victory in the 2008 general election. They got 230 seats among 300 seats in the parliament (Reuters, 2009).

However, there have been considerable clashes between the Awami League led by Sheikh Hasina and the BNP led by Khaleda Zia in the form of accusations, strikes and demonstrations against each other the phase of elected democratic governments has been only marginally more stable than that the military regimes. Perhaps it is this intensive competition between the two dominant parties which gave greater leverage to NGO's since both parties needed to expand their grassroots support. Beyond this political context in which development NGO's operate in Bangladesh, there are certain demographic, economic, and social factors that have important implications for NGO's.

Economic Transformation and Social Development in Bangladesh

Nature of foreign aid and its Importance towards economic development of Bangladesh has emerged a trade dependent country from an aid dependent country. A sizable portion of aid goes to health, education and infrastructure development. Bangladesh faces the enormous challenge of achieving accelerated economic growth and alleviating the massive poverty that afflicts nearly 50 percent of its 146 million people (World Bank, 2007). Strategies for meeting this challenge have included a shift away from state bureaucratic controls and industrial autarky towards economic liberalisation and integration with the global economy, on the one hand, and building human capital

and empowering the poor, on the other. Policies of substantial budgetary allocation for health and education were also combined with institutional innovations and public private partnerships to venture develop a human capital base from the very poor initial conditions. Bangladesh embarked on market oriented liberalising policy reform, known as structural adjustment, towards the mid 1980. These reforms were initiated against the backdrop of serious macroeconomic imbalances, which had been caused in part a by a decline in foreign aid and in part by a preceding episode of severe deterioration in the country terms of trade the beginning of the 1990s saw the launching of a more comprehensive reform program which coincided with a transition to parliamentary democracy from semi autocratic rule. Before 1990, the most of the aid came in the form of food aid and commodity aid and the conditionality of that aid were to induce the government to adopt overall reforms like privatisation, deregulation etc (World Bank, 1996).

But 1990 onwards, the amount of sector specific project aid has increased significantly an institutional way in the county. This, as a result, creates space for more policy influence by donors to the government. It impacts come through a wide range of policy reform agenda under the Social Action Plan (SAP), Economic Structural Adjustment Programme (ESAP), Poverty Reduction Strategy Paper (PRSP) and so on). But the problem with the reform packages is that these are the predetermined path of reform agenda of the donors and were replicated in different African, Latin American and Asian countries including Bangladesh without considering the ground realities and real problem of these countries (Clark, 1991). Privatisation, withdrawal of agricultural subsidy intensified the present food insecurity, tariff liberalisation has pace up increasing import dependency, privatisation of public utilities resulted in increasing the prices of utility services, putting constraints on employment generation. Therefore, foreign aid as well as the associated policy conditionality has significant implication in the political economy of Bangladesh in general and the distribution of income as well as the social balance of power and influence in particular (Korten, 1998).

Though prime focus of government and NGOs are to economic development with attacking poverty, the other issues that came in to aid debate over the years with changing

perspective of donors aid strategy are Governance, Democracy, Human rights, Environment, Institutional Reforms and Corruption etc. These are the major problems in Bangladesh, which could influence one to argue that these issues are some of the main pitfalls as far as aid effectiveness are concerned. Therefore aid effectiveness could not merely be attributed to conditionality. But looking at the aid history of the recipient countries, today's fragile state did not come all of a sudden but was the resultant impact of concurrent aid ineffectiveness over the years for whatever the reason it may have, the inappropriate policy conditionality is one of the major factors for aid ineffectiveness. Because inappropriate conditions create scope for rent seeking by the executing agencies including that of domestic actors like ministers and bureaucrats etc. These as a result tempted to corruption therefore weakened the institutions. For example, Ministry of Local Government and Rural Development, which implements the bulk of the foreign funded project, ranked as a most corrupted institution by the Transparency International Bangladesh. Therefore there is no denying that our politicians and policymakers should bear the burden of such a bad state, but donors have to bear the sheer responsibility while imposing inappropriate conditionality channeled through NGOs as the caveats in donor-government relationship creates space to strengthen the Donor-NGO relationship (Begum, 2000).

As a result, NGOs are now growingly being involved with mainstream national development programme. NGOs are becoming more organized now days and have a strong voice in Bangladesh. For example, recently, their common stands forced the government stepped back to sign Public Sector of International (PSI) with the International Monetary Fund (IMF). Undeniably civil society has a decisive role in promoting national development agenda. Also with changing donors' perspective to aid strategy, more funds are now being. However, the problem is that since the different national NGOs have different interest and more often than not they are being used as a catalyst to serve the agenda of international development agencies and international NGOs, it is therefore imperative to investigate at what extent the NGOs back the donors conditionality and what is their role to protect the national interest. At the same time, it is also important to strengthen the fundamental relationship between the government and the NGOs. However, the tasks entail comprehensive research on the dynamics of these

linkages both at national and global perspective. But for all these, the necessary condition is that a strong democratic and institutional framework is vital. It is more likely that in a weak institutional framework and a fledgling democratic regime, these relationships tend to be fragile leading to a schism in national interest (Ahmed, 2008).

The Role of the Government in Bangladesh

The importance of the space made for NGO activity by successive Bangladesh governments is often underplayed, and deserves some attention. In comparative, and certainly regional, perspective, public policy towards NGOs in Bangladesh has been unusually successful in balancing the need for official oversight with the operational autonomy necessary for NGOs to operate and innovate. The absence of heavy-handed constraints on the NGO sector by the Government of Bangladesh has been noted to explain its more rapid growth compared to other countries (Salamon and Anheier 1998). In part of this reflects the comparative simplicity of the regulatory architecture in Bangladesh: a single layer of Government in effect regulates NGOs in Bangladesh, in contrast to the situation in India and Pakistan, where the federal systems create multiple layers of Government for NGOs to negotiate (Smillie and Hailey 2001: 40). In the case of NGO run micro-finance programs, it is generally acknowledged that the non-intrusive policies of successive Governments of Bangladesh were instrumental to the sector's growth. Essentially NGO micro-finance programs were permitted to expand as long as they mobilized savings only from members.

Instead of direct Government regulation and oversight, the autonomous apex body, Palli Karma Sahayaka Foundation (PKSF) has played a de-facto supervisory role since the 1990s, including monitoring standard performance indicators. The regulatory framework of PKSF does not cover or legally mandate supervision of micro-finance activity or MFIs specifically. Also vital to the space for micro-finance activity was the stability and economic opportunities ensured by impressive macroeconomic performance over an extended period (Zaman 2004). The Government's fiscal policy also signals the value placed upon NGO service delivery. The apex body for micro-finance, (PKSF), has received sizeable budgetary transfers over the past few years. The recent creation of the

NGO Foundation and the endowment received from the Government reflects the willingness of the Government to support NGOs and acknowledge their strength. Government has included a provision for tax deductions for charitable contributions in the 2005 Budget. This is line with tax laws in many countries and has the potential of providing a significant boost to private philanthropic contributions to NGOs. The official environment for NGO operations was generally supportive and can be seen in the existence of long-standing partnerships between Government and NGOs, some dating back over twenty years. The long-standing collaborative arrangements may also have helped legitimize the work of NGOs in wider society, contributing to the high levels of acceptability and trust these organizations have enjoyed in Bangladesh (Smillie and Hailey 2001:79).

The draft Bangladesh Poverty Reduction Strategy Paper (PRSP) points to the significant space provided to NGOs, a role that is considerably greater than in most other developing country PRSPs. The PRSP matrix includes NGOs along with other implementing agencies in the following areas: improving agriculture extension, promoting quality seed development, improving livestock productivity, disaster management, reaching the ultra-poor, access to preprimary, primary education and technical education, improving child, mother and reproductive health, controlling communicable and non-communicable diseases, improving mother and child nutrition, promoting local Government, tackling corruption, improving accountability and targeted development for the poor (World Bank, 1996:10-13).

Objectives of Partnership between Government and NGOs

In the developing country, the need is a good partnership between government and non-governmental organizations. In this globalised world no country will progress or evolve without a good relationship between public and private organizations. In many districts of Bangladesh informal partnership has already been achieved between the Government and Non-governmental Organizations. This partnership also increases the likelihood that extension services will be sustainable. The Non-governmental Organizations need the partnership with the Government Organizations is in these

following objectives: (a) provide experts advice, training and technical support, as required, to NGO group members. (b) continue to provide expertise to group members when an NGO intervention is finished. (c) provide local information and linkages to established research organizations. (d) helping government and donors fashion a more effective development strategy through strengthening institutions, staff training and improving management capacity (Clark 1991: 76).

In contrast, the governmental Organisations also need to the Non-governmental Organisations on the following objectives: (1) establish contact with women, small, marginal and landless poor people. (2) disseminate extension messages rapidly through NGO groups. (3) share NGOs experiences of participatory planning methods. (4) official aid agencies and many governments seek to give greater attention to assisting women, the food insecure, indigenous peoples, AIDS sufferers and other vulnerable groups, where NGOs are better able to reach. (5) There is a more clearly recognized need for pluralism and prominent citizen's voices in national development planning. NGOs can contribute to this in many ways including, at the local level, at the national and at the global level, the promotion of grassroots mobilization for social change or participatory development (Barua, 1999).

There is a long history with regard to the Bangladeshi government collaborating with NGOs. In 1961, the government passed the voluntary social welfare agencies ordinance, which required all NGOs to register with the government. According to Zafar Ullah, in a report published in Oxford journals in 1996, the government created an NGO consultative council to have direct communication with NGOs. Lastly, in the 1997-2002 Five Year Plan, the government explicitly stated that "collaboration of private organizations/institutes and NGOs will be fostered", states Zafar Ullah. The government derives many benefits from working with NGOs because many people in Bangladesh do not trust the government due to years of corruption. In addition, because NGOs such as BRAC cover such a wide area of Bangladesh, many people have contact with them in their everyday lives. BRAC can reach at least 110 million people in Asia and Africa, thus the government can benefit a lot from this, (ADB, 2009).

The Relationship between Government and NGOs in Bangladesh

In recent years, while the significance of the state has diminished, the role of Non-Governmental Organizations (NGOs) has increased in most developing countries. Although NGOs are often identified with powerless groups; they themselves have become powerful and influential, especially because of their external sources of financial support, co-operation, and advocacy. More specifically, NGOs have recently gained more prominence in comparison with government institutions. In recent years, the scope of partnership between the government and NGO has considerably expanded among various stakeholders with diverse backgrounds, including international financial institutions, foreign corporations, government agencies, local governments and pressure groups (Siddiqi and Oever, 1998, Paoletto, 2000). In the context of developing nations, due to a greater need to mitigate rural poverty and empower local people, the partnership with NGOs has considerably increased especially due to the worldwide condemnation of monopolistic state bureaucracies and the advocacy for NGOs as a more preferred alternative for these tasks (UNESCAP, 2008).

The relationship between the government and NGOs are prescribed in order to reduce the risks and responsibilities of government, minimize public sector debt, and enrich the quality of public polices (Farrington and Lewis, 1993). The preference for NGOs as partners is also due to the realization that compared to the business sector, NGOs are in a better position to possess local knowledge, address rural poverty, understand local needs and priorities, and practice consultative management (Caplan, 2001)

A Conceptual Framework of Government and NGOs Institutional Relationship in Bangladesh

A study of institutional relationship has the potential not only to positively affect scholarly discussions within the institutional community, but also to generate conversations in various sectors which might bridge the interests of those who study institutions and organizations, and those who work in them. An institutional relationship

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theory has become a standard point of reference in contemporary textbooks of organization theory (Greenwood, Oliver, Sahlin & Suddaby, 2008).

As the above context, the concept of institutional relationship between government and Non-governmental Organizations (NGOs) are mainly concerns with the purposive action of organizations aimed at creating, maintaining and disrupting institutions (Lawrence & Suddaby, 2006: 215). This institutional approach have traditionally focused attention on the relationships among organizations and the fields in which they operate, providing strong accounts of the processes through which institutions govern action. However, this institutional relationship represents an exciting direction for legal studies of organization, opens up space for new conversations, a new idea and a set of plans between two organizations.

In all countries including Bangladesh, there is a perpetual reconfiguration of power conflict and cooperation among various social forces such as the government, the market, the dominant class, the working class and the NGO's. The main forms of partnership between the government and NGOs cover the joint implementation of projects by both partners, the subcontracting of public sector services to major NGOs and the direct financial support of government extended to various NGOs. In most cases, partnership has simultaneously involved the government, international donors and NGOs (Wolch, 1990).

As NGOs are heavily dependent on foreign resources, the flow of money from the outside, in the absence of accountability, can make the NGOs corrupt, controversial and autocratic (Zarren, 1996). Despite the negative effects, ironically real in most cases, NGOs are accountable to the donor countries rather than the state of Bangladesh (The Independent, June 14, 2006). In reality the state is unable to control NGOs. The NGOs often work against the directions and decisions of the state. Weak administration on the one hand and strong national and international backing on the other encourage some NGOs to defy the state and to work according to their own whims. In the recent past, the registration of Associations of Development Agencies in Bangladesh (ADAB) was cancelled by the NGO Affairs Bureau (NAB) but reinstated within a few hours. A powerful international lobby naturally achieved this. There is a tug of war between the

NAB and the Social Welfare directorate which gives the NGOs opportunities to break the rules (The Daily Inquilab, Sept 23, 2007; the Daily Sangbad Jan 6, 2008). Thus, the need is an institutional relationship between the government and NGOs for country's development in various sectors through which the Non-governmental Organizations are maintain their legal status according to the government policy.

In terms of institutions for the GO-NGO partnership, there are certain well established arrangements. For instance, the so called Palli Karma-Shahayak Foundation (PKSF) aims at alleviate rural poverty by providing the necessary funds to poor households through various NGOs. Another institution is the NGO affairs bureau (NGOAB) which was created by the government in 1990 to provide one stop services to NGOs such as registration, project approval, fund disbursement, and so on. However, a more relevant institution for such a partnership is the Government-NGO Consultative Council (GNCC) established in 1996 (NGOAB, 1998). In Bangladesh the scope of GO-NGO partnerships is quite broad and it covers certain major areas such as poverty alleviation, micro credit provision, health and family planning, education and training, rural empowerment, water supply and sanitation etc. However, there seems to be a noticeable ambiguity in the policies of the GOB on the role and scope of the involvement of the NGOs in development management in Bangladesh. Different GOB plan documents have vaguely indicated the possible use of the NGOs but could not identify any specific packages of intervention strategy (The World Bank, 2002).

Although Since the late 1980s the Bangladeshi NGOs are actively working directly or indirectly, sometimes it is successful but most often it is a failure, due to the failure of democracy, lack of people's coordination, politicization of NGOs and numerous other reasons. Similarly, from 1993 they have worked at building linkages with other sections of the Bangladeshi society (Lewis, 1993: 18). Though the government of Bangladesh had significantly expanded its functions in developmental sectors, it was very difficult to provide social service in rural, urban, remote and other hill areas. Therefore due consideration should be given to the role of institutional relationship between the government and NGOs that leads to any country's development in general and Bangladesh in particular.

This is evident in the growing recognition of NGOs in the two national development plans, including the Second Five Year Plan (1980-85) and the Third Five Year Plan (1985-90). Many NGOs were increasingly considered as collaborative partners of the Government to implement programs undertaken in both the Fourth Five Year Plan (1990-95) during the Bangladesh National Party (BNP) rule under Khaleda Zia (1991-96) and Fifth Five Year Plan (1995-2000) during the Awami League (AL) government under Sheik Hasina (Bangladesh Observer, 2008). This brief idea explains how the Bangladesh government has exerted various formal relationship and control over the development of NGOs, and how the power of such NGOs has recently expanded in relation to the Government and what local and global political factor have contributed to such a reconfiguration of relationship between both the government and NGOs in Bangladesh.

In Bangladesh, NGOs are engaged in various sectors and activities. The major well known NGOs include the Bangladesh Rural Advancement Committee (BRAC), Grameen Bank, the Proshika, Swanirvar Bangladesh (Self Reliant Bangladesh), the Gonoshasthya Kendra (Public Health Centre) and so on. In certain projects related to health care, road infrastructure, public works, and resettlement in Bangladesh support of government extended to various NGOs. However most relevant here is the partnership of NGOs with national and local governments, often based in and technical assistance from international donor agencies.

According to one survey of NGO representatives and local government members, there is a growing desire for partnership between them in sharing resources and facilitating programs. Since the mid 1980 the central government has redesigned development plans and policies in order to encourage partnership among state agencies, NGOs and local government institution (NGOAB, 1998). The scope of partnership between local government and NGOs has expanded in such areas as non formal education, immunization programs social forestry, and disaster management. Finally in terms of institutions for the Government Organizations and Non-Governmental Organizations (GO-NGO) partnership, there are certain well established mechanisms or arrangements. One such institution is the so called Palli Karma Shahayak Foundation (PKSF). Its main aims to alleviate rural poverty by providing the necessary funds to poor

households through various NGOs. Another institution is the NGO affairs bureau Non-Governmental Organisations Affairs Bureau (NGOAB) which was created by the government in 1990 to provide one stop services to NGOs such as registration, project approval, fund disbursement, and so on.

In contrast, the ASA is an umbrella of non-governmental organisation playing an important role in facilitating coordination and net working among NGOs and to enhance collaboration between the government, NGOs, Civil Society Groups, and Foreign Donors. This growing trend in GO-NGO partnerships in Bangladesh reflects the current global trend toward such partnership have become credible institutions to provide varieties of inputs and services related to micro-finance, small industry sanitation basic education other sectors in the country. However, a more relevant institution for such a partnership is the Government-NGO Consultative Council (GNCC) established in 1995. The GNCC consists of both government and NGO representatives, and functions as a forum for dialogue between government agencies and NGOs in order to increase interaction, create greater mutual understanding, and promote collaboration between the two partners (Caplan, 2001). It also helps identify the main impediments to the GO-NGO collaboration in Bangladesh and formulate a framework for involving NGOs in the government's development policies and projects.

In Bangladesh the scope of GO-NGO partnerships quite broad, it covers certain major areas such as poverty alleviation, micro credit provision, health and family planning, education and training, rural empowerment, water supply and sanitation, and so on. Compared to many other NGOs, like BRAC and Grameen Bank have been more effective in managing micro-projects for rural development, while the Gonoshasthya Kendra has been more involved in public health programs and pharmaceutical policies.

Poverty Alleviation, there is now greater recognition of the need for GO-NGO partnership in Bangladesh. An overview of the country profile plans and other policy documents of the government of Bangladesh indicate that poverty alleviation has always been a core concern of the development programs. With the existing institutional framework there has been a noticeable lack of coordination in the management of the projects on poverty alleviation carried out by different agencies of the GOB as well as

NGOs (Aminuzzaman, 1993). Though different measurement techniques provide somewhat different data about the level and incidence of poverty, the general picture of poverty in Bangladesh is indeed critical (Khan, 1990).

Thus, there is now greater recognition of the need for GO-NGO Partnership in Bangladesh. For instance, Bangladesh Rural Advance Committee (BRAC) started with its own agenda of empowering the rural poor and gradually moved to form a partnership with the government in carrying out income generation programs for vulnerable groups such as disadvantaged women. Similarly Proshika introduced a new irrigation program under which the landless rural poor could own irrigation equipment and later the government began to collaborate with Proshika through its agricultural cooperation system to expand this program. This poverty eradication initiative based on micro credit has been so expansive and so strongly supported by foreign donors that the government formed collaboration with the Grameen Bank to finance this micro credit program.

Education, in this sector, considerable partnership between NGOs and the government has emerged, especially in non-formal and primary education. The government started joint program with BRAC in 1989 to improve the existing formal primary education system. By 1991, BRAC implemented the “Facilitation Assistance Program on Education” (FAPE) jointly work with the government covering 297 government primary schools. This was a pilot program of the Directorate of Primary Education to be implemented over a period of thirty months. The government has decided to use NGOs as partners to offer literacy and post literacy education to youth and adults- this evident from the creation of the Directorate of Non-Formal Education (DNFE) in 1996 which serves about 2.5 million children (dropped put from primary schools) through various NGOs. For this non formal education program, there are nearly 43,000 schools and centers run by NGOs of which more than 550 NGOs receive funds from the DNFE (World Bank, 2006a). BRAC has been the most active partner with more than 34,000 schools and centers of the government to provide such non formal education. On the other hand, the Primary Education Development Program (1997-2002) supported by foreign donors emphasized greater collaboration between the government and NGOs.

Health sector, due to its own incapacity to performance this nationwide task alone, the government extends various responsibilities related to health and family planning to NGOs there are over 4000 NGOs involved and many of them are financially supported by foreign donors. In its fifth five year plan the government reiterated the significance of the GO-NGO collaboration in health care which is crucial at the grassroots level. In formulating health policy, in 1998 the government formed a panel involving professional experts and NGO leaders as partners and in this policy the government emphasized the expansion of its partnership with NGOs. BRAC has been most active in providing rural health services in partnership with government. BRAC assists the government's health care activities through social mobilization (BRAC Annual Report, 2007).

Sanitation, another area of GO-NGO partnership in Bangladesh is water and sanitation. There is the Bangladesh Arsenic Mitigation Water Supply Project based on partnership between the government and NGOs, which aims to resolve the problem of the arsenic poisoning of drinking water, sources of water supply. The National Sanitation Improvement Project of the Ministry of Local Government, Rural Development and Cooperatives has involved by 67 NGOs in Bangladesh. Within the framework of agricultural extension projects of the government, 23 NGOs are involved in the technology transfer of homestead agriculture. In the relocation of Project Affected Persons (PAP) in infrastructure development projects, several NGOs were engaged with the government to do need assessment, conduct surveys, monitor payment of compensations and arrange resettlement. The case of the Jamuna bridge project may be mentioned in this respect (GOB, 2008).

These examples demonstrate that the GO-NGO partnership in Bangladesh has expanded in major sectors such as primary health care education, water supply and sanitation. This partnership can also be found in other areas like disaster management. However, it should be mentioned that, to a large extent, the GO-NGO partnership emerged in Bangladesh not only as a result of the governments own incapacity and resource constraints, it has also expanded as a result of the influence of major foreign donor's strongly prescribing such partnerships.

In Bangladesh, NGOs play a pivotal and pragmatic role when the state does not reach the poor and meet their needs. Despite their numbers, NGOs have brought little change in levels of poverty. Even the largest NGOs in Bangladesh when taken together cover only a fraction of the population perhaps only 20-25 percent of landless households. Nevertheless, NGOs cannot function in isolation from the mainstream of political, economic and social life in this country they must confirm certain standards, adhere to state regulations and have their work coordinated at the government level. The state is very weak in Bangladesh (Wood, 1997). Under the current system, the government cannot ask NGOs to become more transparent and accountable with the government due to mismanagement and corruptions of foreign funds. Thus, there is need for an institutional relationship between government and non-governmental organisations through various governmental policies (will be discussed in the next chapter) which can control the misutilisation of foreign funds and that will affect the country's socio-economic development.

CHAPTER-II

GOVERNMENTAL POLICIES AND NGOS

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GOVERNMENTAL POLICIES AND NGOS

Introduction

South Asia region remain a divided-divided between the hopes of the rich and the despair of the poor. A region where the richest one fifth earns almost 40 percent of the income, and the poorest one fifth make do with less than 10 per cent. So, there is an urgent need to put an end to distortion in social development and evolving institutionalized mechanisms of collaboration between the government and the Non-governmental Organisations (NGOs) and the people's institutions. Voluntary social work, voluntarism, voluntary religion based social development organisations, individual donors, philanthropy and corporate social development organisations have grown tremendously in the 21st century. Similarly international developmental organisations like the World Bank (WB), United Nations Development Programme (UNDP) United Nations International Children Education Fund (UNICEF), United Nations Environment Programme (UNEP), World Trade Organization (WTO), Food and Agriculture Organisation (FAO), Asian Development Bank (ADB), and many other organisations are also relentlessly campaigning for the cause of the social development. Under United Nations system several international conventions are being held, several laws are being promoted, several policies are being evolved and several projects are being implemented in various areas like the human rights, education, health, sanitation, agriculture, infrastructure and other social sectors.

The government of Bangladesh and many governments of various nations of the world like India, Pakistan, China, South Africa, Indonesia, Malaysia, Thailand, Philippines, Uganda, Zambia and Mexico have enacted several laws, established various government departments, evolved policies, and created schemes for the cause of social development (World Development Forum, 2004). Though the social development has emerged as a very important sector in 21st century, there are no institutionalized mechanisms of collaboration between the government and the NGOs. Therefore, the need

of the hour is to evolve long term, sustainable and institutionalized collaboration between the government and the NGOs.

The massive (enormous) growth of NGOs since Independence is evidence of a degree of tolerance on behalf of the Bangladeshi Government. However, the relationships between the two sectors have not been smooth or consistent. Government has sought to keep some control over the funds reaching NGOs from external donors, on the grounds that such money is intended to serve the people of Bangladesh, who are represented only by the government. For many years government insisted that NGO funding from outside the country should be separate from aid in addition of amounts negotiated between NGOs and international donors (Ahmed, 2008). Regulation of the sector was extensive and the associated bureaucracy slow moving, causing delays and frustrations to NGOs, although the latest Five year Plan indicates that NGOs will play a role in supplementing Government efforts, but in close coordination with decentralized planning of the authorities at Up-zilla and Union level. Locally based NGOs which are not receiving foreign funding must be registered under the pre-independence (1961) Voluntary Social Welfare Agencies (Registration and Control) Ordinance. This was supplemented in 1978 by an instrument designed to control the flow of foreign funds, the Foreign Donation (Voluntary Activities) Regulations Ordinance of 1978 (ADAB, 2004).

This Ordinance resulted in an almost unworkable set of procedures under which all relevant government departments were invited to comment on each project for which foreign funds were planned. The law was emended by the Foreign Contributions (Regulation) Ordinance in 1982 but with no great effect. NGOs and donors worked as best possible under the Ordinance until 1988, when disaster relief was rendered ineffective by its bureaucratic requirements and government felt it necessary to act. An NGO cell was established within cabinet division of the president's Secretariat and each Ministry dealing with NGOs had to form a high level Steering Committee to cover this area. In 1989, in the face of considerable donor and NGO pressure, Government decided to establish an NGO Affairs Bureau to streamline procedures and improve co ordination among the Government Ministries (Bangladesh Assessment, 1999).

The Government and NGOs relation in Bangladesh has a history of varying form close co-operation to tension. Perhaps the biggest challenge, as a 1995 study by the Bank notes, is to distinguish between the underlying policy trends in government and the problems that inevitably occur in day to day relations. However, one can certainly affirm that government and non-governmental organisations cooperation is increasing and the overall picture is certainly optimistic. There is a growing focus on NGO financial accountability, corporate governance and the regulatory framework. A range of statutory and administrative regulations exists in Bangladesh for registration, prior review, project approval and utilization of foreign funds by NGOs. The legal framework has two major dimensions (i) laws for incorporation and providing legal entity to NGOs and (ii) laws governing the relationship of NGOs with the government (Besley and Ghatak, 2001).

A number of laws exist, under which NGOs can secure a legal identity with a recognized government structure. NGOs in Bangladesh are increasingly being subjected to questions from government, political parties, the business community, beneficiaries, donors and the public. These include charges of tax avoidance, taking advantage of not-for-profit status to start business, collecting saving deposits without legal authority, involvement in politics, and the emergence of 'flyby-night NGOs' among others (Khan M.M 2003). Strengthening NGO governance, developing a certification system to screen out dubious NGOs and modernizing the regulatory framework is, therefore, all more important if the sector is to effectively counter such attacks through the various government policies.

The Evolution of Governmental Policies

In the years following independence in 1971, a large number of voluntary organizations emerged to deliver and reconstruction assistance much of which was supported by foreign donations. During this period a number of political parties were also emerged and it is reported that many of them received donations from abroad. The government became concerned about the flow of foreign funds and moved exercised

control. The passing of the 1978 Foreign Donations (Regulatory Activities) Regulations Ordinance, which stipulated the necessity of government approval for the registration of an NGOs, as well as government approval of their projects and budgets, considered by many observers to reflect the government's desire to regulate the proliferation and flow of foreign funds to NGOs. In the 1980s the size of NGO operations continued to grow dramatically and the government machinery through which NGO proposals and projects were administered bogged down. In 1989, NGOs urged the Government to set up an office for their relations with the Government. By this time, the Government felt that NGOs should be controlled by the same sort of regulations that its own departments had to follow. While the establishment of the NGO Affairs Bureau in 1990 reduced the bureaucratic steps to be followed, it further formalized NGOs as organizations that needed to be regulated and controlled by the Government (Bangladesh Rural Development Board, 1996).

In 1990, NGOs began to narrow their focus into a range of roles quite different from those of earlier decades. NGOs anticipated the lifting of controls and growing impetus to reform and privatize the commercial sector. NGOs started looking at the limits of project based development and examining the possibilities of lobbying the government to change its policies (Chaudhury, 2003). NGOs also started moving from focusing on a scattered series of independent micro-projects to take on work that eventually rivaled government departments in size.

An Overview of the Laws affecting NGOs

The legal framework for NGOs has not gone through any substantive reform in recent times. The earliest and one of the most important laws dates back to 1861 and the most recent relevant regulation was issued by the NGO Affairs Bureau (NGOAB). Invariably, the legal framework is outdated, obsolete and in some cases not in sync with modern NGO regulatory concepts (William, 2001). There are a plethora of laws and government agencies dealing with NGOs in Bangladesh.

The most important ones for the registration and operation of the development NGOs examined in this report are the Societies Registration Act 1861, Trusts Act 1882, the Companies Act of 1913 (amended 1994) and Cooperative Societies Ordinance of 1964 (Sallauddin, 1997 and Mujeri, 1999). These are implemented by the following four government agencies:

- a. The Social Welfare Ministry
- b. The NGO Affairs Bureau (NGOAB)
- c. The Ministry of Commerce and
- d. The Ministry of Women and Children

For registration of non-profit private sector organizations are authorized under the following legal regulations (Association for Promotion of International Cooperation 1998, p.99, NGO Resource Centre 1991, p. 7-24). There are twelve laws under which NGOs are registered and regulated (Zia, 1996). These are as follows:

- i. Societies Registration Act 1861
- ii. The Trust Act 1882
- iii. The Companies Act of 1913 (amended 1964)
- iv. The Cooperative Societies Ordinance 1964
- v. Charitable Endowments Act 1890
- vi. Wakf Ordinance Act of 1923 (amended 1994)
- vii. Voluntary Welfare Agencies (Regulation and Control) Ordinance 1961
- viii. The Foreign Donations (Voluntary Activities) Regulation Ordinance 1978
- ix. The Foreign Contributions (Voluntary Activities) Regulation Ordinance 1982

- x. Hindu Religious Welfare Trust Ordinance of 1983
- xi. Christian Religious Welfare Trust Ordinance of 1983
- xii. Buddhist Religious Welfare Trust Ordinance of 1983

Development NGOs in Bangladesh can obtain legal status and be registered under any one of the following laws (Zia, 1996).

Societies Registration Act of 1861

This law was introduced by the colonial administrators of the Indian Empire and some of the oldest NGOs in Bangladesh are registered under this act by the Registrar of Societies. Although the act is still valid in Bangladesh, some NGOs told a World Bank study team that the Registrar had discontinued registering NGOs under the act because it was soon to be reviewed. On the other hand, the Registrar of Joint Stock Companies (RJSC) in the Ministry of Commerce is responsible for registering any society formed for any charitable purpose and there are no provisions for social or sporting clubs, self-help groups, contemplative societies, etc. Around 4900 Societies were registered under this Act including several large development NGOs (Saifullah and Mawla, 2003). This Act is one governing body with the Registrar and receiving prior consent of the Government in case of dissolution, there is no other formal requirement that NGOs have to abide by. Crucially, the Act does not even specify whether the Society is expected to maintain accounts and audits although in practice the RJSC will likely not register the Society, without provision for accounts and audits in the society's governing rules.

The Trusts Act of 1882

This is another law providing the legal basis for the formation of NGOs. This Act is still valid today and is administered by a registrar of trusts who registers deeds of trust without involving any government ministry. The law does not specify the nature of the deed of trust, which leaves much scope for the organization. A trust can be established for any lawful purpose whether private or public and can be created by any person

competent to form a contract. No government registration is required and the trustee is legal owner of the property and personally liable for breach of trust.

The Companies Act of 1913 (amended 1994)

This Act was amended in 1994, which was intended to provide a legal form and status for private trading companies, but it also contains a provision for registering nonprofit companies. The act provides a strong legal identity and some NGOs and autonomous government bodies like Palli Karma Sahayak Foundation (PKSF) are registered under this act (BRDB, 1996). It provides legal status to not-for-profit companies. Not-for-profit companies can be registered with limited liability provided that the company applies any income for promoting its objectives and prohibits the payment of any dividends to its members. As with the Societies Act, the Registrar of Joint Stock Companies (RJSC) is the implementing agency. The Act provides the most rigorous legal framework for NGOs with clear directives on its fiduciary obligations. These include holding of annual general meetings, maintenance of accounts, and appointment of a registered chartered accountant as an auditor. Non compliance of directives may result in fines or imprisonment. The number of NGOs registered under this law is significantly lower than other laws possibly due to a combination of a lack of awareness of this option as well as its more rigorous requirements.

Cooperative Societies Ordinance of 1964

This law was enacted specifically for cooperatives and is rarely used by NGOs, although some voluntary organizations consider their activities to fall under this category. NGOs are also required to adhere to a number of ordinances and regulations that govern their activities, while an NGO can achieve legal status under one of the above acts, it cannot operate unless it fulfills the following requirements:

The Voluntary Social Welfare Agencies (Registration and Control Ordinance, 1961)

The ordinance requires all NGOs to register with the Department of Social Welfare (DSW), including organizations that must also register with the NGO Affairs Bureau in order to receive foreign funds. The procedures are simple but the relevance of

the procedure is under question. A large number of NGOs are registered under this ordinance. This mandates registration for any formal or informal organization formed to render welfare services to children, youth and women, social work, or co-ordination of social welfare agencies.

The reasons for its extensive use by NGOs includes (i) social welfare department officials are accessible at the union level making it easier for local organizations. (ii) organizations must register under this Ordinance to receive financial support from the Social Welfare Ministry, and (iii) under the Foreign Donations (Voluntary Activities) Regulation Ordinance 1978, a local organisation receiving foreign funding for channeling to other organisations can do so only if those organizations are registered under this ordinance (ADB, 1999). The purpose of this ordinance was to control voluntary organizations and hence it gives extensive powers to the government with respect to NGOs. The Ordinance is administered by the Social Welfare Department of the Ministry of Social Welfare and it has broad discretion to suspend or dissolve an NGO without recourse to judicial appeal.

The Foreign Donations (Voluntary Activities) Regulation Ordinance of 1978 oversees donor flows to NGOs. This law was passed by the martial law Government, possibly to control the flow of foreign funds to political parties in Bangladesh. NGOs are required to submit certain information to the government in prescribed forms to obtain approval for undertaking projects with donations received from outside the country or from aid agencies of foreign origin working inside the country. This Ordinance requires that any organization carrying out voluntary activity using foreign donations is registered with the NGO Affairs Bureau (NGOAB). Each foreign grant must be approved and monitored by the NGOAB. The government attitude towards the NGO sector, as manifested in its successive five-year plans and other plan has been positive throughout. It was stated in the social welfare strategy of the First Five-Year Plan (1973-78) in which the government encouraged private social workers and organizations to participate in a coordinated manner on social welfare programs envisaged in the plan (Planning Commission, 1973).

The Foreign Contributions Regulation Ordinance of 1982, the ordinance of 1978 was amended by the military Government in 1982 to become the Foreign Contributions Regulation Ordinance. The new ordinance widened its coverage by including all contributions, thus making it necessary for NGOs to seek government approval before traveling abroad on a foreign grant. Such requirements have been relaxed, but NGOs still need to inform the NGO Affairs Bureau before traveling abroad. In 1982 the Foreign Contributions Ordinance (FCR) expands the scope of the law to all contribution sort NGOs from abroad (Bangladesh Assessment, 1999). While the NGOAB has not actively used the powers under the 1978 and 1982 Ordinance to take action against violating NGOs in the past, it has recently started to do so with one legal case already instituted and two more in process.

The need to update and unify the collection of rules and regulations has long been felt. The recent strengthening Relations between Government and Development NGOs recommended that all existing laws and regulations be harmonized to remove inconsistencies. With this in mind, the government initiated the drafting of a consolidated act suitable for NGO activities.

Legal Status of NGOs in Bangladesh

Since the independence of Bangladesh, the state has attempted to regulate NGOs. The most significant steps of the Ershad Government regarding NGOs were the abolition of the NGO Standing committee, the creation of the NGO affairs Bureau (NGOAB), and the appointment of an advisor for NGO affairs with ministerial status (White, 99). The NGAOB started functioning effectively from March 1, 1990. It was headed by a Director General and became the contact point between the government and various local and foreign NGOs for receiving foreign donations.

State regulations define the term 'voluntary activity' as an activity undertaken, with partial or complete support from external sources, by any person or organization to render voluntary services pertaining to agricultural, relief, missionary, educational,

cultural, vocational, social welfare and other developmental activities in the country. Although the definition seems to cover almost all kinds of voluntary activities, the state retains the right to include or 'exclude any activity as "voluntary". The state apparently intended to widen the scope of the definition in order to prevent both the donors and recipients from making or receiving grants/donations in contraventions of official ordinances.

Ordinances/regulations/circulars vest the NGAOB with all its responsibilities regarding coordination, regulation and monitoring of foreign and foreign assisted non-governmental organizations and individuals working in Bangladesh. While considering the application or registration, the NGAOB is required to seek approval from the Home Ministry whether the projects for one or more than one year. The NAB arranges approval and release of the funds on a priority basis for such projects. The targets specified in the project proposal however must be achieved within the stipulated period. Usually, funds or the following year can be released for the project if its implementation strategy and achievement of target for the year is considered to be satisfactory by the bureau (Circular: section 7(h):1993) Existing NGO regulations make exception for projects for assistance to disaster affected areas. For disaster rehabilitation programmes, NGOs have to submit their project proposal with requisite details on a prescribed proforma FD-6 (Circular: section 7.1(b):1993). The NGAOB communicates its decisions with 21 days from the day of the receipt of the project proposal and forwards it to the relevant ministry for its opinion. The ministry must send its decision to the NGAOB within 4 days (Circular: section 7.1(b):1993). The state and its machinery have from time to time introduced several rules and procedures, but due to their complexity and the weakness of the state, NGO can easily evade them. The rules for receipt and use of foreign donations and the banking transactions of NGOs are interesting examples. So that, the NGOs are required to prepare annual reports on their activities within three month of the end of the financial year and send copies to the NGAOB, the relevant ministry, divisional commissioner, deputy commissioners and the Bangladesh Bank. The NGAOB has the responsibility and power to audit and inspect the accounts of NGOs (Circular: section 10 (a):1993). The state may at any time inspect the accounts and other documents of NGOs. The state may

require the NGO to submit a declaration as notified in the official gazette (Ordinance no, XLVI-Section 4 (I); 1978). Failure to produce any accounts or other documents or failure to furnish any statement or information by the NGO is a contravention of state regulations (Ordinance no, XLVI-Section 4 (3); 1978). The accounts of any NGO must be audited by the person's appointer by the relevant NGO or persons enlisted/approved by the National Assembly (NA). Audit reports must be submitted to the NGAOB within two months of the end of the financial year.

After audit and inspection, if a complaint is lodged against an NGO, virtually no appropriate action is taken; usually a note is passed to the NGO to correct the error, which is a trivial remedial measure. Due to the strong support of donors for NGOs, in the recent past the state has had to scrap its own desire to withdraw the registration of a number of NGOs and even had to change the head of the NAB when that individual appeared tough with NGOs that had indulged in irregularities (Hashemi, 1995). When the NAB cancelled the registration of three NGOs for financial irregularities, the head of a diplomatic mission in Dhaka personally intervened, brought the issue to the attention of the prime minister's office and got the cancellation order withdrawn. This action created great dissatisfaction among the officials of the bureau (ibid, 1995).

This discussion gives a clear picture to the manner/procedure regarding the way the state of Bangladesh regulates those NGOs which finance charitable work through foreign donations. The donor agencies led by the World Bank (WB) have strongly supported the formulation of the state's policy on NGOs, particularly in the direction of streamlining the administrative and legal framework within which NGOs operate, to increase their effectiveness (Zareen, 1996).

According to law, no person or organisation may receive or spend foreign loans/grants without prior state approval. The NGOAB report submitted to the prime minister's secretariat in 1992 stated that various NGOs had disbursed 1.5 billion large amounts of money comes into the country illegally. The Salvation Army received 12.5 million taka without the state approval (Government Report, 1992). Similarly Sheba Shongho spent

13.5 million taka without state approval and the Finnish free mission also violated state instructions (ibid, 1992).

According to a government inspection report (1992), senior officials of some NGOs quite often travel abroad and without state approval obtain foreign donations. According to the report the accounts provided by the NGOs may fail to match those provided by the Bangladesh Bank, although according to law any organization wants to carry out a charitable programme, then it should receive any foreign currency through an approved bank in Bangladesh. This restriction was imposed to give the state a true picture of the total amount of foreign currency in the hands of NGOs. Yet, according to another Act, any organization or person can bring any amount of foreign currency into Bangladesh. Therefore, as a result of this dual system, no one can know the total amount of foreign currency actually received by any NGO.

Due to above analysis, now the government of Bangladesh will not allow any foreign NGO to work in Bangladesh without registering first from May 2009. The Bangladesh social welfare minister Enamul Haq Mostafa Shaheed told reporters at the Secretariat that now the government will not allow any foreign-registered NGOs to operate in the country. They will only be allowed to operate after registering here (The Daily Star News, 23, April, 2009). The government in this regard has taken steps to form a single body proposed to be styled 'Social Security Council, which will register, monitor and regulate NGOs in future (Kader, 2009).

Due to unregister the government was in a dilemma over the activities of some Middle East-based NGOs in Bangladesh, many of them established themselves here in the aftermath of Cyclone in the country. The government doesn't want to aggravate them but is trying to bring them under proper regulation, the social welfare minister of Bangladesh told to reporters. He also said that some 17,000 NGOs were registered across the country under the social welfare ministry, women and children affairs ministry, Registrar of Joint Stock Companies, Social Services Directorate and the NGO Bureau. According the GOB ministry, if any anomalies are found against any NGOs, we will take

stringent action against them and all others will only be able to operate after fresh registration (Asian Tribune, 2009).

Therefore, the state in Bangladesh requires each NGO's to register formally with governmental organization, and to renew this registration every five years. Each project must be approved in advance by the NGOAB, as must all foreign funding. Each NGO must receive all funding through a single, specific bank account, and the bank must submit full reports to the central bank, which then reports to the NGAOB and to the Economic Relations Division (ERD) of the finance ministry. The NGAOB also regulates the use of foreign consultants. For projects and programmes of disaster-relief, requirements are similar but the NGAOB must decide more rapidly. Each NGO must submit annual auditor's reports to the NGAOB, having appointed its auditors from the list approved by the NGAOB. Penalties for false statements, failures to submit declarations or other contravention of the law include heavy fines payable by the NGOs in securing imprisonment to NGO directors (GOB, Report 2009 and ADB, 2009).

NGOs and Tax Policy in Bangladesh

The taxation regime for NGOs in Bangladesh is unclear. The 1984 income tax ordinance, as amended through July 2004, stipulates that income used for charitable purposes are exempt from taxes (BRAC Annual Report 2005). Thus, the way of the law is written, NGOs would not be required to pay tax on income from all sources, including income from commercial activities. Neither the Government nor the external funding agencies want NGOs to remain dependent on foreign funding. In Bangladesh there were often significant class differences and economic gaps between those who undertake NGO activities and the beneficiaries of their services. Thus, some new trends have emerged among the NGOs created under the leadership of donors (Hussain 1996: 14-17).

Several NGOs keen to increase their sustainability as organizations, have established commercial operations that turn a profit. Theoretically, all non-profit organizations are exempt from corporate tax and few NGOs in Bangladesh are required

to pay corporate income tax. Since fiscal year 1989-90, many large NGOs have been served with income tax assessment notices but the NGOs refused to pay and appealed to the tax tribunal. The major point of dispute relates to transfer of surplus (profit) from commercial ventures either registered separately or operated as projects with the core program to the institutional budget. However the Finance Acts of 1998 and 1999 made NGOs subject to tax on their income, though the income Tax manual does not reflect these changes. At the same time microcredit surpluses are exempt as long as the NGO is registered with the NGO Affairs Bureau (ADB, 2004).

The 2005 Budget has made donations to NGOs in Bangladesh tax deductible in principle. Prior to 1992-93 the Income Tax Act provided for 100 percent deduction of the amount contributed to charities (GOB Reports, 2007). An ad-hoc list of tax exemptions and 2005 Budget has been clearly mentioned and that has widened to cover all philanthropic and educational institutions after approved by the Government (Bangladesh Annual Report, 2007).

Government Regulations

The government of Bangladesh has recently imposed tax on the NGOs revenue generating ventures, other than the micro-finance program. The government acknowledged that incomes of such ventures of NGOs go to their development fund but on the pressure from the for-profit sector, the government has taken such a measure. Currently there is no provision of tax exemption for private philanthropy (BRAC Report, 2008).

The present government has also become strict in the implementation of the existing policy. For instance, there is a provision that every time before starting a new activity, each NGO has to take written permission from the respective deputy commissioner (administrative head of a district). The NGOs used to avoid this because the process was time consuming.

However, the absence of proper monitoring mechanism only means that NGOs dedicated to lining their own pockets can have their own way. Many people involved in development issue admit that corruption is a constant problem in Bangladesh NGO business. The government tries to control flow of funds to NGOs through scrutiny of area of activity, funding project proposal and government policy in the activity areas. Recently, the government has initiated inquiry against 500 NGOs as to sources and propriety of uses of the funds and also in respect of their political activity, individually or collectively (Bangladesh Report, 2009). The Awami League government, after coming to power in October 2001, introduced a policy to restrict the NGO activities alleging that some major NGOs have become political agents of the previous government (1996-2001) and campaigned for its political party. The government had also stopped the clearance of funds of these NGOs for the same allegation. Through a new order, the government may dissolve the governing body of any NGO for some specific reasons.

With a large number of laws, ordinances, rules and regulations applying to NGO operations, difficulties and inconsistencies have emerged. The whole legal framework needs to be revamped to facilitate the promotion of a healthy NGO sector and strengthen the national context for increased Government-NGO collaboration and partnership (Haque, 2002).

The incorporated and unincorporated third sector organizations have not been brought within the tax network of the government (ADAB, 2005). However, to get tax exempt status, they must apply to the National Board of Revenue (NBR) under specific provisions of the Income Tax Act. With more and bigger NGOs getting into commercial activities the Chamber of Commerce and trade organizations have raised concerns about non-profit organizations tax exempt status. Paid workers of the third sector organizations are not exempt from paying income tax and if their employers, specific rules must be followed. The NGO sales outlets are supposed to pay Value added Tax (VAT) and must have VAT registration. This is however not common, except for some big organizations. Donations to NGO, social and community organizations by individuals or business

houses are not tax deductible unless the receiving organizations has tax exemption from the National Board of Revenue (NGO Affairs Bureau, 2008).

In May 2008, one non-profit organization i.e. Dhaka Ahsania Mission (DAM) has been allowed tax exemption status by the National Board of Revenue (NBR). Many other organizations are also registered with the NGO Affairs Bureau for tax exemption and they can receive foreign funding with approval from the government (GOB, 2009).

Implementing Agencies in Bangladesh

There are two government agencies responsible for the registration and monitoring of NGOs in Bangladesh, they are the NGO Affairs bureau and the Department of Social Welfare.

The NGO Affairs Bureau (NGOAB)

This was conceived as a one stop service for NGOs. It was established in 1990 with the authority to register and regulate all NGOs seeking or receiving foreign funds. In 1997, 1,112 NGOs were registered with the NGO Affairs Bureau But it became almost double in 2007 (World Bank Report, 2007). During the BNP-led alliance government, around 473 local and 25 foreign NGOs were enlisted with the NGO Affairs Bureau. One hundred and twenty-nine of them are local and eight foreign NGOs who were enlisted in the financial year 2006-07. Since 1990, the NGO Bureau has approved 2,367 local and foreign NGOs who run on foreign funding (William, 2009). Apart from this, in Bangladesh, there are fifty three foreign funded major Islamic non-governmental organizations are registered with the NGO Affairs Bureau out of which 24 are very active (Bangladesh Report, 2009).

Presently there are more than 16,000 registered NGOs overall in Bangladesh (Asian Tributes, 2009). The rationale for setting up NGOAB in 1990 was a large backlog of projects pending Government approval under the then existing system, which required multiple levels of government review. Though NGOAB was conceived as a one stop-

shop service for NGOs administering foreign funds, it could never be one in reality (World Bank, 1996). This is because all NGOs have to first establish themselves under the various Acts discussed above that are administered by other agencies and registration with NGOAB also requires the approval of the Home Ministry, a line ministry, a line ministry and recently approval from local Government. NGOs are now required to get clearance certificates from concerned local government officials prior to applying for clearance of subsequent funding for that project (Asian Tributes, 2009). The certificates are not always easy to obtain and some NGOs reported being forced to pay rent-seekers for these.

NGOAB is regarded as the primary regulator of all the registered or non-registered NGOs in Bangladesh and it supported to most development NGOs through the foreign funds. NGOAB undertakes a diverse set of functions towards NGOs. These are like NGO registration, approval of project proposals, releasing funds and monitoring NGO projects. The NGOAB has the same number of staff in 2005 as in early 1990s and yet the number of registered NGOs has tripled. At present out of 5030 registered, nearly 2,367 local and foreign NGO are receiving foreign funds with the NGO Affairs Bureau. It is estimated that, around 225 projects are inspected annually following complaints registered with the Bureau (Bangladesh Report 2009).

Department of Social Welfare (DSW)

Under this implementing agency it registers and deals with the NGOs, whose purpose is to render welfare services as defined in the Voluntary Social Welfare Agencies. Under the voluntary social welfare agencies ordinance of 1961, all organizations intending to provide voluntary social welfare under anyone of 15 areas specified in the ordinance had to register with the DSW. The regulation applies to all NGOs, including those receiving foreign funds. The Procedures are simple thus; a large numbers of NGOs are registered with this department. However, it does not have the capacity to monitor the NGOs, only it registers for much knowledge of NGOs activities

and influence the development of NGOs community in Bangladesh. Under this act there are a staggering 5,536 organizations registered with the DSW as of 2006, though only few NGOs are active now (ADB Report, 2009). Apart from these large NGOs, there are several hundred local Islamic NGOs registered with the Social Welfare Department. The number of such NGOs has reportedly increased significantly after a Jamaat-e-Islami leader became social welfare minister. These local NGOs also get foreign donation but they do not give any report on it to the government as they work as affiliates of the foreign funded ones. The NGOs registered with the NGO bureau implement various projects themselves or provide funds to local NGOs for implementing projects (Kumar, 2005).

In practice the DSW is only able to fulfill its registration mandate. It is unable to carry out its monitoring function except on an occasional basis when investigations are launched following disputes within NGOs governing board or complaints from the public. A survey has found around 83 NGOs carried out in 2005 reported frequent delays and problems with registration. There are risks with the current structure and compositions of NGO Boards, therefore most of the NGOs in Bangladesh are still face like a first generation institutions. They face the same corporate governance problems associated with the for-profit sector in Bangladesh as they tend to be founder dominated and are typically governed by friends and family (Saifullah and Mawla, 2003).

However, though the monitoring and auditing of these grants is weak, the DSW is providing limited funds to NGOs to implement various social welfare programs, with a maximum grant amount of 100,000 Taka till 2006 (BRAC Annual Report, 2007).

Department of Women and Children Affairs

In addition to the NGO Affairs Bureau and the Department of Social Welfare, the Department of Women and Children Affairs takes an active interest in NGO activities in Bangladesh, especially those affecting women. The department maintains a register of

NGOs and provides assistance in coordination and providing resources and skills. It also channels a Bank project funds to NGOs for operating microcredit to the rural poor.

Policy Environment in Bangladesh

The government of Bangladesh has no clear cut policy with respect to third sector organizations. The laws that regulate incorporated associations are inherited from colonial days and follow the Common Law traditions. These laws have not been developed or amended over time to time on the basis of any coherent thought or philosophy but adopted largely from the idea of instituting and regulatory framework (Hussain, 1996). However, the government recognizes that not all service activities can be undertaken by the government and in the culture and the history of the country there was always a strong presence of societies and associations for providing different kinds of services.

As the above context, the government support is now manifested in the grants which are made to such societies and associations through various ministries and directorates. In recent years there has been a phenomenal growth of NGOs prompted by donor stimulus. In the 1980s the government thought it prudent to oversee the flow of donor fund which was misusing; politicizing to the NGOs and increase the corruption; therefore the government advises the NGOs to be less donors dependent. Even then the Bangladeshi NGOs became more and more donor dependent but due to mismanagement, corruption and misusing of foreign funds the Government created the NGO Affairs Bureau to undertake this responsibility and offer the NGOs service for program approval, foreign exchange clearance, etc (World Bank, 2007).

The growth of NGOs has been influenced by the rise of neo-liberalism and activism of civil society organizations. Thus, the government pronouncements have opened up opportunities of partnership between Government Organizations and NGOs. This partnership is program based and donor promoted in the context of modern phase. However, the government pronouncements about social responsibility of business have

not seen a significant manifestation. There has been no attempt to promote a coherent policy environment for the creation and promotion of truly service oriented community owned grass root organization (Salahuddin, 1997: 88-107).

The government in general is supportive of the third sector and private philanthropy. Existing rules are not rigid enough to control the growth of third sector organizations and their activities. The government provides most running costs of most non-profit educational institutions. Also to finance the micro-credit operations of the NGOs, the establishment of Palli Karma Sahayak Foundation (PKSF) by the government is an indication of the governments supporting position.

In Bangladesh, like many other Muslim societies there are Muslim awqaf or philanthropic foundations a major institution of Islamic charity. The Mussalman Wakf Act 1923 is the guiding law for the Muslim Awqaf. A Waqf is defined as a voluntary donation, by the owner, of the right of disposal of a thing or property and the dedication of the usufruct to some charitable end. Non-profit organizations can also be incorporated under the provisions of Company Law in the form of a not-for Profit Company limited by guarantee. This form is an inheritance from the English Corporate Law. The non-profit companies are created by fulfilling requirements of the Company Law and registration with the Registrar of Companies. There are also non-profit organizations in Bangladesh, created by specific acts of the Parliament e.g. Palli Karma Sahayak Foundation (PKSF) (Bangladesh Observer, 2008).

Some of the prominent major Islamic NGOs like, Islamic Relief Organization, Al markajul Islami, Ishra Islamic Foundation and Ishrahul Muslimin etc. they got donations in excess of Taka 200 crore every year. These donations mainly come from Saudi Arabia, Kuwait and United Arab Emirates but some western countries like the US and the UK are also major contributors. This is one of the major sources of funds for the local Islamic NGOs and Qawmi madrasas which do not have government recognition. They do not give details of their income and expenditure to any government body. Earlier, the local religious elite was their main patron, but since 1990s money has started flowing in from the rich Middle Eastern countries resulting into a mushrooming growth of these

madrasas. Their total number has gone beyond ten thousands across the country. These madrasas are a major factor behind the rise of Islamic extremism in Bangladesh (Bangladesh Report, 2007).

On the other hand, an Islamic NGOs are also very active in the poverty-stricken northwestern districts like the banned Jama'atul Mujahideen Bangladesh started work in Rajshahi and then in other areas but not last long. For instance, Islahul Muslimine, an Islamic NGO formed by Moulana Fariduddin Masud, arrested on charges of militant links, had transacted around Taka 1.50 crore in 2004 (Kumar, 2005). Thus, the Bangladesh government has tried to control some NGOs engaged in developmental work. But at the same time it has curiously turned a blind eye to Islamic NGOs whose activities are suspect. Though hundreds of Islamic NGOs are registered with the social welfare department, this implementing agency or this department does not have the inclination to keep a tab on their activities. This loose or sometime even total absence of control over these NGOs has allowed them to function almost freely in the country. Thus, now there is a need to bring to some administrative measures so that money flowing through unofficial channels like hundi could be stopped. National and international laws can prove effective only when they are implemented sincerely by the government (ibid).

Improving the Laws Relating to NGOs' Regulation in Bangladesh

The focus of regulation ought to be shifted to fostering better governance and accountability in the NGO sector, rather than the micro-management of foreign funds. All relevant laws and regulations related to the NGO sectors need to be harmonized and streamlined towards a uniform regulatory framework to avoid duplication, overlapping and contradictory requirements. This does not necessarily mean that existing laws regulations need to be repealed and replaced with a new all encompassing one. Instead, the existing laws can be modifies by incorporating standardized requirements such as the Board structure, holding of annual general meetings, financial reporting, accountability to regulatory agencies and so forth. The framework needs to move away from the stereotyped welfare approach to one reflecting the present day scope of development

activities. Arbitrary powers of the state that allow for interfering with NGO structure needs to be removed and the right to legal appeal against government actions needs to be instituted. Finally, the process of registration needs to be simplified and the steps a made publicly available.

In undertaking the legal reforms, a number of key principles need to be ensured. Generally broad discretion should be given to NGOs to structure their organization in a way that suits their individual goals and purposes. NGO activities in Bangladesh span a number of activities and it is important that the law is not written with a particular group in mind, but allow for flexibility in application (Hashemi, 1995). It is important to have tiered regulation based on size and activities of NGOs. All penalty provisions should be structured so as to provide a gradation of sanctions, with fines and other intermediate sanctions being applicable before the ultimate penalty of board suspension or dissolution can be used. Administrative discretion should be reduced, reasons for imposition of penalties should be spelled out more clearly, and judicial appeals should possible to contest any adverse ruling or penalty.

An appropriate set of regulations are necessary for microcredit NGOs. The microcredit sector in Bangladesh lacks the regulatory framework that an industry of its size merits. However, now that the every sector is part of its infancy, and close to \$500 million dollars of saving has been mobilized from poor households, it is necessary to modernize the laws governing micro credit activities (ADAB, 2008). Currently only the Grameen Bank has a special law to govern its activities as it is registered as specialized bank. A multi stakeholder committee is spearheading the task of coming up with a legal framework for NGOs involved in microfinance. While this process does not have the mandate to propose reforms of existing legislation and institutions overseeing the whole NGOs sector, it may well be the case that in practice this new law will cover a large number of key lacunae in the legislation governing the overall sector (ADB, 2009).

The Societies Act ought to be replaced based on the current state of the sector and in line with applicable international good practices. The new law amongst other things would need to include issues such as categorization of different types of NGO, regulatory

exemptions of small NGOs that are not engaged in micro-finance, with an option to bringing them under regulation when certain triggers go off, permitted and prohibited activities of NGOs, internal governance requirements audit and accounting requirements, tax treatment, appeals sanctions and penalties that are commensurate with offences and transition provisions for exiting societies.

In addition to the Societies Act other laws would need to be repealed and amended the following are suggestive changes. The trust Act 1882 could be amended to update it on duties of trusted, failure to comply with fiduciary ditties, incorporating case law developments and bringing it under the purview of the commission, the companies act 1994 could be amended in line with main NGO law the Wakf Ordinance 1962 and other religious trust laws ought to be reviewed to modernize and improve governance, the voluntary social welfare agencies ordinance 1961, the foreign Donation regulation ordinance 1982 can be repealed (Wood and Sharif, 1997).

Bangladesh needs to review it tax regime for NGOs and clarify the scope and applicability of exemption. In view of international good practices, income in the form of donations, grants, membership dues and micro-credit income of NGOs ought to be exempted from tax. However, passive investment income and income from active trade or business must be taxed, in order to create a level playing field with other private sector competitors. Deductions for donations to NGOs have recently been re introduced in the 2005 Budget (GOB, 2007).

The Income Tax Ordinance 1984 has made it mandatory for all NGOs working in Bangladesh to submit income tax returns. But many small and medium sized NGOs, assumed that their not-for-profit nature exempts them from this requirement. Moreover, whether the income of NGOs is exempted from tax or not is decided only after submission of their returns. Thus, here the income tax laws related to not for profits need to be simplified and compiled as a separate section with focus on providing greater incentives for local resource mobilization for the sector and there should be clear cut policy towards these Bangladeshi NGOs.

An Institutional Framework for NGO Regulations

Human resource development, computerization and improvement in procedures need to underlie any regulatory reform in the NGO sector. Training efforts so far have concentrated on building the capacity of NGOs and there has been less focus on training regulatory agencies. This needs to be rectified. An appropriate data collection mechanism needs to be introduced to help in devising plans for the oversight and development of the sector. The use of complaints from the public or deviation in use of funds from approved purposes as the triggers for investigation by the regulatory bodies also need to be revisited.

An independent NGO Commission that assumes the functions currently performed by the Department of Social Welfare (DSW), NGO Affairs Bureau (NGOAB) and Women Affairs Department is an option that could be considered. The commission's aims would be to maintain an effective framework within which non-profit organizations can operate and work with NGOs to encourage good practice. The Commission ought to be empowered to deal with the incorporations or establishment of NGOs apex bodies and licensed certification bodies. There are precedents for independent regulatory bodies in Bangladesh, in telecoms and energy, as well as organizations like the Charities Commission in the UK (ADB, 2009).

The proposed NGO commission can encourage uniformity in accounting standards. Uniform standards of accounting e.g. uniformity in NGO accounting principles, reporting and presentation of NGO financial statements, audit reports etc need to be introduced for the sector with contradictory systems phased out. These standards do not necessarily have to be new ones as there are international standards that can be applied to the local context (Khan, 2005).

Certification bodies can reduce the regulatory burden of the proposed NGOs Commission. The proposed NGO commission will need to use its scarce resource to deal with big NGOs and apex bodies, concentrate on overall policy issues and capacity building of the sector (Jain and Moore, 2003). Thus, it is necessary for the Commission to be assisted by certification Bodies that are private sector owned corporate entities with

sector specific expertise who can be licensed to certify the sanction medium, small and very small NGOs. This delegated legal authority is superior to membership based Self Regulatory Organizations (SRO), such as Associations Development Agencies in Bangladesh (ADAB). As experience has shown they have problems like, enforcing rules towards Certification Bodies of NGOs, provide reference to donors and the public for a fee. A seal of approval from a certification agency can be used by the ministry of Finance to determine the list of NGOs to whom donations are tax exempt (ibid).

While the facilitating role of the Bangladesh government is manifested in the creation of the NGO Affairs Bureau and DSW for one stop service and the easing of some regulatory measures, the general attitude of a section of the bureaucracy towards the voluntary sector remains largely passive and hostile. Over the years, non-governmental organizations initiatives grew and developed into a large sector in terms of membership and resources used. They are now an integral part of the aid regime and are currently absorbing one sixth of total foreign economic assistance to the country. The government acknowledges the positive contributions of the NGOs and understands donor logic.

Thus, the government must come up with clear cut policies and operating guidelines to facilitate immediate processing of NGOs registration and the development of their programs and projects. Absence of clearly defined government policies has caused unnecessary delays in the development and implementation of NGO project, unclear responsibilities of some concerned ministries and department and the negative perceptions of some government officials who create all sorts of problems and bottlenecks to impede NGO operations. On the other hand, lack of a single and clearly defined body to assist the NGOs are find very difficult to deal with the different concerned departments and ministries of the government because there is no single body or a committee to assist them in their registration and program operations.

Apart from this, the number of Islamic NGOs in Bangladesh has also increased after the 1991 devastating cyclone in Chittagong and other coastal areas of the country. Since then, more than a dozen leading international Islamic NGOs started operating in

Bangladesh. They took part in relief operations and other charitable activities like building houses, providing pure drinking water, improving sanitation, mother and child healthcare and establishing religious educational institutions. In the name of Islam they got donations in excess of Taka 200 crore every year. But they do not give details of their income and expenditure to any government body. Since 1990, money has started flowing in from the rich Middle Eastern countries resulting into a mushrooming growth of the madrassas. This has also posed serious problems to NGOs in dealing with their funding donors in Bangladesh.

In this context, there is need be to creating a body or a committee composed of governmental organisations and NGO representatives in Bangladesh. Therefore, now the government does not allow any foreign-registered NGOs to operate in the country. They will only be allowed to operate after registering. Thus, the government in this regard has taken steps to form a single body proposed to be styled 'Social Security Council', which will register, monitor and regulate NGOs in future. This body or committee shall be responsible in reviewing the drafting of NGO proposed laws for legislation, recommend polices and operating guidelines acceptable and workable to both rural and urban development in Bangladesh.

CHAPTER-III

INSTITUTIONAL RELATIONSHIP BETWEEN GOVERNMENT AND NGOS: A CRITICAL ANALYSIS

CHAPTER-III

Institutional Relationship between Government and NGOs: A Critical Analysis

Introduction

Over the few years, several major changes in development approaches have taken place. In the early years, only the government was seen as a provider of different services in social sectors, be it provision of housing or other environmental services or even finance and technology development. In the next phase, other alternatives to the government provision, through the private sector, through the Non-governmental Organisations (NGOs) and through the community based organizations became much more important. However, gradually it was realized that the NGOs or the private sector by themselves could not really substitute the government effectively. In most cases, NGO initiatives have often had rather limited impacts and the private sector activities have generally been beyond the reach of the poor. Now most of the NGOs are making a significant contribution to country's social and economic development by engaging in public benefit activities such as environment, health, education, scientific research, cultural services, poverty relief, legal aid, social welfare, and services to disadvantaged groups such as orphans, the elderly, and the disabled. They constitute an important part of an emerging civil society in the country.

Thus, the current phase, the emphasis has shifted to partnerships for development between the government and NGO groups. This is the new trends (approaches), and which is needed to create a strong institutional relationship between the two organizations i.e. (government and NGOs) sector in every country. For this, it is necessary to review these experiences to assess the type of roles (relations between the Government and Non-governmental Organizations) which have emerged.

Since 1970 to 2000, it was estimated the large number of international NGOs that (mostly originating from within developed nations) has quadrupled to 25000 the number of NGOs, in the former communist countries have reached 75000 and the number in Asia, Africa, and Latin America is claimed to be several hundred thousand (Fisher, 2000). In recent decades, there has been an enormous proliferation of NGOs all over the world. They are now active in many countries like in Russia, more than 1, 00,000 and in Kenya around 1,000 working for the developmental process. There are more than 133,000 officially-registered social organizations and 1,268 foundations. In addition, there are many grassroots or community-based organizations which are not officially registered or registered as businesses due to difficulty of registration. Similarly, in Pakistan it is estimated that there are more than 100,000 NGOs working in the country (Government of Pakistan, Admin, 2009).

In the developing world, NGOs are reckoned to impact on the lives of about 250 million people, with their diverse agendas and interest groups that include development, human rights advocates, gender and environmental activist, associations of landless and marginal farmers, ethnic minorities, and indigenous groups (Kabir, 2000, Weiss and Gordenker, 1996: 17).

On the other hand, now NGOs are also taking a closer interest in governance processes in general and development processes specifically. At the institutional level, Asian Development Bank (ADB) must develop modalities to recognize and address NGO-Government relationships in its donor countries and NGO efforts to affect donor country official development assistance programs. At the operational level, NGOs in an increasing number of developmental management committees are demanding a greater voice in ADB's country-level operations. At the same time, ADB must continue to respond to the priorities and concerns of those committee governments. Thus, ADB's cooperation with NGOs at the country level necessarily is becoming a dynamic process involving ADB, NGOs and Governments, with ADB as a policy objective, working to foster effective and positive tripartite relationships. In several countries, ADB has

provided or is considering capacity building support that would contribute toward strengthening of NGO-Government cooperation (ADB, 2009).

In the edge of globalizations, compared to major governmental agencies, NGOs have gained prominence in terms of their societal roles, public image and a capacity to command external support. More specifically, while the scope of the public sector is being reduced, the government spending is diminished and state agencies are discredited, NGOs have proliferated, their membership has increased, and the assistance they receive from external agencies has multiplied. In fact, the local institutional linkages of government have been weakened by the growing networks of NGOs at the grassroots level. Moreover, a multitude of new concerns have assigned greater power to NGOs while rendering the role of government relatively obsolete and even unwelcome in addressing these new issues. This reconfiguration of authority and power shared between NGOs and the government which has crucial implication for the means and strategies of socio-economic development in developing countries, which has failed to attract sufficient intellectual attention (Sanyal 1994: 11). In attempt to rectify this neglect, this relation examines the impact of such a changing balance of power between the government and NGOs in Bangladesh.

Compared to nations similar in territorial and demographic size, Bangladesh has a huge number of registered NGOs (nearly 22,000), some of which are the largest and best known in the world, and currently being replicated in other countries (Islam, 2008). One outstanding example of this worldwide expansion of the Bangladeshi experience is the Grameen Bank which has been replicated in certain Asian, African, Latin American, and European Countries in terms of its objectives, structure and process of delivering micro-credit to the poor (Morduch, 2008). Other large developed NGOs to become globally known for their successive stories include the Bangladesh Rural Advancement Committee (BRAC) and others (Lewis, 1993:53). On the basis of these observations, this legal partnership examines various dimensional of power in relations between the government and NGOs especially the development NGOs in Bangladesh. In particular, it

analyses the extent that deans of power exercised by the government over these NGOs and explains how their autonomy from the government has increased in recent years.

Nature of Government-NGOs Relations

In the contemporary global context characterized by the diminishing role of the state and the growing significance of non-state actors, most developing countries have embraced various modes or forms of partnership in public governance. Since the 1980s, this greater emphasis on partnership between the state and non-state entities has emerged in line with the recent shift in government's role for rowing to steering, the priority given to public participation to ensure good governance, the concern for public sector inefficiency and ineffectiveness and the preference of foreign donors for partnership in delivering services (Brinkerhoff, 2003: 105). Such partnership is now considered essential to enhance organizational capacity, cost effectiveness, resource mobilization, managerial innovation, consensus-building people participation, and public accountability (Caplan, 2001). Since each of the major stakeholders has its own strengths and limits, the partnership option allows them to use multiple perceives and strategies and thus, contribute to the realization of their respective goals more effectively. Based on these perceived positive outcomes, partnership has become a most frequently used buzzword in development debates, a widely used tool in economic policies, and perhaps an overused and abused term in the current age (Paoletto, 2000: 30).

In recent years, a number of government procedures, organisaiotns, ministries and departments have established and workable mechanisms for collaboration with development NGOs to implement projects and activities under the Perspective Plan for Bangladesh. The NGO Affairs Bureau is the focal point of GO-NGO relations. In the implementation and monitoring of the NGO programs, the government follows several principles like, NGOs should work within the national legal framework and government policies, projects included in the national development plan of the Government or specific parts thereof may be implemented through the NGOs and NGOs should confine

their activities within the projects approved by the Government etc. The Government currently implements a wide range of projects and programs involving with NGOs. These are including health and family planning, credit, environmental protection, plantation and social a forestation, self-sustained agricultural development, distribution of seeds and fertilizer, aquaculture, mother and child health care, food for work programs, mass education, immunization, supply of pure drinking water and sanitation programs, rehabilitation of refugees, disaster management and relief programs.

The main forms of partnership between the government and NGOs cover the joint implementation of projects by both partners, the subcontracting of public sector services to major NGOs and the direct financial support of government extended to various NGOs (World Bank, 1996a). However, the sub-contracting option has become the most common form of GO-NGO collaboration in which the government enters into formal contracts with major NGOs implementing specific projects in Bangladesh (ibid). More specifically in line with the rennet privatization agenda, the contracting out of services to NGOs has been pursued by the Bangladesh government and donors in various areas such as rural banking, primary education, adult literacy, primary health, rural works, crop storage, and training extension (Farrington and Lewis, 1993, Wood 1997). In most cases, partnership has simultaneously involved the government, international donors, and NGOs. In certain projects related to health care, road infrastructure, public works and resettlement in Bangladesh, there were strong joint efforts between the government, NGOs and foreign donors such as the World Bank (WB), the Asian Development Bank (ADB), and the World Health Organization's (WHO) and both organizations have extended support to each other (World Bank, 1999). This growing trend in GO-NGO partnerships in Bangladesh reflects the current global trend towards such partnership (Ahmed, 2000).

As NGOs are heavily dependent on foreign resources, the flow of money from the outside in the absence of accountability can make the NGOs corrupt, controversial and autocratic (Zarren, 1996). Despite the negative effects, ironically real in most cases, NGOs are accountable to the donor countries rather than the state of Bangladesh (The

Independent, June 14, 1995). As the above context, practically the state is unable to control NGOs. The NGOs often work against the directions and decisions of the state. Weak administration on the one hand and strong national and international backing on the other encourage some NGOs to defy the state and to work according to their own whims (The Daily Inquilab, Sept 23, 1992). In the recent past, the registration of Associations of Development Agencies in Bangladesh (ADAB) was cancelled by the NGO Affairs Bureau (NAB) but reinstated within a few hours. A powerful international lobby naturally achieved this. In this regard, there is a tug of war between the NAB and the social welfare directorate which gives the NGOs opportunities to break the rules (The Daily Star News, Jan 6, 2009). Thus, there is a need an institutional relationship between government and Non-governmental Organizations (NGOs) in various sectors through which the NGOs maintain their legal status according to the government policy and that effects more constructive direction to the government for country's sectoral development in Bangladesh.

An Institutional Relationship between Government and NGOs in Bangladesh

The study of institutional relationship reorients the traditional concerns, shifting the focus to understanding how action affects institutions. Connecting, bridging, and extending work on institutional entrepreneurship, institutional change and innovation, and deinstitutionalization, the study of institutional relationship is concerned with the practical actions through which institutions are created, maintained, and disrupted. The concept of institutional relationship highlights the intentional actions taken in relation to institutions, some highly visible and dramatic, as often illustrated in research on institutional entrepreneurship, but much of it nearly invisible and often mundane, as in the day-to-day adjustments, adaptations, and compromises of actors attempting to maintain institutional arrangements. Thus, a significant part of the promise of institutional relationship as a research area is to establish a broader vision of agency in work between the government and NGOs.

The co-operation between the government and Non-Governmental Organizations (NGOs) in Bangladesh has increased significantly in the past several years. There is a well-recognized tendency among the various sectors in the country to expand the scope of cooperation, to increase the available forms and mechanisms for cooperation, and to institutionalize the partnership so as to ensure continuity and sustainability. The forms of co-operation include a wide range of tools and mechanisms. Primarily, governments have supported the civil sector through enacting a favorable legal environment for establishment, operation and sustainability e.g. (creating mechanisms to enable NGO to utilize diverse sources of funding).

Presently, the Governments and NGOs have improved partnership and share common goals in the delivery of social services, in various sectors, e.g. poverty alleviation, human resources development, health, education, water and sanitation development, infrastructure development, women's development or women empowerment, protecting the environment, sustainable resource management, building a democratic civil society and others, and also governments have increased support to NGOs through grants and subsidies. Importantly, some governments have adopted mechanisms to financially support the development of the sectors. This relationship between the government and NGOs began with the external initiatives adopted by the United States Agency for International Development (USAID) and the United Nations Children's Fund (UNICEF) in certain health and family planning projects, and it expanded to other sectors based on similar initiatives taken by international agencies like the World Bank, Asian Development Bank (ADB), Swiss Agency for Development and Co-operation, and International Fund for Agricultural Development, etc (Dutta, 1999).

With respect to national development, in every country there is a perpetual reconfiguration of conflict and cooperation among various social sectors such as the government, the market, the dominant class, the working class, and the NGOs, and Bangladesh is not an exception. Since the late 1980s the Bangladeshi NGOs are actively working directly or indirectly, sometimes it is successful but most often it is a failure, due to the failure of democracy, lack of people's coordination, politicization of NGOs and

numerous other reasons. The government under Sheikh Mujibur Rahman saw only the setting up of some NGOs to play an indirect role in family planning and social works. Though the government of Bangladesh had significantly expanded its functions in developmental sectors, it was very difficult to provide social service in rural, urban, remote and other hill areas. Therefore due consideration should be given to the role of institutional relationship between the government and NGOs that leads to any country's development in general and Bangladesh in particular.

In terms of the institutional relationship between the Government and NGOs, there are certain well established arrangements. For instance, the so called Palli Karma Shahayak Foundation (PKSF) or Rural Works Assistance Foundation financed and managed by the government, which provides soft term loans to its partner NGOs in order to enable them to extend income generating micro-credit to poor families (Dutta, 1999). Thus the PKSF aims to alleviate rural poverty by providing the necessary funds to poor households through various NGOs (World Bank, 1996). Another institution is the NGO Affairs Bureau (NGOAB) which was created by the government in 1990 to provide one stop services to NGOs such as registration, project approval, fund disbursement, and so on. However, a more relevant institution for such a partnership is the Government-NGO Consultative Council (GNCC) established in 1996. The GNCC consists of both government and NGO representatives, and functions as a forum for dialogue between government agencies and NGOs in order to increase interaction, create greater mutual understanding, and promote collaboration between the two partners. It also helps identify the main impediments to the GO-NGO collaboration in Bangladesh and formulate a framework for involving NGOs in the government's development policies and projects (Mujeri, 1999). In the case of Bangladesh the scope of GO-NGO partnerships is quite broad and it covers certain major areas such as poverty alleviation, micro credit provision, health and family planning, education and training, rural empowerment, water supply and sanitation etc. For the controlling of corruption, mismanagement and misusing of foreign funds by unregistered NGOs in one hand and to improve the strong institutional relationship between government and NGOs on the other, the Bangladesh

government has taken steps to form a single body proposed to be styled 'Social Security Council, which will register, monitor and regulate NGOs in future (Kader, 2009).

As the above context, there is a great need and importance of government-NGOs institutional partnership in developmental process of Bangladesh. However, there seems to be a noticeable ambiguity in the policies of the Government of Bangladesh (GOB) on the role and scope of the involvement of the NGOs in development management in Bangladesh (Begum, 2000). Different GOB plan documents have vaguely indicated the possible use of the NGOs but could not identify any specific packages of intervention strategy. Though there have been some success cases, due to in-built bureaucratic inertia and institutional jealousy, GOB agencies are not much interested to go for such collaborative projects. The overall tone of the GOB plan documents Fifth Five Year Plan (FFYP) emphasizes the use and co-ordination of NGOs by the government agencies rather than any positive attempt for institutional relation.

In this context, Non-governmental organizations (NGOs) are an integral aspect of society in Bangladesh. They provide a variety of services to people, provide employment, mobilize public opinion, influence governmental policy and they are the part of everyday life for large numbers of people in most of the country. Not only are they a strong cultural presence, but also a substantial economic and political one. They are involved in many important sectors of the economy such as education, health, finance, and commerce. They are relevant politically because many of them are active in addressing important issues relating to gender, poverty, corruption and civil society. Moreover, there is a psychological dimension to their impact because in their attempts to raise consciousness and empower people, they help to transform how individuals view their rights and obligations in society. Although various studies of specific NGOs exist, few scholars have examined the overall role and impact of NGOs. There are several books, monographs and scholarly studies on Grameen Bank, BRAC and other large NGOs but few that carry out a general study from a comprehensive and multi-disciplinary perspective. These books are constitute as an independent, academic, approach to this

topic and hence it expects a variety of questions and issues to be raised, including those that may be supportive of NGOs in the country or may evaluate them more critically.

Growing Power of NGOs through Institutional Relationship

It has been observed that in most developing nations, the power of NGOs has increased in recent years in relation to the state or government. In the case of Bangladesh, the NGOs have become a formidable force affecting the political and economic domains especially the power and legitimacy of the government. There is a growing trend, in alliance with foreign donors, for the influence of NGOs to expand to the extent that they compete with government for scarce foreign assistance at the national level and for sharing political power at the local level (World Bank, 1996: 42). Certain indicators support this assumption that the power of NGOs has increased in relation to the government. First, a crucial indicator of the expanding power of NGOs is their takeover of some of the basic activities that used to be performed by various state agencies. As previously discussed the large development NGOs such as BRAC, Grameen Bank, Proshika, and ASA have become credible institutions to provide varieties of inputs and some basic social sectors like education, agriculture, infrastructure sanitation, water and health care etc.

In addition, the state monopolies like telecommunications, printing and computer software are already being threatened by some of the largest NGOs and it is expected that they may get involved in other sectors such as gas and mineral resources. This trend implies a diminishing role for government ministries and agencies in such sectors and activities. With this increasing involvement of NGOs in various sectors there is a growing public indifference toward the roles played by government organizations. Furthermore, some of the larger NGOs have become so institutionalized and oligopolistic in various sectors and they exercises considerable power and influence in relation to government agencies (Torres, 1993).

Second, another indicator of the increasing power of development NGOs is the fact that the majority of their members are women who represent a formidable political force as a group participating in elections and shaping the election outcomes. It has been noted that, on average, more than 80 percent of the members of NGOs in Bangladesh are women. In the case of larger NGOs such as Grameen Bank, BRAC, and Proshika, the percentage of female membership ranges from 85 to 90 percent (BRAC Annual Report, 2007).

Third, an increase in NGO power is also evident in greater resistance from NGOs to certain policy options devised by the government and more involvement by NGOs in advocating or publicizing their activities in order to influence government decisions in their favour. With regard to some issues and events, including anti-poverty policies, control over non-state organization and so on, some NGOs have recently taken a more confrontational stance against the government (Khan, 2003). In fact, there is a strong sense among NGO leaders that they should play a more active role in parliamentary committees and hearings related to NGO issues (World Bank, 2006a). On the other hand, large NGOs such as Proshika and BRAC are engaged in directly advocating and lobbying for their respective objectives and policy agendas with the government. The poorer sections of society also use NGOs as an articulate lobby in pursuing their welfare interests (Kamal, 2000).

Finally, many development NGOs have gained further power by expanding the scope of their financial transactions and taking over various profit making relatively autonomous and independent of financial controls exercised by the government. By 1995, the cumulative disbursement of rural credit by NGOs credit disbursed by the public sector and national banks in Bangladesh. Many Bangladeshi NGOs are now involved in such business contracts and profit making enterprises. For example, BRAC has ventured into printing presses, cold storage, garment manufacturing, retail outlets, and milk products. Similarly, Grameen Bank and Proshika are the another into businesses such as banking, garments, shopping complexes, telephones systems, transport services, cold storage, fisheries projects, deep-tube wells, and biotechnology (Islam, 1999). By 1999,

the annual budget of BRAC reached US \$ 106 million, and the total loans made by Grameen Bank amounted to US\$380 million. Now it is estimated that in partnership with BRAC Bank, BRAC Microfinance Programme initiated its Remittance Programme in 2003. The new service processed a total of 1,183,404 transactions, covering BDT 34,430 million (USD 504.5 million), between 2003 and 2008 (BRAC Annual Report, 2008). Such extensive business ventures undertaken by these NGOs not only make them financially independent of the government, but also enable them to influence government policies in the relevant socio-economic development.

Local Forces Expanding the Power of NGOs

From the above discussions, it is clear that the power of NGOs has significantly increased in relation to the government in Bangladesh. Various local factors contribute to this recent increase in NGO Power. First, according to (Wagle, 1999), one of the internal strengths of NGOs that makes them influential in relation to local and national politics, is the increasing scope of their membership.

End of December 2008, BRAC is working or present in all 64 districts of Bangladesh, with over 7 million micro-finance group members, 37,500 non-formal primary schools and more than 70,000 health volunteers. BRAC is the largest NGO by number of staff employing over 120,000 people, the majority of whom are women. BRAC operates various programs such as those in microfinance and education in over nine countries across Asia and Africa, reaching more than 110 million people (BRAC Annual Report, 2008).

In Bangladesh, now BRAC has nearly 3.9 million members and 26, 000 fulltime and 67 000 part-time employees in more than 20,000 villages. Grameen Bank has 3.3 million borrowers and more than 1000 employees in 35000 villages. The total number of members of borrowers is 2.6 million in Proshika, and nearly 1.6 million in ASA (NGOAB, BRAC, and ASA, 2008). Such nationwide networks of development NGOs and astonishingly large numbers in membership imply that these NGOs have a strong

rural support base compared to the government, which lacks parallel networks and membership in rural areas. This paucity of government institutions at the grassroots level provides NGOs with a greater opportunity to influence the rural population in Bangladesh (Chowdhury, 1990:74).

Second, Compared to various state agencies, development NGOs have a more popular image, especially through their comprehensive educational and training programs that shape the orientations of millions of NGO members and, through them, other citizens. NGOs such as BRAC, Proshika, and Grameen bank have extensive programs of non-formal education and training for their member's, which not only provide basic literacy and skills but also enhance sociopolitical awareness. The use of these long-term programs on a continuous basis impacts on the attitudes of NGO members toward the government. It has been pointed out that it is the awareness-raising programs of certain NGOs that significantly contributed to the democratic movement and the eventual ousting of the Ershad regime in 1990 (Lewis, 1993: 55). In addition to these education and training programs, many NGOs have gained public support due to their proximity to local people, field experiences, and need based services. Compared to state provided services, those provided by development NGOs areas such as health care, education, agriculture, and microcredit, are usually found to be more popular in rural areas (World Bank, 1996: 37-43).

Last, in response to the expanding power of NGOs base on the above factors, the Bangladeshi government has taken a more compromising stance to accommodate the demands of development NGO, co-opt them as partners and allow them to play in increasing role in various sectors. Such compromise and co-option by the government in turn helps these NGOs expand their power and influence. This trend is evident in the increasing frequency of partnerships, joint ventures, and contracts between the government and NGOs in the various sectors such as education health, youth development, and disaster management (World Bank, 1996: 16-17). The government has also contracted out certain services and franchised large donor-financed projects to NGOs in recent years (Robinson, 1997: 74). This shift in government policy from controlling

NGOs to forming partnership with the, implies the states diminishing role and the growing significance and power of NGOs.

This increase in external financial support to Bangladeshi NGOs from international sources seriously expands the power of such NGOs in relation to the government. In this way the NGOs are recognized as legitimate parties with which to negotiate external financial assistance. For instance, in its recent negotiation of a US\$2.5 billion loan to Bangladesh, the Asian Development Bank consulted both government officials and NGO representatives (The Independent 14 June, 2006). Some of the officials have expressed concern that large NGOs are becoming a shadow government and diminishing the importance of national government in developmental decision making (Clark, 1997). In addition, an indirect role is being played by western governments in the empowerment of such local NGOs. This is because Bangladeshi NGOs receive financial support from bilateral agencies and foreign NGOs which in turn, get funds from their respective, governments in western Europe and North America. Thus, western governments through financing their own NGOs and overseas agencies not only have played an indirect but crucial role in reinforcing the power and influence of local NGOs in Bangladesh (Newnham, 2006).

NGO Accountability in Bangladesh

Every NGO, irrespective of its size and its range of operation, it has a governing body and an executive committee. Accountability of NGOs to donors and the government is included in this category. There is a perception among different segment of the population that NGOs, especially the big ones, in Bangladesh are not accountable for their activities. This negative perception has been reinforced by lavish life style of the executives of big NGOs. Some of the prominent major Islamic NGOs like, Islamic Relief Organization, Islamic Foundation and Ishrahul Muslimin also depend on foreign funds basically from Saudi Arabia, Kuwait and Sudan. They also get donations in excess of

Taka 200 crore every year. But they do not give details of their income and expenditure to any government body.

Similarly, Most of the Bangladeshi NGOs are almost solely dependent on foreign funds. For instance, within a span of four years between 1988-89 to 1992-93 donors increased their funding form 162 NGOs increased form TK 280 crore to Tk. 783 crore during that period (Hashemi, 1995: 108). Therefore, in recent years fundamentalist elements have alleged that many NGOs of Bangladesh are involved in different activities that are the anti-state and anti-Islam. Huge donor funds at the disposal of big NGOs have also led to governments attempt to control and monitor their activities. Due to most of the NGOs are heavily dependent on foreign resources, the flow of money from the outside, the NGOs can make the corrupt one, controversial and autocratic in the absence of accountability, thus, the locus of accountability is one of the major issues relating to NGOs in Bangladesh (Zarren, 1996).

Increasing financial dependence of NGOs on donors has had two consequences. Most of the NGOs have made little attempts to mobilize funds from within. At the same time their agendas have become donor-driven. Both the consequences have critical implication for accountability. NGOs are as a part of aid conditionality; they have to submit regular audited reports to funding agencies and subject to door selected consultant evaluation of their activities. All these suggest that NGO Policies may reflect donor priorities rather than their own client's needs and aspirations.

Successive governments have attempted to monitor and control activities and funding of NGOs through a number of laws, rules, and procedures. The legal framework of NGOs has two parts: laws under which voluntary, non-governmental associations of people are incorporated and given a legal identity, and laws regulating the relationship of such associations with the government (World Bank, 1996: 21). Laws for incorporation include the Societies Registration, Act of 1861, the Trust Act of 1882, Cooperative Societies Act of 1825, and the Companies Act of 1913 as amended in 1994. Development NGOs must register themselves under these laws. The second category if laws, which determines an NGOs relationship with the government, includes the Voluntary Social

Welfare Agencies (Regulation and Control) Ordinance of 1961, the Foreign Donations (Voluntary Activities) Regulations Ordinance of 1978 and the Foreign Contributions (Regulations) Ordinance of 1982.

In 1990 the then government established Non-governmental Organizations Affairs Bureau (NGOAB) under the 1978 ordinance as amended in 1982 to register and regulate all NGOs seeking or receiving foreign funds. For an NGO to register with NGOAB it needs to fulfill certain conditions: obtain clearance from the Ministry of Home Affairs, prepare a Five Year plan (FYP) of action and an individual project proposal and promise of outside funding from donor. Reviewing the laws governing incorporation and receipt of foreign funds by NGOs, the World Bank study found several deficiencies. These included discrepancy between ordinance rules and types of activities, lack of relevance of ordinance to work programs of NGOs, and differential treatment between private business and NGOs (World Bank, 2004).

In the case of Bangladesh, the formal objectives of both the government and NGOs have been to assist the underprivileged population (especially the rural poor) to have better living conditions and greater voices, especially by expanding the GO-NGO partnership and working jointly in various sectors (World Bank, 2002). These objectives are largely articulated in government plans and programs as human development and social empowerment. It has been repeatedly stated by the government and NGOs as well as foreign donors that they need to collaborate as partners to enhance development and empowerment, especially for the poor in rural areas (Aminuzzaman, 2000). However, social empowerment is often interpreted as the process of shifting power to the common people by enhancing their capacity to manage their own affairs and exercise influence over decisions that affect them (Kraft, 2000). In this context, the primary objective of Government and Non-governmental Organizations collaboration in Bangladesh, human development and social empowerment are presented in terms of criteria such as poverty alleviation, income generation, skill development, awareness creation and people's participation in diverse sectors, including agriculture, livestock, forestry, healthy and education (Farrington and Lewis, 1993).

Implications for Human Development

In general, the idea of partnership among major local, national and international actors has gained significance as a tool for enhancing socio-economic development (Siddiqi and Oever, 1998). This growing emphasis on partnership in development activities can be observed in major conferences, workshop donor policies, and government programs (Brinkerhoff, 2003: 7-11). In Bangladesh, the government and NGOs share the common goal of national development in terms of alleviating poverty and illiteracy, generating income, improving health care and upgrading living standards. In this regard, NGOs are often glorified for their developmental achievements. It is observed that in partnership with government, NGOs like Grameen Bank, BRAC, Proshika, and others have economically helped about five million rural families to overcome the poverty trap, contributed significantly to birth control and a decline in infant mortality, assisted school dropout children to complete primary education, and so on (Islam, 1999, Ahmed, 2000).

From the earlier discussion, one may conclude that it would be extremely difficult for the government to make these developmental achievements without the active collaboration of NGOs especially when the business sector is quite weak in Bangladesh, in particular, the partnership with NGOs, which have greater grassroots experience and affiliations, that has been important in pursuing economic improvements in rural areas (Mujeri, 1999).

As mentioned earlier, the government and non-governmental organizations partnership in non-formal education has led to the establishment of nearly 43000 schools and centers, by well-known NGOs especially BRAC and Proshika, with an enrollment of about 2.5 million children. In the area of health through Government and NGOs partnership, the expansion of health services has made basic health care and family planning accessible to nearly a quarter of the population are getting benefits. Similarly,

with in the water and basic sanitation sector about nine million rural people of Bangladesh are beneficiaries (BRAC Report, 2008).

Under the framework of partnership, some major NGOs in Bangladesh have expanded collaboration with government agencies, foreign donors, and private enterprises become more interested in gaining funds, business contracts and profit making ventures form these partners. Thus, they moved away from their original development agenda of improving the socioeconomic conditions of the rural poor. In collaborations with partners, some of the largest NGOs including BRAC, the Grameen Bank and Proshika have become increasingly involved in ventures such as grocery stores, cold storage, real estate, shopping complexes, transport services, and other business (Chowdhury, 2001). Thus the non-profit development agendas of these NGOs are adversely affected.

Implications for Social Empowerment

In the existing literature on relationship, some scholars emphasize its significance of empowering people, especially by allowing NGOs as partners in various activities such as basic education gender equality, environmental justice and son on (Tvedt, 2002). In most Asian countries, people's participation and empowerment has been major concern in the activities of NGO's and their partnership with the government. In the case of Bangladesh, the most NGOs began with the agenda of empowering the rural poor as one of their primary objectives (World Bank, 1996).

In the process of government and non-governmental organizations some kind of polarization has emerged among major NGOs in terms of their alignment with major political parties, especially the Awami League and Bangladesh Nationalist Party forming the government during the current decade (Zaman, 2003). This bipartisan of political party affects the powerful in relation to the powerless rural poor. Then, the government and NGO collaboration is quite politicized in Bangladesh, which has empowered NGOs themselves instead of empowering the people. Some NGOs have used such partnerships

with the ruling party to avoid state regulations and influence government decisions in their favour. It is necessary that the institutional relations between the government and NGO are most important which can give power to the rural poor the name of existing rules and legal manner. Through the institutional relationship between the government and non-governmental organizations, the government is more likely to exercise effective legal controls over NGOs and ensure their accountability to people in rural areas. Thus, Government and Non-profit making organizations partnership may benefit the top NGO leaders by expanding their autonomy from the state regulations and access to government officials it can develop the rural poor in Bangladesh.

In a poor country like Bangladesh there is no doubt that the government is not in a position to pursue development and deliver services alone due to various constraints and NGOs can play a crucial role in this regard due to their grassroots affiliations and experiences (World Bank, 1996, Mujeri, 1999). However, as discussed on the above context, the objectives of partnership between the government and NGOs to enhance human development and social empowerment have hardly been realized. As previously explained, this Government and Non-governmental organizations institutional partnership in fact, may have adversely affected development and empowerment in rural Bangladesh. Due to such controversial outcomes of the partnership, one needs to go beyond these formal objectives or rationales of partnership and explore other major caused behind its expansion.

However, it is the external influence or pressure exercised by various bilateral and multilateral foreign donors that has been a more critical factor behind the current expansion of Government and NGOs partnership in Bangladesh (Ahmed, 2000: 280). In almost all developing nations like Bangladesh, the role of donor agencies has been crucial in initiating and building such partnership. It unlikely that partnership would have been achieved without the incentives of donor funding the initial terms of the partnerships between government, NGOs, and citizen groups were predetermined by the donors. In Bangladesh, the World Bank (WB) and the Asian Development Bank (ADB) have provided financial support and technical assistance to the government with the

prescription for greater GO-NGO partnership ((The Independent Bangladesh, 26 June, 1999, World Bank, 1999). In the current global context dominated by greater emphasis on such partnership, Bangladesh can hardly avoid this global trend, especially due to its external dependence on international donors favoring this new mode of governance based on relationship. As a result, the partnership between the government and NGOs in Bangladesh is not always based on trust; they often use each other in the partnership process. Thus, there is a need for establishing a clear and comprehensive framework for the allocation of foreign funds between these two organizations in order to make the Government and NGOs relationship based on natural trust and commitment.

In institutional relation to this concern for accountability, the Bangladesh government should expand its partnership with NGOs without rethinking its adverse implication. In fact, the very assumption of this partnership, i.e. NGOs are more efficient and effective than government in carrying out programs related to rural development and empowerment, needs to be re examined. According to some studies from Bangladesh it has been finding out a big and large NGOs that can be quite bureaucratic and less cost effective (Aminuzzaman, 2000). However, when the government finds it crucial to form partnerships with NGOs, it must maintain an effective regulatory role without practicing excessive intervention. It needs to strike a balance between the operational autonomy of NGOs needed for effective service delivery on the one hand, and the regulation of NGO activities required for maintain their accountability on the other. This framework for balancing autonomy and control can be developed through institution like the GNCC that provides a useful forum for dialogue and cooperation between the government and NGOs. In this regard, foreign donors also should not be too complacent they must emphasize the transparency and accountability of NGOs while stressing their partnership with other stakeholders (World Bank, 2002).

It is necessary to identify an overall development vision for Bangladesh because in the current context, the nations developmental agenda has become extremely fragmented and confusing due to diverse objectives, programs and the interests of leading NGOs, foreign donors and government agencies. In this way, it is essential to have

greater co-ordination among these stakeholders to work out an overall development agenda in the interest of the common people instead of pursuing the individualistic goals of these partners themselves.

What seems to be the most critical point here is that although the role of NGOs and their partnership with other stakeholder's has gained significance in recent years the role of government still remains crucial. In critical times many NGOs and private firms may walk away, while the public sector under any popularly elected government would not be able to distance itself from responsibilities (Caplan, 2001). In Bangladesh, according to the various sources, the role of the government sector in delivering basic services remains essential, especially for setting policy priorities, protecting the public interest, and enforcing necessary regulations, although the role of NGOs and other actors need to be recognized (Ahmed, 2000: 234). Due to the increasingly business oriented partnership and donor dependence of Bangladeshi NGOs, a comprehensive mechanism for accountability needs to be worked out especially the leaders and the employees. Because of these NGOs are neither elected nor appointed by any neutral, legitimate institution.

As discussed earlier, GO-NGO partnership has in fact, made the existing state regulations less effective in ensuring the accountability of NGOs. In this regard, it suggests a greater degree of transparency and information disclosure about the codes of conduct and financial transactions of Bangladeshi NGOs in order to ensure their accountability (Mujeri, 2003). On the other hand, some authors also recommend that NGOs can have regular publications of annual reports and audited financial statements, which should be made available to the public. There are also suggestions for establishing a parliamentary committee to scrutinize the activities of Governmental organizations and non-governmental organizations and tax to their commercial activities (Ahmad, 2001). In conclusions, although Governmental organizations and Non-governmental Organizations partnership has become a priority in Bangladesh in line with the global trend, its implications for human development and social empowerment are, at best, controversial and there are adverse consequences of institutional partnership related changes in NGO

activities in this regard. Thus, Government and Non-governmental Organizations institutional relationship should be evaluated in line with the principle that such partnership is not an end in itself and it should be assessed in terms of where it contributes to people's empowerment and development in Bangladesh.

CHAPTER-IV

Impact on Sectoral Development in Bangladesh

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Impact on Sectoral Development in Bangladesh

Introduction

Bangladesh's Constitution¹ states that the Government of Bangladesh is responsible for creating an environment for its citizens that allows them to improve their quality of life through access to various sectors such as health, education, women empowerment, water and sanitation, infrastructure development, and other basic social services. At the time of independence, the economic condition of Bangladesh was very deplorable. Following independence the new government was much preoccupied with meeting a series of problems that needed to be solved immediately, such as alleviate poverty, care for the wounded and disabled, help to the war windows and orphans and restoration of law and order in the country. Developing country like Bangladesh, the single government cannot provide such type of social service delivery in every sector throughout the country without support of community based non-governmental organizations (NGOs).

During the last few decades Bangladesh has scarcely made any progress in accelerating growth and in relieving poverty and unemployment. So it is clear that various initiatives, which were taken by the government to achieve the goal of poverty reduction, development of health, education, women empowerment, micro-credit, agriculture, infrastructure and other social service have not been able fulfill the demand

¹ Generally, every constitution confers specific powers to an organization or intuitional entity, established upon the primary condition that it abides by the said constitution's limitations. The term *constitution* refers to a set of rules and principles that define the nature and extent of government. Most constitutions also attempt to define the relationship between individuals and the state and to establish the broad rights of individual citizens. It also means the rule of law to ensure the rights and liberties enjoyed by the people. These are the basic premises on which the modern democratic welfare states function. Article 15 and 16 of Bangladesh Constitution states that the basic necessities and rural development. See also, (*The Constitution of the People's Republic of Bangladesh, 2008*).

as people's need. Having this background, Non-governmental organizations (NGOs) have come to light as the latest alternative development sector to reduce poverty in Bangladesh. In this context, the role of NGOs in delivering services in Bangladesh is significant. The biggest NGOs are like, Bangladesh Rural Advancement Committee (BRAC), Association of Social Advancement (ASA), Grameen Bank, Proshika and many other NGOs are working both rural as well as urban areas and play a major role in the country's development with the collaboration of government in Bangladesh. Currently Asian Development Bank's (ADB) cooperation with NGOs at the country level necessarily is becoming a dynamic process involving with the Government and NGOs. Now ADB is considering capacity building support that would contribute toward strengthening of Government-NGOs institutional relationship (Asian Development Bank, 2009). Through this institutional relationship now most of the NGOs are taking a closer interest in governance processes in general and development processes in particular. Thus, this institutional relationship impacts on various sectors such as health, education, water and sanitation, agricultural development, infrastructure development, women empowerment, rural development and micro-credit program in Bangladesh.

NGOs and Grassroots Development

The Non-Governmental Organizations (NGOs) are viewed as non-profit civil society organizations that are involved in grassroots² promotion for the empowerment of the disadvantaged segments of the population (Clark, 1999). These NGOs have been engaged in empowering the rural disadvantaged people through the building of grassroots organizations in the villages. The NGOs have expanded their activities enormously over the last four decades in Asia, Africa and Latin America. There is a growing belief among the Western donors that participatory development can only be attained through the

² It is believe in total development of a total man and solutions to the problems, issues and needs of the rural communities can be found by people themselves by their collective actions with solidarity. Thus, grassroots developments are at the local level, as many local peoples in the community give their time to support the local development, which can lead to helping from local to the national level development. See (Elizabeth, 1990).

active involvement of NGOs in development. Despite these factors, international organizations, including the World Bank, tend to involve NGOs in development activities in order to put political pressure on governments in the developing countries. Although NGOs in recent times have been considered as efficient agencies by the international development agencies, there are strong critiques of their roles, policies and operations in grassroots development. Now NGOs have their own goals and vested interests which may not concur with those of their intended beneficiaries (Fowler, 1988).

In recent times, NGOs have become more projects oriented than people oriented because of foreign funding. In most cases, they are occupied in the massive expansion of programs in the rural areas, regardless of any participation from the rural people. Although they have been successful as advocates of people's participation and empowerment, their conceptual clarity with regard to participation in the process of grassroots development remains vague (Galjart, 1995). Their work is mostly limited to welfare activities in order to relieve the immediate suffering of the people. Much of their programs have been confined to the basic needs approach rather than political empowerment for social change. In most cases, the role of the NGOs in the rural societies tends to maintain a patron-client relationship in the name of empowerment (Barua, 1999).

Context of NGOs and Grassroots Development in Bangladesh

Bangladesh is a poorest country not only in South Asia but also in the World. Seventy three percent of the people live in rural areas and over sixty percent live by agriculture alone (Bangladesh Source, 2009). Although Bangladesh was rich economically during the pre-colonial period, at the present time seventy percent of the rural population is landless owning less than 0.5 of an acre each. Over half of total populations living in absolute poverty and of these more than 25 million are living in extremely harsh circumstances. Rural people are more than twice as likely to be poor compared to those living in the cities (Bangladesh Source, 2009). The people of Bangladesh have experienced colonial oppression for more than two hundred years. More

significantly, they have faced military rule for nearly 25 years from 1975 to 1990. The participation of people in the political process was not a regular event (Barua, 1999). Over the years, the people of Bangladesh have struggled for their liberation based on their language and cultural identities (Jahan, 1996). In spite of their long struggle, Bangladesh only emerged as an independent nation state through a war of liberation in 1971. The liberation struggle sensitized the young freedom fighters to work for the empowerment of the rural people. Eventually, these freedom fighters came forward with a commitment to establish Non-Governmental Organizations (NGOs) in the post-liberation era in order to help these rural people. The NGOs have now extended their programs to 24 million rural people in 78% of the villages in the 564 sub-districts with the financial support of international NGOs and bilateral and multilateral donors (Asian Development Bank, 2009).

NGOs in the form of alternative development sector in Bangladesh have already been acknowledged as a model of poverty reduction and have created a notion of high expectations since early 1990s as powerful instrument of creating income generation and self employment opportunities for the distressed poor by providing micro-credit. So, micro-credit is crucial for the poor to create self-employment and reduce their poverty situation. In Bangladesh more than 1000 NGOs are currently involved in microcredit activities (The Independent, Feb, 8, 2008 a widely Circulated Daily Newspaper in English, Published from Dhaka, Bangladesh). The micro-credit summit declaration in 1997 pledged to cover 1000 million poor households all over the world especially, women. Association for Social Advancement (ASA), Grameen Bank (GB) and Bangladesh Rural Advancement Committee (BRAC) are the biggest NGOs in Bangladesh and they have proved that micro credit is not a charitable programme.

As NGOs have become increasingly prevalent, there is also concern of a diminishing accountability between elected central and local Government representatives and clients. Weaknesses in the regulatory framework and in financial accountability raise questions as to the fiduciary risks of further expansion (World Bank, 2005, The Economics and Governance of NGOs in Bangladesh). Therefore there is need a greater

partnership between government and non-governmental organizations (NGOs) towards the country's development in various sector.

In assessing the outcomes of partnership, there is a tendency in the current literature to use certain criteria such as the level of each partner's satisfaction, effectiveness of conflict resolution, equity and accountability among partners, transparency in partnership activities, compliance of partners with mutual agreed contracts or obligation, and so on (Ahmed, 2000). However, these assessment criteria seem to consider partnership as an end in itself rather than a means to achieve the respective goals of individual partners. In other words, the ultimate success of partnership should be judged in terms of whether it has been conducive to the realization of the objectives of various partners, which they would not be able to achieve by themselves. In the case of Bangladesh, the formal objectives of both the government and NGOs have been to assist the underprivileged population (especially the rural poor to have better living conditions and greater voices, especially by expanding the Government and non-governmental organizations partnership and working jointly in various sectors (World Bank, 2002).

Policy reforms and structural adjustments, primarily aiming at reducing government interventions and enhancing economic efficiency to create a conducive macro-environment for sustained growth, which has created new opportunities as well as changes for poverty alleviation efforts in the country. In particular, emphasis on the increased role of the private sector and fostering of macroeconomic incentives for productivity gains with a competitive paradigm requires innovative strategies and adjustments institutions to mitigate the adverse of policy reforms on the poor, especially during the transition period. The grassroots intuitions, with their experience and closeness to the poor, are the ones that are ideally located to perform the critical task of making such a process smoother and effective. In this regard, the NOGs in Bangladesh with their network, experience, and flexibility have been playing a key role within the existing policy environment governing to the civil society. The scope of further enhancing contributions of NGOs in tackling the developmental challenging in various areas such as

health, education, infrastructure development, micro-credit, women empowerment, agricultural development, water and sanitation development and particularly in addressing the poverty alleviation. Moreover, the clear understanding of the strengths and limitations of both the government and the NGOs in addressing the developmental sectors, the contributions of NGOs can make as development partners with the government and identifying potential areas for mutual collaboration and establishing the necessary framework to support and sustain such collaboration (Karim, 1993). For successes in sectoral development in Bangladesh, there is necessary a more fruitful partnership, and changes in policies and practices are required for both the government and the NGOs that set the environment with the NGOs operate.

In recent years, the government and community based non-governmental organizations (NGOs) have become important vehicles of bringing development and pre-planning services closer to the people of every country not exception in Bangladesh. The relationship between the government and NGOs explores the grassroots level integrated programme strategies adopted by most of the NGOs and their socio-demographic in various areas of rural Bangladesh. Through the institutional relationship between the two organizations it finding attest to the high level of potential that exists for NGOs, and their beneficiaries to work closely to solve the prime problems of population and development an integrated programme of poverty alleviation, income generation, women's empowerment, family planning, and health care in Bangladesh.

In response to the continuation of poverty and gender inequity in the distribution of resources, and deteriorated socio-economic, demographic and health conditions in many developing countries, a growing literature is emphasizing planned interventions at the grassroots level (Uphoff, 1993). This literature challenges the earlier assumption that the governments are benevolent and relatively efficient actors with an unlimited capability to direct public interventions to benefit those with limited assets and access to factors of production and other resources (Black, 1991).

However, this disenchantment with the ineffective government interventions carried out in the pursuit of equity in the 1970s is not equally shared by all. There are

those who believe that this disenchantment with government programmes is the product of over reaction to the excessive optimism of an earlier period when everyone had great faith in the ability of the third world governments and the first world donors to eradicate poverty and bring about sustained growth (Cassen, 1986: 11-14). But there is a evidence that the public sector has often failed in reaching the poor in terms of service delivery and in bringing about significant change in their lives, leading to its partial replacement or complementation of its efforts by the grassroots level local organization. Such local organizations are assumed to foster institutional relationship that has become the new mechanism of poverty alleviation, gender equality, empowerment and socio-economic development in the developing countries. Organizing and mobilizing the poor to gain their rights, to become conscious of their potentials, and to involve themselves in self employment, productivity increase and self reliance are the recurring themes of these grassroots level intervention (Rahman, 2000).

An Overview of Social Sector Development and Fifth Plan in Bangladesh

The composition of public expenditure has been used as a powerful vehicle to achieve pro-poor economic and social objectives. During recent years, there has been a significant shift in public expenditure toward social sectors and infrastructure development. In the case of education, development expenditure increased by nearly fourfold between 1996-2006 period in constant price (Bangladesh Assessment, 1999). Similarly, annual development expenditure doubled in the health sector in real terms. Not only had that, per capita public expenditure at constant price increased by 63 per cent for education and 53 per cent for health in 2005-06 compared to 2006-07 (Annual Bangladesh Report, 2007). The World Bank report shows that between 2004- 05 and 2006-07, whereas annual development programme size has increased by 58 per cent from US\$ 2,074.9 million to US\$ 3,267.3 million, allocation for social sector has increased much faster by 143 per cent, from US\$ 483.4 million to US\$ 1,174.5 million (Annual Report, 2007). Along with higher allocation for social sectors, the Fifth Plan provides for increase in the benefits of the poor from such expenditure.

Expenditure for development of education can be cited as an example of integration of poverty alleviation and social sector development in the planning process of Bangladesh. Education is consistently getting the highest allocation in the annual development programme. Several steps have been taken to make public education expenditure more pro-poor. More than 55 per cent of the development budget for education is devoted to primary and non-formal and mass education and 48 per cent is devoted to primary education alone. One study suggests that the poor receive 48 per cent of the benefits for public primary education spends in the rural areas compared to 26 per cent for secondary and 15 per cent for higher education. To ensure universal primary education and eradication of illiteracy by the year 2010, projects are being implemented to increase enrollment and reduce drop-out areas, increase primary education cycle completion rate, improve the quality of education and increase the literacy rate. Consequently, the gross enrollment rate has increased to 96 per cent in 2007 from 76 per cent in 1998 and the completion rate at primary education cycle has increased to 65 per cent from 40 per cent during the same period (Bangladesh Report, 2008).

Within the framework of a comprehensive primary education development programme, different projects have been taken up which enhance the scope of equitable access and opportunity; improve the quality of primary schooling, management planning, monitoring and evaluation. The non-formal education programmes are being implemented by the government in collaboration with NGOs and other voluntary organizations. Of late, a post-literacy and continuing education project has been undertaken for the neo-literates for sustained human resource development. Development projects are being implemented to cope with increased demands for secondary and higher education. According to Bangladesh development board, the study of Infrastructure and other facilities are being expanded (Galjart, 1995). Since January 1994, a female stipend programme at the secondary level has been taken up for ensuring secondary education to the girls. Under this programme, girl students of grade 6-10 are provided with stipends to cover their educational expenses and enjoy free tuition. The number of beneficiaries under this programme was nearly 4 million in 1999 and almost double in 2007-08 (GOB, 2008). It has created such a rush of female students those boys-girls ratio at secondary

level is now 54:46 whereas it was 67:33 as late as in 1994, before this female secondary stipend project. For getting this stipend, a girl student must be present at least 75 per cent of school days, must have satisfactory performance in exams and must be unmarried (Chowdhury and B. Sen, 1998).

A Project namely food for education is an innovative effort which was started in 1992-93 to boost Universal Primary Education. This project is designed to support poverty-stricken families to send their children to primary schools by giving income entitlement through food. This enables the poor families to release their children from livelihood obligations to ensure regular primary school attendance. The target groups include distressed widows, day labourers, insolvent groups and the landless. This programme covers around 17, 811 primary schools and 2.08 million students from 2.02 million families. Food for Education covers approximately 32 per cent of area of Bangladesh. For remaining 68 per cent of the country, Primary Education Stipend Project has been started from April 2000 (GOB, Report, 2004). Now, the poor children which comprise about 40 per cent of the 14.80 million eligible primary school students all over the country are covered by either food for education or cash stipend. Primary Education Stipend Project is expected to benefit 4.4 million students in every year. Through this Project, students to get benefit must now have at least 85 per cent attendance record, and must have satisfactory performance in the examination. During inspection by higher authorities if total school attendance is not more than 60 per cent then food aid to that school will remain suspended until at least 60 per cent of all students resume attendance (Clover and Hall, 1998). At least 10 per cent students of grade 5 must appear in scholarship examination, failing which food assistance will be suspended. All these conditions have also been incorporated in the primary education stipend project.

The Fifth Five-Year Plan has taken up a reform based sector-wide approach under health and Population sector programme to improve the health and family welfare status of the most vulnerable groups e.g. women, children and the poor. One study indicates that public health expenditures are considerably pro-poor: about 52 per cent of the rural households who are poor receive 57 per cent of benefits of public health spending in the

rural areas (GOB, Report, 2005). In order to further improve the targeting of health expenditures to the poor, the Fifth Plan health sector programme emphasizes the links between public health spending and actual improvement in the health status of the population through improved service delivery and making health care services more accessible, cost effective and sustainable. Within an integrated and need based framework, the approach targets to achieve client centered provision and client utilization of an essential service package and selected services including maternal and child health care, rural health and family welfare services and nutritional interventions, particularly for the poor and their dependants (Dawson, 1992).

In addition to health and education, other avenues of public expenditure are important for poverty alleviation and social sector development. The growth propelling impact of rural infrastructure is substantial in creating income and employment for the poor. The share of rural roads in transport sector expenditure in the Annual Development Programme has increased from about 7 per cent in 1989/90 to around 23 per cent 2005-06 (Bangladesh Annual Report, 2008). Similarly, the share of rural electricity in total power sector budget has gone up from 26 per cent in 1989/1990 to around 33 per cent now. About 2,000 rural growth centre's (village markets) all over the country have been identified for improvement like construction of tin-roofed sheds, drainage system, and water supply.

Another example of the integration of poverty alleviation and social sector development in the planning process is the gradual transformation of food assistance from pure relief to linking with poverty alleviation and social sector development. The Food for Education Programme has already been discussed. Since 1990, Planning Commission provides the strategic overview and the sectoral allocation of development food aid resources and their integration with other resources for greater development impact. In 1995, the Planning Commission and the World Food Programme jointly developed a new map of Bangladesh for food aid allocation reflecting socio-economic conditions. Rural areas of Bangladesh were classified into four categories of food insecurity: very high, high, moderate and low. The purpose is to optimize the use of food

aid by enhancing the targeting of the poorest beneficiaries. The food assistance programmes act as a conduit of transfer to raise household level food security for the vulnerable poor and promote human development. The food aid in the late 1990s has mostly been used for food assisted development programmes. The development package includes savings; group based social awareness, functional education, skill training in income generating activities and micro-credit.

The rural infrastructure development programme is another example of integrating poverty alleviation with social development. It includes development of roads, bridges and culverts, small scale irrigation structures, development of trading facilities in rural markets and creation of trading network by linking the hierarchy of trading centre's. During 1997-1999, 110 million person days of employment were created through the construction of 3,530 kilometres of rural road, 67,600 bridges, culverts and development of 356 growth centres (Bangladesh Report, 2008). Poverty is a threat to environment. The poor collect their fuel and in case of some, also part of their livelihood from the forestry resources. They treat forest as a common property resource. In recognition of this, the Government of Bangladesh has started incorporating in a number of forestry sector projects poverty alleviation measures such as micro-credit, employment generation and food-assisted interventions, major beneficiaries being poor women.

During recent years, a number of innovative programmes have been initiated by the Government which combine various components to provide economic and social security and address specific constraints and vulnerability. Old age pension programme has been started in April 1997; presently it covers around one million old and distressed persons (BRAC Annual Report, 2007). The programme management includes local elected representatives, NGOs and members of the civil society. Asrayon (Shelter) Project started in 1997 is a comprehensive scheme to alleviate poverty of the landless and homeless people by providing shelter, imparting training on skill development and providing micro credits for income generating activities. As a targeted programme to provide housing loans and grants to the homeless poor, the Housing Fund is another innovative programme which started in 1997/98 (World Bank, Proshika, and Survey and

Research System, 2002, Bangladesh Service Delivery, A Score Card). A new dimension in the agenda for affirmative action is the concept of one farm for one household. This scheme focuses on development of the household and its linkages with progressively larger sets of social and economic units (Human Development Report, 2006).

NGOs and Its Important in Various Sectors in Bangladesh

Recognition of NGOs as partners in development is another aspect of the integration of poverty alleviation and social sector development in the planning process of Bangladesh. NGOs have emerged as an integral part of the institutional structure for addressing poverty as well as rural development, health, education, agriculture, gender equality, disaster management, environmental conservation, human rights and other social issues. Co-operation between governmental organization and non-governmental organization has become an important feature of development strategy of Bangladesh (Ahmed, 2000).

The terminology NGO covers all those organizations outside the government, which are non-profitable and involved in various development and welfare activities with the objective of reducing poverty. In the simplest sense, the term NGO refers to any voluntary non-profit agency involved in the field of development activities. According to the Organizations for Economic Co-operation and Development (OECD) NGO as Organization that are established and governed by a group of private citizens for a stated philanthropic purpose and supported by voluntary individual contribution (OECD, 1998). NGOs in Bangladesh can be seen as organizations engaged in activities that are private in origin, voluntary by design but selling services, non-profit distributing by claims but make profit out to the provided services cross-subsidizing (Brinkerhoff, 2003).

However, so far it shows that, more than 22,000 NGOs have been engaged in 9,773 projects involving a total amount of US\$ 3,050.7 million (ADB, 2009). Poverty and social deprivation in Bangladesh is biased against women and rural areas and the environment is often a victim of both these phenomena. As far as the Bangladesh

concerned, we have already seen how social sector development is being given priority, whether it is education or infrastructure. In order to bring women into the mainstream of development, it has been made compulsory to assess the impact of each and every project on women for consideration of its approval by the Planning Commission (Bangladesh Report, 2008). In this way the social sector development issues have been integrated in the planning process.

Impact on Sectoral Development in Bangladesh

In order to understand the impact scenario of Government and NGOs institutional relationship in various areas such as health, education, water and sanitation, infrastructure development, family planning, micro-credit programs etc. are vital part of poverty reduction in Bangladesh. It is essential to have a clear idea about the relationship between the government and NGOs in different sectors and their impact to the society in a poor country like Bangladesh. In this context, it is also necessary to know the brief history of development of NGOs like ASA, Grameen Bank and BRAC, and also their achievement in various areas in Bangladesh.

Association for Social Advancement (ASA): ASA is one of the leading Microfinance Institutions (MFIs) in the world and the second largest Micro-Finance NGOs in Bangladesh. It started in 1978 with various types of development programs for the socio-economic progress for the distressed rural poor. But since 1998 ASA has been doing only microcredit operation by discarding all other social programs. ASA also provides group based micro credit and most to the ASA's credit is short term. Credits repayment with a 12.5 percent service charge added are made through 45 equal installments' over one full year. ASA provides various types of credit in multi scrotal activities. By the end of December 2007 ASA's Cumulative Loan Disbursement was Taka 184,917 million and outstanding Loans was Taka 25,389 million among 8.15 million borrowers. At the end of 2007 ASA's Operational Self Sufficiency (OSS) is around 375.44%, Financial Self-sufficiency 269.17% and rate of loan recovery 99.56%.

Similarly, Up to June 2008 ASA's cumulative Loan disbursement has been TK. 284,686 million (US\$ 4,126 million) while loan outstanding (principal) is TK. 29,182 million (US\$ 423 million) among almost 5,675,784 borrowers (ASA Report, 2008).

Grameen Bank (G. B): The Grameen Bank of Bangladesh is one of the most successful experiments in extending credit to the poor in Bangladesh. The Grameen Bank originated from a small action research project undertaken in 1976 to test the hypothesis that if financial resources are made available to the poor at reasonable terms and conditions, can they generate productive self-employment without external assistance (Nabi and Ahmed, 1995). After three years of experiment the Grameen Bank as project was launched in 1979. After going through a process of learning until 1983, the project transformed into the Grameen bank, a special financial institution for rural poor through an ordinance (Khandker, Baqui, & Khan, (2008). Though Grameen bank is a specialized bank but till today it is working like a NGOs model (Morduch, 2008).

The Grameen bank is only providing the micro-credit of productive activities. As of October, 2007, the total borrowers of the bank number 7.34 million, and 97 per cent of those are women. The number of borrowers has more than doubled since 2003, when the bank had only 3.12 million members. Similar growth can be observed in the number of villages covered. Now the Grameen Bank (GB) has staff of over 24,703 employees and 2,468 branches covering 80,257 villages. Since its inception, the bank has distributed Tk 347, 75 billion (USD 6.55 billion) in loans. Out of this, Tk 313.11 billion (USD 5.87 billion) has been repaid. The bank claims a loan recovery rate of 98.35 percent (Grameen Bank at Glance, 2009).

Bangladesh Rural Advancement Committee (BRAC): BRAC is one of the largest NGOs in the world and one of the pioneers in NGOs activities in Bangladesh, was founded in 1972 in response to the humanitarian needs of thousands of refugees returning to their homes after liberation war to Bangladesh. Mr Abed along with some other conscious, educated persons formed a committee in 1972 at Sullal in former Sylhet 2 districts, as a charitable organization devoted to relief and rehabilitation of the war

affected families. This committee, now a giant in the NGO community is in the global context most commonly known by the Abbreviation BRAC (Saifullah, 2001: 129).

With a view to reducing dependency on the usual money lenders, BRACs credit program aims at creating a financial base for the group members through savings so that they can carry out different income generating activities for reducing poverty. BRAC provides microcredit to its members for the following purposes: crop cultivation, loan for the release of mortgaged land, agricultural implement purchase, rural transport such as rickshaws, country boats, food processing, brick printing, cow or goat and paddy husking (Clover and Hall, 1998: 80). Within a decade of its inception, BRAC had expanded to become one of the largest NGOs in the world, employing 58,000 staff with an annual turnover of over \$US60 million and providing services to over 40,000 villages (BRAC Annual Report, 2007).

Health Facts and Issues in Bangladesh

Government of Bangladesh's health expenditure has expanded over the past decade but remains relatively small compared to private health spending. NGO spending on health and nutrition activities is nine percent of total health expenditure and around 0.3% of GDP, a threefold growth between 1996 and 2002. The bulk of total spending on health services is by households on private care 64 percent in 2001/02. The ratio of government and NGOs spending on health is around 3:1. Larger NGOs are becoming increasingly dominant in health. A survey of 549 NGOs involved in health and nutrition sector activities highlights the growing dominance of the five largest NGOs in the sector, whose spending almost doubled between 1999 and 2002, reaching 73 per cent of total NGOs health sector spending (MOHFW, 2003). In contrast, spending by small NGOs declined in absolute terms, from Tk 819 million (16 percent of NGO health spending) in 2003 to Tk 486 million (6 per cent of NGO health spending) in 2007 (BRAC Annual Report, 2007).

The provision of water and sanitation services by NGOs is also critical to

achieving health outcomes. Around 700 NGOs now work in the water and sanitation sector, with international, national and local NGOs commonly working in partnership. The policy context is strongly supportive of NGO involvements, in recognition of the scale for the need and the shortfall in present provision, as well as of NGO capacities to stimulate behavioral change and to target and supply credit to poor rural women. The two major policies on water and sanitation, the National Safe Water Supply and Sanitation policy 1998 and the National Water policy 1999 are encourage and support a role for NGOs (BRAC Annual Report, 2007).

Impact on Health Sector in Bangladesh

While no data are available with which to directly compare user satisfaction levels in government as compared to NGO services, there is some evidence about overall satisfaction levels with each. User satisfactions with government services appears to have declined over the 2000s, with government services having received a rating of good from 38 percent of respondents in 1999 but only 10 percent in 2003, meanwhile bad ratings rose over the same period from 38 to 45 percent. Multivariate analysis using the data from the Child Nutrition Survey 2000 shows that the presence of BRAC or Grameen Bank in a village can have a significant effect on malnutrition. Results show that the presence of one of these organizations can lead to a decline of about 20 percent in moderate and severe malnutrition among the poor controlling for a set of other household and community factors (Hussain, 2001).

Government and NGOs Collaboration in the Health Sector

NGOs involvement in the health sector has to date been principally financed by donors, although growing recognition for the potential importance of NGO involvement in the sector has led to greater linkages with government. While direct donor support to NGOs rose in absolute terms between 1999 and 2002, the share as proportion of the total

declined from 78 to 67 percent. This declining share reflects the sharp growth in resources channeled through government to NGOs, which rose from 12 to 26 percent of total funding between 1999 and 2002 (MOHFW, 2003).

Public private collaboration in the health sector has taken a variety of forms and an early successful case was the National Tuberculosis Programme. From 1994, the government signed annual MoUs with BRAC and the Leprosy Coordinating Committee (an umbrella organization to co provide tuberculosis curative services through rural community health workers, cure rates of 85 per cent were recorded, and the BRAC program was found to cure three patients for every two in the government program (BRAC, 2002). The success of this collaboration is widely recognized and attributed to the clarity with which the different roles and responsibilities of actors were identified and formulated. Health and family planning programs of BRAC have provided some important health services to the poor people in Bangladesh. Health program addresses issues such as reduction of maternal and infant mortality, treatment and cure of tuberculosis and other respiratory diseases, health educating, and preventive and curative health care. BRACs experimental health care scheme was aimed at providing community village based family planning services. Women's health and development program of BRAC is designed to develop and implement interventions, which would address their reproductive needs of women, including safe motherhood, contraception and nutrition.

Examples like the National Tuberculosis Program have demonstrated the benefits of harnessing NGOs advantages with respect to reaching poor rural communities to achieve wider public policy goals, the government has recently indicated its intention to collaborate further with NGOs, including by developing a Strategic Framework for NGO contracting. These new directions in public policy mark the beginnings of a process of separating the financing and provision of health services. One implication of a larger role for NGOs in service provision thus includes the scope for improving the long route to accountability to poor services users, through the separation of policy making and provisioning functions.

In 1998 a sector-wide approach was introduced to increase the efficiency of planning, monitoring and management of national health plans and strategies. The Health, Nutrition and Population Sector Programme (HNPS) 2003-2010 is based on the sector-wide approach and emphasizes focus on vulnerable groups. Over the last decade, funding for WHO's biennial budget has increased from US\$ 7.6 million in 1998-1999 to a projected US\$ 53.7 million in 2008-2009 (WHO Report, 2009). The increase has mostly come from a substantial flow of voluntary contributions from bilateral agencies and international funds and foundations. WHO constantly seeks to enhance its contribution to the health sector and will identify opportunities for closer alignment with the HNPS. The overarching principles of the Country Cooperation Strategy for 2008-2013 are a commitment to primary health care, the human right to health, and gender equality and equity (Bangladesh Health Survey, 2008).

Micro-Credit Programme of NGOs in Bangladesh

In order to conceptualize the impact of the micro credit program for poverty reduction in Bangladesh, it is essential to have a clear idea about the history of development of Micro-credit program. Micro credit has drawn global attention as one of the most powerful and effective instrument to reduce poverty. All NGOs provide group based credit facilities and these groups are made with those women who are being excluded from the facilities of ongoing commercial banking system in the country they are excluded in the sense that they do not have enough resources, which they can keep as mortgage to the bank. Micro-credit program of NGOs has gained tremendous momentum as an effective mode of poverty reduction (The Daily Star, Feb 8, 2008, A widely circulated daily newspaper in English Dhaka, Bangladesh).

Impact of micro-credit program in Bangladesh

Micro-credit has had a positive impact on several individual and household outcomes in Bangladesh, most clearly on consumption smoothing and social indicators. Analysis of a large representative survey of micro-credit borrowers, and an appropriate control group, shows that consumption variability is 46% lower for eligible Grameen households and 54% lower for eligible BRAC households compared to a control group. This consumption smoothing is driven by income smoothing evidenced by the significantly lower level supply variability experienced by micro-credit members compared to the control group (Morduch, 2008). The importance of this result cannot be over emphasized given the fact that seasonal deficits play a key part in the poverty process in Bangladesh.

A side from micro-credits contribution to stabilizing incomes, there is also evidence that micro-credit, on average, raises the level of household income. A recent panel analysis of households over the 1992-98 period shows that for every 100 taka lent to a woman, household consumption increases by 8 taka (Khandker, 2008). Somewhat surprising, the impact appears to be greater for households who started off extremely poor. These results differ from earlier evidence that pointed to moderate poor borrowers benefiting more than extremely poor borrowers due to the fact that the poorest have a number of constraints which prevent them from investing the loan in a high return activity (Morduch, 2008).

There has been limited work on the aggregate poverty reduction impact of micro-credit at the local or national level in Bangladesh. For instance, the net contribution of micro-credit on moderate poverty for non-participants is a small decline of 1.1 percentage points between 2001-02 and 2006-07 compared to a decline of 8.5 percentage points by borrowers in the same village (ibid). So while borrowers clearly benefit from micro-credit, non borrowers do not gain as much from additional employment or from additional demand for their products. The impact on extreme poverty is estimated to be somewhat greater, 4.8 percentage points for non borrowers and 18.2 percentage points for borrowers over this seven years period.

The impact of microcredit on non-income indicators in Bangladesh is also broadly positive. There is now convincing evidence based on a representative household survey that takes into account common methodological problems such as selectivity bias, that access to micro-credit empowers females to discuss family planning issues with their spouses, leads to women taking a greater role in household decision making, having greater access to financial, economic and social resources and to greater mobility. These findings are in line with other work on micro-credit and female empowerment in Bangladesh (Grameen Bank, 2008).

The discussion on the impact of micro-credit would be incomplete without referring to the broader package of interventions that are provided with micro-credit. MFIs vary significantly in Bangladesh in terms of non-credit services though typically they include training, related business development services and social messages on education, health and civic rights. One carefully designed study finds that these non credit interventions raise self employment profits in rural Bangladesh by 125% while the combined impact of credit and non-credit interventions on self employment profits is 175% (Kandheker, 2008).

Turning now to the fact that, the above discussion has focused exclusively on benefits without referring to costs. There has been very little cost benefit work done in the microfinance literature. Cost benefit ratios for three major microfinance programmes in Bangladesh compare favorably with other safety net interventions according to one study (Khandker, 2008). Another study assesses the cost effectiveness of the Grameen Bank and concludes that Grameen Bank probably was a good investment (Schreiner, 2003). There are a number of reasons why there is such a limited amount of evidence of cost benefit work and why the studies cited above are somewhat tentative in their conclusions. The methodological limitations to measuring the cost effectiveness of micro credit are numerous, the principle ones being that program costs vary considerably depending on what stage an MFI is in their growth strategy, many benefits resulting from micro-credit are difficult to measure and that the benefits from borrowing has been shown to vary with time. The difficulty with measuring the discounted value of these benefits and the highly

variable cost implications of an MFIs expansion strategy means that the type of cost benefit work that is possible with building a road, for instance, is far more complex in micro-finance.

Education facts and issues in Bangladesh

NGO education services are targeted to the poor. Around 46 percent of NGO branches in the World Bank NGO survey provide child education services, with a further 25 per cent involved in adult education (Gauri and Galef 2004). As many as 1.5 million children, or around eight percent of all currently enrolled primary students, are in NGO primary schools. Of these 1.2 million alone are enrolled in BRACs network of 34,753 non formal primary schools (BRAC Annual Report, 2007). As figure 2.6 illustrates the majority of students in NGO schools are from the bottom two socio-economic quintiles in contrast to government and other schools. BRAC's Non-Formal Primary Education programme provides five-year primary education course in four years to poor, rural, disadvantages and drop outs children who cannot access formal schooling. These one room schools are for children between eight and fourteen years of age. As of June 2008, 37, 500 Primary Schools and 24,750 Pre-Primary schools hav been established by BRAC enrolling nearly 3 million children, 65 percent whom are girls. The schools have dropout rate of less than 5 percent (BRAC Annual Report, 2008).

NGOs involved in education range from large NGOs which provide nationwide education programs and services to a large number of very small NGOs operating mainly at sub-district level, which provide education directly and rely heavily on the larger NGOs for financing and technical support. In between, there is a group of medium sized NGOs which provide both education and some educational services to local level NGOs, and which have a significant regional presence. NGO education programs in Bangladesh remain best known for their non-formal primary education programs, which are widely understood to be high quality and cost effective interventions which reach the poor and in

particular poor girls. One study describes the BRAC non formal primary education program, by far the largest NGO education program in Bangladesh.

Government and NGOs coordination in education programs special in primary education still remains weak. NGO schools are not formally recognized in official statistics on primary education. Since the closure of the department of non formal education here has been no mechanism to coordinate government NGO activities. Campaign for Popular Education (CAMPE), is the national network of education NGOs. Popular education is considered to be a process of collective learning where educators and educates learn together through group action in order to make social change. In addition, popular education is politically radical and attempts to mobilize the disadvantaged groups for empowerment through grassroots organizations. It promotes a bottom up approach instead of a trickle down approach. Popular education begins from people's physical, emotional and intellectual locations (Clover et al.1998: 10). An important element of popular education programs is to liberate the villagers from colonial oppression and to assist them in valuing their own culture in order to strengthen their grassroots organizations through educational activities (CAMPE, 2001).

As the above context, the government of Bangladesh has attempted to coordinate the activities of NGOs involved in education while individual large NGOs such as BRAC and other involved in contracting and coordinating the activities of their small partner NGOs. NGOs education programs depend largely on donor financing. Donor financing has been relatively stable over the last five years, and remains vital to NGO education programs. However, dependence on external financing leads to concerns about sustainability. The most realistic option for NGOs to reduce their reliance on donor funds is through the stronger relationships with the government. However, problems with government arrangements for contracting NGOs need to be addressed as a first step.

Impact on Educational Sector in Bangladesh

Poverty free society is determined by many factors. One of the indicators is the level of education in the country. Education is continuous process and the pre-condition to all development activities. Education is the key to breaking the various cycles of ignorance and exploitation and empowering women and girls to improve their lives (Haque, 2002). In this study, education program means such kind of efforts of NGOs which are designed to eradicate illiteracy so that a person can read, write, calculate and be socially aware.

Efficiency indicators in NGO schools are noteworthy. Attendance in NGO schools was estimated at 85 percent compared to 55 percent in government schools. The completion rate for NGO schools tends to be higher than the average of 68 percent in formal schools, with BRAC at 93 percent and Proshika at 90 percent (GOB Report, 2008). However, Exposure to NGO schools has a greater impact on female enrolment relative to government schools. There is clear evidence that NGOs set up schools in villages where there are a higher proportion of children with no schooling, there are also villages where typically adults have lower average schooling (P Sukontamarn, 2004). After controlling for a range of individual and household level characteristics and village level fixed effects, exposure to a NGO school in a village has a greater impact on girls enrollment than for boys, while there is no gender difference for government schools,. This impact is greater for girls from poor households residing in rural areas. In this context, The NGO schools students achieve better educational outcomes than students of other types of school; overall achievements on a number of basic competencies are still relatively low. Only 38 percent of NGO school students satisfied the basic education criteria, compared with 21 percent in government schools. However, more recent evidence suggests NGO school students score well in both absolute and relative terms in terms of literacy.

BRAC has made significant contributions in the field of education among the poor communities. The non-formal Primary Education Program provides education for the children of these women, whose empowerment is the mission of BRAC. The Non-

Formal Primary Education (NFPE) program is designed to serve the needs of the children of poor landless families who are largely unreached by the formal primary education system. Girls are a special focus of BRAC's NFPE program. BRAC believes that some basic education is necessary to prepare the poor for participation in development. The education intervention of BRAC is divided into two distinct programs Non-Formal Primary Education (NFPE) for children between ages 8 to 10 and the Basic Education for Older Children (BEOC) for adolescents between 11 to 14 years of age (BRAC Annual Report, 2007).

Improving Service Delivery in Bangladesh

In order to achieve sustainable poverty reduction in Bangladesh, the country will need to confront the issues of service delivery. There are vast improvements needed in every sector. This will require a major shift in current government policies and practices. Yet the Government cannot do it alone. The most effective programs for service delivery appear to be those built on partnerships between the Local Government, Donors and NGOs. Ensuring the enforcement of the rule of law for those illegally providing services is also essential. Finally, clarifying and thereby empowering the roles and responsibilities of local institutions will enable them to tackle the challenges of service delivery as is done in other countries.

As pointed out in a World Bank Report (2002), service delivery will also require increasing partnerships with the private sector, changing the structure of incentives for service providers and consumers, increasing the involvement of users and other stakeholders in planning, providing and monitoring service delivery by institutionalizing user surveys, and institutionalizing a system of accountability that makes service providers answerable to service consumers. There should be some basic features in the service delivery which can improve the grassroots level and develop the various sectors in Bangladesh.

Improving accountability and oversight: There is a need to hold agencies accountable for delivering quality services, with a mechanism for allowing grievances to be handled. Approaches used in other countries include a performance based monitoring system with credible indicators and feedback system and the introduction of incentives in public sector organizations (Hashemi, 1995).

Focusing attention on addressing rural poverty: The lack of an explicit policy for rural poverty reduction has been raised numerous times as a major constraint. While this requires a major political commitment, developing a strategy through a consultative process including stakeholders is important to focusing attention to the growing problems of poverty in Bangladesh. An effective policy could provide a strategy for addressing poor areas, including the mandate and specific guidance for prioritizing the delivery of services to the rural poor and dealing with the issue of legal land tenure. Clearly identifying roles and responsibilities within Government, as well as NGOs will help to ensure implementation.

Coordination between service providers: Given the range of services and service providers who face the same challenges, it would be beneficial to foster coordination across institutions and to identify potential synergies. All stakeholders mentioned the need for improvements in coordination. This includes improved coordination between government agencies, Donors, and NGOs. This could be achieved through activities such as stakeholder workshops and capacity building.

Building capacity through training: Implementation capacity could be strengthened at many levels including central and local government institutions, NGOs, and community members. Training in implementation issues, administration, and technical capacity would ultimately benefit the quality of the work which is carried out in Bangladesh.

Sectoral Development: Constraints and Challenges

The development agenda for the new millennium although formidable, is by no means impossible. As the past experience shows, development is very much possible. An analysis based on the government and NGOs institutional partnership and its impact on the above various sectors shows that, Bangladesh has achieved impressive development progress over the past 20 years but still there are some constraints and challenges both the Government and Non-governmental Organizations (Ahmed, 2001). These are as follows:

(1) Delay in releasing the funds which have resulted in slow progress and even stoppage of development projects initiated by the NGOs this problem seems to be continuing. The NGOs express frustration over continual changing processes, more limited funds available to NGOs, and donor coordination problems.

(2) Challenges in working with Government agencies. This includes difficulties in working through layers of government bureaucracy, as well as a lack of accountability and transparency in government processes.

(3) Frequent strikes Political rivalries have led to major disruptions in the development. Frequent hartals or national strikes shut the entire country down and make it difficult to proceed with program implementation.

(4) Lack of appropriate infrastructure, particularly schools and health clinics, to meet the needs of the population the existing infrastructure simply does not meet the needs of the population making effective service delivery impossible.

(5) Most fundamentally, the serious governance difficulties, especially corruption in banking sector, tax administration and power sector, along with the sharply deteriorating law and order problem pose a serious threat to the sustainability of past progress.

(6) Local political intervention in many of the internal affairs was cited by two NGOs to be another problem.

(7) Widespread illiteracy among target group's members was problem while facilitating the linkage process with the government. Due to illiteracy, the people were not very well aware of the various government departments, schemes eligibility, and procedure and so on.

(8) While accessing the resources, a large number of NGOs faced the problems of widespread corruption, confusing and complicating procedures, on availability of information and involvement of vested interests. There are innumerable rules and regulations to be fulfilled by the NGOs this led to further delay in the completion of the project and deriving the results.

The empirical evidence presented here shows that these services are by and large successfully targeted to poor households, though there is some room for improvement particularly in terms of geographical concentration of NGO activity. The impact of these services is also clearly positive and necessary in list developing country like Bangladesh. However while the impact on their clients has been largely positive the wider macro-level impact has been limited by the fact that the services are still relatively micro in certain aspects. Similarly while non-formal primary education programs have contributed to reducing gender disparities in access to schooling and students have better educational outcomes, the impact on national educational quality is limited by the fact that only eight percent of primary schools student are NGO schools. The BRAC and Proshika experience shows that in areas where NGOs health interventions are intensive there has been clear improvements in outcomes. Nevertheless, quantifying the NGOs contribution in improvements in national health indicators is difficult, particularly as a significant part of NGO work is in awareness raising of various kinds such as sanitary practices, family planning and facilitating linkages with the public sector, all of which are hard to measure. Moreover, tackling the emerging priorities in the health sector will require more facility based care an area where NGOs are still relatively micro.

It is clear that multipurpose organizations such as BRAC, ASA, Grameen Bank and Proshika focus on providing services and their engagement in advocacy is relatively low key and deliberately non confrontational. Now many NGOs are efforting to involve

local Government officials, elites, religious leaders and the media on the different issues that are the clearly relevant to the poor. It means that its advocacy efforts are seen as part of its overall development and poverty reduction mandate. However, from where the NGOs are receiving government financing, or any other types of cooperation in delivering services, it is likely to limit their advocacy activities to issues and do not directly challenge with the state.

Based on the above analysis, the government and NGOs institutional partnership in Bangladesh is essential for the country's sectoral development. Human resources development is the cornerstone of social sector development in any country. In fact, various social sector development such as health, education, women empowerment, micro-credit program, infrastructure development and poverty alleviation are mutually supportive goals of government and NGOs planning in Bangladesh. Therefore, various sectors development has been accepted by the NGOs and Government as the most powerful and effective strategy for overall development and poverty alleviation in Bangladesh.

CHAPTER-V

CONCLUSIONS

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It is true that government of any country has to play a major role in various areas of development such as health, education, poverty alleviation, water supply and sanitation etc. In the edge of globalization, there is also need for an active involvement of Non-Governmental Organisations (NGOs). NGOs are an integral aspect of every society; particularly in Bangladesh. Now, they are ideally suited to work as a link between the people's needs and the planning process. NGOs are involved in many important sectors of the society such as education, health, finance and many other areas. They are also relevant politically because many of them are active in addressing important issues relating gender, poverty, corruption and civil society. Moreover, there is a psychological dimension to their impact because they attempt to raise consciousness and empower people and help to transform how individuals view their rights and obligations in society.

Bangladesh, which emerged as a newly independent country of South Asia in 1971, is considered as one of the poorest country in the world. Since its independence, Bangladesh has undergone considerable changes in the mode of governance at the macro level at some major stages including the one party socialist system under the Awami League (AL) in the mid 1970s, the dictatorial military rule under the Zai and Ershad regimes in the 1980s and early 1990 and a multi-party parliamentary democracy under the BNP and the AL is ruling since the mid 1990s. It is interesting to note that despite certain diversity in the ideological inclinations and policy positions of these ruling parties, there has been a gradual expansion of the role of NGOs. The greater relationship between the government and the NGOs began largely during the recent transition to democratically elected governance since the mid 1990s.

In human suffering of people and a massive destruction of the physical infrastructure and the economy caused by the war of liberation called of immediate relief

and rehabilitation intervention. Government of Bangladesh (GOB) had to face a herculean task of renewal and reconstruction of the war torn economy after the war of independence. Due to newly independent, Lower Pressure Groups, military regime, instable government and the failure of democratic government, the state has largely failed in developmental sectors. Meanwhile, the GOB neither had the capacity nor had the appropriate institutional mechanism to address to the volume and diversity of such enormous problems single handed. Beyond this political context, there were also certain demographic, economic, and social factors that have important implications for a large numbers of national and international NGOs extended their helping hands to assist Bangladesh and have grown dramatically to fill this vacuum.

In the context of developing nations, due to a greater need to mitigate rural poverty and empower local people, the relationship with NGOs has considerably increased especially due to the worldwide condemnation of monopolistic state bureaucracies and the advocacy for NGOs as a more preferred alternative for these tasks. Few of the biggest NGOs of the world like BRAC, ASA, Grameen Bank, and Proshika are in Bangladesh with tens of thousands of employees and multi-million dollar budgets. They have created an example for both government and NGOs by providing welfare services and creating a healthy competition. Without NGO activities in sectoral development and different development programmes, the government would not have provided these services to Bangladeshi citizens particularly in rural areas. In this context, the interaction between NGOs and the government can be viewed in positive way in terms of everybody's benefits and their institutional relationship is an important aspect of both the organisations in Bangladesh.

In the globalised world, no country will progress or evolve without a good relationship between public and private organisations. Thus, the diminishing role of the government and the growing significance of non-governmental organisations actors in the most developing countries like Bangladesh have embraced various modes or forms of relationship in public governance. The nature of relationship between the government, NGOs and the foreign donors in various sectors like health, education, road

infrastructure, public works and resettlement in Bangladesh, are very strong and joint efforts between the World Bank (WB), the Asian Development Bank (ADB), and the World Health Organization's (WHO) have extended support to each other. This relationship is program based and donor promoted in the context of modern phase. Since the 1980s, this greater emphasis on relationship entities has emerged in line with the recent shift in government's role for rowing to steering, the priority given to public participation to ensure good governance, the concern for public sector inefficiency and ineffectiveness for delivering services. This growing trend in GO-NGO partnerships in Bangladesh reflects the current global trend towards institutional mechanism. This institutional relationship is now considered essential to enhance organizational capacity, cost effectiveness, resource mobilization, managerial innovation, consensus-building people participation, and public accountability.

In Bangladesh, NGOs are receiving grants from the abroad for the country's development, but in the name of development, in the name of religion both the local and foreign NGOs are doing corruption, mismanagement and misutilisations of foreign funds. Similarly, due to heavily dependent on foreign resources, the flow of money from the outside in the absence of accountability, lack of institutional relationship can make the NGOs corrupt, controversial and autocratic. For instance, Islahul Muslimine, an Islamic NGO formed by Moulana Fariduddin Masud, arrested on charges of corruption and militant links, had transacted around Taka 1.50 crore. Another example, a prominent major Islamic NGOs like, Islamic Relief Organization, Al markajul Islami, Ishra Islamic Foundation and Ishrahul Muslimin etc. get donations in excess of Taka 200 crore every year. These donations mainly come from Saudi Arabia, Kuwait, United Arab Emirates and the western countries like the US and the UK. This is one of the major sources of funds for the local Islamic NGOs and Qawmi madrasas which do not have government recognition. They do not give details of their income and expenditure to any government body. Though Bangladesh government has tried many times to control some these NGOs those who are engaged in the name of developmental work, they have curiously turned a blind eye to Islamic NGOs whose activities are suspect. Though, there are hundreds of Islamic NGOs registered with the social welfare department, this implementing agency or

this department does not have the inclination to keep a tab on their activities. In this context, this study of institutional relationship reorients the traditional concerns, shifting the focus to understanding how action affects institutions. Connecting, bridging, and extending work on institutional entrepreneurship, institutional change and innovation. The study of institutional relationship is concerned with the practical actions through which institutions are created, maintained, and disrupted. In other words, between the government and NGOs, it is an adaptations and compromises of actors attempting to maintain institutional arrangements.

Through the Government and NGOs institutional relationship, it impacts on various sectors and it provides a strikingly homogenous set of services, with credit dominating. Around 90 per cent of all NGO branch offices are providing credit services to health, microcredit, sanitation and educational sector. One of the main reasons for the growing presence of GO-NGO Institutional partner programmes is due to the expansion in micro-finance because of its success in reaching the poor. The impact of micro-credit on smoothing incomes and reducing household vulnerability to seasonal and other shocks is of critical importance to the rural poor. Improvements in key social indicators of well being are also associated with micro-credit borrowing, most notably measures of female empowerment, children's schooling and health status. NGOs use village based community health workers to provide door to door health services, mainly focusing on preventative care and simple curative care targeted at women and children. NGOs also contribute to health outcomes by providing water and sanitation services, with notable successes in community-based programmes involving behavioral change. Achievements in health include programmes on child nutrition and tuberculosis treatment, in partnership with Government.

Importantly, the legal framework relating to NGOs is obsolete with an over-abundance of laws and official agencies with limited capacity. Of the twelve laws for registering and regulating NGOs, most NGOs register under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961, administered by the Ministry of Social Welfare. Capacity and computerized accounting systems vary and are

related to the size of the NGO. However, the GOB has some limitations in trying to bring about sustained development in the social delivery services. It recognises the complementary role of NGOs in these areas. This recognition prompted the government to take several measures for promoting institutional relations between the government organisations (GOs) and NGOs. To strengthening the institutional relationship between the government and NGOs, there are Palli Karma Sahayak Foundation (PKSF), NGO Affairs Bureau; the Government-NGO Consultative Council has been established by the government. PKSF was established in May 1990 as an apex financing institution that assists NGOs in expanding their poverty-targeted microcredit programmes. It is registered under the Companies Act 1913 as a non-profit organisation. It is the biggest and most successful apex institution for microcredit programme in Asia.

The NGO Affairs Bureau (NGOAB) was created in 1990 with the objective of ensuring quality performance of the NGO sector and its accountability to the state. NGOAB functions include registering NGOs, processing and approving NGO project proposals, disbursing project funds, coordinating, monitoring, inspecting and evaluating NGO programmes, reviewing reports and realising fees charges from the NGOs, and maintaining the institutional relationship with the NGOs and donor agencies. The creation of NGOAB significantly cut down bureaucratic red tape, requirement of paper work, and time taken for receiving project approval.

The Government-NGO Consultative Council (GNCC) was created in 1996 as a forum for open dialogue between the government and the NGOs. The GNCC consists of both government and NGO representatives, and functions as a forum for dialogue between government agencies and NGOs in order to increase interaction and promote institutional relationship between the two partners. It also helps identify the main impediments to the GO-NGO institutional collaboration in Bangladesh and formulate a framework for involving NGOs in the government's development policies and projects. For the controlling of corruption, mismanagement and misutilisations of foreign funds by unregistered NGOs in one hand and to improve the strong institutional relationship between government and NGOs on the other.

Though there are many existing laws and governmental organizations to control of corruption, mismanagement and misutilisations of foreign funds, responding to the issue, the government has taken steps to form a single body proposed to be styled 'Social Security Council', which will register, monitor and regulate NGOs in future. This body or committee shall be responsible in reviewing the drafting NGO proposed laws for legislation, recommend polices and operating guidelines acceptable and workable to both rural and urban development in Bangladesh. It is not enough for the monitoring, regulating and maintaining register to the Bangladeshi NGOs.

In this context, it is critically analyzing that practically the state is unable to control NGOs. The NGOs often work against the directions and decisions of the state. Weak administration on the one hand and strong national and international backing on the other encourage some NGOs to defy the state and to work according to their own whims. Thus, now there is a need to bring to some administrative measures, so that the money flowing through unofficial channels could be stopped. However, the need is an institutional relationship between government and NGOs in various sectors through which the NGOs maintain their legal status according to the government policy and that effects more constructive direction to the government for country's sectoral development in Bangladesh.

Thus, there is need for a demonstrable institutional relationship between the Government and NGOs for a strategic sectoral development in Bangladesh. To strengthen this institutional relationship, there should be a combination of short to medium run measures whose combined impact will improve services to the poor and accelerate Bangladesh's progress towards achieving the Millennium Development Goals. Therefore, the main role of Government is in modernizing the legal and regulatory framework and ensuring effective oversight over NGO activities. As part of this, it is important that all parts of government recognize NGOs as allies in development, and accept constructive criticism as supportive of a democratic polity.

Government should withdraw where NGOs have the clear edge in the delivery of certain services. As the process of decentralization evolves, local governments can play a

more active role in delivering services in partnership with NGOs. Government ought to strengthen monitoring and contracting procedures to improve the effectiveness of aid that is channeled to NGOs.

NGOs also have a large agenda if they are to continue to be effective partners in development. Priorities include the need to strengthen financial management and corporate governance, scale up efforts to provide public disclosure with respect to income sources, expenditure patterns and programme information along with a public information strategy to address misconceptions about NGOs, make greater efforts to align programmes with national strategies, coordinate with local and national Government officials and act as facilitators of Government, private sector and community service provision, revisit strategic directions periodically based on national development needs and internal capacity constraints and develop a middle management layer to oversee more complex development programs.

Based on the above analysis, the government and NGOs institutional relationship in Bangladesh is essential for all-round sectoral development of the country. With all the above examples and explanations it can be concluded that the government must come up with liberal policies that should be an accommodative approach rather than coercive means towards NGOs, operating guidelines to facilitate immediate processing of NGOs registration and development of their programmes and projects. Absence of clearly defined government policies has caused unnecessary delays in the development and implementation of NGO project, unclear responsibilities of some concerned ministries and department and the negative perceptions of some government officials who create all sorts of problems and bottlenecks to impede NGO operations. On the other hand, lack of a single and clearly defined body to assist the NGOs finds it very difficult to deal with different departments and ministries of the government. This has also posed serious problems to NGOs in dealing with their funding donors.

NGOs are a fact of life in Bangladesh's socio-economic development and a widely accepted vehicle to channel donor contributions to grassroots development processes. However, they do not and should not replace government. Their focus on

social and environmental issues, rather gives them the status of action groups than representatives of the public in general. In other words, they are fundamentally not democratic in the sense of being accountable to a general electorate. It implies that NGOs should be properly regulated by the government where government should follow an accommodative approach in one form or another. This could result in NGOs diversifying their areas of operation in social sector for the overall development of the country.

- As the regulatory framework for NGOs is modernized a first principle should be maintaining or better enhancing the space given to NGOs to innovate and scale up their activities.
- Regulations should be facilitative and poorly designed regulation must be avoided at all costs. Further, regulatory focus should change from government micro-management of NGOs foreign funds to support for better corporate governance, strengthened accountability and transparency by NGOs.
- The composition, tenure and functions of NGO Boards need to be strengthened and apex bodies can play a key role in fostering consensus on these issues. One option that the Government could consider is setting up an independent NGO Commission that takes over the functions of the current regulatory bodies.
- In micro-finance, it has been argued that Government should strengthen regulation and supervision, leaving direct provision to NGOs.

However, it is important to note here that the many successful NGOs like BRAC, ASA, Proshika, Grameen Bank, Micro-credit programmes etc. make their efforts toward country's development which are fast becoming exclusionary identities in Bangladesh. Thus, this development work will determine the future of NGO activities in Bangladesh and will bring out the organisational energy that has its roots in various sectors and guide it into a constructive direction to the government.

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