

# COST-BENEFIT STUDY ON IMPLEMENTING VILLAGE COURTS IN UNION PARISHADS OF BANGLADESH

MD. SHANAWEZ HOSSAIN, PHD, RESEARCH FELLOW, BRAC INSTITUTE OF GOVERNANCE AND DEVELOPMENT, BRAC UNIVERSITY  
NABILA ZAMAN, RESEARCH ASSOCIATE, BRAC INSTITUTE OF GOVERNANCE AND DEVELOPMENT, BRAC UNIVERSITY



## Benefits and Costs of Operationalizing Village Courts in Bangladesh



SMARTER SOLUTIONS FOR  
BANGLADESH





# Cost-Benefit Study on Implementing Village Courts in Union Parishads of Bangladesh

---

Bangladesh Priorities

**Md. Shanawez Hossain**

*PhD, Research Fellow, BRAC Institute of Governance and Development, BRAC University*

**Nabila Zaman**

*Research Associate, BRAC Institute of Governance and Development, BRAC University*

© 2016 Copenhagen Consensus Center

[info@copenhagenconsensus.com](mailto:info@copenhagenconsensus.com)

[www.copenhagenconsensus.com](http://www.copenhagenconsensus.com)

This work has been produced as a part of the Bangladesh Priorities project, a collaboration between Copenhagen Consensus Center and BRAC Research and Evaluation Department.

The Bangladesh Priorities project was made possible by a generous grant from the C&A Foundation.

Some rights reserved



This work is available under the Creative Commons Attribution 4.0 International license ([CC BY 4.0](https://creativecommons.org/licenses/by/4.0/)). Under the Creative Commons Attribution license, you are free to copy, distribute, transmit, and adapt this work, including for commercial purposes, under the following conditions:

#### Attribution

Please cite the work as follows: #AUTHOR NAME#, #PAPER TITLE#, Bangladesh Priorities, Copenhagen Consensus Center, 2016. License: Creative Commons Attribution CC BY 4.0.

#### Third-party content

Copenhagen Consensus Center does not necessarily own each component of the content contained within the work. If you wish to re-use a component of the work, it is your responsibility to determine whether permission is needed for that re-use and to obtain permission from the copyright owner. Examples of components can include, but are not limited to, tables, figures, or images.

<b>BACKGROUND .....</b>	<b>1</b>
<b>THE INTERVENTION: ACTIVATING VILLAGE COURT PROJECT OF GOB.....</b>	<b>3</b>
FUNCTIONING OF VILLAGE COURTS AND ITS EFFECTIVENESS .....	4
<b>METHODOLOGY.....</b>	<b>5</b>
<b>COSTS-BENEFIT ANALYSIS .....</b>	<b>6</b>
IDENTIFYING COST AND BENEFIT COMPONENTS .....	6
FINDINGS OF ANALYSIS .....	8
<b>CONCLUSION .....</b>	<b>10</b>
<b>REFERENCES.....</b>	<b>12</b>

## Background

In any state, justice is considered as an important element of public service. The justice system occupies a key position among the government as well as private institutions that help the economy to perform better. A report by the European Commission conducted on the countries of the European Union revealed a negative correlation between disposition time of cases and GDP growth (Dubois *et al.*, 2013). In other words, it brings out that through the speedy process of case disposition, an efficient judiciary can promote economic growth and development. Thus, countries which experience a greater disposition rate are likely to exhibit low economic growth. There are many factors that may contribute to a higher disposition time which is related to the structure of justice spending and the structure of governance of courts (OECD, 2013). In most cases, the greater share of the judiciary budget contributed towards efficient staff management, court computerization, systematic production of statistics at the court level, the existence of specialized commercial courts and systems of court governance, which will lead to shorter trial length and hence an efficient judicial system (OECD, 2013).

However, the formal system of justice in Bangladesh has yet to perform efficiently, as most cases that are filed are not resolved on time. The backlog of cases stood at around 2.7 million nationwide in 2014, which is contributed to by a lack of human resources and an overload of cases filed<sup>1</sup>. This depicts a situation of extreme overburden on the High Court, Supreme Court and District Courts, which constitute the formal judicial system in Bangladesh.

Apart from the formal mechanisms, two types of rural justice systems are prevalent amongst the rural community: Non-rural justice systems and state-led rural justice systems. For the non-rural justice systems- traditional '*Shalish*' and NGO organized initiatives take care of petty dispute resolutions. However, there is no common state-formed law to follow and therefore these are known as informal justice systems. Despite having these mechanisms, it is often seen that the poor and vulnerable groups in Bangladesh are mostly deprived of justice, arising from petty issues such as robbery, theft and land acquisition (Walker, 2012). At the same time, due to lobbying and political issues, in many cases the relatively powerful parties can access judicial services, which again restrict the poor from getting justice (Gloppen and Kanyongolo, 2007). Although under the informal judicial system the informal mechanism of justice exists in the form of '*Shalish*', the Government of Bangladesh, in partnership with the European Commission (EC) and UNDP implemented a project called 'Activating Village Court in Bangladesh (AVCB)' in January 2009.

---

<sup>1</sup>The Village Court Act, 2006.

Village Court is constituted under specific laws in 2006. The Government of Bangladesh canceled the initial Village Court Ordinance (1976) and the Parliament enacted new legislation called 'The Village Courts Act, 2006' to deal with affairs of the village courts<sup>2</sup>. Thus, the present architecture of the Village Court is based on the provision of the 2006 Village Courts Act and its subsequent revision- the 2013 Village Courts (Revision) Act.

A Village Court functions under the institutional framework of a Union Parishad (Council). A Union Parishad (UP) is the lowest unit of local government bodies, which according to law, 'shall be consisted of a chairman and twelve members'. The Government has issued a phase by phase implementation strategy with the Village Courts Act (2006 and its revision in 2013) to activate village courts across the country. Initially, in the first phase, 500 out of 4500 UPs were selected by the Government through the Activating Village Courts in Bangladesh (AVCB) project so as to activate village courts, the numbers of which is reduced to 350 UPs.

While there has been substantial positive feedback on the implementation of Village Courts in these UPs in Bangladesh through AVCB project, the challenge is now scaling up the project to replicate it throughout the country. However, whether scaling up of such interventions will ensure efficiency of the judicial system in dealing with the backlog of cases is still a concern. Thus, the study adopts a cost-benefit approach to evaluate the efficiency of implementing village courts in UPs in Bangladesh, which is assumed to increase the access to justice of common villagers. The paper is divided into five parts: the second section discusses the proposed intervention of the study, including its formulations under Acts and Laws and how it functions. The third section discusses the methodology; the fourth section elaborates the methodology, including the empirical analysis and findings followed by concluding remarks in the fifth section.

---

<sup>2</sup> Mid-Term review on 'Activating Village Court', 2013.

## The Intervention: Activating Village Court Project of GoB

Walker (2012) has established in his study that poor and underprivileged people have been deprived of justice. This reveals that although law and enforcement are in place, some groups of people are deprived of justice due to either non-affordability or interests of some vested groups. In consideration of facilitating access to justice for the poor, the Government of Bangladesh (GoB), in partnership with the European Commission (EU), has adopted an alternate form of rural justice system through initiating the project 'Activating Village Court in Bangladesh' (AVCB). The EU funded programme is implemented with technical and manpower resources from four implementing partner institutions: Bangladesh Legal Aid and Services Trust (BLAST), WAVE Foundation, Madaripur Legal Aid and UNDP. Each of these partner agencies are responsible for setting-up, functioning and building awareness about village courts in one or two divisions of Bangladesh. For instance, BLAST operates in 55 Union Parishads (UPs) in Cox's Bazar and Chittagong, WAVE Foundation operates in Khulna and Rangpur, Maradipur Legal Aid operates in Dhaka and UNDP in Barisal and Sylhet. In the first phase of the implementation of the EU-funded program, 338 UPs were covered with the provision of village courts. The main implementation of the programme involved setting-up of '*Ejlas*' (or the court/premises for summons) which was mainly driven from the fund from the EU. However, later in phase II, the Government of Bangladesh is also contributing in the project which is mainly in the form of start-up costs of a village court under a UP.

The current model of village courts is an established legal act of the Government of Bangladesh under the Village Court Ordinance in 1976. However, since then, it has gone through a few amendments in its law. A new Act was enacted in 2006 and revised in 2013. Although formed under a legal ordinance, village courts have not been functioning nationwide under a legal framework such that it is not run by lawyers and advocates as similarly run in other courts (High court, Supreme Court, District Courts). Thus, implementation of village courts is considered by many practitioners, academics, litigators as a form of judicial reform intervention which is targeted towards ensuring better justice for underprivileged citizens.

The implementing partners are primarily undertaking an awareness raising program and providing support to the beneficiaries as well as service providers to achieve the target of the project. The project has also created demand for village courts through its sensitization and awareness raising activities. According to a study, about 82% of the beneficiaries of VCs suggest that social issues and disputes have been resolved with this micro judicial intervention which is mainly due to cost and time saving (UNDP, 2014). Thus, given the scenario described in the background, it is considered that such



a form of proposed intervention will benefit the poor as more petty cases will be brought under the consideration of the judicial system, allowing victims to get justice with compensation received.

## Functioning of Village Courts and its effectiveness

Under the existing model, the Village Court in Bangladesh is functional under the institutional framework of a Union Parishad<sup>3</sup> (Council). Under this framework, the UP chairman is the senior-most authority who is in-charge of the summons and jurisdictions followed by 12 other members from where three seats are reserved for women<sup>4</sup>. According to the Act, the number of judges in a village court would number five: four equally nominated by conflicting groups, out of which usually two are UP members, while the Chairman shall be Chief of the Jurors. The Chairman and the members shall be elected by direct election on the basis of license in accordance with the Local Government (Union Parishad) Act, 2009 and subsequent other rules” (Mid Term Review, 2013). After completion of phase I of the project, the UNDP conducted a mid-term evaluation of their existing program in Barisal and Sylhet divisions, where it was revealed that village courts have shown prosperous indications of being a highly effective model for scaling up across the country. This was backed up by evidence that nearly 40% of cases were referred from District Courts to the nearby UPs which led to reduced case-backlogs in the District Courts. Thus, one of the direct impacts of having a Village Court intervention is that it releases pressure from the upper judicial system, and District Courts may refer petty cases to the respective UP. In this regard, a specialist working at the partner organization BLAST stated that before having a Village Court, the District Courts were burdened with many cases and there were practices of ignoring the cases which were petty issues. Between 2011 and 2015, a total of 10,183 people were received in 55 UPs of Chittagong and Cox’ Bazar districts under the operation of BLAST, from which 5805 were successfully resolved and 4065 cases were resolved through pre-trial or dismissed because of being falsely reported<sup>5</sup>. Consultation with other practitioners<sup>6</sup> also reveals that with the presence of village courts at the Union level, it is easier to testify whether a case has been falsely reported by the petitioners and this allows for a better inspection of the cases which the District Court would otherwise fail to conduct.

Similarly, the Mid-term review report of the UNDP also depicts success stories of implementation of village courts in their respective UPs where the number of cases filed, resolved and decisions of those implemented in 2010 were 210, 110 and 23 respectively. This is in contrast to 2011 where the trend

---

<sup>3</sup> A Union Parishad is the lowest unit of government bodies which represents the local government of Bangladesh.

<sup>4</sup> This is in accordance to the revised Village Court Act 2013.

<sup>5</sup> Internal documents from BLAST.

<sup>6</sup> KII with representatives from BLAST and BRAC Institute of Governance and Development (BIGD)

sharply rose and extended respectively to 9542, 5989 and 3953. In 2012 it continued to rise and reached to 17,197, 14,004 and 11,500 respectively by 2013. A study on the beneficiaries of VCs conducted at the end of phase I of AVCP reveals that 91% of the petitioners and defendants were satisfied with the decision by VCs which has further built their trust and hence raised the effectiveness of the initiative (UNDP, 2014). When further asked what their reasons of satisfaction were, more than 50% of the respondents stated that it was the transparent and harassment free process that developed trust among them.

Even though the results are promising, consultation with specialists suggest that scaling-up of the intervention on a large scale across all Union Parishads is still a challenge. This is partly due to the lack of availability of funds and support from the Government. Although the Government has started to contribute funds in this project since 2014, cumulatively more funds are required to scale-up the project on a large scale all over the country<sup>7</sup>. In this regard, the Finance Ministry of Bangladesh should view delivery of basic justice services as a greater need and allocate more of the budget towards the formation of village courts in all unions as well as its implementation (MTR, 2013).

## Methodology

The purpose of this study is to evaluate the efficiency of a judicial reform intervention to access if the proposed intervention has long-term sustainability. Thus, a cost-benefit analysis is conducted to evaluate the efficiency of our proposed intervention. We model our cost benefit analysis based on the following steps:

- First, we identify the relevant cost-benefit components and then project the relevant costs and benefits over a period of 30 year.
- In the second step, we monetize the cost and benefit components over a period of years and discount them accordingly. In this context, most of the data was received from the implementing partner organizations and through consultations with specialists in this field. Discount rates used are low, medium and high (3%, 5% and 10%) respectively as per assumptions of the Copenhagen Consensus Center.
- The benefit-cost ratios found for each set of discount rates. This would then give us the considerable impacts of the intervention on judicial reforms.

---

<sup>7</sup> Roundtable discussion with Senior Programme Manager, UNDP, Bangladesh, February 2016.

Although the direct benefits are difficult to measure, the study measures the opportunity cost of the time spent in trials and summons of a petitioner which is then monetized to get the 'loss of income'. In this way a cost-saving mechanism is taken to evaluate the impact of having a village court in 1 UP of Bangladesh.

## Costs-Benefit Analysis

Discussion with practitioners reveals that village court rulings under the project in 338 UPs occurred quickly as well as relatively fairly. Using data from MTR report of the UNDP, our study will adopt a cost-benefit approach to assess the effectiveness of the Village Court project currently in existence. This will also help to draw policy recommendations regarding whether the project should be scaled up to other UPs in Bangladesh.

The study is divided into three sub-sections; first it will identify all the costs and the impact (benefits) components of the proposed intervention. In the second step, the cost and benefit components will be monetized, forecasted and the subsequent 'Net Present Value (NPV)' will be measured. Finally, the study will unfold the other associated cost and benefit items that are beyond the scope of quantifications and will pose the realistic limitations of the study.

## Identifying Cost and Benefit Components

The process by which a village court functions goes through several stages; initially the victim files a petition which is then referred to the UP Chair. The UP Chair (also member of the Village Court) would then go through the case filed and make a decision. In this regard, the case may be rejected or may be negotiated for compromise or may go through all procedures in the court's legal constitution, and be followed by judgment and enforcement (Mid Term Review, 2013).

Thus, the main beneficiaries of village courts include the victims (villagers) who file the petitions. While the existence of a village court leads to a decrease in case backlogging, in the long-run, the impacts will be greater as the judicial system would function smoothly and fair justice can be assured (Talukder, 2014)

The idea behind having a Village Court is that it would smooth the justice serving process as cases will be referred from the District Courts. Thus, from the petitioner perspective, there will be negligible costs for getting access to a Village Court relative to what would have happened if there was no such intervention. The status-quo (counterfactual) for our study is that without a village court, petitioners would have to spend greater time pursuing a case in a District Court or the case would never have been brought at all. A report on the Midterm review of the UNDP reveals that 40% of backlogged cases

brought to the attention of village courts in 2012 came from the referrals made by the respective District Courts. Thus, when evaluating counterfactual, we make the assumption that out of the total 100% going trials in Village courts, 40% of the cases are referred from District Courts while the other 60% of the cases would never have happened. Thus, allowing an intervention by the Village Court will lead to smoother and faster processing of court trials and increased access to justice. The costs and benefits are conceptually different depending on the counterfactual scenario in question.

In either counterfactual scenario, the village courts need to be established and maintained. Setup costs includes basic capital cost such as furniture, hiring and training of staff and fixed yearly running costs such as monitoring & evaluation, salary, administrative costs and costs for utility services. Once a village court is setup there are no other major costs involved other than the regular operational costs of running summons or trials. The major source of funding for the implementation comes from the European Commission. However, the Government of Bangladesh has been contributing funds since the end of 2013 by setting up 'Ejlas', or a court for summons in the implementing regions. According to the UNDP MTR, the cost of setting up a village court is \$7000 and the annual running costs are \$3000.

*Counterfactual A: Cases brought to the village court would've otherwise had to go through a long District Court process*

Village court processes are significantly faster than the formal system. It takes nearly 5 years for a case to get resolved in the District court, while it takes about a month for petty issues (theft, robbery, etc...) and maximum 90 days for criminal cases to get resolved in a village court.<sup>8</sup> The primary benefit under this counterfactual scenario are the costs avoided in seeking justice, including time savings of all parties involved, legal fees and other payments. The UNDP Midterm Review provides an estimate that a petitioner incurs a cost of 100,000 BDT if he files a case in a District Court. This is a sum of lawyer fee, other administrative costs over the years and any informal cost such as bribes. This cost is significantly smaller in village courts. Consultation with specialist from an implementing NGO partner, BLAST, suggests that a petitioner does not need to spend more than 150 BDT<sup>9</sup> throughout the period that the case is being held in a village court. This finding is backed up by UNDP MTR which suggests that the costs are between 100 and 260 BDT. There is almost a negligible travel cost involved in accessing village courts too, since the average distance to a village court is 3km. The difference in costs

---

<sup>8</sup> Consultation with Programme Manager, BLAST reveals that usually these dates are predetermined and the council members are bound to give judgement within the bound timeframe. Also the fact that a Village court does not function under any defined legal framework, there are negligible instances of bribery or other form of harassments.

<sup>9</sup> This includes both travel cost and other miscellaneous cost such as registration, application fee, photocopies, etc.

for one case going to the village court that would've otherwise had to go through the district court is approximately 205,000 BDT when taking into account costs for petitioners and defendants, time of judges and other agents of the court system. The appendix provides more details of this calculation.

Another one of the potential direct benefits is that when there is a village court, many cases that are backlogged in the District Courts can then be sent to the respective UPs village court that would otherwise take at least 5 years in a District Court. The usual procedure is that when a case is filed in the District court, it goes through some preliminary evaluations and if the accusation is found to be a petty issue, the District Court judge would refer the case to the nearby Village court<sup>10</sup>. Thus, through a systematic process of referral when cases are dispersed and summons held in respective unions, more number of cases can be dealt with and hence overall burden of case backlogging will reduce. This eventually will cause the judicial system to run smoothly over time.

#### *Counterfactual B: Cases brought in village court would have never been brought at all*

Under this counterfactual scenario, the primary benefit is the full value of the payment claim for all successful petitioners. The cases filed under Village courts include robbery, theft, and loss of livestock or relate to land conflicts. In such cases, the compensation amount is usually fixed under the revised 2013 Act which equals \$ 46 USD or 3578.98 BDT. This is an estimate of the value of being able to access justice for village court petitioners. Accessing this justice, however involves a cost that would've not otherwise been incurred, and so for the % of cases under this counterfactual scenario we include the costs of one village court case, estimated at 6137 BDT.

## Findings of analysis

Table 1 in the Appendix section gives details about the estimations and projections over a period of 30 years with 2012 as the base year. We assume a gradual ramp of cases per year starting from 50 per year and leveling out at 356 cases per year by 2032. Using our core assumption that 40% of the cases in VCs are referred by the district courts while the rest of the cases would never have happened otherwise, the number of cases referred from the District Court and the number of cases that would never have happened are projected,<sup>11</sup> as shown in Table 1. The cost and benefit components are monetized using estimates for the last fiscal year 2012 using data from collected from the MTR Report of UNDP and internal documents of another partner agent, BLAST. Although the cost estimates may

---

<sup>10</sup> KII with programme manager, BLAST.

<sup>11</sup> It is assumed that growth rate of cases backlog diminishes from 40% till as low as 5% over the years. It is however, too optimistic to assume that case backlog can be zero at any given time and hence we keep it as low as 5%.

vary slightly across divisions, it is assumed that an accurate national level analysis may not be feasible to obtain due to data constraints. Since MTR report published an aggregate data on number of clients, number of cases, compensation payments for 338 UPs, we conduct our analysis for total of all 338 UPs and then convert them for one court.

All assumptions are defined and detailed in Table 5 in the appendix. While estimating the costs and benefits over time, the first year of total cost estimates includes one-time set-up cost plus regular fixed running costs. From second year, regular running costs and variable costs of the cases that otherwise would not have happened are included and it is assumed to be constant over the years. Cost estimations remain the same regardless of number of cases held in a VC.

The cost and benefits monetary estimates are then discounted with three discount rates as per assumptions of Copenhagen Consensus Center (CCC) as shown in Table 3. Given the benefit-cost ratios it can be seen that for the entire different discount rates from high to low (3%, 5% and 10%), the benefit-cost ratios are 18.06, 17.71 and 15.78 respectively. This depicts that for per unit cost in establishment of a VC in a Union Parishad, the monetary gains or benefits of each petitioner would be the 18.06, 17.71 and 15.78 respectively. In other words, the monetary benefits outweigh the costs as depicted in Figure 1 below. This estimate necessarily provides a measure of opportunity cost of time of a petitioner in terms of income loss. However, a more realistic evaluation of such an intervention will provide evidence of further benefits which is beyond the scope of this project. Thus, by both consultations with programme specialists and our analysis, it could be revealed that such micro-judicial reforms have the potential in ensuring that access to justice is enhanced for the underprivileged community.

<b>Low- 3%</b>	<b>18.06</b>
<b>Medium-5%</b>	<b>17.71</b>
<b>High-10%</b>	<b>15.78</b>

Source: Calculation based on cost-benefit analysis (See Appendix for detail)

## Conclusion

The goal behind conducting this study was to propose an intervention of judicial reform that leads to better governance in Bangladesh. The judicial system in Bangladesh has yet to outperform due to the great pressure from case backlogging. The Village Court Act has always been in operation; however due to insufficient resources, not all Upazilla Parishads (UPs) of Bangladesh have been provided with a village court. Currently 338 out of 350 proposed UPs have provisions for village courts which are implemented and monitored using EU and Government funds by the partner institutions. The aim of the study was to conduct a cost-benefit analysis to provide empirical evidence that such government-led interventions have the potential to enhance access to justice for the common citizens of Ups while also improving the governance process in the judicial system of Bangladesh. Thus, for the proposed intervention, the benefit-cost ratios for three different discount rates low, medium and high (3%, 5% and 10%) are 18.06, 17.71 and 15.78 which depicts that for per unit cost, each petitioner benefits two or three times the cost. In other words, when there is a village court, a petitioner will require less time and psychological cost will reduce the opportunity cost of time and consequently, hourly income. Apart from our estimates of benefit-cost ratios, consultations with practitioners, academics and review of internal documents of the implementing partners suggest that an intervention like that of a Village court has the capacity to provide better access to justice. This is because with such initiatives, many cases are referred from the District Court and as a result, reduce the burden of case backlogging. Our analysis maps out benefits for one petitioner but when scaled-up over the total number of beneficiaries, the benefits will outweigh cost to a greater extent. However, this also draws the limitation of the study as datasets for each fiscal year were not available. It is also difficult to find a measure of the number of beneficiaries for one fiscal year as many cases were overlapping between two years and the partner organizations interviewed could not specify the numbers. Regardless of the limitations, our analysis shed light on the fact that the proposed intervention has some potential in ensuring that access to justice to the underprivileged community is enhanced. This will also lead to other social impacts such that individuals will feel more secured in engaging in contracts and therefore lead to increased commerce within the community. It has been acknowledged that a reduction of higher litigation rates (i.e, ratio of the number of new civil cases in a year to population or GDP) will increase the civil justice system. Eventually, it will have greater benefits as a better performing judicial system will not only boost economic growth but will secure property rights, eventually allowing fair enforcement of contracts. Eventually this will strengthen incentives to save and investment will stimulate citizens to engage in economic activities like doing business. The financial sector will also be boosted and as a result, will promote competition and growth in the long run (OECD, 2013)

## References

UNDP Bangladesh,. *Evaluating Knowledge, Attitude, And Perception Of UP Representatives, Secretaries And Village Police About Village Courts*. Dhaka: Research Evaluation Associates for Development Ltd. (READ), 2014. Print.

UNDP Bangladesh,. *Evaluating Village Court Performance At Beneficiaries End*. Dhaka: IRG Development Services Ltd., 2014. Print.

Islam Talukdar, Mohammad Rafiqul. *A Review Of The Village Courts In Bangladesh*. Dhaka: BRAC Institute of Governance and Development BRAC University, 2014. Print. Working Paper. No.22

Gloppen, S., and F. E. Kanyongolo. "Courts And The Poor In Malawi: Economic Marginalization, Vulnerability, And The Law". *International Journal of Constitutional Law* 5.2 (2007): 258-293. Web.

The Village Courts Act, 2006, 2013

The Village Courts Ordinance, 1976

Walker, N., 2012. Speech of the Neal Walker, UN Resident Representative in Bangladesh, at the Village Courts Conference 2012, held on 9 June 2012.

Dubois, Eric, Christel Schurrer, and Marco Velicogna. *The Functioning Of Judicial Systems And The Situation Of The Economy In The European Union Member States*. Strasbourg: European Commission for the Efficiency of Justice, 2013. Print. COMPILED REPORT PART 1 – COUNTRY FICHES.

OECD, June 2013,. *What Makes Civil Justice Effective?.* 2013. Print. OECD Economics Department Policy Notes, No. 18.



Table 2: Estimates and Projections of Costs and Benefits for 30 years; base year=2012 (BDT)

Cases					Cost Calculations				Benefit Calculations			Prompt claim payments of cases moved from DC		
Growth per year	Yr.	# per VC	# moved from DC	# new	Set up costs	Fixed costs	Variable costs of new cases	Total	Cost savings for DC	Claim payments new cases	Subtotal	3% discount rate	5% discount rate	10% discount rate
	1	50	20	30	543,410	232,890	184,101	960,401	4,101,954	85,681	4,187,635	7,848	12,365	21,653
50%	2	75	30	45		232,890	276,151	509,041	6,152,931	128,522	6,281,453	11,772	18,548	32,480
40%	3	105	42	63		232,890	386,611	619,501	8,614,103	179,931	8,794,034	16,481	25,967	45,472
30%	4	137	55	82		232,890	502,595	735,485	11,198,334	233,910	11,432,244	21,425	33,757	59,114
20%	5	164	66	98		232,890	603,114	836,004	13,438,001	280,692	13,718,693	25,710	40,508	70,936
10%	6	180	72	108		232,890	663,425	896,315	14,781,801	308,762	15,090,562	28,281	44,559	78,030
5%	7	189	76	114		232,890	696,596	929,486	15,520,891	324,200	15,845,090	29,695	46,787	81,931
5%	8	199	79	119		232,890	731,426	964,316	16,296,935	340,410	16,637,345	31,180	49,127	86,028
5%	9	209	83	125		232,890	767,997	1,000,887	17,111,782	357,430	17,469,212	32,739	51,583	90,329
5%	10	219	88	131		232,890	806,397	1,039,287	17,967,371	375,302	18,342,673	34,375	54,162	94,846
5%	11	230	92	138		232,890	846,717	1,079,607	18,865,740	394,067	19,259,806	36,094	56,870	99,588
5%	12	241	97	145		232,890	889,053	1,121,943	19,809,027	413,770	20,222,797	37,899	59,714	104,568
5%	13	254	101	152		232,890	933,506	1,166,396	20,799,478	434,459	21,233,937	39,794	62,699	109,796
5%	14	266	106	160		232,890	980,181	1,213,071	21,839,452	456,182	22,295,633	41,784	65,834	115,286
5%	15	280	112	168		232,890	1,029,190	1,262,080	22,931,425	478,991	23,410,415	43,873	69,126	121,050
5%	16	293	117	176		232,890	1,080,650	1,313,540	24,077,996	502,940	24,580,936	46,066	72,582	127,103
5%	17	308	123	185		232,890	1,134,682	1,367,572	25,281,896	528,087	25,809,983	48,370	76,211	133,458
5%	18	324	129	194		232,890	1,191,416	1,424,306	26,545,990	554,492	27,100,482	50,788	80,022	140,131
5%	19	340	136	204		232,890	1,250,987	1,483,877	27,873,290	582,216	28,455,506	53,328	84,023	147,137
5%	20	357	143	214		232,890	1,313,536	1,546,426	29,266,954	611,327	29,878,281	55,994	88,224	154,494
5%	21	375	150	225		232,890	1,379,213	1,612,103	30,730,302	641,893	31,372,195	58,794	92,635	162,219
5%	22	393	157	236		232,890	1,448,174	1,681,064	32,266,817	673,988	32,940,805	61,733	97,267	170,330
5%	23	413	165	248		232,890	1,520,582	1,753,472	33,880,158	707,687	34,587,845	64,820	102,131	178,846
5%	24	434	173	260		232,890	1,596,612	1,829,502	35,574,166	743,072	36,317,238	68,061	107,237	187,788
5%	25	455	182	273		232,890	1,676,442	1,909,332	37,352,874	780,225	38,133,099	71,464	112,599	197,178
5%	26	478	191	287		232,890	1,760,264	1,993,154	39,220,518	819,237	40,039,754	75,037	118,229	207,037
5%	27	502	201	301		232,890	1,848,277	2,081,167	41,181,544	860,198	42,041,742	78,789	124,140	217,389
5%	28	527	211	316		232,890	1,940,691	2,173,581	43,240,621	903,208	44,143,829	82,729	130,347	228,258
5%	29	553	221	332		232,890	2,037,726	2,270,616	45,402,652	948,369	46,351,021	86,865	136,865	239,671
5%	30	581	232	349		232,890	2,139,612	2,372,502	47,672,785	995,787	48,668,572	91,208	143,708	251,654

**Table 3: Benefit Cost Ratio per court established (BDT)**

	3%	5%	10%
<b>NPV Costs</b>	24,516,480	18,065,489	10,240,463
<b>NPV Benefits</b>	442,658,405	319,898,655	161,592,584
<b>BCR</b>	<b>18.06</b>	<b>17.71</b>	<b>15.78</b>

**Table 4: Assumptions for modeling Cost Benefit Analysis**

<b>Metric</b>	<b>Number</b>	
% Cases that would've ended up in DC	40%	
% cases that would've never been heard	60%	
Avg working days in a month	21	
Value of time for average worker BDT/month	7307	
Visits to district court required per case	5	
Visits to village court required per case	1	
Avg cost of travel to district court	100	
Avg cost of travel to village court	10	
Petitioners who win their cases in VC	80%	
Set up costs per court - low	140,000	
Set up costs per court - high	543,410	
Fixed Yearly running costs per court - low	75,000	
Fixed Yearly running costs per court - high	232,890	
Compensation from VC	3,570	
<b>PV of compensation from DC (paid 5 years later)</b>		
3%	490	3,080
5%	773	2,797
10%	1,353	2,217

**Cost of one case in village court**

Days for one trial in district court	2
Monthly salary of UP Chair - acts as judge in VC	17,537
Cost of judge for one case	1,637
Cost of case for petitioner	184
Cost of case for defendant	184
Time for petitioner	682
Time for defendant	682
Time for panel	2,728
Travel costs for petitioner	20
Travel costs for defendant	20
Travel costs for panel and judge	100
<b>Total costs for one case in VC</b>	<b>6,137</b>

**Cost of one case in district court**

Days for one trial in district court	2
Days for one trial in district court	5
Monthly salary of judge	33,533
Cost of judge for one case	7,824
Cost of case for petitioner	100,000
Cost of case for defendant	100,000
Time for petitioner	1,704.97
Time for defendant	1,704.97
Travel costs for petitioner	500
Travel costs for defendant	500
<b>Total costs for one case in DC</b>	<b>211,234</b>



Bangladesh, like most nations, faces a large number of challenges. What should be the top priorities for policy makers, international donors, NGOs and businesses? With limited resources and time, it is crucial that focus is informed by what will do the most good for each taka spent. The Bangladesh Priorities project, a collaboration between Copenhagen Consensus and BRAC, works with stakeholders across Bangladesh to find, analyze, rank and disseminate the best solutions for the country. We engage Bangladeshis from all parts of society, through readers of newspapers, along with NGOs, decision makers, sector experts and businesses to propose the best solutions. We have commissioned some of the best economists from Bangladesh and the world to calculate the social, environmental and economic costs and benefits of these proposals. This research will help set priorities for the country through a nationwide conversation about what the smart - and not-so-smart - solutions are for Bangladesh's future.

# SMARTER SOLUTIONS FOR BANGLADESH

For more information visit [www.Bangladesh-Priorities.com](http://www.Bangladesh-Priorities.com)

## C O P E N H A G E N C O N S E N S U S C E N T E R

Copenhagen Consensus Center is a think tank that investigates and publishes the best policies and investment opportunities based on social good (measured in dollars, but also incorporating e.g. welfare, health and environmental protection) for every dollar spent. The Copenhagen Consensus was conceived to address a fundamental, but overlooked topic in international development: In a world with limited budgets and attention spans, we need to find effective ways to do the most good for the most people. The Copenhagen Consensus works with 300+ of the world's top economists including 7 Nobel Laureates to prioritize solutions to the world's biggest problems, on the basis of data and cost-benefit analysis.