

# Local government and economic empowerment

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The need for local government is stimulated by the rationale for transferring the authority, responsibility and resources from the national government to its field units, to enable them in decision-making, planning and management. Central planning and management have resulted in unsatisfactory results and deficiencies in delivery of public services, which ultimately led to decentralisation and the emergence of local government institutions (LGIs) in many countries. Decentralised development planning and building administrative capacity of the LGIs are essential not

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only for delivering services to remote and poor rural regions but also to improve effectiveness of the national government and performance of local administrative units. Democratic LGIs in Bangladesh, if sufficiently empowered, would be more effective in meeting local needs, promote equitable distribution of benefits of development to different segments of the population, improve access to administrative agencies, provide opportunities for greater speed and flexibility of decision-making by reducing level of central direction and control, and enhance civic consciousness and active citizenship.

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TABLE I: GOVERNMENT'S ALLOCATION FOR LGIs (TK CRORE)

	2013-14A	2014-15A	2015-16R	2016-17P
City Corporation	1,087.28	874.67	1,617.00	1,347.29
Municipality	386.01	502.58	405.89	421.79
Zila Parishad	334.05	600.53	380.90	391.00
Upazila Parishad	337.77	622.81	473.09	549.93
Union Parishad	195.87	197.35	208.70	204.00
<b>TOTAL</b>	<b>2,340.98</b>	<b>2,797.94</b>	<b>3,085.58</b>	<b>2,914.01</b>
CHT Districts	30.00	45.00	45.00	50.00
Budget for LGD	13,326.43	17,005.24	19,221.16	21,326.28
% of LGD Budget	17.57	16.45	16.05	13.66
% of Budget	1.24	1.37	1.17	0.86
% of GDP	0.30	0.34	0.35	-

A = Actual, R = Revised, P = Provisional  
SOURCE: DERIVED FROM MTBF (VARIOUS YEARS), MINISTRY OF FINANCE, GOB.

tiveness of devolution of power to the LGIs up to their potential and citizens' satisfaction in terms of quality services.

Effective decentralisation through inclusive and sensitive inter-governmental transfers, sensible resource sharing and ability to generate resources locally is the key to strengthening democratic LGIs in Bangladesh. It is widely perceived that all the LGI tiers have been suffering from resource deficiency that hinders delivering quality services. The Seventh Five Year Plan 2016-2020, like its predecessor, does not have tangible commitment on resource transfer to LGIs based on a comprehensive nation-

wide assessment. In order to address the resource gap, there is a need for comprehensive understanding of the financial relations between national level and LGIs. It would include the pattern of allocation, identifying the channels of vertical resource flow, revealing horizontal disparity, and making out the ways and means for further enhancement of availability of funds at LGIs vis-à-vis predicaments of implementation of the laws for greater effectiveness of the LGIs.

Financing LGIs does not show any particular pattern over the last eight fiscal years. There are frequent fluctuations in direct transfer of funds in all the

LGIs from the national in terms of both amount and rate of change. Rural LGIs, viz., UPs, UZPs and Zila Parishads, are experiencing more swinging in resource transfers than the other type of LGIs. The aggregate direct allocation to the LGIs also demonstrates frequent fluctuation of fund transfer. Compared to other tiers of LGIs, the UPs receive a more stable and constantly increasing unconditional block allocation along with a more stable annual change over the years. The allocation to UZPs shows a typically fluctuating pattern. The block allocation for Zila Parishad shows an overall positive trend. The Medium Term Budgetary Framework (MTBF) is expected to provide a reasonable projection of the direction of fund transfer to LGIs for enabling them in participatory development planning and budgeting sensitive to the local needs. However, while direct real allocation to City Corporations shows an unsustainable nature, the annual change of allocation exhibits fluctuations even in the periods of MTBF projection. Paurasabhas experience a pattern of allocation almost similar to that of Zila Parishads.

Besides direct unconditional block allocation for LGIs, the government also has significant developmental support to all the units except for CHT Regional Council. Local Governance Support Project (LGSP) has been receiving significant amounts of allocation for UPs. However, the share of allocations in

CONTINUED ON PAGE 11



Fantasy Kingdom (Ashulia, Dhaka)



Water Kingdom (Ashulia, Dhaka)



Heritage Park (Ashulia, Dhaka)



Resort Atlantis (Ashulia, Dhaka)



Xtreme Racing (Ashulia, Dhaka)



Concord Amusement World (Foy's Lake, Chittagong)



Foy's Lake Resort (Foy's Lake, Chittagong)



Sea World Concord (Foy's Lake, Chittagong)