

Assignment
On
**Political Economy of Fiscal Decentralisation
Reform: Bangladesh Context**

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Key Motivation for the Decentralization Reform

As per article 59 of Bangladesh constitution, Local Government in every administrative unit of the Republic shall be entrusted to bodies, composed of persons elected in accordance with law. In addition, article 60 signifies that for the purpose of giving full effect to the provisions of article 59 Parliament shall, by law, confer powers on the local government bodies referred to in that article, including power to impose taxes for local purposes, to prepare their budgets and to maintain funds.

Better service delivery at electoral constituencies. Elected representatives believe that the republic can ensure better services to the citizens through elected local governments.

In order to facilitate effective services, citizen's demands further strengthened by various donor supported reform prescriptions especially on public finance management. These processes continued and gradually are shaping up towards institutionalization.

Bangladesh envisaged GDP growth rate of at least 8 per cent over the next few years to accelerate rural and urban economic uplift. Government is very much convinced with the hypothesis that this type of high growth rate can be achieved only through a decentralised system of governance and strong local government.

Main Objectives and Features of the Decentralization

The Government has enacted an array of legislations to ensure that tiers of the rural local governments (i.e Union Parishad, Upazila Parishad, Zila Parishad) are governed through elected bodies. These were done to fulfil constitutional obligations and to address the demand of local people. Introduced provision of citizens' engagement in the public sector management of the local government. It was mainly done in order to strengthen accountability of local government to the citizens. The government has initiated a project for direct transfer of allocation to all Union Parishads (UPs), and delegated authority to them to use these money to address local development needs. This process continues since 2006 till to date, and it is now assumed that it will be regular and mainstreamed (based on revenue budget) soon. It was initiated to enable UPs to implement their own development plan to address diverse and changing needs of the communities.

Besides, it was also assumed that UPs would hardly develop their capacity until and unless they handle public finance directly.

Various public finance reform initiatives/programmes were introduced since 1982 in Bangladesh. These are: The system of CORBEC (Committee on Reforms in Budgeting and Expenditure Control), REBEC(Reforms in Budgetary and Expenditure Control), FRMP(Financial Management Reform Programmes(FRMP)), SPEMP(Strengthening Public Expenditure Management Programme) in phases(A, B, C), DMTBF(Deepening Midterm Budgetary Framework) project and rounds of Public Expenditures and Financial Accountability Assessment(PEFA) in 2006, 2010, 2015.

Stakeholders Analysis

Stakeholders Analysis					
Main reform stakeholders	Interest and concerns with respect to the reform	How does/did the project impact the stakeholder	Role of the stakeholder in reform	Power to influence reform	How does/did reform project engage stakeholders
Elected representatives	-more local decision making -more local choices -appropriate local development interventions	Sharique contributed to empowerment of elected representatives of Union Parishads and Upazila Parishads to: -facilitate participatory local planning - ensure local service delivery. -be networked to build a collective voice to raise their issues.	-Lobby to ministers -lobby to bureaucrats	Medium level power. There is a lack of coordination among different types of local government representatives resulting into insufficient power to influence.	Sharique project builds the capacity of elected representatives of Union Parishads to establish good practices of local governance. It also carries out 'practice to policy advocacy' for reform. Sharique ensures that relevant elected representatives participate advocacy dialogues and seminars.

Stakeholders Analysis					
Main reform stakeholders	Interest and concerns with respect to the reform	How does/did the project impact the stakeholder	Role of the stakeholder in reform	Power to influence reform	How does/did reform project engage stakeholders
Development partners	<ul style="list-style-type: none"> -more on devolution -democratic local government -inclusive local development -Efficient local service delivery 	Sharique builds good networking with relevant development partners and contributed a consensus building regarding decentralization agendas.	<ul style="list-style-type: none"> -funding -technical assistance for capacity building of stakeholders -policy advocacy 	High influencing power. Most of the reforms were initiated as a result of advocacy, technical and financial assistance by the community of development partners.	Sharique project keeps sharing its lessons learnt from its local governance interventions and research findings with donors community. It also networks with relevant donors to raise reform issues at policy forum. Sharique continues to participate Local Consultative Group for LG which is a donor forum for Local Governance.

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Bureaucrats	-More extension wings at local level -More job -downward accountability of Local Government	Sharique established effective contracts with the community of key bureaucrats in the Ministries relevant to decentralisation (MLGRDC, Finance Division, C&AG office, Planning Ministry).	-formulate legal provisions and guideline -administer rolling-out of decentralization of decisions -administer capacity building of LGs for decentralisation	High influencing power. The enactment of decentralisation policy depends a lot of positive professional assistance and cooperation of bureaucrats. It is not easy to enact a decentralisation policy, if it does conflict with the interest of bureaucrats.	Sharique keeps sharing the project good practices with the community of key bureaucrats in the Ministries relevant to decentralisation (MLGRDC, Finance Division, C&AG office, Planning Ministry, and the LGSP project (the direct fiscal transfer programme). Besides, its reform agendas were shared with relevant bureaucrats through workshops and seminars.
Political party	- Decentralization for high growth. - Decentralisation for better local development.	Project did not collaborate with the political parties yet	-frames a long term vision and policy guidance -ensures approval of policy guide and legal framework	High Influence. Political parties, especially ruling one(s) influence a lot of power in influencing policy. The ideology and the interest of their member of parliament constitutes their power influence the policy	No Programme with them

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NGOs/Civil Society	-more on devolution -democratic local government -inclusive local development -Efficient local service delivery	Sharique engaged NGOs and civil society in building the capacity of local government stakeholders ,c arrying out research and evidence based policy advocacy	-technical assistance for capacity building of stakeholders -policy advocacy	Low level power. Directly, this grow can exercise less power in the process of policy formulation.	Sharique partners with relevant NGOs for building the capacity of Local Governments and in conducting research on local governance. Project also networks with relevant NGOs to create a collective voice with the research issue.

Lessons learned

- It is not an easy to undertake decentralisation in a unitary system of government. It tends to be more a de-concentration of central administration than devolution.
- Decentralisation policy is sometimes undertaken in ‘big bang’ mode, not through a rigorous technical process. Decision may come overnight, implementation takes a lot of time. Transfer of functionaries to local bodies is a difficult task.
- Transfer of the tax administration function is less likely than the direct transfer of grants to local bodies in regard to fiscal decentralisation.
- As we move to upper tier of local government (i.e. sub-district, district) from the bottom (i.e. Union), more challenges to be faced for implementation of the elements of devolution since it challenges the status-quo of existing power structures of the central government (i.e. Member of Parliament and bureaucracy).