

Resource Mobilization and Management in Local Level: Analysis and Recommendations

Venue: VIP Lounge, National Press Club, Dhaka

Date: 17.12. 2009

With a mission of establishing good governance and human rights through strengthening democratic institutions like Union Parishad (UP), Democracywatch has been working on it from the inception of its voyage to building democracy. In consequence, Democracywatch arranged a dialogue at National Press Club on 17 November, 2009. The program was moderated by Mr. Mohammad Jahangir, the executive director of CDC. He began to moderate the dialogue with due respect and humble introduction.

Ms. Taleya Rehman, the executive director of Democracywatch, welcomed the guests and participants in the program. In her speech enriched with empirical experience, she said that Democracywatch has been working intensively on Union Parishad (UPs) for more than 10 years. The principal concerns of this journey of Democracywatch included strengthening UPs, institutionalizing legal system, activating due procedure, ensuring transparency, establishing accountability, advocacy, and capacity building of UP officials. Ms. Taleya



Rehman commented that all these aforementioned achievements may become futile due to limitations of resources and inefficient management. The government allocates only 3 percent of total budget to local government which is very much insufficient for local government. In this fiscal situation, UPs need to acquire resources for its own development through collection of taxes, fees, levies. Though most of the elected representatives of UPs are not likely to fix taxes to the dwellers for the fear of losing popularity but the scenario is changing now. They can be re-elected for their development activities by the cost of taxes. At the same time, during dealing with resources and distribution, transparency and accountability must also be ensured.



The seminar was chaired by Dr. A. B. M. Mirza Azizul Haque, a prominent economist and Ex-Advisor of the Caretaker Government. He delivered his speeches from a macro perspective in order to internalize the issues discussed in the occasion. He introduced a comparative figure of resource allocation to local government in different countries. Indonesia mobilizes 34 percent of its national budget to local governments, whereas Bangladesh remains in 3-4 percent in the same standing. Reversely it is true that local governments collect only 2 percent of national revenue. There are 26 schemes from

where UPs can collect resources such as property tax, user fees, lease income, etc. But the collection of resources become impossible for limitations of power and capacity, lack of awareness, unlikely attitudes of representatives to collect taxes. Local governments can make decision to mobilize resources only for 6 percent grants. Within the 3-4 percent of budgetary allocation to local governments, UPs get only 30 percent of those. Rest of the 70 percent is

allocated to city corporations and municipals. So in total calculation, the direct allocation to UPs from the central government may be assumed as negligible.

Dr. A. B. M. Mirza Azizul Haque made nine recommendations for withdrawal from this foggy situation. He exhorted for political decentralization; fiscal decentralization with equality; capacity building on tax collection, planning and budget analysis; willingness of UP representatives to collect taxes; clear and precise direction for various local government institutions; eliminating local and regional discrimination in allocating resources; establishing Local Government Commission upon strong pediment.

Mr. Wazed Firoj, the program director of Democracywatch, presented the seminar article with precise explanation. With reference to existing laws, he described the scope of tax collection by the UPs. Resistances to collect taxes are non-implementation of regulations properly, fear of elected representatives for losing popularity, insufficient manpower, unskilled tax collector, excessive workload of UP members, improper management system, lacking in transparency and accountability in processes. Weaknesses of UPs are making it more dependent on central government.



Though there are flows of grants from both government and non-government organizations, sustainable development does not matter for lack of coordination among various institutions. He made 13 point recommendations for properly resource mobilization and management in UP level e. g., capacity building for collecting taxes; updating existing laws and ensuring their proper implementation; awareness building and providing more grants for successful UPs; handover power on local resources; separate budget for local government; flexibility in model tax schedule; dialog and participation with local government for sustainable development; formulation of regulation and procedure giving priority to local development; coordination among different wings; providing UPs the power of attorney to invest, income, agreement; ensuring transparency and accountability; establishing an independent finance commission for local government institutions.



Dr. Tofayel Ahmed, a local government expert, appreciated the tax collection schemes in UPs but alleged the procedure and vague operational direction of collecting resources. He questioned on the new model tax schedule whether it reduces the decision-making power of UPs for collection of resource. The model tax schedule binds UPs to collect taxes for a range from 10 taka to 500 taka. But there may be existence of industries in a UP where the UPs are now restricted for collecting tax only to 500 taka instead of more than that they collected before. He emphasized on

decentralization with discipline and proper allocation of resources. There are budgets for Zilla Parishad whilst there is no Zilla Parishad administration for over decades. Another obstacle to development of local government is delay to issue fiscal grants.

Dr. Tofayel Ahmed, at the same time, presented an interesting and different scenario of resource allocation to UPs. There is flow of resources to UPs from various ministries and governmental institutions. For instance, in Patharghata UP, Borguna, a total of nearly 18 crore taka was allocated through 26 government department. In Nabiganj UP, Habiganj, about 2626400 taka was allocated. But in all these development process, UP representatives were not involved. This top to bottom approach and lacking in coordination among various departments, in many cases, do not meet the want of local people. He argued that government departments working in UPs should be involved in the planning process with the participation of local people and UP representatives. Government should form adequate procedure and regulations regarding these issues. A system must be developed in which logistical support and local participation in decision-making and development process will be ensured.

Elected representatives of various UPs participated in the dialog in open discussion session. They notified different obstacles and opportunities in mobilization and management of resources. Khorshed Alam, Chairman of a UP in Ullapara, demanded for not to delay by conducting more post-mortem to make decisions on UP issues. All of us know the problems. Now it's the time to come into force in not in words but in works.

Mahbubur Rahman Tulu, Chairman of a UP in Gaibandha and President of Union Parishad Forum, stated the current incidents of political interference on UP activities. He disagreed with the notion of corruption by UP officials, since the power of UPs to expense resources is too much limited. He demanded the proper implementation of UP laws and the allocation of resources as well as establishing administrative structure obligatory by the law.



Mr. Abul Khayer Bhuyan, MP, claimed for proper implementation of existing laws. Grants should be allocated on the basis of population ratio and situational circumstances. UPs must be constructed with necessary manpower, capacity building and adequate resources. UPs can make vital contribution than of other institutions in the field of family planning, mass education, and poverty reduction. Cooperation among different departments, accountability to people and prohibition on political interference can build a successful UP.

Advocate Mr. Md. Rahmat Ali, President of Parliamentary Standing Committee regarding LGRD, stated that the strength of the nation depends on strengthening the local governments. The development of a single UP contributes highly to the development of the country as a whole. We need to learn about our laws, constitution, and human rights. He requested Democracywatch to train the political leaders who formulate laws and policies for the country. Joint effort of government and civil society organization only can establish good governance in country. Legislatures must be brought within the frame and forum of accountability. The power of citizens can change the current situation.



In the closing session, Dr. A. B. M. Mirza Azizul Haque thanked all, both individually and collectively, for participating in the program. He requested Democracywatch to conduct in-depth analyses on two points, (1) inconsistencies and conflict within the laws and regulations regarding UPs, and (2) obstacles in implementation process.

Documented by
Md. Rokon Uddin,
Intern, PRC, Democracywatch.