

The emperor has no clothes

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The challenges of growing urbanisation in Bangladesh are well-known. Nowhere is it more apparent than in the large metropolitan cities, especially in the capital city Dhaka. The recent mayoral elections in Dhaka and Chittagong, although marred by controversy, are nevertheless a major step forward in completing the process of elected local governments for urban centres of Bangladesh. While the controversy over the election process continues, the more important question is, irrespective of who has won, will this process of establishing elected urban governments make a difference in terms of results for the residents?

The theory of elected local governments is well-known. Decentralised administration, based on a systematic devolution of responsibilities and accountabilities, is often regarded as a solution to addressing local level issues for a defined urban or rural constituency. To make the concerned administrations responsible and accountable to their respective constituencies, the idea is to have elected local governments for these constituencies.

Good practice experiences of advanced countries and many developing countries show that a decentralised elected local government with vested political authority and well defined responsibilities can make a difference in terms of quality of life of the residents. Indeed there is often a healthy competition between different city governments within a country to attract investors and residents to locate or relocate based on the quality of related services.

The population of Bangladesh is now approaching 160 million. With some 15 million residents, the metropolitan city of Dhaka is larger than many Western European countries. The Mercer 2015 Quality of City ranking puts Dhaka at the low end — at 211 out of 230 global cities ranked by the survey. The liveability of other Bangladeshi cities is similarly poor. This is a sad reflection of the failure of urban governance in Bangladesh.

The challenges of Dhaka and other Bangladeshi urban cities are manifold including severe traffic congestion, acute slum concentration, non-functioning zoning laws, air pollution, water pollution, noise pollution, inadequate water supply, inadequate sanitation and dysfunctional solid waste disposal system. The reason why these problems persist and have indeed grown more acute over the years is mainly due to the inability to resolve the challenges of city governance. I have analysed this subject in great detail in my book written jointly with two co-authors in 2007, titled Making Dhaka Livable. The problems of Dhaka city governance we discuss in that book remain remarkably fresh as they have not yet been addressed.

There are three main city governance problems: lack of well-defined expenditure assignments; lack of financial autonomy; and lack of accountability.

In cities of countries that function well and deliver quality service to its residents, expenditure assignments between the city and higher tiers of government are well-defined with no overlap. These cities have assigned sources of funding with a combination of well-defined fiscal transfers from the national government, assigned sources of tax revenues, and the ability to borrow from domestic sources. The city government is fully accountable to its residents and not to the higher level national government. The elected mayors of these cities have a considerable amount of authority and are also very sensitive to the perceptions of the residents because they know that they can be booted out of power by the residents irrespective of their political allegiance to the national government.

The prevailing urban governance in Bangladesh is a far cry from this high quality city governance. City corporations and municipalities are not comparable with the concept of city government endowed with considerable political and financial autonomy. There is no well-defined expenditure assignment between the national government and the city corporations. Even basic functions such as schooling and local-level policing are managed at the national level whereas in most decentralised cities these are local responsibilities. There are multiple service agencies for housing, water supply, sanitation and urban transport with little or no coordination.

Regarding financial autonomy, all local governments, including city corporations headed by the mayor, depend upon the largesse of the national government to function. Total local taxes as a share of GDP are a dismal 0.2 percent of GDP, which is lower than even the

operational cost of local governments. All development spending at the local level has to be financed by the national government. These transfers are not based on any pre-assigned formulae but depend on the political will of the national government. City corporations do not have any authority to borrow locally; in any case the borrowing option is irrelevant because without any independent source of funding they cannot service their debt. Without clearly assigned expenditure responsibility and financial autonomy, it is natural that a typical mayor looks more to the national government than the constituency for survival.

In this local governance environment, it is no wonder that the previous mayors of Dhaka or any other metropolitan city in Bangladesh have failed to deliver results. So while the newly elected mayors are enjoying their electoral victory, like the Hans Christian Anderson folktale of the Emperor who marched down the streets of his kingdom imagining he had donned new clothes when he had none, they will soon realise that the Emperor, indeed, has no clothes. Even with the best of intentions, the new mayors will likely get frustrated and handicapped by the lack of authority and control over resources to deliver results.

The new elections give the government an opportunity to empower the mayor with an enabling governance environment. While full decentralisation that converts city corporations into city governments will take longer as political support at the highest level is missing, at the least stronger efforts can be made in assigning expenditure responsibilities with no overlap, defining principles for resource transfers based on factors including population and equity, and strengthening the revenue performance of assigned revenues, especially the property tax. A well-defined property tax system starting with North Dhaka should alone yield enough resources to finance basic urban services like waste management, sanitation, cleaning of lakes and upgrading of roads and footpaths. It is time that the Emperor had some new clothes.