

Media News Report_Local Government Public Financial Management Systems Assessment

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[Home](#) [Business](#)

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Strengthen local govt: WB

Star Business Report

Bangladesh needs to empower the local government institutions through administrative and fiscal decentralisation to achieve the upper-middle income status, said a new World Bank report.

The local government institutions in the country play a limited role in delivering services due to narrow decision-making and financial authority, lack of resources and staff, and weak capacity, it found.

The report styled “Local Government Public Financial Management System Assessment” was released yesterday at a seminar held at Amari Dhaka. The seminar was jointly organised by Policy Research Institute and the WB.

The local government’s spending is about 7 percent of the government’s total budget,

whereas on average it is 19 percent in developing countries and 28 percent in developed nations.

The relatively low share of local government institution spending in government's total expenditure indicates limited fiscal decentralisation, it added.

The country's central government has huge power politically and financially, so it continues to be one of the least fiscally decentralised country, said Ahsan H Mansur, executive director of the PRI.

However, city corporations have better financing options.

"On the other hand, fiscal transfer is neither based on any legal mandate nor based on any formula to avoid any discrimination, which is a fundamental problem," he added.

Dandan Chan, the WB's acting country director for Bangladesh and Bhutan, said she has seen globally that the local government institutions are best placed for providing basic services such as education, healthcare, water supply and sanitation and ensuring local law and order.

Through successive projects the WB has supported the decentralisation agenda of the countries, she added.

The report identified that the local government institutions of Bangladesh remain in weak capacities in planning and executing budgets, inadequate book keeping and financial reporting and so on.

They need to expand the use of IT in accounting system.

Some other recommendations include fiscal decentralisation, adequate staffing, strong monitoring capacity, improved understanding of budget, timely release of money and expanded revenue collection efforts.

Political commitment and reforms are needed, said Sultan Hafeez Rahman, former director general of Asian Development Bank.

“Autonomy of local government institutions is a major problem along with the resources to spend,” he said, while urging the central government to come up with a solution.

Roxana Quader, additional secretary to the local government division, agreed with the analysts. Though various reforms were brought about to decentralise the local government, much more needs to be done.

“The report nicely pointed out some problems, so the high authority would try to prioritise the recommendations to bring about a strong local government,” she added.

Reforms in public financial management (PFM) started in the 1990s based on technical assistance from donors, Mansur said. However, reforms did not come about as planned and a large gap remained. The PFM reforms gained some momentum in 2006. “The PFM can only solve the problems of awareness and transparency, so it can’t provide the real solution,” said Mohammad Muslim Chowdhury, comptroller and auditor general of Bangladesh.

He emphasised on fiscal decentralisation more than the PFM, reasoning that the local government’s strength would not be enhanced without the former. Sadiq Ahmed, vice-chairman of the PRI, also spoke.

<https://www.thedailystar.net/business/news/strengthen-local-govt-wb-1763593>



Local govt bodies need fiscal firepower

Experts tell PRI-WB discussion

FE Report | June 28, 2019 00:00:00

PRI vice chairman Sadiq Ahmed speaking at a launching ceremony of a new World Bank report titled 'Local Government Public Financial Management Systems Assessment' at a city hotel on Thursday — FE photo

Local government institutions play a limited role in delivering services because of limited decision-making and financial authority, lack of resources and manpower, and weak capacity.

The recent efforts of the government to decentralise the authority are yet to bring any remarkable change, though further strengthening of the local government institutions (LGIs) is required.

The views came at the launching ceremony of a new World Bank report titled 'Local Government Public Financial Management Systems Assessment' at a city hotel.

The report noted the country must empower the local government institutions through administrative and fiscal decentralisation to achieve the upper-middle income status.

The Policy Research Institute of Bangladesh (PRI) and the World Bank jointly organised the launching ceremony.

PRI vice chairman Sadiq Ahmed moderated the programme, attended by top government officials, economists, experts, and the World Bank officials.

Speaking as the chief guest Comptroller and Auditor General of Bangladesh Mohammad Muslim Chowdhury said services delivery situation cannot be improved without fiscal decentralisation.

Noting Bangladesh's bureaucracy is hierarchical, he said if a deputy director cannot exercise power, he sends a file to the directors.

"There is no scope in the system so that directors and deputy directors can sit together and scrutinise the things, take the issue in hand, and decide professionally what should be there and what should not be there," he said.

Mr Chowdhury suggested that local government institutions should be governed by expert groups like local government commission where bureaucrats will not be part. This can help improve their performance and service delivery.

Speaking on the occasion, World Bank acting country director Dandan Chan said in Bangladesh, spending by LGIs accounts for 7.0 per cent of total government expenditure, whereas on average it is 19 per cent in developing countries and 28 per cent in industrial countries.

The relatively low share of LGI spending in government's total expenditure indicates limited fiscal decentralisation, she said.

"We have seen globally that the local government institutions with the participation of the communities are best placed for providing basic services such as education, healthcare, water supply and sanitation, and local law and order," Ms Chan said.

She said through projects, the World Bank has supported the government's decentralisation agenda.

"There are successes to build on: a predictable and transparent financial resource transfer system covering all the Union Parishads-the lowest tier of local government-has improved planning, participatory budgeting, and transparency."

While presenting the report, executive director of the PRI Dr Ahsan H Mansur said several factors like the lack of political, administrative, and financial autonomy, weak governance, and poor capacities constrain the effective functioning of the LGIs.

"The centralisation of resource mobilisation without constitutionally or legally mandated distribution of service responsibilities and revenues to local bodies has led to the centralisation of service delivery," he said.

Dr Mansur said the main weaknesses of public financial management (PFM) include: limitations in planning and executing budgets, inadequate book keeping and financial reporting, lack of internal controls over cash management, and weaknesses in audit

management process.

He made several recommendations-further administrative and fiscal decentralisation, adequate staffing, stronger monitoring capacity, improved understanding of budget, multi-year budgets, timely release of budget transfers, expanded revenue collection efforts, and strengthened LGI audits, among other issues.

Senior adviser of IGC Bangladesh Dr Sultan Hafeez Rahman was a panellist, at the discussion.

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<http://today.thefinancialexpress.com.bd/public/last-page/local-govt-bodies-need-fiscal-firepower-1561656776>

NEWAGE

Bangladesh must empower local govt bodies: WB

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To achieve upper-middle income status, Bangladesh must empower the local government institutions through administrative and fiscal decentralisation, a new World Bank report said Thursday.

It noted that the local government institutions play a limited role in delivering services due to limited decision-making and financial authority, lack of resources and staff, and weak capacity.

The report – Local Government Public Financial Management System Assessment – finds that Local Government Institutions suffer from weak public financial management practices,

hindering their service delivery capabilities.

Though the LGI's spending as a share of GDP increased from 0.67 per cent in 2001 to 1.1 per cent in 2013, it remains nearly five-time lower than the developing country's average, World Bank said in a statement.

In Bangladesh, spending by LGIs accounts for 7 per cent of total government expenditure, whereas on average it is 19 per cent in developing countries and 28 per cent in industrial countries.

The relatively low share of LGI spending in government's total expenditure indicates limited fiscal decentralisation.

'We've seen globally that the local government institutions with the participation of the communities are best placed for providing basic services such as education, healthcare, water supply and sanitation, and local law and order,' said Dandan Chen, World Bank acting country director for Bangladesh and Bhutan.

She said the World Bank has supported the government's decentralisation agenda through successive projects.

'A predictable and transparent financial resource transfer system covering all the union parishads - the lowest tier of local government - has improved planning, participatory budgeting, and transparency,' Chen said. The assessment identified the LGIs' weak capacities relating to public financial management.

These are - limitations in planning and executing budgets, inadequate book keeping and financial reporting, lack of internal controls over cash management and weaknesses in audit management process, among others.

In addition, LGIs still largely maintain transaction records manually. They need to expand the use of IT in accounting system and integrate with the government IBAS ++ system.

IT technologies should be used in administration and service delivery monitoring.

সংবাদমাধ্যমে প্রকাশিত বিভিন্ন খবর থেকে সংশ্লিষ্ট তথ্য সংগ্রহ করা হয়েছে।

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সংবাদমাধ্যমে

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