

PIFM- SESSION IV – INTERVENTION ON DECENTRALISATION & LOCAL GOVERNANCE

As development partners, we appreciate the priority GoB gives to local governance. The PRSD defines local governance as one issue of the eight point medium term strategic agenda “*which provides the key to a comprehensive acceleration in the pace of poverty reduction.*”

As further elaborated in the section 5.G (Promoting Good Governance) decentralisation and local governance is a key area within the good governance agenda. The PRSP highlights that “*the local governance agenda is central to the critical issues of decentralized service -delivery, grass-root accountability and the newer focus on regeneration of local economies through relevant partnerships amongst local government bodies, CBO s, NGOs, private sector and central government agencies.*” Some key activities are identified such as the institutional and fiscal strengthening of local government structures and the preparation of a comprehensive legislation on local governments.

During 2005, Government -development partner dialogue has been initiated for future plans to move ahead. Based on these processes and the PRSP, the LCG encourages the Government to continue the direction taken while focusing on 4 priority areas on local governance, both rural and urban, with achievable targets for the next one year . The donor community is willing to support these initiatives collectively or in a coordinated manner. The 4 areas are:

1. Formulate long term strategy for decentralisation and for policy framework review:

- § Establish a policy unit including different government representatives, civil society representatives and donor partners to advise, guide on first reform steps
- § Review of functions assigned to local governments and outline steps to increase authority of Union Parishads, Pourashavas and City Corporations for implementing/coordinating local development work
- § Review laws, ordinances, circulars on local government (including ordinance 97) and outline contradictions, inconsistencies .
- § Initiate a national consultation process with civil society , private sector and local government representatives on the above mentioned points
- § Reinstate the mandate for local government elections at the Upazila level to the fullest extent of the law

2. Fiscal decentralisation:

- § Review tax authority of UP/Pourashavas and initiate first steps for increasing authority to raise taxes and make financial decisions
- § Review block grant allocation mechanisms and increase direct block grant allocation to UP/Pourashavas in the next fiscal year
- § Review of local government financial management and procurement systems (budgeting, procurement, reporting, auditing)

3. Strengthening Human Resources of local government, mainly at UP/Pourashava level:

- § Assess/review existing training modules for basic capacity building support to local governments and assess capacities of different actors offering training to local governments
- § Initiate preparation of comprehensive capacity building program for local government , focusing on key issues such as administration, financial management, transparency, planning, monitoring, coordination.
- § Prepare action plan how and when to allocate more staff to UP/Pourashavas

4. Local accountability and participation of local population

- § Define steps how to make effective use of standing committees
- § Assess and introduce useful mechanisms for transparent planning and budgeting and for public performance monitoring of local government