

District Budget Experience in Bangladesh

The Case of Tangail

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SECTION 1: INTRODUCTION

The fiscal structure in Bangladesh is highly centralised. The system of subnational administration in Bangladesh involves a number of local administrative entities. However, Bangladesh lags behind many other countries of its size and per capita income on fiscal decentralisation, both in terms of aggregate expenditure and revenue earnings. Subnational expenditures as a percentage of total consolidated government expenditures are estimated to be in the range of 3-4 per cent (World Bank 2010). On the revenue side, most of the taxes and non-tax revenue are subject of central government. Hence, less than 2 per cent of total government revenue is collected at subnational levels (World Bank 2010). Under such circumstances, the concept of district budget was coined during budget for FY2011 when the Finance Minister prepared the concept note of district budget (along with unified budget). At that point opinions and suggestions on this issue were also sought from Members of Parliament and members of the civil society (MoF 2010). Indeed, the notion of preparing district was developed as a part of the effort towards bringing reforms in the existing budget management system. The idea of preparing district budget was welcomed by a number of stakeholders and analysts. No doubt, planning of decentralisation and the implementation of rural development plan at the district level is in line with the spirit of the national development objectives of meeting the aspiration of people at the grass roots level (CPD 2014). The district budget was expected to be formulated from the following fiscal year (budget for FY2012) which did not happen. Later the district budget for Tangail on an experimental basis was prepared in FY2014 budget. In the FY2014 speech of the Finance Minister, it was stated that a powerful Zila Parishad was an important need of the time (MoF 2013). In addition to Tangail, six more district budgets for Khulna, Chittagong, Barisal, Rajshahi, Rangpur and Sylhet were presented during announcement of the national budget for FY2015.

Among the countries in South Asia, the practice of the concept 'District Budget' can be found in Nepal. The National Planning Commission (NPC) sets a district level ceilings. Following the budgetary directives of Ministry of Finance (MoF), Village Development Committees (VDC), the most grassroots-level local elected bodies, are responsible for producing lists of desired district-level programs along with anticipated budgets through VDC council meetings which include representatives from political parties and civil society groups. The VDCs approve programs and forward their demands to the district development committee (DDC) via the area council (an intermediary body created to compile village-centered program requests). The DDCs submit the requests to the central government for budget allocation. Once implemented, DDC-led projects are audited by the auditor general (AG) while the line ministry-led projects are audited by the financial comptroller general's office (World Bank 2014). Besides in Nepal, district education

¹ The authors are grateful to Dr Debapriya Bhattacharya, Distinguished Fellow, CPD and Professor Mustafizur Rahman, Executive Director, CPD for their advice and guidance in preparing this paper. The authors wish to recognize the valuable support received from participants of key informant interviews and focus group discussion involving local government representatives, government officials, members of civil society, academia and representatives of business community.

budget is prepared in Pakistan, however, there is no practice of preparing a comprehensive district budget. In Pakistan, the expenditure for District Education Budget comes from the local resources of local government as equivalent to the district level and transfers allocated by the provincial and central government (MoF 2013).

Generally, district-wise budgeting can contribute towards fiscal decentralisation and strengthening local government. Geographically, a district is composed of a number of municipalities, upazila parishads and union parishads. Usually, district budget explains the idea of estimation of annual income and expenditure of a district. MoF (2011) outlined four major areas of income for a district viz. local tax, transfer of money to the local government institutions to meet its expenditures, grants from the central government and loan. Similarly, four major heads were identified as regards expenditures. These include revenue expenditure (including government offices), social safety net programmes, capital expenditure and the development projects of the district (approved by both central and local government). Thus, a district budget essentially provides a framework of how much and from which sources a district will earn its revenue and on which sectors it will spend its income. During this process, an account of how much money the central government will allocate to a particular district (if it has a lack of finance than required) will be presented.

MoF (2011) flagged a number of weaknesses as regards the traditional budget formulation process in Bangladesh including - i) unsatisfactory revenue collection although the potentials are there; ii) inadequate reflection of peoples' needs and expectations in the formulation of expenditure estimation; iii) prevalence of regional disparity in resource allocation; iv) poor achievement of actual targets due to ineffective monitoring of implementation; v) lack of scope for setting target from the central level for potential districts to be self-sufficient; and, vi) dependency on central government dominates in all respect. In view of the above, an independent district budget is necessary to increase efficiency of resource allocation as well as accountability involving budget formulation and implementation.

The concept and practice of preparing district budget is relatively new in Bangladesh. The purpose of this study is to identify the weaknesses of budget making process at the district level and to explore the scope of a better functioning and effective district level budget which will be participatory, efficient and able to reflect the development demands at the district level. One may recall that objectives of district budget in Bangladesh include:

- i. investigating whether local level needs and expectations are reflected in the formulation of national budget;
- ii. exploring the potentials of revenue collection at district level;
- iii. assessing the scope for districts to be self-sufficient;
- iv. addressing the regional disparity in resource allocation with a view to improve efficiency; and,
- v. improving monitoring mechanism towards attainment of budgetary targets.

As is known, Tangail is the first district for which a separate experimental district budget was prepared. It is also the only district for which allocations in two consecutive district budgets were presented. It is thus important to trace the experience of Tangail as regards district budget and test out the abovementioned objectives facing the ground realities.

While conducting the study, statistical data from secondary government sources has been analysed. The secondary government sources include both data on different socio-economic indicators of Tangail collected mainly by Bangladesh Bureau of Statistics (BBS) and budget data from MoF. Key informant interviews with a number of government officials and non-government

actors and a focus group discussion involving civil society members, academia and representatives of business community were conducted during the study.

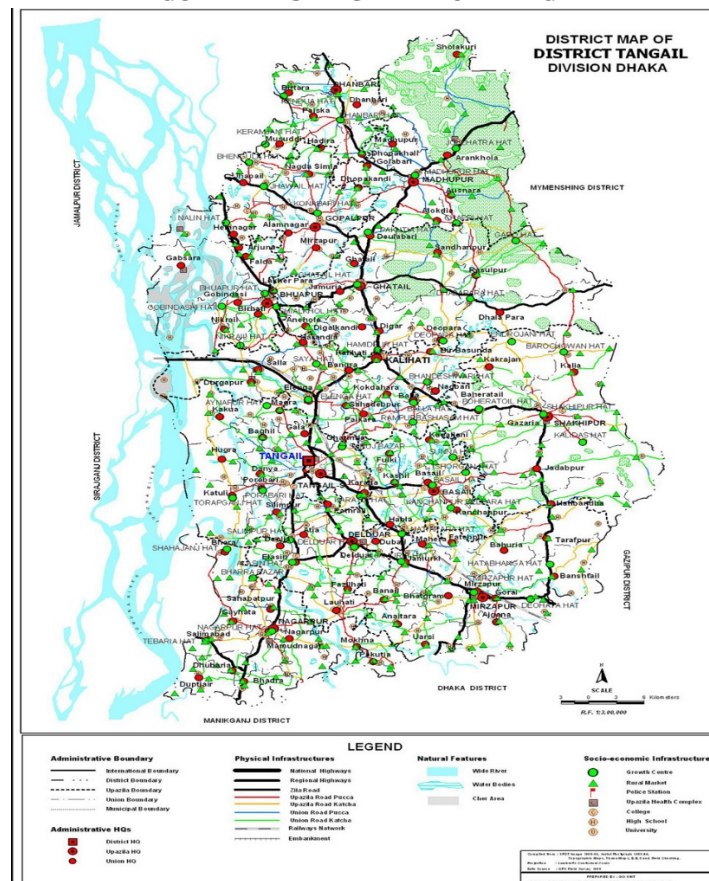
Following this introduction, this study includes three key sections. Section 2 gives an overview of the demographic and socio-economic situation of Tangail district. Section 3 reviews the formulation method of district budget and trend of Tangail district budget. Section 4 traces the changes (if any) as regards budgetary process at the Tangail district brought by district budget practice. The section also presents key developmental needs for Tangail district which forthcoming budget(s) preparation and implementation may take cognisance of. The final section concludes the paper with some departing thoughts.

2. SOCIO-ECONOMIC STATE OF TANGAIL DISTRICT

Geographic Area, Location and Population

Tangail district is surrounded by several districts including Jamalpur district on the north, the Dhaka and Manikganj districts on the south, the Mymensingh and Gazipur districts on the east and the Sirajganj district on the west (Figure 1). The total geographic area of the district is 3414.35 sq. km. (1318.09 sq. mile) comprising 2811 sq km of land area, 510 sq km of reserve forest and nearly 93 sq km of river area. The area of Tangail town is 35.22 sq. km. The district lies between 24°01' and 24°47' north latitudes and between 89°44' and 90°18' east longitudes (BBS 2011).

FIGURE 1: DISTRICT MAP OF TANGAIL



Source: LGED

The population of Tangail district is about 37.5 lakh which makes it fifth largest district in Bangladesh in terms of population. The rate of population growth is 1.42 per cent as against national growth rate of 1.37 per cent. It is also a densely populated district with population density of 1,056 per sq km (24th in Bangladesh) while the corresponding figure for Bangladesh is 1021 per sq km.

TABLE 1: VITAL STATISTICS OF TANGAIL DISTRICT

Indicators	Tangail
Area and Population	
Area (sq km)	3413.7
Population (lakh)	37.5
Population density (population/sq km)	1056
Population Growth Rate (%)	1.42
Administrative Structure	
City corporation	0
Upazila	12
Municipalities	11
Thana	14
Union	110
Villages	2439

Source: Author's compilation from BBS (2011)

Under the British Reign, Tangail sub-division was belonged as Mymensingh district. Tangail subdivision was established in 1870. Tangail municipality was established in 1887 and it got shape as a separate district on 1st December, 1969 under Dhaka division. The district consists of 12 upazilas, 110 unions, 1855 mauzas (inhabited), 2439 villages (inhabited), 11 municipalities, 108 wards and 245 mahallas (BBS 2011). The upazilas are Tangail Sadar, Basail, Bhuapur, Delduar, Dhanbari, Ghatail, Gopalpur, Kalihati, Madhupur, Mirzapur, Nagarpur, and Sakhipur. Among these upazilas, Ghatail is the largest while Basail is the smallest in terms of area (Table 2).

TABLE 2: BROAD CLASSIFICATION OF AREA 2011 (SQ. KM)

Upazila	Total area	Land area	Reserve forest	River area
Basail	157.2	157.1	0.0	0.7
Bhuapur	225.0	206.5	0.0	18.5
Delduar	184.5	179.0	0.0	5.5
Dhanbari	133.8	133.5	0.0	0.3
Ghatail	451.3	344.2	101.0	6.1
Gopalpur	193.4	191.8	0.0	1.6
Kalihati	295.6	262.7	4.2	28.2
Madhupur	366.9	181.8	184.4	0.7
Mirzapur	373.9	341.5	29.0	3.4
Nagarpur	262.7	249.3	0.0	13.5
Sakhipur	435.2	243.2	191.2	0.8
Tangail sadar	334.3	320.7	0.0	13.6
Tangail District	3413.7	2811.2	509.8	92.8

Source: Author's compilation from BBS (2011)

Household Characteristics

Nearly 85-90 per cent of houses were made of tin/wood during 2009-11 period in Tangail district while the Dhaka division averages were below 70 per cent (Table 3). In contrast, very few houses were buildings in Tangail district (1.6 per cent in 2011).

**TABLE 3: HOUSE STRUCTURE BY CONSTRUCTION MATERIAL
(% OF TOTAL NUMBER OF HOUSEHOLDS)**

Material	National			Tangail			Dhaka		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Building	8.6	9.9	9.6	8.3	1.4	1.6	8.5	9.0	8.4
Semi Pacca	16.0	18.2	19.3	3.9	4.5	4.8	13.2	14.8	16.8
Tin/Wooden	55.3	54.3	53.9	84.9	90.3	91.2	69.1	68.2	67.6
Mud	13.7	11.5	12.2	1.8	1.7	1.6	5.2	5.3	5.2
Bamboo	6.0	5.4	4.7	1.2	2.1	0.8	3.3	2.4	1.9
Others	0.5	0.8	0.4	0.0	0.0	0.0	0.7	0.4	0.2

Source: Author's compilation from BBS (2011a, 2011b, 2013)

Economic Characteristics

In 2011, only 24.4 per cent of households in Tangail were solvent. This figure is marginally above the national (21.3 per cent) and Dhaka division (22.3 per cent) averages (Table 4). Curiously, share of households with savings in Tangail declined from 16.6 per cent in 2009 to 12.7 per cent in 2011. At the same time, the aforementioned figure for Tangail was lower than both national (12.9 per cent) and Dhaka division (13.5 per cent) figures. It is also to be noted that, a significant proportion of households were either in permanent insolvency (10.8 per cent) or temporary insolvency (19.8 per cent) in Tangail district in 2011.

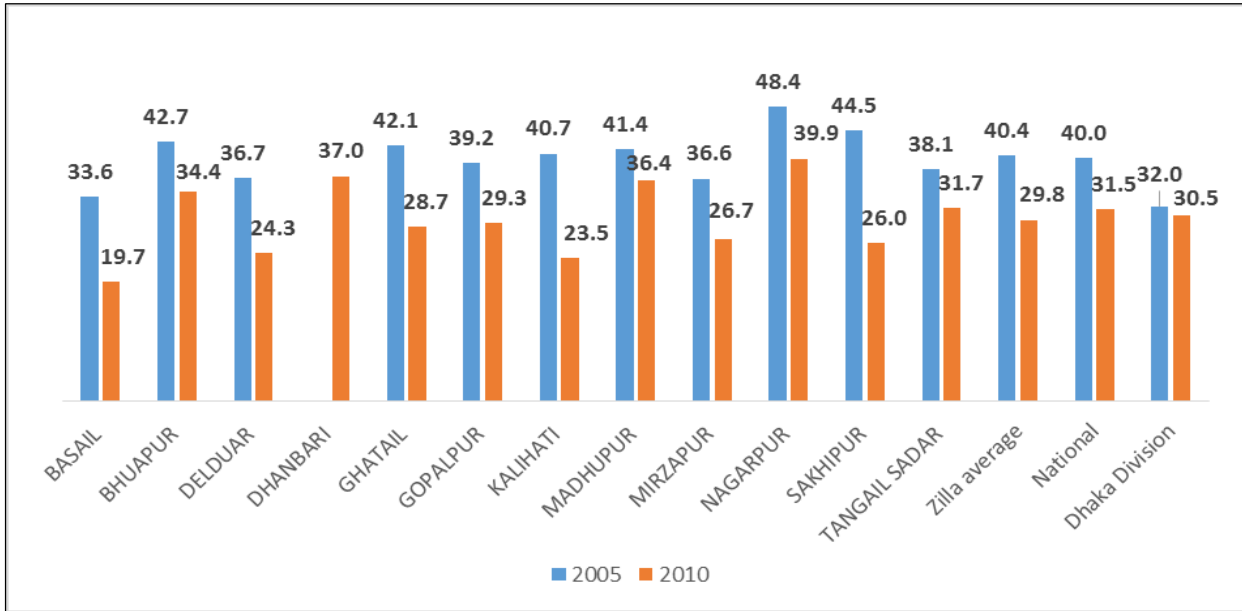
TABLE 4: SHARE OF HOUSEHOLD BY ECONOMIC CONDITION (%)

Sources	National			Tangail			Dhaka		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Permanent insolvency	14.2	16.9	14.1	11.2	11.7	10.8	10.6	12.7	9.9
Temporary insolvency	19.5	12.5	17.7	21.8	24.8	19.8	18.6	11.5	17.2
Equal Income & Expenditure	29.1	33.5	33.9	28.7	28.3	32.4	31.3	37.5	37.1
Solvent	21.2	22.7	21.3	21.7	22.9	24.4	22.1	23.7	22.3
Savings	16.0	14.4	12.9	16.6	12.3	12.7	17.4	14.7	13.5

Source: Author's compilation from SVRS data

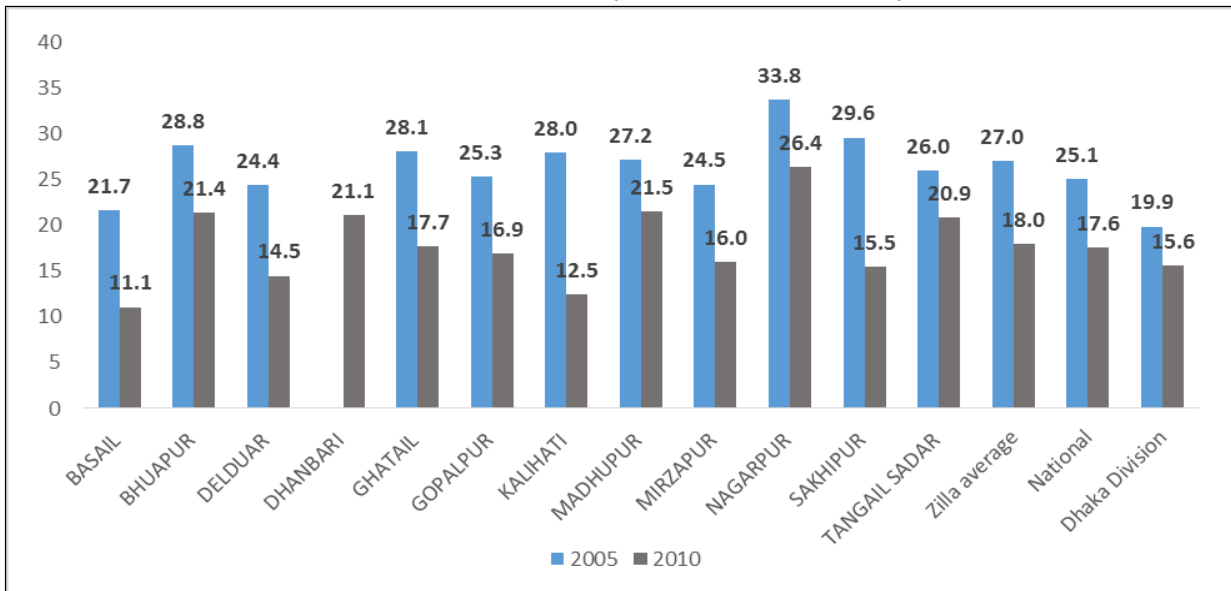
In early 2005, both the percentages of poor (40.4 per cent) and extreme poor (27 per cent) in Tangail were higher than the national average and average in Dhaka division (Figure 2 and 3). Poverty situation improved in the following 5 years and both the percentages of poor (29.8 per cent) and extreme poor (18 per cent) population dropped by 9-10 percentage points and stood at a lower rate than national and divisional figures. At upazila level, Basail performed better than all the remaining upazilas. Poverty rate in Basail declined from 33.6 per cent in 2005 to 19.7 per cent in 2010 and extreme poverty rate declined from 21.7 per cent in 2005 to 11.1 per cent in 2010. Nagarpur performed worst in terms of reducing poverty between 2005 and 2010.

FIGURE 2: PERCENTAGE OF POOR PEOPLE (UPPER POVERTY LINE) IN 2005 AND 2010



Source: Author's compilation from poverty maps of Bangladesh

FIGURE 3: PERCENTAGE OF EXTREME POOR (LOWER POVERTY LINE) IN 2005 AND 2010



Source: Author's compilation from poverty maps of Bangladesh

Labour Force Participation

In 2003, about 54.6 per cent of population participated in labour force in Tangail which was lower than the national average (57.3 per cent) (Table 5). However, labour force participation rate in Tangail registered faster growth to reach 63.1 per cent in 2010 and surpassed the corresponding national figure (59.3 per cent) and remained higher than the average of Dhaka district (55.2 per cent). This was mainly attained by greater participation of female in labour force. Indeed, between 2003 and 2010, female labour force participation rate doubled.

TABLE 5: LABOR FORCE PARTICIPATION RATE (%)

Division/District	2003			2006			2010		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
National	57.3	87.4	26.1	58.5	86.8	29.2	59.3	82.5	36.0
Tangail	54.6	87.2	21.0	57.5	89.8	25.4	63.1	83.7	43.4
Dhaka district	54.2	85.8	23.6	52.1	81.8	22.2	55.2	78.4	31.7

Source: Author's compilation from LFS data

Industries

Tangail is famous for its small and cottage industries. Due to its long tradition in handloom industry, a significant number (6021) of handloom units are operating in tangail district. Tangail is the home of the weavers of world famous "Tangail Saree" a handloom saree made of both cotton and silk thread mainly in Kalihati, Tangail sadar, Bhuapur and Basail. Among other major industries, according to BBS (2011), there were 5 textile industries, 4 garments factories, 1081 rice mills, only one jute mill in Tangail. However, these figures are quite small in number when compared to Dhaka district (Table 6). In recent years, a number of industries have been established in Mirzapur upazila.

TABLE 6: NUMBER OF SELECTED INDUSTRY BY UPAZILA, 2011

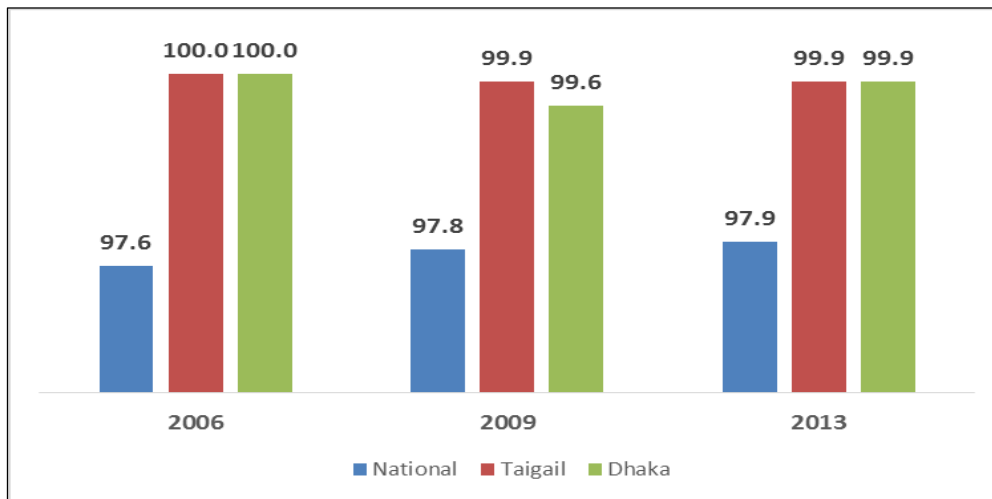
Upazila	Textile mill	Garments factory	Rice mill	Jute mill	Handloom units (factory)	Others
Basail	0	0	7	0	522	0
Bhuapur	0	0	106	0	15	0
Delduar	1	0	88	0	1134	43
Dhanbari	0	0	47	0	0	0
Ghatail	0	0	133	0	0	0
Gopalpur	0	0	34	0	0	0
Kalihati	0	1	105	0	2228	12
Madhupur	0	0	22	0	2	0
Mirzapur	2	2	260	1	0	38
Nagarpur	0	0	203	0	206	0
Sakhipur	0	0	22	0	0	0
Tangail Sadar	2	1	54	0	1914	0
Total	5	4	1081	1	6021	93
<i>Dhaka district</i>	<i>32</i>	<i>1483</i>	<i>492</i>	<i>8</i>	<i>923</i>	<i>516</i>

Source: BBS (2011)

Water and Sanitation

The situation as regards use of improved drinking water sources is satisfactory in Tangail. Data shows that all the households use improved drinking water sources in 2013 (Figure 4).

FIGURE 4: USE OF IMPROVED DRINKING WATER SOURCES

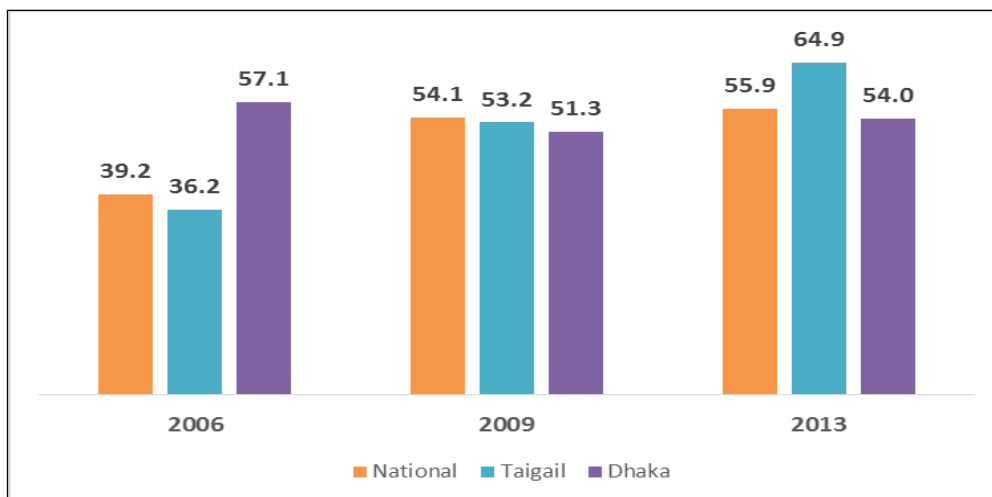


Source: Author's compilation from BBS and UNICEF (2008, 2010 and 2014)

Note: Dhaka here refers Dhaka division.

As regards progress in the area of improved sanitation, Tangail demonstrated notable performance. In 2006, only 36.2 per cent of total inhabitants in Tangail used improved sanitation, whereas the corresponding national figure was 39.2 per cent. In 2013, Tangail surpassed the national average (55.9 per cent) and reach 64.9 per cent (Figure 5).

FIGURE 5: USE OF IMPROVED SANITATION



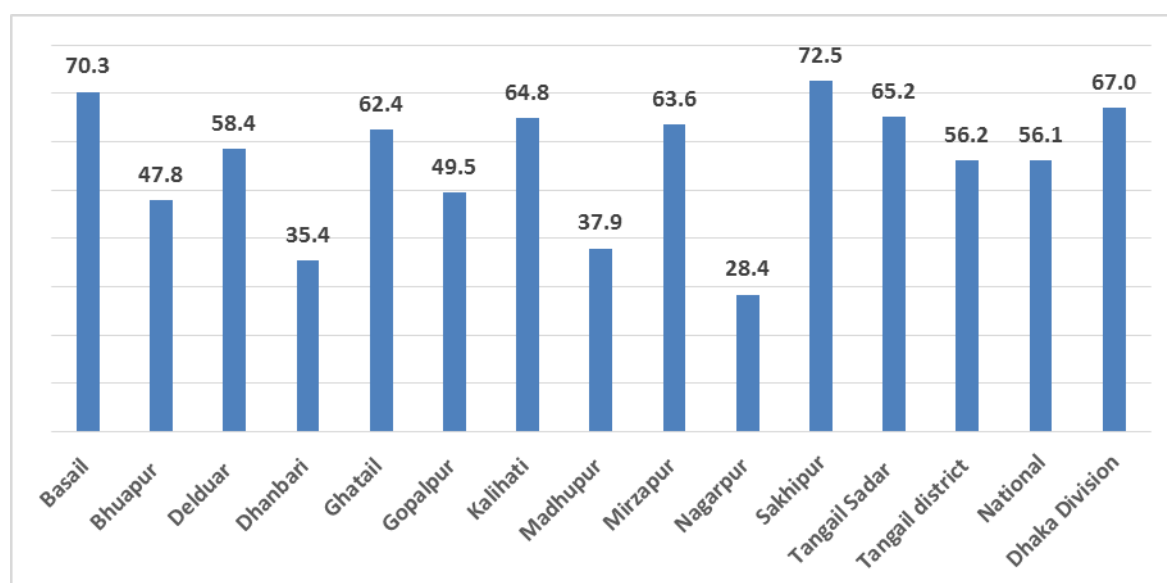
Source: Author's compilation from BBS and UNICEF (2008, 2010 and 2014)

Note: Dhaka here refers Dhaka division.

Access to Electricity and Fuel

Overall 56.2 per cent of households have electricity connection in Tangail district while the figure is little higher (67 per cent) in Dhaka division (Figure 6). However, among upazilas, more than 70 per cent of households have electricity connection in Basail and Sakhipur while upazilas like Nagarpur, Dhanbari and Modhupur fall behind.

FIGURE 6: PERCENTAGE OF ELECTRICITY CONNECTION IN HOUSEHOLDS BY UPAZILA



Source: Generated using GIS application, BBS

Dependence on straw and wood/bamboo (91 per cent of total in 2011) as major sources of fuel was very high in Tangail district (Table 7). While the share of Gas as a source of fuel is increasing both nationally and in Dhaka division which were 11.0 per cent and 20.6 per cent respectively in 2011. The corresponding figure for Tangail district was around 3-4 per cent during 2009-2011 period.

TABLE 7: PERCENTAGE DISTRIBUTION OF HOUSEHOLD BY SOURCES OF FUEL

Sources	National			Tangail			Dhaka		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Straw	37.5	38.6	39.3	56.7	63.0	66.5	37.0	39.5	39.1
Husk	5.8	5.3	4.0	6.3	8.0	4.4	5.8	4.4	4.2
Wood/Bamboo	42.7	43.7	43.1	29.6	24.5	24.5	33.4	34.2	33.9
Kerosene	0.4	0.5	0.3	0.4	0.1	0.1	0.4	0.3	0.1
Electricity	0.6	1.1	0.4	0.9	0.3	0.1	0.7	1.0	0.4
Gas	9.8	9.1	11.0	3.0	4.0	3.7	18.8	17.3	20.6
Other	3.2	1.8	2.0	3.1	0.1	0.8	3.8	3.3	1.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Author's compilation from SVRS data

Communication

According to BBS (2011), Tangail had a total of 2,034 bridges, 16 bailey bridges, 1711 culverts, 217 pools, 602 shakos and 5640 other infrastructures to facilitate the communication of the inhabitants (Table 8).

TABLE 8: NUMBER OF BRIDGE, BAILY BRIDGE, CULVERTS, POOL, SHAKO AND OTHERS, 2011

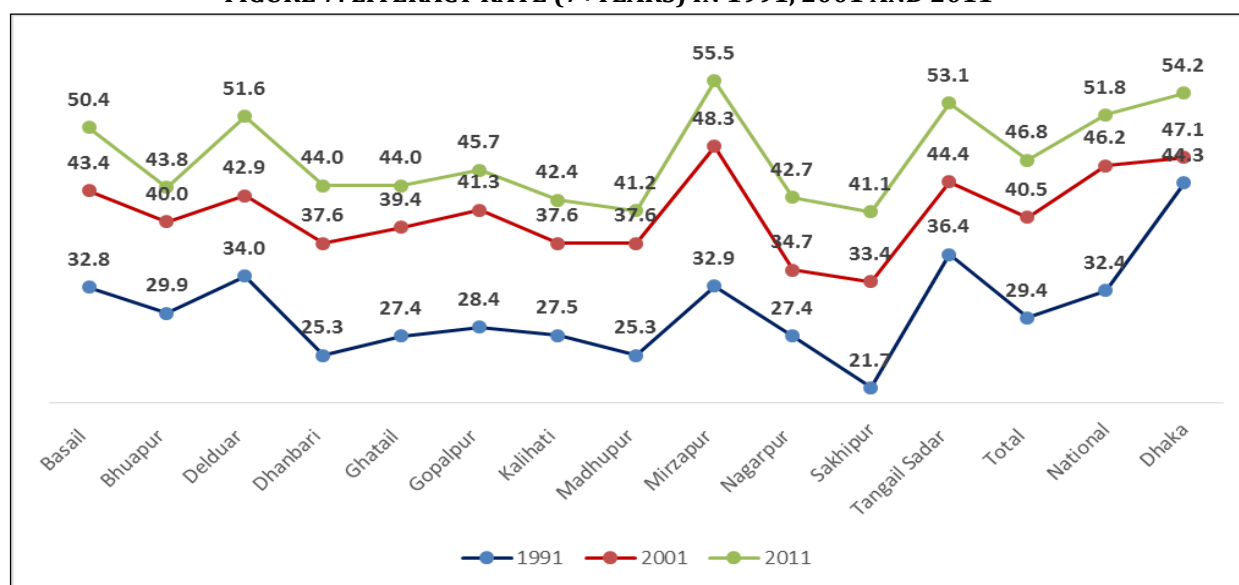
Upazila	Bridges	Bailey bridge	Culvert	Pool	Shako	Others
Basail	71	0	161	0	12	298
Bhuapur	110	0	127	15	20	272
Delduar	135	0	74	13	275	285
Dhanbari	20	0	213	0	10	226
Ghatail	509	0	120	0	99	652
Gopalpur	415	3	351	61	0	670
Kalihati	200	4	99	0	15	421
Madhupur	11	0	165	0	0	499
Mirzapur	80	0	185	0	0	620
Nagarpur	158	8	69	82	146	530
Sakhipur	10	1	54	46	25	590
Tangail Sadar	315	0	93	0	0	577
Total	2034	16	1711	217	602	5640
<i>Dhaka zilla</i>	<i>437</i>	<i>61</i>	<i>987</i>	<i>82</i>	<i>75</i>	<i>10</i>

Source: District Statistics 2011

Education

Literacy rate (7 years of age or above) among the population increased over the years in Tangail which stood at 46.8 per cent in 2011 (Figure 7). In 1991 the corresponding figure was 29.4 per cent. However, the figure was still lower compared to corresponding figures of both National average (51.8 per cent) and Dhaka division (54.2 per cent). At the upazila level, literacy rate is the highest (55.5 per cent) in Mirzapur upazila and the lowest (41.1 per cent) in Sakhipur upazila.

FIGURE 7: LITERACY RATE (7+YEARS) IN 1991, 2001 AND 2011



Source: BBS (1991, 2001, 2011)

The situation of adult literacy of population for all ages was also not very promising in Tangail. Adult literacy rate stood at 45.8 per cent in 2011 which was 30.5 per cent in 1991. In 2011, the

figure for Tangail was marginally lower than national average (53.0 per cent) and well below the average (73.7 per cent) of Dhaka district.

TABLE 9: ADULT LITERACY RATE OF POPULATION FOR ALL AGES

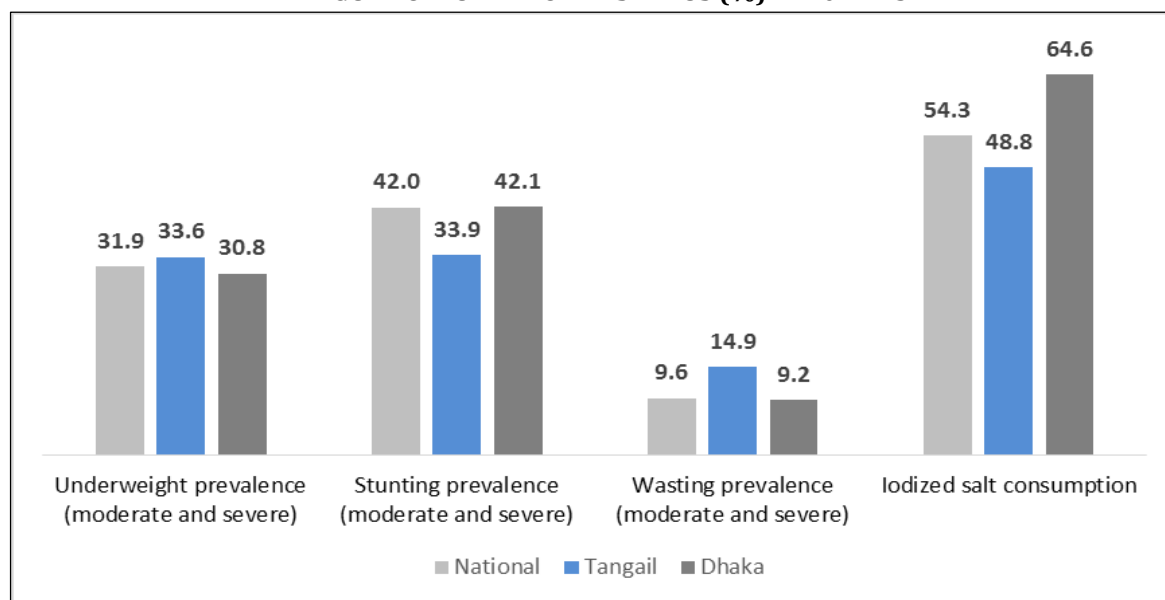
Division/District	1991			2001			2011		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
National	35.3	44.3	25.8	45.3	49.6	40.8	53.0	56.8	50.4
Tangail	30.5	39.2	21.7	38.8	43.3	34.2	45.8	50.2	46.3
Dhaka district	58.7	65.9	48.7	64.3	69.3	57.9	73.7	77.2	55.3

Source: Population Census different years

Health, Nutrition and Family Planning

The nutritional status of Tangail is not very promising. In all major health and nutrition related indicators e.g. underweight prevalence, stunting prevalence, wasting prevalence and consumption of iodized salt, the performance of Tangail district was worse compared to national and Dhaka division average figures. The only exception was prevalence of stunting (33.9 per cent), which was lower than the corresponding figures of both national and Dhaka division average.

FIGURE 8: NUTRITIONAL STATUS (%) IN 2012-13



Source: BBS and UNICEF (2014)

Infant mortality rate increased in Tangail from 37.0 per 1000 live birth in 2009 to 37.9 per cent per 1000 live birth in 2011, which is a worrying sign. It may be noted that, during the reported period the performance at national level improved. However, the figure for Tangail was marginally better than that for Dhaka division (Table 10).

TABLE 10: INFANT MORTALITY RATE (IMR) PER 1000 LIVE BIRTH

Division/District	2009			2010			2011		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
National	39.1	41.6	36.5	36.0	38.0	35.0	34.5	43.0	31.6
Tangail	37.0	36.7	37.4	31.9	33.8	29.7	37.9	27.9	47.8
Dhaka	38.0	40.4	35.4	33.6	35.2	31.9	38.3	40.4	36.2

Source: Author's compilation from SVRS

Contraceptive prevalence rate in Tangail district was 56.2 per cent in 2009 which increased to 60.2 per cent in 2011 (Table 11). The situation improved in both rural and urban areas. Indeed, compared to national and Dhaka division, Tangail's position was better in 2001 in this area.

TABLE 11: CONTRACEPTIVE PREVALENCE RATE

Division/District	2009			2010			2011		
	Total	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban
National	55.7	54.4	57.9	56.7	55.3	60.9	58.4	56.0	62.3
Tangail	56.2	54.2	60.7	59.5	56.9	65.2	60.2	57.2	66.3
Dhaka	56.5	54.6	58.7	58.1	56.4	60.7	59.6	57.6	62.4

Source: Author's compilation from SVRS

The situation as regards government health facilities is very poor in Tangail district. Only 17 beds are available per 100,000 population in Tangail while the corresponding number is 72 for Dhaka district (Table 12). The number of doctors (8), nurses (6), technicians (4) and other staff (34) are also inadequate for a district which has nearly 4 million of population.

TABLE 12: NUMBER OF GOVERNMENT HEALTH COMPLEX AND HEALTH PERSONNEL (PER 100,000 POPULATION)

Upazila	Number of beds	Number of doctors	Number of nurses	Number of technicians	Number of other staff
Basail	18.7	15.7	10.2	10.2	45.2
Bhuapur	25.3	10.6	9.1	6.1	32.8
Delduar	14.4	7.9	5.6	3.7	55.8
Dhanbari	0.0	5.5	4.4	2.7	8.7
Ghatail	7.1	6.9	3.9	3.2	36.2
Gopalpur	11.8	3.0	4.6	3.0	36.1
Kalihati	11.7	7.7	4.0	1.4	33.6
Madhupur	16.2	8.1	5.8	7.8	24.9
Mirzapur	7.3	5.2	2.4	1.7	32.8
Nagarpur	10.4	3.0	3.3	1.3	37.1
Sakhipur	17.3	8.7	6.9	8.3	26.6
Tangail Sadar	46.0	10.1	12.5	2.4	33.7
Total	17.0	7.5	6.1	3.8	33.6
Dhaka district	72.1	32.7	25.8	6.1	67.9

Source: District Statistics 2011

3. REVISITING DISTRICT BUDGET IN TANGAIL: METHOD AND ESTIMATION

To prepare a comprehensive district budget, a large scale administrative reform was required. Indeed, district budget making was not possible only through reforming budget making process or budget classification structure by remaining within the existing administrative arrangement (MoF 2013). The district budget presented by MoF was actually an accounting of district wise budget allocation. These district wise budget allocations were prepared through presenting allocations that are made for all government offices, local government institutions and private organizations in the central budget. It needs to be mentioned here that this exercise was also difficult without the necessary restructuring of existing budget classification. A separate module was created in the central database (Integrated Budget and Accounting System iBAS) of Finance Division for giving item wise entry of district budget. During preparation of the module, items were included in the module considering possibility of them getting allocation through analysing each line-item of all the ministries/divisions. In this process, ministries/divisions or departments under them were given iBAS entry through assessing item wise allocation in the related seven districts. Hence, district wise budget has been prepared through presenting allocations that were made for all government offices, local government institutions and private organizations situated in Tangail district from the central budget. Both non-development and development allocations were included. The process involved a number of adjustments.

Excluding allocation of divisional and local offices. In FY2015, six out of seven selected districts, for which district budgets were prepared, have divisional headquarters. In these divisional towns, not only there are district offices but also there are divisional and local offices under different ministries/divisions. Divisional and local offices (eg. Divisional commissioner office or office of the DIG of police) do not deliver service directly in a particular district, rather look after the activities of district/upazila offices under these divisions/areas. Considering this, allocations for divisional and local offices were not included during district allocation accounting.

Process followed if allocations for district or upazila offices were merged with central departmental allocations. As regards departments for which their allocations were merged with their central offices instead of presenting their district or upazila level allocations separately, at first the central departmental allocations of these departments were separated from their district and upazila allocations. Then allocations for district and upazila offices of these seven selected districts were determined.

Process followed as regards allocations presented in the central ministry budget. Programmes or projects (eg. old age allowance, VGF, VGD, FFW, TR etc.) for which central ministry budgetary allocations were presented at first and then allocations were made at district or upazila level from the central allocation, scheduled allocations were presented for all the upazilas under those seven selected districts for these programs or projects.

Process followed at upazila or union level offices. With regard to upazila and union level offices, all upazila office allocations under seven districts were presented together. Offices (eg. Union land office) for which there were separate allocations in the budget at the union level, official allocations at all the union levels of all the upazilas under these seven district were presented together.

Development allocation. Scheduled allocations for these seven selected districts in original and revised allocations of FY2014 and original allocations of FY2015 from development budget under the Annual Development Programme (ADP) that were being implemented by different ministries/division were presented separately. Expenditures were presented as development

expenditures only when there were approved allocations for these development projects which were being implemented in these seven districts under ADP and which can be spent in any of these districts.

Besides the aforementioned adjustments as regards estimating district budget, following limitations could not be overcome (MoF 2014).

Missing sectors. Allocations for a number of sectors were not considered during preparation of district budget. The government agencies which did not have operations in these districts were not included. At the same time, allocations for a number of sectors were not distributed at the district level, e.g. central government's loan and interest payments, defence related expenditures, allocation for Ministry of Foreign Affairs and large public investment projects (Padma Bridge).

Estimation of non-development revenue expenditure. For a number of government agencies non-development revenue expenditures are not distributed at the district level offices while preparing the budget. For these agencies, estimations were shown while preparing the district budget. Hence, a large part of non-development allocation shown in the district budget may differ from the actual allocation/expenditure.

Estimation of development programmes from revenue budget. Similar to the non-development revenue expenditure, development programmes which were financed from the revenue budget allocations at the district level were not prepared. Again for these heads, estimations were included.

Estimation of development budget. For the development programmes which were being implemented in several districts, estimated allocation for a particular district was included while preparing district budget for that district. Actual allocation/expenditure may differ from the allocation included.

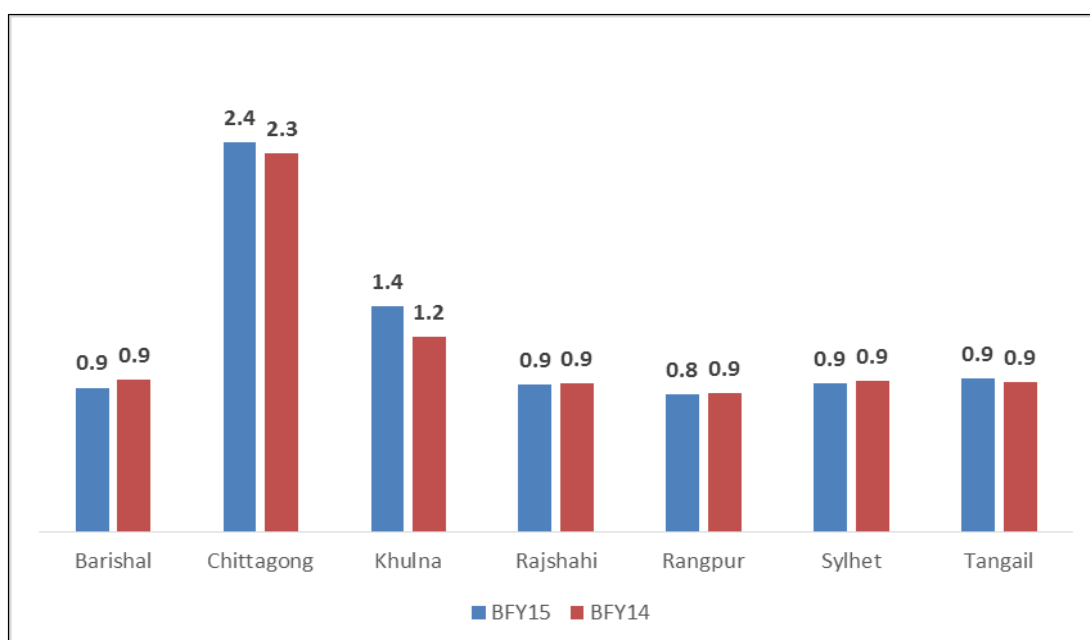
Keeping the large development projects outside. While preparing the districts budgets, MoF deliberately kept large scale development projects (particularly undertaken by Ministry of Power, Energy and Mineral Resources and Ministry of Industry) outside the purview of district budget.

Exclusion of block allocation. All block allocations were kept outside the district budget accounting.

Allocation for Tangail District

Share of allocation for Tangail district in total public expenditure outlay remained almost stagnant during FY2014 and FY2015 at around 0.9 per cent (Figure 9). Besides, Tangail, allocations for four other districts (viz. Barishal, Rajshahi, Rangpur and Sylhet) were similar. Budgets for Chittagong and Khulna were significantly higher.

FIGURE 9: SHARE OF DISTRICTS IN TOTAL BUDGET



Source: Calculation based on Tangail District Budget FY2015

Table 13 shows that in terms of per capita allocation, Tangail received the lowest amount in FY2015 (also in FY2014) among the seven districts for which district budgets were made available. (Per capita expenditures (non-development and development) are shown in Annex Table 1 and 2.)

TABLE 13: PER CAPITA TOTAL ALLOCATION, POVERTY RATES AND GROWTH RATE

Districts	Per Capita Allocation (in thousand tk)		Poverty Rates	Extreme Poverty Rates	Growth (%)	Tangail=100	
	BFY15	BFY14	2010	2010	BFY15 over BFY14	BFY15	BFY14
Barishal	9,063	8,202	54.8	39.9	10.5	146.2	157.3
Chittagong	7,461	6,235	11.5	4.0	19.7	120.4	119.6
Khulna	14,203	10,564	38.8	21.2	34.4	229.1	202.6
Rajshahi	8,284	7,194	31.4	16.5	15.1	133.6	138.0
Rangpur	6,971	6,040	46.2	30.1	15.4	112.4	115.8
Sylhet	6,333	5,500	24.1	19.5	15.1	102.1	105.5
Tangail	6,199	5,214	29.7	18.0	18.9	100.0	100.0

Source: Calculation based on Tangail District Budget FY2015 and Poverty Map 2010

The top 10 ministries constituted 82 per cent of total allocation in the district budget of Tangail in FY2015 which was around 80 per cent in FY2014 (Table 14). These include Road Transport and Highways Division (RTHD), Ministry of Education (MoE), Ministry of Primary and Mass Education (MoPME), Local Govt. Division, Ministry of Food (MoF), Ministry of Health and Family Welfare (MoHFW), Ministry of Home Affairs (MoHA), Ministry of Disaster Management & Relief (MoDMR), Ministry of Land (MoL) and Power Division. Among the top 10 ministries, RTHD received the highest district budgetary allocation of 13 per cent as compared to only 3 per cent of total allocation in the national budget in FY2015. Except power division, all the remaining 9 ministries received higher shares in Tangail district budget than that in national budget. The high share of RTHD was a reflection of large ADP allocation for various projects under the agency. (See Annex Table 3 for allocation-wise top 10 projects of Tangail district in budget for FY2015.)

TABLE 14: SHARE OF TOP 10 MINISTRIES/DIVISIONS (%)

Ministries/Divisions	BFY15		BFY14		BFY13	
	Tangail	National	Tangail	National	Tangail	National
M/o Home Affairs	6.6	4.8	7.2	4.7	3.9	5.0
M/o Primary & Mass Education	11.5	5.8	13.2	5.9	10.9	5.8
M/o Education	12.2	6.6	10.4	6.5	13.6	6.8
M/o Health & Family Welfare	6.9	4.7	7.2	4.6	8.0	5.5
Local Govt. Division	9.7	6.5	8.5	6.4	7.8	7.3
M/o Land	4.1	0.4	4.2	0.4	0.6	0.4
M/o Food	7.6	0.7	8.1	0.7	7.9	0.6
M/o Disaster Management & Relief	6.6	3.1	7.9	3.2	10.1	3.4
Road Transport and Highways Division	13.0	2.9	9.0	2.7	8.2	2.5
Power Division	3.7	3.9	3.8	4.4	1.8	4.7
Other	18.0	60.7	20.4	60.5	27.2	57.8

Source: Calculation based on Tangail District Budget FY2015

Table 15 shows that in budget for FY2014, Tangail district received a substantial growth of 32.1 per cent over the budget for FY2013. However, the growth slowed down to 18.9 per cent in FY2015. In both these years, growth of Tangail district budgets were higher than the national budget.

TABLE 15: GROWTH IN BFY2015 AND BFY2014 (%)

Ministries/Divisions	BFY15		BFY14	
	Tangail	National	Tangail	National
M/o Home Affairs	9.0	18.6	143.7	13.1
M/o Primary & Mass Education	3.8	14.6	59.7	21.4
M/o Education	38.7	18.1	1.8	13.6
M/o Health & Family Welfare	12.5	17.7	19.8	1.5
Local Govt. Division	35.8	19.3	45.0	4.2
M/o Land	16.0	10.8	869.1	2.3
M/o Food	11.3	18.9	35.6	31.2
M/o Disaster Management & Relief	-0.1	11.7	3.0	11.9
Road Transport and Highways Division	72.9	23.7	44.2	30.7
Power Division	16.9	2.5	174.6	14.7
Total	18.9	16.4	32.1	20.3

Source: Calculation based on Tangail District Budget FY2015

4. TRACING THE CHANGES: IS THERE ANY?

The preparation of district budget had certain objectives. District budget supposed to help towards local level needs and expectations being reflected in the national budget. At the same time, it should also encourage revenue collection at district level. District budget exercise should also help addressing the regional disparity in resource allocation with a view to improve efficiency and improve monitoring mechanism towards attainment of budgetary targets. Eventually, the district budget should empower district administration and push the districts towards self-sufficiency to some extent.

Regrettably, the recent efforts towards preparing district budget could bring hardly any improvement in the areas mentioned above. As has been mentioned in the previous section, the ongoing exercise in the name of district budget did not make any serious efforts to attain the objectives. Our review of literature and data collected at the ground level indicate a number of conclusions.

First, the district budgets for Tangail district (and six other districts) are not district budget per se. It may be called an attempt to distribute a part of government expenditure at the district locations. The resource (revenue and loan/grant) part of the budget remained completely missing.

Second, the administration at the district level was not involved in the budget making process. The concept of district budget is not clear to the relevant stakeholders both at district level and sub-district levels. In effect, it has become an accounting exercise which has no or very little policy influence. Similarly, it did not have an impact on the budget implementation and monitoring.

Third, it appears that district budget also had no impact on distribution of resources. Regional inequality was not considered. There was no initiative to understand regional developmental demands beyond traditional mechanism which involved government bureaucratic organs only. It is true that Members of Parliaments, from time to time, can send request to a government agency through demi-official letter. This can be considered as an attempt to reflection of peoples' demand. However, there is no real scope for people to involve in the budget making process.

Fourth, the district offices do not have the capacity to prepare budget. The present organogram and human resources are not adequate or equipped to undertake such tasks. Under such circumstances, it is unlikely that a bottom up approach will be pursued for budget formulation.

As part of the present study, attempts have also been made, in consultation with the stakeholders in Tangail districts, to identify the key developmental needs for Tangail district which forthcoming budget(s) preparation and implementation may take cognisance of. The list of these demands include:

- i. Timely completion of the Joydebpur-Chandra-Tangail-Elenga Road (N-4) 4-Lane Highway in a planned manner including dividers in required places
- ii. Dredging of Dhaleswari River for navigability
- iii. Introduction of commuter train services from Dhaka to Tangail
- iv. Construction of the second Jamuna Bridge/Disintegrate the rail line from the existing Jamuna Bridge and build a separate bridge
- v. Enhance sub-regional connectivity
- vi. Construction of a 600 m long bridge in Tangail city over the Dhaleswari river (feasibility study and morphological study for which has already been completed)
- vii. Construction of flyovers in Tangail city
- viii. Declaration of Mirzapur as an industrial city (where a number of industries including garments, textiles, spinning, cycling, rice and jute mills are operating)
- ix. Completion of the high-tech park proposed in Ghatail (proposal has already been submitted for land acquisition)
- x. Establishment of an EPZ in the *char* land of Jamuna
- xi. Fuller implementation of the Tangail Medical College with 500 seats
- xii. Conservation of the heritages of Tangail and declare this a tourist area

- xiii. Enhancement of urban facilities (parks, drainage, water supply etc.)
- xiv. Expansion of sport facilities for girls
- xv. Establishment of a cultural institute for indigenous people of Madhupur
- xvi. Distribution of heat machine to facilitate the operation of handloom factories
- xvii. Patronising the handloom industry through -
 - a. Reduced import duty of yarn and dye
 - b. Establishment of information cell on handloom at district level
 - c. Necessary measures to promote export of Tangail sarees
- xviii. Development of a pineapple processing industry
- xix. Provision of necessary incentives to private sector for building cold storages for reserving chicken and eggs of Tangail poultry farms which contributes to 15-18 per cent of total production of chicken and eggs of the country
- xx. Establishment of 'Shishu Park' for children
- xxi. Protection of Jamuna river from eroding through embankment with large concrete blocs
- xxii. Taking budgetary measure for reducing violence against women
- xxiii. Building of a railway station in Elenga
- xxiv. Building of a literature and cultural practice center on almost extinct culture
- xxv. Taking out sluice gate from Louhajang river
- xxvi. Facilitate health service delivery in hard to reach areas like Vuapur through increasing waterway transports during rainy season
- xxvii. Establishing a big market in Tangail sadar
- xxviii. Increasing budgetary allocation in health sector of Tangail emphasizing drainage and sewerage
- xxix. Building of a trauma center in Tangail near accident prone road areas
- xxx. Increasing service quality of Tangail hospital with addition of doctors and equipment for treating complex diseases like heart-attack.
- xxxi. Building of a safe custody
- xxxii. Establishing a teacher's training center
- xxxiii. Increasing transparency as regards budgetary allocation in women and child health
- xxxiv. Building of support center or victim center for women who are affected from violence
- xxxv. Building of driving training center where minimum SSC passed drivers will be trained without fee
- xxxvi. Providing health and education facilities for sex workers and rehabilitating sex workers
- xxxvii. Establishing a rehab for drug addicts
- xxxviii. Building a community center for the indigenous people of Tangail
- xxxix. Strengthening the district council of Tangail
 - xl. Creating a separate parking zone in Tangail sadar
 - xli. Increasing environment friendly agriculture
 - xlii. Starting mobile hospital services in Mirzapur-Jamuna road
 - xliii. Leasing the water lands to fishermen of Tangail

SECTION 4: CONCLUDING REMARKS

It is understood that the ongoing district budget is at its developmental stage and hence, limitations are perhaps expected. Regrettably, it is not clear whether it will evolve as a comprehensive district budget or not. One may recall that, In the preface of district budget for FY2015, the finance minister said that "I dreamt of that day when district budget will no longer be a centrally prepared budget, rather it will be a formal reflection of the demands of the people

living in remote areas of the country” (MoF 2014). However, sceptical views are not uncommon. Indeed, the experience from last two district budgets of Tangail does not give an exciting picture.

The present challenge for the MoF is to be able to craft district budgets as per the needs of the particular district. The government must also ensure transparency and accountability of the district budgets. This will include availability of budget documents/reports/statements, completeness of the information, facilitating understanding and interpretation of the information, timeliness of the information, audit and performance assessment, scope for legislative scrutiny, putting in place practices relating to budgeting for disadvantaged sections and best practices relating to fiscal decentralisation. In designing the district budget, the government should explore possible sources to generate revenues for the district administration. Without strengthening the local government, implementation of district budget will remain a far cry. Capacity development programmes should receive due importance. To make district budget meaningful, decentralised approach to development will be required.

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ANNEX

ANNEX TABLE 1: PER CAPITA EXPENDITURE (DEVELOPMENT), POVERTY RATES AND GROWTH RATE FOR 7 DISTRICTS

Districts	Per Capita Allocation (in thousand tk)		Poverty Rates	Extreme Poverty Rates	Growth (%)	Tangail=100	
	BFY15	BFY14	2010	2010	BFY15 over BFY14	BFY15	BFY14
Barishal	3,351	3,349	54.8	39.9	0.0	133.4	168.8
Chittagong	3,387	3,112	11.5	4.0	8.8	134.8	156.9
Khulna	8,504	5,554	38.8	21.2	53.1	338.5	280.0
Rajshahi	2,293	2,079	31.4	16.5	10.3	91.3	104.8
Rangpur	2,517	2,185	46.2	30.1	15.2	100.2	110.1
Sylhet	2,542	2,358	24.1	19.5	7.8	101.2	118.9
Tangail	2,512	1,984	29.7	18.0	26.6	100.0	100.0

Source: Calculation based on Tangail District Budget FY2015 and Poverty Map 2010

ANNEX TABLE 2: PER CAPITA EXPENDITURE (NON-DEVELOPMENT), POVERTY RATES AND GROWTH RATE FOR 7 DISTRICTS

Districts	Per Capita Allocation (in thousand tk)		Poverty Rates	Extreme Poverty Rates	Growth (%)	Tangail=100	
	BFY15	BFY14	2010	2010	BFY15 over BFY14	BFY15	BFY14
Barishal	5,712	4,853	54.8	39.9	17.7	154.9	150.2
Chittagong	4,074	3,124	11.5	4.0	30.4	110.5	96.7
Khulna	5,699	5,010	38.8	21.2	13.8	154.6	155.1
Rajshahi	5,991	5,115	31.4	16.5	17.1	162.5	158.4
Rangpur	4,454	3,856	46.2	30.1	15.5	120.8	119.4
Sylhet	3,791	3,142	24.1	19.5	20.7	102.8	97.3
Tangail	3,687	3,230	29.7	18.0	14.1	100.0	100.0

Source: Calculation based on Tangail District Budget FY2015 and Poverty Map 2010

ANNEX TABLE 3: ALLOCATION-WISE TOP 10 PROJECTS OF TANGAIL DISTRICT IN BFY2015

Project Name	Ministry/Division	Allocation (in lakh taka)		Start date	End date
		BFY15	BFY14		
SASEC Road Connectivity: Improvement of Joydevpur-Chandra-Tangail-Elenga Road (N-4) to 4-Lane Highway	Road Transport and Highways Division	22,000	7,000	1/4/2013	31/12/2018
PEDP-3	M/o Primary & Mass Education	7,604	8,729	1/7/2011	30/06/2016
Bangladesh Central Zone Power Distribution Project	Power Division	4,500	4,000	1/12/2009	30/06/2015
Construction of Union Link Road and Infrastructure Development Project: Greater Mymensingh District	Local Govt. Division	3,400	1,150	1/5/2009	30/04/2014
Development of National ICT Infranetwork for Bangladesh Government	Information & Communication Technology Division	2,284	8,464	1/4/2010	30/06/2014
Enhancing Quality Seed Distribution Project (2nd Revised)	M/o Agriculture	2,160	0	1/7/2011	30/06/2016
LGSP-2	Local Govt. Division	2,080	1,699	1/7/2011	30/06/2016
Ekti Bari Ekti Khamar (2nd Revised)	Rural Development & Co-operative Division	1,957	1,270	1/7/2009	30/06/2016
Development of Public Universities	M/o Education	1,500	400	1/1/2009	30/06/2013
Community Based Health Care	M/o Health & Family Welfare	1,183	1,183	1/7/2011	30/06/2016

Source: Compilation from Tangail District Budget FY2015