



FINANCING THE SDG LOCALISATION

Ranjit Kumar Chakraborty
Advisor, Economic Policy Unit,
UNDP

13 December 2021

OUTLINE

- **Concept of SDG localization**
- **Why does SDG localization matter?**
- **Enabling environment for localisation of SDG**
- **SDG localisation: Bangladesh context**
- **Mobilisation of local resources by UPs for financing SDG**
- **Challenges of mobilising local resources and efficient utilisation of resources**
- **Way forward**

CONCEPT OF SDG LOCALISATION

- With the adoption of the 2030 Agenda for Sustainable Development, Member States pledged to ensure “no one will be left behind” and to “endeavour to reach the furthest behind first.”
- Localising SDGs essentially means involving local stakeholders at the subnational level to make the 2030 Agenda for sustainable development truly inclusive to meet the pledge made by the countries while adopting this agenda
- It also means enabling the countries to design and implement local actions to create intended impacts by ending extreme poverty, curbing inequalities and confronting discrimination.

WHY DOES SDG LOCALISATION MATTER?

- **At least 12 SDGs** require integrated strategies at the community level to overcome the interlinked challenges of poverty, ill-health, social ills and environmental destruction.



Source: Citizen's Platform for SDGs, Bangladesh

WHY DOES SDG LOCALISATION MATTER?

- Speakers at the High Level Political Forum (HLPF) on “How can localisation of SDGs contribute to Leaving no one behind?”, laid emphasis on the fact that due to the localisation efforts, the path to implement the 2030 Agenda will be relatively smooth
- Localisation also allows working out local solutions to local challenges by empowering local institutions.

ENABLING ENVIRONMENT FOR LOCALISATION OF SDG

- A legal and political framework that guarantees democracy and respect for human rights
- A legislative body and level of decentralisation that recognises local and regional governments as an autonomous level of government with legal powers, financial autonomy, clearly defined roles and responsibilities and the capacity to defend the voice of citizens before national authorities
- Multi-level governance mechanisms and multi-stakeholder partnerships

ENABLING ENVIRONMENT FOR LOCALISATION OF SDG/1

- Recognition of the need to make financial transfers from the central government to local governments to correct imbalances between the tasks assigned to them and their limited resources.
- Local governments should also have the legal power to set their own taxes, with the aim of effectively implementing their locally defined development pathways and ensuring accountability to local communities
- Capacity building of local governments in relation to the SDGs, empowering them to maximize their contributions
- Measures to monitor and assess the performance of local and regional governments, as well as to support them to improve over time

SDG LOCALISATION: BANGLADESH CONTEXT

In Bangladesh, there is a large network of local government institutions (LGI) at different subnational layers and include:

Urban

- City Corporations(11)
- Municipalities(316)

Rural

- Zila Parishads(64)
- Upazila Parishads(492)
- Union Parishads(4571)

The legal framework for LGIs consists of relevant pieces of legislation, rules, guidelines and executive orders

SDG LOCALISATION: BANGLADESH CONTEXT/1

- Bangladesh's Constitution makes a clear provision as to the role of local bodies for social and economic development. It states that “the preparation and implementation of plans relating to public services and economic development” will lie with these bodies [Article 59(2) (c)].
- This mandate makes it imperative that Bangladesh localises the SDGs and equip the LGs with the skills and resources to assess their local situation, work out priorities for each of the relevant SDGs, and monitor and report their progress.

SDG LOCALISATION: BANGLADESH CONTEXT/2

- UPs in Bangladesh work at the grassroots and are closest to the people
- The Local Government (UP) Act of 2009 (“the Act”) that governs the activities of UPs has strengthened the local government by incorporating direct participation of citizens in planning through ward shavas (meetings) to ensure participatory planning, formulating citizen charter, open budget meetings and annual reporting
- SDG 16 perfectly fits into the stipulations made in UP Act. The goal explicitly calls for “peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels”
- Target 16.7 of the goal is meant to “ensure responsive, inclusive, participatory and representative decision-making at all levels.” This means that the achievement of other goals largely depends on it.

MOBILISATION OF LOCAL RESOURCES BY UNION PARISHADS FOR FINANCING SDGS

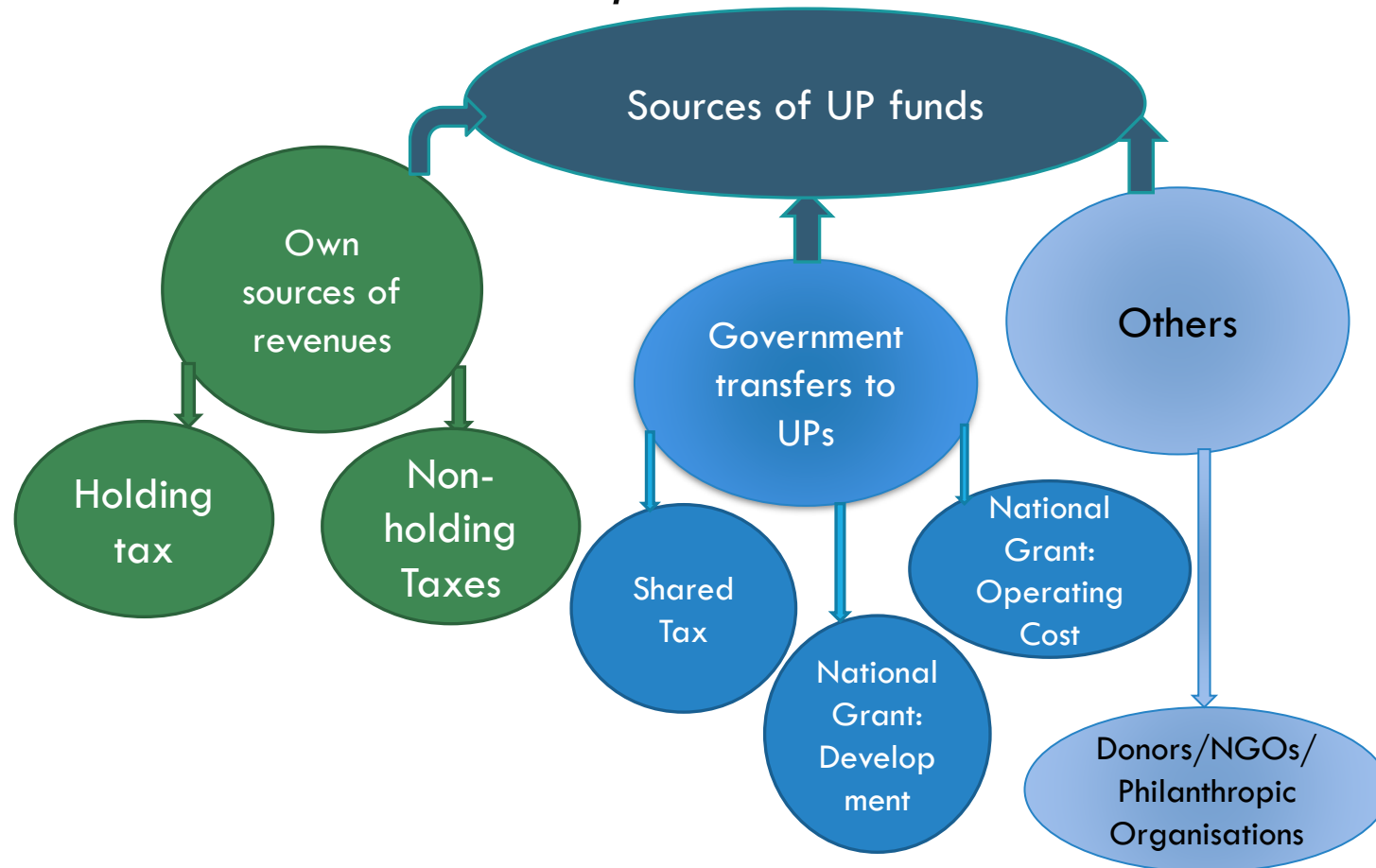
Current situation

- Bangladesh's fiscal regime is highly centralised in terms of local resource mobilization.
- In Bangladesh, LGs at all layers suffer from resource deficiency despite there has been immense potential of turning them financially solvent.
- A research report indicates that LGs contribute only 0.15 percent of GDP against an average of 3.3 percent in developing countries.

MOBILISATION OF LOCAL RESOURCES BY UPS FOR FINANCING SDGS/1

- LGs receive the bulk of their financial resources from the central government transfers to finance their recurrent and development expenditure.
- According to a BBS report(2019),UPs received more than 75 percent of their funds from the central government transfers and they could mobilise only 14 percent in FY 2012-13 (BBS, 2019).
- Rural LGs(UPs) in particular, are found to be weak in resource mobilisation that leads to weak delivery of services to the citizens

MOBILISATION OF LOCAL RESOURCES BY UPS FOR FINANCING SDGS/2



CHALLENGES OF MOBILISING LOCAL RESOURCES AND EFFICIENT UTILISATION

Transfers from the central government

High dependence on transfers from the central government as revenues generated from own sources have remained insignificant .

A legally-mandated resource transfer mechanism is absent and such transfers are not predictable

Little or no correlation between assigned responsibilities and resource transfers

The resource transfers are determined centrally based mainly on political considerations and competing national priorities.

CHALLENGES OF MOBILISING LOCAL RESOURCES AND EFFICIENT UTILISATION

Augmentation of financial resources

UPs have limited taxing power which is determined by the central government.

Regulating and controlling the financial resources keeps the LGIs resource-poor.
Distribution of lease money from hat-bazars of UPs is a case in point

Virtual absence of private sector in some areas despite there are potentials of business

WAY FORWARD

Fiscal decentralisation to make sure that UPs can spend more to finance the prioritised projects included in UP 5-year plans. Currently, UPs and urban local government bodies account for only about 3.1 per cent of public spending [Policy Brief of Citizens Platform for SDGs, Bangladesh]

Revisiting the existing **UP Model Tax Schedule** and amending tax rates

Enhancing capacity of collection of taxes

Incentivising private sector for investment which should meet both social and business objectives to harness the local potentials

Drawing experience from countries like Indonesia and the Philippines where there are diverse sources of revenues

Introducing operational efficiency in spending to make the best use of limited fiscal space

Replicating the good practices of UPs



THANK YOU
