

Improving the Budget Distribution Procedure to Ensure Smooth and Efficient Public Service Delivery

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Abstract : Introductory Statement: Delay in budget releases is often cited as one of the biggest bottlenecks to smooth and efficient service delivery. While budget release from the ministry of finance to the line ministries has been expedited by simplifying the procedure, budget distribution within the line ministries remains one of the major causes of slow budget utilization. While the budget preparation is a bottom-up process where all DDOs submit their proposals to their controlling officers (such as Upazila Civil Surgeon sends it to Director General Health), who consolidate the budget proposals in iBAS++ budget preparation module, the approved budget is not disaggregated by all DDOs. Instead, it is left to the discretion of the controlling officers to distribute the approved budget to their sub-ordinate offices over the course of the year. Though there are some need-based criteria/formulae to distribute the approved budget among DDOs in some sectors, there is little evidence that these criteria are actually used. This means that majority of the DDOs don't know their yearly allocations upfront to enable yearly planning of activities and expenditures. This delays the implementation of critical activities and the payment to the suppliers of goods and services and sometimes leads to undocumented arrears to suppliers for essential goods/services. In addition, social sector budgets are fragmented because of the vertical programs and externally financed interventions that pose several management challenges at the level of the budget holders and frontline service providers. Slow procurement processes further delay the provision of necessary goods and services. For example, it takes an average of 15-18 months for drugs to reach the Upazila Health Complex and below, while it should not take more than 9 months in procuring and distributing these. Aim of the Study: This paper aims to investigate the budget distribution practices of an emerging economy, Bangladesh. The paper identifies challenges of timely distribution and ways to deal with problems as well. Methodology: The study draws conclusions on the basis of document analysis which is a branch of the qualitative research method. Major Findings: Upon approval of the National Budget, the Ministry of Finance is required to distribute the budget to budget holders at the department level; however, budget is distributed to drawing and disbursing officers much later. Conclusions: Timely and predictable budget releases assist completion of development schemes on time and on budget, with sufficient recurrent resources for effective operation. ADP implementation is usually very low at the beginning of the fiscal year and expedited dramatically during the last few months, leading to inefficient use of resources. The timely budget release will resolve this issue and deliver economic benefits faster, better, and more reliably. This will also give the project directors/DDOs the freedom to think and plan the budget execution in a predictable manner, thereby ensuring value for money by reducing time overrun and expediting the completion of capital investments, and improving infrastructure utilization through timely payment of recurrent costs.

Keywords : budget distribution, challenges, digitization, emerging economy, service delivery

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