

**Natural Resource Accounting in the System of National  
Accounting of Bangladesh  
Governance issue of Bangladesh Bureau of Statistics (BBS)**

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**Internship in Bangladesh Bureau of Statistics (BBS)  
Funded by CIDA through Student for Development Program  
2007,  
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**Presentation in Ecological Economics Class  
Faculty of Environmental Studies  
Date: March 03, 2008**

## Internship work plan:

### Objectives:

- To enhance the emergence of ecological economics (set SEEA 2003 methodology) in BBS governance work
- To carry out independent research on integrating natural resource stock and depletion accounts in the National Accounting System of Bangladesh which falls under PUBLIC SECTOR INSTITUTION AND CAPACITY BUILDING

- I did needs- based assessment of Bangladesh Bureau of Statistics (BBS) to integrate natural resource accounting in the system of National Accounting.
- I studied and examined current practices and methodologies of BBS.
- I evaluated current institutional arrangements including legislation and regulations, policies and guidelines, administrative structures, financial arrangements and key stakeholders.
- I identified possible shortcomings and barriers of BBS and possible gaps between the supply of and demand for the tool of natural resource accounting.
- I interviewed, consulted and discussed with key decision makers about the utility and importance of natural resource accounting



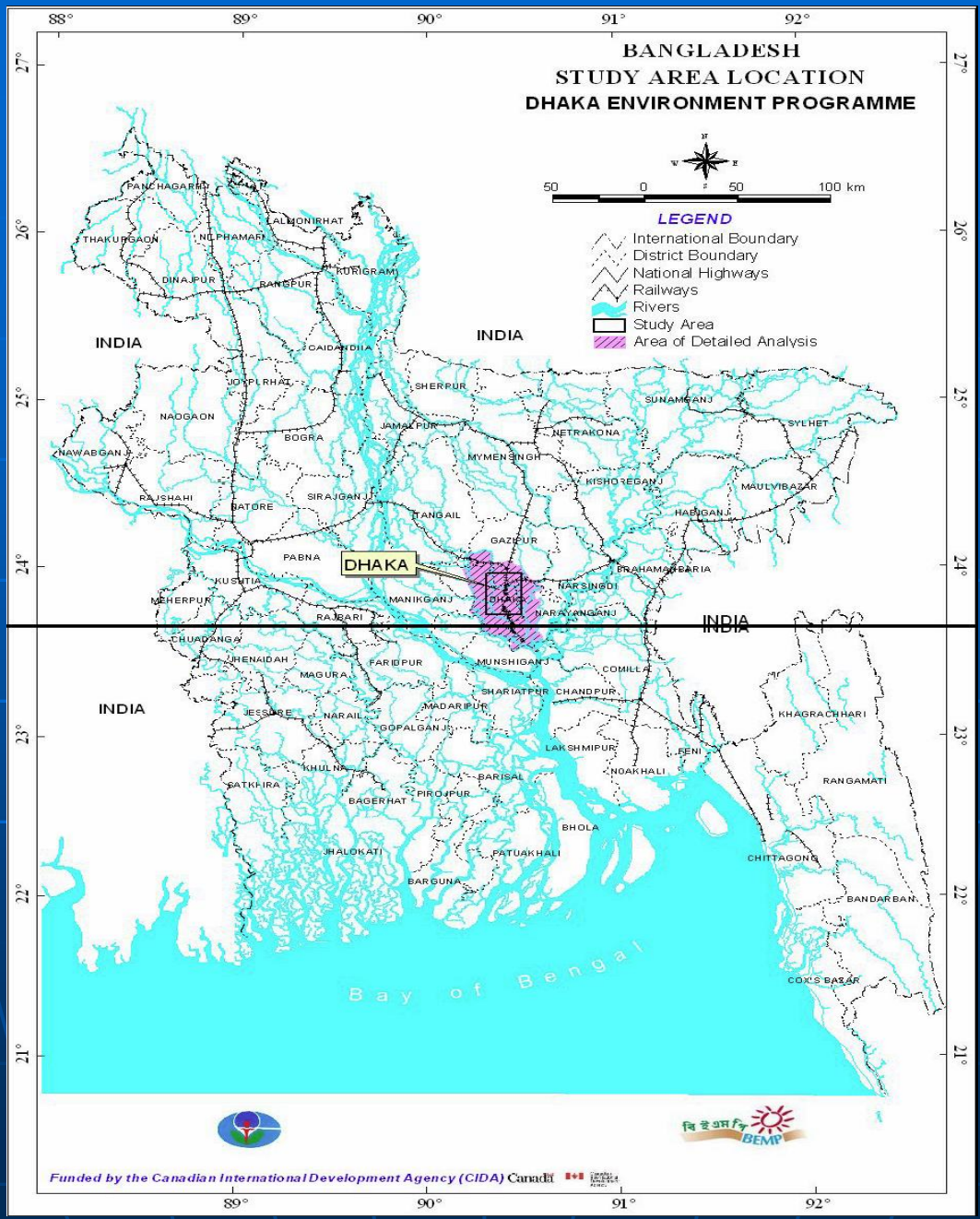
Source: [www.mapquest.com](http://www.mapquest.com)

**Total Area:**

55,598.71 sq mi

**Population:**

129,194,224 (July 2000 est.)<sup>3</sup>



Source : BEMP

# Status of Natural Resources in Bangladesh

NEMAP identified a long lists of natural resources which are under pressure

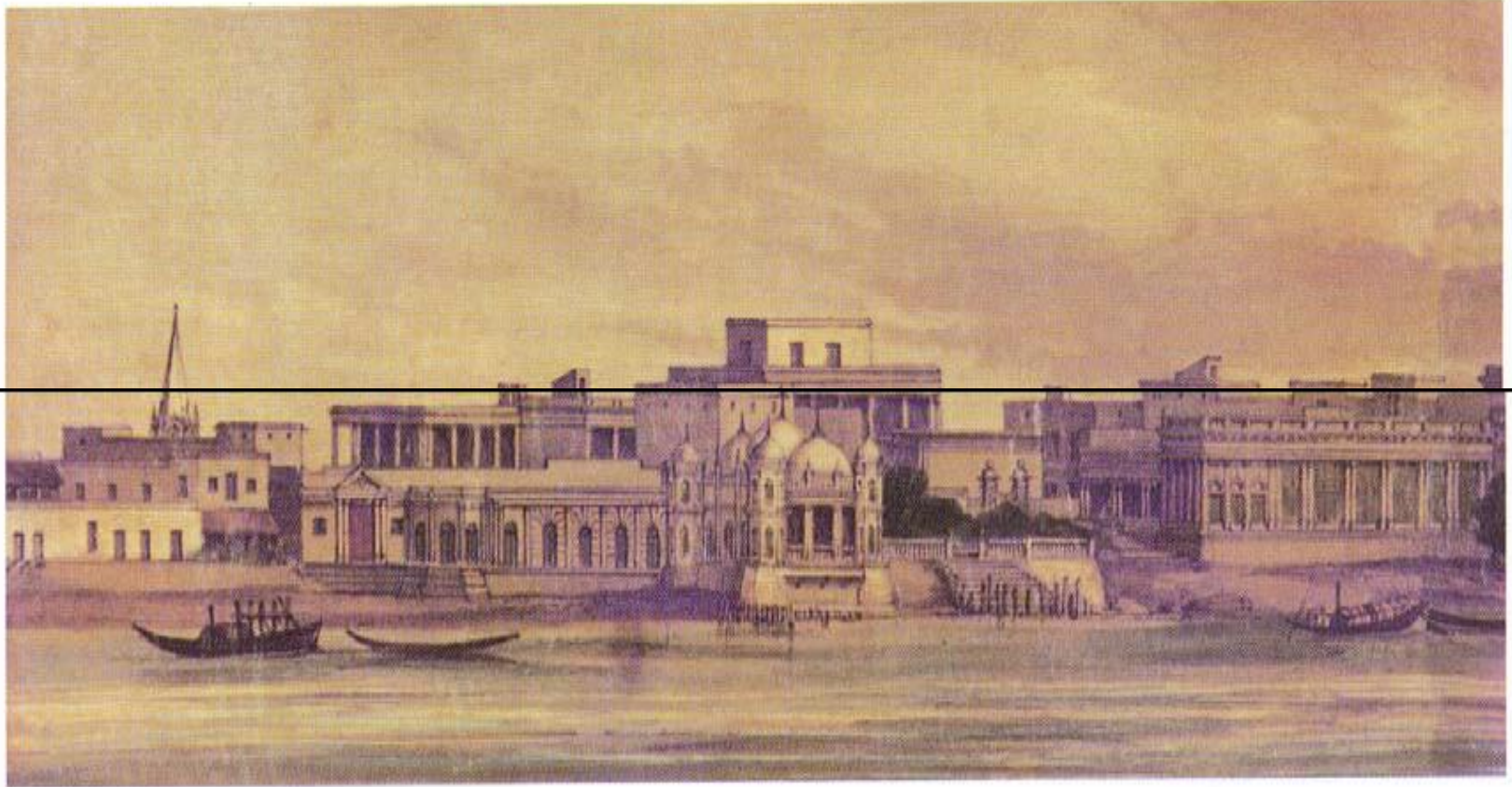
- Land degradation
- Desertification
- Deforestation
- Loss of wetlands
- Loss of species
- Underground water scarcity and water degradation
- Loss of agricultural land
- Loss of forest land
- Decline in fisheries

There is no clear official statistics on the issues. But many academic literatures, media report made serious concern about resource scarcity, degradation and depletion.

Bangladesh Country Environmental Analysis, The World Bank, 2006

Bangladesh National Conservation Strategy ,2007

## The Buriganga River, Dhaka, 1840



*The Babubazar area of Dhaka in 1840, showing the residence and mosque of Mirza Ghulam Pir and Rev. Leonard's residence*

# The Buriganga River, Dhaka, 19<sup>th</sup> Century



*The Dhaka Sugar Company works (popularly known as the mill barracks) and the manager's residence*

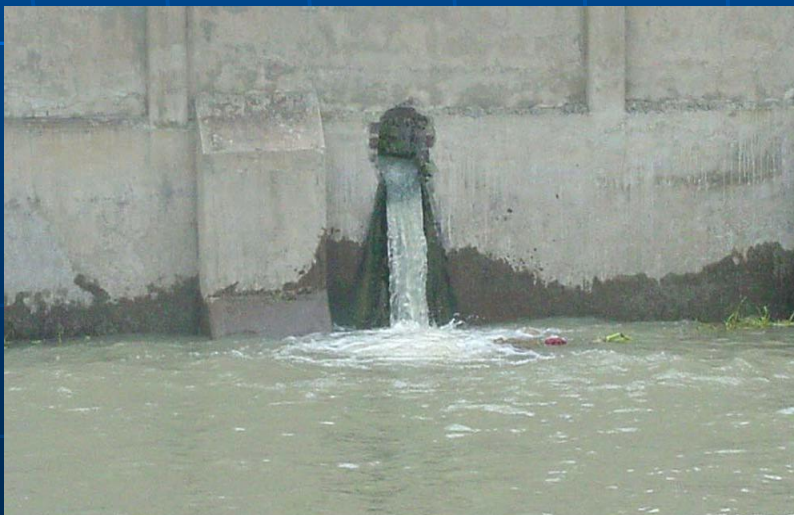
Today...



Lets examine why the situation is so dire.



# Unregulated disposal of solid waste, industrial waste in rivers around Dhaka



# Boats/Ships Transportation, Dredging, Spoil Disposal, Sandmining, Upstream Erosion and Sedimentation



# Unregulated development ,Decreasing the Quality of Fish Habitat in the Buriganga river.

## Discharge of thermal effluent , oil, fuel, and grey water



While intensive forest plantation and conservation efforts are on the rise, primary forests continue to become degraded or converted to other purposes at alarming rate in some regions



Illegal felling



Plantation in Gazipur sal forest zone during harvest  
Clear-cut is a fundamental feature of plantation



Illegal papaya plantation on the public forest land in Modhupur



Banana plantation in Modhupur sal forest has replaced a vast tract of forestland

# Why NRA is a governance issue:

- In governance the utility of NRA is as a policy tool. Policy guiding value of different indicators of NRA could help clarify officials or ministers position in the spectrum of policy decisions. The absence of an arms length audit makes it difficult to assess whether the management practices are sustainable or not. For example when forest department has published figures showing that timber harvests are unsustainable, or that they contribute to the destruction of wildlife habitat? Government policies need to take a more holistic perspective of the treatment of natural capital.

# Agricultural crop sector

In FY 1996-1997 Crop contribution to GDP was 15.21% and In FY 2005-2006 it was 12.19%

In FY 1996-1997 Fertilizer use was 30.23 lakh mt and In FY 2005-2006 it was 36.83 Lakh mt

In FY 2005-2006 Tk 1200 crore has been provisioned to ensure the availability of agricultural input.

Source: Bangladesh economic review 2006

- High Yield crop production requires excessive use of inorganic fertilizers which cause soil degradation.
- BBS does not consider the cost of soil degradation



# Importance of Natural Resource Accounting in Fiscal policy making

## A suicidal decision

- An interministerial meeting in April 1990 permitted KNM to extract 133,140 m<sup>3</sup>/A until there was a noticeable decrease in the growing stock. At this reduced level of harvesting there was no Gewa available to the factories.
- Now the production of KNM is totally closed due to shortage of raw material.
- Khulna Newsprint Mills Ltd. production was adversely affected due to shortage of Gewa wood supply from forest department



## Why a National Accounting approach to the Natural Resource Accounts?

- First, the national accounting framework is well-established, having a history of more than 50 years of implementation around the world.
- Second, the national accounts are a very influential source of economic information. Environmental information linked with the national accounts can, therefore, be quickly and easily integrated into existing economic decision-making processes.



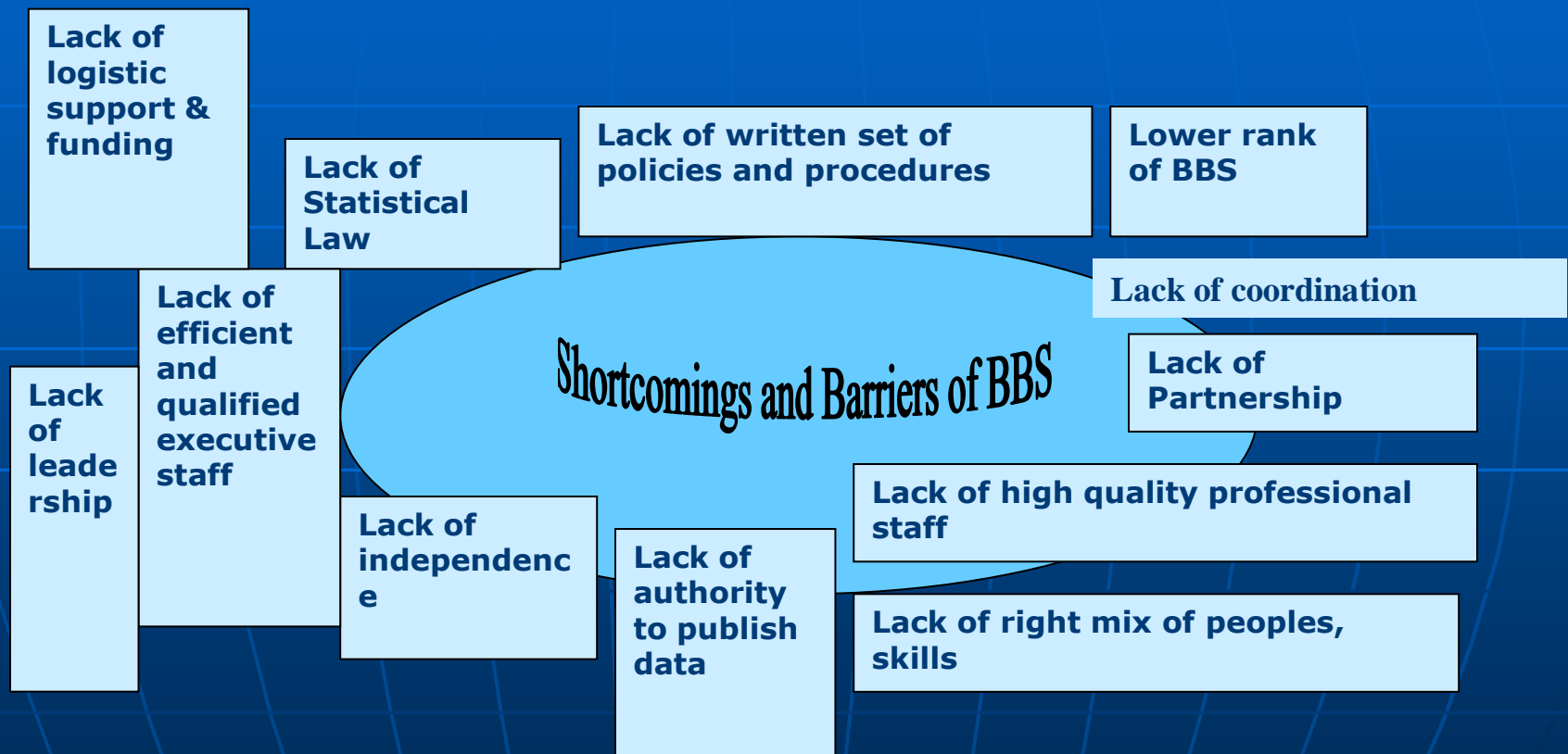
# In what way governance is essential to natural resource accounting

- World leaders at the recent United Nations Conference on Financing for development held in Monterrey, Mexico, deemed essential for sustainable development- are highly dependent upon accurate, credible, and timely statistics. But the quality of data is itself contingent upon the quality of governance in national statistical agencies.
- The success of modern national statistical systems is intrinsically linked to how well its managers ensure the integrity and credibility of data; build up the relevant knowledge base, organize the use of IT, promote effectiveness, and carry out strategic planning.
- More efficient processes and more effective technologies for natural resource accounting are not enough, but a positive change in the BBS's culture and behavior is also more important. Only good governance can promote improved collection, analysis, use and dissemination of statistical information in Bangladesh for improving evidence-based decision making.
- A policy is only as good as the data on which it is based. And statistics are the eyes of the policy makers. So, accurate, timely, relevant and useful statistics are very important to improve natural resource management by promoting an environment for evidence-based policy making.

# Lets examine why this area has not progressed

- Most of the policy makers are not fairly aware about the utility or importance of this accounting. They never raised this issue in policy process.( Except, M/0 agriculture, Environment)
- Bureau of Statistics faces a number of significant challenges in their governance work
- If the demand for these data had been forthcoming from the powerful planning agencies instead of from the much weaker environmental protection agency, the avoidance behavior of Statistical offices would not have happened (CIDA, 1993)
- Natural resource accounting should be demand use, not supply use (IUCN,)

# Shortcomings and barriers of the Bangladesh Bureau of Statistics (BBS) to launch NRA



## BBS faces a number of significant challenges:

- Lack of legal framework. There is no general statistical law which governs the activities of the BBS. Currently two out-dated pieces of legislation, namely; 1) the Census Order, 1972; and 2) the industrial Statistics Act, 1942. So it would be desirable to enact a general Statistical Act to empower the BBS. Besides, BBS does not have a written set of policies and procedures to guide the organization.
- Local statistical offices are deficient of adequate trained manpower, computing equipment, computer-aided data collection system, storage, and retrieval and dissemination system. Strengthening of local statistical offices is very much urgent.
- There is a lack of timely reliable data in some sectors for monitoring economic, financial and environmental development. For example although there is a substantial changes on forest land, BBS has been publishing same statistics on forest land for last five years. Such practices fail to capture the impact of structural changes in the economy and, thereby, distort the measurement of real economic outputs.
- There is a huge limitation of statistical reporting and accountability. Data on government revenues are collected by the fiscal departments (Finance Department). BBS does not have authority to collect these data, or to explain that. Even when it comes to sensitive data, such as inflation rate, GDP data, BBS is constrained by institutional imperative, an economically meaningful measure of inflation rate, GDP are not provided to the public. BBS needs approval from the authority to report these data to the public. For that reason BBS should be independent.

# Contd.

- BBS is headed by a Director General, has 7 functional wings. Wing head is Director. DG and Wing heads are appointed by the Prime Minister. Education levels, skills, and competencies for executive staffs are not considered during appointment. So we cannot expect leadership and direction from executives for new accounting or innovation. Besides, its staff does not keep the latest techniques.
- As a legacy of the planning system, a large numbers of government departments other than BBS are collecting vast amount of data. The choice, quality and coverage of specific statistics are dictated by the relevant government department. BBS does not have authority to impose a unified framework within which data are to be collected across all governments. In many instances, BBS is likely to know little about exactly how the data were collected. The low rank of BBS may also prevent it from launching innovations in data collection and from cooperating with other government bodies on an equal footing.
- BBS does not have the right mix of people, skills and abilities to support and develop BBS plans and policies. It lacks scientific employees or staff. The knowledge and expertise of BBS's workforce are vital to the effectiveness of its programming.
- There is no mechanism of coordinating with stakeholder to influence the development of statistical standards and indicators. This involvement is very important for effective interchange on statistical standards, frameworks and methodologies.
- Demand for these data has not been forthcoming from the powerful planning agencies. Increased demand will lead to plans for "new organizational structure" with the status of funding, staffing, and technology to support this extended mandate.
- The main barrier is the failure of government planners to see the connection between physical state of natural resources and the level of economic well-being.

# Recommendations

- Statistical act to empower BBS and its independence should be ensured
- The mandate of BBS should clearly show NRA.
- BBS should be able to create “a coordinated and demand-driven national statistical system and demonstrable government commitment to statistical system. A key element of this reform is to put emphasis on a high –quality professional staff.
- Develop more partnerships with qualified civil society and private sector groups to increase local capacity for natural resource accounting. Mechanisms for partnerships should be defined and funding ensured to sustain such partnerships.
- BBS must take the lead in improving governance, but there is a role, too for international organizations, and different stakeholders
- BBS should demonstrate receptivity to the views, complaints and suggestions against its service delivery pattern
- Relevant statistical training programs on the operation of SEEA 2003 are to be conducted for enhancing the capabilities of BBS personnel.

# Recommendations contd.

- It should be ensured that BBS have the capability and capacity (adequate number of people, skills, tools, and financial resources), which is very important, and should not be sacrificed in the name of streamlining.
- To enhance transparency, information on sources, methods of statistical system and data collection itself should become more assessable to a broad rang of users. For example, information through user friendly websites with readily available, up-to-date statistics.
- Convene a workshop at the Department of Environment which will involve relevant stakeholders and policy-makers. The aim of the workshop is to examine the efficacy of the work for expanding national accounts; and analyze the usefulness for NRA accounts for different resource sectors. A leadership role for such activities should come from powerful planning agency.
- Natural Resource Accounting Advisory Committee will give advice on the concepts, methods, plans, standards as well as results associated with BBS System of National Accounts. Members should be selected based on professional qualifications.
- Organizational reform: BBS needs organizational reform. There should be a environmental accounting or natural resource accounting division with adequate scientific, technical staffs and specialist (for example valuation specialist, GIS specialist, water quality specialist etc.) under the national accounting wing. Adequate funding should be ensured for such reform.

**I appreciate your kind attention and  
cooperation**

**Thank You**