



Local Government and Rural Development (LGRD)

SECTOR STRATEGY PAPER (SSP)



Programming Division
Bangladesh Planning Commission
Ministry of Planning
Government of the People's Republic of Bangladesh

May 2022



Based on

“8th Five Year Plan July 2020 – June 2025: Promoting Prosperity and Fostering Inclusiveness”

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1. Amar Bari Amar Khamar Project Website: <http://www.ebek-rdcd.gov.bd/>
2. Local Government Engineering Department (LGED). 2018. *Annual Report of LGED: Financial Year 2017-2018*. Local Government Engineering Department (LGED). Dhaka.



M. A. Mannan MP
Minister
Ministry of Planning
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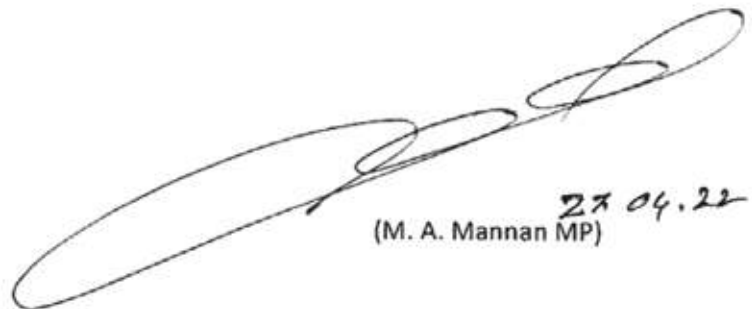


Message

The 8th Five Year Plan has been developed to achieve the goals and targets envisioned in "Vision 2041". Our achievements are quite visible in most of the socio-economic indicators, including the Gross Domestic Product (GDP) growth rate. Critically, public investment in all sectors needs to be better managed to maximising value for money and provide an enabling environment for private sector investment. Therefore, the 8FYP includes a number of reforms to strengthen and make the Public Investment Management (PIM) system in Bangladesh more effective and efficient.

In this context, I am pleased to learn that the Programming Division of the Bangladesh Planning Commission is advocating a set of PIM tools that will improve the current PIM system in Bangladesh. I expect that the proper usage of these tools will strengthen strategic linkages among national plans, public investment, and budgeting, thereby achieving the national goals and targets in a more efficient, effective, and timely manner. Furthermore, I am glad to know that these PIM tools have been thoroughly tested and validated in two pilot sectors: (i) Power & Energy, and (ii) Local Government & Rural Development. In due course, these will be rolled out to other Sectors and Ministries, Divisions, and Agencies (MDAs).

I would like to take this opportunity to congratulate the team of Government officials and experts on the "Strengthening Public Investment Management System (SPIMS)" project, supported by the Japan International Cooperation Agency (JICA), who have successfully developed and tested these PIM tools as part of PIM reforms. Finally, I would like to express my heartfelt appreciation to the Government of Japan in their financial and technical support as well as the friendship extended towards Bangladesh since our independence.



27.04.22
(M. A. Mannan MP)



Dr. Shamsul Alam
Minister of State, Ministry of Planning
Government of the People's Republic of Bangladesh

Message

It is my pleasure to put forward a set of Public Investment Management (PIM) tools to my colleagues at the Planning Commission, Ministry of Planning, Ministry of Finance, and the Ministries, Divisions, and Agencies (MDAs) under the Power and Energy Sector and the Local Government & Rural Development Sector.

The PIM tools comprise the (i) Ministry Assessment Format (MAF), (ii) Sector Appraisal Format (SAF), (iii) Sector Strategy Paper (SSP), and (iii) Multi-Year Public Investment Programme (MYPIP). I congratulate all public officials and experts who contributed to developing these tools through close collaboration and hard work under the Strengthening Public Investment Management System (SPIMS) Project. My special thanks go to the Programming Division of the Planning Commission for their excellent leadership and the initiative to engage a broad range of stakeholders in the process of developing these tools.

As State Minister in charge of the Ministry of Planning, I have a few remarks to make regarding the PIM tools.

First, the PIM tools will contribute significantly to the implementation of two major governance reform initiatives – the Public Financial Management (PFM) Reform Strategy led by the Ministry of Finance, and the PIM Reforms led by Planning Commission, Ministry of Planning. Both reforms will require close collaboration between the two ministries that are tasked to manage the national budget of the Government. I am very pleased that the PIM tools have been developed through close collaboration between them.

Second, I am also delighted that the MDAs in the two pilot sectors have played, and continue to play, an instrumental role throughout the Project. I would like to thank all the officers who participated in various seminars, workshops and consultation meetings and provided extremely useful feedback and comments to make the PIM tools relevant and effective in their day-to-day work at their respective assignments.

Last, but not least, I would like to thank the Japan International Cooperation Agency (JICA) for their technical and financial support for the project, and the Government of Japan for continued partnership and friendship with the Government of Bangladesh and Bangladeshi people. I believe and do hope that our partnership will usher even stronger progress for many more years to come.

(Dr. Shamsul Alam)



Pradip Ranjan Chakraborty
Member, Programming Division
and
Secretary, Planning Division
Ministry of Planning
Government of the People's Republic of Bangladesh

Foreword

The Programming Division of the Planning Commission has been implementing the “Strengthening Public Investment Management System (SPIMS)” Project which is co-financed by Japan International Cooperation Agency (JICA). As per the provision of the TAPP so far four Public Investment Management (PIM) tools have been developed. Sector Strategy Paper (SSP) is one of them. The SSP will provide necessary information regarding sectoral goals, performance, challenges and above all identify policies and strategies of the Five-Year Plan. The SSP will be complemented by Multi-Year Public Investment Programmes (MYPIP).

I strongly believe that the use of the SSPs will facilitate and improve the existing process of project selection in line with the strategic directions of the 8FYP. This will bring about a qualitative change in the whole process of project preparation, appraisal, approval, and implementation and also achieve the Goals of the 8th Five Year Plan.

(Pradip Ranjan Chakraborty)



Khandker Ahsan Hossain
Chief, Programming Division
Ministry of Planning
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Acknowledgments

The Public Investment Management (PIM) tool titled the 'Sector Strategy Paper (SSP)' has been developed with the help of the "Strengthening Public Investment Management System (SPIMS) Project" of the Programming Division, Planning Commission. SPIMS is managed by the Programming Division of the Planning Commission and the Japan International Cooperation Agency (JICA) Expert Team (JET) provided technical support. The purpose of the SPIMS project is to deliver structural improvements in PIM capacity, with strengthened linkages between public investment projects, national development policies, and fiscal frameworks.

The Programming Division gratefully recognizes the financial support of the Government of Japan and the technical assistance of JICA in the implementation of the SPIMS project. The concerned officials of the JICA Bangladesh Office were actively involved in the implementation of the project activities for which they deserve special appreciation and thanks.

The members of the Sector Working Groups (SWGs) in Local Government & Rural Development (LGRD) sector provided very useful contributions, guidance, and inputs in the process of developing the Sector Strategy Paper (SSP). We recognize their contributions with thanks and gratitude. We would also like to thank all the officials of the piloting Ministries/Divisions, Sector Division, and GED of Planning Commission, IMED, ERD, and Finance Division as well as those of the relevant agencies who cooperated with the SPIMS team in providing information and data.

The Member, Programming Division, and Secretary, Planning Division lent invaluable support through his vast experience and able guidance as the Chair of the Project Steering Committee (PSC) in carrying forward the project activities. His unequivocal support was the greatest source of our inspiration. We are grateful to him.

The Hon'ble State Minister for the Ministry of Planning deserves thanks for his advice and guidance in the implementation of the SPIMS project.

We are also indebted to the hon'ble minister for Planning for approving the PIM tools with the valuable instruction for utilising/practicing these tools by the Pilot Ministries, Divisions, and Agencies (MDA), and related Sector Division of the Planning Commission.

Finally, we owe our thanks to all the members of the PIM Wing, the JET team, and the local consultants for their dedication and hard work on the project. Without their reliable endeavors and knowledge of the best practice of PIM in other countries, it would not have been possible to develop the SSP.

The Programming Division looks forward to the cooperation of all concerned in the next steps for using the PIM tools as well as rollout of these tools to other sectors, Ministries/Divisions and Agencies, towards achieving the ultimate purpose and goal of the project.

Ahsan
(Khandker Ahsan Hossain)

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ABBREVIATIONS AND ACRONYMS

7FYP	7th Five Year Plan
8FYP	8th Five Year Plan
ADP	Annual Development Programme
AACO	Assistant Accountant cum Computer Operator
DP	Development Partner
DRF	Development Results Framework
BARD	Bangladesh Academy for Rural Development
BAPARD	Bangabandhu Academy for Poverty Alleviation and Rural Development
BRDB	Bangladesh Rural Development Board
BRDTI	Bangladesh Rural Development Training Institute
CBO	Community-Based Organization
DoC	Department of Cooperatives
FBEs	Forward Baseline Estimates
FY	Financial Year
GED	General Economics Division
GIS	Geographic Information System
LCG	Local Consultative Group
LG	Local Government
LGD	Local Government Division
LGI	Local Government Institution
LGLF	Local Government Legal Framework
LGRD	Local Government and Rural Development
LGS	Local Government System
LGSP	Local Governance Support Project
M&E	Monitoring and Evaluation
MAF	Ministry Assessment Format
MBF	Ministry Budget Framework
MDA	Ministry, Division and Agency
MGSP	Municipal Governance and Services Project
MoLGRDC	Ministry of Local Government, Rural Development and Cooperatives

MoCHTA	Ministry of Chattogram Hill Tracts Affairs
MTBF	Medium-Term Budget Framework
MYPIP	Multi-Year Public Investment Programme
NILG	National Institute of Local Government
NIS	National Integrity Strategy
NBD	Nation Building Department
NGO	Non-Government Organization
OSR	Own Source Revenue
RD	Regional Development
RDA	Rural Development Academy
RDCD	Rural Development and Co-operative Division
RDI	Regional Development Institution
SAAO	Sub-Assistant Agriculture Officer
SAP	Sector Action Plans
SAF	Sector Appraisal Format
SDGs	Sustainable Development Goals
SMEs	Small and Medium Enterprises
SPIMS	Strengthening Public Investment Management System
SRF	Sector Results Framework
SRM	Sector Results Matrix
SRMM	Sector Results Monitoring Matrix
SSP	Sector Strategy Paper
Tk.	Taka
UCC	Union Coordination Committee
UDCC	Union Development Coordination Committee
UGDP	Upazila Governance and Development Project
UGIIP	Urban Governance and Infrastructure Improvement Project
UICDP	Upazila Integrated Capacity Development Project
UP	Union Parishad
URT	Upazila Resource Team
UZP	Upazila Parishads

EXECUTIVE SUMMARY

Sector situation

Bangladesh's local government and rural development sector made considerable progress in the 7th Five Year Plan (7FYP) period from July 2015 to June 2020. LGIs made good strides toward improving the local government's good governance and service delivery. At the same time, rural development activities contributed to reducing national poverty, improving the livelihoods of the extreme poor within vulnerable environments and in remote areas, and creating employment and income in rural areas.

The Government, however, recognises that there remain many issues and challenges to be addressed by implementing the 8th Five Year Plan (8FYP) period from July 2020 to June 2025. Those are highlighted below for the local government sub-sector and the rural development sub-sector.

Local government sub-sector

- Unclear functions and responsibilities of Local Government Institutions (LGIs).
- Limited revenue discretion of LGIs and dependency on the central government.
- Weak resource mobilisation effort.
- Shortage of staffing in LGIs.
- Non-participation and weak accountability.
- Inadequate devolution of power for service delivery.
- Lack of coordination among different tiers of local governments.
- Weak institutional capacity, mechanisms and overall governance.

Rural development sub-sector

- Uplifting rural economic growth on a continuous basis.
- Lack of coordination between rural services delivery and development activities.
- Reducing rural poverty and inequality.
- Continuously increasing rural employment for all, including women.
- Lack of digital and Geographical Information System (GIS)-based Database and Monitoring system.

To achieve the SDGs, the LGD will take a leading and/or co-leading role in achieving 14 targets under the SDGs. These targets include, for example, (i) access to safe water, sanitation, and hygiene, (ii) air quality, (iii) waste management, (iv) legal identity for all people, (v) coordination among rural and urban LGIs for good environmental management. The RDCD will have leading and/or co-leading role in achieving four targets in equal rights to economic resources and access to basic services.

Sector Theory of Change

Building on the achievements, the sector goal for the LGRD Sector is set forth as follows:

“Effective, accountable and equitable local government system, and rural development in Bangladesh”

The Government will achieve the sector goal through the sector Theory of Change (ToC) in the local government and rural development sector presented in the Figure 3.1 (Page 11). Achieving four Sector Outcomes below will collectively attain the Sector Goal.

- **Sector Outcome 1:** Improved good governance at the local level.
- **Sector Outcome 2:** Service delivery ensured.
- **Sector Outcome 3:** Employment and income enhanced.
- **Sector Outcome 4:** Enhanced resource mobilisation and horizontal and vertical coordination and linkage among LGIs, RDIs and relevant stakeholders.

All interventions in the LGRD sector will contribute to the realisation of one or more Sector Intermediate Outcomes in the sector ToC. The achievement of those Sector Intermediate Outcomes will help deliver one or more of the four Sector Outcomes, and thereby achieving the Sector Goal.

To this end, concerned Ministries, Divisions and Agencies (MDAs) in the LGRD Sector will identify and formulate investment and technical assistance projects to achieve one or more of the above Sector Intermediate Outcomes, while the Planning Commission will appraise relevance of project proposals against the Sector Intermediate Outcomes.

Implementation Strategy

The Government will implement legal, regulatory, and institutional reforms in the 8FYP period to achieve the sector objectives outlined in the sector Theory of Change.

Strategy to achieve 8FYP targets and lay the ground for Sustainable Development Goals (SDGs)

Strengthening local governments and fostering local development remain key priorities under 8FYP. The government's strategy to achieve 8FYP targets and SDGs through the sector Theory of Change described earlier consists of the following set of actions.

Addressing governance issues to empower LGIs

The Government will prioritise the implementation strategies under the FYP addressing governance issues of the LGIs, namely 'Mid and Long-term Strategy for Upazila Parishad Governance Improvement'. This focuses on rural LGIs and RDIs, prioritising governance issues such as the horizontal and vertical coordination function of the Upazila Parishads, the function of Upazila Committees, monitoring of the Upazila Parishads' activities by LGD, and establishment and implementation of a training mechanism for all Upazila Parishads.

Improving Public Financial Management (PFM) for LGIs

The 8FYP identified PFM-actions which will be given special attention and efforts by the central government, mainly Local Government Division, and LGIs. To summarize:

- Routinely evaluate and update the Local Government Acts that provide the overall framework for their financial management.
- Improve the predictability of the amount and timing of the transfer of ADP grants and improve the transparency and accountability of the preparation, execution and reporting of ADP/Budgets for the respective citizens.
- Improve the coordination between Upazila Parishads and transferred Line Departments for preparing comprehensive development plans.

- Review the existing budget resource transfer mechanism through the ministries to the local government, along with the block resource transfer formula. Also review revenue proceeds from the municipality/city corporation, Upazila and union levels to higher levels of the LGI. Develop effective revenue sharing mechanisms which incentivizes the LGIs to increase revenue mobilization.
- Increase the administrative resource mobilization capacity of LGIs, especially for the holding taxes. Strengthen and simplify revenue collection by improving tax assessments, taxpayer consultations, property accounting, and record keeping of revenues.
- Expand the LGIs taxation authority to best match their community's demographics, budget and political realities through strengthening the system of property taxation (computerized land record, proper land and property valuation and sensible tax rates).
- Increase the ADP allocations for LGIs to implement public investment projects. The Government will put in place a fiscal formula to partially determine the amount of ADP an Upazila receives on the basis of socio-economic needs, taking into consideration key socio-economic factors.
- Strengthen the PFM capacity of LGIs, including rationalizing and selective filling of the large number of existing vacancies, strengthening basic IT skills, PFM training, and upgrading LGI systems in the context of maintaining high standards of transparency and accountability. Also train LGI officials in monitoring of budget execution process/operation on a quarterly basis, to be able to undertake corrective measures during the fiscal year
- Strengthen the monitoring and supervision capacities of LGD to evaluate and enforce PFM rules and regulations.
- Develop a multi-year budget approach in order to more efficiently assess future revenues and expenditures and the stability or instability related to these budget items.
- Introduce IBAS++ accounting at LGI level.
- Strengthen LGI Audit operations through physical verification, update annually the Asset Stock Register on an annual cycle; strengthening the standing committee on audit and accounts, LGIs take necessary steps to implement prior audit observations, and recruit better-quality private audit firm to do sound audits.

Coordination among stakeholders

Ministry of Local Government, Rural Development, and Cooperatives (MoLGRDC) will lead coordination with five broad groups of actors: (i) LGD, RDCD and MoCHTA; (ii) Planning Commission and Finance Division for development planning and budget management; (iii) line MDAs that provide public services such as transport¹, social safety net, and SMEs; (iv) all tiers of RDIs and LGIs; and (v) development partners.

To ensure coordination at the implementation level, the concerned actors should develop and introduce suitable mechanisms. To this end, for instance, the Union Coordination Committee (UCC) of the Bangladesh Rural Development Board (BRDB) and the Union Development Coordination Committee (UDCC) of LGD for the Union level will be reviewed and implemented in a broader scale.

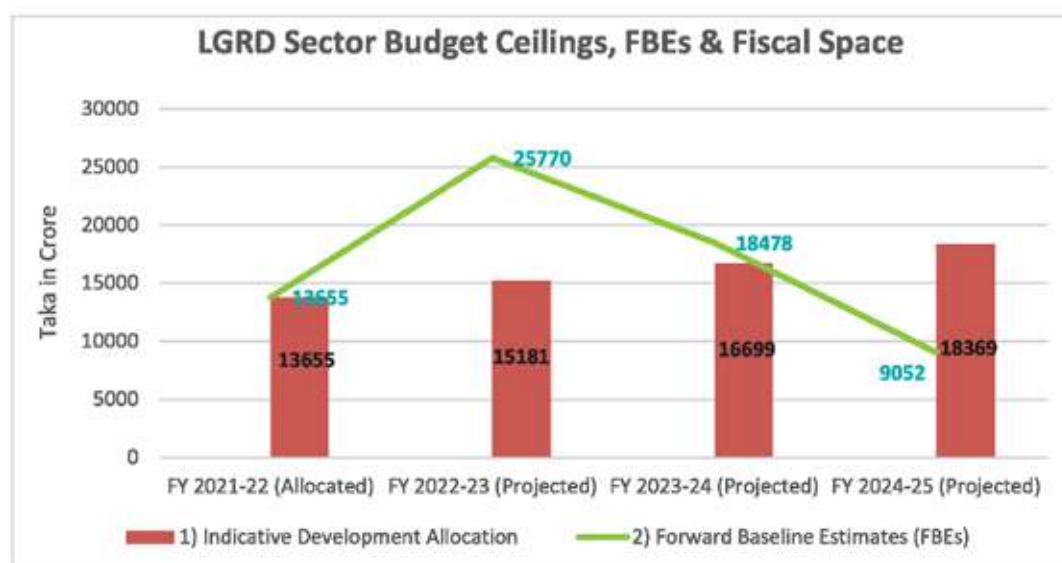
Regarding coordination with development partners (DPs), Sector Working Groups under the Local Consultative Group (LCG) will be a primary venue for dialogue on the LGRD sector. The concerned

¹Focusing mainly on the Ministry of Road Transport and Bridges and its associated Divisions and Agencies, as opposed to other transport sector stakeholders like the Ministry of Civil Aviation and Tourism, which have less relevance for the LGRD sector.

Sector Working Groups under LCG include: (i) local government; (ii) rural development; (iii) private sector development and trade; (iv) transport and communication; and (v) Chattogram Hill Tracts.

Financing Strategy

The ADP allocation for the LGRD sector July 2015 to June 2021 clearly shows the high priority given to this sector in the 7FYP. The Government continues to prioritise the sector under the 8FYP through a total ADP allocation for this sector of BDT 13,655.07 crore in FY2021-22. This comprises 6.2% of the total sector-wise ADP allocation in FY2021-22, or the sixth largest sector after the transport and communication, power and energy, education, housing and community amenities, and Health sectors.



However, according to the estimation of fiscal space (i.e. the sector budget ceiling minus forward baseline estimate) using the MYPIP, the fiscal space for the LGRD sector is negative in FY2022-23 and FY2023-24, and becomes positive in FY2024-25.

Implementation of the sector ToC above will certainly require much larger funding than the MTBF ceiling if the LGRD sector is to expand investment in physical and social infrastructure and increasing manpower of RDIs and LGIs. This points out the need to consider expanding fiscal space of the LGRD sector. The potential source of financing other than the MTBF budget may include, for instance: (i) increasing own source revenues of RDIs and LGIs; (ii) increasing Public Private Partnership arrangements with private sectors and local NGOs for service delivery; (iii) introducing user fees for newly developed infrastructure such as roads and bridges; (iv) improving efficiency of operations to save costs; and (v) increasing sector-specific foreign assistance. All ministries in this sector should actively explore those sources of financing to expand fiscal space.

Since fiscal spaces in FY2022-23 and FY2023-24 are negative, there should be an even stronger justification for proposed new projects in those fiscal years than in a scenario of “positive” fiscal space. All Ministries in the LGRD sector are expected to conduct careful fiscal space analysis and manage their project portfolios judiciously.

Sector Monitoring and Evaluation

The Government will conduct monitoring and evaluation (M&E) using the Sector Results Framework (SRF) for the LGRD sector. The SRF, which consists of a Sector Results Matrix (SRM) and a Sector Results Monitoring Matrix (SRMM), will allow the Government to conduct sector-level M&E at two levels – Sector Goal, and Sector Outcomes. This will complement national-level M&E conducted through the Development Results Framework (DRF) in the 8FYP.

1. INTRODUCTION

1.1 Background

The SSP is a planning tool intended to help translate national goals and priorities outlined in the 8FYP into sector strategies and objectives. The 8FYP sets out national goals across 14 sectors and has a higher-level *Development Results Framework (DRF)*. The SSP complements this by providing greater detail and structure to sector-level objectives. The Government is committed to preparing SSPs eventually for all sectors under the 8FYP.²

This LGRD SSP builds upon the LGRD SSP approved by the Government in 2018 that was aligned with 7FYP. This update has been conducted to complement, and be consistent with the 8FYP, SDG, and other strategic and policy documents. The value-added of the SSP lies in the way in which it repackages and elaborates existing priorities in a concise, accessible, and logical manner.

This LGRD SSP draws heavily from the key policy documents such as follows: Perspective Plan of Bangladesh 2021-2041; 8FYP July 2020-June 2025; SDGs 2030; National Rural Development Policy (NRDP) 2001; Ministry Budget Framework (MBF) 2018-2021; Annual Performance Agreement (APA) 2021-2022; Local Government System in Bangladesh; A Comparative Analysis of Perspectives and Practices (2015); Capacity Development Framework for Local Government Institutions in Bangladesh (2016); and Medium and Long Term Strategies for Upazila Parishad Governance Improvement (2020).

With the Government Circular on March 29, 2021 the ADP sectors have been reclassified. According to the new sector reclassification, the LGRD Sector covers four sub-sectors, namely, (i) Local Government, (ii) Rural Institutions, (iii) Rural Development and Cooperatives, and (iv) Chattogram Hill Tracts Affairs.

1.2 Purpose

This LGRD SSP is designed to offer benefits in six main areas:

- **Project identification:** by providing clear guidance to MDAs engaged in the identification of projects to ensure that projects are aligned with sector goals and outcomes from the identification stage.
- **Project formulation:** by providing clear guidance to MDAs engaged in the formulation of projects to ensure that projects deliver sector goals and outcomes required to achieve 8FYP objectives.
- **Project appraisal:** by providing a means by which both Ministries/Divisions and Sector Divisions of Planning Commission can assess project proposals against their 8FYP relevance.
- **FYP monitoring:** by elaborating an SRF that provides the GED with more detailed information on sector-level performance to complement the higher-level DRF.

²The 8FYP stipulates the government's intention to prepare Sector Strategy Papers: "In the 8FYP period, Sector Strategy Papers (SSPs) and Multi-Year Public Investment Programme (MYPIP) will be introduced and used in the MTBF, ADP, and Revised ADP (RADP) processes in the two pilot sectors, then rolled out to all other sectors. (Page 182)".

- **FYP financing:** by providing information on sector-level resource needs that is valuable to the GED, Programming Division, and Finance Division.
- **Aid co-ordination:** by providing a clear overview of current priorities within the LGRD sector from which Development Partners – under the tutelage of the Economic Relations Division (ERD) – can design new projects and programmes.

It will also have broader relevance as a concise source of information on the LGRD sector for stakeholders both within and outside the Government (*e.g.*, the private sector, think-tanks, research institutes).

The LGRD SSP should also be seen in the context of other Government-led reform initiatives, notably: (i) efforts to strengthen the results-orientation of the 8FYP, including mapping the SDGs onto key 8FYP actions led by GED; (ii) efforts to improve the quality of project design and appraisal by using Ministry Assessment Format (MAF) and Sector Appraisal Format (SAF) and to adopt a Multi-Year Public Investment Programme (MYPIP) led by Programming Division; and (iii) ongoing public financial management (PFM) reforms under the PFM Action Plan 2018-2023 led by Finance Division. It is important to note that care has been taken to align the structure of the LGRD SSP with the structure of the Sector Action Plans (SAP) proposed by GED, to ensure consistency with each other and avoid duplication and overlap in sector level strategic planning efforts.

1.3 Structure

The current SSP is structured as follows.

- Chapter 2 reviews the performance of the LGRD sector over the 7FYP period
- Chapter 3 elaborates the sector objectives for the 8FYP period
- Chapter 4 highlights the key implementation strategies – covering financing, regulatory and institutional issues
- Chapter 5 presents a LGRD Sector Result Framework (SRF) for the 8FYP period
- Chapter 6 elaborates key assumptions and risks
- Chapter 7 presents the Annexes

Annex I contain a bibliography of all documents consulted, and Annex II provides a format of the Sector Results Monitoring Matrix for use by relevant authorities of the Government.

2. BRIEF REVIEW OF THE PERFORMANCE OF THE LGRD SECTOR DURING THE 7th FIVE YEAR PLAN (JULY 2015 – JUNE 2020)

This chapter presents a situation analysis of the LGRD sector focusing on the 7FYP period (July 2015–June 2020). This is a summary of analyses presented in various documents such as the 8FYP, aiming to provide background information for subsequent chapters. The situation analysis focuses on the progress made during the 7FYP period, and identifies key issues and challenges to be addressed in the 8FYP period.

2.1 Local Government

In the 7FYP period, Bangladesh made commendable progress in strengthening the role and capacity of LGIs. Union Parishads (UPs) have been transformed from traditional and largely unresponsive LGIs to increasingly participatory and proactive institutions. In addition, Upazila Parishads (UZP) were strengthened as a Local Government Institution (LGI) with elected leadership.³ As of 2019, the Local Government Engineering Department (LGED) has constructed and developed 89.4% of UZP roads, 67.4% of UP roads, and 20% of village roads. In particular, the 33,456 km of rural roads and 152,346 meters of bridges and culverts were built during the 7FYP.⁴

The Government has undertaken many investment projects and technical assistance projects to enhance good governance at the local level. The initiatives were taken to increase transparency and accountability of LGIs, union digital centres, Access to Information (a2i), training for LGIs' elected representatives and staffs through the National Institute of Local Government (NILG) and other institutions, technical assistance programmes, and so on.

Despite the impressive progress in the sector, the LGIs have been burdened with many issues and challenges to improve public services delivery and ensure good governance. These issues and challenges are summarised below.

Unclear functional and revenue assignments for LGIs at different tiers. The legal assignment of functions and expenditure responsibilities to Local Government (LG) tiers remain unclear due to a fragmented legal framework, and there is a considerable gap between legally assigned functions and their actual capacity to perform their functions. The 'finance follows functions' rule of decentralisation is not followed through and there are a lot of unfunded mandates given to all LG tiers. For each tier of local government, there is a separate legal framework. Some of the provisions of these legal frameworks are overlapping and assignment of functions is not clear. For instance, the function of leasing water bodies is given to Upazila and municipalities by law. Although there is an official demarcation of boundaries between Upazila and municipalities, they often share very close territorial

³ Local Government Institutions (LGIs) can be defined in very many ways based on the specific context of a country. In general, LGIs refer to the legally mandated sub-national institutions headed and governed either by the elected people's representatives or officials of the central government, or both. These institutions provide services required by their residents and these institutions promote local economic development keeping the synergies with the national plans and development aspirations of a country. In the context of Bangladesh, LGIs are comprised of the Zila Parishads, Upazila Parishads, Union Parishads, City Corporations and Paurashavas. It is to be noted that, in the case of the current LGRD SSP, its focus is more on the rural LGIs viz. the Zila Parishads, Upazila Parishads, Union Parishads.

⁴ General Economic Division. 2021. 8th Five Year Plan (Page 35). Ministry of Planning. Government of People's Republic of Bangladesh.

jurisdictions. In fact, municipalities are located within a boundary of Upazila, and at times unclear boundaries confuse these local government entities.

LGIs cannot perform their mandated service delivery functions due to a shortage of resources—both finance and manpower. For instance, Union Parishads are assigned 39 mandatory functions, but their capacity to generate own source revenue is generally weak. This is due mainly to the shortage of manpower on the one hand, and UP's reluctance to collect taxes in general due to "popular local political considerations" among elected representatives on the other. In addition, UPs assign only one secretary who takes care of all the administrative functions. Recently, a new position called "Assistant Accountant cum Computer Operator (AACO)" has been created and given to all UPs. Despite this, UPs manpower position is not adequate by any standard considering their local service delivery mandates.

Limited revenue discretion and fiscal transfer from national government to LGIs. LGIs are given limited revenue discretion under the current LGI framework. LGIs can only collect revenues from the sources indicated by the national government under the law. They do not have the authority to look for alternative tax bases. Even within the limited discretion, LGIs currently have limited capacity to effectively collect the revenues from the sources assigned to them. In addition, LGIs receive limited funds compared to their actual needs under the current inter-governmental fiscal transfer system. Inadequate funding is indeed a major constraint on the ability of LGIs to deliver services effectively on their mandated functions.

Limited opportunities for citizen's participation and weak accountability. A major challenge in the current local government system is limited opportunities for meaningful participation of local citizens and weak upward and downward accountability. There is a wide consensus today that a more devolved and effective local government system is crucial for making development agenda more pro-poor, widening citizen's participation in decision making, and ensuring that resources are directed to where they are most needed, thereby increasing allocative efficiency.

Strengthen local service delivery with Citizen's Charter, One Stop Service Centres, grievance redress system, and e-service delivery. An effective local government system requires LGIs to put in place an effective local performance framework through APA and Citizen's Charter, including good service delivery standards that residents expect to receive from their LGIs and Rural Development Institutions (RDIs).⁵ Citizen's Charter can provide the basis for such a performance framework. This initiative to establish a Citizen's Charter was introduced and made mandatory for all tiers of LGIs in Bangladesh. The local service recipient's grievance redress system in most tiers of LGIs, which was devised by the government, needs to be strengthened further, whereas e-service delivery that started in some LGIs needs to expand its coverage geographically as well as in the scope of service lines.

Further deconcentrate decision-making power on service delivery. Currently, LGIs play some roles in the delivery of local services and some of these services are also provided by the line department offices at the local level. Limited coordination between LGIs and the local line department offices in

⁵ Rural Development Institutions (RDIs) essentially includes the Government entities which are responsible for and working for rural development, i.e., Bangladesh Academy for Rural Development (BARD), Rural Development Academy (RDA) and cooperatives funded and managed by Bangladesh Rural Development Board (BRDB). Additionally, these entities also include registered non-government organisational entities, i.e., community-based organizations (CBOs), Cooperatives working at the local level with a clear focus on rural development.

delivering services has been considered as an important obstacle to effective delivery of local services. The main impediment to effective coordination is the distance between the frontline service delivery unit, where the service is delivered to citizen, and the officials who ultimately have decision-making power over local service delivery, often sitting at the District (Zila) level or national government. Therefore, there is a need to deconcentrate decision-making power on service delivery to the UZP level, and thereby reducing coordination failures and improving local services. The increase of the number of ADP projects planned and managed by the LGIs and RDIs, or ADP block grant, such as Local Government Support Program (LGSP), can be useful approaches in this regard.

Need to address manpower shortage and rationalisation aspect in UPs, UZPs and Paurashavas. The shortage of manpower in LG tiers seriously constrains their activities. This disadvantage is particularly more prevalent in rural LG tiers than in urban LG tiers. The staffing level of UP, which essentially consists of a single UP secretary and the recently provided AACO, greatly constrains the ability of the UP to deliver services. At the Upazila level, UZPs need additional manpower to undertake service delivery functions that are assigned by the UZP Act. Adding manpower for UZPs will certainly make a difference for enhancing the level of service delivery. Increasing core staff appointed by UZPs will also support the Parishad (Council) in performing the UZP's executive functions, and assist in the monitoring and reporting on services delivered in the UZPs by branch offices of the national government agencies.

In contrast, the issue of manpower in municipalities is different from that in Unions and Upazilas. For smaller municipalities (B and C -ranked), the existing manpower requirement shown in the municipality organograms may be exaggerated in comparison to actual needs of those municipalities. As municipalities are largely funded from their own revenues, excessive spending on administrative staff may cause a problem because this would result in allocating fewer resources for municipal services and would reduce the value for money that municipal taxpayers receive. Municipalities' manpower position and organograms should therefore be reviewed and properly rationalized.

More efficient and effective resource mobilization at the local level. In recent years, the government has taken initiatives to motivate the rural and urban tiers of LGIs to mobilise their own source revenues by linking their tax efforts with some performance measures. These initiatives have helped raising revenues of LGIs. The major revenue sources for LGIs include property tax and other non-tax revenues that were not assessed or collected earlier based on any systematic and rigorous valuation methods.

While greater economic development is expected to permit the use of formal value-based taxation systems in the future, there are many other conditions that need to be fulfilled for a more effective local tax system. Those conditions may include (i) autonomy of LGIs in selecting local tax sources and bases, (ii) accurate household statistics, (iii) commitment and willingness of local representatives to collect taxes, and (iv) transparency in the local tax system. Enhancing capacity to mobilise local resources will require addressing all constraining factors that may derive from existing social, economic, political, and administrative and legal factors. In this connection, training efforts must be undertaken for LGI functionaries. Those training programmes should include both technical aspects of tax assessment and administration and also awareness-raising activities among local tax payers in order to stimulate their willingness to pay taxes.

2.2 Rural Development

Rural development has been an important strategic focus for reducing poverty in most of the previous FYPs. It has concentrated efforts on areas such as increasing local production, improving health and nutrition, reducing poverty through undertaking innovative farm and non-farm income generation activities, safe water supply and sanitation. Under the previous FYPs, women's involvement in development activities has been increasingly promoted.

The 7FYP pursued not only poverty reduction, but also generation of productive employment and opportunities for self-employment, and rural infrastructure development. Many investment projects and technical assistance projects and programmes were implemented for enhancing income generation activities, enhancing micro-savings and micro-credit activities, raising agricultural production, and developing self-employment and human resources. Although some of the programmes could not fully achieve the intended goals due to many constraints, rural development projects and programmes have contributed significantly to poverty reduction and generation of employment and income in rural areas. However, there still remains some issues and challenges to be addressed.

Striking appropriate balance between rural and urban economic growth. There is a broad-based consensus on the need to pursue an appropriate balance between rural and urban economic growth. In this regard, a challenge of rural development is to create more employment opportunities in rural farm and non-farm and cooperatives activities for all with a special emphasis on women. Another challenge is to encourage and create a conducive environment in which small and medium enterprises (SMEs) can grow and operate in an effective manner.

Strengthening social safety net programmes. Even if higher economic growth, increased employment and income generation activities are successfully achieved, some under-privileged groups will need additional support. To address this challenge, there is a need to significantly strengthen social safety net programmes and improve their management to alleviate poverty among those groups.

Further promoting pro-poor and women-focused projects. Despite the attempt of RDIs and LGIs over the last few years, there remains large scope for further promoting genuinely pro-poor and women-focused projects. For instance, RDIs and LGIs implemented many rural road maintenance programmes that provided income support for the rural poor during lean seasons. In addition, the national government emphasised the need to undertake farm and non-farm activities for employment and income generation involving the poor, particularly women. However, the main constraint has been insufficient capacity of RDIs and LGIs to select rightly targeted beneficiaries under those local development initiatives by following national government guidelines. Recognising this challenge, the national government has shown its unwavering commitment to deal with this challenge with enhanced monitoring mechanisms and other means.

Innovative approaches to the development of hard-to-reach areas. The 7FYP recognizes that the Chattogram Hill Tracts is one of the most disadvantaged and vulnerable regions in Bangladesh in terms of almost all major development indicators, such as income, employment, poverty, health, water, sanitation, education, women's employment, access to infrastructure, and so on. Besides continuing progress towards the full implementation of the 1997 Chattogram Hill tracts accord during the 7FYP, other initiatives have been taken to improve essential service delivery in the remote Chattogram Hill

Tracts areas. In particular, the implementation of the Tribal Health, Nutrition and Population Plan (THNPP) continued during the 7FYP period, offering needs-based, area-specific services delivered in an ethnic sensitive way. In addition, the National Education Policy of 2010 and the Third Primary Education Development Programme (PEDP3) both recognize the different needs of ethnic communities and have committed to educating students of those minorities in their mother tongues.

2.3 Sustainable Development Goals

With the beginning of the implementation of the new global Agenda in January 2016, countries including Bangladesh started working on how the SDGs could be embedded in the national development context, particularly, aligning the goals and targets with the relevant national policy and programmes. The GED under the Planning Commission has completed a mapping exercise in 2016 to identify the responsibilities of the Ministries/Divisions by SDG targets. The exercise shows that the LGD will lead 10 targets and co-lead 4 targets. The LGD is expected to take a leading role in such issues as access to safe water, sanitation and hygiene, air quality and waste management, coordination among rural and urban LGIs for good environment management, and so on. The RDCD has a lead role on target 1.4 on equal rights to access economic resources and on strengthening the participation of local communities in improving water and sanitation management (6.b)

Table 2.1 Mapping of lead and co-lead roles of LGD and RDCD under SDG targets

Local Government Division (LGD)			
Lead role		Co-lead role	
3.9	By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	3.d	By 2030, Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks
6.1	By 2030, achieve universal and equitable access to safe and affordable drinking water for all	6.b	By 2030, Support and strengthen the participation of local communities in improving water and sanitation management
6.2	By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations	11.a	By 2030, Support positive economic, social and environmental links between urban and rural areas by strengthening national and regional development planning
6.3	By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	11.b	By 2030, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015– 2030, holistic disaster risk management at all levels
6.4	By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity		
11.6	By 2030, reduce the adverse per capita environmental impact of cities, including		

	by paying special attention to air quality and municipal and other waste management		
11.7	By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities		
12.4	By 2030, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment		
12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse		
16.9	By 2030, provide legal identity for all, including birth registration		
Rural Development and Cooperatives Division (RDCD)			
Lead role		Co-lead role	
1.4	By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.	11.a	By 2030, Support positive economic, social and environmental links between urban and rural areas by strengthening national and regional development planning
6.b	By 2030, Support and strengthen the participation of local communities in improving water and sanitation management	11.b	By 2030, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015– 2030, holistic disaster risk management at all levels
The Prime Minister's Office (PMO)			
Lead role		Co-lead role	
		1.4	By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.
		11.a	By 2030, Support positive economic, social and environmental links between urban and rural areas by strengthening national and regional development planning

		11.b	By 2030, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015– 2030, holistic disaster risk management at all levels
Ministry of Chattogram Hill Tracts Affairs (MoCHTA)			
Lead role		Co-lead role	
		1.4	By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

2.4 Fiscal Performance

The allocation of ADP clearly indicates that the government has been placing the highest priority on the strengthening and development of the LGIs in recent years. Table 2.2 shows that total annual investments on all sub-sectors in the LGRD sector -- Local Government, Rural Institutions, Rural Development and Cooperatives, and Chattogram Hill Tracts Affairs -- increased remarkably over the 7FYP period. Despite these enhanced allocations, however, the ADP alone was not be sufficient to meet vast development needs of the residents under LGIs and RDIs, pointing to the importance to strengthen the capacity of LGIs and RDIs to mobilize their own source revenues through fiscal decentralization.

Table 2.2: FY 2017 – FY 2021 Development Expenditure (BDT in crore)

Year	Local Government			Rural Institutions and Rural Development & Cooperatives			Chattogram Hill Tracts Affairs			The Prime Minister's Office		
	7FYP Allocation	Annual Development Expenditure	Annual Growth	7FYP Allocation	Annual Development Expenditure	Annual Growth	7FYP Allocation	Annual Development Expenditure	Annual Growth	7FYP Allocation	Annual Development Expenditure	Annual Growth
2016/17	16,650	12,374	--	1,020	1,145	--	510	606		--	52.89	--
2017/18	20,340	21,526	74%	1,450	1,414	23.5%	740	849	40.1%	--	00	--
2018/19	24,210	22,850	6%	1,730	1,715	21.3%	880	914	7.7%	--	606.89	--
2019/20	28,380	25,468	11.5%	2,030	1,695	1.2%	1,030	989	8.2%	--	1.15	--
2020/21	33,300	29,921	17.5%	2,380	1,865	10%	1,210	841	15%	--	1,500	--

Source: 8FYP and ADP

3. LOCAL GOVERNMENT AND RURAL DEVELOPMENT SECTOR OBJECTIVES DURING THE 8th FIVE YEAR PLAN JULY 2020 – JUNE 2025

3.1 Scope of the LGRD Sector

As discussed earlier, the current LGRD SSP adopts the sector classification of the 8FYP and ensures that its sector classification is consistently aligned with the newly reclassified sectors in ADP. Under this definition, the LGRD sector includes four sub-sectors, namely, (i) Local Government, (ii) Rural Institutions, (iii) Rural Development and Cooperatives, and (iv) Chattogram Hill-tract Affairs.

3.2 Sector Theory of Change

The Sector-level Theory of Change provides a logically structured framework for the identification, formulation, appraisal, and approval of projects in the LGRD sector. All interventions in this sector should contribute to the realisation of one or more *Sector Intermediate Outcome*, which if achieved, will contribute to delivering one of the *Sector Outcomes* required to achieve the overall *Sector Goal*.

Figure 3.1 presents the sector Theory of Change in the current LGRD SSP. This Theory of Change has been formulated to make it consistent with, and fully reflect, the issues, challenges, and priorities in the 8FYP and various other policies and strategies mentioned earlier. It should be noted that the current sector Theory of Change is largely the same as the one developed in the original LGRD SSP that was aligned with the 7FYP and approved by the government in 2018. The only major change is that the current Theory of Change has been adjusted in line with the new ADP sector reclassification approved by the government in 2021.

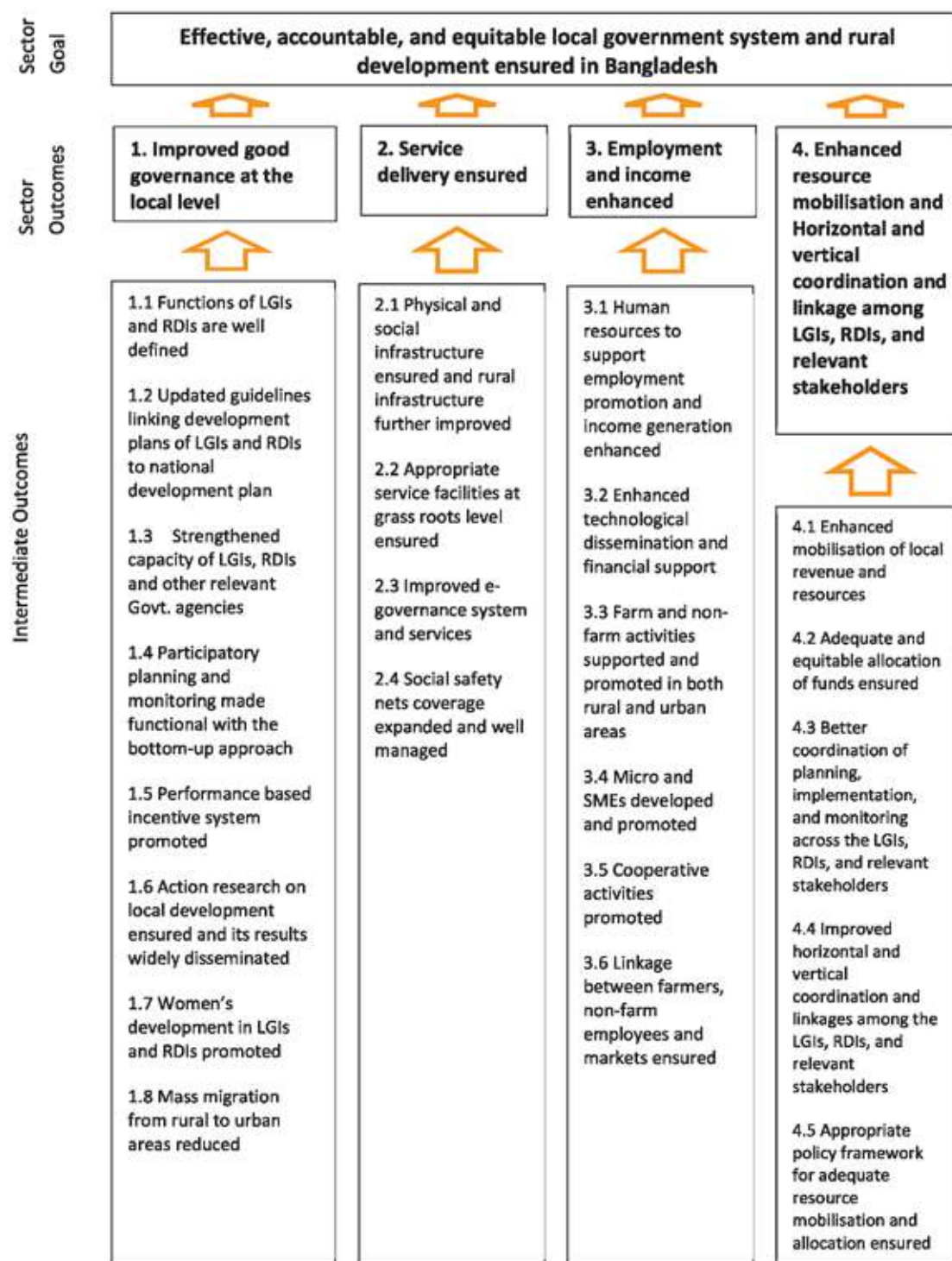
3.3 Sector Goal

One of the unique characteristics of the LGRD sector is the diversity of the issues and challenges within the sector, ranging from rural development projects supporting the extreme poor to provision of social safety nets, rural infrastructure development, improvement of good governance and service delivery of LGIs, generation of employment and income, and so on. This poses a major challenge for the government to set out a Sector Goal that encompasses the entire scope of these diverse policy issues and challenges.

Sector Goal:

Effective, accountable, and equitable local government system, and rural development ensured in Bangladesh

Figure 3.1 Theory of Change for the LGRD Sector



This Sector Goal succinctly summarise the sectoral situations in which the government aspires to arrive at by the end of the 8FYP period. All programmes and projects under this sector should contribute to the achievement of this Sector Goal, thereby contributing to the national goals set out in the DRF of the 8FYP.

Achieving an effective, accountable, and equitable local government system has been the goal of the Government for a long time. According to the 8FYP, an effective system helps LGIs and RDIs to appropriately allocate resources to the places where people need the most. In addition, ensuring accountability of LGIs and RDIs is critical to achieve “devolved and effective LGIs.” Furthermore, improved institutional mechanisms and their effective and proactive use would contribute to promoting people’s participation in the affairs of LGIs. To achieve an effective, accountable, and equitable local government system, two Sector Outcomes are deemed to contribute: 1) improved and inclusive governance at the local level; and 2) enhanced resource mobilisation and horizontal and vertical coordination and linkage among LGIs, RDIs, and relevant stakeholders.

Rural development continues to be a critical focus area of RDIs and LGIs in the 8FYP period. As highlighted in the two Perspective Plans (2010-2021 and 2021-2041), rural economic development must be accomplished if Bangladesh is to achieve the status of middle-income countries. At the same time, the Perspective Plans emphasize the importance of poverty reduction through employment generation, enhancing self-employment, ensuring rural infrastructure, and human resource development. Two intermediate outcomes mainly contribute to ensuring rural development: 1) service delivery ensured; and 2) employment and income enhanced.

3.4 Sector Outcomes and Intermediate Outcomes

The Sector Goal discussed in the previous section is aimed to be achieved in the 8FYP period by pursuing the following four Sector Outcomes:

- **Sector Outcome 1:** Improved good governance at the local level;
- **Sector Outcome 2:** Service delivery ensured;
- **Sector Outcome 3:** Employment and income enhanced; and
- **Sector Outcome 4:** Enhanced resource mobilisation and Horizontal and vertical coordination and linkage among LGIs, RDIs, and relevant stakeholders.

In the following, those four Sector Outcomes and the Intermediate Outcomes that are deemed necessary to achieve the respective Sector Outcomes are explained. The numbering of each Intermediate Outcome in the following corresponds to that of Intermediate Outcomes in the Sector-level Theory of Change in Figure 3.1.

Sector Outcome 1: Improved good governance at the local level

Good governance is one of the key purposes to develop RDIs and LGIs. Sector Outcome 1 covers the major interventions to develop effectiveness and accountability of RDIs and LGIs. New guidelines for local planning and participatory planning create the paths to achieve good governance. The LGD, with JICA’s support, has developed the guidelines for the development planning at the Upazila level. Similar planning or operational guidelines are required for all tiers of LGIs and RDIs. Performance assessment contributes to achieving the mandated development objectives of RDIs and LGIs to a great deal and promoting their accountability to the public. Through these interventions, the LGD, RDCD and concerned MDAs will collaboratively improve the local government system.

1.1 Functions of LGIs and RDIs are well defined

The national Government will clarify the roles and responsibilities of LGIs and RDIs by creating a Local Government Legal Framework (LGLF) that provides a common general legal framework for the local

government system in Bangladesh. The LGLF will cover all units and tiers of local governments, both urban and rural, and articulate their formation, function, jurisdiction, taxation, finance, budget account, electoral process, and national-local and local-local relationships. This will empower both LGIs and RDIs to achieving good governance at the local level in a more effective, accountable, and equitable manner.

1.2 Updated guidelines linking local development plan to national development plan

The Planning Commission, in close collaboration with RDCD and LGD, will update the Guidelines for local level planning of RDIs and LGIs. The Guidelines will assist RDIs and LGIs in formulating their local level plans in line with national priorities in the national FYP. The Guidelines will be developed with active participation of RDIs, LGIs and other stakeholders, and will be disseminated among them upon completion. The Planning Commission will extend necessary support for RDIs and LGIs through training on local development planning, and through other necessary means.

1.3 Strengthened capacity of LGIs, RDIs and agencies

The national government will build capacity of RDIs and LGIs through assignment of proper officials, various technical assistance, and training programmes implemented by training institutions under LGD and RDCD. The national Government will assist RDIs and LGIs in developing planning and budgeting capacity and improving design and management of local development programmes.

1.4 Participatory planning and monitoring made functional with the bottom-up approach

The RDIs and LGIs will further promote participation of people from communities in prioritising, implementing, and monitoring development programmes, and ensure that the planning and implementation of local development programmes are effective and relevant for respective communities and managed efficiently. The RDIs and LGIs will expand the role of Community-Based Organizations (CBOs) and strengthen participation from different groups, particularly women and the poor. The coordination and integration activities focusing on Union Parishad under the Link Model of BRDB will be expanded to ensure peoples' participation, accountability, transparency, and bottom-up planning approach.

1.5 Performance based incentive system promoted

The RDCD and LGD will support RDIs and LGIs to introduce and use indicators and standards for measuring performance of service delivery at the local level. A good practice in this regard is the introduction of the performance-based incentive system developed by the UGDP.⁶ The RDCD and LGD will broaden the role of oversight institutions that would perform financial and service delivery audits, investigate irregularities, and publicise performance reports. Through establishing these performance-based incentive systems. The RDCD and LGD will further increase transparency and accountability of LGIs and RDIs.

⁶ With a view to improving governance of LGIs in different tiers, Ministry of Local Government, Rural Development and Cooperatives has been implementing performance-based grant system (relying on minimum conditions requirements in case of governance and also assessing the state of governance each year against the key performance indicators) for Union Parishads (e.g., LGSP), Upazila Parishads (e.g., UGDP), Paurashavas (e.g., MGSP, UGIIIP) with the active support from development partners namely World Bank, JICA, and ADB.

1.6 Action research on local development ensured and its results widely disseminated

The RDIs -- such as Rural Development Academy (RDA), Bangladesh Academy for Rural Development (BARD), Bangabandhu Academy for Poverty Alleviation and Rural Development (BAPARD), and Bangladesh Rural Development Training Institute (BRDTI) -- will promote action research and disseminate their results widely among a broad range of stakeholders. The RDCD agencies such as BRDB and DoC along with relevant stakeholders will promote activities based on the results of action research. The LGIs will promote activities based on the results of action research.

1.7 Women's development in LGIs and RDIs promoted

The RDIs and LGIs will further promote programmes for women development, considering all relevant cross-cutting issues, such as income generation, social safety nets, and promotion of cooperatives.

1.8 Mass migration from rural to urban areas reduced

The RDIs and LGIs will further promote programmes for rural development to enhance its positive impacts on reducing rural-urban migration. Physical and social infrastructure development in rural areas will have a quick impact on creating local labour demands. Also, improving rural service delivery including primary health care, safe water supply and sanitation, and social safety net will contribute to making local livelihoods more convenient and attractive.

Sector Outcome 2: Service delivery ensured

Ensuring service delivery largely contributes to rural development of Bangladesh through a set of intermediate outcomes. Infrastructure development is a major focus of the LGRD sector in the ADP and is necessary to ensure public services in rural areas. In addition, key interventions to promote the delivery of basic services, such as social safety nets are covered here. Finally, e-government service is also focused to apply new technology for LGIs and rural development.

2.1 Physical and social infrastructure ensured and rural infrastructure further improved

The LGED, in close collaboration with LGIs, will further develop, upgrade, and effectively maintain (i) physical infrastructure, including rural road network such as rural roads (Upazila Roads, Union Roads, Village Roads), bridges, culverts, ghats, bus terminals, and growth centres; and (ii) social infrastructure, such as Union and Upazila Parishad buildings, cyclone and flood shelters, rural and municipal markets, and slums. Zila Parishads also will play an important role to construct those rural infrastructures. They will ensure road safety and mainstream climate change resilience in all infrastructure design, implementation, and maintenance. The RDCD, LGD, and its subordinate departments and agencies will coordinate with RDIs and LGIs to ensure that physical and social infrastructure in rural areas are developed in a well-balanced manner and to encourage developing rural infrastructure especially in the backward areas. The Participatory Micro Infrastructure Development activities of BRDB under Link Model will be further promoted to attain rural infrastructure needs that are not being addressed by any agency. Action research of RDA should be promoted further to provide low-cost housing for rural people, explore low-cost housing materials, and scale up with support of BRDB.

The 8FYP sets the specific targets for LGED in the following.

- Up-gradation/double lane of rural core road network with climate, disaster, and other impact resilient design (16,000 Km).
- Increasing Rural Access Index (RAI) to 90% from 84% (Survey 2018) (33,000 Km)
- Construction/reconstruction/rehabilitation/widening of 165,000-meter bridges on core road network and other Upazila roads, Union roads and village roads.
- Improvement of road safety engineering at junctions of LGED roads with National Highways.
- Improvement of selected Union Road (8,000 Km).

Moreover, according to “Revised Monitoring and Evaluation Framework for SDGs: Bangladesh Perspective” published by GED, (Section 9.1.1) one of the targets is, ‘the proportion of rural population (95% by 2020) who live within 2 km of an all-seasoned road’, which is mainly the responsibility of LGED.

2.2 Appropriate service facilities at grass roots level ensured

The RDIs and LGIs will ensure constructions of facilities to provide appropriate services at the grass roots level. Those facilities include, but are not limited to, branch offices of BRDB, agriculture extension service centres, and union digital centres.

The 8FYP sets out the specific targets for LGED in the following.

- Development of growth centres and Rural Markets (1200 Nos).
- Construction of all remaining Union Parishad complexes (1166 Nos).
- Extension of Upazila complexes (400 Nos).

2.3 Improved e-governance system and services

The national government will facilitate e-governance at the local level through a well-designed Programme of Information and Communication Technology. This will involve provision of adequate hardware and software, technical assistance, and training programmes that assist RDIs and LGIs especially to Union Digital Centre in providing online public services and disseminating information to people in rural and urban areas.

2.4 Social safety nets coverage expanded and well managed

The RDCD and LGD will continue improving livelihoods of the extreme poor who are unable to meet daily income needs and suffer from food insecurity. The target groups will be the poorest who live in vulnerable environments and remote areas, such as flood-prone river islands (chars), basins (haors), water-logged areas, cyclone-prone coastal regions, and river erosion areas. The RDCD and LGD will implement poverty alleviation programmes, including micro-savings programme, to expand coverage of social safety nets for people under severe poverty. The RDCD and LGD, in coordination with LGIs, will ensure effective management of social safety net to alleviate severe poverty.

The government is fully aware of the need to strengthen the implementation of the various rural social protection programmes to maximise the impact on poverty reduction. This has come to the fore in view of the outbreak of the COVID-19 pandemic. In collaboration with LGIs and other rural support institutions, utmost efforts will be given to ensure proper targeting of beneficiaries so that both the exclusion and inclusion errors can be effectively dealt with and minimized.

Sector Outcome 3: Employment and income enhanced

Rural development policy in Bangladesh has for many years sought to reduce poverty. The 8FYP emphasizes employment and income generation as two driving forces for poverty reduction and identifies training programmes for vulnerable groups as an important intervention. The dissemination of new technologies for rural development will contribute to creating employment opportunities. Promotion of farm and non-farm activities will help provide opportunities for income generation, while developing SME and cooperatives institutionally will enhance capacity to absorb labour. Promotion of value chains and access to markets will enhance varieties of cooperative activities and business survival chances. These interventions all together will increase employment and income.

3.1 Human resources to support employment promotion and income generation enhanced

To promote employment and income generation, the agencies and the training institutions under the LGD and RDCD will provide skills development training to the rural poor, particularly, disadvantaged women and other socially and economically marginalized groups with a view to generating self-employment in non-farm sectors.

3.2 Enhanced technological dissemination and financial support

The research institutions under the RDCD (BARD, RDA, BAPARD, BRDTI) will develop modern, appropriate, and sustainability-enhancing technology and introduce models through action research. Implementing agencies under the RDCD such as BRDB will introduce different communication mechanisms and increasingly use online facilities and services for wider dissemination of knowledge.

3.3 Farm and non-farm activities supported and promoted in both rural and urban areas

The RDCD in collaboration with other relevant stakeholders will ensure its support for both private agriculture and private non-agricultural businesses in rural and urban areas. Technical officials of the NBDs based at the Upazila and Union Parishad level will provide support to residents. For example, Sub-Assistant Agriculture Officers (SAAO) as a part of NBDs will provide support for farmers regarding appropriate use of seeds, pesticides, and irrigation at the Union level. Agencies under the RDCD will promote local cooperatives and cottage industries for their smooth operation and development.

3.4 Micro and SMEs developed and promoted

The agencies under the RDCD along with relevant stakeholders will promote economic activities by creating and promoting micro and SMEs and informal groups (RDCD Societies).

3.5 Cooperative activities promoted

The RDCD will promote development of farm and non-farm products value chain and access to markets through cooperatives and RD societies. The Division will raise awareness on the value chain and market access among members of cooperatives and RD societies. Department of Cooperatives have been working on promoting cooperative activities and will continue play a major role in this regard. Concerned RDCD agencies will provide necessary research support in those areas.

3.6 Linkage between farmers, non-farm employees and markets ensured

The farmers, non-farm employees, and markets will be further encouraged by RDCD, LGD and MoCHTA for development of the agricultural value chain and access to market. To this end, the RDCD will promote direct marketing of agricultural products through cooperatives; raise awareness on value chain and market access among cooperative members; support activities on different aspects of production, including assurance of quality and hygiene of products; ensure fair price of products; promote branding of products under the name of cooperatives; and develop marketing infrastructure.

Sector Outcome 4: Enhanced resource mobilisation and effective coordination between national government and LGIs and vice versa

The LGIs are expected to gradually increase generation of own revenues from local resources by framing a new tax schedule and the Local Government Legal Framework. The national government will also gradually increase allocation of ADP to LGIs. To strengthen strategic planning, implementation, and monitoring, the national government and LG tiers will start a new coordination system. The linkages across the different LG tiers/RDIs (vertical) and among the same LG tier/RDIs (horizontal) will be enhanced to improve strategic coordination. The “horizontal learning programmes” (HLP) of the ministry has already been contributing to enhancing the linkages.

4.1 Enhanced mobilisation of local revenue and resources

The national government will adopt a comprehensive tax sharing formula in the national tax policy that stipulates the sharing of national tax revenues between national and local governments. This will enhance accountability of both national and local governments to tax payers, and ensure equitable sharing of revenues between the national government and LG tiers. The national government will also consider gradually increasing block grants for LGIs through ADP, commensurate with capacity development of RDIs and LGIs personnel and development of performance assessment systems of LGIs.

4.2 Adequate and equitable allocation of funds ensured

All sector stakeholders recognise that it is crucial for LGIs to enhance their capacity to raise local revenues from taxes, tolls, fees, and other miscellaneous receipts from local resources. To support LGIs to achieve this outcome, the national government will frame model tax schedules to guide LGIs in mobilising local revenues. The national government will also implement investment and technical assistance projects in which governance improvement of LGIs, including local resource mobilisation, is integrated and used for performance-based allocation of project resources.

4.3 Better coordination of planning, implementation, and monitoring across the LGIs, RDIs, and relevant stakeholders

The national Government will develop and implement a plan to prepare and integrate local development plans of LG tiers into the national plan during the 8FYP period, and start developing the coordination system for strategic planning, implementation and monitoring across all tiers of government institutions at the national and local levels. The national government, led by the Planning Commission and closely coordinated with the planning wings and branches of line ministries, will facilitate the process of implementation of the plan. It will also intensify ongoing initiatives to provide technical assistance for LG tiers to develop local development plans.

4.4 Improved horizontal and vertical coordination and linkages among the LGIs, RDIs, and relevant stakeholders

The LGIs will strengthen capacity of their staffs to ensure horizontal and vertical coordination among LGIs and local offices of line MDAs.

4.5 Appropriate policy framework for adequate resource mobilisation and allocation ensured

The national government will create the LGLF to enhance resource mobilization (Intermediate Outcome 1.1), and any other associated rules and regulations deemed necessary to operationalise the LGLF.

The key challenges to achieving each of the Sector Outcomes are discussed in Chapter 6 on Assumptions and Risks.

4 IMPLEMENTATION STRATEGIES

This Chapter presents implementation strategies that are devised to achieve the Sector Goal, Sector Outcomes, and Intermediate Outcomes under the Theory of Change described in the previous Chapter. The implementation strategies consist of two parts: (i) strategies concerned with legal, regulatory, and institutional issues to achieve 8FYP targets and thus lay the roadmap to achieve the SDGs, and (ii) a financing strategy.

4.1 Strategies to Achieve 8FYP and SDGs Targets (2030)

The activities under the LGRD sector described in Chapter 3 cut across all sectors of the economy in Bangladesh. For example, the activities related to rural development contribute critically to the growth in the agriculture sector. The activities concerning LGIs, both rural and urban, affect growth in all sectors as well as basic service delivery through the strategy for public institutions and public sector management.

The 8FYP stresses that strengthening local governments and fostering rural development will continue to be the key priorities under this plan. The government's strategy to achieve the 8FYP targets and SDGs through the Theory of Change described earlier will require the following broad categories of actions:

- Address legal and regulatory issues to empower RDIs and LGIs which will lead to improved governance at the local level.
- Strengthen institutional capacity of LGIs and RDIs for efficient delivery of necessary services;
- Develop differentiated but appropriate strategies for respective tiers of LGIs and also for RDIs so that those can contribute to enhance adequate employment and income generation for the rural population; and
- Enhance resource mobilization and coordination among different tiers of LGIs and their key stakeholders.

In the following paragraphs, each category of action is described in detail.

Address legal and regulatory issues to empower LGIs which will lead to improved governance at the local level

- ***Develop a Local Government Legal Framework (LGLF).*** The national Government will develop a well-defined legal framework, rural development policy, and a rural development master plan with clear assignment of the functions of RDIs and LGIs along with commensurate financial autonomy. This legal framework will shift towards an integrated framework that includes the directives for all tiers of local governments. The LGLF will cover at least the following aspects of all tiers of LGIs: (i) structure; (ii) function; (iii) jurisdiction; (iv) taxation; (v) finance; (vi) budget account; (vii) electoral process; and (viii) national-local and local-local relationships. The transfer of power and authority, responsibilities, and resources from the national government to LGI tiers will be revisited and streamlined in the preparation process of the LGLF.
- ***Introduce the National Integrity Strategy (NIS) at the Upazila Level for improving governance at LGIs:*** Toward enhancing effective, citizen-centred service delivery, the Cabinet Division of Bangladesh will promote localization of the NIS in the 8FYP. Some pilot activities on this front have

been initiated during the 7FYP period by a JICA-supported project. The Government is planning to upscale the good practices and lessons learned from the pilot project at the local level.

- **Improve public financial management (PFM) of LGIs:** Sound financial management is key for all tiers of LGIs, both urban and rural, to deliver public services effectively and ensure value for money. Building on the notable progress made in the 7FYP period, several challenges need to be addressed by the national government, LGD, and LGIs in the 8FYP period. In particular, the following actions will be undertaken: (i) issuing necessary legal instruments; (ii) planning and budgeting; (iii) increasing resource mobilization capacity of LGIs; (iv) developing effective revenue sharing mechanisms; (v) increasing the share of inter-governmental fiscal transfers for LGIs; (vi) Improving and developing capacity of PFM-related staffs; (vii) strengthening supervision and monitoring capacity of the LGD; (viii) improving understanding among LGI stakeholders about budget; (ix) mandating multi-year budgets; (x) expanding taxation autonomy of LGIs; and (xi) strengthening and simplifying the process mechanisms and efforts for revenue collection.

Strengthen institutional capacity of LGIs and RDIs for efficient delivery of necessary services

- **Build human resource capacity of LGIs and RDIs.** The national Government will ensure the manpower requirements of LGIs and RDIs (including functional agencies) and make sure that their manpower positions commensurate with their mandates and responsibilities. Some municipalities have already been practicing recruitment of staff with their own budgets. The national Government will consider granting this autonomy to other tiers of LGIs for more efficient functioning of RDIs and LGIs as long as they can provide salary of additional manpower. Foreseeing a long-term future, the national Government will consider creation of a 'Local Government Service' to foster and sustain professionalism of LGIs.
- **Strengthen training institutions for LGD and RDCD officials.** The capacity of the NILG, BARD, BRDTI, RDA, and BAPARD will need to be enhanced so that these institutions can provide training to all elected officials of LGIs and others related to the LGD and RDCD. Building on the success of BRDB-NILG-Sharique project for capacity building of Union Parishad, this collaborative venture will be explored further in the 8FYP period. To supplement the currently limited capacity of those institutions, the LGD will consider other options to provide training services such as a Upazila Resource Team (URT)⁷ and international and national NGOs.⁸ It is worth mentioned here that the UICDP of the LGD, with support of JICA, prepared a Mid- and Long-Term Training Plan for Upazila Parishad Functionaries for NILG. This Plan includes a provision for creating a 'District Resource Team' involving a certain number of district-level government officials who would train stakeholders at the Upazila level. The potential priority areas of training include, but not limited to, development of a budget and planning cycle, financial management, internal and external audit, good governance, results-based M&E, online reporting, disclosure of financial and other relevant information in web-portals, and so on. There will be a need to conduct a training needs assessment and develop a comprehensive capacity building framework for RDIs and LGIs.

⁷ An Upazila Resource Team (URT) established by NILG will be utilised for capacity building in LGIs.

⁸ NGOs will be particularly helpful in providing training on: UP chair, Members, Secretaries, and the members of the project implementation committees, participatory planning, women development issues, development and management of cooperatives, and so on.

Develop differentiated strategies for respective tiers of LGIs so that those can ensure adequate employment and income generation for rural population

Each tier of the LGs developed its own strategies to reflect its unique characteristics, such as administration structures, budget scales, population, governing zones, and so on. The Government has already prepared the following strategies for the Upazila levels.

Mid and Long-Term Strategy for Upazila Parishad Governance Improvement: This strategy clarifies policy directions to achieve efficient, accountable Upazila Parishads (UZPs). It first defines the mission statement of Upazila Parishads, namely, “the public services to be delivered at the Upazila levels are improved through comprehensive coordination of all Upazila-level development activities at the Upazila levels by 2041.” It highlights “coordination” as the core function of Upazila Parishads to improve public services at the Upazila level. This strategy prioritized the seven key targets: (i) ensuring horizontal and vertical coordination by Upazila Parishads; (ii) improving function of Upazila Committees and contributing to better coordination with line departments; (iii) preparing Five Year Plans (FYPs) and Annual Development Plans by Upazila Parishads; (iv) properly reflecting citizens’ views in the Five-Year Plans and Annual Development Plans of Upazila Parishads; (v) properly preparing budget and annual financial statements in accordance with relevant laws and guidelines; (vi) properly monitoring activities of the Upazila Parishads by concerned Wing of the LGD; and (vii) establishing and implementing training mechanisms that cover all Upazila Parishads.

Enhance resource mobilization and coordination among key stakeholders

The activities in the LGRD sector involve many economic and social sectors, rural development, and all tiers of governments. The enormity of the task of coordination among those actors in this sector could be immediately recognised by pointing out that approximately 70,000 local government representatives and associated staff as well as other local-level actors are to be linked to one another and coordinated in horizontal and vertical networks.

The MoLGRD&C will lead coordination with five broad groups of actors: (i) LGD and RDCD under MoLGRD&C; (ii) Planning Commission and Finance Division for development planning and budget management of LGIs; (iii) line MDAs that provide public services such as transport, water, sanitation, social safety net, agriculture, SMEs, and urban development; (iv) all tiers of LGIs; and (v) development partners.

Regarding coordination with development partners, ‘Sector Working Groups’ under the ‘Local Consultative Group (LCG)’ will be a primary venue for dialogue on the LGRD sector.

The coordination with development partners will be also a challenging task in the LGRD sector because of a broad coverage and scope of this sector. The development partners for the concerned sectors are presented in Table 4.1. In the LCG mechanisms, the LGD assumes a lead Ministry’s role in three Sector Working Groups under LCG: (i) local government; (ii) water supply and sanitation; and (iii) urban. In addition, rural development falls under the LCG Sector Working Group on Agriculture and Rural Development led by the Ministry of Agriculture. Coordination with Ministry of Chattogram Hill Tracts Affairs will be needed to ensure that all geographical areas of the LGRD sector are covered. Coordination with Ministry of Commerce and Road Transport and Highways Division is essential as the

promotion of SMEs and development of road transport network, respectively, are to be pursued in the LGRD sector.

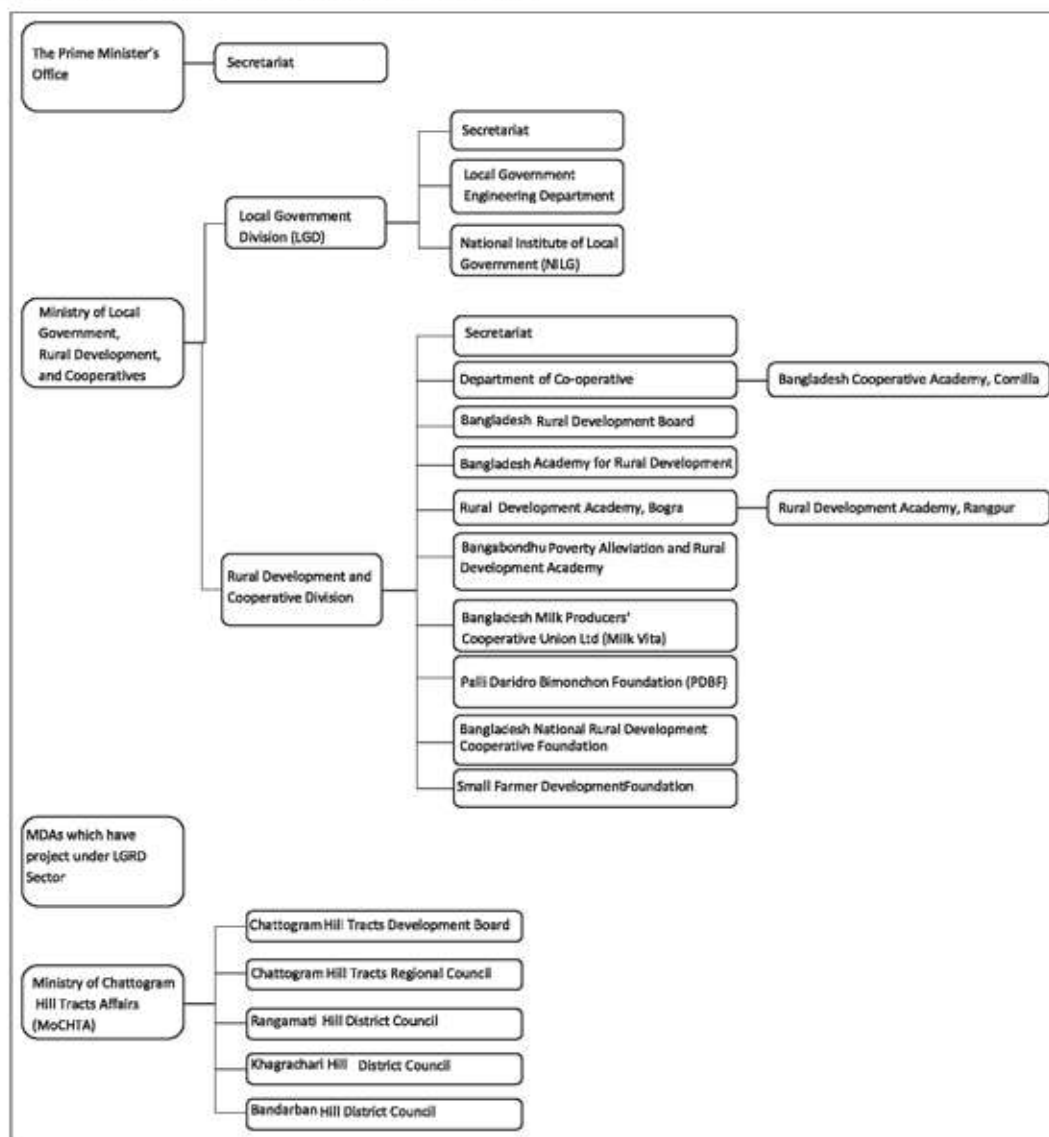
Table 4.1 LCG Sector Working Groups concerned with the LGRD sector

Sector Working Group	Lead Ministry/Division	DPs(*Chair)
Local government	LGD	SDC*, JICA, ADB, EU, GIZ, , UN agencies, World Bank
Water supply and sanitation	LGD	Denmark*, ADB, AusAid, EU, JICA, UK, UN agencies, World Bank
Agriculture and rural development	Ministry of Agriculture	UN agencies*, ADB, AusAid, EU, JICA, Korea, SDC, USAid, World Bank
Private sector development and trade (incl. SMEs)	Ministry of Commerce	UKAid*, ADB, CIDA, Danida, EU, GIZ, JICA, The Embassy of Netherlands, NORAD, SDC, UN agencies, USAid, World Bank
Transport and communication	LGED	JICA*, ADB, IsDB, KOICA, World Bank
Chattogram Hill Tracts	Ministry of Chattogram Hill Tracts Affairs	UN agencies*, ADB, AusAid, CIDA, EU, USAid

Source: Economic Relations Division. 2010. *Bangladesh Joint Cooperation Strategy 2010-2015*.

The institutional map of the LGRD sector is illustrated in the following Figure 4.1.

Figure 4.1 Institutional Map of the LGRD Sector



4.2 Linkages between ADP and Sector Objectives

Introduction

In this section, the ADP 2021-22 is structured along the Theory of Change in the LGRD sector. The Theory of Change for the LGRD sector is based on three types of interventions: i) investment interventions, ii) development of policy, and iii) regulatory interventions. Table 4.2 shows that a majority of Intermediate Outcomes can be achieved through investment interventions. A few Intermediate Outcomes of the sector require mostly policy or legal issues, rather than investments. This section will focus on investment interventions.

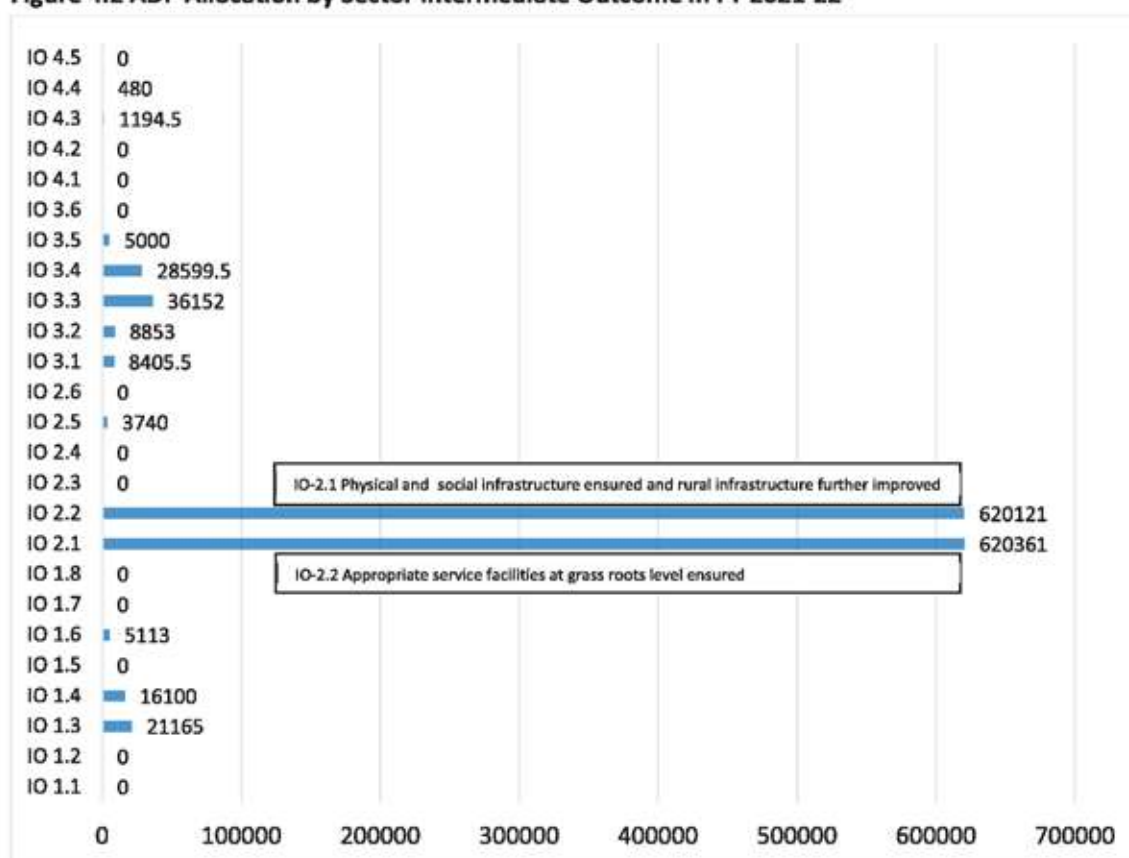
Table 4.2. LGRD Sector (Intermediate) Outcomes and their types of interventions

	Investment interventions	Policy development	Regulatory interventions
Sector Outcome 1	1.3, 1.4, 1.6, 1.7, 1.8	1.1, 1.3, 1.4, 1.7	1.1, 1.2, 1.3, 1.4, 1.5,
Sector Outcome 2	2.1, 2.2, 2.3, 2.5, 2.6	2.5	2.4, 2.5
Sector Outcome 3	3.1, 3.2, 3.3, 3.4, 3.5, 3.6		3.2
Sector Outcome 4	4.3,	4.1, 4.3, 4.4, 4.5	4.1, 4.2, 4.3, 4.4

Analysis

Figure 4.2 below provides an overview of the ADP sector-portfolio allocated over the Intermediate Outcomes in FY 2021-22. Most ADP resources are allocated to achieve Sector Outcome 2 (Service delivery ensured). More specifically, Sector Intermediate Outcome 2.1 (Physical and social infrastructure ensured and rural infrastructure further improved) and 2.2 (Appropriate service facilities at grass roots level ensured) receive the largest allocation in FY 2021-22, or 90 percent of total development budget for the LGRD sector.

Figure 4.2 ADP Allocation by Sector Intermediate Outcome in FY 2021-22



*IO means Intermediate Outcome of the ToC which are listed at page 8.

Note: Financial resources are allocated in the following way: For each development project at most two relevant intermediate outcomes are identified. If a project is linked to one intermediate outcomes, the total costs of that project will be allocated to that intermediate outcome. If a project is linked to two intermediate outcomes, the total costs/allocation will be divided by two – and one half will be allocated to each of the two intermediate outcomes, respectively. Furthermore, this analysis is not a base for strong conclusions for several reasons as there are several challenges for the analysis: 1) Currently the MYPIP is not covering all projects of the ADP. The data in MYPIP/ADP Management System (AMS) only includes public investment projects. Public investments are just a part of the total Government efforts to achieve the objectives; 2) There are a number of public investment projects are outside the ADP (private sector, donors, international financial institutions, Green Climate Fund etc.); 3) The analysis provides a partial picture as other important information on recurrent budget, subsidies, policy regulations etc. is missing; 4) Some regulations and support cannot be quantified in financial terms (such as legal amendments or policy regulations); 5) Linking the project to one specific intermediate/sector outcome can be difficult as several projects cover multiple outcomes or intermediate outcomes.

Table 4.3 presents the cumulative expenditures and allocation by Sector Intermediate Outcome under ADP 2021-22. This table shows a large sum of cumulative expenditures have been allocated for Sector Intermediate Outcomes 2.1 and 2.2, confirming again a high priority placed on those Intermediate Outcomes over many years in the LGRD sector.

Table 4.3. Cumulative Expenditures and ADP Allocation by Sector Intermediate Outcome FY2021-22

Sector Intermediate Outcome	Taka in Lakh	
	Cumulative Expenditure (up to June 2021)	ADP21-22 Allocation
IO 1.1	0	0
IO 1.2	0	0
IO 1.3	288,755.3	21,165
IO 1.4	274,447.5	16,100
IO 1.5	0	0
IO 1.6	14,127.3	5,113
IO 1.7	0	0
IO 1.8	0	0
IO 2.1	2,384,221.2	620,361
IO 2.2	2,393,812.7	620,121
IO 2.3	0	0
IO 2.4	0	0
IO 2.5	2,718	3,740
IO 2.6	0	0
IO 3.1	14,424.7	8,405.5
IO 3.2	10,752	8,853
IO 3.3	72,731.2	36,152
IO 3.4	54,558	28,599.5
IO 3.5	7,255.5	5,000
IO 3.6	0	0
IO 4.1	0	0
IO 4.2	0	0
IO 4.3	2,670.5	1,194.5
IO 4.4	362.5	480
IO 4.5	0	0

4.3 Financing Strategy

ADP allocation under 8FYP

ADP is financed by national revenues, domestic borrowing, external borrowing, and aid from development partners, and the national government is responsible for allocating annual fiscal transfer to LGIs through block grants under ADP. The ADP allocation for the LGRD sector in the 8FYP period is presented in Table 4.4 below.

Table 4.4 ADP allocation under 8FYP estimate for the LGRD sector FY2021-2025

(Billion Taka; current prices)

Ministry/ Division	FY2021	FY2022	FY2023	FY2024	FY2025
LGD	224.7	240.4	281.9	310.4	353.8
RDCD	23.4	28.9	33.3	38.8	46.6
MoCHTA	11.8	14.5	16.8	19.6	23.5
Total LGRD sector allocation estimate	259.9	283.8	332.0	368.8	423.9

Source: 8FYP, Annex Table A5.1

The ADP allocation for the LGRD sector clearly shows the high priority given to this sector in the 8FYP. Total ADP allocation for the LGRD sector in the 8FYP period, consisting of the LGD, RDCD and MoCHTA, amounts to 1,668.4 billion Taka (current prices). The ADP allocation for this sector is planned to increase from 259.9 billion Taka in FY2021 to 423.9 billion in FY2025, or an annual average growth of 13% over the 8FYP period.

Despite this considerable increase in ADP allocation for the LGRD sector in the 8FYP period, the government expects massive development needs of LGIs, and therefore, recognises a likelihood that the ADP allocation for the sector may face a potential short fall to meet the development needs. To address this issue, the government will take the following financing strategy.

- **Enhance own source revenues (OSR) of LGIs.** Although all LGIs have their own sources revenues, they have limited revenue mobilisation capacity or are unwilling to mobilise revenues for fear of political backlash. The major own sources revenues of LGIs include taxes, rates, fees, and charges. Besides, they also receive rents and profits from leased out properties and assets, and the sums received by way of providing different types of services. Non-tax revenue sources, although not very common, include contribution from private individuals and entities, grants received from the government, rents and profits received from investments, receipts from charitable trusts placed with LGIs, and proceeds from different services provided by LGIs. Holding taxes are the most important source of revenue for LGIs. One of the major objectives of the 8FYP is to strengthen own resource mobilization from property taxes and cost recovery for all LGIs, especially the urban-based LGIs.
- **Emphasize on local level public-private partnership (PPP).** The funding gap of LGIs will be reduced by encouraging PPP or co-financing strategies at the local government and local institution level. There exist provisions in the local government Acts of different LGIs for public-private partnership. The government needs to implement the legal mandate and encourage the LGIs to take advantage of this effective collaborative financing arrangements during the 8FYP period. Also, it is important for the Government to remove the barriers to co-financing and PPP.
- **Mobilise support from development partners.** There are many development partners working in Bangladesh with a special interest in strengthening LGIs and improving governance for ensuring

effective local service delivery. The Government will coordinate with development partners and explore possibilities of enhancing their support for the LGRD sector to reduce financing gaps.

- **Efficient use of budget at all levels.** It is important that the RDIs and LGIs use the budget effectively and efficiently. Appropriate use of budget may contribute significantly to the reduction of funding gap of LGIs.

Estimating fiscal space using MYPIP

The MYPIP of the LGRD sector has been developed by the Programming Division under the Strengthening Public Investment Management System (SPIMS) Project as one of two pilot sectors. The MYPIP can offer up-to-date projection of “fiscal space” at the sector- and sub-sector levels, based on the information from ADP, Revised ADP, Development Project Proposals (DPPs) and Technical Assistance Project Proposals (TPPs) in this sector.

In the MYPIP, fiscal space of a sector is calculated in a simple formula below:

$$\text{Fiscal Space} = \text{Sector budget ceiling} - \text{Forward baseline estimates (FBEs)}$$

The sector budget ceiling is a top-down hard “budget ceiling” of this sector under the MTBF over the next three years, while the forward baseline estimate (FBE) is resource needs of ongoing and newly approved projects of MDAs for the next three years. Fiscal space, therefore, assesses the ‘room’ for adding new projects in the LGRD sector over the next three years.⁹

Table 4.5 presents an indicative summary of MYPIP in the LGRD sector. A few observations are summarised in the following.

- **Fiscal space of the LGRD sector is negative in FY2022-23 and FY2023-24, but becomes positive in FY2024-25.** This indicates that the ongoing projects in FY2022-23 and FY2023-24 have already filled the fiscal space for those years, and therefore there is no ‘room’ for new projects. However, fiscal space becomes available from FY2024-25 onward, and therefore, new projects can be financed from FY2024-25.
- **Fiscal space can be increased by exploring other sources of financing.** Implementation of the sector Theory of Change will surely require much larger funding than the MTBF ceiling, if the LGRD sector is to expand investment in physical and social infrastructure and increase manpower of LGIs. This points to the need to consider expanding fiscal space of the LGRD sector. The potential source of financing other than the MTBF budget may include, for instance: (i) increasing own source revenues of LGIs; (ii) increasing Public Private Partnership arrangements with private sectors and local NGOs for service delivery; (iii) introducing user fees of the newly developed infrastructures such as roads and bridges; (iv) improving efficiency of operation to save cost; and (v) increasing sector-specific foreign assistance. The LGRD sector should actively explore those sources of financing to expand fiscal space.
- **Adoption of new projects will require careful analysis of fiscal space.** The fact that fiscal space in FY2022-23 and FY2023-24 is projected to be negative does not necessarily imply that no new project in the LGRD sector should be approved in those years. However, when considering new

⁹The methodology to estimate forward baseline estimate (FBE) and fiscal space is explained in detail in the forthcoming document, *the Guidelines for Formulating and Using Multi-Year Public Investment Programme (MYPIP)*, which is being prepared under the SPIMS.

projects, there should be an even stronger justification than in times where the sector has a “positive” fiscal, and proposing countermeasures to expand fiscal space in the LGRD sector.

Table 4.5 Summary of MYPIP in the LGRD sector FY2021-2025

MTBF Ceiling / ADP Allocation		FY 2021-22 (Allocated)	FY 2022-23 (Projected)	FY 2023-24 (Projected)	FY 2024-25 (Projected)	FY 2025-26 (Projected)
LGRD Sector						
1) Indicative Development Allocation		13,655	15,181	16,699	18,369	20,205
2) Forward Baseline Estimates (FBEs)	Total	13,655	25,770	18,478	9,052	3,913
	Ongoing	13,655	25,770	18,478	9,052	3,913
	New	0	0	0	0	0
3) Fiscal space (=1 – 2)		0	-10,589	-1,779	9,317	16,292
LGD						
1) Budget Ceiling		12,056	13,532	14,885	16,374	18,011
2) Forward Baseline Estimates (FBEs)	Total	12,056	23,756	18,316	8,971	3,913
	Ongoing	12,056	23,756	18,316	8,971	39,13
	New	0	0	0	0	0
3) Fiscal space (=1 – 2)		0	-10,224	-3,431	7,403	14,098
RDCD						
1) Budget Ceiling		635	589	648	713	784
2) Forward Baseline Estimates (FBEs)	Total	635	477	80	0	0
	Ongoing	635	477	80	0	0
	New	0	0	0	0	0
3) Fiscal space (=1 – 2)		0	112	568	713	784
MoCHTA						
1) Budget Ceiling		198	217	239	263	289
2) Forward Baseline Estimates (FBEs)	Total	198	258	82	81	0
	Ongoing	198	258	82	81	0
	New	0	0	0	0	0
3) Fiscal space (=1 – 2)		0	-41	157	182	289
PM Office						
1) Budget Ceiling		766	843	927	1020	1122
2) Forward Baseline Estimates (FBEs)	Total	766	1280	0	0	0
	Ongoing	766	1280	0	0	0
	New	0	0	0	0	0
3) Fiscal space (=1 – 2)		0	-437	927	1020	1122

5 SECTOR RESULTS FRAMEWORK

This Chapter presents the Sector Results Framework (SRF) of the LGRD sector. The SRF consists of two separate matrices – Sector Results Matrix (SRM) and Sector Results Monitoring Matrix (SRMM) – that are presented in Section 5.1 and Annex II, respectively. Note that the intermediate targets for the FY 2020-21 to FY 2025-26 in the table below are indicative, as these targets are calculated targets based on trend analysis using previous years information. These intermediate targets are not based on policy targets, as these final targets still need to be agreed upon.

5.1 Sector Results Matrix

Results Chain	Indicators (including unit of measurement)	Baselines		Indicative intermediate targets												Final Targets		Ratio of ADP disbursement to FYP allocation (%)	Lead Institutional Responsibility	Sources
		Year	Value	2020-21		2021-22		2022-23		2023-24		2024-25		2025-26		2026-27				
				Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual			
Sector Goal:																				
Effective, accountable, and equitable local government system and rural development ensured in Bangladesh	Percentage of the budget mobilizing to LGIs under LGD out of the total budget of LGD (%)	2020	16.3	16.6		17		17.34		17.68		18.02		18.36						
	LGI-ADP share out of the total ADP (%)	2020	5.43	6.34		7.25		8.34		9.34		10.34		11.34						
	Number of monitored LGIs (Number of LGIs)	2020	420	430		440		456		469		482		495						
	Proportion of population living below national poverty line, differentiated by rural (%)	2020	22	20.5		19		17.532		16.044		14.556		13.068						
	Annual Agriculture GDP growth rate (%)	2020	3.34	3.39		3.49		3.543		3.543		3.543		3.543						
Sector Outcomes:																				
1.Improved good governance at the local level	Number of government representatives trained (Number of trained)	2020	114737	144339		181578		205083		233,624		262,165		290,706						

Results Chain	Indicators (including unit of measurement)	Baselines		Indicative Intermediate targets												Final Targets		Ratio of ADP disbursement to FYP allocation (%)	Lead Institutional Responsibility	Sources
		Year	Value	2020-21		2021-22		2022-23		2023-24		2024-25		2025-26		2026-27				
				Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual			
2. Service delivery ensured	Average total score of UGD's performance assessment for Upazilas	2020	42	46		50		54		58		62		66						
	Budget of RDGD (Crore TK)	2020	1546.2	1571.8		1597.4		1681.46		1742.02		1,802.58		1,863.14						
	Budget of LGD (Crore TK)	2020	33,300	33,300		36,978		41,112		45,246		49,380		53,514						
	Percentage (%) of (a) formal and (b) informal employment (%)	2020	14	14.5		15		15.5		16		16.5		17						
3. Employment and income enhanced	Number of self-employed beneficiaries (number of beneficiaries)		86	85.5		85		84.5		84		83.5		83						
	Number of the beneficiaries by formation of cooperatives and non-registered informal societies	2020	3.41	3.47		3.53		17.668		18.444		19.22		19.996						
	Number of the beneficiaries by formation of cooperatives and non-registered informal societies (number of beneficiaries)	2020	15.33	16.09		16.85		6698		7,581		8,464		9,347						
	ADP allocation to LGIs (Crore TK)	2020	3899	4732		5565		420.19		450.48		480.77		511.06						
4. Enhanced resource mobilisation and Horizontal and vertical coordination and linkage among LGIs, RDIs, and relevant stakeholders	Block Grant mobilized to LGIs from LGD (Crore TK)	2020	328.5	359.2		389.9		205083		233,624		262,165		290,706						
	Grant mobilized to RDIs from RDGD (Crore TK)																			

6 ASSUMPTIONS AND RISKS

The following risks and mitigation measures were identified:

SI no.	Description of Risk	Means of Mitigation	Mode of Action
1	Economic growth is not sustained.	Maximize efficiency of budget allocation to 'do more with what we have'.	Use LGRD SSP and MYPIP to clarify sector priorities and availability of resources in order to maximise the efficiency of the allocation of those resources. Provide capacity building on how to use the SSP and MYPIP.
2	RDCD and LGD officers are not sufficiently motivated to deliver public services as well as prioritise and implement development activities.	The national government introduces a new system to encourage the officers to positively deliver public services.	Guidelines and training on a new personnel performance system to be developed and delivered.
3	People are not cooperative with participatory planning and monitoring.	LGIs identify the reasons that people are not cooperative, and execute campaigns to change mind-sets of people.	Communication and community awareness raising campaigns on participatory planning and monitoring to be designed and delivered.
4	Stakeholders do not intend to share market information with farmers and non-farm workers.	RDIs and LGIs establish a system that enables farmers and non-farm workers to have access to market information	Communication and community awareness campaign on the system to access market information to be designed and delivered.
5	Natural disasters (e.g. cyclones, floods, etc.) negatively impact various aspects of rural and urban development (e.g. infrastructure and housing is destroyed, service delivery is hampered, etc.)	Ensure preparedness of LGIs and RDIs by increasing their systems and capacity to respond both before (e.g. to relocate people to safety) and after a natural disaster	Design and deliver relevant training and capacity building to increase preparedness of RDIs and LGIs to natural disasters.

7 ANNEXES:

Annex I – BIBLIOGRAPHY

Annex II – SECTOR RESULTS MONITORING MATRIX

ANNEX I – BIBLIOGRAPHY

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ANNEX II- SECTOR RESULTS MONITORING MATRIX

Results Chain	Indicators (Including unit of measurement)	Baselines		Indicative intermediate targets								Final Targets		Ratio of ADP disbursement to FYP allocation (%)	Lead Institutional Responsibility
		Year	Value	FY21/22		FY22/23		FY23/24		FY24/25		FY25/26			
				Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual		
Sector Goal:															
Effective, accountable, and equitable local government system and rural development ensured.	Percentage of the budget mobilizing to LGIs under LGD out of the total budget of LGD (%)	FY20/21	16.3	17		17.34		17.68		18.02					
	LGI-ADP share out of the total ADP (%)	FY20/21	5.43	7.25		8.34		9.34		10.34					
	Number of monitored LGIs (Number of LGIs)	FY20/21	420	440		456		469		482					
	Proportion of population living below national poverty line, differentiated by rural (%)	FY20/21	22	19		17.532		16.044		14.556					
	Annual Agriculture GDP growth rate (%)	FY20/21	3.34	3.49		3.543		3.543		3.543					
Sector Outcome:															
1. Improved good governance at the local level	Number of government representatives trained (Number of trained)	FY20/21	114737	181578		205083		233,624		262,165					
	Average total score of UGDG's performance assessment for Upazilas	FY20/21	42	50		54		58		62					
2. Service delivery ensured	Budget of RDGD (Crore Tk)	FY20/21	1546.2	1597.4		1681.46		1742.02		1,802.58					
	Budget of LGD (Crore Tk)	FY20/21	33,300	36,978		41,112		45,246		49,380					
3. Employment and income enhanced	Percentage (%) of (a) formal and (b) informal employment (%)	FY20/21	14	15		15.5		16		16.5					
		FY20/21	86	85		84.5		84		83.5					
	Number of self-employed beneficiaries (number of beneficiaries)	FY20/21	3.41	3.53		17.668		18.444		19.22					
	Number of the beneficiaries by formation of cooperatives and non-registered informal	FY20/21	15.33	16.85		6698		7,581		8,464					

Results Chain	Indicators (Including unit of measurement)	Baselines		Indicative intermediate targets								Final Targets		Ratio of ADP disbursement to FYP allocation (%)	Lead Institutional Responsibility
		Year	Value	FY21/22		FY22/23		FY23/24		FY24/25		FY25/26	Actual		
				Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual				
4. Enhanced resource mobilisation and Horizontal and vertical coordination and linkage among LGIs, RDIs, and relevant stakeholders	societies (number of beneficiaries)														
	ADP allocation to LGIs (Crore TK)	FY20/21	3899	5565		420.19		450.48		480.77					
	Budget allocation mobilizing to LGIs from LGD (Crore TK)	FY20/21	328.5	389.9	205083		233,624		262,165						
Sector Intermediate Outcomes:															
1.1 Functions of LGIs and RDIs are well defined	Preparation of approval of Citizens' Charter by ministers and divisions (Number of approved charters)	FY20/21													LGD
1.2 Updated guidelines linking development plans of LGIs and RDIs to national development plan	Number of the upgraded Guidelines circulated (Version of upgraded guidelines)	FY20/21													Planning Commission
1.3 Strengthened capacity of LGIs, RDIs and other relevant Govt. agencies	Budget of NILG (Crore TK)	FY20/21													LGD for LGIs, RDGD for RDIs
1.4 Participatory planning and monitoring made functional with the bottom-up approach	Budget allocation mobilizing to LGIs from LGD (Crore TK)	FY20/21													LGD
1.5 Performance based incentive system promoted	Number of open budget (meetings) at Unions (Number of meetings held)	FY20/21													LGD
	ADP allocation to LGIs	FY20/21													Planning Commission
	Number of covered Upazilas for performance-based incentive system (Number of Upazilas)	FY20/21													Planning Commission

Results Chain	Indicators (Including unit of measurement)	Baselines		Indicative Intermediate targets										Ratio of ADP disbursement to FYP allocation (%)	Lead Institutional Responsibility
		Year	Value	FY21/22		FY22/23		FY23/24		FY24/25		FY25/26			
				Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual		
1.6 Action research on local development ensured and its results widely disseminated	Number of action research conducted (Number of researches)	FY20/21													BPARD, RDA, BARD
1.7 Women's development in LGIs and RDIs promoted	Gender budget as percentage of total budget (%)	FY20/21													
	Percentage of informal employment of women (%)	FY20/21													
1.8 Mass migration from rural to urban areas reduced	Number of people migrated to Dhaka North City Corporation														LGED
2.1 Physical and social infrastructure ensured and rural infrastructure further improved	Coverage of rural road network out of total rural road network under coverage (%)	FY20/21													
2.2 Appropriate service facilities at grass roots level ensured	Expenditure for construction and works by RDGD (Crore Tk)	FY20/21													
2.3 Improved e-governance system and services	Growth of e-service (%)	FY20/21													RDGD
2.4 Social safety nets coverage expanded and well managed	Coverage of allowance for old age (%)	FY20/21													RDGD
	Coverage of allowance for widows (%)	FY20/21													
	Assistance to disabled persons (lakh people)	FY20/21													
3.1 Human resources to support employment promotion and	Human resources to support employment promotion and income generation enhanced	FY20/21													RDGD

Results Chain	Indicators (Including unit of measurement)	Baselines		Indicative Intermediate targets								Ratio of ADP disbursement to FYP allocation (%)		Lead Institutional Responsibility		
		Year	Value	FY21/22		FY22/23		FY23/24		FY24/25		Final Targets				
				Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual			
Income generation enhanced															RDCD	
3.2 Enhanced technological dissemination and financial support	Amount of financial support provided (Crore Tk)	FY20/21														
	Number of beneficiaries received financial support (Number of beneficiaries)	FY20/21														
	Percentage of agriculture budget allocated in the agricultural research (%)	FY20/21														
3.3 Farm and non-farm activities supported and promoted in both rural and urban areas	Annual agriculture GDP growth rate (%)	FY20/21													City corporations for the activities in urban areas, rural LGIs for the activities in rural areas	
	Rate of growth of industrial production/ small industry (%)	FY20/21														
3.4 Micro and SMEs developed and promoted	Rate of growth of industrial production/ small industry (%)	FY20/21													RDCD	
3.5 Cooperatives and Rural Development (RD)	Budget for Department of Cooperatives (Crore TK)	FY20/21													Dep. Of Cooperative	
Societies activities promoted	Number of cooperatives functioning	FY20/21														
3.6 Linkage between farmers, non-farm employees and market ensured	Number of constructions of rural hats/bazaars, infrastructure, and growth centres	FY20/21													LGED	
	Internet users per 100 population	FY20/21														
4.1 Enhanced mobilization of local revenue and resources	Holding tax in Unions	FY20/21													LGD	
4.2 Adequate and equitable allocation of funds ensured	ADP allocation to LGIs (Crore TK)	FY20/21													Planning Commission	

Results Chain	Indicators (Including unit of measurement)	Baselines		Indicative intermediate targets										Ratio of ADP disbursement to FYP allocation (%)		Lead Institutional Responsibility	
		Year	Value	FY21/22		FY22/23		FY23/24		FY24/25		Final Targets					
				Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	FY25/26	Actual				
4.3 Better coordination of planning, implementation, and monitoring across the LGIs, RDIs, and relevant stakeholders	Average score of the performance assessment for Upazilas in LGIs FYP with project lists under UDGP Project (Scale of 1: lowest to 7 highest)	FY20/21														LGD	
4.4 Improved horizontal and vertical coordination and linkages among the LGIs, RDIs, and relevant stakeholders	Average score of the performance assessment for Upazilas in Upazila Development Coordination Committee (UDCC) held under UGDP Project (Scale of 1: lowest to 4 highest)	FY20/21															LGD
4.5 Appropriate policy framework for adequate resource mobilization and allocation ensured	Steps to develop Local Government Legal Framework	FY20/21															



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