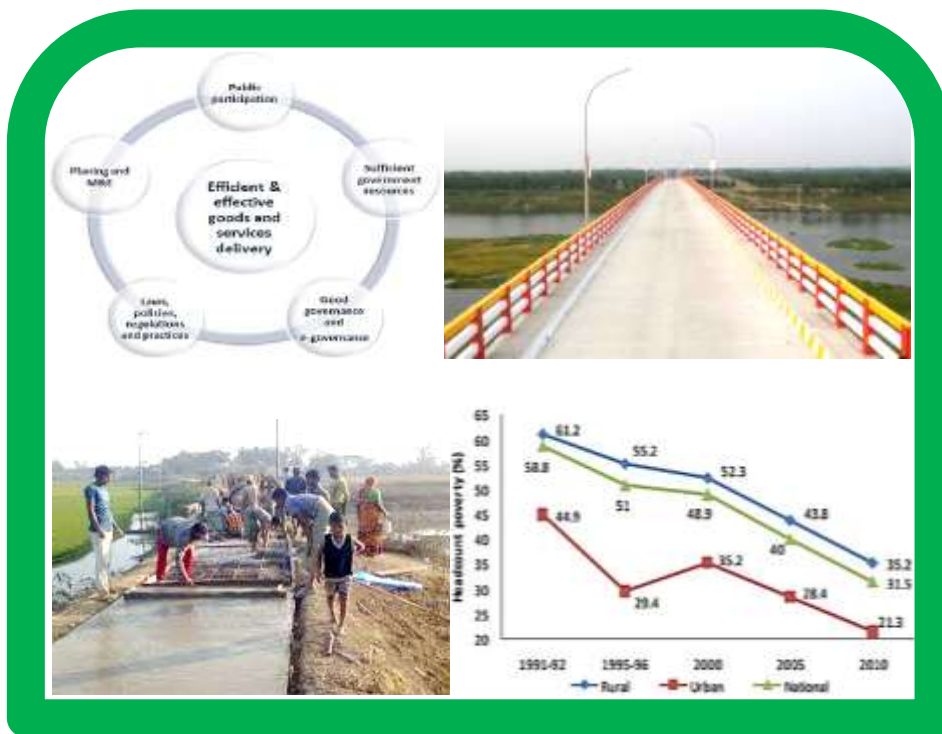




# Local Government and Rural Development Sector Strategy Paper (SSP)



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

March 2018



**A H M Mustafa Kamal, FCA, MP**  
Minister, Ministry of Planning  
and  
Vice-Chairman, Bangladesh Planning Commission  
Government of the People's Republic of Bangladesh

## Message

The Government of Bangladesh has been implementing the 7<sup>th</sup> Five Year Plan (7FYP) to achieve the goals and targets envisioned in "Vision 2021", and our achievements are quite visible in most of the socio-economic indicators including Gross Domestic Product (GDP) growth rate. However, challenges remain to be addressed. Critically, public investment in all sectors needs to be better managed for maximising value for money and providing an enabling environment for private sector investment. Our Government fully recognises its importance and has made a commitment in the 7FYP to implement Public Investment Management (PIM) reforms.

In this context, I am pleased to learn that Programming Division of Bangladesh Planning Commission is going to launch a set of new PIM tools which will eventually 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 new 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.

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

A handwritten signature in black ink, appearing to be 'A H M Mustafa Kamal', written over a horizontal line.

(A H M Mustafa Kamal, FCA, MP)



**M. A. Mannan, MP**

State Minister

Ministry of Finance and Ministry of Planning  
Government of the People's Republic of Bangladesh

## Message

It is my pleasure to put forward a set of new 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 & Energy Sector and the Local Government & Rural Development Sector.

The new 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 Finance and Ministry of Planning, I have a few remarks to make regarding the new PIM tools.

First, the new 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 central ministries that are tasked to manage the national budget of the Government. I am very pleased that the new 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 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 make even stronger progress for many more years to come.

  
(M. A. Mannan, MP)



**Md. Ziaul Islam**  
Member, Programming Division  
&  
Secretary, Planning Division  
Ministry of Planning  
Government of the People's Republic of Bangladesh

## Foreword

The Strengthening Public Investment Management System (SPIMS) project is seeking to improve Public Investment Management (PIM) capacity with strengthened linkages between public investment projects and national development policies and fiscal frameworks. The Project is co-financed by the Japan International Cooperation Agency (JICA). The Project is being implemented by the Programming Division of the Planning Commission, supported by a JICA Expert Team (JET). Crucially, four key PIM tools have been developed under this project, namely the i) Ministry Assessment Format (MAF), ii) Sector Appraisal Format (SAF), iii) Sector Strategy Paper (SSP), and iv) Multi-Year Public Investment Programme (MYPIP).

The SSP will provide a comprehensive outlook of sectoral goals, performance, opportunities, and challenges, and above all, identify policies and strategies that support the 14 sectors of the Five Year Plans (FYPs). The SSP is a planning tool intended to support the translation of Sustainable Development Goals (SDGs), national goals and priorities outlined in the 7FYP into Sector objectives and strategies. Crucially, SSPs are a strategic link between the national level planning (FYPs) and planning and budgeting at the level of Ministries/Divisions /Agencies (MDAs), supporting the 'funneling' of development objectives from national to sectoral and subsequently to Ministerial/MDAs levels. SSPs will provide greater detail and structure to sector-level objectives and strategies, thus aiding project design, appraisal, and approval. The SSP will be complemented by the MYPIP which provides an estimate for the upcoming budget year and two-year projection of the development budget.

As such, the Programming Division has taken the lead to prepare SSPs and MYPIPs for the two pilot sectors under the SPIMS Project. The SSP and the MYPIP are complementary and mutually reinforcing. These SSPs and MYPIPs have been prepared through a collaborative drafting process involving, inter alia, the Sector Divisions, General Economics Division (GED) and the Programming Division of the Planning Commission, Implementation Monitoring and Evaluation Division (IMED), Finance Division of the Ministry of Finance, and relevant MDAs. The drafts have been developed in consistency with the 7FYP and other policy documents related to these two Sectors.

For achieving the desired benefits of the new PIM tools it is necessary to start practicing them in the two pilot sectors. It is also the hope of the SPIMS project that other sectors will take the lead on preparing their own SSPs and MYPIPs. With this end in view, the SSPs were presented before the National Coordination Committee (NCC) of the SPIMS Project chaired by the Hon'ble Minister for Planning.

The NCC approved the SSPs developed by the SPIMS project for adoption and use within the pilot sectors. I strongly believe that use of the SSPs will facilitate and improve the existing process of project selection in line with the strategic directions of the 7FYP. This will bring about qualitative change in the whole process of project preparation, appraisal, approval, and implementation and also to achieve the Goals of 7FYP.

(Md. Ziaul Islam)



**Md. Syeedul Haque**

Chief, Programming Division  
&

Project Director, SPIMS Project

Planning Commission, Ministry of Planning  
Government of the People's Republic of Bangladesh

## Acknowledgements

A new Public Investment Management (PIM) tool titled the "Sector Strategy Paper (SSP)" has been developed by 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 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 the two pilot sectors of i) Power & Energy and ii) Local Government & Rural Development provided very useful contribution, guidance and inputs in the process of developing the PIM tools. The SPIMS project benefited immensely from the expert opinions of the members of the SWGs. We recognize their contributions with thanks and gratitude. We would also like to thank all the officials of the pilot Ministries/Divisions, Sector Divisions 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 meeting and helping them with information and data.

We are extremely grateful to the respected Members of the Agriculture, Water Resources and Rural Institutions Division, Physical Infrastructure Division and Industry and Energy Division of the Planning Commission for kindly organising and chairing consultation meetings on the new PIM tools developed by the SPIMS Project and providing very useful suggestions for improving these documents.

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 Finance and 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 new PIM tools with the valuable instruction for utilising/practicing these tools by the Pilot Ministries/Divisions, Agencies and related Sector Divisions of Planning Commission.

Finally, we owe our thanks to all the members of the Project Implementation Unit (PIU), JET team and the local consultants for their dedication and hard work for the project. Without their unswerving endeavours and knowledge of best practice of PIM in other countries it would not have been possible to develop the new PIM tools.

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

**(Md. Syeedul Haque)**

**LOCAL GOVERNMENT AND RURAL  
DEVELOPMENT SECTOR STRATEGY PAPER  
(LGRD SSP)**

**Strengthening Public Investment Management System (SPIMS) Project**

**March 2018**



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## ABBREVIATIONS AND ACRONYMS

6FYP	6 <sup>th</sup> Five Year Plan
7FYP	7 <sup>th</sup> Five Year Plan
a2i	Access to Information
ADB	Asian Development Bank
ADP	Annual Development Programme
DRF	Development Results Framework
BARD	Bangladesh Academy for Rural Development
BRDB	Bangladesh Rural Development Board
DoC	Department of Cooperatives
DP	Development Partner
ERD	Economic Relations Division
EU	European Union
FY	Financial Year
FYP	Five Year Plan
GED	General Economics Division
GoB	Government of Bangladesh
ICT	Information and Communication Technology
JICA	Japan International Co-operation Agency
LGD	Local Government Division
LGIs	Local Government Institutions
LGLF	Local Government Legal Framework
LGS	Local Government System
MDA	Ministry, Division and Agency
MoCHTA	Ministry of Chittagong Hill Tract Affairs
MoHFW	Ministry of Health and Family Welfare
MLGRDC	Ministry of Local Government, Rural Development and Cooperatives
MTSBP	Medium Term Strategy and Business Plan
MYPIP	Multi-Year Public Investment Programme
NILG	National Institute of Local Government
NBD	Nation Building Department
NRDP	National Rural Development Policy 2006
NUSP	National Urban Sector Policy 2011
O&M	Operation and Maintenance
PA	Project Aid
PC	Planning Commission
PPP	Public Private Partnership
RDA	Rural Development Academy
RDCD	Rural Development and Co-operative Division
RDI	Rural Development Institution
SPIMS	Strengthening Public Investment Management System Project
SREDA	Sustainable and Renewable Energy Development Authority
SRF	Sector Results Framework
SSP	Sector Strategy Paper

Tk.	Taka
UGIIP	Urban Governance Infrastructure Improvement Project
UN	United Nations
URT	Upazila Resource Team

# EXECUTIVE SUMMARY

## **Sector situation**

The local government and rural development sector in Bangladesh made considerable progress in the 6<sup>th</sup> Five Year Plan (6FYP) period from FY2010 to FY2015. Local government institutions (LGIs) made good strides toward improving good governance and service delivery in both rural and urban areas, while 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 of Bangladesh (GoB), however, recognises that there remain many issues and challenges to be addressed for implementing the 7<sup>th</sup> Five Year Plan (7FYP). 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 LGIs.
- Limited revenue discretion and fiscal transfer from national government to LGIs.
- Limited opportunities for citizen participation and weak accountability in LGIs.
- Need to strengthen local service delivery with Citizen's Charter, One Stop Service Centres, grievance redress system, and e-service delivery.
- Need to further deconcentrate decision-making power on service delivery.
- Need to address manpower shortage in Union Parishads (UPs) and Upazila Parishads (UZPs).
- More efficient, effective resource mobilisation at the local level.

### ***Rural development sub-sector***

- Pursuing appropriate balance between rural and urban economic growth.
- Strengthening social safety net programmes.
- Further promoting pro-poor and women-focused projects.

To achieve the Sustainable Development Goals (SDGs), the Local Government Division (LGD) will take a leading and/or co-leading role in achieving 14 targets under the SDGs. These targets include, for example, (1) access to safe water, sanitation, and hygiene, (2) air quality, (3) waste management, (4) legal identity for all people, (5) coordination among rural and urban LGIs for good environmental management. The RDCD will take a co-lead role in equal rights to economic resources and access to basic services.

## **Sector Theory of Change**

Building on the achievements, the Sector Goal for the local government and rural development sector is set forth as follows:

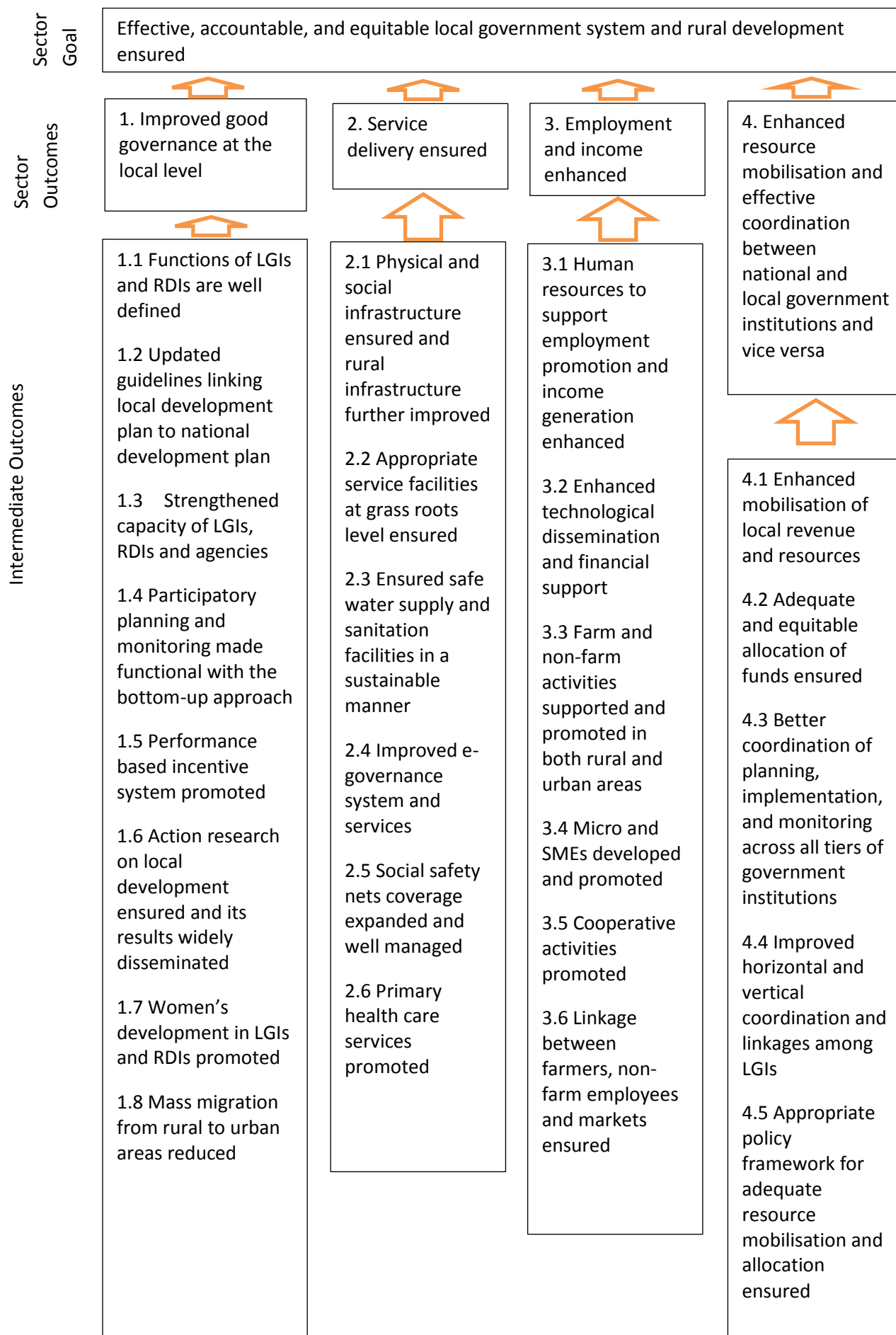
**“Effective, accountable and equitable local government system and rural development ensured.”**

The GoB will achieve the Sector Goal through the sector Theory of Change in the local government and rural development sector presented in the figure overleaf. 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; and
- **Sector Outcome 4:** Enhanced resource mobilization and effective coordination between national and local government institutions and vice versa.

All interventions in the local government and rural development sector will contribute to the realisation of one or more Sector Intermediate Outcomes in the Sector Theory of Change. The achievement of those Sector Intermediate Outcomes will help deliver one of the four Sector Outcomes, and thereby achieving the Sector Goal.

To this end, concerned MDAs in the local government and rural development sector will identify and formulate investment and technical assistance projects to achieve one or more Sector Intermediate Outcomes, while the Planning Commission will appraise relevance of project proposals against the Sector Intermediate Outcomes.



## **Implementation Strategy**

The GoB will implement legal, regulatory, and institutional reforms in the 7FYP period that are required to achieve the sector objectives outlined in the sector Theory of Change.

### **Strategy to achieve 7FYP targets and lay the ground for Sustainable Development Goals (SDGs)**

Strengthening local governments and fostering local development remain key priorities under 7FYP. The government's strategy to achieve 7FYP targets and SDGs through the sector Theory of Change described earlier consists of the following set of actions.

#### ***Legal and regulatory issues to empower Local Government Institutions (LGIs)***

- Develop a (unified) Local Government Legal Framework.
- Update the Guidelines for local development planning.
- Adopt a comprehensive tax sharing formula between national and local governments.

#### ***Institutional capacity of LGIs and Rural Development Institutions (RDIs)***

- Build human resource capacity of LGIs and RDIs.
- Strengthen training institutions for LGI officials.

#### ***Unique strategies of specific tiers of LGIs***

- National Strategy for Pourashava Governance Improvement 2016-2025
- Strategies of Upazila Parishad
- Strategies of Union Parishad

#### ***Coordination among stakeholders***

Ministry of Local Government, Rural Development, and Cooperatives (MLGRDC) will lead coordination with five broad groups of actors: (1) LGD and RDCD; (2) Planning Commission and Finance Division for development planning and budget management of LGIs; (3) line MDAs that provide public services such as transport<sup>1</sup>, water, sanitation, social safety net, agriculture, SMEs, and urban development<sup>2</sup>; (4) all tiers of LGIs; and (5) development partners.

Regarding coordination with development partners (DPs), Sector Working Groups under the Local Consultative Group (LCG) will be a primary venue for dialogue on the local government and rural development sector. The concerned Sector Working Groups under LCG include: (1) local government; (2) water supply and sanitation; (3) urban sector; (4) agriculture and rural development; (5) private sector development and trade; (6) transport and communication; and (7) Chittagong Hill Tracts.

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<sup>1</sup> Focusing 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.

<sup>2</sup> Specifically, the Urban Development Directorate of the Ministry of Housing and Public Works which formulates, updates and coordinates a three-tiered planning package of Structural Plan, Urban Area Plan and Detailed Area Plan, up to the lowest level of administrative set-up of the country.

## **Financing Strategy**

The ADP allocation for the LGRD sector FY2016-2017 clearly shows the high priority given to this sector in the 7FYP. Total ADP allocation for this sector -- consisting of LGD, RDCD and Ministry of Chittagong Hill Tracts Affairs -- amounts to around 182 billion Taka in FY2016-17. This comprises 18.7% of the total ADP allocation in FY2016-17 making it the third largest sector after transport and communication, and power & energy.

However, according to the estimation of fiscal space (i.e. the sector budget ceiling minus forward baseline estimate) using the Multi-Year Public Investment Programme (MYPIP), the fiscal space for the LGRD sector is negative in FY2017-18, and becomes positive in FY2018-19 and FY2019-20.

Implementation of the sector Theory of Change 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 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: (1) increasing own source revenues of LGIs; (2) increasing Public Private Partnership (PPP) arrangements with private sectors and local NGOs for service delivery; (3) introducing user fees for newly developed infrastructure such as roads and bridges; (4) improving efficiency of operations to save costs; and (5) increasing sector-specific foreign assistance. All ministries in this sector should actively explore those sources of financing to expand fiscal space.

Since fiscal space in FY2017-18 is negative, there should be an even stronger justification for proposed new projects in FY2017-18 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 GoB will conduct monitoring and evaluation (M&E) using the Sector Results Framework (SRF) for the local government and rural development sector. The SRF, which consists of a Sector Results Matrix (SRM) and a Sector Results Monitoring Matrix (SRMM), will allow the GoB to conduct sector-level M&E at three levels – Sector Goal, Sector Outcomes, and Sector Intermediate Outcomes. This will complement national-level M&E conducted through the Development Results Framework (DRF) in the 7FYP.

# 1. INTRODUCTION/BACKGROUND

## 1.1 Background

This Local Government and Rural Development Sector Strategy Paper (LGRD SSP) has been prepared through a collaborative exercise led by the Planning Commission in close collaboration with Local Government Division, Rural Development and Co-operatives Division and other key stakeholders.

The SSP is a planning tool intended to help translate national goals and priorities outlined in the Seventh Five Year Plan (7FYP) into sector strategies and objectives. The 7FYP sets out national goals across 14 sectors and has a high-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 each of the 14 sectors under the 7FYP.<sup>3</sup>

SSPs are designed to complement and be consistent with both the 7FYP and other strategic and policy documents. Their ‘value-added’ lies in the way in which they ‘repackage’ and elaborate existing priorities in a concise, accessible, and logical manner. This Local Government and Rural Development SSP draws heavily from the Perspective Plan (as well as the Prime Minister’s articulation of Vision 2041), National Urban Sector Policy (NUSP; 2011), National Rural Development Policy (NRDP; 2001), Ministry Budget Framework (MBF) 2016-2017, Annual Performance Agreement (APA) 2016-2017, Local Government System in Bangladesh: A Comparative Analysis of Perspectives and Practices (2015), Capacity Development Framework for Local Government Institutions in Bangladesh (2016), National Strategy for Pourashava Governance Improvement (2016-2025), and other policy documents present within the sector.

## 1.2 Purpose

This Local Government and Rural Development SSP is designed to offer benefits in five main areas:

- **Project identification:** by providing clear guidance to Ministries, Divisions, and Agencies (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 7FYP objectives;
- **Project appraisal:** by providing a means by which both Ministries/Divisions and Planning Commission (PC) Sector Divisions can assess project proposals against their 7FYP relevance;
- **FYP monitoring:** by elaborating a Sector Results Framework (SRF) that provides the General Economics Division (GED) with more detailed information on sector-level performance to complement the higher-level DRF;

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<sup>3</sup> The 7FYP stipulates the government’s intention to prepare Sector Strategy Papers: “In line with the 7<sup>th</sup> Five Year Plan, the Government intends to prepare Sector Strategy/Plan for each of the fourteen sectors (page 144)”. The Government’s *Public Financial Management (PFM) Reform Roadmap 2016-2021* also stipulates that: “a priority action is to develop and roll-out the Sector Strategy Papers (SSPs) and Multi-Year Public Investment Programmes (MYPIPs) for the 14 sectors identified in the 7<sup>th</sup> Five Year Plan (page 36)”.



- **FYP financing:** by providing information on sector-level resource needs that is valuable to GED, Programming Division, and Finance Division; and
- **Aid co-ordination:** by providing a clear overview of current priorities within the local government and rural development sector from which Development Partners (DPs) – 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 local government and rural development sector for stakeholders both within the Government of Bangladesh (GoB) as well as outside (e.g. within the private sector and think-tanks/research institutes).

The LGRD SSP should also be seen in the context of other GoB-led reform initiatives, notably: attempts to strengthen the results-orientation of the 7FYP, including mapping the Sustainable Development Goals (SDGs) onto key 7FYP actions led by GED; efforts to improve the quality of project design and appraisal and to adopt a Multi-Year Public Investment Programme (MYPIP) led by Programming Division; and ongoing public financial management reforms 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 minimise duplication and overlap in sector level strategic planning efforts.

### **1.3 Structure**

The SSP is designed to be a concise, synthetic document and is therefore structured as follows:

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

A full Multi-Year Public Investment Programme (MYPIP) for the local government and rural development sector is then provided in Annex I. This annex provides a list of all ongoing and approved projects in the local government and rural development sector that appear up to the Revised Annual Development Programme (RADP) FY2016-2017 issued at the end of March 2017. Annex II contains a bibliography of all documents consulted.

## **2. BRIEF REVIEW OF THE PERFORMANCE OF THE LOCAL GOVERNMENT AND RURAL DEVELOPMENT SECTOR DURING THE 6TH FIVE YEAR PLAN (JULY 2010 – JUNE 2015)**

This chapter presents a situation analysis of the local government and rural development sector focusing on the 6FYP period (July 2010 – June 2015). This is a concise summary of analyses presented in various documents such as the 7FYP, aiming to provide background information for subsequent chapters. The situation analysis focuses on the progress made during the 6FYP period, and identifies key issues and challenges to be addressed in the 7FYP period.

This chapter starts with a situation analysis of two sub-sectors: local government and rural development. This is followed by a discussion of the roles of Local Government Division (LGD) and Rural Development and Cooperatives Division (RDCD) in achieving and monitoring the Sustainable Development Goals (SDGs), and a final section on fiscal performance of this sector.

### **2.1 Local Government**

In the 6FYP period, Bangladesh made considerable 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 re-established as a local government institution with its own elected leadership. Furthermore, various interventions have promoted the role of Municipalities (Pourashava) and City Corporations.

The GoB has undertaken many investment and technical assistance projects to enhance good governance at the local level. Initiatives were taken to increase transparency and accountability of LGIs, union digital centres, access to information (a2i), training for LGIs' elected representatives and staffs, technical assistance programmes, and so on. In addition, LGIs are required by law to prepare their development plans. Every UP, UZP, Zila Parishad, Municipality and City Corporation required to prepare Five Year Plans and Annual Plans.

Despite the impressive progress in the sector, LGIs in Bangladesh 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 functions and responsibilities of LGIs.*** The legal assignment of functions and expenditure responsibilities to LGIs remains 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. 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 jurisdictions. In fact, municipalities are located within a boundary of Upazila, and at times unclear boundaries confuses 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 insufficient to fill the posts required to carry them out. In

addition, UPs assign only one secretary who takes care of all the administrative functions. By any standard, this is not adequate to perform their mandated service delivery.

**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 perform effectively their mandated functions.

**Limited opportunities for citizen 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 participation in decision making, and ensuring that resources are directed to where they are most needed, thereby increasing allocative efficiency.

It is therefore imperative to empower LGIs politically, financially, and administratively, establish good and effective relationships and coordination between the national government and LGIs, and thereby improve peoples' livelihoods at the local level. The 7FYP continues to emphasise the government's commitment to establish strong LGIs at all levels, and further promote active participation of elected representatives in the administration as well as development activities.

**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, including good service delivery standards that residents expect to receive from their LGIs. A 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. In addition, LGI's service delivery mechanisms need to be further fostered through the introduction of One Stop Service Centres in City Corporations and Municipalities. 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 local administration offices provide these services as well. Limited coordination between LGIs and the administration offices in delivering services has been raised 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 reduce coordination failures and improve local services.

**Need to address manpower shortage in UPs and UZPs.** The shortage of manpower in LGIs seriously constrains their activities. This disadvantage is particularly prevalent in rural LGIs.

The staffing level of Union Parishad (UP), which essentially consists of a single UP secretary, greatly constrains the ability of the UP to deliver services. Recently, the GoB has taken the initiative to provide UPs with additional manpower, a single position called 'accountant cum computer operator.' 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 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 organogram 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 should therefore be reviewed and properly adjusted.

***More efficient and effective resource mobilization at the local level.*** Both rural and urban tiers of LGIs have recently been attempting to mobilise LGI's own source revenues by linking their tax efforts with some performance measures. These measures have helped raising LGI's revenues. The major revenue source for LGIs include property tax and other non-tax revenues that were not assessed or collected earlier based on any rigorous valuation methods.

While greater economic development will permit the use of formal value-based taxation systems in the future, there are many other conditions that need to be fulfilled for an effective local tax system. Those conditions may include accurate household statistics, commitment of local representatives, and 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 functions. Those training should include both technical aspects of tax assessment and administration and awareness-raising activities among local tax payers.

## **2.2 Rural Development**

Rural development has been an important strategic focus for reducing poverty in most of the previous Five Year Plans. 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 Five Year Plans, women's involvement in development activities has been increasingly promoted.

The 6FYP pursued not only poverty reduction, but also productive employment generation, and opportunities for self-employment and rural infrastructure development. Many investment and technical assistance projects and programmes were implemented for enhancing income generation activities, enhancing micro-savings and micro-credit activities, raising agricultural production, 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 Bangladesh. However, there remain some issues and challenges to be addressed.

***Pursuing 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. Another challenge is to encourage and create a conducive environment in which small and medium enterprises 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 still be left behind. To address this challenge, there is a need to significantly strengthen social safety net programmes and improve their management to alleviate poverty among these groups.

***Further promoting pro-poor and women-focused projects.*** Despite the attempt of LGIs over the last few years, there remains large scope for further promoting genuinely pro-poor and women-focused projects. For instance, LGIs implemented many rural road maintenance programmes that provided income support for the rural poor during lean seasons. In addition, the national government emphasized the need to undertake farm and non-farm activities for employment and income generation involving the poor. However, the main constraint has been LGIs' insufficient capacity to make a right selection of beneficiaries for these programmes 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 6FYP recognises that the Chittagong Hill tracts (CHT) 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, etc. Besides continuing progress towards the full implementation of the 1997 CHT accord during the 6FYP, other initiatives have been taken to improve essential service delivery in the remote CHT areas. In particular, the implementation of the Tribal Health, Nutrition and Population Plan (THNPP) continued during the 6FYP period, offering need-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 (PEDP 3) both recognise the different needs of ethnic communities, and have committed to educate student from those minorities in their mother tongue.

### **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 embedding SDGs in the national context, particularly, aligning the goals and targets in the relevant national policy and programmes. The General Economic Division (GED) of the Planning Commission has already conducted a mapping exercise to identify the responsibilities of the Ministries/Divisions by SDG targets. The exercise shows that LGD will lead 10 targets and co-lead four targets. LGD is expected to take leading roles in issues such as access to safe water, sanitation and hygiene, air quality and waste management, legal identity for all people, coordination among rural and urban LGIs for good environment management, and so on. RDCD assumes a co-lead role on target 1.4 on equal rights to access economic resources.

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

<b>Local Government Division (LGD)</b>	
<b>Lead role</b>	<b>Co-lead role</b>
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 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 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 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 2020, 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 2020, 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	
<b>Rural Development and Cooperatives Division</b>	
<b>Lead role</b>	<b>Co-lead role</b>
	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

Throughout the 6FYP period the Government increased its allocation for Local Government Division<sup>4</sup> from TK 80.99 billion in FY 2011 to TK 144.30 billion in FY2015, or annual growth rate of 15% (Table 2.2). The ADP disbursement rates of LGD never exceeded the FYP allocation during the 6FYP period.

**Table 2.2 Rate of disbursement on SFYP Allocations over ADP Expenditure**

Year	Local Government Division (Crore Takas)		Annual growth rate of ADP expenditures (%)	Disbursement rate (%)
	6 <sup>th</sup> FYP Allocations	ADP Expenditures		
FY2011	8,099	7,570	--	<b>93.5</b>
FY2012	9,519	7,990	<b>5.1</b>	<b>84.0</b>
FY2013	10,804	10,430	<b>30.5</b>	<b>96.5</b>
FY2014	12,687	10,800	<b>3.5</b>	<b>85.1</b>
FY2015	14,430	12,480*	<b>15.6</b>	<b>86.7</b>

\* Budgeted figure (Other figures show "actual")

Source: 7FYP; authors' calculations.

<sup>4</sup> Local Government Sub-Sector in FYP was introduced from 7<sup>th</sup> FYP. Thus, there was no analysis for the past financial performance as the sector.

### **3. LOCAL GOVERNMENT AND RURAL DEVELOPMENT SECTOR OBJECTIVES DURING THE 7TH FIVE YEAR PLAN (7FYP) (JULY 2015 – JUNE 2020)**

#### **3.1 Scope of the Local Government and Rural Development (LGRD) Sector**

Before we examine the Sector Objectives in detail, it is important to reiterate the scope of the LGRD sector as defined in this SSP. This SSP adopts an institutional definition of the LGRD sector, namely that the LGRD sector encompasses all the areas covered by the Ministry of Local Government, Rural Development and Cooperatives and that of its two main Divisions – Local Government Division and Rural Development and Cooperatives Division.

#### **3.2 Sector Theory of Change**

The priorities in the 7FYP and various other policies and strategies were discussed at the SSP Formulation Workshop for the Local Government and Rural Development Sector from 10 to 12 March 2017. The participants of the Workshop conducted a situation analysis, discussed sector objectives, and developed a Sector-level Theory of Change presented in Figure 3.1 overleaf.

The Sector-level Theory of Change provides a logically structured framework for the identification, formulation, appraisal, and approval of projects in the local government and rural development sector.<sup>5</sup> 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*.

#### **3.3 Sector Goal**

One of the unique characteristics of the local government and rural development 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 and urban infrastructure development, provision of water supply and sanitation, 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. Indeed, this challenge is manifested in the fact that the 7FYP does not clearly state a sector goal or any equivalent that could be interpreted as a sector goal for this sector.

Facing up to this challenge, the participants of the SSP Formulation Workshop held intensive discussion in a highly participatory manner. They reviewed the Development Results Framework and Chapter 7 (LGRD Sector) of 7FYP and other key policy and strategy documents, and agreed on the following Sector Goal in the local government and rural development sector:

#### **Sector Goal:**

**Effective, accountable, and equitable local government system and rural development ensured**

This Sector Goal succinctly summarises the sectoral situation which the government aspires to arrive at by the end of the 7FYP period. All programmes and projects under this sector should contribute to

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<sup>5</sup> For detailed explanation of Theory of Change, see *Guidelines for Preparing and Using Sector Strategy Papers (Version 1)* (February 2017) prepared by the SPIMS project.

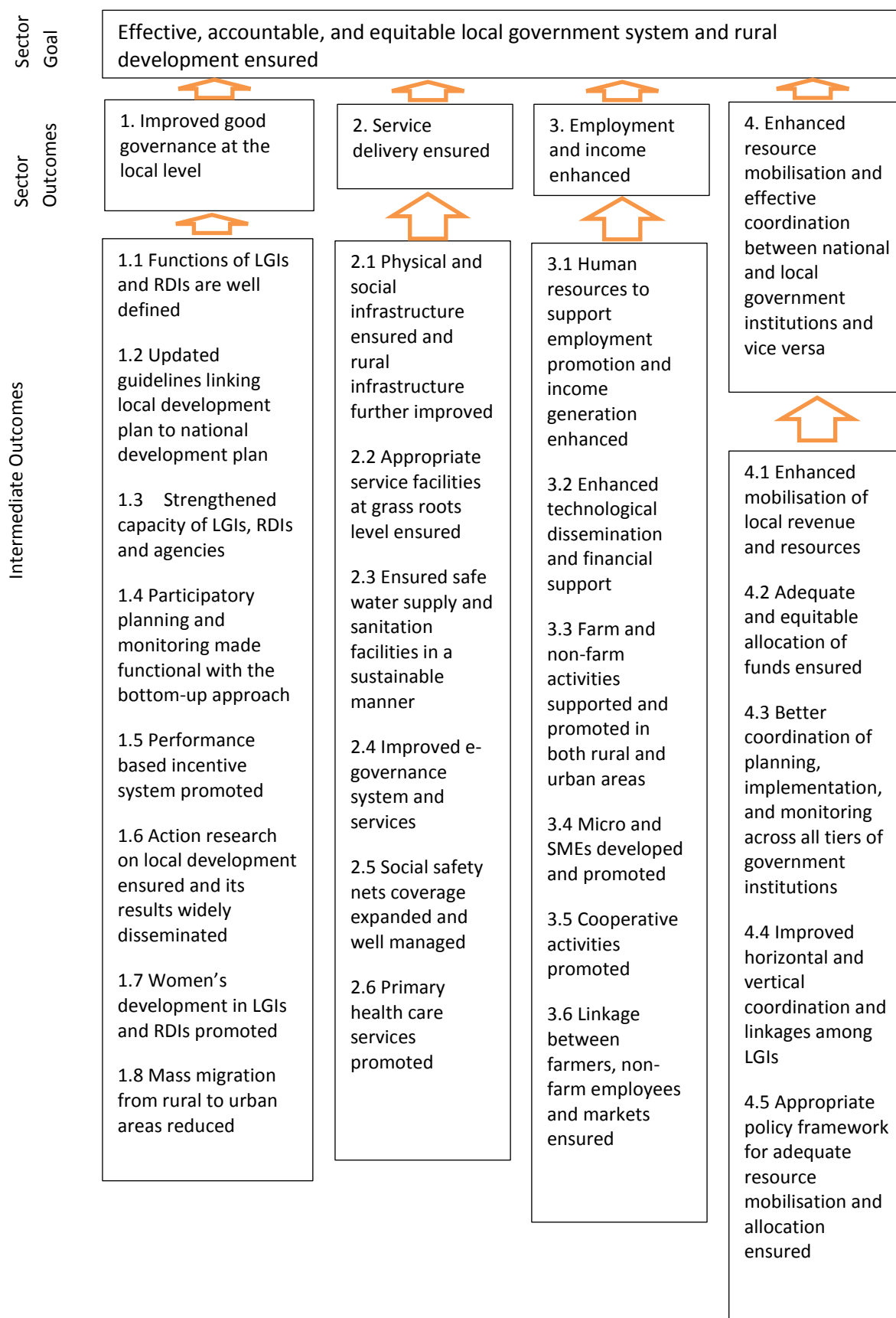


the achievement of this Sector Goal, thereby contributing to the national goals set out in the Development Results Framework of the 7FYP.

Achieving an effective, accountable, and equitable local government system (LGS) has been the goal of the government of Bangladesh for a long time. According to the 7FYP, an effective system would help LGIs to ensure appropriate and effective resource allocation to the places where people need the most. Ensured accountability of LGIs is critical to achieve “devolved and effective LGIs” as mentioned in the 7FYP. Improved equitability of the LGS contributes to promoting people’s participation in local governance. To achieve an effective, accountable, and equitable LGS, there are major contributions of two Sector Outcomes: 1) Improved good governance at the local level, and 4) Enhanced resource mobilization and effective coordination between national and LGIs.

Rural development is a critical focus area of LGIs. As highlighted in the Perspective Plan, if Bangladesh is to achieve Middle-Income Status, rural economic development must be accomplished. At the same time, the Plan emphasizes 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: 2) Service delivery ensured, and 3) Employment and income enhanced.

**Figure 3.1 Local Government and Rural Development Sector Theory of Change**



### **3.4 Sector Outcomes and Intermediate Outcomes**

Building on the situation analysis and the resulting agreement on the Sector Goal, the participants of the SSP Formulation Workshop further discussed how the Sector Goal could be achieved, and identified four Sector Outcomes as follows:

- 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 effective coordination between national and local government institutions.

This Section presents a brief description of those Sector Outcomes, and Intermediate Outcomes that are deemed necessary to achieve the respective Sector Outcomes. The number of each Intermediate Outcome described in the following paragraphs 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 LGIs. Sector Outcome 1 covers the major interventions to develop effectiveness and accountability of LGIs. Establishment of a new Local Government Legal Framework (LGLF) provides the legal foundation for a concrete local government system to achieve good governance. New guidelines for local planning and participatory planning create the paths to achieve good governance. Performance assessment contributes to promoting accountability of LGIs to the public. Through these interventions, LGD and concerned MDAs 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 local government institutions (LGIs) and rural development institutions (RDIs) by creating a 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 contribute 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 LGD, will update the Guidelines for local level planning of LGIs. The Guidelines will assist 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 LGIs and other stakeholders, and will be disseminated among them upon completion. The Planning Commission will extend necessary support for 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 LGIs through assignment of proper officials, and various technical assistance and training programmes implemented by training institutions under LGD and RDCD. The national government will assist LGIs in developing planning and budgeting capacity and help them better design and manage local development programmes.

#### ***1.4 Participatory planning and monitoring made functional with bottom-up approaches***

The LGIs will further promote participation of people from communities in prioritising, implementing, and monitoring development programmes, and ensures that the planning and implementation of local development programmes are effective and relevant for respective communities and managed efficiently. The LGIs will expand the role of citizen committees and strengthen participation from different groups, particularly women and the poor.

#### ***1.5 Performance-based incentive system promoted***

LGD will support LGIs to introduce and use indicators and standards for measuring performance of service delivery at the local level. The Division will also 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 LGD will further increase transparency and accountability of LGIs.

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

Rural development institutions (RDIs) such as the Rural Development Academy (RDA) will promote action research, and disseminate their results widely among a broad range of stakeholders. LGIs will promote activities based on the results of action research.

#### ***1.7 Women's development in LGIs and RDIs promoted***

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 Migration from rural to urban areas reduced***

LGIs will further promote programmes for rural development, which will enhance its positive impacts to reduce the migration from rural to urban areas. Physical and social infrastructure development in rural areas has a quick impact to create local labour demands. Also, improving rural service delivery including primary health care, safe water supply and sanitation, and social safety net contributes to making the local livelihoods convenient and attractive.

### **Sector Outcome 2: Service delivery ensured**

Ensuring service delivery largely contributes to rural development of Bangladesh though 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 water supply and primary health, and social safety nets are covered here. Finally, e-government service is also focused to apply new technology for LGI and rural development.

#### ***2.1 Ensure improved physical and social infrastructure across the country and especially rural infrastructure***

LGED, in close collaboration with LGIs, will further develop, upgrade, and effectively maintain the rural road network, such as rural roads (Upazila Roads, Union Roads, Village Roads), bridges, culverts, ghats, bus terminals, and growth centres; and social infrastructure, such as Union and Upazila Parishad buildings, cyclone and flood shelters, rural and municipal markets, and slum improvements. Zila Parishads also play an important role to construct these rural facilities. They

will ensure road safety and mainstream climate change resilience in all infrastructure design, implementation, and maintenance. LGD and its subordinated departments and agencies will coordinate with LGIs to ensure that physical and social infrastructure in urban areas are developed in a well-balanced manner and to encourage developing rural infrastructure especially in the backward areas.

### ***2.2 Appropriate service facilities at the grassroots level ensured***

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 Bangladesh Academy for Rural Development (BARD), agriculture extension service centres, local ICT centres, and rural health posts. In the rural areas, local government bodies, such as, Zila Paridhads will lead constructing local grassroots level transportation and communication infrastructure.

### ***2.3 Ensured safe water supply and sanitation facilities in sustainable manner***

Department of Public Health Engineering (DPHE) under LGD will provide safe water supply and sanitation facilities in rural and urban areas by constructing safe water sources and infrastructure, environmentally-sound toilets, and raising awareness about the supply and use of safe water. The Water Supply and Sewage Authorities (WASAs) in Dhaka, Chittagong, Khulna, and Narayangani Cities under LGD will plan, develop, and sustainably maintain the infrastructure and facilities of water supply, sewage, and drainage in those cities. These activities will be undertaken in line with the priorities and targets outlined in LGD's Sector Development Plan (FY2011 – 25) for the Water Supply and Sanitation Sector in Bangladesh, paying special attention to balanced provision of water, sanitation and hygiene services in both rural and urban areas.

### ***2.4 Improved e-governance system and services***

The national government will facilitate e-governance at the local level through a well-designed ICT Programme. This will involve provision of adequate hardware and software, technical assistance, and training programmes that assist LGIs in providing on-line public services and disseminating information to people in rural and urban areas.

### ***2.5 Social safety nets coverage expanded and well managed***

RDCD will continue improving the 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. RDCD will implement poverty alleviation programmes, including micro-savings programme, to expand coverage of social safety nets for people under severe poverty. RDCD, in coordination with LGIs, will ensure effective management of social safety net to alleviate severe poverty.

### ***2.6 Primary health care services promoted***

Department of Public Health Engineering (DPHE), in collaboration with LGIs, will ensure provision of primary health care services and related services, and facilities particularly for the poor. DPHE will continue support the installation of tube wells to ensure the supply of safe drinking water, with associated benefits for good health. They will undertake those activities through close coordination with the Ministry of Health and Family Welfare (MoHFW) that implements a robust primary health care programme.

### **Sector Outcome 3: Employment and income enhanced**

Rural development policy in Bangladesh has for many years sought to reduce poverty. 7th Five Year Plan emphasizes employment and income generation as two driving forces for poverty reduction and, as a result, training programmes for vulnerable groups are an important intervention. The dissemination of new technologies for rural development contributes to creating employment opportunities. Promotion of farm and non-farm activities helps to provide opportunities for income generation while developing SME and cooperatives institutionally enhances capacity to absorb labour. Promotion of value chains and access to markets helps to enhance varieties of cooperative activities and business survival chances. These interventions contribute to increasing both employment and income generation.

#### ***3.1 Human resources to support employment promotion and income generation enhanced***

To promote employment and income generation, RDCD and the training institutions under RDCD will provide skills development training for the rural poor, particularly disadvantaged women and other socially excluded groups, to generate self-employment in non-farm sectors.

#### ***3.2 Enhanced technological dissemination and financial support***

The Rural Development Academy (RDA) and other rural development training institutions under RDCD will disseminate modern, appropriate, and sustainability-enhancing technology for people in rural areas, and use on-line facilities and services for wider dissemination. In addition, RDCD will strengthen and reform cooperative financial institutions such as the Bangladesh Cooperative Bank and Central Cooperative Banks, and, to this end, amend the Cooperative Act and Law as necessary.

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

LGIs will ensure its support for both private agriculture and private non-agricultural businesses in rural and urban areas. The technical officials of the Nation Building Departments (NBDs) based at the Upazila and Union Parishad level will provide support to residents. For example, Sub-assistant Agriculture Officers (SAO) of NBDs provide support to the farmers regarding appropriate use of pesticides. LGIs can also extend their support to local cooperatives and cottage industries for their smooth operation and development.

#### ***3.4 Micro and SMEs developed and promoted***

LGIs and RDIs will promote economic activities by creating and promoting micro and small and medium enterprises (SMEs) and non-registered informal groups. Their service delivery will require continuous, close coordination with other relevant government agencies and relevant non-government institutions.

#### ***3.5 Cooperative activities promoted***

RDCD will strengthen the Bangladesh Cooperative Union, and develop effective tools for monitoring Credit Cooperatives Societies to ensure effective provision of services to the members of cooperatives. To this end, RDCD will reduce inactive cooperative societies, promote cooperative entrepreneurship, and establish a cell to provide necessary advice to cooperatives. LGIs will ensure cooperative activities that will be promoted through cooperatives campaigns. In addition, RDCD will develop and modernise cooperative training institutions, cooperative offices at the field level, and BAPARD. Furthermore, RDCD will provide necessary public access to the database of cooperative societies, and develop human resources for cooperatives.

### ***3.6 Linkage between farmers, employees and markets ensured***

RDCD will promote development of the agricultural value chain and access to market through cooperatives. To this end, the Division 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 and local government institutions**

LGIs are expected to gradually increase their generation of own local resource revenue 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 the strategic planning, implementation, monitoring, the national government and LGIs will start a new coordination system. Enhancing the internal linkages across the different tiers (vertical) and among the same tier (horizontal) of LGIs are also focused on improving strategic coordination.

### ***4.1 Enhanced mobilisation of local revenue and resources***

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.

### ***4.2 Adequate and equitable allocation of funds ensured***

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 LGIs. The national government will also consider gradually increasing block grants for LGIs through the ADPs, commensurate with capacity development of LGI personnel and development of performance assessment systems of LGIs.

### ***4.3 Better coordination of planning, implementation, and monitoring across all tiers of government institutions***

The national government will develop and implement a plan to prepare and integrate local development plans of LGIs into the national plan during the 7FYP period, and start developing the coordination system for strategy planning, implementation of strategies 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 LGIs to develop local development plans.

### ***4.4 Improved horizontal and vertical coordination and linkages among LGIs***

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

#### ***4.5 Appropriate policy framework for adequate resource mobilisation and allocation ensured***

The national government will create the Local Government Legal Framework (LGLF) that helps 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 in the previous Chapter. The implementation strategies consist of two parts: (1) strategies concerned with legal, regulatory, and institutional issues to achieve 7FYP targets and lay the ground for SDGs, and (2) financing strategy.

### 4.1 Strategies to Achieve 7FYP Targets and Lay the Ground for SDGs (2030)

The activities under the local government and rural development sector described in Chapter 3 cut across all sectors of the economy of Bangladesh. For example, the activities related to rural development contribute critically to the growth in the agriculture sector, whereas those involving urban infrastructure contribute to sustainability of the growth in the manufacturing and service sectors. 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 7FYP stresses that strengthening local governments and fostering rural development remain key priorities under this plan. The government's strategy to achieve the 7FYP targets and SDGs through the Theory of Change described earlier consists of the following broad categories of action:

- Address legal and regulatory issues to empower LGIs;
- Strengthen institutional capacity of LGIs and RDIs;
- Develop differentiated strategies for respective tiers of LGIs; and
- Enhance coordination among key stakeholders.

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

#### **Address legal and regulatory issues to empower LGIs**

- ***Develop a Local Government Legal Framework (LGLF).*** The national government will develop a well-defined legal framework with clear assignment of the functions of LGIs along with commensurate financial autonomy. This legal framework will shift toward 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: (1) structure; (2) function; (3) jurisdiction; (4) taxation; (5) finance; (6) budget account; (7) electoral process; and (8) national-local and local-local relationships. The transfer of power and authority, responsibilities and resources from the national government to local government bodies at various tiers will be revisited and streamlined in the preparation process of the LGLF.
- ***Update the Guidelines for local development planning.*** Some guidelines for the preparation of local development plans and budget formulation already exist. However, there is a low level of compliance with these guidelines. National level monitoring should be enhanced to improve compliance of LGIs. In addition, there is a clear need to align local development plans with the priorities set out in the national FYP. Furthermore, the Guidelines will make sure that all tiers of local government prepare their plans and budgets with participation of local citizens. The Planning Commission, in close coordination with LGD, will update the Guidelines for the use of LGIs, and provide technical support and training for LGIs. To strengthen the LGIs'

planning and budgeting practices, independent planning and budget units should be established in relatively large LGIs, such as UPZs and municipalities. These units will extend their planning and budgeting skills to its lower tiers of local governments.

- **Adopt a comprehensive tax sharing formula between national and local governments.** This measure will be implemented as part of the revision of the national tax policy with a view to enhancing accountability of both national and local governments to tax payers, and ensuring equitable sharing of revenues between the national government and LGIs.

The introduction of modern property tax system assigning to LGIs with the national government's directions will enhance the capacity of local tax collection. The national government's grant system for LGIs should also be based on their performance, particularly related with local good governance. The linkage between performance evaluation and the authority on local tax collection will give LGIs strong incentives to ensure compliance with government rules and regulations.

### **Strengthen institutional capacity of LGIs and RDIs**

- **Build human resource capacity of LGIs and RDIs.** The national government will ensure the manpower requirements of LGIs and make sure that their positions are commensurate with their assigned 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 LGIs. 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 LGI officials.** Present supply side of capacity building is far too limited. Capacity of National Institute of Local Government (NILG) and Bangladesh Rural Development Academy (BARD) will be enhanced so that these institutions can provide training to all elected and deputed officials of LGIs. To supplement the currently limited capacity of those institutions, LGD will consider other options to provide training services such as an Upazila Resource Team (URT)<sup>6</sup> and international and national NGOs<sup>7</sup>. Potential priority areas of training may include, but are not limited to, development and budget planning, financial management, internal and external audit, good governance, results-based monitoring and evaluation, and so on. There will be a need to conduct a comprehensive training needs assessment and develop a comprehensive capacity building framework of LGIs.

### **Differentiated strategies for LGIs**

Each tier of the LGIs developed its unique strategies since each LGI has its own unique character. LGIs have different administration structures, budget scales, population, governing zones, etc. These

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<sup>6</sup> An Upazila Resource Team (URT) could be formed in each Upazila. The UNO will act as the coordinator of the URT.

<sup>7</sup> 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.

strategies are exclusively developed and finely tuned to develop LGIs with consideration of their characters.

- **National Strategy for Pourashava Governance Improvement 2016-2025:** LGD developed this Strategy to clarify the methods for the improvement of Pourashava's public services. The Strategy consists of following five layers from top to bottom: vision, goals, objectives, targets, and activities. Each layer is to be achieved under the condition that the components shown one level below are satisfied or implemented as planned. The Strategy aims at realization of the vision: *Pourashavas become able to provide public services to their citizens at the satisfactory level in a sustainable manner by the year 2025*. To achieve the vision, there are four goals in the areas of: 1) revenue increase; 2) financial management; 3) administrative activities; and 4) human resources development. Accordingly, activities, targets and activities describe and clarify practical interventions to realize the vision.
- **Strategies of Upazila Parishad:** To achieve the objectives of the Perspective Plan, the government will adopt strategies to build Upazilas as active and vibrant LGIs by bringing all service providers under the accountability framework of Upazila Parishad and creating the mechanism of participatory, democratic and accountable corporate body as envisioned in the Local Government (UZP) Act. The UZP Act aims at building the capacity of Upazila mainly to transform it into a fully functional institution, promote democracy, and empower people. The UZP Act particularly encourages participation of women representatives in policy debates of Upazila Parishad. This capacity building helps Upazila understand their basic roles and functions, which contribute to enhancing UPs' performance within the provisions of the existing legal framework and to meeting the expectation of their male and female constituencies.
- **Strategies of Union Parishad:** The strategies for Union Parishad (UP) to achieve Perspective Plan objectives focus on the innovations to improve: (a) functional and institutional capacity; (b) democratic accountability of UPs; and (c) citizen involvement. These innovations aim at achieving effective, efficient and accountable delivery of pro-poor services. The initiatives of UPs include gender mainstreaming efforts, looking at local women leadership, participation and voice. These strategies address two dimensions for improving democratic accountability at UP level. The first dimension is the capacity development of the elected officials of UP to effectively fulfil their statutory provisions and functions with regard to their roles, responsibilities and obligations stipulated in the UP Act 2009. The second is equitable and inclusive engagement between citizens and UPs to increase the value of local democracy and to ensure pro-poor service.

### **Enhance coordination among stakeholders**

The activities in the local government and rural development sector involve many economic and social sectors, rural and urban 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 their associated staff as well as other local-level actors are to be linked to one another and coordinated in horizontal and vertical networks.

The Ministry of Local Government, Rural Development and Cooperatives (MLGRDC) will lead coordination with five broad groups of actors: (1) LGD and RDCD under MLGRDC; (2) Planning Commission and Finance Division for development planning and budget management of LGIs; (3) line MDAs that provide public services such as transport, water, sanitation, social safety net, agriculture, SMEs, and urban development; (4) all tiers of LGIs; and (5) development partners.

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

The coordination with DPs will be also a challenging task in the LGRD sector because of a broad coverage and scope of this sector. The DPs for the respective sectors are presented in Table 4.1. In the LCG mechanisms, the Local Government Division (LGD) assumes a lead ministry's role in three Sector Working Groups under LCG: (1) local government; (2) water supply and sanitation; and (3) urban sector. In addition, rural development falls under the LCG Sector Working Group on Agriculture and Rural Development that is led by Ministry of Agriculture. Coordination with Ministry of Chittagong Hill Tract Affairs (MoCHTA) will be needed to ensure that all geographical areas, both rural and urban, are to be covered in the LGRD sector. Coordination with Ministry of Commerce and Road Transport and Highways Division will become essential if promotion of SMEs and development of road transport network, respectively, are to be pursued in the LGRD sector.

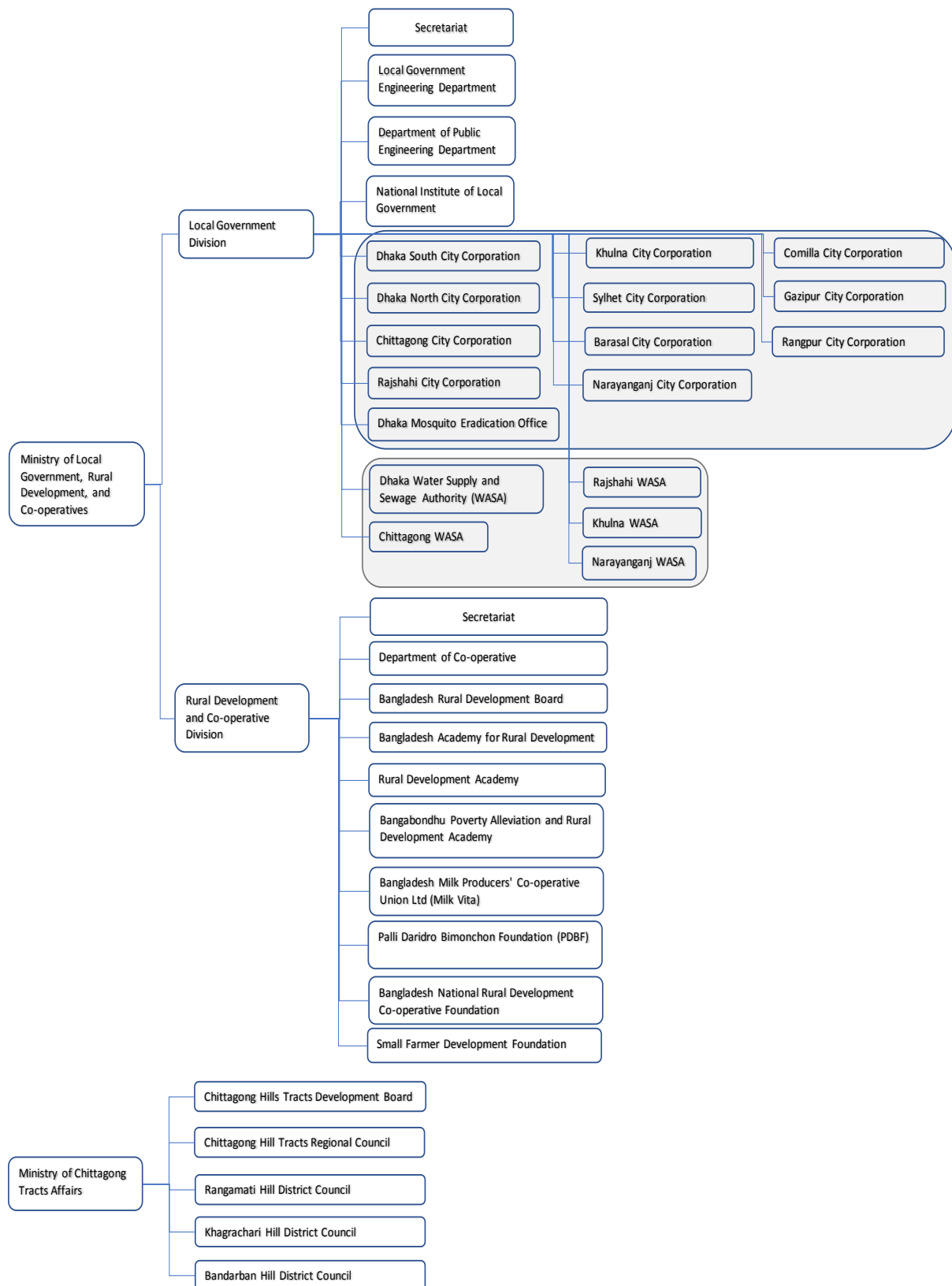
**Table 4.1 LCG Sector Working Groups concerned with the LGRD sector**

Sector Working Group	Lead Ministry/Division	DPs (*Chair)
Local government	LGD	Switzerland*, Asian Development Bank (ADB), Denmark, European Union (EU), Germany, Japan, United Nations (UN) agencies, World Bank
Water supply and sanitation	LGD	Denmark*, ADB, Australia, EU, Japan, UK, UN agencies, World Bank
Urban sector	LGD	Germany*, ADB, Australia, Japan, UK, UN agencies, World Bank
Agriculture and rural development	Ministry of Agriculture	UN agencies*, ADB, Australia, Denmark, EU, Japan, Korea, Switzerland, USA, World Bank
Private sector development and trade (incl. SMEs)	Ministry of Commerce	UK*, ADB, Canada, Denmark, EU, Germany, Japan, Netherlands, Norway, Switzerland, UN agencies, USA, World Bank
Transport and communication	Road Transport and Highways Division	Japan*, ADB, IsDB, Korea, World Bank
Chittagong Hill Tracts	Ministry of Chittagong Hill Tract Affairs	UN agencies*, ADB, Australia, Canada, Denmark, EU, USA

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

Figure 4.1 overleaf presents an institutional map of the local government and rural development sector.

**Figure 4.1 Institutional Map of the Local Government and Rural Development Sector**



## 4.2 Financing Strategy

### ADP allocation under 7FYP

The ADP allocation for the LGRD sector in the 7FYP period is presented in Table 4.2 below. The ADP allocation for the LGRD sector clearly shows the high priority given to this sector in the 7FYP.

First, total ADP allocation for the LGRD sector, which consists of LGD, RDCD and MoCHTA, amounts to around 181.8 billion Taka in FY2016-17. This amount comprises 18.7% of total ADP (development) allocation in FY2016-17. This ranked the third among 13 sectors in 7FYP, after the transport and communication sector (234.3 billion Taka), and the power and energy sector (184.8 billion Taka). Second, the ADP allocation for the LGRD sector is expected to increase each year during the 7FYP period, ensuring that the ADP allocation for this sector would maintain around 19% of total ADP allocation throughout this period. Finally, the ADP allocation for LGD, RDCD and MoCHTA are expected to increase over the 7FYP period, even considering expected inflation during this period.<sup>8</sup>

**Table 4.2 ADP allocation for the LGRD sector FY2016-2020**

Ministry/Division	Crore Taka (Current price)				
	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21
Local Government Division	16,650	2,034	2,421	2,838	3,330
Rural Development Cooperatives Division	1,020	145	173	203	238
Ministry of Chittagong Hill Tracts Affairs	51	74	88	103	121
Total LGRD sector (billion Taka)	1,818	2,253	2,682	3,144	3,689
Total LGRD sector (% of total development expenditure)	187	186	186	186	186
Total ADP allocation (development expenditure)	9,704	12,101	14,415	16,899	19,830

Source: 7FYP, pp.120-121.

### Estimating fiscal space using MYPIP

The Multi-Year Public Investment Programme (MYPIP) of the LGRD sector has been developed by the Programming Division under the 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, RADP, DPPs and TPPs in this sector.

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

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

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

<sup>8</sup> See Annex Table 5.2, pp. 122-123, for ADP allocation in FY16 Constant Prices.

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.<sup>9</sup>

Table 4.3 presents an indicative summary of MYPIP in the local government and rural development sector. A few observations are summarised in the following paragraphs:

- **Fiscal space of the LGRD sector is negative in FY2017-18, but become positive in FY2018-19 and FY2019-20.** This indicates that the ongoing and newly approved projects in FY2017-18 have already filled the fiscal space in that year, and therefore there is no ‘room’ for new projects in FY2017-18. However, fiscal space becomes available from FY2018-19 onward, and therefore, new projects can be financed.
- **Fiscal space can be increased by exploring other sources of financing.** Implementation of the sector Theory of Change in Chapter 3 will surely 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 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: (1) increasing own source revenues of LGIs; (2) increasing PPP arrangements with private sectors and local NGOs for service delivery; (3) introducing user fees of the newly developed infrastructures such as roads and bridges; (4) improving efficiency of operation to save cost; and (5) increasing sector-specific foreign assistance. The LGRD sector should actively explore those sources of financing to expand fiscal space.
- **Adoption of new projects in FY2017-18 will require careful analysis of fiscal space.** The fact that fiscal space in FY2017-18 is projected to be negative in FY2017-18 does not imply automatically that no new project in the LGRD sector should be approved in FY2017-18. When considering new projects, there should be stronger justification than the time of “positive” fiscal space, by conducting careful fiscal space analysis and proposing counter-measures to expand fiscal space.

**Table 4.3 Summary of MYPIP in the local government and rural development sector FY2016-2020**

Core Taka (current price)

MTBF Ceiling/ADP Allocation	FY2016-17 (actual) <sup>(1)</sup>	FY2017-18	FY2018-19	FY2019-20
1) Budget Ceiling	25,411	27,952	30,748	33,823
2) Forward Baseline Estimates (FBEs)	20,194	28,102	23,328	12,393
3) Fiscal space (=1 – 2)	5,217	-150	7,420	21,429

(1) The figures in FY16 are based on the allocation of RADP FY2016-17. FY17-FY19 are projections by SPIMS.

<sup>9</sup> The 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.

## 5. SECTOR RESULTS FRAMEWORK

This Chapter presents the Sector Results Framework (SRF) of the local government and rural development sector. The participants of the SSP formulation workshop for the local government and rural development sector in March 2017 collectively developed this SRF, based on the Sector Theory of Change in Chapter 3. 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 5.2, respectively.

### 5.1 Sector Results Matrix

Sector Goal		Sector Outcomes		Intermediate Outcomes		Responsible MDAs
Sector Goal	Goal Indicator	Sector Outcomes	Outcome Indicators	Intermediate Outcomes	Intermediate Outcome Indicators	
Effective, accountable and equitable local government system and rural development ensured	<ul style="list-style-type: none"> <li>• Percentage of the budget mobilizing to LGIs under LGD out of the total budget of LGD (%) [MBF, LGD]</li> <li>• LGI-ADP share out of the total ADP (%) [MBF, LGD]</li> <li>• Number of monitored LGIs (Number of LGIs) [APA, LGD]</li> <li>• Proportion of population living below national poverty line, differentiated by rural (%) [DRF, 7FYP]</li> <li>• Annual Agriculture GDP</li> </ul>	1 Improved good governance at the local level	<ul style="list-style-type: none"> <li>• Number of government representatives trained (Number of trained) [APA, LGD]</li> <li>• Average total score of UGDP's performance assessment for Upazilas [Data, UGDP]</li> </ul>	<p><b>1.1</b> Functions of LGIs and RDIs are well defined</p> <p><b>1.2</b> Updated guidelines linking local development plan to national development plan</p> <p><b>1.3</b> Strengthened capacity of LGIs, RDIs and agencies</p> <p><b>1.4</b> Participatory planning and monitoring made functional with the bottom-up approach</p>	<ul style="list-style-type: none"> <li>• Preparation of approval of Citizens' Charter by ministers and divisions (Number of approved charters) [APA, LGRD]</li> <li>• Number of the upgraded Guidelines circulated (Version of upgraded guidelines) [Circular, Planning Commission]</li> <li>• Budget of NILG (Crore TK) [MBF, LGD]</li> <li>• Budget allocation mobilizing to LGIs from LGD (Crore TK) [MBF, LGD]</li> <li>• Number of open budget (meetings) at Unions (Number of meetings held) [Data, LGSP]</li> </ul>	<p>1.1 LGD</p> <p>1.2 Planning Commission</p> <p>1.3 LGD for LGIs, RDCD for RDIs</p> <p>1.4 LGD</p>



Sector Goal		Sector Outcomes		Intermediate Outcomes		Responsible MDAs
Sector Goal	Goal Indicator	Sector Outcomes	Outcome Indicators	Intermediate Outcomes	Intermediate Outcome Indicators	
	growth rate (%) [DRF, 7FYP]			<p><b>1.5</b> Performance based incentive system promoted</p> <p><b>1.6</b> Action research on local development ensured and its results widely disseminated</p> <p><b>1.7</b> Women's development in LGIs and RDIs promoted</p>	<ul style="list-style-type: none"> <li>ADP allocation to LGIs (Crore TK) [ADP]</li> <li>Number of covered Upazilas for performance based incentive system (Number of Upazilas) [Data, UGDP]</li> <li>Number of action research conducted (Number of researches) [APA RDCD]</li> <li>Gender budget as percentage of total budget (%) [DRF, 7FYP]</li> <li>Percentage of informal employment of women (%) [DRF, 7FYP]</li> </ul>	<p>1.5 LGD</p> <p>1.6 BPARD, RDA, BARD</p> <p>1.7 LGD for women's development in LGIs, RDCD for women's development in RDI</p>
		<b>2</b> Service delivery ensured	<ul style="list-style-type: none"> <li>Budget of RDCD (Crore TK) [MBF, RDCD]</li> </ul>	<p><b>2.1</b> Ensured physical and social infrastructure balance in rural and urban areas</p> <p><b>2.2</b> Appropriate service facilities at grass roots level ensured</p> <p><b>2.3</b> Ensured safe water supply and sanitation facilities in a sustainable manner</p> <p><b>2.4</b> Improved e-governance system and services</p>	<ul style="list-style-type: none"> <li>Coverage of rural road network out of total rural road network under coverage (%) [MBF, RDCD]</li> <li>Expenditure for construction and works by RDCD (Crore TK) [MBF, RDCD]</li> <li>Percentage of urban and rural population with access to safe drinking water (%) [DRF, 7FYP]</li> <li>Percentage of urban and rural population with access to sanitary latrines (%) [DRF, 7FYP]</li> <li>Growth of e-service (%) [MBF, ICT Division]</li> </ul>	<p>2.1 LGED</p> <p>2.2 RDCD</p> <p>2.3 DPHE</p> <p>2.4 RDCD</p>

Sector Goal		Sector Outcomes		Intermediate Outcomes		Responsible MDAs
Sector Goal	Goal Indicator	Sector Outcomes	Outcome Indicators	Intermediate Outcomes	Intermediate Outcome Indicators	
				<p><b>2.5</b> Social safety nets coverage expanded and well managed</p> <p><b>2.6</b> Primary health care services promoted</p>	<ul style="list-style-type: none"> <li>Coverage of allowance for old age (%)</li> <li>Coverage of allowance for widows (%)</li> <li>Assistance to disabled persons (lakh people) [DRF, 7FYP]</li> <li>Under five years old mortality rate (%)</li> <li>Life expectance at birth (Yeas old) [DRF, 7FYP]</li> </ul>	<p>2.5 RDCD</p> <p>2.6 RDCD</p>
		<p><b>3</b> Employment and income enhanced</p>	<ul style="list-style-type: none"> <li>Percentage (%) of (a) formal and (b) informal employment (%)</li> <li>Number of self-employed beneficiaries (number of beneficiaries) [APA RDCD]</li> <li>Number of the beneficiaries by formulation of cooperatives and non-registered informal societies (Number of beneficiaries) [APA, RDCD]</li> </ul>	<p><b>3.1</b> Human resources to support employment promotion and income generation enhanced</p> <p><b>3.2</b> Enhanced technological dissemination and financial support</p> <p><b>3.3</b> Farm and non-farm activities supported and promoted in both rural and urban areas</p> <p><b>3.4</b> Micro and SMEs developed and promoted</p> <p><b>3.5</b> Cooperative activities promoted</p>	<ul style="list-style-type: none"> <li>Number of beneficiaries received IGA training (Crore people) [APA RDCD]</li> <li>Amount of financial support provided (Crore Tk) [APA RDCD]</li> <li>Number of beneficiaries received financial support (Number of beneficiaries) [APA RDCD]</li> <li>Percentage of agriculture budget allocated in the agricultural research (%) [DRF, 7FYP]</li> <li>Annual agriculture GDP growth rate (%) [DRF, 7FYP]</li> <li>Rate of growth of industrial production/ small industry (%) [DRF, 7FYP]</li> <li>Rate of growth of industrial production/ small industry (%) [DRF, 7FYP]</li> <li>Budget for Department of Cooperatives (Crore TK) [MBF, RDCD]</li> </ul>	<p>3.1 RDCD</p> <p>3.2 RDCD</p> <p>3.3 City corporations for the activities in urban areas, rural LGIs for the activities in rural areas</p> <p>3.4 RDCD</p> <p>3.5 Department of Cooperatives</p>

Sector Goal		Sector Outcomes		Intermediate Outcomes		Responsible MDAs
Sector Goal	Goal Indicator	Sector Outcomes	Outcome Indicators	Intermediate Outcomes	Intermediate Outcome Indicators	
				<b>3.6</b> Linkage between farmers, non-farm employee and market ensured	<ul style="list-style-type: none"> <li>Number of cooperatives functioning [APA RDCD]</li> <li>Number of construction of rural hats/bazaars, infrastructure, and growth centres [MBF, LGD]</li> <li>Internet users per 100 population [RDF, 7FYP]</li> </ul>	3.6 LGED
		<b>4</b> Enhanced resource mobilization and effective coordination between national and local government institutions and vice versa	<ul style="list-style-type: none"> <li>ADP allocation to LGIs (Crore TK) [ADP]</li> <li>Budget allocation mobilizing to LGIs from LGD (Crore TK) [MBF, LGD]</li> </ul>	<b>4.1</b> Enhanced mobilization of local revenue and resources  <b>4.2</b> Adequate and equitable allocation of funds ensured  <b>4.3</b> Better coordination of planning, implementation and monitoring across all tiers of government institutions  <b>4.4</b> Improved horizontal and vertical coordination and linkages among LGIs  <b>4.5</b> Appropriate policy framework for adequate resource mobilization and allocation ensured	<ul style="list-style-type: none"> <li>Holding tax in Unions (Crore TK), [Data, LGSP]</li> <li>ADP allocation to LGIs (Crore TK) [ADP]</li> <li>Average score of the performance assessment for Upazials in LGIs FYP with project lists (Under UDGP Project) (Scale of 1: lowest to 7 highest) [Data, UGDP]</li> <li>Average score of the performance assessment for Upazials in Upazila Development Coordination Committee (UDCC) held (Scale of 1: lowest to 4 highest) [Data, UGDP]</li> <li>Steps to develop Local Government Legal Framework [Data, LGD]</li> </ul>	4.1 LGD  4.2 Planning Commission  4.3 LGD  4.4 LGD  4.5 LGD

## 5.2 Sector Results Monitoring Matrix

Results Chain	Indicators (including unit of measurement)	Baselines		Intermediate Targets								Final Targets		Ratio of ADP disbursement to FYP allocation (%)	Lead Institutional Responsibility
		Year	Value	2016		2017		2018		2019		2020			
				Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual		
<b>Sector Goal:</b>															
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 (%)	2015	14.7	15.5		16.2		16.3		<u>16.6</u> <sub>10</sub>		<u>17.0</u>			
	LGI-ADP share out of the total ADP (%)	2015	2.25	3.16		<u>4.52</u>		<u>5.43</u>		<u>6.34</u>		<u>7.25</u>			
	Number of monitored LGIs (Number of LGIs)	2015	379	385		410		420		<u>430</u>		<u>440</u>			
	Proportion of population living below national poverty line, differentiated by rural (%)	2010	35.2	<u>24.9</u>		<u>23.5</u>		<u>22.2</u>		<u>21.0</u>		<u>19.8</u>			
	Annual Agriculture GDP growth rate (%)	2015	3.04	3.21		3.28		3.34		3.39		3.49			
<b>Sector Outcomes:</b>															
1. Improved good governance at the local level	Number of government representatives trained (Number of trained)	2015	58231	65440		91206		<u>1147</u> <sub>37</sub>		<u>1443</u> <sub>39</sub>		<u>1815</u> <sub>78</sub>			
	Average total score of UGDP's performance assessment for Upazilas	2016	29	<u>34</u>		<u>38</u>		<u>42</u>		<u>46</u>		<u>50</u>			
2. Service delivery ensured	Budget of RDCD (Crore TK)	2015	1469.4	1377.7		1405.6		1546.2		<u>1571</u> <sub>.8</sub>		<u>1597</u> <sub>.4</sub>			
3. Employment and income enhanced	Percentage (%) of (a) formal and (b) informal employment (%)	2016	(a) 12.5 (b) 87.5	13.0 87.0		13.5 86.5		14.0 86.0		14.5 85.5		15.0 85.0			
	Number of self-employed beneficiaries (number of beneficiaries)	2015	2.74	2.85		3.35		3.41		<u>3.47</u>		<u>3.53</u>			
	Number of the beneficiaries by formation of cooperatives and non-registered informal societies (number of beneficiaries)	2015	13.04	13.6		14.83		15.33		<u>16.0</u> <sub>9</sub>		<u>16.8</u> <sub>5</sub>			

<sup>10</sup> Numbers with underbars are estimated by SPIMS team.

Results Chain	Indicators (including unit of measurement)	Baselines		Intermediate Targets								Final Targets		Ratio of ADP disbursement to FYP allocation (%)	Lead Institutional Responsibility
		Year	Value	2016		2017		2018		2019		2020			
				Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual		
4. Enhanced resource mobilization and effective coordination between national and local government institutions	ADP allocation to LGIs (Crore TK)	2015	1,400	2233		<u>3066</u>		<u>3899</u>		<u>4732</u>		<u>5565</u>			
	Budget allocation mobilizing to LGIs from LGD (Crore TK) <sup>11</sup>	2015	213.6	267.1		301.9		328.5		<u>359.2</u>		<u>389.9</u>			
<b>Sector Intermediate Outcomes:</b>															
1.1 Functions of LGIs and RDIs are well defined	Preparation of approval of Citizens' Charter by ministers and divisions (Number of approved charters)	To be obtained from LGSP or UGDP													LGD
1.2 Updated guidelines linking local development plan to national development plan	Number of the upgraded Guidelines circulated (Version of upgraded guidelines)	2016	<u>Ver. 1</u>	<u>Ver. 2</u>		<u>Ver. 3</u>		<u>Ver. 4</u>		<u>Ver. 5</u>		<u>Ver. 6</u>			Planning Commission
1.3 Strengthened capacity of LGIs, RDIs and agencies	Budget of NILG (Crore TK)	2015	9.14	11.14		11.79		12.87		<u>14.11</u>		<u>15.35</u>			LGD for LGIs, RDCD for RDIs
	Budget allocation mobilizing to LGIs from LGD (Crore TK)	2016	213.6	267.1		301.9		328.5		<u>359.2</u>		<u>389.9</u>			
1.4 Participatory planning and monitoring made functional with the bottom-up approach	Number of open budget (meetings) at Unions (Number of meetings held)	To be obtained from LGSP													LGD
1.5 Performance based incentive system promoted	ADP allocation to LGIs	2016	1,400	2233		<u>3066</u>		<u>3899</u>		<u>4732</u>		<u>5565</u>			Planning Commission
	Number of covered Upazilas for performance based incentive system (Number of Upazilas)	2016	100	200		300		400		488		488			
1.6 Action research on local development ensured and its results widely disseminated	Number of action research conducted (Number of researches)	2015	14	16		21		23		<u>25</u>		<u>27</u>			BPARD, RDA, BARD

<sup>11</sup> The figures of this indicator is the sum of the expenditure estimates for following operational units: Upazila as transferred subject, Union council, District Council, City Corporations and Municipalities/Pourshavas (MBF, LGD 2016-2017, p424)

Results Chain	Indicators (including unit of measurement)	Baselines		Intermediate Targets								Final Targets		Ratio of ADP disbursement to FYP allocation (%)	Lead Institutional Responsibility
		Year	Value	2016		2017		2018		2019		2020			
				Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual		
1.7 Women's development in LGIs and RDIs promoted	Gender budget as percentage of total budget (%)	2014	27.7	28.2		28.6		29.0		29.5		30.0			LGD for women's development in LGIs, RDCD for the one in RDI
	Percentage of informal employment of women (%)	2010	92.3	<u>91.7</u>		<u>91.2</u>		<u>90.7</u>		<u>90.2</u>		<u>89.7</u>			
2.1 Ensured physical and social infrastructure balance in rural and urban areas	Coverage of rural road network out of total rural road network under coverage (%)	2015	29.28	32.3		33.5		34.75		<u>34.0</u>		<u>36.5</u>			LGED
2.2 Appropriate service facilities at grass roots level ensured	Expenditure for construction and works by RDCD (Crore Tk)	2015	124.7	286.1		<u>301.3</u>		316.5		<u>331.7</u>		<u>346.9</u>			RDCD
2.3 Ensured safe water supply and sanitation facilities in a sustainable manner	Percentage of urban and rural population with access to safe drinking water (%)	2013	98.5	98.8		99.1		99.4		99.7		100			DPHE
	Percentage of urban and rural population with access to sanitary latrines (%)	2013	64.2	71.4		78.5		85.7		92.8		100			
2.4 Improved e-governance system and services	Growth of e-service (%)	2015	15	15		15		15		<u>15</u>		<u>15</u>			RDCD
2.5 Social safety nets coverage expanded and well managed	Coverage of allowance for old age (%)	2015	94.9	96.5		97.5		99.0		100		<u>100</u>			RDCD
	Coverage of allowance for widows (%)	2015	42.57	65.0		<u>67.5</u>		70.0		75.0		<u>80.0</u>			
	Assistance to disabled persons (lakh people)	2015	9.55	11.2		13.4		15.3		16.0		<u>16.7</u>			
2.6 Primary health care services promoted	Under five years old mortality rate (%)	2014	46	43		41.5		40		38.5		37			RDCD
	Life expectancy at birth (Years old)	2013	70.1	70.2		70.6		71		71.4		72			
3.1 Human resources to support employment promotion and income generation enhanced	Number of beneficiaries received IGA training (number of trainees)	2015	1.50	1.28		1.29		1.27		<u>1.28</u>		<u>1.28</u>			RDCD
3.2 Enhanced technological dissemination and financial support	Amount of financial support provided (Crore Tk)	2015	1974.18	2100.00		2218.49		2345.42		<u>2468.5</u>		<u>2591.58</u>			RDCD

Results Chain	Indicators (including unit of measurement)	Baselines		Intermediate Targets								Final Targets		Ratio of ADP disbursement to FYP allocation (%)	Lead Institutional Responsibility
		Year	Value	2016		2017		2018		2019		2020			
				Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual		
	Number of beneficiaries received financial support (Number of beneficiaries)	2015	10.30	10.75		11.48		11.92		<u>12.46</u>		<u>13.00</u>			
	Percentage of agriculture budget allocated in the agricultural research (%)	2014/2015	4.2	4.83		5.55		6.38		7.33		8.43			
3.3 Farm and non-farm activities supported and promoted in both rural and urban areas	Annual agriculture GDP growth rate (%)	2015	3.04	3.21		3.28		3.34		3.39		3.49		City corporations for the activities in urban areas, rural LGIs for the activities in rural areas	
	Rate of growth of industrial production/ small industry (%)	2015	9.06	15.0		16.0		17.0		17.0		<u>17.0</u>			
3.4 Micro and SMEs developed and promoted	Rate of growth of industrial production/ small industry (%)	2015	9.06	15.0		16.0		17.0		17.0		<u>17.0</u>		RDCD	
3.5 Cooperative activities promoted	Budget for Department of Cooperatives (Crore TK)	2015	56.53	46.20		35.31		38,07		<u>40.83</u>		<u>43.59</u>		Dep. Of Cooperative	
	Number of cooperatives functioning	2015	95896	69500		75940		76690		<u>80285</u>		<u>83880</u>			
3.6 Linkage between farmers, non-farm employees and market ensured	Number of construction of rural hats/bazaars, infrastructure, and growth centres	2014	180	180		190		200		<u>210</u>		<u>220</u>		LGED	
	Internet users per 100 population	2015	28.24	30.6		32.9		35.3		37.6		40			
4.1 Enhanced mobilization of local revenue and resources	Holding tax in Unions	To be obtained from LGSP												LGD	
4.2 Adequate and equitable allocation of funds ensured	ADP allocation to LGIs (Crore TK)	2015	1,400	2233		<u>3066</u>		<u>3899</u>		<u>4732</u>		<u>5565</u>		Planning Commission	
4.3 Better coordination of planning, implementation, and monitoring across all tiers of government institutions	Average score of the performance assessment for Upazials in LGIs FYP with project lists under UDGP Project (Scale of 1: lowest to 7 highest)	2016	2.77	<u>2.92</u>		<u>3.07</u>		<u>3.22</u>		<u>3.37</u>		<u>3.5</u>		LGD	
4.4 Improved horizontal and vertical coordination and linkages among LGIs	Average score of the performance assessment for Upazials in Upazila Development Coordination	2016	0.59	<u>0.87</u>		<u>1.15</u>		<u>1.43</u>		<u>1.71</u>		<u>2</u>		LGD	

Results Chain	Indicators (including unit of measurement)	Baselines		Intermediate Targets								Final Targets		Ratio of ADP disbursement to FYP allocation (%)	Lead Institutional Responsibility
		Year	Value	2016		2017		2018		2019		2020			
				Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual		
	Committee (UDCC) held under UGDP Project (Scale of 1: lowest to 4 highest)														
4.5 Appropriate policy framework for adequate resource mobilization and allocation ensured	Steps to develop Local Government Legal Framework	To be consulted with LGD													LGD



## 6. ASSUMPTIONS AND RISKS

During the LGRD SSP Formulation Workshop over 10–12 March 2017, active discussion was held amongst participants on assumptions underlying the Theory of Change. The exercise to identify those assumptions was used as a check on the logic of the Theory of Change, especially on the causal links between Intermediate Outcomes and Sector Outcomes as well as between Sector Outcomes and Sector Goal. In this process, the gaps in the Theory of Change were identified and necessary changes were made in the Theory of Change in Chapter 3.

This exercise also revealed some assumptions that are beyond the control of actors in the LGRD sector. These assumptions have been re-named as “risks”, and risk mitigation measures were designed to reduce the chance of the risk occurring, and reduce the impact of the risk if it does occur.

Description of Risk	Means of Mitigation	Mode of Action
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.
LGI 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.
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.
Insufficient rainfall does not satisfy water supply needs.	LGIs and WASA develop and execute water conservation plans	Water conservation plans to be disseminated to relevant stakeholders, with LGIs and WASA monitoring its implementation.
Stakeholders do not intend to share market information with famers and non-farm workers.	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.
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 LGIs to natural disasters.



## **ANNEXES:**

Annex I – BIBLIOGRAPHY

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