

## MUNICIPAL DEVELOPMENT SECTOR DEVELOPMENT PLAN

### A. Background

#### 1. Urbanization Trend and Challenge in Bangladesh<sup>1</sup>

1. It is widely acknowledged that Bangladesh is a rapidly urbanizing country where the urban share of the population has expanded rapidly since the 1970s. A combination of socio-economic, political and demographic factors is responsible for this. Such a rapid rate of urbanization in Bangladesh is linked to the growth of the national economy, change in the scale and nature of economic activity and distribution of income between regions and among classes, demographic patterns and governance changes. It is also conducive to the spatial redistribution of rural and urban dwellers.

2. As a matter of fact, this still predominantly agrarian country is experiencing a very high rate of urbanization over a relatively<sup>2</sup> small land mass of 147,750 sq. km. In 1974, urban dwellers accounted for only 8.8% of the population (Table 1). By 2011, urban dwellers represented 28% of the total population. This is also indicative of the fact that growth of urban population and labor force is increasing relative to rural population and labor force.

**Table 1: Growth of Urban Population in Bangladesh**

	1974		1981		1991		2001		2011	
	Pop'n (Mill)	%	Pop'n (Mill)	%	Pop'n (Mill)	%	Pop'n (Mill)	%	Pop'n (Mill)	%
<b>Urban</b>	6.27	8.78	13.54	15.05	20.87	18.73	27.48	22.58	41.97	28.00
<b>Rural</b>	70.12	91.79	76.38	84.95	90.58	81.27	94.21	77.42	107.80	72.00
<b>Total</b>	76.40	100.00	89.91	100.00	111.46	100.00	121.69	100.00	149.77	100.00

Source: Until 2001: SFYP; 2011: BBS, 2012

#### 2. Driving Forces behind Rapid Urbanization

3. Despite the fact that the majority of the country's population still lives in rural areas, the importance of the traditional rural sector has been declining over the years. The share of the agricultural sector in GDP came down from about 60% in 1972-73 to only 17% in 2009. Today, the urban sector led by non-agricultural activities (commerce, trade, industry service, etc.) accounts for a relatively large share of GDP compared to its rural counterpart. Its contribution to GDP has increased from a low of 25% in 1972/73 to over 50% in 2009.

4. Household income in urban areas is also found to be much higher than in rural areas. Report of the household income and expenditure survey conducted in 2005<sup>3</sup> indicated that monthly income per household in urban areas was Tk. 10,463 compared to Tk. 6,095 in rural areas. The distribution of income in urban areas is, however, more skewed than in rural areas.

5. Thus, the Gini coefficient in 2005 was 0.497 in urban areas compared to 0.393 in rural areas. This is hardly surprising due to large scale immigration of poor people into urban areas

<sup>1</sup> This sub-section builds upon Chapter 5 of the Government's Sixth Five Year Plan (SFYP) FY 2011-FY 2015, with updates of population data published by Bangladesh Bureau of Statistics (BBS) for various years

<sup>2</sup> When compared with the national population

<sup>3</sup> Report of the Household Income and Expenditure Survey, 2005 (BBS, 2007)

from economically depressed areas of the country.

6. Although rising levels of urbanization and rapid population growth in urban areas have often been considered problematic, it is a fact that in general these areas have a significantly higher concentration of the Nation's economic output than their population. Urban areas also account for a disproportionate higher share of national economic production and are the main sources of economic growth in most countries.

### 3. Urban Poverty in Bangladesh

7. Poverty in Bangladesh, as in many other developing countries, has long been predominantly associated with rural areas. But with rapid urbanization during the last few decades, poverty has increasingly been urbanized by way of transfer of the rural poor to urban areas. Manifestation of urban poverty is often more appalling than that of rural poverty. Urban poverty is invariably associated with poor quality housing.

8. Using the upper poverty line, Bangladesh Bureau of Statistics (BBS) estimated the Head Count Rate (HCR) of incidence of poverty as 31.5% at national level, 35.2% in rural areas and 21.3% in urban areas (Table 2). There was a reduction of HCR by 8.5% point at national level, 8.6% point in rural areas and 7.1% in urban areas during the period from 2005 to 2010. The estimates of HCR using the upper poverty line show that in 2010 Barisal division had the highest incidence of poverty, estimated at 39.4%, followed by Rajshahi division (35.7%) and Khulna division (32.1%). Chittagong division had the lowest HCR of incidence of poverty (26.2%) followed by Sylhet division (28.1%) and Dhaka division (30.5%). The incidence of urban poverty was also highest in Barisal division (39.9%) followed by Khulna (35.8%) and Rajshahi (30.7%) divisions.

**Table 2: Poverty Head Count Ratio by Divisions, 2005-2010**

Division	2005			2010		
	Total	Urban	Rural	Total	Urban	Rural
National	<b>40.0</b>	28.4	43.8	31.5	21.3	35.2
Barisal	<b>52.0</b>	40.4	54.1	39.4	39.9	39.2
Chittagong	<b>34.0</b>	27.8	36.0	26.2	11.8	31.0
Dhaka	<b>32.0</b>	20.2	39.0	30.5	18.0	38.8
Khulna	<b>45.7</b>	43.2	46.5	32.1	35.8	31.0
Rajshahi	<b>51.2</b>	45.2	52.3	35.7	30.7	36.6
Sylhet	<b>33.8</b>	18.6	36.1	28.1	15.0	30.5

Source: Bangladesh Bureau of Statistics, (Household Income and Expenditure Survey (HIES), 2005 and HIES, 2010)

9. Most of the urban poor live in slums and squatter settlements characterized by substandard living conditions. Most of those living in slums are very poor and nearly 80% of the households have income below the upper poverty line. More than 50% of the slum-dwellers earn less than half of the poverty line income, while about 25% of them are in extreme poverty and destitution. More than 90% of the income earners are engaged in informal sector activities. They work mainly as rickshaw-pullers, transport workers, hawkers, day laborers, small factory workers, construction workers, etc. Many of the female members of slum households in Dhaka and Chittagong are employed in the formal sector garment factories and in very large numbers in domestic work as maids. It is worth pointing out that few among the male slum dwellers remain unemployed because of their easy access to informal sector activities. This is perhaps the most important factor stimulating rural to urban migration.

## **B. Policy and Strategy Framework<sup>4</sup>**

### **1. Lessons Learned from Past Development Initiatives and Key constraints**

10. Municipalities in Bangladesh have witnessed nearly two decades of urban infrastructure initiatives with Secondary Town Infrastructure Development Project (STIDP) I and II, Municipal Services Project (MSP) and the on-going Urban Governance Infrastructure Improvement Projects (UGIIPs) since 2003. The Bangladesh Municipal Development Fund (BMDF) created under MSP presented a model of supporting decentralization especially by opening up access to infrastructure funding. UGIIP I made a radical departure from earlier initiatives of STIDP by incorporating the component of Urban Governance along with the component of Urban Infrastructure and making improvement of Urban Governance as a precondition for allocation of fund for infrastructure improvement.

11. Focusing on governance improvements and a performance-based approach, urban infrastructure improvements have proved very successful as: (i) they address a wide range of areas simultaneously from improved participation of various stakeholder groups in service delivery to increased financial accountability and improved administrative procedures; and (ii) local governments feel full ownership in improving governance reforms, considering these reforms as an opportunity to improve their financial and administrative shortcomings.

12. The following lessons can be drawn: (i) The performance of the Municipalities has been particularly effective in areas where the identified governance indicators are concise and output oriented; (ii) Municipalities took greater ownership and interests in areas where their legitimacy and performance in the local public eye improve immediately; (iii) adopting governance improvements requires substantive and timely capacity-building inputs.

13. Based on an extensive review of previous projects focusing on governance improvement and performance-based approach, the following opportunities have been identified: (i) ensure that mechanisms are in place to deepen participatory planning (including women and the poor); (ii) refine the governance improvement action plan to include more qualitative achievements and ensure that the achievements will sustain beyond project implementation; (iii) inculcate the practice of responsible financial decisions and discipline through financing and repayment mechanisms; (iv) strengthen citizen's interface and accountability of the municipalities; (v) put greater focus on capacity building of institutions at the municipality level in particular; and, (vi) improve O&M planning and budgeting.

14. One of the most significant lessons is the criticality of national level support to municipalities in terms of sector wide policy support, legislative and executive actions to enable more effective functioning of Municipalities and supportive measures to improve their finance and financial management. In this regard, the Parliament has passed the Local Government (*Pourashava*) Act, 2009 and the Local Government (City Corporation) Act, 2009.

### **2. Performance during the 2002-09 Period**

15. The Ministry of Local Government, Rural Development and Cooperatives (MoLGRD&C) is closely involved in urban-related issues. Within the Ministry, a Municipal Performance Review Committee (MPRC) was established under the chairmanship of the Secretary, Local Government Division to monitor the performance of the Municipalities. An Urban Management

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<sup>4</sup> This sub-section builds upon Chapter 5 of the Government's Sixth Five Year Plan FY 2011-FY 2015

Support Unit (UMSU) has been established in LGED following the merging of structures established under the World Bank-financed Municipal Services Project and ADB-financed UGIP. UMSU provides secretarial support to the committee. UMSU developed a municipal data base and regularly monitors the capacity building initiatives undertaken by the municipalities and the progress of infrastructure development and maintenance works undertaken by the Municipalities and certain City Corporations.

16. This is part of a larger effort by the Government aimed at removing the deficiency in infrastructure maintenance and rehabilitation of ULBs by raising income and improving financial management capacity and service delivery. The concerned ULBs are implementing different development projects under Physical Planning, Water Supply and Housing (PPWS&H) Sector through Annual Development Programme (ADP). Physical targets and achievements of PPWS&H sector in Municipalities during 2002-09 are given in Table 3.

**Table 3: Physical targets and achievements of PPWS&H sector in municipalities during 2002-09**

Item of Work	Unit	Target	Achievement
Development of Road and Footpath	Km	1,326	1,307
Construction of Drains	Km	412	393
Construction of Bridge/Culvert	M	3,595	3,463
Market Development	Nos.	51	51
Installation of Tube- wells	Nos.	3,837	3,835
Slum Improvement	Family	18,320	18,320
Maintenance of Bridge/ Culvert	M	1,514	1,504
Rehabilitation of Road and Footpath	Km	3,218	2,805

Source: Table 5.7 of the Sixth Five Year Plan, FY 2011 – FY 2015, p. 226

17. Apart from physical achievements, the introduction of computerized holding tax billing, water billing, and accounting in 4 City Corporations and 129 Municipalities could be considered as other milestone achievements by the Local Government Engineering Department (LGED). Another landmark initiative by LGED during the 2002-09 period is the preparation/ updating of Master Plans of 23 district level and 223 *Upazila* level Municipalities. This master planning process is ongoing and is expected to be completed during the Sixth Five Year Plan (SFYP) period.

### C. Legal and Regulatory Framework<sup>5</sup>

18. Policies and regulations for urbanization have evolved in response to problems faced rather than on the basis of a vision and a long term road map. After partition of India in 1947 Dhaka became the provincial capital and experienced significant population increase. This led to major infrastructure development and building activities. In order to regulate and control urban development activities, the government enacted legislations and framed rules which included the Building Construction Act 1952, the Town Improvement Act 1953 and the Building construction rules 1953. The Building Construction Act 1952 provided for the prevention of haphazard construction of buildings and excavation of tanks which are likely to interfere with development in certain areas. The Town Improvement Act 1953 provided for the development, improvement and expansion of the towns of Dhaka and Narayanganj and certain areas in their vicinity. The Building Construction Rules 1953 were made to facilitate exercise of powers

<sup>5</sup> Adapted from Government of Bangladesh, Sixth Five Year Plan, FY-2011-FY 2015: Chapter 5: Managing the Urban Transition

conferred by the Building Construction Act 1952.

19. In 1959, Master Plans were prepared for Dhaka, Chittagong, Khulna and Rajshahi cities. This was a major venture for guiding the overall development of the four major cities. But in course of time, especially after independence of Bangladesh in 1971, these plans were found to be inadequate with regard to population growth and land use changes. Despite rapid urbanization in the country, there was no initiative to plan or control urban development activities during 1970's and 1980's. It was only after 1990 that some steps were taken to control the development of large cities. These included preparation of development plans for Dhaka, Chittagong, Khulna and Rajshahi cities and formulation of Building Construction Rules (1996), Private Residential Area Development Rules (2004) and Dhaka Metropolitan Building Construction Rules (2008). The Bangladesh National Building Code (BNBC) which was prepared in 1993 came into force in 2006 after some modification. Other legislations which are relevant for the urban sector include Bangladesh Environment Protection Act 1995 (modified in 2000) and the Wetland Preservation Act 1998.

20. In intermediate and smaller urban centers, the *Pourashavas* have been responsible for preparing and implementing Master Plans and carrying out development control functions. The Local Government (*Pourashava*) Act, 2009 has given the *Pourashava* wide responsibilities in town planning and development, public health and sanitation, water supply and sewage disposal, maintenance of public infrastructure and amenities. It is now mandatory for *Pourashavas* to prepare Master Plans within five years, from the date of creation for new *Pourashavas* or from the date of enforcement of the Ordinance for already created *Pourashavas*.

21. One of the main reasons for haphazard urban growth in Bangladesh is the lack of proper planning. In the area of urban planning, the Local Government (*Pourashava*) Act, 2009 has empowered the *Pourashavas* to prepare a Master Plan for development, expansion and improvement of any area within its jurisdiction and impose restrictions, regulations and prohibitions with regard to the development of sites and the erection and re-erection of buildings. But due to lack of technical manpower and equipment, no *Pourashava* has been able to prepare and implement a Master Plan on its own.

22. Development Authorities: *Pourashavas* were originally established for planning and management of urban areas. Later on separate planning and development organizations were created for the cities of Dhaka (RAJUK), Chittagong (Chittagong Development Authority: CDA), Khulna (KDA) and Rajshahi (RDA). The development authorities in these cities are authorized to undertake local urban planning and infrastructure and site development activities for housing, commercial and industrial use. The authorities are also empowered to exert development control functions. The effectiveness of these authorities, however, is generally limited by such factors as inadequate management and financial system, multiplicity of institutions with urban development function within their jurisdictions, uncoordinated development, lack of integration with other agencies, inadequate manpower and lack of public participation.

#### **D. Institutional Framework<sup>6</sup>**

23. The Ministry of Local Government, Rural Development and Cooperatives (MLGRD&C) and the Ministry of Housing and Public Works (MH&PW) are mainly responsible for

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<sup>6</sup> Adapted from Government of Bangladesh, Sixth Five Year Plan, FY 2011-FY 2015: Chapter 5: Managing the Urban Transition.

development activities under the urban sector. The agencies under the Local Government Division (LGD) of MLGRD&C are as follows:

- (i) Local Government Engineering Department (LGED),
- (ii) Department of Public Health Engineering (DPHE),
- (iii) City Corporations,
- (iv) *Pourashavas*,
- (v) Water Supply and Sewerage Authorities (WASAs).

24. The agencies under the Ministry of MH&PW are the following:

- (i) Public Works Department (PWD),
- (ii) National Housing Authority (NHA),<sup>7</sup>
- (iii) Rajdhani Unnayan Katripakkha (RAJUK),
- (iv) Chittagong Development Authority (CDA),
- (v) Khulna Development Authority (KDA),
- (vi) Rajshahi Development Authority (RDA),
- (vii) Housing and Building Research Institute (HBRI),
- (viii) Urban Development Directorate (UDD).

25. **Special purpose authorities:** There are also some special purpose agencies that provide *ad-hoc* services to the city dwellers. These are Water Supply and Sewerage Authority, Electricity Supply Authority, Road Transport Authority, *etc.* There are four water and sewerage authorities in four large cities of Dhaka, Chittagong, Khulna, and Rajshahi respectively. Two other agencies involved in the development activities of Dhaka Metropolitan Area are Dhaka Transport Coordination Board (DTCB) and Bangladesh Bridge Authority (BBA). DTCB is mainly responsible for planning and development of transportation facilities within the metropolitan area while BBA is responsible for constructing flyovers, elevated expressways, *etc.*

26. **Urban local governments:** Two types of local government institutions exist in Bangladesh, *e.g.*, urban and rural. The urban local governments are of two types. In the Divisional Level, the City Corporation functions whereas *Pourashavas* function in other towns. At present there are 11<sup>8</sup> City Corporations and 321 *Pourashavas* in the country. *Pourashavas* or Municipalities again are classified according to financial strength. In addition, there are also some urban centers that are under Cantonment Boards.

27. At the local level, *Pourashava* is the basic planning and development authority. Through the Local Government (*Pourashava*) Act 2009, the *Pourashava* authorities are empowered to prepare Master Plan, implement development schemes and exercise building control. A *Pourashava* consists of a Mayor, Councillors whose number is fixed by the government and women Councillors of reserved seats. The Chairman and Councillors of a *Pourashava* are elected by direct election on the basis of adult franchise. The Local Government (*Pourashava*) Act, 2009 has given the *Pourashavas* wide responsibilities, but the administrative, financial and technical capabilities of the *Pourashava* are not adequate to meet the challenges associated with rapid urbanization in the country.

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<sup>7</sup> The previous Housing and Settlement Directorate was renamed as the National Housing Authority (NHA) as an autonomous body in 2001 under the Ministry of Housing & Public Work (MOH&PW)

<sup>8</sup> In late 2011, it was decided to split Dhaka into two City Corporations (CC), bringing the total of CC to 11

## E. Policies and Strategies

### 1. Strategies and Policies under the Outline Perspective Plan<sup>9</sup>

28. **Urbanization is inevitable** – and helpful from the point of view of national economic growth – for development. An urbanization and urban development policy must have realistic goals, and be integrated into the national economic development plan. A sense of urgency has to permeate efforts to address the challenges and opportunities exhibited by urban transition. The following strategies are followed.

29. **Stabilize urban concentration:** The Government promotes the spatial distribution of population and future planning for township development will follow this principle. Migration controls, land use planning, investment in satellite cities, special economic zones, controls on industrial location, significant progress in improving quality of rural life, careful provision and pricing of modern services, attention to remove traffic congestion have been considered and tried. The impact has been inadequate, due largely to inconsistency in policies, lacking institutional capacity, coordination, and resources.

30. **Energize economic and social development:** An employment-generating development strategy and a strong resolve to regenerate the rural economy through a micro, small and medium enterprises strategy supported by renewable energy (solar and bio-gas) can weaken the forces of pull and push and inhibit rural to urban migration.

31. **Promotion of small towns:** Dhaka, the national capital, has become a mega city. This has brought substantial pressure to bear on the limited infrastructure. Small urban centers have to use amenities in the absence of basic services, inadequate new investment, and entrenched poverty. The inability of local bodies to raise revenue is a major problem. Given the condition of many smaller towns, it is hardly surprising that many migrants prefer to move to a bigger city, even if they have to live in overcrowded and unhygienic slums. In the long run, the pressure on bigger cities can only be stemmed if there is fresh investment in the smaller urban centers.

32. **Balanced urbanization and satellite towns:** Well-distributed urban growth is beneficial not only for the less developed areas of the country, but also for the population in existing metropolitan complexes, because it helps to limit the increase in their cost of living.

33. One strategy for the government to consider is the development of compact towns with arrangements for these to crisscross the major corridors of urban and industrial growth which link the large metropolitan cities. These could be in line with the proposed four satellite towns around Dhaka. Another addition to future ideas could be developing rural areas in the format of a town main street with provisions for urban amenities for the households, thereby reducing the cost of present unplanned homestead buildings, while keeping arrangements for farmyard, cattle and poultry rearing. This will save land from the development of scattered homestead building.

34. **Provide housing for the poor:** Another important area for any national policy – plan on urbanization is the housing of the poor. The concept of ‘urban village’ as a place with fixed boundaries, may help to address the challenges of low-income housing. Such a ‘village’ would have one market, one clinic, one station on the transit, several primary schools and several

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<sup>9</sup> Adapted from Government of Bangladesh, Outline perspective plan of Bangladesh, 2010-2021: Making Vision a Reality: Chapter 10: Building Physical Infrastructure

bathing and washing facilities. Such a national policy should also provide for the conservation and improvement of housing stock in any town or city.

35. **Curb environmental pollution:** The fight against environmental pollution is a further aspect of an urbanization policy. It is necessary to have national plan as well as enforcement authorities, to make pollution control effective to the extent that industry (e.g., tanneries in Dhaka) is decentralised or moved from the heart of the city. Environmental Impact Assessment (EIA) is very important to abate the negative impacts of infrastructure development on environment. Also enforcing environmental pollution control standards for noise and exhaust emission must be emphasized.

36. **Devise effective urban governance:** Effective urban governance can provide sufficient space to city corporations, municipalities, *upazila* centres, neighbourhoods, and communities. It also involves enhancing the capacity of city and local authorities to partner with the private sector and civil society in delivering services and promoting economic development. Governance issues in these cities are critical. In parallel with decentralization and local government reform initiatives, effective sector reforms in such areas as land, housing, water, sanitation, education, and health have to be undertaken. As lack of coordination among the activities of different organizations can create hindrance to proper urbanization, the role of the relevant organizations needs to be clarified and effective mechanisms developed to coordinate their activities.

## 2. Urban Development Strategy under the Sixth FYP<sup>10</sup>

37. A review of past policies, institutions and programs suggests that the urbanization strategy needs to change substantially to meet current and future challenges. In the past much of the focus has been on implementing piecemeal programs. Multitudes of local government agencies, weak planning, poor governance, inadequate resources and weak project implementation capacity have limited the progress with meeting the urban challenge. The Sixth Five Year Plan will internalize these lessons of experience and shift the emphasis to the development of sound urban institutions, improve city governance and emphasize urban resource mobilization.

38. **Improving city governance:** Key constraints to the effective functioning of the Municipalities and City Corporations are unclear mandate and service responsibilities, weak finances and financial autonomy, poor coordination and control among service agencies and weak management. These problems call for a major rethinking in the management of these entities and their enabling environment.

39. The ability of city managers to coordinate fiscal, regulatory and administrative systems which influence the efficiency of cities is crucial to improving the welfare of urban citizens. In this context, cities need to be managed as standalone economies where project investments are planned in the context of a coherent city strategy and better understanding of how urban markets perform overall. The Government's role in this regard will be to support initiatives to combine local level skills, resources and ideas to stimulate the local economy towards the goals of job creation, poverty alleviation and redistribution, and take proactive measures to deal effectively with changes in the national and global economics.

40. Thus, a key institutional reform during the Sixth Five Year Plan is that the *Pourashavas*

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<sup>10</sup> Adapted from Sixth Five Year Plan, FY 3011-FY 2015: Chapter 5: Managing the Urban Sector



and City Corporations will be organized to manage their functions on the basis of elected representatives. For the urban centers of Bangladesh to be dynamic growth centers it is essential that they have elected and accountable Municipalities and City Corporations with clearly defined responsibilities. They must be able to attract private investment and mobilize public resources based on service delivery and the quality of the city environment. In order to implement the strategy the Government will take steps for:

- (i) Institutional reforms and decentralization of responsibilities and resources to local authorities;
- (ii) Participation of civil society including women in the design, implementation and monitoring of local priorities;
- (iii) Building capacity of all actors (institutions, groups and individuals) to improve decision-making and urban development processes; and
- (iv) Facilitating networking at all levels.

41. **Promoting balanced development of urban centers:** In view of the severe problem of concentrated migration and economic growth, efforts must be made to select new centers away from the main centers (*i.e.*, Dhaka and Chittagong Metropolitan areas) for location of economic activities. If urban population growth is arranged and distributed over space in cities and towns of different population sizes in balanced manner, the process of urbanization can be managed in a better way. Special emphasis, therefore, will be given to the development of urban centers of various sizes, and policies will be directed towards strengthening of economic base and allied infrastructure and services in these centers. Special attention will be paid to supporting services – housing, education, health, *etc.*, again with a view to channeling those investments which are made at these centers in the most productive manner. Creating employment opportunities in these urban areas would require integration of local economic development and poverty alleviation initiatives. In order to achieve this, the government will pursue growth paths that encourage labor intensive sectors of the economy, support small, medium and micro-enterprises (SMMEs) and enforce a regulatory framework that creates an environment conducive to investment. In addition, steps will be taken to attract private investment through investments in infrastructure and utilities.

42. **Urban resource mobilisation:** A major constraint on urban services is the lack of adequate funding. Even with best city governance, unless new sources of funding are found, it will be difficult to meet the demand and development need of the urban sector. Presently, much of the financing comes from the Government's own budget while property taxes and user charges for urban services are very limited. The Sixth Five Year Plan emphasizes resource mobilization through much better implementation of the property tax and stronger cost-recovery of key urban services. Policies under the Plan include steps to improve land and property valuation, better tax collection through improvements in property tax administration, and setting prices for urban services with due regards to cost. Additional efforts are to be made to reduce efficiency and eliminate corruption in the collection of property taxes.

43. **Better environmental management:** Strategic options in this area seek to promote cleaner environment, control pollution and protect public health from environmental hazards. Emphasis is placed on preventive actions, that is, to develop preventive policies that can forestall future environmental degradation; and on holistic and integrated approach, with particular attention to participatory planning and management, public-private partnerships, capacity building and cost-recovery.

44. **Making provision of infrastructure and services:** Basic infrastructure and services at

the community level include the delivery of safe water, sanitation, waste management, social welfare, transport and communications facilities, energy, health and emergency services, schools, and public safety. Strategies for improved open spaces creation and management are also formulated in focusing on demand, equity and accessibility, economic efficiency, cost-recovery, and public-private partnerships

45. **Reducing urban poverty:** Poverty is understood to encompass many different aspects including inadequate consumption, inadequate income and asset base, and inadequate access to basic infrastructure and services. Economic growth and consequent increase in income do not necessarily lead to reduction in urban poverty. The plan strategy to deal with urban poverty focuses on equal access to and fair and equitable provision of services in urban areas (including education, employment and livelihoods).

### **3. Objectives and Strategies for the Pourashavas and City Corporations Under SFYP**

46. Major objectives and strategies of the SFYP with respect to Pourashavas and City Corporations are the following:

#### **47. Objectives**

- (i) Development of effective road network to setup congestion-free, safe and sound communication system.
- (ii) Development of pedestrian facilities in the cities.
- (iii) Reduction of traffic accident.
- (iv) Auto traffic signalization for better traffic management.
- (v) Sustainable parking management.
- (vi) Improvement of solid waste management.
- (vii) Improvement of environment & infrastructure.
- (viii) Provision of safe water supply for the citizens.
- (ix) Development of recreational facilities (parks, playgrounds, etc.).
- (x) Development of modern street lighting.
- (xi) Development of primary health facilities.
- (xii) Improvement of drainage system to address the problems of water-logging.
- (xiii) Development of commercial complexes for expanding economic activities.
- (xiv) Infrastructure development of low-income settlements.

#### **48. Strategies**

To achieve plan objectives, the following strategies will be pursued:

- (i) Establishing strong elected Municipalities and City Corporations in all major urban centers. These entities will be given adequate operational and financial autonomy to enable them to provide the services demanded by the residents.
- (ii) Revamping the property tax system to make this the major source of financing the expenditures of municipalities and city corporations.
- (iii) Strengthening the capacities in the MLGRD&C and the Planning Commission to support the development of municipalities and city corporations as well as monitoring their performance to ensure accountability.
- (iv) Planning road infrastructure development and public transportation for all the city corporation areas.

- (v) Developing comprehensive layout plans comprising all civic amenities like parks, lakes and other recreation facilities in all City Corporation areas.
- (vi) Improving urban environment by regulating disposal of solid waste.
- (vii) Creating strong mechanism for coordination of infrastructure development and provision of utilities in all City Corporation areas.
- (viii) Building comprehensive databases in LGD and all city corporations for urban planning.
- (ix) Government *Khas*<sup>11</sup> land will be used to the maximum extent possible for solving the housing problem, especially for poorer households.
- (x) Abandoned houses will be turned into multi-storied buildings by the National Housing Authority (NHA) in phases for solving the housing problem.
- (xi) Necessary actions will be taken to strictly enforce the Bangladesh National Building Code (BNBC), 1993.
- (xii) Arrangement for soft loans for housing will be made for the poor; to this end, a special fund will be created by the government.
- (xiii) Houses for working women will be constructed by the relevant city/town authorities.
- (xiv) Constructions of Public Physical service structures will respond to specific needs of men and women such as hospitals and educational institutions.
- (xv) Necessary action will be taken to reduce wage discrimination.

#### **4. Strategies and Policies on Water Supply and Sanitation (WSS)**

49. In order to cope with the present and future demand of safe water supply and sanitation, the Government of Bangladesh has formulated and adopted several policies and strategies, some of which are named below:

- (i) National Policy for safe Water Supply and Sanitation, 1998 (WSS policy).
- (ii) National Water Policy, 1998 (NWP).
- (iii) National Water Management Plan, 2004 (NWMP).
- (iv) National Policy for Arsenic Mitigation & its Implementation Procedure, 2004 (Arsenic Policy).
- (v) Sector Development Framework on Water Supply and Sanitation, 2004 (SDF).
- (vi) National Sanitation Strategy, 2005.
- (vii) Pro-poor Strategy for Water and Sanitation Sector in Bangladesh, 2005.
- (viii) Cost Sharing Strategy for water supply and Sanitation Services, 2011.

50. The Local Government Division of the Ministry of LGRD&C has prepared a Sector Development Plan (SDP) for the Water Supply and Sanitation Sector for the period 2011-2025. It aims to provide a framework for planning, implementing, coordinating and monitoring all activities in the sector. The SDP is a strategic planning document to meet emerging and future challenges and includes a road map for development and a corresponding investment plan. It is prepared in line with the objectives of the Second Poverty Reduction Strategy Paper (Steps towards Change), the Sixth Five Year Plan and the Perspective Plan (2010-2021). The SDP covers all urban and rural areas of the country and the activities of all relevant government functionaries like the Ministries and Divisions, government agencies such as, DPHE, LGED, WASAs and the Local Government Institutions. It also provides a framework for other players in the sector, like NGOs and the private sector.

51. The 15 year period of SDP includes three 5-year terms: short-term, medium-term and

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<sup>11</sup> Public land

long-term. These terms coincide with the Sixth and the forthcoming Seventh and Eighth Five Year Plans respectively. In these three terms gradual development of the sector will be taken up. During the short-term, *i.e.*, in the Sixth Five Year Plan period, the aim is to provide at least minimum levels of service for water and sanitation to all. In parallel, institutional strengthening will be initiated. The sector governance instruments, such as, establishing legal and regulatory framework and preparing new or revising existing policies and strategies, will be implemented. Platforms for cooperation and coordination among the sector stakeholders would also be established and a step-by-step approach towards Sector Wide Approach (SWAp) will be initiated.

52. It is expected that all the further water and sanitation related national and sectoral policies and strategies and international commitments will be aligned with SDP. The line agencies under the Local Government Division would formulate development projects under the framework of SDP, align the ongoing ones to it to the extent possible and undertake institutional development activities accordingly.

## 5. Draft National Urban Sector Policy, 2006

53. The draft National Urban Sector Policy was originally prepared in 2006 and submitted to the Local Government Division (LGD). Key features of the draft are described below.

54. **Future Vision:** The National Urban Policy envisions strengthening the beneficial aspects of urbanization and at the same time effectively dealing with its negative consequences to achieve sustainable urbanization, keeping in view the multi-dimensional nature of the urbanization process. The policy also envisions a decentralized and participatory process of urban development in which the central government, the local government, the private sector, the civil society, and the people all have their roles to play. The policy, therefore, should cover spatial, economic, social, cultural, aesthetic and environmental aspects of urban life directed towards achieving an urban reality that can ensure freedom from hunger and poverty; capacity to live a healthy life; access to education, shelter and basic services, and a secure and liveable environment at home and at the workplace. The policy will be gender sensitive and friendly to children, the aged and the disadvantaged.

55. **Objectives:** The major objectives of National Urban Sector Policy for Bangladesh will be to:

- (i) Ensure regionally balanced urbanization through decentralized development and hierarchically structured urban system;
- (ii) Facilitate economic development, employment generation, reduction of inequality and poverty eradication through appropriate regulatory frameworks and infrastructure provisions;
- (iii) Ensure optimum utilization of land resources and meet increased demand for housing and urban services through public private and other partnerships;
- (iv) Project, preserve and enhance the urban environment, particularly water bodies;
- (v) Devolve authority at the local urban level and strengthen local planning, infrastructure provision, service delivery and regulatory governments through appropriate powers, resources and capabilities functions;
- (vi) Involving all sectors of the community, including women and the poor, in participatory decision making and implementation processes;
- (vii) Ensure social justice and inclusion by measures designed to increase the security of poor people through their access to varied livelihood opportunities, secure tenure and basic affordable services;

- (viii) Take into account particular needs of women, men, children, youth, the elderly and the disabled in developing policy responses and implementation;
- (ix) Assure health, safety and security of all citizens through multifaceted initiatives to reduce crime and violence;
- (x) Protect, preserve and enhance the historical and cultural heritage of cities and enhance their aesthetic beauty;
- (xi) Develop and implement urban management strategies and governance arrangements for enhancing complementary roles of urban and rural areas in sustainable development; and
- (xii) Ensure good governance by enhancing transparency and establishing accountability.

56. **Major Dimensions:** Effective responses to the challenges posed by rapid urbanization and fulfilling the stated objectives will require giving priorities to the following dimensions:

- (i) Patterns and process of urbanization.
- (ii) Local urban planning.
- (iii) Local economic development and employment.
- (iv) Urban local finance and resource mobilization.
- (v) Urban land management.
- (vi) Urban housing.
- (vii) Urban poverty and slum improvement.
- (viii) Urban environmental management.
- (ix) Infrastructure and services.
- (x) Urban transportation.
- (xi) Health and education.
- (xii) Social structure.
- (xiii) Gender concerns.
- (xiv) Urban children, aged, the disabled and the scavengers.
- (xv) Urban recreation, playground, park, open spaces and graveyards.
- (xvi) Cultural and aesthetic development.
- (xvii) Rural-urban linkage.
- (xviii) Law and order.
- (xix) Legislation.
- (xx) Urban governance.
- (xxi) Urban research, training and information.

57. It is urgently required that the Government of Bangladesh (GoB) accords approval to the draft National Urban Sector Policy.

#### **F. Allocation of Investment Fund for Infrastructure Development**

58. The urban sector in Bangladesh has received considerable attention of the central government in getting public investment for its efforts to quickly develop the *Pourashavas* infrastructure and related components. The need for getting greater attention is due to the fact that urban population is rapidly increasing. Moreover, about 50% of national GDP was produced in urban areas in 2009. In the future, with increased urbanization and industrialization, the share of urban sectors in national GDP would further increase. On the other hand, a substantial proportion of expenditure is spent in urban areas. That is why in addition to financing of development activities from their own source in urban centers, the central government would continue to provide direct development assistance to *Pourashavas* and City Corporations at extended rates.

59. Development budget to *Pourashavas* has been channeled through development of projects/programs on physical planning, water supply and being implemented by as many as 10 Ministries/divisions, particularly by Local Government Division including LGED and DPHE. These programs consist of water supply systems in large and small cities, improvement in sanitation system, development of physical infrastructure in district and *upazila* towns. At the national level, 13-15% of the total development expenditure was spent on physical planning and the housing sector.<sup>12</sup>

60. The urban sector in Bangladesh has received considerable international development assistance both from multilateral and bilateral agencies. At present most of the larger municipal infrastructure development is financed mainly through external assistance and some government grants. Several agencies active in their support to the sector include the Asian Development Bank (ADB), the World Bank (WB), the United Nations Development Program (UNDP), the United Nations Children's Fund (UNICEF) and bilateral agencies including Japan (JBIC and JICA), The German International Development Cooperation and UK's Department for International Development (DFID). Other donors and a large number of non-governmental organizations provide technical assistance and have supported smaller initiatives at the national and town level.

61. The Bangladesh Municipal Development Fund (BMDF) is also playing an important role in funding urban infrastructure development. It is a company formed under the Ministry of Finance of the Government of Bangladesh in 1999. The administrative authority of BMDF is now vested with the Bank and Financial Institutions Division created recently under the Ministry of Finance. The BMDF was registered in 2002 under the Companies Act, 1994. Its primary objectives are: (i) to extend financial support to the City Corporations and *Pourashavas* (Municipalities) referred to collectively as Urban Local Government Bodies (ULBs) with a view to strengthening their institutional and financial capacity to plan, finance, implement and operate infrastructure services; (ii) to procure, arrange, secure, receive and accept loans, aid, grants, and donations from any lawful source and to create a fund thereof and make available the same for utilization by ULBs; (iii) to provide and render financial and technical assistance and advice to ULBs seeking to develop infrastructure investment projects on a self selecting basis, and; (iv) to initiate and undertake appropriate training for company personnel as well as for staff of ULBs to promote greater efficiency on the part of company as well as to ensure better understanding by ULBs's staff of the company's procedures and operational requirements, particularly issues pertaining to, *inter alia*, lending and financial policies, eligibility criteria, and procurement. **The Articles of Association** are the detailed legal instruments to guide as to how the company would carry out its day-to-day activities. The main purpose of BMDF is to bring about qualitative improvement of urban livelihood through infrastructure development and environment improvement. The eventual target of BMDF is to assist the ULBs in becoming self-sufficient and independent. BMDF provides a mixture of loan and grant to ULBs.

62. In spite of the considerable attention by the Government there is unmet demand and rapidly growing new demand for urban services in Bangladesh. The investment financing needs of the urban sector are large. This is also reflected in the indicative resource requirements provided by line ministries. Creative means will need to be found to meet the financing requirements based on a combination of sound planning of new investments, proper attention to maintaining and better using the existing urban assets, strengthening of property tax system

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<sup>12</sup> Planning Commission (2009/10 – 2012/13), Annual Development Programme, GoB

and user charges, partnership with private sector through outsourcing and PPP arrangements, mobilization of donor funding and assigning funds from the government's own resources. While the government recognizes the urgency of meeting the needs of the urban sector, a holistic approach to resource mobilization as stated above will be essential.

63. Based on the projected overall resource envelope and a careful assessment of relative expenditure priorities, Table 4 provides allocation of development for the Local Government Division resources under the urban sector in current and constant prices during the Sixth Five Year Plan. These are indicative targets and will be reviewed on an annual cycle in the light of actual resource availability, implementation performance and changing priorities.

**Table 4: Development Resource Allocation for the Local Government Division under the Urban Sector in the Sixth Plan (Current Prices)**

Year	Amount (Million Taka)	Amount (Million USD)
2010-11	80,990	1,012.38
2011-12	95,190	1,189.88
2012-13	108,040	1,350.50
2013-14	126,870	1,585.88
2014-15	144,300	1,803.75
<b>Total:</b>	<b>555,390</b>	<b>6,942.39</b>

Source: Table 5.12, Sixth Five Year Plan, FY 2011 – FY 2015 (p. 243)

## **G. Sector Development Plan for Municipal Development**

### **1. Objectives**

64. The objectives of the municipal development sector development plan are as follows:

- (i) Improve municipal governance,
- (ii) Improve municipal infrastructure,
- (iii) Set up and enforce a performance-based budget allocation mechanism, and
- (iv) Develop capacity of elected *Pourashava* representatives, officials and citizens representatives.

### **2. Approach**

65. The approach to be followed is essentially based on incentivizing *Pourashavas* in such a way that they gradually improve their performance against a set of pre-set governance criteria. Under such a system, they must meet the criteria before they can enter the project and/or before funding can be released to them.

66. The Urban Governance and Infrastructure Improvement projects (UGIIP I and II) have been real trend setters in this area. A number of pipeline or recent on-going projects as below are increasingly adopting a similar approach, with their own set of customized criteria :

- (i) Coastal Towns Environmental Infrastructure Project (CTEIP),
- (ii) Northern Bangladesh Integrated Development Project (NOBIDEP),
- (iii) Third Urban Governance and Infrastructure Improvement Project (UGIIP III),
- (iv) Municipal Governance and Basic Urban Services Improvement (MGSP).

### **3. Municipal governance Improvement**

67. Governance performance criteria established for the project play a key role in improving governance. In order to incentivize ULBs, the budget allocation for infrastructure investment is linked to the performance of *pourashavas* to meet the criteria, although the degree of linking performance with budget allocation differs from project to project. UGIIP adopts a stringent approach, whereby *pourashavas* failing to meet even the minimum requirements will not be entitled to any physical investment budget allocation. The performance criteria under the UGIIP are included in the 'Urban Governance Improvement Action Program' (UGIAP), and key activity areas under UGIAP of UGIIP III are spread over the following main categories:

- (i) Citizen Awareness and Participation.
- (ii) Urban Planning.
- (iii) Equity and Inclusiveness of Women and Urban Poor.
- (iv) Enhancement of Local Resource Mobilization.
- (v) Financial Management, Accountability and Sustainability.
- (vi) Administrative Transparency.
- (vii) Keeping Essential *Pourashava* Services Functional.

68. It may be also noted that the Ministry of Local Government, Rural Development & Cooperatives, Local Government Division has developed an evaluation form which includes the following main categories:

- (i) Office Management;
- (ii) Project Implementation;
- (iii) Urban Amenities;
- (iv) Participation of Women Councilors;
- (v) Fiscal Issues and
- (vi) Yearly Financial Transaction.

69. An annual assessment, involving scoring, is conducted by the Monitoring & Evaluation Wing of LGD. This exercise is used to decide the allocation of Special Annual Grants (not Block Grants).

70. In the light of the above, it is noted that GoB (for the purpose of allocating Special Annual Grants) as well as a number of various projects in partnership with bilateral or multilateral donors and/or lending agencies are adopting performance-based systems for development projects. Against such a background, GoB may consider:

- (i) Harmonize criteria used among development partners and GoB; and
- (ii) Scale-up resource allocation by GoB.

71. LGED UMSU is responsible for providing institutional and capacity development support to urban development projects of LGED. UMSU will keep functioning as secretariat of Municipal Performance Review Committee (MPRC) in assessing performance of *Pourashavas* based on UGIAP. The Superintending Engineer, Urban Management Wing of LGED, will act as Director of UMSU and the Additional Chief Engineer in charge of urban management will coordinate activities between UMSU and the Project Management Office (PMO). The PMO, with assistance from various consultancy services attached to each development project will provide support to UMSU for preparing elaborate procedures for assessment of performance of ULBs in implementing urban development projects.

72. Three institutions are providing capacity-building support to municipalities and City Corporations: UMSU under LGED for municipal engineers on technical matters; National



Institute of Local Government (NILG) on administrative matters; and Bangladesh Institute of Management (BIM) on financial management matters including tax collection and assessment. Considering the increasing role that UMSU needs to play, specific operating budget needs to be allocated to UMSU on a regular basis, without relying too much on project-based fund allocation by development partners. This will enable UMSU to extend its important services to ULBs in a planned and much more predictable and effective manner.

#### **4. Municipal Infrastructure Improvement**

##### **73. Eligible Sub-Projects/Schemes**

74. Types of subprojects/schemes for infrastructure improvement of City Corporations and *Pourashavas* will include the following:

##### **75. Urban Transport:**

- (i) Repair, rehabilitation and expansion of *Pourashava* roads, traffic junctions and foot paths.
- (ii) Rehabilitation and expansion of bridges and culverts.
- (iii) Development of river boat landing stations (jetty).
- (iv) Procurement of equipment for routine maintenance.
- (v) Procurement of equipment for traffic management and road safety.

##### **76. Drainage:**

- (i) Repair, rehabilitation and existing drainage systems.
- (ii) Construction of new drains.
- (iii) Procurement of equipment for maintenance.

##### **77. Solid Waste Management:**

- (i) Procurement of collection and storage equipment.
- (ii) Construction of storage, treatment and sanitary disposal facilities.
- (iii) Support to community-based organizations for house-to-house collection.

##### **78. Water Supply:**

- (i) Rehabilitation/improvement/construction of piped water supply systems.
- (ii) Introduction of non-revenue water programs.
- (iii) Construction of tube wells.
- (iv) Procurement of equipment for metering, operation and maintenance.
- (v) Expansion of distribution networks.
- (vi) Construction of iron and arsenic removal facilities.

##### **79. Sanitation:**

- (i) Public and community sanitation facilities.
- (ii) Procurement of equipment for maintenance and sludge disposal at onsite facilities.
- (iii) Construction of sludge disposal facilities.
- (iv) Awareness campaign for better hygiene.

##### **80. Municipal Facilities:**

- (i) Bus and truck terminals.
- (ii) Parking areas.

- (iii) Kitchen markets and slaughter house.
- (iv) Municipal parks.
- (v) Street lighting.
- (vi) Urban landscaping.
- (vii) Construction of community centers and ward councilor offices.

81. **Basic Services in Slums.** Physical improvement of slums and low-cost housing.

## 5. Criteria for Selection of Infrastructure Improvement Schemes

### 82. Selection Criteria:

- (i) The subproject/scheme will be identified and designed in a participatory manner through the preparation of a *Pourashava* Development Plan (PDP) or other planning tools (if available).
- (ii) A demand survey will be conducted to assess the need for the subproject/scheme.
- (iii) The design of the subproject/scheme will ensure the least cost of capital and operation and maintenance (O&M) expenditures in achieving its objectives.
- (iv) An O&M plan for the subproject/scheme including an identified budget will be prepared and approved. Public, private partnerships for O&M will be included, if appropriate.
- (v) The subproject will meet the environmental and social safeguard requirements of development partners and the Government.
- (vi) The subproject will meet the criteria through preparation of land acquisition (LA) plan and Indigenous Peoples Development Plan, if required.
- (vii) Any investment for slums/informal settlements on government owned land will be taken up only after a resolution by the *Pourashava* Council not to evict nor relocate the residents for an agreed period. In the case of private lands, the *Pourashava* Council will confirm with the landowner that there would be no eviction or relocation over an agreed period.

83. **Achieving 'Model Towns':** GoB shall encourage the development of 'model towns' in the country, which may include following features:

- (i) Improved municipal service delivery – 100% water supply and sanitation coverage including 24/7 piped water supply systems in core urban areas (towards 100% metered connections with volumetric tariff structure), solid waste regularly collected in core urban areas and safely disposed of at a designated site, and core urban areas free from water logging;
- (ii) Financial sustainability – adequate O&M costs and debt-servicing fully recovered by own source revenue;
- (iii) Citizen participation, accountability, inclusiveness, and transparency – *Pourashava* Development Plan, Master Plan, Gender Action Plan (GAP), Poverty Reduction Action Plan (PRAP), annual budget, and audit reports developed through consultation and disclosed to the public, and;
- (iv) Urban development control – buildings constructed in accordance with approved plan.

84. An effective way to achieve 'model towns' would be to incorporate the criteria of a 'model town' in performance criteria systems used by GoB and in donor-funded international projects.

## 6. Implementation Arrangements

85. The Local Government Division (LGD) of the Ministry of Local Government, Rural Development and Cooperatives (MLGRD&C) will be the sponsoring ministry of the Urban Governance and infrastructure improvement projects. LGD will provide policy guidance and coordination of such projects. Such policy guidance and coordination will be provided through the Inter-ministerial Project Steering Committee (IPSC) and the Municipal Performance Review Committee (MPRC) both headed by the Secretary, LGD.

86. The main functions of the IPSC will be to: i) Review project implementation and progress, ii) Coordinate with other ministries to resolve project related problems and issues, iii) Review progress on action plans to be implemented as conditions of the project, iv) Approve the list of ULBs that will proceed to the next Phases upon the recommendation of PMO, and, v) Provide policy guidance.

87. The main functions of MPRC will be to: i) Consider and approve the elaborate procedures for performance assessment of *Pourashavas* prepared by each project and endorsed by UMSU of LGED, ii) Set out the formats for collection and compilation of data from *Pourashavas* for performance assessment by PMU, UMSU and LGED, and, iii) Consider the level of performance of *Pourashava* based on compiled data and take decision on entry of ULBs to next project phase(s).

88. The Local Government Engineering Department (LGED) and the Department of Public Health Engineering (DPHE), both under the Local Government Division (LGD) of the Ministry of Local Government, Rural Development and Cooperatives (MLGRD&C) and having extensive experience in managing urban governance and infrastructure improvement projects and water supply and sanitation improvements projects, will represent the central government and support the implementation of SDP.

89. A Project Management Office (PMO) will be established for the overall management of each project. Project Implementation Units (PIU) will be established in each participating ULB to implement the UGIAP and physical works.

90. The plan may also make use of Bangladesh Municipal Development Fund (BMDF) which may play a supplementary role for infrastructure provision.

## 7. Resource Requirements

91. Two municipal development projects that have been recently prepared, namely the WB-supported Municipal Governance and Services Project (MGSP) and the ADB-supported Third Urban Governance and Infrastructure Improvement (Sector) Project (UGIIP III). They, have the following per capita financial resource requirements (Tables 5 and 6 below). Cost estimates for MGSP are calculated based on data included in the Project Appraisal Document.<sup>13</sup>

92. UGIIP III estimated the resource requirements for project *pourashavas* to reach the level of a 'model town', which are extrapolated to 30 towns based on an assessment made for three sample towns.

93. These two projects identified strikingly similar resource requirements to improve basic

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<sup>13</sup> World Bank, 26 November 2013

urban infrastructure and ensure sustainability through urban governance reform including in the area of financial management.

94. These two projects provide useful and converging paradigms. Within the framework of this SDP, it is contemplated to extrapolate their average per capita cost requirements for both infrastructure and capacity-building to respectively all *Pourashavas* and City Corporations in the country.

95. Also, the preparation/updating of Master Plans – as and where necessary – is an integral part of this SDP and will include Class A and B Municipalities. This will complement activities which have been already undertaken by LGED in this area (in 23 district level and 223 *Upazila* level Municipalities) and/or which are foreseen under UGIIP III.

**Table 5: Municipal Governance and Services Project (MGSP) – Project Costs by Component**

Component Name	Costs in Million USD	Per-capita Costs in USD
Component 1: Municipal Governance and Basic Urban Services Improvement <b>For 26 pre-selected ULBs<sup>14</sup></b>	246.35	72.46
Component 2: BMDF Demand-based Financing for Urban Services	171.50	-
Component 3: Capacity Building and Implementation Support	53.91	15.86
Component 4: Contingent Emergency Response	0.00	0.00
<b>Total</b>	<b>471.76</b>	<b>-</b>

Source: Calculations based on the Project Appraisal document, World Bank, 26 November 2013

**Table 6: Third Urban Governance and Infrastructure Improvement Project (UGIIP III) – Resource requirements (not necessarily the project cost)**

Component Name	Costs in Million USD	Per-capita Costs in USD
Infrastructure and Governance Improvement. <b>For 30 pre-selected ULBs<sup>15</sup></b>	158.23	72.58
Capacity Building and training / Support	37	17
Others	49.27	-
<b>Total</b>	<b>244.5</b>	<b>-</b>

Source: UGIIP III PPTA Consultant

96. Assuming that other *pourashavas* have the same level of resources to reach the level of a model town, the total resource requirements for 321 *pourashavas* in the country are estimated in Table 7. However, the figures need to be considered indicative only, because per capita resource requirements will be widely different for each *pourashava* depending on geographic characteristics. In particular, by virtue of a catch-up effect, per capita infrastructure requirements can be comparatively higher in *pourashavas* where the level of existing municipal services and infrastructure is still rather low (eg., Class B or C PSs). The same may hold true in low-density *Pourashavas* of a still rural nature (where the average length of drains and roads is higher due to the still scattered nature of human settlements).

<sup>14</sup> Total population of the 26 ULBs = 3.4 million inhabitants; Nb: the MGSP project includes a few City Corporations alongside *Pourashavas*

<sup>15</sup> Total population of the 30 *Pourashavas* = 2.18 million inhabitants

97. Thus actual requirements for the SDP will be likely higher, considering that: (i) urban population growth is still faster than the country's overall population growth, (ii) per capita resource requirements would be generally higher for smaller, low-density, and newly emerging *pourashavas* due to less concentration of population (while most towns under MGSP and UGIIP III are larger than average), and, (iii) price escalation and physical contingencies are not factored in.

**Table 7: Proposed Resource Allocation for All *Pourashavas* in the Country – Project Costs by Component**

Component Name	Costs in million USD	Per-capita Costs in USD
Component 1: Infrastructure and Governance Improvement <b>For all <i>Pourashavas</i> in the country<sup>16</sup></b>	1,132.00	80
Component 2: Capacity Building and training / Support	226.40	16
<b>Total</b>	<b>1,358.40</b>	-

Source: Projections; UGIIP III PPTA Consultant

98. Investment requirements for City Corporations are estimated in Table 8 below by using the same average per capita resource requirement ratio as in Table 7 above.

**Table 8: Proposed Resource Allocation for All City Corporations in the Country – Project Costs by Component**

Component Name	Costs in million USD	Per-capita Costs in USD
Component 1: Infrastructure and Governance Improvement <b>For all City Corporations in the country<sup>17</sup></b>	1,056.00	80
Component 2: Capacity Building and training / Support	211.20	16
<b>Total</b>	<b>1,267.20</b>	-

Source: Projections; UGIIP III PPTA Consultant

## 8. Monitoring and Evaluation

99. Monitoring and evaluation of SDP will be an important activity. The SDP will have an interface with the ongoing Sixth Five Year Plan (FYP) and upcoming Seventh FYP, as well as other subsequent FYPs. It is expected that this SDP will be further developed into a sector development program following the approval of the National Urban Policy. The PMO of each development project will provide assistance to the UMSU of LGED, and UMSU will render support to MPRC of LGD in carrying out monitoring and evaluation of various development projects to be implemented under the SDP.

100. The M&E framework will include progress in improvement of municipal governance and infrastructure, effectiveness of the performance-based budget allocation mechanism, progress towards establishing a unified set of performance criteria, effectiveness of implementation

<sup>16</sup> Total number of *Pourashavas* (PSs) in Bangladesh = 321; the population of 302 PSs only is available = 14.15 million (2011)

<sup>17</sup> Total population of all City Corporations = 13.20 million (BBS, 2011)

arrangement and support mechanisms, level of service delivery by City Corporations and *Pourashavas* including sustainability of O&M, budget used and further required, and roles of development partners.