

## DEVELOPMENT COORDINATION

### A. Major Development Partners: Strategic Foci and Key Activities

1. There are several development partners active in the urban sector, including water supply and sanitation, in Bangladesh. The Local Government Engineering Department (LGED) and the Department of Public Health Engineering (DPHE) are the two major government engineering departments that implement major urban projects. These include projects for urban development, water supply, and sanitation in the secondary and smaller *pourashavas* (municipalities). Larger city corporations implement their own projects, except for water supply and sewerage. Dhaka, Chittagong, Khulna, and Rajshahi cities have separate water utilities. The following table shows some major development partners and their ongoing urban projects. In addition to these, the LGED and DPHE are implementing 12 government own-financed projects for \$375 million.

#### Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
<b>Water and Other Urban Infrastructure and Services: Other urban services; Urban Slum Development</b>			
DFID, UNDP	Poverty Alleviation Project through Urban Partnership	2007–2015	120.0
ADB, KfW, GIZ	Second Urban Governance and Infrastructure Improvement (Sector)	2009–2015	127.8
ADB, KfW, Sida	City Region Development Project	2011–2016	150.0
ADB	Urban Public and Environmental Health Sector Development Program	2009–2017	80.0
WB	Municipal Governance and Services Project	2014–2020	410.0
JICA	Northern Bangladesh Integrated Development Project	2013–2020	¥20,556 million
<b>WUS: Urban Water Supply; Urban sanitation; Urban slum development</b>			
ADB, OFID	Secondary Towns Water Supply and Sanitation (Sector)	2006–2014	50.0
ADB	Dhaka Water Supply Sector Development Project	2008–2016	150.0
ADB	Khulna Water Supply Project	2011–2018	75.0
JICA	Khulna Water Supply Project	2011–2018	183.0
ADB, AFD, EIB	Dhaka Environmentally Sustainable Water Supply	2013–2020	450.0

ADB = Asian Development Bank, AFD = Agence Française de Développement, EIB = European Investment Bank, DFID = Department for International Development of the United Kingdom, GIZ = Gesellschaft fuer Internationale Zusammenarbeit, JICA = Japan International Cooperation Agency, OFID = OPEC Fund for International Development, Sida = Swedish International Development Cooperation Agency, UNDP = United Nations Development Programme, WB = World Bank

Source: Asian Development Bank.

### B. Institutional Arrangements and Processes for Development Coordination

2. According to the Local Government (*Pourashava*) Act 2009, all urban local governments or the *pourashavas* (municipalities) are responsible for planning, implementation, and monitoring of their development projects. Because of their limited capacity, the LGED and

DPHE have been providing technical support and facilitating capacity building for design, implementation, and supervision of large development projects. Both the LGED and DPHE are under the same ministry: the Local Government Division of the Ministry of Local Government, Rural Development and Cooperatives. The LGED generally covers the areas of urban roads and drainage, municipal facilities, slum improvement, and institutional capacity building including governance improvement, while the DPHE covers water supply and sanitation.

3. The Local Government Division acts as the sponsoring ministry for urban development projects and provides policy direction, guidance, and coordination for smooth planning, implementation, and monitoring of such projects. The Planning Commission under the Ministry of Planning prepares long-term development plans, 5-year development plans, and annual development programs. The Planning Commission is also responsible for the processing and approval of all development projects by the National Economic Council and other specified authorities. The Finance Division of the Ministry of Finance is responsible for arranging and coordinating the issue of internal funding for all activities relating to revenue and development budgets. The Finance Division is also responsible for subloan agreements with *pourashavas* for revenue-generating subprojects. The Economic Relations Division of the Ministry of Finance is in charge of arranging project aid for development projects and coordinating with the concerned development partners on behalf of the Government of Bangladesh. The Implementation Monitoring and Evaluation Division conducts monitoring and evaluation of all development projects. It is also responsible for preparing acts, rules, and procedures on procurement of goods, works, and services and providing guidance and capacity development support on procurement issues including e-procurement.

4. Coordination among development partners is generally done through the Local Consultative Group. It comprises all major development partners and the government. The group is co-chaired by the secretary of the Economic Relations Division from the government and is chaired by a development partner. The consultative group is the main platform for dialogue between the government and development partners, and is the group mechanism underpinned by government–development partner working groups covering the key development sectors including urban and water supply and sanitation. The objective of the individual working groups is to contribute towards effective and coordinated implementation of national policies, strategies, plans, and programs in the relevant sector in Bangladesh through joint results targets and a monitoring framework. The subgroup for the urban sector and water supply and sanitation sector also has members from selected national and international nongovernment organizations.

5. In December 2011, a broader forum for urban sector stakeholders, the Bangladesh Urban Forum, was established, similar to urban forums in a number of other countries. Its objective is to promote experience and knowledge-sharing among urban sector stakeholders so as to contribute to the formulation and implementation of policies on, and improving practice in, urban sector management, primarily to reduce urban poverty.

### **C. Achievements and Issues**

6. The Third Urban Governance and Infrastructure Improvement (Sector) Project (UGIIP) is formulated based on the experience and lessons gained through implementation of the Asian Development Bank (ADB)-assisted first and second Secondary Towns Infrastructure Development Projects during the 1990s, the UGIIP during 2003–2010, the second UGIIP during 2008–2013, and the Secondary Towns Water Supply and Sanitation Sector Project completing in June 2014.

7. Despite their satisfactory implementation of development projects, many *pourashavas* could not sustain their success, mainly because of the absence of stakeholder participation in the planning, implementation, and monitoring process of their projects. However, the design of the first UGIIP was a complete departure from earlier projects and identified improvement of urban governance as a key for *pourashava* development. Since then, the UGIIPs have followed the sector approach, with investment support for infrastructure improvement linked with performances of *pourashavas*. Governance improvement was targeted in six key areas—citizen awareness and participation, urban planning, women’s participation, integration of the urban poor, financial accountability and sustainability, and administrative transparency. Both the first and second UGIIPs were implemented in three phases, and moving from one to the next was based on performance evaluation. Citizen’s participation in *pourashava* development, which was introduced in the first UGIIP, has been considered as a key in bringing about accountability and transparency in *pourashava* administration. The Local Government (*Pourashava*) Act 2009 included a provision for a broad-based 50-member citizens’ forum for each of the *pourashavas*. Lessons from the UGIIPs suggest that (i) governance-led infrastructure improvement is indeed possible and desirable, (ii) use of the sector-lending modality proved highly appropriate for performance-based fund allocation adopted in the project, and (iii) good-quality and front-loading capacity building support is required for *pourashavas*.<sup>1</sup> Hence, the sector-lending modality that allows need-based resource allocation is strongly supported by the stakeholders including the government and is being adopted by other development partners in their recent urban projects.

#### **D. Summary and Recommendations**

8. The development coordination mechanism for urban development in the country works well. Performance-based investment has been now pursued by the government as well as other major development partners such as JICA, KfW, and the World Bank. The government is considering developing a unified performance review and ranking system for all *pourashavas* in the country, irrespective of whether or not they are project areas. Improved governance will be ensured through active and effective participation of *pourashava* citizens.

9. The concept of “model towns” proposed in the project may be shared among different development partners and feedback sought for necessary adjustments to the approach and level of investment support. The *pourashava* organogram may need to be restructured to support the model town requirements.

10. Harmonization of grant versus loan support from the central government to the *pourashavas* may be pursued in all future development projects. Avoiding redundancies and seeking complementarities spatially and by sector (e.g., in focusing on specific geographic areas, in coastal areas, or along road corridors) may be considered.

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<sup>1</sup> ADB. 2012. *Urban Governance and Infrastructure Improvement Project in Bangladesh: Sharing Knowledge on Community-Driven Development*. Manila.