

## DEVELOPMENT COORDINATION

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

1. Several development partners are active in the water and other urban infrastructure and services sector, including in 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. The cities of Dhaka, Chittagong, Khulna, and Rajshahi have separate water utilities. The table shows some major development partners and their ongoing urban projects. The LGED and DPHE are also implementing eight government-financed projects for \$300 million.

#### Major Development Partners

Development Partner	Project Name	Duration	Amount (million)
<b>Water and Other Urban Infrastructure and Services</b>			
<b>Other urban services; Urban slum development</b>			
ADB	Urban Public and Environmental Health Sector Development	2009–2017	\$80.0
ADB, KfW, Sida	City Region Development Project	2011–2016	\$150.0
JICA	Northern Bangladesh Integrated Development	2013–2020	¥20,556
ADB, OFID	Third Urban Governance and Infrastructure Improvement (Sector) Project	2014–2020	ADB: \$125.0 OFID: \$40.0
ADB	Coastal Towns Environmental Infrastructure Project	2014–2020	\$94.0
JICA	Inclusive Governance Project	2014–2019	¥30.7
World Bank	Municipal Governance and Services Project	2014–2020	\$410.0
<b>Urban water supply; Urban sanitation; Urban slum development</b>			
JICA	Karnaphuly Water Supply Project	2006–2017	¥12.2
ADB	Dhaka Water Supply Sector Development Project	2008–2016	\$150.0
World Bank	Chittagong Water Supply Improvement	2010–2018	\$170.0
ADB	Khulna Water Supply Project	2011–2018	\$75.0
JICA	Khulna Water Supply Project	2011–2018	\$183.0
JICA	Karnaphuli Water Supply Project, Phase 2	2013–2021	¥34.8
ADB, AFD, EIB	Dhaka Environmentally Sustainable Water Supply	2013–2020	\$450.0
ADB	Dhaka Water Supply Network Improvement	2016–2021	\$275.0

ADB = Asian Development Bank, AFD = Agence Française de Développement, EIB = European Investment Bank, JICA = Japan International Cooperation Agency, OFID = OPEC Fund for International Development, Sida = Swedish International Development Cooperation Agency.

Source: Asian Development Bank.

## B. Institutional Arrangements and Processes for Development Coordination

2. According to the Local Government (*Pourashava*) Act 2009, urban local governments or the *pourashavas* (municipalities) are responsible for planning, implementing, and monitoring their development projects. Because of the *pourashavas*' limited capacity, the LGED and DPHE have been providing technical support and facilitating capacity building for design, implementation, and supervision of large development projects. 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 urban roads and drainage, municipal facilities, slum improvement, and institutional capacity building, including governance improvement; 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 processing and approving 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 internal funding for all activities related to revenue and development budgets. The Finance Division is also responsible for subloan agreements with water utilities and *pourashavas* for revenue-generating subprojects. The Economic Relations Division of the Ministry of Finance arranges assistance for development projects and coordinates 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 provides guidance and capacity development support on procurement issues, including e-procurement.

4. Coordination among development partners is generally done through the Local Consultative Group, which comprises all major development partners and the government. The group, which is the main platform for dialogue between the government and development partners, is supported by government–development partner working groups covering key development issues. The objective of the working groups is to contribute to effective and coordinated implementation of national policies, strategies, plans, and programs in Bangladesh through joint results targets and a monitoring framework. The subgroup for urban development, water supply, and sanitation also has members from national and international nongovernment organizations.

5. In December 2011, a broader forum for urban stakeholders—the Bangladesh Urban Forum—was established. The forum's objective is to promote experience and knowledge-sharing among urban stakeholders to contribute to the formulation and implementation of policies on, and improving practice in, urban management, primarily to reduce urban poverty.

## C. Achievements and Issues

6. The Third Urban Governance and Infrastructure Improvement (Sector) Project<sup>1</sup> and the additional financing were formulated based on the lessons learned through the implementation of

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<sup>1</sup> ADB. 2014. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the People's Republic of Bangladesh for the Third Urban Governance and Infrastructure Improvement (Sector) Project*. Manila.

earlier projects assisted by the Asian Development Bank.

7. The first Urban Governance and Infrastructure Improvement (Sector) Project<sup>2</sup> identified urban governance improvement as a key for *pourashava* development. Since then, the urban governance and infrastructure improvement projects in Bangladesh have followed the sector approach, with performance-based investment support for *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. The first and second<sup>3</sup> urban governance and infrastructure improvement projects were implemented in three phases, and moving from one to the next was based on an evaluation of performance. Citizen's participation in *pourashava* development, which was introduced in the first project, was a key to achieving 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 *pourashava*. Lessons from the projects suggest that (i) governance-led infrastructure improvement is possible and desirable, (ii) the use of the sector lending modality is appropriate for the performance-based fund allocations adopted in the project, and (iii) high quality capacity building that is front loaded is required for *pourashavas*.<sup>4</sup> Hence, the stakeholders, including the government, strongly support the sector lending modality with need-based resource allocations. Other development partners have adopted this approach in their recent urban projects.

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

8. The development coordination mechanism for urban development in Bangladesh works well. The government and other major development partners, such as the Japan International Cooperation Agency (JICA), KfW, and the World Bank, have pursued performance-based investment. The harmonization of grant and loan support from the central government to the *pourashavas* may be pursued in all future development projects. The government is considering developing a unified performance review and ranking system for all *pourashavas* in the country, even if they are not project areas. Improved governance will be achieved through active and effective participation of *pourashava* citizens.

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<sup>2</sup> ADB. 2002. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Technical Assistance Grant to the People's Republic of Bangladesh for the Urban Governance and Infrastructure Improvement (Sector) Project*. Manila.

<sup>3</sup> ADB. 2008. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the People's Republic of Bangladesh for the Second Urban Governance and Infrastructure Improvement (Sector) Project*. Manila.

<sup>4</sup> ADB. 2012. *Urban Governance and Infrastructure Improvement Project in Bangladesh: Sharing Knowledge on Community-Driven Development*. Manila.