

PROJECT DOCUMENT
OF
**LOCAL GOVERNANCE AND
PRODUCTION PROGRAMME
(LGPP) IN BANGLADESH**



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&

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Abbreviations

ADB	Asian Development Bank
ADLG	Assistant Director, Local Government
ADP	Annual Development Programme
APO	Annual Progress Report
BBS	Bangladesh Bureau of Statistics
BIDS	Bangladesh Institute of Development Studies
BOESL	Bangladesh Overseas Employment Services Limited
BRAC	Bangladesh Rural Advancement Committee
BRDB	Bangladesh Rural Development Board
BSCIC	Bangladesh Small and Cottage Industries Corporation
BTEB	Bangladesh Technical Education Board
CAG	Controller and Auditor General
CBO	Community Based Organization
CCF	Country Cooperation Framework
CD	Custom's Duty
CIDA	Canadian International Development Agency
DC	Deputy Commissioner
DDCC	District Development Coordination Committee
DDLG	Deputy Director, Local Government
DFID	Department for International Development
DPHE	Department of Public Health Engineering
TA	Technical Advisor
FPO	Field Project Office
FRB	Feeder Roads Type B
FS	Feasibility Study
FWC	Family Welfare Centre
GDP	Gross Domestic Product
GoB	Government of Bangladesh
GP	Gram Parishads
HQ	Head Quarters
HRD	Human Resources Development
IDP	Infrastructure Development Project
IGA	Income Group Activities
IRWP	Intensive Rural Works Programme
IT	Information Technology
KPAP	Kurigram Poverty Alleviation Program
LAB	Local Business Association
LCS	Labour Contracting Societies
LGED	Local Government Engineering Department
LEB	Locally Elected Body
LED	Local Economic Development
LG	Local Government
LGD	Local Government Division
LGI	Local Government Institution

LGPP	Local Government Production Programme
MIE	Monitoring, Inspection and Evaluation
MLGRD&C	Ministry of Local Government, Rural Development and Cooperatives
MP	Member of Parliament
NCB	Nationalized Commercial Bank
NEMAP	National Environment Management Action Plan
NGO	Non-government Organization
NILG	National Institute of Local Government
PARC	Public Administration Reform Commission
PC	Project Coordinator
PEP	Production and Employment Programme
PIC	Project Implementation Committee
PIOU	Project Implementation Office/ Unit
PLA	Participatory Learning and Action
PPSS	Palli Pragoti Shahayak Samity
PSC	Project Supervision Committee
PSU	Pourashava Support Unit
RDA	Rural Development Academy
RDD	Rural Development Division
RDP	Rural Development Project
RDTI	Rural Development Training Institute
RESP	Rural Employment Sector Program
RR	Rural Roads
RRMIMP	Rural Roads Makes Transport of Agricultural and Industrial
SDC	Swiss Development Cooperation
SEDP	Small Enterprise Development Project
Sida	Swedish international Development Agency
SLDF	Serajgonj Local Development Fund
SME	Small and Medium Enterprises
TDCC	Thana Development Coordination Commiittee
MIS	Management Information System
UDC	Union Development Committee
UDCC	Upazila Development Coordination Committee
UZE	Upazila Engineer
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNO	Upazila Nirbahai Officer
UP	Union Parisad
USAID	United States Agency for International Development
UZCC	Upazila coordination Committee
UZP	Upazila Parishads
WHO	World Health Organization
ZP	Zilla Parisad
WB	The World Bank

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THE PROJECT

1. INTRODUCTION

Recent development at the local level in Bangladesh enables the poor to participate in the political process. This has created a window of opportunity for trying to redirect some of the focus on development programmes from the traditionally centralized top-down approach to a more localized approach. Obviously there are many risks and obstacles both at the local and central level, but the assumption is that it is possible to counter-balance some of the risks by establishing a transparent, accountable and predictable programme organization which is integrated into the existing institutions at the local level.

Taking into account the present gap in support to local initiatives and the potential benefits for the poor and for the local economy, Sweden continues with the preparations of an innovative programme approach for support to local initiatives in Greater Faridpur. The focus would be on economic growth and sustainable livelihoods, increased coping capacities for the poor and improved access for the poor to public services and goods and its primary objective would be to reduce poverty through support to local economic growth and local governance.

To reduce the poverty in the rural and urban areas of greater Faridpur district interventions might be designed in the following areas e.g. income growth, improvement in the coping capacity of the poor, and access to public service and goods for the poor. This sort of interventions could be highly successful if the local government institutions can successfully involve the “Best Actors” of human governance. Main actors for human governance – are the households and individuals, the community, civil society organizations, media, private sector, state and international organizations. There is a strong linkage between the development of the local economy, the strengthening of local governance and poverty reduction, which in practice has always been overlooked. By promoting economic growth and supporting capacity building of the local government, a dynamic process can be developed.

The overall objective of GoB-Swedish support will be to reduce poverty by promoting economic growth and undertaking interventions that directly assist in the social and economic empowerment of the poor. This includes increased productivity, employment and investment and better quality of life for the poor, with emphasis on providing a basic living standards. It also includes supporting democratic processes and gender equality.

2. LEGAL FRAMEWORK

The project agreement is the instrument referred to Agreement between the Government of Bangladesh (GoB) and the Swedish International Development Agency (Sida) signed between the GoB and the Swedish International Development Agency (Sida). The project shall be implemented in accordance with the provisions of these Agreements and in conformity with the general terms and conditions applicable to Sida assistance.

3. BACKGROUND INFORMATION AND ORIGIN OF THE PROJECT

3.1 The Socio-Economic Situation of Bangladesh

3.1.1 Population and Geography

Bangladesh as a nation was born in 1971 with a population growing at 2.5% per year. Since then, there has been remarkable progress and growth rate has slowed down to 1.8%. The total area is about 145,000 sq.km. Most of the country is low-lying, nearly flat, fertile alluvial flood plain traversed by three major river systems flowing from the Himalayas through Bangladesh and into the Bay of Bengal. Bangladesh is particularly prone to natural disasters including abnormal flooding, and severe cyclones- occurring especially during the monsoon season.

3.1.2 The National Economy

Economic growth rates in the last decade have generally averaged 4% to 5%. Over the period 1980-1992 the GDP growth of less than 2% per annum was lower than the rate of population growth, resulting in a declining GDP per capita. However national economic performance has improved, and economic growth has been increasing, since 1991. Since the mid-1980s there has been a gradual transformation from an import-substituting, high protection economic environment to a more liberalized, outward-oriented environment. Various measures have been adopted to encourage foreign investment, though the present poor state of economic infrastructure (e.g. power supply and telecommunications) remain a constraint.

The economic activity in the rural areas is agriculture, contributing about 19% of GDP¹, providing more than 60% of all employment, and directly or indirectly producing a major part of the country's exports. Seventy five percent of agriculture sector GDP is from crop production, the remainder from forestry, livestock and fisheries. Rural economic activities and sources of employment outside the agricultural sector include, small, cottage and micro industries, including processing of agricultural, fisheries and forestry produce; textiles; and production of construction materials; service sector enterprises, many of them micro-enterprises, including trading, retaining and transport; and the construction sector, in which there has traditionally been an emphasis on the use labour-intensive methods that provide an important source of employment for the poor. Food-for-work (using both GOB and donor food resources) continues to be extensively utilized as a mechanism to provide seasonal employment to the poor on unskilled construction activities such as earthworks.

3.1.3 Poverty Situation in Bangladesh

Bangladesh is one of the poorest countries in the world. In rural areas poverty is pervasive and overwhelming. The 1991-92 Household Expenditure Survey² estimated that approximately 48% of the rural population live below the poverty line (measured as an intake of less than 2,112 calories per day), and nearly 23% lives in extreme poverty line (less than 1805 calories per day)³. A 1995 survey estimates that 52% of the rural population is living below the poverty line, 22.5% in extreme poverty⁴. The Household Income and Expenditure Survey 2000 reports 44.3%

¹ Statistical Pocketbook Bangladesh 2000, BBS 2002: 277.

² Report of the Household Expenditure Survey 1991-92, Bangladesh Bureau of Statistics (BBS), November 1995

³ WHO and UNICEF standard for average daily per capita food intake.

⁴ Analysis of Poverty Trends Project, 62 village Re-Survey, 1995. BIDS

under absolute poverty and 20% under hard core poverty (HIES 2000, BBS 2001: 19). The most recent urban and rural poverty in Bangladesh is presented in Table-1.

Table-1. Poverty 2000: Population (%) below Poverty Line using different head count methods

Residence	Direct Calorie intake (Method)	Cost of Basic Needs Methods (using consumption)	
		Lower Poverty Line	Upper Poverty Line
National	44.3	33.7	49.8
Rural	42.3	37.4	53.0
Urban	52.5	19.1	36.6

Source: Preliminary Report of Household Income and Expenditure Survey, 2000, BBS 2001

In addition, it is now recognized that there is also a large group of rural “vulnerable non-poor” people who live just above the poverty line but are under constant threat of descending into poverty because of crisis events such as illness, loss of an income earner, loss of employment, or a natural disaster.

3.1.4 Gender and Development Issues

In Bangladesh, women are less educated than men (literacy rate, men 48%, women 35%)⁵. Women earn less than men (wage rate: day labourers: men 46 Taka, women 26 Taka). In all other areas also women lag behind than their male counterparts.

Among the poor, women and female-headed households are particularly disadvantaged. Female-headed households (15% of total) earn only 55% of average household income, about 96% are below the poverty line, and 33% are extremely poor. Rural women have only 88% of the nutritional intake compared to men, and they are paid lower wages (40% of male wages). Income-generating opportunities for poor women in rural areas are limited by social restrictions and lack of access to capital and skills training.

3.1.5 Environmental Issues

Forests, agricultural land, water resources and fish stocks have all been intensively exploited in Bangladesh because of the high population density. The continuing population growth will have increasing adverse impacts on the fragile rural natural environment.

The acute needs for agricultural land and for wood for various purposes have resulted in serious degradation of forestry resources. The area covered by forests decreased from 15% at Independence in 1971 to 5% in 1991. Increased agricultural production and intensive cultivation are reducing soil fertility because the necessary nutrients are not being replenished, and the level of organic material in the soil has dropped dramatically in recent years. Greater use of fertilizers and pesticides brings the risk of pollution of streams and rivers. The increased use of irrigation is resulting in a declining water table in the dry season, putting the supply of drinking water at risk in many parts of the country. Much drinking water is already polluted by human excrement because of poor solid waste management, and more recently the problem of arsenic contamination of ground water has been identified.

⁵ BBS, 1996. Women and Men in Bangladesh: Facts and Figures, 1981-95.p.7.

3.2 State Policy and Strategy for Poverty Reduction and Development

3.2.1 Government Policy and Development Plans

Recently Government of Bangladesh has prepared the draft of the National Strategy for Economic Growth and Poverty Reduction. This strategy discussed on pro-poor economic growth, macroeconomic balances, developing private sector, financial sector management, promoting good governance, agriculture and rural development, rural non-farm growth, manufacturing growth, infrastructure development, technology policy, human development of the poor, removing gender gaps, social protection etc⁶.

The GoB's stated priorities are reduction of poverty, establishment of social justice, and overall improvement in the people's standard of living. The country has expressed her continuing commitment to the process of economic reform and to creating a more efficient, market-oriented economy, with a strong emphasis on the role of the private sector. The GoB has stated its belief in democracy, decentralization of power and responsibility, and peoples' participation in all development activities as key elements in its strategy for enhancing the socio-economic conditions of the people and reducing poverty in Bangladesh⁷.

The Fifth Five Year Plan (1997-2002)⁸, has as its over-riding objective the alleviation of poverty. This is to be achieved through economic growth by generating productive employment, achievement of food self-sufficiency, human resources development, improved infrastructure, curbing of population growth, provision of social amenities, sustainable resource management, closing the gender gap, and improved management and governance systems with greater public participation. There is strong support from donors for this strategy, and agreement with GoB that economic possibilities for the poor should be generated by revitalizing growth in agricultural production and crop diversification, and by stimulating private enterprise to create jobs in the non-farm sector.

A national policy for advancement of women was adopted in March 1997 and a comprehensive National Action Plan has been finalized with UNDP support. A National Environment Management Action Plan (NEMAP), which provides the basis for programmes and interventions to promote better resource management, to make people aware of environmental issues, and to arrest the present trend of environmental degradation, was approved in 1995.

3.2.2 Development Strategies and Plan of Action

In 1984, the GoB adopted a Strategy for Rural Development Projects that emphasized critical aspects of rural economic development-agricultural development, improved physical infrastructure, and income-generation for the poor. The Strategy required the execution of a series of Rural Development Projects (RDP) each of which would include one or more of the following elements:

⁶ For details see *A National Strategy for Economic Growth and Poverty Reduction*, Economic Relations Division, Ministry of Finance, Government of the People's Republic of Bangladesh, April, 2002.

⁷ See, for example, the speech by the Minister of Local Government to the National Workshop on Local Governance Project, 22nd April 1998.

⁸ The Fifth Five Year Plan, 1997-2002, Planning Commission, Ministry of Planning, Government of Bangladesh.

- Development of transport and trading infrastructure - all-weather Feeder Roads Type B (FRB) to connect Growth Centre Market; improvement of Rural Roads (RR) and spanning of gaps on these roads, to give rural people better access to markets and services; and improved facilities at Growth Centre markets to make trading more efficient⁹.
- Irrigated agriculture, minor drainage and flood control works.
- Production and employment programmes (PEP) for the rural poor.

This Strategy, which would continue to be applied, does not constitute a comprehensive rural development strategy, rather, it focus on rural economic infrastructure. A series of “transport and trading infrastructure” RDPs have subsequently been, and continue to be, implemented with external financing support. A major review of these RDPs, completed in 1996¹⁰ concluded that the investments have had a positive socio-economic impact and that the planning approach remains valid, but that there is a need for greater user/community participation, for increased emphasis on maintenance, and to develop the role of the private sector. The study also emphasised that much still remains to be done to provide an efficient economic infrastructure in rural Bangladesh.

Non-Government Organizations (NGOs) have emerged to play a substantial role in rural development with a particular emphasis in programmes targeted at the rural poor including non-agricultural income-generation and employment; training, education, and awareness-raising; and health, family planning and family welfare. Through the work of the Grameen Bank and large NGOs Bangladesh has been in the forefront of initiatives to reach the poor, and particularly poor women, with micro-credit for self-employment enterprises, and in 1997 the GoB initiated a consultative process to design a national programme for generating non-formal employment. The emergence of large and successful NGOs has created pressure on the GoB to make its own rural development delivery systems more efficient.

3.3 Local Governance

3.3.1 Administrative Structure and Local Government Institutions in Bangladesh

Bangladesh is a unitary state and for administrative purpose the country is divided into six Divisions. Each Division is subdivided into Districts. Districts, in turn, are divided into Upazila or sub-districts. Again, Upazilas are divided into Unions. A Union is composed of several ‘Grams’ or villages. At each level of administration, except division, there are provisions of local government bodies or institutions. These are Zila, Upazila, Union and Grams Parishads. Besides, there are also local government institutions for urban areas like city corporations and municipalities.

⁹ In the early 1980s 1,408 important rural markets were classified as Growth Centre-focal points and catalysts for rural socio-economic development where investment in rural infrastructure should be concentrated. Subsequently, a further 700 rural markets were classified as Growth Centres. Feeder Roads Type B (FRBs) are defined as connecting Growth Centres to higher levels of the road network. Below FRBs there are three categories of Rural Road-RR1, RR2 and RR3. There are many gaps on the RRs because most were originally constructed as earthen embankments through food-for-work, with no funds available to construct cross-drainage structures.

¹⁰ Bangladesh Rural Infrastructure Strategy Study. The World Bank in association with the MLGRD&C and the Planning Commission. University Press Ltd., Dhaka, 1996

Administrative Unit	Number	Local Government Body/Institution	Average Population and Area
Division	6	-	
District	64	Zila Parishad (non-existent)	average population, about 1.9 million average land area, about 2,250 sq.km.
Upazila	460	Upazila Parishad (non-existent)	average population, about 250,000 average land area, about 300 sq.km.
Union	4,500	Union Parishad (in existence)	average population, about 27,000 average land area, about 30 sq.km.
Gram or Village	68,000	Gram Parishad (non-existent)	average population, about 1,500-1,750 average land area, just over 2 sq. km.

Administrative units have their own administrative set ups which are in reality the field level extensions of the national government. Different line agencies of the government have their field offices especially at the district and Upazila levels. With respect to local government bodies, though there are provisions to have them at all tiers of administration, other than the Division, such bodies currently exist only at the Union level.

3.3.2 Evolution and Current Status of Local Government Institutions

In this part of the world, local government institutions existed from ancient time. But the present form and structure of local government was the British innovation and began its journey with the enactment of the *Chawkidari Panchayet Act* of 1870. In later years, the LG system under went many changes during the British, Pakistan and Bangladesh periods.

Currently, legal provisions in the form of Acts have been passed for four tier LG system with units at the district (*Zila Parishad*), *Upazila (Upazila Parishad)*, Union (*Union Parishad*) and Village (*Gram Parishad*) levels. But presently, elected LG bodies exist only at the Union level where *Union Parishads* were constituted through election in December 1997. Currently, at the Upazila, there is a Upazila Development Coordination Committee (UDCC) whose voting membership is limited to the Chairmen of the UPs in the Upazila. The UDCC coordinates and monitors the development activities in the Upazila, and is responsible for allocating the annual government Block Grant to Unions comprising it. The UNO (who is member-secretary), and the local MPs (who act as advisers) have considerable influence over the functioning of the UDCC. The Zila Parishads continue to exist but have been described as being in a state of “suspended animation”. They have revenue-raising powers, and vaguely defined functions, but no elected members.

3.3.3 Local Government Reform

As part of the latest reform effort, a Local Government Commission was constituted in 1997 and it recommended for elected local bodies at four levels – Zila, Upazila, Union and Gram. The government has accepted these in principal and has taken up the following measures to implement the recommendations:

- An amending Act was passed to re-structure the UPs through direct election of one member from each of nine wards per UP and of three women members (one per three wards), with the Chairman continuing to be directly elected from the whole Union.

- An Act introducing Gram Parishads (which are actually at Ward level) has been passed but elections have not yet been held.
- A Bill for the creation of Upazila Parishads (UZP) is being debated within the present ruling party and is expected to be placed before the Parliament soon.
- Efforts for the creation of Zila Parishads (ZP) are also underway.
- A committee on Financial Powers and Income Sources of Local Government Bodies has presented its recommendations.
- As a measure to strengthen the capacity of UPs the government has initiated the process of constructing Union Complex Buildings in every Union in the country.

3.3.4 Potential Local Institutions for Local Governance

Local institutions are part and parcel of the governance process at the local level. These include community-based organizations (CBOs), NGOs, citizen's forums and research and advocacy organizations. In recent years, these organizations in Bangladesh are increasingly taking more interest in local level governance process in general and local government institutions in particular. These institutions and organizations have initiated a number of different programmes and projects for community awareness development, strengthening and capacity building of local government units and policy advocacy for legal reform for decentralization.

3.3.5 People's Views on Local governance

The PLA participants reported that there are some problems with respect to "Local governance". They further observed that ensuring cooperation between the local bodies, CBOs/NGOs and other actors is a difficult task. Because there is no example where all actors have participated in a project. So they feel that the LGPP needs to create appropriate and effective mechanism to face this challenge. Government service providers were observed to be quite reluctant to work with elected local bodies in both the rural and urban areas.

Incorporating poverty alleviation in the local governance process would not work without empowerment of the poor. The PLA participants emphasized that the poor people should have their own organizations, own leaders who could contest local government elections and be elected there.

In PLA exercise, the facilitators put the question to the local community, what they meant by "Local Government". The responses were mixed. But most observed to be aware of the "Union Parishad" and "Municipalities". After probing they mentioned "Upzila Parishad" and "Zilla Parishad". They could mention that the "Upzila Parishad" election has not taken place so far. So Upzila Parishad is nonexistent. It is noteworthy that in discussion about of Upzila the PLA participants were observed to be more concerned on who would be the Upzila Chairperson as if Upzila Parishad elections are held only to elect someone as Chairperson. Similar perception was observed to be there on the question of Union Parishad also. To them, not the elected Union Parishads but the Chairpersons were only important as they consider them to be all powerful entities in the local bodies. The PLA team feels that such perceptions are constraints for local bodies to be developed as body corporate democratic institutions.

But different opinion came up from the members of some civil society group and NGO managers. They support strengthening the local government institutions. But they believe that without strong watch- dog role of the local communities the strengthening of local bodies will not yield any positive result.

The local bodies' role as facilitators of local economy found enthusiastic supports from PLA participants. But most of the members of the local bodies under the present scenario feel that they do not have any role in this respect. But if assigned the responsibility, they could take up the role of facilitating growth of the local economy.

3.4 Partnership in Development

It has been observed that in recent years the development partners in Bangladesh are showing increasing interest in strengthening local government institutions both from the demand and the supply side perspectives. A number of projects are being under implementation with their support in different parts of the country with varying objectives. Those development partners who at this moment do not have any programme/project on local level governance are also now planning interventions for strengthening local level governance process. The policy frameworks and specific project interventions for improving local level governance of some of the development partners are presented below:

3.4.1 Swedish Government's Country Strategy for Development Cooperation with Bangladesh, January 1 2002 –December 31 2005¹¹

Poverty reduction remains the over-riding goal of Swedish development cooperation in Bangladesh. In keeping with its commitments to human rights, Swedish development assistance intends to create conditions conducive to sustainable social development, democracy, local government and economic development. Efforts are also to be focused on enabling poor women to take an active part in society, both socially and economically.

The Swedish country strategy for development cooperation envisages that the entire population should have the opportunity to take part in social and economic development at both national and local levels. The Swedish development cooperation specifically focuses on the following areas, social development; democracy, local government and economic development.

In the social sector, Sweden intends to continue to provide support particularly in the areas of health and education, through close cooperation with the government and the development partners. Development efforts with Swedish assistance in the past have been focused on infrastructure development and social mobilization. The goal of such support is to create conditions conducive to democratic and economic development with a view to establishing effective institutions at local government level. Cooperation should also facilitate efforts to create conditions conducive to environmentally and economically sustainable growth and higher employment opportunities for the poor. Possible avenues include support for enterprise, civil society, NGOs and local authorities. Sweden intends to continue to provide support aimed at strengthening civil society institutions in order to speed up democratic development. As such, in the coming years, supports are to be extended to the areas like, local government; human rights and democracy; and economic development.

Currently, a project is under implementation in the greater Faridpur district. In an action-research mode, LCDI initiated a process of center-to-periphery interaction to upgrade the decision-making capacity of the project targeted local government bodies (Union Parishads). Again, the goal of LCDI 'capacity building' is to make the machinery of local government function more effectively, openly and democratically. The LCDI further aims to strengthen and

¹¹ Ministry of Foreign Affairs, Stockholm. *Country strategy for development cooperation with Bangladesh. January 1, 2002 – December 31 2005*

sensitize the interface between central government agencies and the local institutions at the Union level. The objective is to facilitate cooperative interaction across the local community-Government boundary and encourage a shift towards decentralized planning, designing, implementing and maintenance of local development schemes.

3.4.2 UN Agencies' Strategy and Programmes

The UNDP Country Cooperation Framework (CCF) for Bangladesh focuses on building national capacity for sustainable human development, and complementing the efforts of other development partners in achieving the government's macro-economic goals. Participatory development is the underlying theme of the entire programme. The primary objective of the CCF is poverty alleviation, with four other supportive and inter-related objectives, such as, improved environmental management, non-formal employment generation, advancement of women, and improved public management for good governance. The UNDP has become the lead partner of the government in the area of governance, and coordinates the 'Local Consultative Groups' and sub-groups on governance. A broad ranging governance programme has been designed which covers strengthening of parliament; electoral, public administration and judicial reforms; local governance; human right and security; and transparency and accountability. This programme intends to contribute in establishing the rule of law, improve human security, and facilitate the process of democratization and decentralization of local government institutions. Some of the UNDP-supported projects in the broad area of governance are, 'Building Capacity for Local Governance', a five-year project, though now suspended, intends to support the National Institute of Local Government (NILG) to provide high quality and relevant training to elected local representatives in UPs and Pourashavas to ensure transparent, accountable and responsive local governance; support to the public Administration Reform Commission (PARC) for initiating reforms and change management in the government; access of the poor to the judicial system, a study examining means of developing more effective access for under-privileged women and men to the legal system; community empowerment for poverty alleviation at the grassroots level in Sirajganj District. The project aims to build the capacity of the poor to alleviate their poverty through empowerment and social mobilization, provision of micro-financial services and technical assistance, and activating local government bodies and other organizations to provide more responsive services to the local communities.

3.4.3 Other Donor Initiatives

Other development partners of Bangladesh, such as, CIDA, Danida, NORAD and SDC – are supporting initiatives in different areas of local governance. Some of these are being implemented through NGOs.

The USAID pursues a sectoral approach in extending development assistance to Bangladesh. The sectors are health and population; economic growth; and democracy and governance. Local level governance falls within the purview of the broad sector of Democracy and Governance. Recently, the USAID has implemented a project titled 'Democracy Partnership'. The goal and objective of the project was to 'increase the responsiveness of local elected bodies and government institutions'. The USAID has recently launched a new project 'Building a National Constituency for Strong Local Government'. The project aims to develop a coalition of different sections of the civil society for advocacy for policy reform for establishing strong local government system in the country.

Currently, the World Bank is of the view that the decentralization offers promise for Bangladesh to improve governance and urban and rural development. Currently, no WB support is provided

for rural local government. The WB and ADB are providing financial assistance for the development of *Paurashavas* (Municipalities). The WB intends to pursue a cautious and focussed strategy for furthering decentralization through partnership/constituency building and supporting the voices of champions for decentralization.

The external development assistance programme of the Royal Norwegian Government is guided by the principle of promoting and protecting human rights. Norway's human rights and democracy support in Bangladesh has been oriented towards funding of NGOs. Issues of local governance are embedded in various projects undertaken and implemented by NGOs with NORAD's assistance. Some of the projects that have relevance to issues of governance are, Institutional Strengthening of Electoral Training Institute, Support to Election Commission Secretariat, Support to Bangladesh Center for Development Journalism and Communication etc.

The United Kingdom's Department for International Development (DFID) follows a sectoral approach in extending development assistance to Bangladesh. The new strategy has six thematic objectives, such as, sustainable improvements in livelihoods and basic services for the poor, extreme poor and those vulnerable to poverty; sustainable broad-based and pro-poor growth; better governance and more effective institutions; improved realization of human rights; improvements in position of women in society, etc. To ensure better governance and more effective institutions, the DFID intends to support activities that will foster parliamentary effectiveness, fair elections, and improve national and local political accountability particularly to the poor and assist political parties to develop their internal democratic processes. The DFID plans to assist, within broader programmes, organizations in civil society which articulate and lobby for pro-poor policies at the national level (DFID, 1998). Moreover, a new fund titled 'Human Rights and Governance Fund' has been launched by the DFID.

The Swiss Agency for Development and Cooperation's (SDC) country programme is based on a number of core values and norms. These are, self-reliance, sustainable benefits and empowerment of the poor. The achievement of the above mentioned goals also takes into account aspects of gender balance and preservation of the environment and economic viability. In line with the above policy declaration, a number of projects have been either implemented or under implementation. These projects are generally implemented in partnership with research organizations and NGOs. Currently, the SDC's five year country programme has been formulated and governance in general and local governance in particular have received appropriate attention to it.

3.4.4 The role of NGOs

The non- governmental organizations (NGOs) with development partners' support, are playing an ever increasing role in rural development in Bangladesh. Although best known for their extensive programme of provision of micro-credit for the rural poor, including poor women, the NGOs now have a substantial involvement in other areas of development. In recent years, NGOs have also come up with programme interventions especially in the areas of local governance. Their efforts might lead to the opening of new opportunities in good governance at local level.

4. HISTORICAL DEVELOPMENT OF RESP AND ORIGIN OF THE PROJECT

Since independence, the development partners/lending community has financed most of the rural development and poverty alleviation projects. RESP, following from IRWP, is one such programme funded since early eighties by the Scandinavian countries. Evolved over more than two decades, the RESP has by now completed its three phases up to June 2000. The Rural Employment Sector Programme (RESP) initially was a package of twin projects-Infrastructure Development Project (IDP) and Productive Employment Project (PEP), implemented through the Local Government Engineering Department (LGED) and the Bangladesh Rural Development Board (BRDB) respectively both under the Ministry of Local Government, Rural Development and Co-operatives (MLGRD&C).

However, since the lessons from IRWP revealed that infrastructure development alone is not enough to change the social and economic conditions of the rural poor, the design of RESP embodied some target group oriented activities. These were aimed to promote self-employment opportunities with better income potential. New packages of 'software' interventions were introduced under the productive employment of the poor through informal group membership and consequent awareness raising. Economic uplift was targeted through the provision of extensive skills training component linked to access to financial services. The IDP under RESP was designed to inherit most of the 'hard ware' infrastructure development activities of IRWP, while PEP emerged as a package of activities supportive to the social and economic empowerment of the rural poor. Based on a realization that rural poverty basically means limited employment opportunity for a mass of the landless population, PEP interventions were designed to support the members of those land-poor households in starting new or reorganizing their traditional family IGAs. Viewed as a typical survival strategy for the rural poor, such self-employment is primarily related to agro-based production, husking, petty trading, etc. Therefore, PEP developed a partnership arrangement with two Nationalized Commercial Banks (NCB) e.g., Agrani Bank and Bangladesh Krishi Bank.

The field activities of RESP component projects were initially limited within three districts-Faridpur, Madaripur and Kurigram. Then IDP and PEP activities were expanded during its second phase into three more districts in the greater Faridpur region by the start of RESP III. NORAD separated Kurigram, for the project entitled 'Kurigram Poverty Alleviation Programme' (KPAP) with a somewhat different funding arrangement; whilst Sida alone continued with RESP in the five districts: Faridpur, Rajbari, Madaripur, Gopalganj and Shariatpur.

The priorities of RESP can be seen to have evolved over time and three major layers of policy became apparent. Firstly, at the national level, poverty alleviation remained the overall goal. Secondly, at the institutional level, the need to increase the impact and accountability of the implementing agencies as well as other related institutions such as rural banks. Thirdly, at the individual level, empowerment and economic uplift were the key focus areas of the programme. Other policy issues gained increased emphasis over time included gender equality, environment, decentralization and democratization of the group management and sustainability.

5. PRE - PROJECT SITUATION

5.1 Greater Faridpur District

5.1.1 Overview

Greater Faridpur is shaped like an irregular triangle bounded by the river *Padma*. The *Gorai* separates it from the districts of greater Khulna and Jessore to the west. Greater Faridpur is a low-lying area of 7,767 square kilometres and is barely 16 meter above sea level. Approximately 5 million people live in the districts of Greater Faridpur.

Floods are a recurring problem in the area, but at the same time, these floods benefit the agricultural sector, the basis of the local economy. The area is ecologically very vulnerable because of floods and river erosion.

There has been a general improvement in the overall economic activities in Bangladesh during the nineties. Parts of Greater Faridpur have benefited from it. The physical infrastructure has been considerably improved. This is especially true for the road net work including highways and feeder roads linking the district centres and the Pourashavas. Smaller districts are less developed and even more dependent on the agricultural sector. Infrastructure and available basic facilities are rudimentary and therefore hamper the development of more complex manufacturing activities. For the time being, local economic development in these locations will centre, to a large extent, on agricultural production and processing.

Information varies regarding migration in the area, but data seem to indicate that there is relatively little out-migration from Faridpur and Rajbari districts (however, most reach persons migrate to Dhaka where they do business). Although agriculture is the leading sector in both Madaripur and Shariatpur, but these are less developed and this leads to higher rates of unemployment and out migration. Seasonal out migration is especially high. Due to the ecological vulnerability of Greater Faridpur, people migrate to the major towns like Faridpur, Rajbari Pourashavas. Although there are major obstacles that have to be overcome, the general impression from Greater Faridpur, is that the preconditions for further development have considerably improved compared to the situation ten, or even just five, years ago.

5.1.2 Socio-Economic Conditions in Greater Faridpur

There are large number of primary schools, nearly half of them non-government including primary primary schools run by NGOs. However, field inspections indicate that the teaching conditions in the schools are poor – inadequate, dilapidated buildings (sometimes built below the normal annual flood level) and a shortage of furniture, books etc. Every Upazila has several secondary schools and colleges and religious educational institutions, and some of the schools and colleges are reserved for female students only. Secondary schools are predominantly operated by the private sector, although there are examples of community initiatives to establish and run schools and colleges, usually with the support of influential local people.

Every upazila has a Health Complex (a small hospital) at the headquarters, and the majority of the Unions have Family Welfare Centre (FWC). However, as with schools, the existence of these health facilities does not imply that all have suitable, well-maintained buildings, or that they are adequately equipped and staffed. Rather, investigations suggest that there is a need for rehabilitation of buildings and supply of additional equipment. The official data indicates that most households have access to safe drinking water. However, the data is based on the

provision of the water supply, and does not indicate whether the facilities are maintained in clean working condition. The possibility of arsenic contamination also remains a concern, although no major presence of arsenic has yet been found in Greater Faridpur area.

The area has an extensive network of rural markets, including 41 Growth Centre markets, and of rural roads – FRBs and Rural Roads (RR) Type 1, 2 and 3. The district has benefited, and continues to benefit, from substantial investment in upgrading of FRBs and improvement of Growth Centre markets, first through the completed Rural Roads and Markets Improvement Project, and currently through the RRMIMP-2 project, both lead-financed by the World Bank. Consequently, the higher levels of the rural transport and trading infrastructure are relatively well-developed. However the lower levels – many of the RR1, RR2 and RR3 roads and the non-Growth Centre markets – remain in poor condition.

Many of the Rural Roads are unimproved, rough and inadequately maintained earthen embankments, and there is a need for additional cross-drainage structures. Most of the rural market are unhygienic, congested, inadequately protected from the weather, dusty during the dry season and muddy in the wet – they do not offer an efficient or healthy trading environment. Field inspection indicates that the inadequate condition of Rural Roads makes transport of agricultural and industrial inputs to, and of agricultural produce and other products from, the point of production very difficult. Much of this transport is rickshaw, and the very steep approaches to some of the small bridges and culverts that have been built create a further access problem.

There is a lack of district level data to provide a comprehensive comparison of the level of poverty in Greater Faridpur with other parts of Bangladesh. The fact that more than half the Unions are defined as poverty stricken indicates that poverty is extensive in Greater Faridpur. The district has certain distinguishing poverty characteristics – it is prone to frequently flooding and river erosion, and the char land, flood prone landlessness because of the very high population density, high unemployment, and it is reasonable to argue that income distribution is highly unequal. There is a significant degree of social instability resulting from the high levels of in and out-migration. Although there are some variations between Upazilas, much remains to be done to develop better, and rehabilitate existing, local level infrastructure and physical facilities.

5.1.3 Institutions for Local Governance in Greater Faridpur

There are different types of actors for local governance in Faridpur from the district to union level. The presence of many actors, however, does not simply imply diversity; there is a certain matching of actors to roles. The following actor-role matrix¹² is shown below to understand the current and potential role of different actors for effective local governance:

¹² Rahman, Hossain Zillur. The Pursuit of Local Governance: Political Economy of Decentralization in Bangladesh. Paper presented at the international workshop on “Decentralization in Bangladesh: Local Government Issues and Way Forward. LGED Bhaban, Dhaka 9-10 March, 2002.

Local Governance and Agency: Actor typology and role

Actor-type	Role
Local government	<ul style="list-style-type: none"> • Justice • Political representation • Protection • Catalyst
Government agencies	<ul style="list-style-type: none"> • Infrastructure • Service-provision • Security
NGO	<ul style="list-style-type: none"> • Service-delivery • Target-group mobilization • Advocacy
Political parties	<ul style="list-style-type: none"> • Demand articulation • Protection • Power issues
Community Capacities	<ul style="list-style-type: none"> • Broad-based mobilization • Voluntarism • Dispute resolution • Power issues • Value creation
Private sector	<ul style="list-style-type: none"> • Service-delivery • Economic growth
Support institutions	<ul style="list-style-type: none"> • Capacity-building • Constituency-building • Catalyst
Think tanks	<ul style="list-style-type: none"> • Agenda formulation • Performance evaluation

5.2. Development Initiatives in Greater Faridpur

5.2.1 Productive Employment Project (PEP): Poverty Alleviation through income and employment generation at the Grassroots level

PEP is one of several national development programmes with a focus on micro credits and employment opportunities for the poor and the landless in rural Bangladesh. All districts of Greater Faridpur included in PEP. In total, almost 150,000 people in the greater Faridpur area are members of PEP (60% are women). Approximately, 3,000 villages are covered in the programme. The overall goal of PEP is to improve the living standard of 180,000 poor families (that is approximately 900,000 people) in the rural districts of Greater Faridpur, through income generating activities as well as social and economic empowerment. The focus of the project is

on stimulating local institutions at the village level through “self-management groups”. PEP’s activities are similar to those of for example BRAC, Proshika and Grameen Bank. Several evaluations and studies of PEP have indicated that the project has produced good results.

PEP and its direct focus on the rural poor can play an important role in the future programme to support local governance and production. PEP reaches every fourth poor household in Greater Faridpur. Sweden is now considering supporting PEP for another three years with a maximum of SEK 20 million.

5.2.2 Secondary Towns Infrastructure Project II: ADB assisted infrastructure development project

The **Secondary Towns Infrastructure Project II** is financed by the Asian Development Bank (ADB) and executed by LGED. This second phase of the project started in 1995/96 and formally ended in September 2001. The project financed infrastructure development e.g. sanitation, solid waste management, slum improvement, roads and bridges in 22 selected Pourashavas. Three of them are in the Greater Faridpur area: Faridpur, Madaripur and Rajbari. In the second phase of the project, an institutional development component was included called PSU-Pourashava Support Unit. This unit’s role was to work with capacity development through training and consultancies in the area of accounting, tax assessment and tax collection. As a result of the project, participating Pourashavas have made considerable improvements in the rate of tax collection.

The experience from the project is that the Pourashavas have a capacity. Many positions are not filled and the staff is not well trained. PSU has made a review of each of the participating Pourashavas detailing recommendations for improvement. Many of these have implemented the covenant requires the Pourashavas to implement the recommended improvements. Those, which do not comply, do not get the loan for infrastructure development. Instead, these resources are channeled to those that score highest on the improvement scale.

5.2.3 Government Resources for Development Activities

Apart from the many credit programmes, there are a number of programmes for the poor implemented by the Union Parishads. These include:

- Existing government interventions for Poverty Alleviation
- Old Age Allowance – Five men and five women from each Ward receive Taka 100 per month.
- Vulnerable Group Development – a programme for distressed women who get 30 Kg of wheat for 18 months during which they have to participate in skills training, the objective being to make them self-reliant. They have to deposit Taka 25 per month as savings.
- Rural Maintenance Component Programme – a team of ten distressed women are appointed to maintain 20 km of road a year for four years. Each gets Taka 37 per month. They have to deposit Taka six per month as savings and received training in income generating activities.

- Rural Physical Infrastructure Maintenance Programme – male and female labourers are paid in kind (wheat or rice) on the basis of completed earthwork. The programme is carried out by the Ministry of Disaster Management and Relief with the assistance of CARE.
- Rural Physical Infrastructure Improvement Programme – the system is quite similar to the Infrastructure Maintenance Programme.

5.2.4 NGO Development Activities

BRAC is one of the largest NGOs active in Bangladesh. National wide it has more than 2.2 million members with over 90% women. BRAC's goal is to empower the poor through awareness raising, skills training and access to financial resources. Extending micro credits is a cornerstone of BRAC. In the studied areas of Greater Faridpur, BRAC is engaged in Rural Development Programmes, Non-formal Primary Education Programmes and Income Generation for Vulnerable Group Development. In Faridpur District, BRAC has a Training and Resource Centre and the Health and Population Division is in Faridpur. Most relevant for LGPP, is the Rural Development Programme and income Generation for Vulnerable Group Development.

The main objective of *Samata* is to improve the conditions of rural landless men and women through the mobilization of different kinds of resources. The project's aim include organization and mobilization of landless people, awareness of basic rights training; increasing the landless peasants' knowledge about sustainable land use and marketing of products. *Samata's* work with local initiatives and its empowerment of poor people fit in very well with the objectives of the future LGPP. *Samata* could be a good partner in poverty reduction as well as in the strengthening of relations between the local community and the local administration.

Palli Progoti Shahayak Samiti (PPSS – Rural Progress Help Association) is an NGO involved in many community activities. It is located in Komorpur, Faridpur. It started in 1982 and has several programmes on its agenda. The main programme is micro credit. The striking difference between PPSS and other NGOs' credit programmes is its use of rather close supervision. For example, the organization makes sure that the loans are used for the purpose for which they were given. For instance, when a loan is given to women for the purchase of a rickshaw, the organizer makes sure that the rickshaw is registered in her name. PPSS is also working with sanitation. They have a training centre with a demonstration plot for different types of latrine installations. The price varies greatly depending on the model.

Only a few NGOs work among the poor in the urban areas. One of them is the Rajbari regional office of the Karmojibi Kallyan Sangstha (KKS – Welfare Organization for Manual Labourers), which has established a "Safe Home" for children of prostitutes in the brothel near Dauladia harbour. It has also established schools for these children.

CARSA started in 1998. It has recently started a programme (financed by the Grameen Trust) for the extremely poor. Their target group is made up of the extremely poor who are not helped by other NGO-programmes or the Government's safety net. The idea of the programme is to make credits available for those who can't be members of other credit programme because of various reasons (for example, they are unable to save money). Instead of giving the beneficiaries cash loans, the field personnel take the beneficiary to a market where he/she can chose to buy a kid or a calf. The field personnel then teach the beneficiary how to raise the animal. If the animal get sick, the field personnel provide help. The beneficiaries get weekly supervision or more, if needed. After approximately six months, the goat or cow is sold on the

local market at double the original purchase price. The beneficiary is now able to pay back the credit and at the same time buy a new kid or calf or invest in other kinds of income generating activities.

Another variant of this no money credit programme is to provide the beneficiary with skills training and maternal to open a small shops (for example a barber's shop). Once again, close supervision is a pre-condition for a successful result. The credit is worth 500 to 3000 Taka and the beneficiaries pay back in weekly or monthly installments or after six months depending on the kind of credit they received. A beneficiary can receive up to three types of credit from CARSA, but the purpose of the programme is rather to help the beneficiaries become self reliant or part of other NGOs credit programmes. One project is to actually purchase the income-generating item (e.g. a cow) and provide close supervision. The loan, with interest, is only due once the income is made (e.g. after the sale of a cow). It also has a programme for skills training, combined with a loan to e.g. establish a shop.

5.3 Government Departments and Service Delivery in Faridpur District

5.3.1 Government Departments and Agencies

As many as 48 departments of the central government are represented at the District level. The following departments have offices in every Upazila; Health and Family Planning, Education, School Welfare, Youth Development, Ansar, Agricultural Extension, Livestock, Fisheries, Food, Cooperatives, Project Implementation, LGED, DPHE and BRDB. Some of these offices, including Health, Family Planning and Agriculture, have extension staff working at the Union level. Some upazilas have a Women's Affairs Department Education (Extension) officer. Each upazila also has a land office and a Statistics office.

5.3.2 Service Delivery

The Department of Education is responsible for government primary schools including inspection, enquiry into complaints, approval of teachers' salaries, determination of the annual curriculum, and motivation and training programmes. The Fisheries Department provides extension, demonstration and training services, and should help with the supply of inputs for the production of fish from ponds. It also identifies suitable water bodies for fisheries schemes, negotiates with the ZP, UPs or other agencies, and supports the formation of groups to lease the facilities. The department involves UPs and NGOs in these schemes. The Livestock Department provides vaccination, artificial insemination, training and extension services. It also provides interest-free loans to women and the landless to purchase livestock. The LGED undertakes infrastructure works at the request of other governments departments, e.g. Education. The DPHE is responsible for the installation and maintenance of tube-wells for drinking water, the distribution of ring slabs for sanitary latrines and the promotion of safe water and hygienic sanitation practices.

Though Health and Family Planning, Education, Social Welfare, Agricultural Extension, Livestock, Fisheries, Cooperatives, DPHE, BRDB have staff working at the Union level, but they are not accountable to UP, rather they are responsible to their respective departments.

5.4 The Local Government System

Representative of local government bodies at different levels have been formed and abolished at various times since Bangladesh became independent in 1971, with UPs providing the only

thread of continuity. This section focuses on the present situation, and the proposed reforms, at four levels – “Village”, Union, Upazila, and District.

5.4.1 The Village: The Gram Parishad

In 1997, an Act was passed as part of the local government reform process providing for the creation of Gram Parishads (GP —“Gram” is the Bangla word for village). In fact, these bodies will not be at village but at Ward level. A Ward is one-ninth of a Union, and with about 40,000 Wards and 68,000 villages in Bangladesh each GP will represent 1-2 villages (on average about 3,000 people).

The UP member elected from the Ward will be the Chairman of the GP, which will have 12 other members (9 male and 3 female) elected in a general meeting of the voters of the Ward under the supervision of a “directing authority”. The term of office of the GP will be five years. Each GP will determine its working procedures with the prior approval of the “directing authority”, and will meet at least once every three months. The defined functions of the GP, in summary, are, the conduct of socio-economic surveys and the preparation of reports, as and when designated by the directing authority; maintenance of birth, death, marriage and divorce records; ensuring law and order including taking preventive measures against theft, burglary; repression of women and violence in cooperation with the law enforcement agencies, and arbitration of petty disputes; reporting to the UP on the performance of government and semi-government agencies and NGOs in the locality; monitoring and inspection of primary education including religious schools and reporting to the UP, and motivating parents to send their children to school; monitoring of the fertilizer, seed and pesticide situation and reporting of problems; cooperating with the concerned authorities in implementing water and sanitation, and family planning, programmes, including selection of sites for sinking of tubewells; motivating the people to establish cooperatives, small-scale industries, poultry, fisheries, livestock and social forestry schemes; initiating social welfare programmes in the village; and other functions as may be specified by the government from time to time.

GPs will have the right to constitute issue-based standing committees as and when required, and to determine the membership of such committees. GPs will not be provided with any direct funding from government, nor will they have revenue-raising powers, but the funds they require for stationery, conducting socio-economic surveys and maintaining records, and preparing other information for the UP will be provided by the UP.

It is perceived that the GPs have a very important role to play in a participatory, bottom-up planning process, particularly in identifying and prioritizing, and presenting to higher-level bodies, local needs and priorities. Till now, GP could not be constituted because of an ongoing legal action, which disputes the constitutionality of the legislation in respect of the electoral procedure and the role of the “directing authority”.

5.4.2 The Union: The Union Parishad

Union Parishads (UP) have had a continuous existence since the 1880s, though their functions and constitutions have changed over time, and they are currently the only elected, statutory local government body. The local Government (Union Parishads) Ordinance of 1983 and its subsequent Amendments provide the legal framework for UPs, which are further regulated and controlled by orders and circulars issued by the LGD.

The most significant recent Amendments concern the elected membership of the UP. The new UP comprises of a Chairman, directly elected from the whole Union; nine members, one elected directly from each of the nine Wards in the Union; three women members, one directly elected per group of three Wards in the Union.

Thus, for the first time, each of nine sub-divisions of the Union, is represented by an elected member, and these members will be the Chairman of the Gram Parishads, providing a direct linkage between the UP and the grass-roots representative bodies. Perhaps more important, each UP now has three directly elected women members.

Each UP has a full-time Secretary, a *Dafadar* and a number of Gram Polices. The UPs are broadly responsible for maintenance of law and order, local dispute resolution and economic, social and community development which are included in its 38 defined functions.

Thus the UP has significant development planning and implementation responsibilities. UPs are supposed to prepare a Union Plan Book, which is concerned with infrastructures development, and five year and annual development plans. UPs are responsible for RR roads, apart from the maintenance of important RRIs. The Union Market Management Committees (UMMC), chaired by the UP Chairmen, are responsible for the operation and maintenance of public markets within the Union.

The UPs are required to meet at least once a month, with written minutes kept by the Secretary and signed by the Chairman. A UP is required to constitute 12 standing committees for discharging its functions and responsibilities. Some of these are, law and order; finance and establishment; education; health and family planning; audit and accounts; agriculture and other development works; social welfare and community services; and cottage industries and cooperatives. UPs have also now been asked to form a standing committee on prevention of torture and violence against women. The Chairman and members of the UP are to become conveners and members of these committees together, where appropriate, with additional representation from within the Union (e.g., Agricultural Block Supervisors, teachers, social workers, etc.).

The UP prepares an annual UP budget, which must be approved at a meeting of the UP before being submitted through the UNO and the ADLG to the DC for approval. The UP Secretary maintains the UP income and expenditure accounts, which must be signed each month by the UP Chairman but need not to be submitted to the full UP for approval. The UP bank accounts are operated under the signature of the UP Chairman and The Secretary.

UPs have the power to raise revenue from a number of sources that include, annual tax on the value of homesteads, known as the Union Rate or household tax; taxes on professions, trades and callings; taxes on cinemas, dramatic and theatrical shows, and other entertainments and amusements; fees for licenses and permits granted by the UP; lease money from specific markets, Ghats (boat landing sites) and ferries within the Union boundaries as determined by the government; and lease money from specific Jalmahals (water bodies) within the Union boundaries, as determined by the government.

Markets are leased annually through a bidding process, and the revenue is distributed in defined proportions to the national government; the UP for maintenance of the market; to the UZ for disaster/emergency work; and depending on the value of the lease, either direct to the Union or to the UZ for development activities.

The UPs receive an annual revenue budget allocation from central/national government to contribute to the honoraria of the Chairmen and members, and the salaries of the Secretary, *Dafadars* and Gram Polices. However, the funds for salaries never actually flow to the UPs – they are paid by the UNO. Central government provides a regular annual allocation of development funds through the ADP Block Grant for Union and Upazila Development. The Annual Block Grant is divided among all the UZ in the country by applying a simple formula – population (40%); geographic area (30%); and level of backwardness (30%) – determined from data provided by the District Statistical Officer on the transport condition, literacy rate, nutrition status and unemployment rate of the UZ. The UDCC decides on the allocation of this Grant to projects proposed by the Unions in the UZ. There are quite strict guidelines for the use of the Block Grant which should be allocated to Agriculture and Irrigation (15-30% of the funds), Transport and Communications (25-60% for the funds), Water Supply and Sanitary Latrines (10-15% of the funds) and Education (10-25% of the funds). UPs may also receive development resources from the Special ADP (which is allocated by the Members of Parliament), Government food-aid for earthworks, and donor-supported programmes including food-aid programmes. Food aid is a substantial resource for Union-level development.

Certain measures have recently been adopted by the national government to increase the resources flowing to UPs for development activities. These measures, which were set down as conditionalities for the IDA/SDC financed RRMIMP-2 project are:

- The proportion of market lease revenue which is transferred to central government has been reduced from 35% to 25%.
- The market lease value threshold at which a proportion (previously 40%, now 50%) of the revenue flows to Upazila, rather than to Union, level for development activities has been raised from Tk.50,000 to Tk.100,000.
- There is a 2% tax on all land transfers. UPs now receive half the tax (1%) on land transfers within their boundaries.

The Committee on Financial Powers and Income Source of Local Government Institutions has made a series of recommendations on additional sources of revenue for UPs. These include allowing UPs to make investments from which they can earn income; the introduction of fees for registration of marriages, for issuance of certificates, and on house construction; and allocating to UPs the income from land development taxes on *khas* (government-owned) land.

Although the UPs have substantial implementation responsibilities for development activities they have only limited contracting powers. UPs can administer earthworks, tree plantation and food-aided schemes, and any projects financed from their own funds. However, under the Block Grant for Union and Upazila Development a UP can only administer up to five schemes not exceeding Tk.50,000 in total value in any year. The UP administered schemes are implemented through Project Implementation Committees (PIC), and for some projects 'Labour Contracting Societies (LCS)' are used. All other schemes financed through the Block Grant are contracted through the Upazila Tender committee and supervised by the Upazila Engineer. For these schemes a Project Supervision Committee (PSC) is formed with the concerned UP Chairman as a member. Funds for the schemes do not flow to the UP bank account, they are managed at Upazila level by the TE and the UNO.

5.4.3 The Upazila: UDCC

In 1982 reforms were introduced to establish Upazila Parishads through the Local Government (Upazila Parishad and Upazila Administration Re-organization) Ordinance. The old Sub-divisions were upgraded to Districts (Zilas), and the *Thanas* were re-named as Upazilas (sub-

districts). Representative bodies known as Upazila Parishads (UZP) were created at Upazila level, with the Chairman directly elected from the whole of the Upazila, and with the elected Chairman of the UPs in the Upazila as the members of the UZP. At the same time, the representation of government departments and agencies at the *Upazila* level was substantially expanded. The UZs were given the officers of central government Department assigned at the Upazila level. The UZP had the power to make decisions over development activities in the Upazila, and the role of the government officers was to provide technical and advisory support to the UZP. The UZPs therefore had a very important role in rural development. But in 1991, the UZPs were abolished and were re-named as *Thanas*. The representation of government departments and agencies at the *Upazila* level continued, but with their officers under the full authority of, and reporting to the central government.

As a partial replacement for the UZPs, the *Thana* Development Coordination Committees (TDCC) were created in 1993. The UDCC is not a corporate body, but coordinates, monitors, and contributes to the planning of development activities in the Upazila. Some of its specific functions include, review of project feasibility; preparation of development projects; coordination between locally prepared projects and national development programmes; resolve inter-Union and inter-sectoral conflicts; and review the progress of development projects under implementation in the *Upazila*. The UDCC is also responsible for the allocation of funds from other sources that flow to Upazila level – e.g., that proportion of the market lease revenue which goes to the *Upazilas*.

The voting membership of the UDCC comprises the Chairmen of the UPs in the Upazila, and three persons nominated by government from among the women members of the UPs in the Upazila. One of the UP Chairmen acts as the chairman of the UDCC on a rotating basis – the Chairmanship changes for every meeting. The senior officers of the government departments and agencies in the Upazila sit on the UDCC as non-voting members, the UNO is the Secretary, and Members of Parliament whose constituency includes part of the Upazila act as advisers. There remains concern that the Members of Parliament, the UNO and the central government officers exert undue influence over decision-making by the voting members. The fact that the UDCC does not have a permanent chairman is thought to be one contributory reason for this.

The present Government is committed to the creation of an elected UZP at the Upazila level as a corporate local government body, but the required legislation has not yet been finalized. Therefore, it is not possible to set out in detail the membership, functions and financing of the forthcoming UZPs. However, it is clear that the UZPs are intended to play a substantial role in, and will be given significant powers for rural socio-economic development, although they will not simply be a recreation of the previous generation of UZPs.

5.4.4 The District: The Zila Parishad

The *Zila* Parishad (ZP) is a long-standing institution which presently is variously described as being “inactive” or in a state of suspended animation”. Although called a Parishad (council) the ZP currently does not have any elected members, and essentially consists of an executive secretariat which includes a ZP Secretary, an Accountant and, in some Districts an Assistant Engineer seconded from LGED. The ZPs receive an annual allocation of ADP funds for development activities, and are also empowered to collect revenue from local sources. These sources include land transfer taxes, leasing of some ferry *Ghats* and implementation/functioning responsibilities include construction and maintenance of some roads and ferry *Ghats*, repair of UP buildings, some school buildings, planting of trees along roads, and award of scholarships to meritorious poor students and grants to cultural and religious institutions. The infrastructure

related responsibilities of the ZPs all appear to duplicate those of LGED and other government agencies, though ZP resources represent an additional source of funds for these infrastructure works. UPs can submit project proposals to the ZP, but projects are selected and recommended to the DC by the local Members of Parliament, and require final approval from the MLGRD&C. Tendering of contracts for implementation of schemes is done by the *Zila* Tender Committee.

At District level there is a District Development Coordination Committee (DDCC), chaired by the DC, and its membership includes the senior officers of all government departments and line agencies in the District and the UNOs. The DDCC meets monthly to coordinate and monitor activities in the District including all development partners and government financed development projects.

5.4.5 Auditing of Local Government Bodies

The Local Government Audit Directorate of the Office of the Controller and Auditor General (CAG) is responsible for the statutory auditing of the financial accounts of local government bodies. The Directorate's first priority is the auditing of City, ZP and *Paurashava* accounts. It has no offices outside Dhaka and lacks the capacity to handle the sheer volume of work involved in auditing the accounts of some 5,000 UPs. As a result there is a huge backlog of work, and there is no regular schedule of UP auditing – a UP can expect to be audited only infrequently, and more remote UPs are seldom audited. However, there is nothing in the legislation that prevents the contracting-out to the private sector of the task of auditing UPs. During the earlier UZP period, LGD enlisted some 135 firms of chartered accountants and allocated the auditing of the accounts of the 460 UZPs to them, on the basis of guidelines, which it prepared in consultation with the CAG. The MIE Wing was responsible for overseeing the performance of the firms, but its monitoring of the initiative indicated that the private firms required more briefing and training in local government accounting systems, and that they should be strictly supervised.

5.5 The Ministry of Local Government, Rural Development and Cooperatives (MLGRD&C)

5.5.1 Divisions and Departments of MLGRD & C

The Ministry of Local Government, Rural Development and Cooperatives (MLGRD&C) comprises the local Government Division (LGD) and the Rural Development Division (RDD). The LGD is responsible for the regulation and supervision of local government bodies, and also has two implementation agencies – the Local Government Engineering Department (LGED) and the Department of Public Health Engineering (DPHE). The Bangladesh Rural Development Board (BRDB) is the implementation agency of the RDD and is responsible for implementing production and employment programmes for the poor.

5.5.2 The Local Government Division (LGD)

The LGD is responsible for the regulation and supervision of local government bodies. Through its two implementing agencies the Local Government Engineering Department (LGED) and the Department of Public Health Engineering (DPHE) implements many rural infrastructure development projects. The other agency that falls under the LGD is the National Institute of Local Government (NILG). At headquarters level the LGD is headed by a Secretary, has four sections – Administration (which includes administration of UPs and Zila Parishads), Water Supply (which includes DPHE) and Development (LGED and NILG) each headed by a Joint Secretary, and a section which combines the Planning Cell and the Monitoring, Inspection and Evaluation (MIE) Wings headed by a Director-General.

5.5.3 The Office of Assistant Director, Local Government (ADLG)

The LGD is represented at the Divisional level by a Deputy Director, Local Government (DDLG) and at the District level by an Assistant Director, Local Government (ADLG). The ADLG is appointed by the Establishment Ministry. He is a member of the Bangladesh Civil Service Administrative Cadre and functions under the direct supervision of the DC. However, he is the representative of the LGD at District level and reports to the LGD. The role of the ADLG is to supervise and support the functioning of local government bodies in the Districts.

The inspection of UPs is the key supervisory function of the ADLG. The inspections are normally carried out together with the concerned UNO. This function includes checking of UP accounts, registers and minutes of meetings; the revenue collection performance and the payment of the local contribution to the salaries of the Secretaries and other UP staff; and review of the utilization of the budget and the development activities in the Union. The ADLG prepares a report on each inspection which highlights any problems and makes recommendations for follow-up actions. The report is submitted to the DDLG with copies forwarded to the Director-General in the Local Government Division, the DC, the UNO and the UP Chairman. However, in practice many ADLGs are unable to achieve the defined target of inspecting 10 Unions per month.

The ADLG also assists the DC in the review of the annual budgets prepared by the UPs. The UNO checks and may make recommendations on the budget which is then forwarded to the ADLG. The ADLG reviews the budget and can recommend changes to the DC who has the authority to amend the budget before approval. However the UP then has the right to revise its approved annual budget without reporting the revisions to a higher-level, and is not required to report on actual incomes and expenditures, though these are reviewed during UP inspections.

5.5.4 Monitoring, Inspection and Evaluation Wing

The MIE Wing of the LGD was established in 1988-89 to monitor and report about the activities and performance of local government bodies. Initially, its first priority was to monitor the UZPs, but since their abolition in 1991 it has focused on the UPs, Pourashavas and ZPs. It is not empowered to monitor the activities of the City Corporations or the LGD implementing agencies LGED and DPHE.

The MIE Wing is headed by a Director-General who is also responsible for the Planning Cell. The professional staff of the MIE Wing comprises three Directors (Deputy Secretaries) and nine Assistant Secretaries supported by four Assistant Statistical Officers and a Computer Programmer, together with data processing and administrative personnel.

The collection of data and information from 4,500 Unions is a huge task, and the Wing works through the ADLGs who issue the questionnaires to, and collect the completed returns from the UPs. The Wing has defined 14 indicators for monitoring the UPs which cover the staffing position; payment of salaries and allowances; resources mobilization, tax collection and lease revenues from markets; holding of meetings and formation of committees; budgets, expenditure and auditing; and development assistance and projects. The Wing produces an annual report on the performance of UPs which focuses on the personnel position, payment of salaries and allowances, and revenue collection. The reports are circulated within the LGD, and are available free of charge to other interested parties.

The MIE Wing has a very important role to play in developing more effective and accountable local government in Bangladesh, a role which will become even more important when the UZPs are created. However, this potential is not being fulfilled at present for a number of reasons, such as, lack of motivation within the Wing because many of the staff are not knowledgeable about the function of, and have little interest in, monitoring and evaluation work; collected data only focuses on administrative and tax collection aspects and does not cover other key aspects of the performance of UPs such as development activities and accountability, and there is no follow-up to the findings of the monitoring and evaluation.

5.5.5 Local Government Engineering Department (LGED)

The LGED has evolved from a Cell in the Ministry into a dynamic engineering agency implementing a large portfolio of donor and nationally financed rural and urban infrastructure projects – the total value of the rural infrastructure projects currently under implementation by LGED exceeds US\$ 1.3 billion. LGED has its headquarters in Dhaka. LGED's responsibilities include, improvement, upgrading and maintenance of FRB roads, including cross-drainage structures; development of Growth Centre market facilities; maintenance of important RRI Rural Roads and the maintenance of cross-drainage structures on Rural Roads; implementation of small-scale water resources, irrigation and flood control schemes; urban infrastructure development in secondary and rural towns; construction works on behalf of other Ministries, e.g., construction of cyclone shelters and primary schools; and technical supervision and advice to local government bodies for planning, implementation, operation and maintenance of rural infrastructure.

5.5.6 Department for Public Health Engineering (DPHE)

The DPHE is responsible for the planning and implementation of public water supply and sanitation schemes in Municipalities (Pourashavas) and rural areas, including support to improve water supply and sanitation in communities, and in public facilities such as, schools. It implements, or makes contributions to a series of government and donor financed programmes, including a UNICEF initiative which is aimed at improving sanitation practices in schools and other public facilities.

5.5.7 National Institute of Local Government

The NILG is an autonomous organization established by an Act of Parliament in 1969 and accountable for its administrative management, budgetary allocation and financial disbursements to the LGD. The work of the NILG is directed by an Executive Committee chaired by the Minister of Local Government.

The NILG is the lead organization of the GoB for providing training to local government (UP and Pourashava) representatives, to UP and Pourashava Secretaries and to government officials who work with local government bodies, particularly ADLGs and UNOs. It has a regular annual programme of training courses. The focus of training for UPs has been on the Chairman and Secretaries, but more attention is now being given to training of other elected UP members.

Other agencies which provide training to local government bodies include the Bangladesh Academy for Rural Development (BARD), the Rural Development Academy (RDA), the Rural Development Training Institute (RDTI), and LGED and DPHE. All of these are under the administrative jurisdiction of the MLGRD&C.

5.6 Local Level Planning

5.6.1 People's Participation in Local Level Planning

There are provisions in the local government enactment to ensure local citizen's participation in the affairs and activities of the elected bodies. In the case of Union Parishad, for example, citizen's are to be co-opted to different committees, like project implementation committees, standing committees, tender committees etc. But the authority of the Deputy Commissioner to approve/endorse the committees limits the authority of the LG. Besides, the local citizens can also play role in the UP planning, budget formulation, accounting and auditing. The relevant regulation requires that LG units should ensure public display in their offices and other public places of the budget, accounts, audit reports and information on major decisions of the UP meetings particularly with regard to development projects. But this practice is almost absent in most of the existing Union Parishads. This is due to the reluctance of UP chairman to share these with the community and the people's lack of awareness of such an important provision¹³.

5.6.2 The Planning Commission

In Bangladesh, the Planning Commission has overall responsibility for national planning, including strategic planning for rural development. It has long recognized the importance of decentralized development planning. The specific responsibilities of the Planning Commission include, macro-level planning for the medium and long term; determination of development priorities and resource allocation, including the preparation of Five Year Plans and annual development budgets; appraisal of projects; monitoring of plan implementation; and economic research and evaluation of the economy and development programme on a periodic basis.

5.6.3 Sectoral Planning

Government line Ministries have specific social and economic sectoral responsibilities, and are authorized to address the development issue falling under their jurisdiction. Each ministry has a Planning Cell. Sectoral planning under these vertically integrated administrative structures tends to be compartmentalized and centralized, and lacks participatory inputs by local government bodies and communities to reflect local needs and priorities in the planning process. The practice is to identify projects based on the officers' knowledge of the local situation and problems, rather than through consultation with local government bodies or communities, though local elites may exert their influence. While there are coordination committees at District and UZ level (DDCC and UDCC), in practice neither of these operates as forums for serious consultation for the preparation of Ministry sectoral plans.

In recent years, many donor supported investment projects implemented through line Ministries are now encouraging a more participatory approach to planning. However, the planning methodologies tend to the "project led", vary from donor to donor, and are often applied by consultants to select the investment schemes. As a result, the participatory planning processes are often not institutionalized within the concerned Ministry. However, here is now increasing recognition at central level of the need for a more participatory approach to development planning.

¹³ Khan, Zarina Rahman and Akhter Hussain. Review/Stocking in Local Governance. Swiss Agency for Development and Cooperation. August 2001.

5.6.4 Area-Based Planning at Local Level

The need for participatory, local-level and area-based planning as a mechanism for developing the socio-economic conditions of rural people is well known.

The Comilla Model of rural development, comprising the Rural Works programme, the Upazila Irrigation Programme, training through the Upazila Training and Development Centres and the formation of farmer cooperatives and Upazila-level cooperative association, provided a framework for local-level, area-based planning within the Upazila as the basic geographic unit. The formation of the UZPs in 1981 created an institution at UZ level with statutory planning powers and a degree of authority over the operation of government line agencies. The provision of a central government Block Grant to the Upazilas provided development funds over which the UZPs had decision-making power. However, the establishment of effective, integrated, area-based planning at the UZ level was inhibited by the strict, centrally-defined guidelines over the allocation of the Block Grant to different sectors, and the fact that the line Ministries retained authority for the approval of sectoral plans. The abolition of the UZPs in late 1991 eliminated the planning body at UZ level.

There are currently three defined procedures for local-level, area-based rather than sectoral planning in Bangladesh.

- UPs should produce annual and five-year development plans in accordance with guidelines prepared by LGD. However, in general this is not done and there is no formal process for such plans to be incorporated into the sectoral plans prepared by the line Ministries.
- UPs should produce and update a Union Plan Book, using a procedure developed by the LGED. However, in practice the system has not been applied effectively, since not all UPs have prepared Union Plan Books, and fewer have updated them. Where Union Plan Books have been produced, the identified investment priorities do not bear any realistic relationship to the resources likely to be available – they are “shopping lists” rather than resource-based plans. Also, the procedure for preparation of the Union Plan book does not include any mechanism for people's participation, the task is the responsibility of the UP assisted by the LGED UZ Engineer (UZE).
- There is a similar procedure, again developed by LGED, for the preparation and updating of a UZ staff who have essentially been responsible for preparing the UZ Plan Book. But, there is little evidence that the Plan is utilized by line Ministries or by the LGED as a major tool to select development investments at the UZ level.

Thus at present there is no coherent, area-based and integrated local-level planning process which identifies, selects and prioritizes development activities across different sectors, and relates these to the sources of funds to be used for implementation. But, the Fifth Five Year Plan reiterates the need for participatory rural development if the poverty alleviation objectives are to be achieved. It emphasizes that UPs must be the focal point of local government for participatory rural development; that decision-making powers should be developed to accountable local government bodies; that the GPs will complement the UPs; and that a process of social mobilization and grass-roots consultation should be adopted as the starting point of a bottom-up planning process. **The Fifth Five Year Plan also proposes a procedure for integration of village, union, Upazila and Zila plans once elected local government bodies are formed at each of these levels.**

6. LOCAL ECONOMIC DEVELOPMENT

6.1 Background

Starting with the Intensive Rural Works programme (IRWP) in 1981 SIDA presence in greater Faridpur spreads over two decades now. Over the period and through successful implementation programmes like IRWP, Rural Employment Support Programme (RESP), and Productive Employment Programme (PEP) in particular, SIDA has not only gained wealth of experience in the area but has also created a base of grassroots level economic development essentially through micro credit support to the poor men and women. The policy perspective of SIDA involvement in greater Faridpur has consistently focused on poverty alleviation.

SIDA approach to poverty alleviation in the Faridpur area has seen some strategic changes over the period. While IRWP was essentially an infrastructure development programme, there has been gradual shift towards hardcore poverty issues in the RESP and its successor PEP. The PEP is scheduled to end in 2003. There was therefore need for a graduated and more decisive intervention in the area for a poverty focused economic development. The gradual policy shift is reflected in a report commissioned by SIDA.

“ ... poverty is multidimensional and must therefore be tackled as such – through a simultaneous attack on all its expressions. However, the poor cannot lead the development which must come from other circles, and here it seems that middle class, and specially the entrepreneurs among them, have a crucial role. In every society, there is always a small minority of innovative, resource rich people which, given the right environment can take the initiative and spearhead the development. ... the task of the government must be to create an environment that is conducive to entrepreneurial activities, that allows them to develop and grow, without too many bureaucratic obstacles.”¹⁴

In the above background, during early 1999, SIDA and Swedish Embassy initiated the preparatory phase for a new programme support and carried out a Feasibility Study (FS) in this regard. Released in June 2000, the FS was the first stage in the preparation for the future cooperation programme. It defined the framework of a broad based approach on poverty reduction through support to the Local Governance and Production Programme (LGPP) in the greater Faridpur area. Following the FS, SIDA, Swedish Embassy and the Local Government Division of the Ministry of Local Government, Rural Development and Cooperatives have jointly commissioned the present study to prepare a programme document on LGPP in greater Faridpur area. This chapter is devoted to the local economic development (LED) element of the proposed LGPP.

6.2 Highlights of the Feasibility Study

Poverty Reduction: Defining the overall objective of the new Swedish support should be to reduce poverty by promoting economic growth and undertaking interventions that directly assist in the social and economic empowerment of the poor, the FS stated that the point of departure of the proposed programme will be poverty reduction.

Local Economy: The FS noted that one way to reduce poverty is to develop the local economy, through increased production in the urban as well as in the rural. An essential aspect of this

¹⁴ Sven Cederroth, Nordic Institute of Asian Studies: Basket Case for Poverty alleviation? Report commissioned by SIDA(u.d.)

approach is to encourage support to local entrepreneurs, to improve the technical know-how and at the same time encourage labour intensive production. In the long run, this development will reduce poverty through increased job opportunities and consequent reduction in unemployment. A higher employment rate implies greater purchasing power among the local population and thus increased demand for products, which will in turn create potential for local production.

Local Governance: According to the FS, the concept of local governance encompasses not only the members of local government bodies but also other “actors” (the business community, grassroots groups, NGOs, school teachers, lawyers, among others) who have stake in the local society. Through their interactions and joint efforts these “actors” have the potential to improve the local economy.

Linkage with Local Governance: The FS conceptualised a linkage between the local economy, local governance and poverty reduction. It reiterated that by promoting economic growth and supporting capacity of the local government, a dynamic process will develop. The development of local economy will increase the tax base. This will make it possible for the local government bodies to improve local resource mobilisation through greater revenues from taxation and fees.

Urban-Rural Linkage: There is a lot of interaction between rural areas and the nearby towns. Although villagers are largely producing for subsistence, a substantial proportion is now selling for their manufactured goods in small and medium sized towns. The towns process many products from the agricultural sector, and consequently food processing and mechanised milling are important urban activities. Rural people go to, or even migrate to nearby towns. The provision of repair services in town e.g. tractors and agricultural equipment, are invaluable services for rural clientele. A wide range of essential transport service facilitates exchange of goods between rural and urban. A healthy agricultural economy is thus needed to stimulate urban activities.

Linkage between agriculture and manufacturing: The FS recognised that there is great potential for inter-linkages between the agricultural and the manufacturing.

Integrated Approach: Traditionally development efforts have been focussed on either the rural (agricultural) or the urban areas. However, in Bangladesh, apart from three or four major cities, local economic development is tightly twined to both the rural based agriculture production economy and the rural township based small-scale business sector. The smaller towns’ agricultural hinterland creates a basic demand for services, agricultural inputs, machinery etc as well as delivering important raw materials for agricultural processing industries. It is therefore necessary to include both the rural and the urban areas in an integrated approach to local economic development and poverty alleviation. The FS hence proposed an integrated approach based on urban-rural linkage.

Balanced Approach: Business enhancement activities like entrepreneurial training, market assistance and support to various sub-sectors carried out by international donor agencies, mainly focus on larger industries in the largest cities. There is a need for a more balanced development approach, one that includes both rural and urban areas.

Lead Sector: For the local economy to develop, the rural economy must be the leading sector. This applies to farm as well to off farm production. Increased production in the agricultural sector will create greater demand for manufacture goods.

Role of the Entrepreneur: The FS focussed on the role of the entrepreneur and private business promotion as the point of departure for local economic development and maintained that activities supporting the enhancement of private business and local economic growth will have to be carefully designed and based on the entrepreneur's perceived demands and outlook.

“ In order to design any interventions that aim to promote local economic development, the key role of the entrepreneur (as the central actor in the process of change) has to be recognized. The individual entrepreneur's new initiative will be formulated according to his or her background, motivation, competence, visions, resources, contacts etc ... ”¹⁵.

Business Promotion: For local economy development the FS emphasised upon business promotion activities and stated that this has to be looked upon as a process where the entrepreneur takes initiative and has the ideas. The supporting agency can, in the best case, facilitate the process be it in starting a new business venture or further developing an existing firm. Putting the entrepreneur in the driver's seat means the business promotion activities will be demand led. The starting point is the entrepreneurs' ideas, motivation, personal skills and resources for development of small and medium enterprise.

From IGA to SME: The FS recognised the need for graduation from income generating activities (IGA) to small and medium enterprises (SME). In this connection it noted that during the last few years, Bangladesh experienced a newly born interest in small enterprise development. Small enterprises have been defined as distinctive business enterprises with full-time management, employing up to 50 employees and its products are mainly sold on the local and the regional market. The Medium Size Enterprises have been defined as enterprises having professional management to operates the firm, Up to 500 employees and its products are sold on the national market and/or the export market..

Beyond SME: The FS did not limit its focus on small and medium enterprises only. There was considerable focus on industrialisation per se, taking existing large industries into consideration and review their potentialities of the greater Faridpur area. In this regard the FS highlighted upon the potentialities of the growth of industrial cluster, export oriented industries, inward investment, backward linkage industries within the same sector.

Inward investment: Inward investment opportunity has been cited as a hitherto untapped resource. There are many wealthy businessmen and business families who have chosen to move to Dhaka. They retain many connections and interests in their hometowns and could possibly be willing to invest in interesting and viable business centres, should the right opportunities arise. For special new and innovative projects, risks capital could possibly be raised through inward investment channels.

Outward flow of investment: Abundance of opportunities in expanding cites like Dhaka, Chittagong and Khulna, result in a net outward investment flow. This is true regarding finance capital and human competence. The big cities are draining the local districts of much-needed skilled entrepreneurial people and venture capital funds. In comparison to city areas, there are relatively few interest and support organizations, active within the local areas, that target the SME business sector.

¹⁵ SCANDIACONSULT, Feasibility Study, Final Report, June 2000

Business management skills: The FS iterated that there is general lack of entrepreneurs with good business management skills. This is especially true for smaller enterprises when the manager (and most often the owner) has a low formal education. Usually the manager is self-taught in the trade but lacks formal and practical competence in economy, marketing, planing language etc. Further expansion of the business is hampered unless a professional managers hired but this may be too costly for small business.

Technical skills: There is a lack of skilled and trained workers, which caused problems when they tried to expand their business or wanted to develop more technical advanced quality products. There is currently no functioning skills training institute operating in the area.

Financing options: For small entrepreneurs e.g. rural farmers and small business in rural towns, there is a lack of financing options for further expansion of business in spite of micro credit schemes and programmes by various agencies, specially NGOs. The formal banking sector is either uninterested or unable to handle loan applications from these entrepreneurs who have to rely on informal money lenders and family connections or by forced to refrain from further expansion.

Bank credit for SMEs: Entrepreneurs with smaller business are unable to have access to credit from established bank. Usually the banks are not interested for various reasons. The requirement of full risk coverage in collateral is the most common ground for denial, if the bank considers the loan proposal at all. Even for the medium sized firms, bank loans can be out of reach if the owner does not have the right personal relation or influential connections with the bank. Even then, the bank's loan terms can be unsuitable for the actual credit proposal. The transaction cost, measured in time and money, is often too high. The cumbersome banking procedure slow down the credit disbursement and make the loan less useful once it is paid out. Many business opportunities have not been realized mainly because suitable credit facilities have not been available.

Business Information: The difficulty in getting prompt access to a variety of information sources, like updated market information, information on new techniques, international product data etc. is increasingly critical when the market is getting internationalized. An improved telecommunication network and easy access to inter-net services could quickly improve the situation. The total business infrastructure, network and a lack of varied and easily accessible professional business services, are the major weaknesses in all rural areas.

Local Economic Development Policy: There is an absence of an articulated local economic development policy. There is hardly any awareness of the fact that the local government, the business community and government agencies etc., can play an important and key role in facilitation and vitalizing the local economy.

Conclusion: The Feasibility Study has made a convincing case for a local economic development programme in the greater Faridpur area. It has emphatically established the case of economic growth and employment creation as key prerequisites for effective and sustainable poverty reduction. Creating economic growth by enhancing private and local initiatives has been stated to be one of the key objectives of the proposed Local Governance and Production Programme (LGPP). Local economic development (LED) has been assigned a central role in the design of LGPP, alongside improvement in the local governance. The proposed programme (LGPP) is consistent with the poverty reduction strategy of the Government of Bangladesh.

7. LOCAL ECONOMY OF FARIDPUR

This section is based on the collected data both from the primary and the secondary sources. The primary source constitutes the PLA exercises conducted in different parts of the greater Faridpur district and the secondary sources include different published and unpublished materials.

7.1 From District to Region

During British, Pakistan and much of Bangladesh period Faridpur has been one of the prominent districts. The district was created in 1888 and formed part of Dhaka administrative division. Elevation of the five sub divisions into districts in 1984 gave Faridpur the character of a region which in the absence of any other specific identification, is mentioned as the greater Faridpur area. The five districts of Faridpur today form a big and complex geographical unit in terms of size, population and governance. While some other comparable units like Sylhet and Barisal have been elevated into administrative division (region) Faridpur still awaits the same status.

7.2 The Concept 'Local Setting'

In the administrative and planning parlance the term "local" has reference to specified geographic area vis-a-vis national and regional. For a long time, particularly during the British rule, districts used to be the predominant 'local' unit. There was an integration of local governance and economy within the district. Creation of new districts by abolishing administrative sub divisions in the mid-eighties has diffused the 'local' nature of the districts to a great extent. However, the old district framework still provides some useful integration in many respects, particularly in respect of local economy. However, increased focus on upazila during the sixties, and upgradation of upazilas into upazilas during the eighties for local development and governance, changed the perspective of 'local' in Bangladesh and upazilas have since emerged as the dominant 'local' units in the country in the context of governance, economy and development.

There is strong presence of central government functionaries of various departments at the upazila headquarter. A framework of strong and effective local government unit is also present there. The upazila headquarter is the centre of economic activity. Usually the most import market of the area is located there and is connected internally through growth centres within the upazila. There is an integrated character of local economy at the upazila level reflected through the network of internal transport and communication and trading of goods both produced locally or imported from outside. The Bangladesh Bureau of Statistics (BBS) recognises all upazila headquarters as urban areas. In many cases the upazila headquarter is also the only urban government unit i.e. the pourashava. Being urban it offers good potentiality for investment and accelerated economic activity. Upazila thus offers an appropriate 'local' setting for local economic development.

7.3 Local Setting of Faridpur

The greater Faridpur area is at present divided into five districts. There are 18 of which five are district level and the rest are at the upazila headquarters. Thus of the 27 upazila headquarters 14 are yet to be legally declared as pourashavas although the BBS recognises all upazila headquarter as town i.e. urban areas. In the context of local economy 'growth centres' are also taken as important local units. In 1984 the Planning commission of Bangladesh recognised the

importance of rural markets and identified 1400 of them as 'growth centres' for infrastructure development¹⁶. These growth markets are the prominent market places in the rural areas where trading activities are carried out. There are 124 growth centres in the greater Faridpur area. The government has undertaken phased programme of development of infrastructures in these growth centres to increase their effectiveness as the nerve centre of local economy. In the context of local economy and its development, growth centres, upazila towns and pourashavas form the essential grid for planning of local economic development under the proposed LGPP.

Administrative-Demographic Setting: The demographic-administrative setting of 'local' units in the greater Faridpur area can be seen from the following table.

Table2: Demographic-administrative position of the greater Faridpur

District	Upazila	Union	Village	Pourashava	Households	Population
Faridpur	8	79	1859	4	345357	1719496
Gopalganj	4	68	880	4	217445	1132046
Madaripur	5	57	1035	3	232111	1137008
Rajbari	4	42	986	3	189427	479780
Shariatpur	6	64	1230	5	213239	524152
Total	27	310	5990	19	1197579	4992582

Physical Setting: De-linked from the main landmass of Dhaka division, the area of greater Faridpur forms part of the Ganges River Floodplain. The area has been shaped by the Ganges (Padma) and the Jamuna rivers. Other two main distributories of the Ganges - Gorai-Modhumoti and Arial Khan running through the area have great influence in shaping the agro-ecological setting of area. Occurring within the Ganges River Floodplain there are three topographic sub zones in the area. These are (a) the young alluvial land (chars) within and adjoining the shifting channels of the Ganges and its two distributories, (b) relatively high areas on the western part of greater Faridpur, (c) the low lying areas on the north east, east and south-east¹⁷. The floodplains of greater Faridpur is also featured by large number of wetlands or beels.

Land and Water: The land is alluvial and fertile. The soil is mostly loamy. A significant part of the soil area is covered by river. The newly deposited alluvial chars are often barren but are generally brought under cultivation within 1-3 years. There are innumerable beels spread throughout the area. The beels are saucer-shaped depressions which usually retain water throughout the year. One study mentions 36 beels in the area¹⁸. The soil and beels are the most important natural resources. Good deposits of peat coal was discovered in some of the beels but harnessing proved uneconomic. There is ample surface water. Ground water is also easily available in most parts. There is no known forests. The area has been well known for date palms yielding quality juice for molasses with good national demand. Tree crops of varied types are common in most areas.

Poverty: For long Faridpur was recognised to be one of the worst poverty stricken areas of the country. Rural as well as urban backwardness was rather conspicuous. The scenario has changed considerably during last one decade or so. There has been a general boom in the overall level of economic activity during the nineties. As the Feasibility Study notes, greater

¹⁶ Bangladesh Planning Commission: Strategy for Rural Development Projects, Dhaka, 1984

¹⁷ UNDP-FAO: Land Resources Appraisal of Bangladesh for Agricultural Development, Report 2 – AgroEcological Regions Of Bangladesh, Rome, 1988

¹⁸ IUCN: A Directory of Asian Wetlands, u.d.

Faridpur has benefited and taken part in the substantial average growth of GDP in Bangladesh, estimated at 3.2 percent per capita per year¹⁹. Yet like many other areas of the country, poverty is rampant and still deep rooted throughout the area. Massive construction of road net work particularly connection of upazila headquarters and most of the 124 growth centres by all weather roads have created positive impact on the overall poverty situation. But much has still to be done and achieved.

Employment: The employment scenario of the area remains dismal. Agriculture has been and still is backward and affected by recurrent floods and shifting river channels. Agriculture unemployment is wide spread. Urban employment opportunities are very limited as there is no noteworthy urban centre. Industrial wage employment was virtually non-existent till recently. Migration of the unemployed to Dhaka to work as domestic help and rickshawpullers has been quite common. There has been some improvement in the employment situation during the last decade. Women in quite large numbers have found employment in the garment industries in Dhaka.

Physical infrastructure: The physical infrastructure has been considerably improved. This is especially true for the road network including highways and feeder roads connecting the district headquarters and the Pourashavas, facilitating mobility of people and goods. Of the 120 growth centres 62 have been connected by all weather roads and the remaining are yet to be. Next to roads, rural electrification programme is yet to cover many upazilas and rural area specially in remote areas of Shariatpur.

Agriculture: In the greater Faridpur area the dominant part of the local economy is directly and indirectly dependant on agriculture. Cereal and jute production remains the main feature of agriculture in the area. Other produces include chili, gram, onion, summer pulses and sugarcane. The area is deficit in cereal and vegetable production. Import of vegetables from neighbouring districts is a common feature. To exploit the full potentials of agriculture in the area, the agricultural development strategy needs to focus on increasing cereal production outside season and season specific vegetable production.

The farm products are sold in the nearby small towns or market places and the income earned is spent on necessary food items, agricultural inputs, household products, other urban goods, health and educational services etc. Basic agricultural processing e.g. rice husking, milling, oil production, etc is done in villages as well as smaller towns. Agricultural production and processing is the backbone of the local economy. Further development is without doubt possible and desirable. Increased irrigation, crop diversification, quality and productivity improvement of the agriculturally based production would increase the economic benefits for the farmers and directly promote further growth as well as creating a demand for more diverse activities in the local economy. Agricultural processing is rudimentary. Processing, manufacturing and utilizing agriculturally based inputs are the sectors that, in a short and medium term perspective, have the greatest growth potential in the area. Dhaka and its surroundings (the largest and fastest growing market area in Bangladesh) lies within accessible distance from the area. Processing and utilizing more modern technology would put pressure on the farmers to produce new and improved varieties of agricultural crops and thus contribute to the development of the agricultural sector.

There is the pattern in which the agricultural economics of a upazila takes place. In the commonest economic terms there is an 'export' and 'import' of agriculture produces in any

¹⁹ SCANDIACONSULT: Feasibility Study, Final Report, June 2000

upazila. Each upazila exports some produce outside it and considerable economic activity revolve around it. Conversely, there is also an import aspect of agriculture. The export pattern determines the strength or contribution of agriculture in the local economy while import pattern reflects the weakness of the local economy. In other words, upazila with strong agricultural export base would present a local economy stronger than the one with less of export but more of agriculture produces. The export and import of agriculture produces in a upazila can be subject matter of intensive study for the purpose of local development planning and developmental interventions. Such export and import is an important area of enterprise development as this takes place in the form of trade that takes place the private sector. This activity is the key source of local capital formation for further entrepreneur development and diversification in the processing and manufacturing sectors.

Industries: Till about a decade ago greater Faridpur area was without any industry worth mentioning except one sugar mill. However, during last one decade or so good number of industries including some large ones have come up near around Faridpur and Goalundo. Barring a few (Aziz Pipes) these industries are agriculture related e.g. jute spinning mills, hatcheries, cold storage. Small insutries and enterprises of the nature of manufacture, repair, or processing are located mostly in urban centres. There are traditional cottage industries, mostly in dying state spread throughout the area and carried out by different occupational groups like kolu (oil expellers), jola (weavers), kamar (iron smith) etc.

Urbanisation: Faridpur is the biggest and most developed town in the area. Other district (4) towns including upazila based (13) pourashavas are in reality administrative centres without any noteworthy urban character. Only Faridpur gives an impression of a bustling and growing town with workshops, small manufacturing businesses, building construction, abundant services and shops along the streets. Services and activities available in other district and district towns are rather limited.

Trade and Commerce: Faridpur area like any other area in the country is characterised by extensive trade and business activities in order to meet the day to day consumption needs of the populace. These activities take the shape of wholesale and retail trade. There is wholesale and retail trade for merchandise going out (export) from and coming in (import) the area. The trade and business take place in the prominent market places in the rural areas as well urban areas. The hats and bazars in the rural areas are the nerve centre of trade and business activities. 124 growth centres are the real hubs of these activities. For wholesale trade there are 'arats' or godowns established by the businessmen. The retail trade is carried out in the shops. The retail shops play an important role in respect of employment. There has been significant growth in retail trading all throughout, employing increasing number of people. The growth is quite noticeable in respect of small retailers who are mostly drawn from the poorer segment of the society. An important dimension of this is that trading activity has positive social impact for the person and his family involved.

Services: Side by side with agriculture and industry services occupy important position in the economy of an area. The importance of the service sector can hardly be over emphasised. Generally it offers the fastest growth opportunity for the economy. In the greater Faridpur area the typical services include transport, construction, catering, medical, entertainment, education services. They provide employment to sizable population belonging mostly to the poorer segment of the society. With the expansion of road network and increase in the mobility of the people, transport services have developed significantly. This should however viewed in the context that there has been a considerable shrinking of the river transport service. There has been considerable growth in the construction, catering, medical and other services but not as

significant as in many other areas of the country. Growth of the services is linked with the overall growth of the economy. If the overall economy of the area expands there will be growth in the services as well thereby expanding employment opportunities for the poor and alleviating overall poverty situation.

Business Organisation: There is net work of organisations connected with trade and business and spread throughout the area. There is the district level chamber of Commerce which is affiliated with the national apex bodies of Chambers of Commerce and industries located at Dhaka. There is also the branches of National Association of Small Industries of Bangladesh (NASIB) at each district level. Other than the chambers and NASIB, the net work of trade and business organisations include Trade/Business cooperatives, Trade/Business Associations, Market Associations, Market management committees. These organisations though not very effective, act as the platform of business people and the traders.

Skill Training: Skill is often a prerequisite for employment and poverty alleviation. It is also an element of the human development process. Opportunity for skill training is an important area of local economy. There is a great demand for skilled manpower at home and abroad. In the recent years there has been considerable focus on skill training everywhere in the country. Such training is organised in the public sector by the government and also in the private sector by private individuals. In the greater Faridpur area, particularly in Faridpur town, there is a considerable concentration of skill training facilities. The facilities for skill training in the public sector cover agriculture, fisheries, youth, teachers, technical trades, nursing, cooperative etc. Facilities in the private sector include those for tailoring, computer, driving, midwifery, vocational trade, teacher training etc. However, compared to the growth of private skill training facilities in other districts and towns outside the area, the facilities seem to be inadequate. This is correlated with the manpower export. It seems that Faridpur area is yet to catch up with the increasing trend of young people going abroad on jobs. There is good scope to expand private sector training facilities to manpower export abroad.

Finance: Financing of economic activities is a critically important factor for the growth of local economy. For the entrepreneurs, be they traders or manufacturers, need venture capital and working capital. Banking institutions are in the forefront to provide finance to the entrepreneurs. Although there has been significant growth in the banking sector in Bangladesh, greater Faridpur area is not yet considered attractive business area by the banks, both public and private. This indicates a low level of the local economy. Similar is the situation with the public sector specialised non-banking financing institutions like Shilpa Bank, BSRS etc. Absence of financing facilities acts as a major impediment for the growth of small and medium enterprises in particular, as banks avoid them as matter of policy.

Technology: Greater Faridpur has been inhabited by a large number of occupational groups like weavers, oil expellers, potters, cobblers, black smiths, gold smiths etc. These occupations were based on rudimentary and backward technology. As a result these groups are hard hit and generally considered to be classed as poorest of the poor. There is no inventory of these technologies. Some of the technologies can be improved and replaced by more appropriate technologies. There can be product development and technology adaptation in some cases. In other cases introduction of intermediate technology may be the answer. While the area of traditional and appropriate technology remains quite limited in the present situation, new technologies are making inroads improving not only the living standards of the occupational groups engaged in traditional trades, but also helping alleviation of poverty. The role of information technology deserve special mention in this respect. Mobile phone has spread in the remote rural areas opening new opportunities for the local economy. There seems further

scope. As one writer says “information technology has the power to transform all economies and all societies. Suddenly, societies which were languishing become energised and transform themselves almost overnight. If we really design information technology in an appropriate way, we will be able to bring it to the door steps of the poor.”²⁰ There are good reasons to say that a broad spectrum diffusion of technology in the local economy can beat the time constraints of local economic development.

Conclusion: For long Faridpur has been a backward area featured by chronic river erosion and recurrent flood. Floods destroyed crops regularly. Food shortage was chronic. Fall in the demand of jute, the main cash crop of the area, led to disastrous economic consequences for the agriculture based rural economy – the growers and traders as well. Much of the area being low lying and devoid of roads communication, gradual silting of its numerous internal rivers affected river communication and large number of ‘patnis’ (boatmen) went out of job. Decline of cottage industries and family based crafts threw still larger number of occupational groups in abject poverty. Up to the nineties Faridpur area was regarded as one of the worst poverty pockets in the country. The decade of nineties witnessed considerable reversal caused by massive construction of internal road network leading to mobility of people to nearby industrial zones and metropolitan cities of Dhaka and Khulna. The growth of Dhaka centered garment industry ignited the mobility of female workers considerably as large number of women found new jobs in the garment industry. The opening of inter zonal road net work connecting Barisal and southern districts on the one side and Jessore, Khulna and India on the other side also impacted the economy of the area significantly. Bustling road communication and proximity to market at Dhaka (and perhaps India) attracted several big industries. To day as one travels towards the area one is impressed by the line up of new industries on the road sides around Faridpur town. Importantly, the jute spinning industries and chick hatcheries catch the eye easily.

Economic transformation is also noticeable in the rural interior as well. With all weather roads links penetrating deep inside and connecting the growth centres, the rural economy has gained a new momentum. Mobile telephones have connected rural business with the markets far and away. The traditional cash crops besides jute e.g. onion, chilly, gram etc today fetch justified price. New cash crops like banana is drawing increased attention of farmers.

The positive changes in the economy have impacted the poverty situation noticeably. One simple indicator is the dwelling houses in the rural areas. As one moves along rural roads one gets an unmistakable signal that there has been significant improvement over the last decade. Most houses today has C.I. sheet roofs.

Much of what has happened is a byproduct of various interventions by the government, donor supported projects, NGOs. However, there has not been an organised effort to focus on the economy as a whole in its totality. There is has not been much support to the private initiatives that acted as the pivot of the economic change and transformation. There is a need to create a synergy among the actors playing important role and to organise, promote and activate the private sector towards more vigorous local economic development of the area for further alleviating poverty of the masses.

The economy of the greater Faridpur area is at the threshold of opening up to its full potential. The general impression one gets from greater Faridpur is that the prerequisites of further economic growth and development have improved considerably compared to ten, or even just

²⁰ Mainur Rahman: Making the Internet Work for Villagers, Star Magazine, June 28, 2002, Dhaka.

five years ago. Greater Faridpur area's greatest strength is its residents, with their knowledge, networks resources and ambitions. In order for the local economy to grow and develop, skilled and entrepreneurs from among the residents who are willing to take risks and are able to identify opportunities when and where they appear, are needed to come forward and participate more actively.

There are very many constraint which hinder growth of the area. The constraints of lack of credit facility, business information, active business forum etc compared to the strength and abundance of opportunities in expanding cites like Dhaka, Chittagong and Khulna, result in a net outward investment flow. This is true regarding finance capital and human competence. The big cities are draining the greater Faridpur district of much-needed skilled entrepreneurial people and venture capital funds. In comparison to city areas, there are relatively few interest and support organizations, active within the greater Faridpur area, that target the SME business sector. Lack of a sound data base is also an important constraint for analysis and planning of the local economy of Faridpur area.

8. PROJECT CONCEPTUAL FRAMEWORK

Increasing pro-poor economic growth will be one of the key elements for achieving human development. To increase growth and to bring a pro-poor orientation in the growth process the following four areas should be given priority e.g. (i) accelerated growth in rural areas and development of agriculture and non-farm economic activities; (ii) small and medium manufacturing enterprises; (iii) rural electrification, roads, and supportive infrastructure; and (iv) information and communication technologies²¹.

In government's strategy, private sector is the engine of economic growth and a broad consensus on the need to improve governance exists along with the recognition that poor governance is a strong impediment to poverty reduction efforts. For rapid poverty reduction, development of rural areas is urgent where most of the poor people live. This requires accelerated growth of agriculture and the rural nonfarm sector. A rapid agricultural growth will sustain high growth with better capacity to reduce poverty through enhancing rural wages, creating synergies for diversifying the rural economy, and enabling the supply of low-cost food to improve nutritional status and food security of the people. Rapid agricultural growth requires new technology, credit, new HYV seeds etc. Rural non-farm activities play an important role in generating new sources of employment. Rural non-farm activities require some degree of upscaling with improved technology and marketing support. The process can be further stimulated by establishing urban-rural links in design, production, and marketing stages.

A globally competitive industrialization is needed to create an enabling environment of employment-intensive industrialization with emphasis on small and medium enterprise and export-oriented industries.

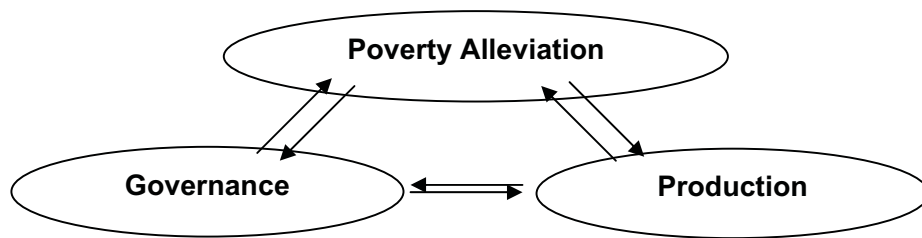
The impact of roads on poverty is well documented in Bangladesh and the availability of electricity is important in promoting private investment in rural areas. Electricity has its cost-reducing effects on use of irrigation equipment. Provision of electricity will directly impact on modernization of rural industry, contribute to longer hours for commercial enterprises, along with favourable influence on social development. Telecommunication is one of the infrastructural packages for pro-poor growth. Telecommunication would help in regional market integration, increase the effectiveness of the early-warning system for preventing disasters, and help improve the system of governance.

Despite various development programmes, poor people in Bangladesh are still poor (see table 1) because most of them are still outside the process of production, they have inadequate or no capacity to be involved in production process, they are ruthlessly deprived and exploited in production sharing, and they have extremely limited access to public resources. **To reduce poverty, in the rural and urban areas, interventions might be designed in the following areas e.g. income growth, improvement in the coping capacity of the poor, and access to public service and goods for the poor. This sort of interventions could be highly successful if the local government institutions can successfully involve the "Best Actors" of human governance. Main actors for human governance include individuals,**

²¹ Economic Relations Division, Ministry of Finance, Government of the People's Republic of Bangladesh. April, 2002. Bangladesh: A National Strategy for Economic Growth and Poverty Reduction, Dhaka.

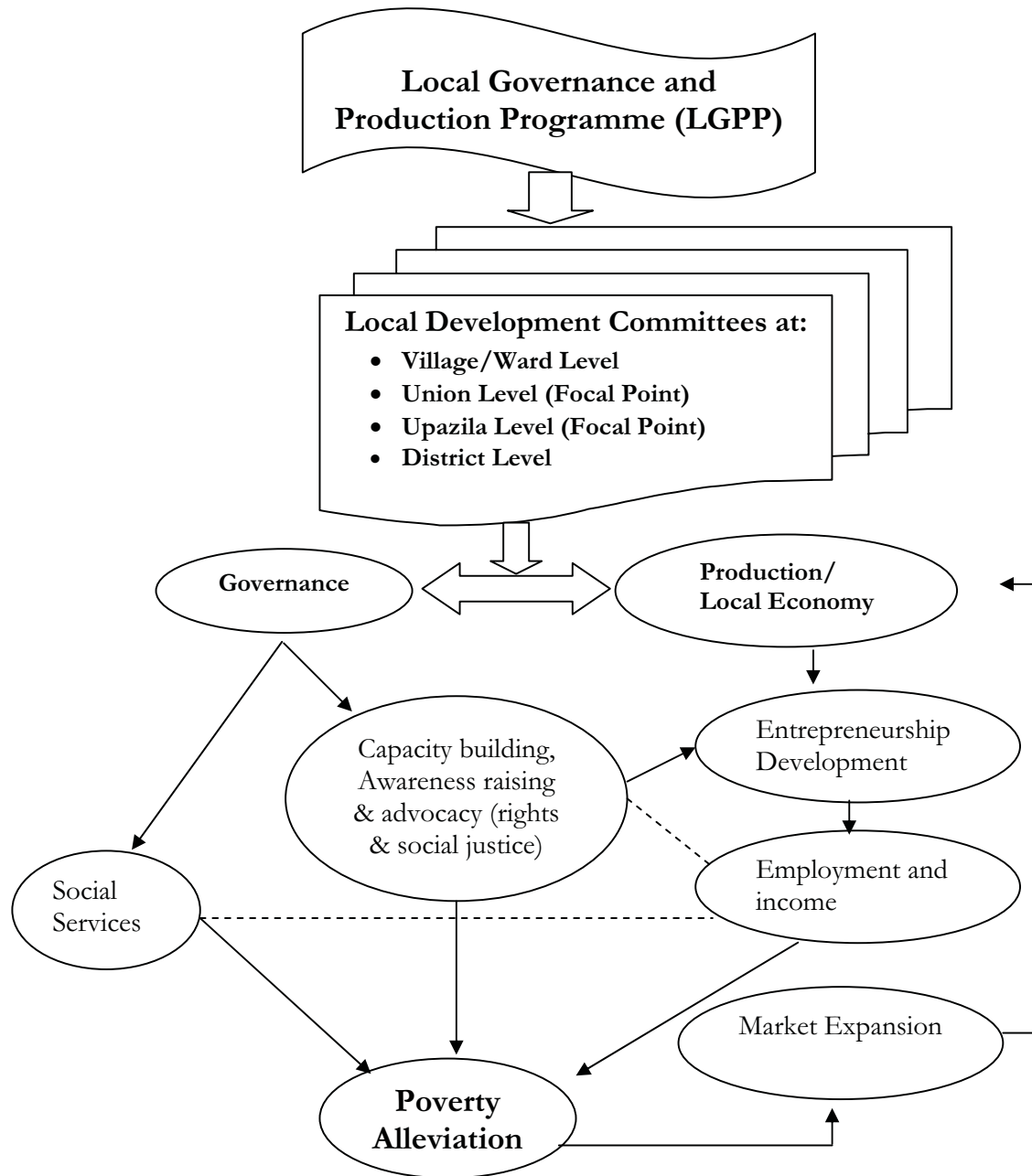
the community, civil society organizations, media, private sector, state and international organizations. There is a strong linkage between the development of the local economy, the strengthening of local governance and poverty reduction, which in practice has always been overlooked. By promoting economic growth and supporting capacity building of the local level individuals and institutions, a dynamic process can be developed. The LGPP model recognizes the inter-linkages between the poverty alleviation, governance and production. The model is shown in Figure-1.

Figure-1: Linkage among poverty alleviation, governance and production



Taking into account the present gap in support to local initiatives and the potential benefits for the poor and for the local economy, this innovative programme approach has been developed. It is assumed that a country or a region with high economic, political and civic governance would also have high human development. **It is more likely that good governance will ensure equitable resource allocation to the poor and powerless for poverty alleviation.** Considering the above mentioned issues the HDRC team is proposing the following conceptual framework for LGPP in Figure-2.

Figure-2. Conceptual framework for implementing and achieving the project objectives



It is assumed that efforts should be given to strengthen local governance at each of the 4 levels of local government tiers. In addition, good governance should be ensured in private sector to enhance production and consequently to generate employment in both rural and urban areas of Greater Faridpur. Strengthening of Local Government Institutions and ensuring good governance in both the private and public sectors will help increase production in Greater Faridpur. Strong and efficient Local Government Institutions will facilitate access to social services of the poor, help create awareness on different issues, protect human rights etc. Since good governance will reduce poverty so

it will increase people's living standard and purchasing capacity. The increase of living standards and purchasing capacity will create increased demand in production. Labour intensive production will create more self and wage employment. Eventually this process will reduce poverty at an accelerating rate in Greater Faridpur than other parts of Bangladesh.

Sustainability of the Approach

It is envisaged that during project implementation, the good practices will be identified and lessons learned will be documented. These identified good practices and documented lessons learned will be assessed after five years by the government to continue those in local government institutions covered under the LGPP and replicate them in other local bodies in the same tier and other tiers as well with similar and even wider programmes on local governance and production. Different activities and innovations to be tried under the LGPP in many cases would be outside and beyond the purview of the existing local government legal framework. For this purpose, a memorandum of understanding should be reached with the government to try out these innovations during implementation of the LGPP. As we all know, reform for establishing decentralized system of local government is a long drawn process especially in developing countries like Bangladesh, as such, in the above mentioned memorandum of understanding, a pledge should also be there from the government to continue the good practices and lessons learned even after the completion of the project at least in local bodies covered under the project. In addition, a sustainability plan should be prepared from the very inception of the project. It is believed that the above measures will address the question of sustainability of the approach after completion of the proposed LGPP.

9. PROGRAMME DESIGN

The LGPP has broadly two components, namely, A) governance component, and B) production component. The design related issues are discussed component wise as under:

A. Governance Component

The design exercise relating to the governance component has taken into consideration the following issues. These issues provided the guiding framework of the programme proposal and its components.

- Setting objectives
- Determining the target institutions and communities
- Gender focus

Setting the Objectives: The objectives of the Component A of the LGPP include, i. development of awareness about effective local governance among the constituent elements of the local governance process that includes the local government institutions, the bureaucracy, the community based organizations (CBOs)/non-governmental organizations (NGOs) and the local communities; and ii. enhancement of competencies of the local government bodies to perform their mandated functions and facilitate the acceleration of the local production process. Effective, efficient and transparent local governance depends on the competency of the local government institutions and supportive and facilitating role of the bureaucracy, CBOs/NGOs and the local communities where these local institutions are located. The specific objectives of the Governance component can be specified in the following manner:

- To raise the awareness level of the constituent element of the governance process about the role and functions of the local bodies and specific role of the other constituent elements in them in ensuring transparency, accountability and participation.
- To enhance the competencies of the local bodies to plan, generate local resources, implement and monitor different development and service delivery related functions of the local elected bodies.
- To ensure effective gender participation in the affairs of the local bodies.
- To promote accountable, transparent and participatory practices in the local bodies

Determining the Target Institutions and Communities

The target institutions and communities under the LGPP would be local institutions that include, the Union Parishads, the Paurashavas, and Upazila Development Coordination Committee (UDCC) (though not elected but composed of elected chairmen of the UPs of a Upazila). Experience suggest that besides local government bodies, other actors also play an important role in the local governance process. They are members of the national bureaucracy working especially at the local level. Local institutions need to deal with them for effective functioning of these bodies. Positive attitude and active cooperation of the members of the national bureaucracy are essential for effective and efficient local governance. It has been observed that a number of CBOs and NGOs are operating at the local level having different developmental interventions. But currently, local bodies and these organizations have no effective and fruitful relationship with each other. But such relationship could ensure meaningful participation in local development related activities. The other important element of the local governance process is the local communities. In fact, local bodies are established for serving or catering to the needs

of these communities that elect them. But it has been seen that local communities are apathetic to the role and functions of the local government institutions. But their interest and active participation is essential for ensuring transparency, accountability and financial sustainability of these institutions. Considering these aspects the target of the LGPP has included them. It is envisaged that if appropriate interventions could be planned and implemented for each specific elements and actors of the local governance process the desired result of good and effective governance could be achieved.

Gender Focus

In recent years, women have been ensured of participation in the local government bodies by the provision of reserved seats for them. But it has been revealed that women's effective participation is still an elusive reality. It means presence does not indicate participation. Moreover, male members of the local bodies as well as other elements of the governance process are not also very supportive of effective participation of the women in the local governance process. It seems that all of them lack gender sensitiveness. As such, any intervention on governance needs to address these issues. The LGPP has taken cognizance of these prevailing realities regarding participation of women in the affairs of the local elected bodies. It is believed that appropriate interventions could address the above mentioned issues and facilitate the process of active and effective participation of the women in local governance.

B. Production Component

The design exercise relating to the production component should take into consideration the following issues. These issues will provide the guiding framework of the programme proposal and its components.

- Setting the objectives
- Building data base
- Determining the target population
- Gender focus
- Creating synergies among ongoing activities
- Linkage with Governance
- Decentralisation

Setting the Objectives: The overall objective of the Component B is to facilitate the process of poverty reduction through economic growth and undertaking interventions that directly assist in the social and economic empowerment of the poor. Increased economic growth is most effectively achieved through development and growth in the private enterprise sector, as well as through ensuring greater access of the poor to the public resources. These also create new employment opportunities. A main objective for local economic development is to increase job opportunities for the target group (poor women and men living in Greater Faridpur area) and economic growth by promoting and facilitating private enterprises development in the SME sector. The specific objectives of the programme for local economic development for different impact levels (micro, medium and macro) can be specified in the following manner:

- To enhance growth of micro enterprises to facilitate their graduation into the small and medium enterprise sector.
- To facilitate promotion and support new businesses in the small and medium enterprise sector.
- To facilitate growth of existing small and medium sized enterprises.
- To support new and innovative business ideas suitable for women entrepreneurs.

- To support new business pilot trials that could have a spin off effect.
- To increase the sustainable capacity of local organizations to promote and support growth of small and medium sized enterprises.
- To improve local government institutions' capacity to develop and sustain a progressive and potent local economic development policy.
- To create local arenas and functional networks where related business organizations, agencies and government institutions can exchange opinions, ideas and advocate their interests.
- To support SME organizations for enhancing their capacity to identify and advocate for effective implementation of policies that promote and facilitate employment creation in the private SME sector.
- To facilitate poor people's access to public resources (*khas* land, water bodies, institutions)

Local Economy Data Base: Data is a key tool for planning. Sound planning or programme design is not possible without adequate benchmark data. Non-availability of data is chronic in the country and data appropriate for local economy is virtually non-existent. At present data on local economy of Faridpur area is hard to obtain. This makes it difficult to design a realistic local economy development ((LED) programme for the area.

Activities to be taken up for implementation under the proposed programme need be supported by data. Such data should cover wide ranging fields connected with local economy of the area. Tentative data fields should include, for example, Upazilawise food production - surplus or deficit, Crops, Cash crops, exports from and imports into area, PEP enterprises and PEP graduates, SEDP clients, Traditional cottage industries and occupational groups, Small and medium industries, Big industries, Backward linkage industries, Localisation of SMEs and cottage industries, Localisation of cash crops, Business enterprises, Growth centres and inter linkages, Skill training centres, Management and other training centres, Credit facilities for SMEs, Trade and business associations, Business information systems, investment opportunities, Service sector, Employment (wage and self) scenario etc.

Since upazila is the focal point of local economy there is a need to build up upazilawise data base, with aggregates for respective districts. There is also need for separate data base for pourashavas and growth centres, since pourashavas and growth centres act as the important hub of economic activity and often offer clear geographic setting for planning interventions in the local economy. More specifically they act as the centres of investment and employment. Following matrix gives a preliminary indication of benchmark data that are relevant for planning local economy development.

Matrix : Tentative Data Fields

Broad Area	Tentative Data Fields
Poverty	<ul style="list-style-type: none"> • Overall poverty scenario • Poverty among traditional occupational groups • Poverty among the agricultural labourers • Poverty among female headed households • Dispersal of rural poverty • Urban poverty
Employment	<ul style="list-style-type: none"> • Wage employment • Self employment • Occupational groups • Wages

Broad Area	Tentative Data Fields
	<ul style="list-style-type: none"> • Distribution and dispersal of employment opportunities
Infrastructure	<ul style="list-style-type: none"> • Rural roads • Growth centre connecting roads • Rural electrification • Flood control and water resource • Irrigation
Agriculture	<ul style="list-style-type: none"> • Food production • Cash crops production • Localisation of cash crops • Export of cash crops • Import of agricultural products
Industry:	<ul style="list-style-type: none"> • Traditional cottage industries • Small industries • Medium industries • Big industries • Backward linkage industries • Localisation of cottage industries • Localisation of SMEs • BSCIC estates • Manufacture of goods for export • Manufacture of import substitutes
Trade and Business	<ul style="list-style-type: none"> • Business centres and markets • Growth centres and inter linkages • Business enterprises • Wholesale trade • Retail trade • Import trade • Export trade • Business information systems
Services	<ul style="list-style-type: none"> • Transport services • Construction services • Catering services • Medical services • Entertainment services • Education services
Business organisation	<ul style="list-style-type: none"> • Chamber of commerce and industries • National Association of Small Industries of Bangladesh (NASIB) • Trade/Business cooperatives • Trade/Business Associations • Market Associations • Market management committees
Land and Water	<ul style="list-style-type: none"> • Land and water • Rivers • Wetlands (beels) • Tanks and ponds • Fish and fishery

Broad Area	Tentative Data Fields
	<ul style="list-style-type: none"> • Tree and forest
Skill Developemnt	<ul style="list-style-type: none"> • Skill training • Vocational training • Management training • PEP training • SEDP training • Other training • Manpower recruiting agents • Manpower export
Finance	<ul style="list-style-type: none"> • Bank facilities • Non bank facilities (SEDP, PEP, NGO etc) • Money lending practices
Technology	<ul style="list-style-type: none"> • Traditional crafts and technology • Appropriate and intermediate technology, • Information technology (IT)

Target Population and Gender Focus: Broadly speaking, the entire population of the greater Faridpur area forms the target of the programme. However since the principal objective of the programme is poverty reduction, the specific target of the local economy development programme should be the poor population of the area. However, the poor is not a homogeneous group in the society – there is the poorest or ultra poor and the destitute, and the moderately poor. There is also the vulnerable non-poor. These poor provide the labour force in the economy. For them a programme of expansion of wage employment opportunities should be the direct answer. Such wage employment would happen in the private sector in the service sector, in agriculture and in industry, the total impact of which would be the over all growth of the local economy. Many of the poor often demonstrate remarkable entrepreneurial potential leading to self-employment. A section of them when graduated turn into small enterprises employing hired labour as well. In the greater Faridpur area, through continued efforts of SIDA's PEP, Danish SEDP, NGO programmes etc. a base has been created where many poor men and women have turned into small entrepreneurs. Conscious effort should be made to elevate these enterprising men and women.

Women are considered to be a vulnerable group in the society. Among the poor, women in general and female-headed households in particular, are more disadvantaged. Social restrictions as well as lack of access to capital and skill training limit income generating opportunities for poor women. Thus, local economy development activities focusing on poverty reduction should emphasise interventions that improve the situation of women as economic persons.

Creating synergies among ongoing activities: LED will not work in isolation or in a vacuum. There are already a number of programmes targeting poverty reduction, implemented by government agencies and NGOs. LED will have to create network for integrating with all the relevant players and programmes for getting the best results through a synergy developed consciously. The LED programme should evolve an appropriate mechanism for effecting a strong synergy among all these programmes. As a matter of fact a programme of local economic development is not possible without creating such synergy. This is also needed to avoid duplication and wastage.

Linkage with Governance: Development of the local economy will increase the local tax base. This will make it possible for the local government bodies to improve local resource mobilisation through greater revenues from taxation and fees. With increased revenues, the local government bodies will be in a position to improve their social services, not least, to the poor. This will in turn reduce poverty.

Decentralisation: The operational network of local economy starts with local producers and flourishes through the local markets and growth centres. Upazila level urban centres provide the essential forward with outside for 'exporting' local surpluses to outside markets and also for 'importing' in essential commodities not produced locally. In this way the operational process of local economy is a decentralised one. Upazila occurs at the centre of this decentralised process and connects the local economy with the district and national markets through the medium of private traders. The traders often form into local associations for networking, information sharing, security, and for protecting their mutual interests. As a matter of fact local economy operates in highly decentralised fashion without any bureaucratic control by either central or local government. There is need to ensure in the proposed programme not to vitiate the decentralised operational process already in existence. Rather, the programme should facilitate the decentralised process.

10. PROJECT OBJECTIVES, OUTPUTS AND ACTIVITIES

10.1 Objectives

Development Objective

Efficient, transparent and participatory local governance for facilitating local production process and thereby generating employment and alleviating poverty.

Immediate Objectives

1. To develop awareness of the constituent elements of the local governance process in Greater Faridpur district.
2. To enhance competencies of the elected local government bodies and community organizations in Greater Faridpur District to plan, finance, implement and manage their mandated functions and take proactive role in facilitating local production process.
3. To improve governance environment and deliver development/production facilitating services in Greater Faridpur District which take into account/consideration the prevailing local socio-economic conditions and contribute in accelerating local production process for employment generation and poverty alleviation.
4. Develop lessons on innovative ways of planning, financing, implementing and managing facilitating role of the local government institutions for accelerating local production process that are of wider relevance to the local government reform process in Bangladesh.

10.2 Outputs

The outputs of immediate objective 1 are as follows:

- 1.1 Local government bodies seek active cooperation of all the constituent elements of the governance process for democratic and transparent functioning
- 1.2 The traditional mind-set of the members of the field level bureaucracy is changed
- 1.3 Local communities participate in the local planning process and affairs of the local bodies
- 1.4. CBOs/NGOs actively participate with local bodies in the local development process

The outputs of immediate objective 2 are as follows:

- 2.1 Local government bodies in Faridpur district are capable of preparing development plans enlisting participation of the local community
- 2.2 Local government bodies in Faridpur district transact their businesses in a democratic and transparent manner

- 2.3 Local government bodies in Faridpur district are gender sensitive and ensure effective and active participation of the women elected members
- 2.4 Local government bodies in Faridpur district collaborate with all constituent elements of the local governance process to facilitate the local production process
- 2.5 Local government bodies in Faridpur district generate increased local resources to finance different development initiatives
- 2.6 Local government bodies in Faridpur district are effectively supervised by the government prescribed supervising authorities

The outputs of immediate objective 3 are as follows:

- 3.1 Local government bodies in Faridpur district are capable of assessing socio-economic conditions of the local communities
- 3.2 Local government bodies in Faridpur district are competent in facilitating in identifying local avenues/opportunities for gainful vocation/ employment
- 3.3 Local government bodies are capable of facilitating development of networks of local entrepreneurs and producers of goods and services
- 3.4 Local government bodies are capable of assisting local communities in seeking skills training and finance for wage and self-employment

The outputs of immediate objective 4 are as follows:

- 4.1 Innovative practices and procedures for local bodies discharge of functions and responsibilities are tested and evaluated, and the lessons disseminated
- 4.2 The assigned independent monitoring and evaluation agency(ies) monitors and evaluates local government bodies and activities of LGPP effectively, and generate findings, which are applied to the local government reform decisions-making process and strengthen activities of LGPP.

10.3 Activities

The activities that the project will be carried out in order to achieve the expected outputs, and the inputs required for these activities, are summarized in the Project Logical Framework in Figure 3. The activities are described in detail in Chapter 11, and the inputs in Chapter 12.

Figure 10.1: Project Logical Framework

11. DESCRIPTION OF THE PROJECT

11.1 Immediate Objective 1

Awareness building of the local bodies regarding the importance of cooperation and participation of all the constituent elements of the local governance process (Activity 1.1.1)

There is a need to create awareness regarding institutional responsibilities of the local bodies about of the importance of cooperation and participation of the local governance. It is recognized that decentralization is an important process to enable local empowerment and promote development process. To evolve away from centralized and hierarchical decision making requires further strengthening of the links between the local bodies and local communities.

Neither the Union Parishads nor Municipalities operate fully in a democratic manner. The role of chairman and members/commissioners are not fully aware of the functions and operational procedures of the local body. There is clearly a need to train the members of LEBs on the different aspects of the functioning of the Union Parishads nor Municipalities. It is generally acknowledged that women members have not been assigned any major specific roles. Many of the chairmen and members believe that they understand the problems and they can make all decisions on behalf of the people without consulting the community people. They do not operate in a fully democratic manner. So, there is a need of awareness creation for community participation in decision making and community participation in planning and implementation of different schemes.

Awareness is needed to developed of all LEB members about their roles, responsibilities and rights so that they can function more effectively as elected bodies. Particular emphasis will be given to establish a full and effective contribution from the elected women members to the functioning of the UPs.

To build awareness of the LEB members a three-days' participatory workshop will be organized in each Union and municipality ensuring participation of all LEB members and other actors for local governance. Thus, around 50 workshops in all the unions of 5 Upazilas and 3 workshops in three municipalities will be organized. During the workshops LEB members will be oriented on their roles, responsibilities, rights and importance of cooperation and participation of all the constituent elements of the local governance process. The process of orientation will be participatory in nature so that they themselves have the opportunity to learn the issues on their own community context and can design an appropriate action plan to strengthen governance process for their own community.

Awareness and capacity building of the government field level line agencies (Activity 1.2.1)

Spread of democratic freedoms and good governance, and access to education, training and health care are key to the expansion of human capabilities, and to the eradication of ignorance and prejudice. Recognizing that good governance and economic progress are directly linked, Bangladesh requires commitment to the pursuit of greater transparency, accountability, the rule of law and the elimination of corruption in all spheres of public and private sector.

Since governance has an impact on individuals, families and specific local communities, the agriculture, industry, trade, social services (health, education, safe water and sanitation etc.), local culture and economic conditions are important elements of the efforts to improve the economic situation in our country. Centralized top-down setup does not seem like a method that responds to the needs of the people. Thus a decentralized approach has become a must and all development initiatives must be run by the people themselves with the government giving necessary directions. Such a decentralized model will lead to reduce poverty by promoting economic growth through inexpensive, participatory approaches at the village, union, Upazila and district levels that directly assist in the social and economic empowerment of the poor. To run such programmes efficiently, administrative and financial powers need to be given to the LEBs. In brief, it means we need to make sure that decision making power and finance are given to the LEBs.

The Kerala Government's democratic planning scheme (despite its limitations) is a model for bottom-up planning strategy. With the new Panchayat Raj Act, bottom-up planning has become a reality. Since the panchayat give the salary to the village health workers, their direct responsibility to the people is guaranteed.

Like LEB members all the union level government line agencies' development workers of the departments of agriculture, fisheries, livestock, health, family planning, education, social welfare etc. will be oriented on the importance of acting as responsible actors for local development. Each government department has its own annual programme of development activities in the union but there is no mechanism to coordinate these efforts collectively with the LEBs and community people so Union Development Committee (UDC) under the leadership of Union Parishad may have the opportunity to develop this mechanism. All these actors will be coordinated under the umbrella of Union Development Committee and will be facilitated to contribute in developing a local development plan. In each of the unions of 5 selected upazilas and in 3 municipalities a three-day participatory workshop will be organized for the officials of government line agencies to orient the concepts of LGPP and develop a mechanism for their participation in local development in strong association with LEBs.

Develop awareness of the local communities about the role and functions of the local bodies and importance of their participation in local development (Activity 1.3.1)

Despite various development programmes, poor people in Bangladesh are still poor because most of them are still outside the process of production, they have inadequate or no capacity to be involved in production process, they are ruthlessly deprived and exploited in production sharing, and they have extremely limited access to productive resources and social services.

For successful poverty alleviation intervention is needed in the areas of economic growth, sustainable livelihood, coping capacity for the poor and public services and goods. Income growth relates to economic empowerment while coping capacities and public goods relate to social empowerment. In the empowerment process, the poor have to play a central role and to enable them to do so that would require their capacity building in terms of organizations, leadership, socioeconomic awareness, networking negotiation and bargaining skills, collective actions, advocacy skills, various practical occupational skills. Prior to capacity building of the "Best Actors" of human governance, an awareness building initiative of the local communities will be implemented to make them conscious about the role and functions of the local bodies and importance of their participation in local development.

In each of the villages of the selected 5 upazilas (approximately 1100 villages) and in all the mahallahs or wards of the selected Municipalities a community meeting will be arranged to aware the local communities about the role and functions of the local bodies and importance of their participation in local development. In addition, a short film on 'local governance for development' will be shown in each of the mentioned spots (villages/ward/mahallah) for awareness building of community people through enjoyment. It is usually seen that mass gathering becomes easier when a film show, folk song show or a folk theatre is arranged in the community. In addition to these activities, a group of 50 stakeholders from the each of the wards of union and municipality will be selected through a participatory process. This stakeholder groups will act as a watchdog on the UP or municipality activities. Through these process, the LGPP will build competencies of both the demand and the supply side of local governance.

Support local bodies and CBOs/NGOs to develop joint local development projects (Activity 1.4.1)

In the recent years, the NGO community has been playing an incremental role in implementing development projects at the grassroots level. The Bangladesh Government has also emphasized the need and importance of involving NGOs as development partners, especially at the local levels. But in the absence of any coordinated approach, most of the NGOs have been found to operating in isolation, providing little scope for LEBs' cooperation. LEBs on their part are also a little bit shy of and indifferent to the activities of the NGO community. Thus in the absence of a coordinated approach, not only the local resources are wasted through duplicating activities, but also it often leads to misunderstanding and non-transparency, to the detriment of the overall development of the community.

Recognizing the relevance of a coordinated approach in respect of NGOs involvement in local development activities and of the necessary of the associated transparency, the LGPP will provide technical guidance to both LEBs and NGOs to bring home the importance of coordination through organizing training and workshops. These efforts will ensure increasing the extent of coordination among the two development partners.

In each of the Union/Municipality Development Committee representatives from NGOs/CBOs will be included. They will participate regularly in the meetings and participate in local development planning process by the committee. Some of the activities of LGPP e.g. organizing training and workshop programmes, organizing destitute groups, action research, development scheme implementation etc. will be contracted out to the capable NGOs who has earned proven expertise in the concerned area. From each of the 5 selected upazila and 3 municipality one reputed NGO will be selected and from each of the union or municipality, one CBO will be included in the Union/Municipality Development Committee.

11.2 Immediate Objective 2

Support local bodies in preparing participatory development plans (Activity 2.1.1)

Now a days increasingly, projects are seeking to adopt a 'bottom-up approach' to ensure greater involvement in and ownership of the development process by communities. This also comes at a time when citizenship, empowerment and social inclusion are becoming increasingly important to policy makers and practitioners of community development alike. The use of participatory approaches is now viewed as critical to the success of community development efforts worldwide. Participatory approaches are used to share experiences as well as to learn

from the field to assist people in their development in such a way that they actually own the process. Participation has the connotation of effective interaction. People must participate effectively, meaningfully and decisively in any meeting or caucus or what have or which has impact on their lives and livelihood, on resource management and allocation, on the environment in which they live.

Union/Municipality Development Committee under the leadership of UP or Municipality will be assisted to prepare their own local development plan in a participatory manner. In each of the 9 wards of a union or a municipality of all selected upazila and municipality yearly one participatory learning and action (PLA) session will be organized ensuring participation at least 40% adult population of that community. During these PLA sessions the participants will prioritize, design, finalize implementation mechanism, develop participatory monitoring and evaluation mechanism of a development scheme e.g. micro infrastructure development, small scale production scheme selection and implementation, tax assessment and collection, procurement of logistics for the LEBs and educational institutions, develop plan to improve law and order situation, establish and establish system for strengthening arbitration/salish system for quick and equitable justice etc.

The LGPP technical assistance group will facilitate the Union/Municipality Development Committee in using participatory methods for self learning and planning. Different tools e.g. mapping (social mapping, resource mapping, mobility mapping etc.), ranking and scoring (matrix ranking, wealth ranking, well-being ranking etc.), flow/causal diagram (system diagram, impact diagram, Venn Diagram etc.), root/consequence analysis, time and seasonal calendar (seasonality analysis, time trend etc.) etc. will be used in learning and planning the community development initiatives. There is a need of resource mapping of this area. A better knowledge of the available opportunities in the area as well as resource mapping would open new business opportunities. Before participatory planning session one day orientation will be arranged on the participatory techniques for the LEB members.

Capacity building of the local government bodies (Activity 2.2.1)

This activity includes three broad areas under the banner of capacity building e.g.

- (a) Individual skill building of the local government functionaries both elected and appointed to enhance the technical abilities;
- (b) Institutional capacity to improve organizational performance in management, operations, accounting, governance, planning and external relations; and
- (c) Development of networks among Local Government Institutions (LGIs) and LEB members to promote sharing of knowledge and experience on good governance, and strengthen advocacy for local government reform at the national level.

A 5-7 days' training will be arranged for the local government functionaries both elected and appointed for all the selected 50 unions (around) and 3 municipalities. The objective of the training will be to make them skilled on management, accounting, organization development, group mobilization, participatory planning, resource mobilization, women's rights, environmental sustainability etc. National Institute of Local Government (NILG), Rural Development Academy of Bogra, BARD and reputed NGOs may be given responsibility to impart these types of training. During the second, third, fourth and fifth year of the project three-days' refreshers' course will be arranged for the same group.

A Greater Faridpur district based network of all local elected representatives i.e. all the 310 Union Parishad Chairmen, 920 women Union Parishad members, 2790 Union Parishad members, 3 municipality Chairmen and 9 women ward commissioners and 27 ward commissioners (around) will be developed to strengthen advocacy for local government reform and strengthen local government institutions. A one day participatory workshop will be organized in each of the 5 upazila on scopes and prospects of LGIs and local government reform. A national workshop of the representatives of LEBs of Bangladesh will be organized in Faridpur. A total of 100 LEB members will participate in that one day workshop from all over Bangladesh.

Improve logistics facilities and manpower assistance of the local bodies (Activity 2.2.2)

The UP and municipality suffer from inadequate working facilities. Many of the UP and municipality offices need rehabilitation and lack water supplies and sanitary latrines, and there is a shortage of furniture for meetings and basic office equipment such as desks and filing cabinets. Many of the UPs and municipality do not even have working typewriters. The staff at the UP and municipality level is often under paid due to poor local resource mobilization. Due to the lack of staff and resources, most development sector committees are dormant. LGPP will support with logistics based on the need of around 50 union parishad office and 3 municipality office. They will also be encouraged to procure these logistics through strengthening own resource mobilization.

There is a lack of human resources at all levels of the local government. The staff situation is especially precarious for the Union Parishads where only one executive post, the Secretary carries out all the administrative tasks and supports the elected members. As a consequence, the elected representatives carry out most of the work of the UP themselves. This makes planning very difficult. The union plan book and related planning methods developed by LGED are seldom used. A trained Union/Municipality Development Organizer will be posted from the LGPP project to facilitate the LEB members' participation in LGPP project activities, participate in local development activities, to assist the LEB members and office staffs in performing their routine jobs. Elected representatives of municipalities will be motivated to appoint more staffs for strengthening tax collection and health programme. Thus around 50 Union Development Organizers and 3 Municipality Development Organizers will be appointed to perform the mentioned tasks.

Support local bodies to be more gender sensitive (Activity 2.3.1)

This activity will improve women UP member's/ward commissioner's influence on decision making and facilitate development and implementation of women focussed capacity and confidence building programme. Union Parishad and Municipality will advocate and cooperate the women department and NGOs to organized women's training on communication and planning skills, mother and child health, organization and marketing skills, technical skill training in relation to activity areas selected by the community women through participatory planning meeting. Different NGOs and development projects especially PEP may be contracted out to impart such training.

In each upazila and municipality a three-day gender training session for the UP member's/ward commissioner's will be organized in the first year of LGPP. Rest of the four years one-day refresher training will be organized for the same group. In each of the Union/Municipality Development Committee a women member/commissioner will be assign to act a Gender Focal Point to advocate for incorporating gender equity policy in different issues. LGPP will assist the

Gender Focal Point to build up a women's network from village to district level. Thus a rights based women's network with special focus on destitute women will be developed in Greater Faridpur with strong assistance from LEBs.

LGPP will facilitate to create environment for the elected UP female members so that they are supported morally and logistically by their male LEB members. In each of the scheme implementing committee one women elected LEB members will be included.

One big obstacle the women entrepreneurs face is an old tradition that prohibits women from selling on the local market. It must be mandatory that women must be allowed entry into the market as sellers either by designating an area for women or by improving gender awareness about these issues. LGPP will take initiatives so that the LEB members sit with the local bazaar committee and motivate them to allocate a special place for the women sellers in the local market. The LEB members will make it mandatory for the bazaar committee to erect and maintain a public toilet in the market place from their own resources in order to facilitate the women sellers' long time stay in the market place.

Lack of women doctor creates problems for women seeking help for gynecological and female issues. This becomes serious if women have been sexually abused and therefore need physical and psychological assistance. It is seen that community people willing to contribute the initiatives which is directly beneficial to their community people. LGPP will motivate the LEBs to appoint a female doctor on part-time basis. If a LEB arrange to appoint a female doctor for its community people then it will have enough logic to motivate the people to pay the imposed tax in full and in time.

Support local bodies in developing effective relationships with all the constituent elements of the local governance process (Activity 2.4.1)

To reduce the poverty in the rural and urban areas of greater Faridpur LGPP will facilitate and support in implementing activities by the LEBs and business community in the following areas e.g. income growth, improvement in the coping capacity of the poor, and access to public service and goods for the poor. This sort of interventions could be highly successful if the local government institutions can successfully involve the "Best Actors" of human governance. Main actors for human governance – are the households and individuals, the community, civil society organizations, media, private sector, state and international organizations. By opening spaces for civic engagement, civil society organizations, households, business, and the media can contribute to governance processes for human development in general and an improvement in the lives of local communities in particular. There is an eminent need to instill responsibility and local ownership in development. Community stakeholders should feel a strong sense of ownership for the own betterment. Such ownership will only come from a demand driven process where local people will be able to be part of the decision-making process.

This activity will be implemented through ensuring participation of all members in the monthly meeting of Union/Municipality Development Committee. LGPP will support with minimum financial assistance to organized these monthly meetings.

Facilitate to develop law and order situation and to ensure justice (Activity 2.4.2)

One of the major activities of the Union/Municipality Development Committee and stakeholder groups (mentioned in activity 1.1.3) will be to develop law and order situation of their community and to facilitate in getting justice. This activity will be performed to facilitate the production in the

community. The following issues will be addressed to develop the law and order situation and for ensuring justice:

- Facilitate awareness building and social mobilization for protection and promotion of security
- Strengthen stakeholder groups at village level to develop law and order situation
- Facilitate arbitration through salish
- Discuss land issues in the community meetings
- Facilitate traditional and pre-court mechanisms of dispute resolution,
- Encourage peace keeping force development at ward level
- Liaison with political parties and negotiate to mobilize their strength to improve the law and order situation
- Campaign against women and child trafficking, and violence against women
- Encourage higher court litigation against police extortion, torture in custody
- Encourage public interest litigation to mitigate legal struggle against injustice

Communication for developing tax paying culture of the community people (Activity 2.5.1)

Communication for awareness building of the community people for tax payment will be a researched and planned process and that will be a crucial stage of social transformation. This communication will be operated through three main strategies: *advocacy* to raise resource and political and social leadership commitment for development goals; *social mobilization* for wider participation and ownership; and *programme communication for changes* in knowledge, attitude and practice of specific targeted participants in programme²². Different channels will be used to communicate the community people as described below:

a. Interpersonal

Interpersonal communication will include individual counseling, community-level motivation sessions, small group discussions, peer education and home visits. Around 110 thousands households will be targeted in 5 upazilas and 3 municipalities for this activities. During the participatory development plan preparation process through PLA sessions at the ward level the issue of tax payment will be discussed to incorporate it as one of the means of contributing to local resource mobilization and community development. In addition, UP members, UP secretary, “*Choukidar*” and “*Dafadar*” will be motivated to visit the households to motivate for tax payment. UP secretary/municipal tax collectors and Union/Municipality Development Organizers of LGPP posted at the UP/Municipality office will be assigned for counseling of the community people regarding tax payment. During capacity building training of the local government functionaries both elected and appointed they will also be trained on counseling techniques.

b. Graphics and Audiovisual

Posters and video presentation will be the two major ways of communication for awareness building of the community people for tax payment. During the project period 100,000 posters will be distributed. Since under the activity 1.1.3 short film show will be shown in 1100 villages of 5

²² UNICEF. *A Manual on Communication for Water Supply and Environmental Sanitation Programmes*

upazilas and in all the mahallahs or wards of the selected Municipalities so the issue of tax payment and local development will also be covered in that short firm to communicate the community people regarding tax payment.

c. Traditional Media

Street theatre, dance and song show is usually used as popular means of communications. During the project period 50 folk theatre show in 50 unions and 27 folk theatre show in 27 wards of 3 municipalities will be arranged to communicate people on the issue. "Rupantar", an NGO has expertise in using traditional media in development of local governance or any other NGO can be contracted out for carrying out this activity.

Support local bodies to assess local revenue base (Activity 2.5.2)

Local government needs money to provide services and therefore the resource base must be developed. There is lack of financial resources available for hiring staff and for carrying out the functions to be undertaken by local government bodies. The amounts allocated by Unions for development projects are small.

The starting point for an effective and efficient system for collection of revenue from local sources is to prepare an assessment of the potential revenue base of the Union or Municipality. This can be then used to set realistic revenue mobilization targets and to plan the collection, and as the basis for monitoring the performance of LEBs in raising local revenues.

The taxation power of the UP and the Municipalities are restricted by government rules. All taxes and fees are not collected. Collection of the household tax is less than 50% of the target in most UPs and municipalities. Equally important, the local bodies do not appear to make a serious effort to fully exploit the potential to raise revenue from local licenses and fees. Also, the market leasing process is less than fully competitive so lease revenue is substantially lower than it could be. There appears to be reluctance among the representatives to increase local revenue mobilization because of the perceived risk that this might jeopardize their chances of reelection. There is also lack of incentives built into the very structure of the system.

Since tax collection is a neglected area and due to low level local resource mobilization UP and Municipality fail to expand the community services for the community people so steps should be taken for enhancing capacity and widening tax base. Since expanded community services would ultimately increase the popularity of the LEB members so there are reasons to get motivated to expand tax collection activities by the LEB members. Prior to preparing an effective and pragmatic tax collection plan an assessment of local revenue base should be done. In this respect LGPP will facilitate the LEBs in assessing the local revenue base perfectly.

LGPP will arrange a three days' training course to enhance the technical abilities for tax base assessment using participatory techniques. From each of the 50 unions and 3 municipalities 3 persons will be selected for this training among the local government functionaries both elected and appointed. This training course will be conducted at upazila level. Participants from the municipality will join with the training session of a upzila, which is nearest to them. LGPP will provide financial and logistics support for assessment of the local tax base of each of the Union or Municipality.

The methodology of local tax base assessment will be developed by the LGPP TA staffs in consultation with the LEB members and community people. The methodology will have procedures for:

- (i) Preparing an inventory for each revenue source which include the numbers of individuals, households, economic and commercial enterprises, resources on which taxes, fees, levies or leases can be charged;
- (ii) Estimating appropriate rates for the taxes, fees and levies; and
- (iii) Assessment of competitive lease values for markets, *ghats* and water bodies.

Support local bodies in collecting assessed local revenues (Activity 2.5.3)

People living in the rural areas often express the willingness to contribute more to local revenue if they are assured that their contributions would in fact be pumped back into their own localities for the financing of the development work they need.

The experience of Secondary Town Infrastructure Project has shown that resource mobilization can be achieved through a concerted effort. Experiences of this project show that capacity development of LEBs through training and consultancies in the area of accounting, tax assessment and tax collection the participating municipalities have made considerable improvements in the rate of tax collection. LGPP may seek assistance from this project or share the experience gained through the project.

In addition to the strong support which be provided through LGPP to the LEBs for local tax base assessment, another type of training will be organized for the tax collectors, UP secretaries and the accounts assistants/accountants who are engaged in financial management.

LGPP will arrange a three days' training course on tax collection, accounting and other issues of financial management. From each of the 50 unions and 3 municipalities 3 persons will be selected for this training among the local government functionaries both elected and appointed. This training course will be conducted upazila level. In this respect LGPP will only impart training on the issue but will not provide any financial and logistics support for tax collection and financial management. The LEBs will be motivated to appoint more staffs for tax collection and financial management. Since more taxes will create the opportunity to employ more staffs and thereby create generate employment.

Establish a transparent and accountable system in management and implementation (Activity 2.6.1)

The following activities will be introduced by the Union Parishads and Municipalities to ensure transparency and accountability in management and implementation of the activities:

- (i) Introduction of regular annual auditing of local government bodies' accounts
- (ii) Public posting of budget and audit report in the notice board
- (iii) Public announcement for public notification about project activities for transparency guarantee

LGPP TA staffs will assist the LEBs in performing these activities.

11.3 Immediate Objective 3

Programme Components

In order that the proposed SIDA programme in the greater Faridpur area can be put to implementation it is necessary at this stage to specify the components of Local Economic Development programme. Based on the discussions in the foregoing sections the following components of the programme are identified:

1. Surveys
2. Agricultural Development
3. SMEs
4. Micro Business
5. Wage employment
6. Investment
7. Technology
8. Business organisation
9. Land and water resources
10. Skill training
11. Accessing Finance
12. Policy Support

These components represent the broad activity areas under the programme. Each component will be supported by specific activities. Brief discussion of the components and specific actionable activities are made here.

Baseline/Benchmark Survey in the project areas (Activity 3.1.1)

A series of surveys is proposed to be carried out before interventions for local economic development and poverty reduction are undertaken by the programme. These surveys should cover the following areas: Poverty and Employment mapping, Identification of Land and Water resources, Food Production and food availability, Agriculture and crop diversity, Cottage and Small industries, Medium and large industries, Trade and Commerce, Business Associations and Organisations, Services, HRD and Skill development, Capital and finance for SMEs, Technology etc. The surveys would at obtaining the benchmark position in respective areas in order that the data collected facilitates designing of interventions. In other words the surveys should be purposive and tailored to the needs of the programme rather than academic. This survey works will be contracted out to a professional survey-research organization.

Facilitation in Agricultural production, processing and trading (Activity 3.2.1)

Agriculture is the backbone of the local economy in the greater Faridpur area. The strategic importance of agriculture lies in food security for the poor against hunger, employment as agricultural labour, self employment in agricultural processing, trading in agricultural produces etc. Given the traditional and non-diversified nature of agriculture in the area there is huge scope for agricultural development, leading to creation of new employment opportunities as wage labourers and self employment in agricultural processing and trading activities. The overall prospect of agricultural development lies in crop diversification, expansion of irrigation facilities, harnessing of surface and ground water, flood control and water resources development. Special activities towards food security in the food deficit upazila would merit consideration in respect of agricultural development in the area. Introduction of new horticulture and cash crops holds considerable prospect. This will make the area an exporter of new

horticultural items. The examples of neighbouring districts like Jhenidah, Chuadanga, Jessore is easy to emulate

Facilitate wage employment (Activity 3.2.2)

Activities involving SMEs – manufacturing or business, provide self employment to the poor men and women. However, there is a limit to which self-employment can take care of income and employment needs of the poor. In this context the importance of wage employment is increasingly recognised. There is big gap in this regard that most programmes today, be it of government or of NGO, focus almost exclusively on self employment. The importance of wage employment often goes unrecognised. The objective of this component is to create enabling conditions for job seeking youths of poor households to access jobs in various establishments at home and abroad. The greater Faridpur area is yet much less exposed to national and international job market and they are much less equipped. There is an absence of manpower recruiting agents and skill training centres. In this background the activities under this component would include promotion of skill and vocational training, dissemination of job information - national and international market, job counseling and job placement services. Information about recruitment by the government's BOESL would be widely disseminated in the area. Private manpower recruiting agents would be promoted, side by side.

Facilitate promotion of SMEs (Activity 3.3.1)

There is an increasing emphasis on small and medium enterprise development. SMEs are focus of LGPP. As a matter of fact SMEs occupy strategic position in the whole programme. Most SMEs belong to non-farm activities. The objective of this component is to accelerate the growth of SME sector in the greater Faridpur area. The specific activities in this regard will be focused firstly on providing support to graduated micro enterprises under PEP, of which there is sizeable number. These are the men and women who would form the core group of clients of LED. Secondly, focus will be placed on the existing SMEs operating in the area at various levels. These SMEs will be identified and their problems will be identified. Accordingly a programme to support these SMEs will be prepared. Third area of focus will be to promote and support new SMEs. A survey will be carried to identify suitable new SMEs, profiles of individual SMEs will be prepared and will be offered to potential entrepreneurs. The promotional and support activities will be of the nature of technical and advisory services to the entrepreneurs.

Facilitate promotion of business (Activity 3.3.2)

Trade and business offer big opportunity for man and women of smaller means to earn living. It is also an easy and established activity for large number of poor people. Promotion of trade can therefore be an important activity under LED. If suitable tailored, this can help the poorer segments not only to earn living but also to build up capital for economic bigger economic activity eventually. The objective business promotion will therefore be to accelerate poverty alleviation and capital formation of the poor through trade and business. The activities under this component will be supporting graduated micro business enterprises under PEP, supporting existing small trade/ business activities, and Promoting and supporting new business activities. the nature of support will be advisory in respect of market information, access to finance etc.

Institutional capacity building to support the local entrepreneurs (Activity 3.3.3)

The objective is to help develop institutional capacity to support the local entrepreneurs so that they can establish networking among themselves, obtain and share business information and

create a lobby to represent, protect and promote their interest. The key activity here will be to set up Business Associations at each upazila of the area and assist them to develop capacity of the Association including preparing and adopting bye-laws, setting up office, standardising functions and activities, office management practices and services to be rendered to the members. The Association should be a federating body of the functional business groups existing or to be formed in the area. Focus should be on the formation of such functional business groups particularly at the growth centres.

Facilitate on-the-job and off-the-job training to develop manpower for local and overseas employment (Activity 3.3.4)

There is a lack of skilled and properly trained manpower. This holds back the expansion of workshops and industries and hampers development of new business ventures. All off-the-job-training facilities account for fewer than ten percent of the total number of new entrants into the work force. The predominant mechanism for skill development is on-the-job “apprenticeship” training. Off-the-job training provisions are not available for those who have below Class VIII schooling. This means that there are no off-the-job training facilities for the majority of the population.

Vocational training interventions can be arranged in various ways. One avenue is on-the-job work place based training in combination with adapted off-the-job skill development. Such modified and customized apprenticeship programmes could include commercial, technical, economical/or entrepreneurial skills according to demand and local conditions. Another alternative, which also has the employer’s requirement as a starting point, is trade training for disadvantaged young people. In close co-operation with a sector industry, the skill development curriculum can be set up according to the articulated needs from the industry as well as form the group targeted for participation. After completing their training, the participants will be offered jobs within the industry in question. A similar approach could be applied for targeting woman or other strata from within the programme target group.

Vocational training can be effective for employment as skilled/semi-skilled workers abroad in the middle east, south east Asia and far east. Many districts in the country are already reaping good benefits out of this kind of activity.

The secondary and higher secondary stream of education as run by the Bangladesh Technical Education Board (BTEB) also offers opportunity of vocational training at the school level. BTEB offers a wide selection of vocational courses. There is a good scope to promote this through the secondary and higher secondary schools in the area.

Facilitate easy and timely access to credit /finance for micro, small and medium sized enterprises (Activity 3.3.5)

There is a great demand for accessible and timely credits from micro, small and medium sized enterprises as well as for new business entrepreneurs in the SME sector. Credit facilities are one of the major constraints holding back local economic development. The Productive Employment Programme (PEP) supported by SIDA is at a transitional stage presently. It has gained good experience in micro credit and in the process it has developed into a unique financing institution with sizeable capital and staff expertise. The programme can be turned into an independent financial institution with appropriate legal status and independence. It can serve as a source of finance for clients under the local economic development (LED) programme. A

good number of PEP clients have graduated into small entrepreneurs who can serve as client of LED programme.

Side by side, the Small Enterprise Development Project (SEDP) operation in Greater Faridpur District appeared to be well designed and according to the locally gathered information, following “best practice” quite closely. One definite advantage is that the programme is up and running. It has good geographical coverage in Greater Faridpur. Nevertheless, SEDP seems to have some weaknesses. SEDP services include entrepreneurial training, advisory services, credit facilities and support and follow up to new entrepreneurs. To suit the objectives of local economic development, some alternations and additions to the SEDP credit scheme may be required as suggested by the Feasibility Study. For example²³:

- The current maximum available loan is 500,000 taka. The ceiling amount needs to be raised considerably in order to effectively work with small and medium enterprises.
- Collateral requirements could be adjusted. Currently, there is a two layer requirement: For loans under 75000 taka, no collateral is needed, for loans about 75,000, full collateral coverage is requested. A more gradual increase could be applied with at least a three layer collateral policy.
- Equity requirement could be more flexible pending on the type of the project proposal.
- Staff competence needs to be raised and up-dated regularly
- If credits to innovative and pilot projects are channeled through the credit line, additional financial instruments like risk guarantees etc are required.

SEDP seems to be a very good choice as financing facility for LED programme. A cooperation arrangement with SEDP will be desirable. In addition, availability of financial and advisory services from several other agencies like banks, NGOs, GTZ, JOBS, BSCIC etc. can be explored and alternative credit line be developed.

Information campaign for business and investment promotion (Activity 3.4.1)

The objective of this component will be to scout for potential investors and to encourage and assist them to set up of new industries, trade and business and services in the area. For this purpose specific measures like identification of potential investors, formation of investors forum and undertaking promotional activities both inside and outside the area will be carried out. Such promotional activities may include information about suitable types of industries and enterprises, availability of land and other facilities like electricity, road communication etc. This would form a part of the information campaign to be launched for the purpose. The information campaign would include holding seminars and workshops, guided visit to successful industries and enterprises etc.

Facilitate integrated land and water resource development to check deprivation and pauperization (Activity 3.4.2)

Land and water are the two important resources. But adequate attention is yet to be given to these two resources to realise their full potential in the country. Limited land development activity takes place mostly through the agriculture ministry and its agencies, and those on water takes place through the ministry of water resources development and its principal agency i.e. BWDB. But most development action in this regard place in isolation of each other. An integrated land and water resource development can lead to checking destitution and deprivation caused by recurrent river erosion and floods, and increase of crop production and fish production. This can result in significant improvement of local economy within short period

²³ SCANDIACONSULT: Feasibility Study, Final Report, June 2000. P 61

of time. The objective of the component will be to accelerate integrated land and water resources development activities in greater Faridpur area for increasing agricultural and fish production. The scope of activities in this regard will be to prepare a plan for small scale water resource development plan for the area covering localised small flood control and drainage (FCD), water conservation (WC), drainage (DR) schemes. There is good scope for this in the greater Faridpur area as already demonstrated by the SIDA supported RD-4 and ADB supported the Small Scale Water Resources Development Sector Project (SSWRDSP) implemented by LGED.

Use of modern technology for poverty alleviation (Activity 3.4.3)

Technology is recognised to be an important medium for a number of poverty alleviation activities, specially in a backward economy like ours. The rural economy is suffering from a low and backward technology syndrome. The technology base of rural economy has since been ineffective and at times irrelevant. But a large number of rural people, specially those belonging to the traditional occupational groups like potters, weavers, oil expellers, blacksmith, cobblers, carpenters etc. are still clinging to age old technology which can no longer give them enough income. In the resultant situation, the people involved in these trades are worst victims of poverty and they often represent the hard core poor in the greater Faridpur area. In this background the objective of the component will be to promote and use technology as tool for poverty reduction. The activities in this connection would include: technology upgrading, product upgrading and development, product adaptation etc.

An important area of technology will be to promote intermediate technology. Already ITDG is active in the area. New technologies like IT can be promoted throughout the area creating new opportunities for the younger people to learn and apply these technologies.

Infrastructure development and supporting small scale production (Activity 3.5.1)

During the project period some of the schemes those have been prioritized and designed in the community meeting in a participatory approach (activity 3.1.1) will be implemented by the Labour Contracting Society, NGOs or LEBs themselves under strict supervision of LGED. The schemes will include mainly infrastructure development and supporting small scale production. The following types of schemes which will improve living standard of the community people and facilitate local production process will be implemented:

- Development of safe and sustainable water source and sanitation
- Utilization of khas water bodies for safe water use
- Alternative use of water logged areas (hydroponics, aquaculture etc.)
- Identification of arsenic contaminated tube well
- Development and maintenance of local market/growth center
- Small scale infrastructure e.g. road, culvert etc. development and maintenance
- Improve drainage and sewerage systems in municipal areas
- Construct dustbins, public latrines and bathing facilities
- Mobilize volunteers to re-excavate and maintenance small canals and ponds
- Roadside tree plantation and maintenance by the destitute women
- Tree nurseries development through UPs for afforestation
- Soil-testing laboratories for improving the agricultural sector.
- Protection of floods and erosion of banks of rivers

- Financial assistance through LEBs for income generation activities e.g. sewing machine, small water pump for irrigation in horticultural production,
- Developing a health insurance system under LEBs' initiatives
- Facilitating electrification by the LEBs through mediating between the potential users (HHs, irrigation, commercial and industrial unit) and the Rural Electrification Board (REB)

There will be some preconditions in implementing a scheme in a locality. Prior implementing a scheme every households of that area must pay all the due taxes and concerned Union Parishad or Municipality must provide 20% of the total cost of a scheme to be implemented from its own resources i.e. collected taxes and fees.

Each of the selected Union will be provided Tk.8-10 lac and each of the municipality will be provided Tk.15-20 lac yearly from the LGPP development fund for implementing different types of schemes mentioned above to facilitate production and consequently reduce poverty in that area.

Establishment of local economic policy unit (Activity 3.6.1)

There is an absence of a local economic development policy as a concept. There is no functional forum where key actors of the business could assemble together and discuss both formally and informally among themselves and with representatives from the government/local government. In this background representatives of business associations, local government representatives, academics, civil society representatives, NGOs can be brought together to form into a Local Development Policy Unit at the district level under the aegis of the Deputy Commissioner and the district level Chamber of Commerce to act as a policy forum and develop a policy framework for local economic development and also to provide policy support to trade and industry within the area. The objective of the policy unit would be to create a policy environment for local economic development. The main focus of the policy unit can be to approach issues like:

- SME and micro enterprise (SMME) development – promotion and support of SMME projects, skill development, etc.
- Job creation through industrial development – industrial strategy development, local investment.
- Reduction or elimination of identified constraints which hamper economic growth
- Correlation of local economic development and infrastructure development
- Increased advocacy and collaboration with national, regional and district administration and agencies.²⁴

11.4 Immediate Objective 4

Monitor performance of the participating local bodies (Activity 4.1.1)

The monitoring and evaluation wing of the project will be responsible for monitoring the performance of the participation of the participating unions and municipalities. Several criteria will be developed to assess the performance of the participating LEBs:

- Transparency and accountability of the operation of the LEBs
- Community participation in planning process
- Utilization of LGPP funds by the LEBs within the guidelines;

²⁴ SCANDIACONSULT: Feasibility Study, Final Report, June 2000. P 63

- Participation of elected women representatives in the LEB activities;
- Revenue collection performance;
- Business promotion ;
- Industrial production;
- Agricultural production; and
- Employment generation

The relatively more strict indicators will be used to measure the performance of each LEB during the 5 year of its participation in the project. A Management Information System will be developed by the LGPP technical team. A quarterly report will be prepared by each of the LEBs of their activities with assistance from LGPP. This MIS report will be sent both to LGPP HQs at Faridpur and to Local Government and Engineering Department (LGED) in Dhaka.

Develop and disseminate lessons from project innovations (Activity 4.1.2)

The innovative procedures and practices implemented by the LGPP will be disseminated for further testing and replication. The performance monitoring process will be the means of involving the monitoring and evaluation wing in tracking the effect of each of these innovations on improving the performance of LEBs as democratic, accountable and effective local government bodies for delivery of services to meet local priorities. It is important that this dissemination covers not just the findings on the effectiveness and impact of particular innovations but also defines the inputs that are needed to achieve success, and proposes mechanisms for wider application of the innovative procedures, e.g. replication of the same local governance and development in all the areas of Bangladesh, changes in local government regulatory framework, issuing of circulars on specific LEB operational procedures, incorporation of NILG into training programs, and needs for external financing support. The LGPP will disseminate lessons through different ways e.g.

Project Director will ensure participation of the Project Steering Committee members in the LGPP so that they review the progress and make recommendations to the GoB for replication of the model. Project report on needs for local government reform will be made available to government departments, development partners and to the interested NGOs and organization of a national workshop/seminar to present and discuss findings and issues and recommended follow-up actions.

Appoint independent agency for follow-up, monitoring, evaluate program performance and conduct action research Activity 4.2.1)

One or more independent agency will be appointed for follow-up, monitoring, evaluate program performance and conduct action research. Technical Advisors for monitoring and evaluation of LGPP will provide training to staff of the LGPP on monitoring and evaluation concepts, data collection, processing and analysis of the findings. The independent agency will review the current organizational structure, prepare recommendations, and to implement a re-organization of the organization to improve the efficiency of its operation. The Technical Advisors for monitoring and evaluation along with the other staffs of the project will improve the methodology for monitoring and evaluation in a continuous basis to adopt the changes in implementation process of the project activities. The agency will also be assigned to conduct action research on LGPP for continuous monitoring and improving the project.

12 PROJECT COSTS AND FINANCIAL PLAN

The project inputs are summarized in the Logical Framework in Figure 10.1

Sida inputs

- Technical assistance services of Technical Advisor to LGPP
- The capital cost of rehabilitating the office building
- Equipment cost
- Cost for two four wheel vehicles
- The capital cost of equipping the MIE wing
- The capital cost for capacity building of the LEBs and business enterprises
- Seminars and workshops
- The union and municipality development funds
- Project monitoring and evaluation cost
- Report production costs
- Sub contracts for survey and action research
- Mission cost for Sida in review and monitoring

Government contribution

The government will make the following in-kind contributions for the project:

- Project Director, Deputy Project Director and their support staffs
- Official facilities at LGED HQs
- Inputs from local administration and dept. of local government and LGED
- CD/VAT on imported project equipment

However, participation with respect to sharing project cost by Sida and the Government of Bangladesh may be determined by negotiation of the concerned parties.

Project Costs and Financing

The detailed costs for the programme is attached herewith (Attachment –1).

13. IMPLEMENTATION STRATEGY

In order to implement the programme by the components described in section 11 it is necessary to determine the strategy and process. This section discusses the strategies of programme implementation and related matters.

Programme Character: In implementing the project, the bottom-up approach through participatory planning process at the grassroots level will be followed. Type of activities to be implemented at the local level and their mode of funding by the project will also be determined by local people through participatory process. An essential assumption of programme implementation is that the activities relating to both the components, governance and facilitating local economic development will be carried out through appropriate agencies/organizations coming from both public and the private sectors. In the governance component, planned program activities could be implemented by seeking services from the public and private institutions including CBOs and NGOs. In recent years, CBOs and NGOs in different parts of the country are increasingly being involved in implementing local governance related projects and programmes. Hence, CBOs and NGOs have gained substantial experience in implementing such kind of projects. It has been further observed that if local CBOs and NGOs are involved in implementing governance projects then the question of local capacity building can also be taken care off. Moreover, once such type of project are phased out then these local institutions can continue with governance related interventions and ensure sustainability of the efforts. It is suggested that interventions in the areas of awareness and competency development could be implemented with the help of LCDI, PEP, CBOs and NGOs. The project personnel will design and monitor the implementation process.

But especially in component of the local economic development the key actors will be the institutions and private persons. The task of the programme would be to facilitate and support those activities and actors. The sense of this programme activities will be promotional in nature. The programme will motivate the entrepreneurs and actors in the private sector to undertake entrepreneurial activities whether productive or business. The job of the programme personnel will be to support these persons in all probable ways. It is not stipulated that the programme will have major direct investment component. In this way the nature of the programme will be essentially advisory in character.

Phasing and Piloting: The implementation of the programme because of necessity would have to be phased and staggered in different time blocks. In the first phase, the governance component will be implemented in selected units out of the total number of local bodies to be covered under the project. This will prepare the ground for the implementation of the second component, i.e., production. Because successful implementation of the production component will depend on improved governance. In the same process, all the local bodies under the project will be covered in subsequent two phases during the timeframe of the project.

Primarily, two areas will be addressed by the local bodies (Union Parishads and Paurashavas) under the production component of the project. Firstly, help and, in some cases, finance local population to take up micro level employment and income generating activities. These employment and income generating avenues will be identified by the local population through the participatory planning process. Secondly, local bodies will facilitate the local production process through information dissemination to local population and networking with local population, entrepreneurs and service providers. The limit has been drawn because of objective economic reasons. Currently, at the Union level, in most of the cases, only such types of economic activities seem to be viable. Again, it is believed that establishment of small and

medium size enterprises (SMEs) depends on the market forces and choice of the entrepreneurs.

Recalling the essential need for developing a data base of local economy in the greater Faridpur area it is suggested that the first phase should be devoted to carrying out surveys, mobilisation of the private sector into building the institutional framework of Local Business Associations and developing inter-linkages. Information campaign for motivating would be actors should also form important part of this phase. Another important task of the phase would be to identify and select some threshold activities as entry points. Adequate care should be taken to select the entry points so that a sound base is prepared. The launching of the subsequent phase should be preceded by careful evaluation of the ongoing phase and should take into consideration the lessons learned.

A geographic phasing can also be adopted by the programme along with the time phasing. The geo-phasing should be by upazila, taking one upazila from one district initially and accelerating later on as the programme matures. All the upazilas should however be covered half way through the programme.

Threshold Activities: Some interventions are more suited to start on a purely trial basis in a place where the circumstances and the conditions are optimal. Other interventions are more suited to be initiated on a larger and broader scale. Given the objective and taking into situation of local economy in Greater Faridpur, there are several possible entry points into the programme.

The programme should be able to support innovative projects and business ideas, which have a good growth potential or could unlock additional resources and possibilities. New projects could be initiated by a local entrepreneur or identified in surveys or studies e.g. feasibility study including market assessment, technical and economical feasibility, management requirements etc. If a new innovative business project is introduced from an external source (by the programme or other), the idea must be adopted by a local entrepreneur, or group of entrepreneurs, who are willing to start up and run the project. The project has to be commercially viable and subsidies should compensate for the higher risk or costs mentioned above. A guiding principle for the selection of entry points should be the existence of an ascertained demand for the specific service/activity. Activities should be adapted to local conditions, circumstances and priorities in order to ensure their successful implementation. Prioritized activities can be:

- Promotion activities with general information to a wide audience.
- Information and counseling services. Usually this is an individual service to interested persons who need advice on how to start a business or alternatively how to further develop an existing micro scheme. Preferably this service should be locally available to make it most effective in reaching potential entrepreneurs. This is especially true for the target group and even more so for poor women.
- Entrepreneurs training, Basic training on how to identify the business idea, define the potential market, budgeting, financing, formulating a business plan etc.
- Advisory service to support the entrepreneur to finalize a viable business plan
- Follow up service and counseling after the start up of the business.

Services to existing small and medium sized enterprises are most commonly provided on an individual and selective basis, according to expressed needs and demands from each enterprise in question. To increase cost efficiency and to achieve additional effects by

establishing business to business contacts, a “sector development approach” or a “cluster approach” can be applied. In the sector approach, industries/businesses from the same sector and with the same perceived needs are grouped together, e.g., for marketing development purposes, management training and study visits. In the cluster approach, enterprises from different sectors are gathered to participate in specific activities. To make the best use of scarce and often expensive resources, there can be a screening process to select businesses that have good growth potential or have a new innovative business idea with the potential to spread in their locality.

Private Sector Leadership: The clear strategy of the local economic development programme will be to support the private sector and promote private sector leadership. The economic activities facilitated and promoted through the programme will be undertaken and carried out by individual men and women and the supportive activities and services will be provided by the institutional net work created through participation of these actors and their representatives. In short, local economy development will be aimed at and sustained through private sector participation. At present the participation is at a very low level. The success of the programme will be judged by the extent of private sector participation in the process and over the period.

Creating Synergies, Integration and Linkages: A large number of economic programme and activities are in the area. It would be the strategy of the programme to take into account and create a synergy among all these programmes. On top of all these, creating a synergy with the private sector will be the main strategy of the programme. The programme should not attempt to duplicate something which is already there.

A few partners that could be instrumental in ensuring and creating the required synergy, intergration and linkage are cited here. The Chamber of Commerce and Industries with GTZ as a facilitating agency could be suitable for supplying advisory services, consultancy support, marketing promotion etc, to larger businesses in the SME sector. NASCIB could be a supply agency for the lower segment in the MSE sector. The NORAD supported programme SEDP and Sida supported PEP seems to be the best choices as financing facility. Alternatively, other banks and/or NGOs could be approached. Vocational training, specifically training directed at the target group, can be a progressive approach. DFID is already involved in this and has shown a positive interest in a further dialogue. The strategy would be to maximise the contribution of these existing programmes towards the common goal of local economy development. Only in the situation where there is a gap, the programme might draw up action plans to promote supplementary or complementary activity but that also should be in the private sector. This should be done by integrating and linking up with already functioning ventures of similar nature. An example would be setting up new training facilities by encouraging the already functioning private training facilities.

Sustainability Measures: To ensure sustainability of the activities the programme should facilitate development of a local institutional framework. The approach can be to support the establishment of a network of upazila based “Local Business Association (LBA)”. The LBA would be an organisation federating the local trade and market/growth centre based Business Associations. The upazila LBA will be member of the district based Chamber of Commerce and Industry. The LBAs will be independent and will be registered body under the relevant law²⁵, as a trade organisation. The starting point for the formation of such a group can be a real issue, important for business development in the local community. It would be job relevant national expert in the TA team to elaborate and investigate this issue further, preferably with some input

²⁵ The Trade Organisations Ordinance, 1961 (Ordinance No. XLV of 1984).

from international experts. For facilitating local economic policy development the programme should support setting up of an Economic Development Unit at each district level based in the district administration. This unit would work for formulation and promoting a local economic policy agenda and building closer inter-linkages with trade organisations including the chamber.

14. INSTITUTIONAL FRAMEWORK AND IMPLEMENTATION RESPONSIBILITIES

To place LGPP within the long-term development efforts of Bangladesh an enabling and supportive environment is essential. For the successful implementation of the project an effective institutional framework is required to be designed. It is envisaged that a number of government ministries and line agencies are required to be involved in the implementation of the LGPP because of its varied nature and dimensions. All the activities planned under the LGPP need to be carried out especially in collaboration and participation of the local government institutions (LGIs) existing within the project area.

Local government institutions, community based organizations, non-government organizations, the business community and the various line agencies of the government are seen as important elements to be included in the programme. It is believed that all these elements would play a vital role as potential “agents of change” at the local level in ensuring good governance and facilitating the local production process. LGPP needs to be developed on the existing institutional structures and systems rather than finding short-term by-pass solutions.

Many factors limit the autonomy and freedom of action of the local institutions. The Union Parishads and Pourashavas do not have appropriate awareness, competence, resources and staff to fully meet the service demands. As such, if the present circumstances inhibit LGPP to function effectively a provision should also be included in the programme to support an increased autonomy of local level institutions. The experience from the implementation of the programme will identify the provisions that limit the autonomy and freedom of action of the local government institutions. Therefore the programme could also be used as a vehicle to put pressure on central government bring about necessary changes in the local government system in the country²⁶.

14.1 LGPP Organizational Set-up

For obvious reason, the host Ministry for LGPP will be the Ministry of Local Government, Rural Development and Cooperatives (MLGRDC). The Local Government Engineering Department ((LGED) of the said ministry would be responsible for the implementation of the LGPP.

The LGPP will have the following organisational set up or structure:

Project Steering Committee

There will be a ‘Project Steering Committee’ to be chaired by the Secretary, LGD. Other members would include representatives from concerned ministries e.g., health, education, agriculture, livestock, women and children affairs, environment and water resources etc. The Director General of the Local Government Division shall act as the member secretary of the said committee. The primary responsibilities of the Committee would be to provide policy guidance and review of the progress of the implementation of the project. The proposed ‘Steering Committee will be located in Dhaka.

²⁶ Scandiaconsult Natura. (2000), Feasibility Study on Poverty Reduction through Support to Local Governance and Production in Greater Faridpur. p.87-88.

Implementation Coordination Committee

Below the Project Steering Committee there will be an Implementation Coordination Committee. This Committee will be headed by the Director General, LGD. The Deputy Chief, LGD and Project Director, LGPP will act as the co-member secretaries of the coordination committee. The other members would include Project Director of the LGPP, representatives from different nation building departments, Sida representative. The Chief Technical Adviser (CTA)/Team Leader will provide necessary support and assistance to the coordination committee. The functional responsibilities of the committee will include securing coordination and assistance from concerned local government bodies, nation building departments and the civil society; review and approval of the annual work plan and budget of the project and monitoring the implementation of the LGPP. The Implementation Coordination Committee will be located in Dhaka.

Project Management Office

The Project Director will head the Project Management Office to be located in Dhaka. The implementing agency of the LGPP will be the Local Government Engineering Department (LGED). As such, appropriate official from the LGED will be appointed/designated as the Project Director. The Chief Technical Adviser (CTA)/Team Leader and a team of technical advisers will provide required support and assistance in implementing the project. The functions and responsibilities of the Project Management Office will include, overall management and implementation of the project, preparation of the annual work plan and budget, consolidation of activities and inputs from the project implementation office to be located in greater Faridpur district and monitoring and evaluation of different project activities.

Project Implementation Office

Below the Project Management Office there will be a Project Implementation Office to be located in the greater Faridpur district. This office is to be headed by the Deputy Chief Technical Adviser/Deputy Team Leader. Functional responsibilities will include providing support in implementing different activities envisaged in the project and supervising and monitoring implementation of project activities in the field.

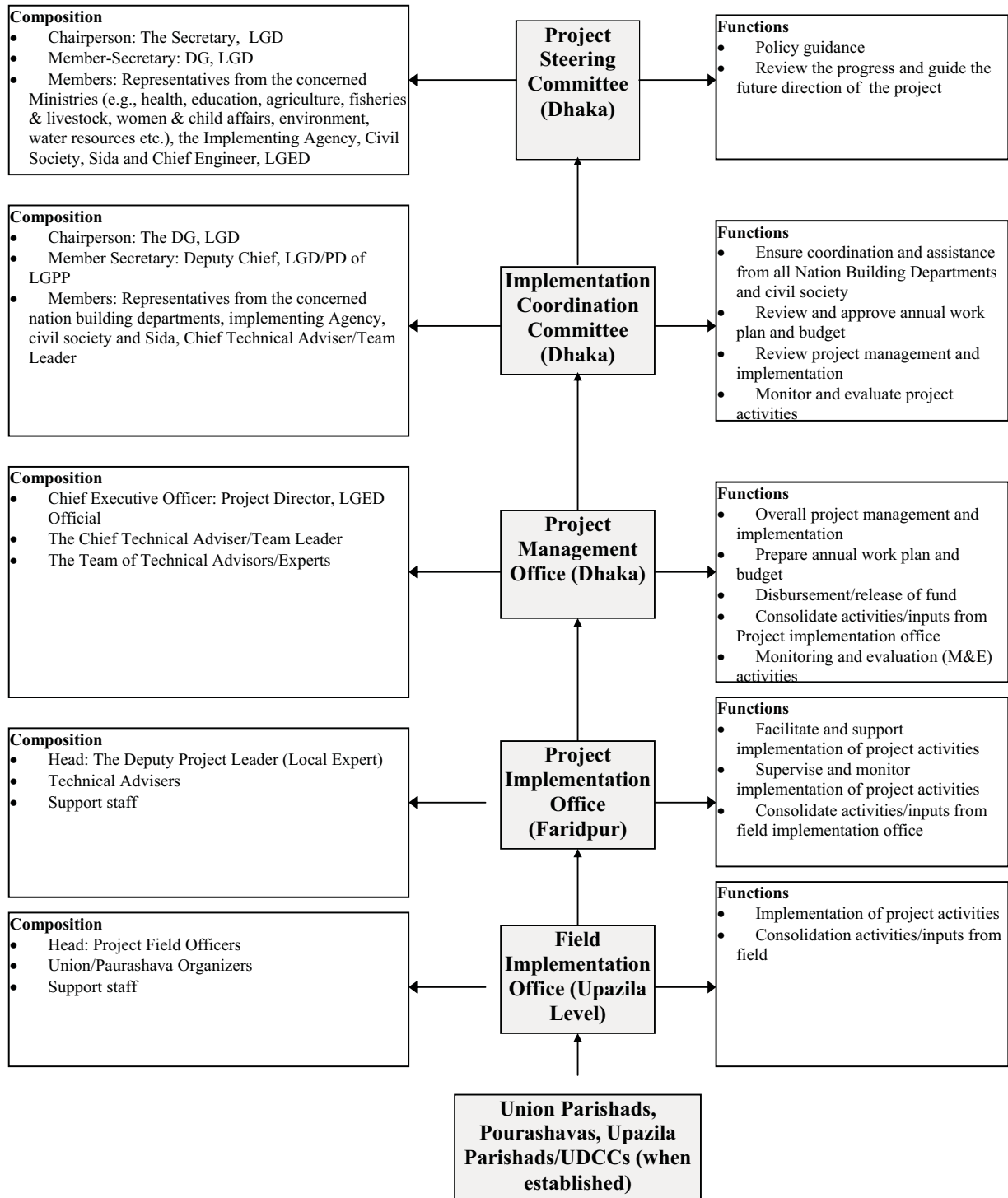
Field Implementation Office

Lowest tier in the organisational structure of the LGPP organogram will be the Field Implementation Office to be located Upazilas to be covered under the project. This unit will be headed by a Field Project Officer (FPO). Other officials at this level would be Union/Paurashava Organizers. The FPO would be responsible for implementation of different interventions planned under the LGPP.

The proposed LGPP needs participation and collaboration of different actors and agencies. The project will address multi-sectoral issues that need such type of participation and collaboration. For this reason and to bring synergy in the process of implementation representatives from different ministries, nation building departments, civil society (NGOs/CBOs etc.), development partner (Sida) etc., have been proposed to be included at different tiers of the proposed LGPP organization structure. It is perceived that this mechanism of participation will ensure required participation and dynamism in the process of implementation of the LGPP.

The proposed organogram of LGPP is as follows:

LGPP Organogram



However, the principle of organizational flexibility will provide autonomy to change the proposed organisational structure, operational procedures and rules according to the project's needs and demands. This principle will also apply with respect to project personnel who are to be directly involved in the implementation of the project at different levels of the proposed LGPP organisation structure.

In the operational area of the LGPP, intervention like RESP with Swedish assistance has been in operation for about 20 years. In the recent past, the RESP has been phased out. But one of its components PEP is still in operation and will continue till 2003. A new initiative called Local Capacity Development Initiative (LCDI) is under implementation on a pilot basis. As such, since old structures of RESP no more exist so there is no scope and possibility of conflict between old and new structures proposed under the LGPP. Rather experiences of LCDI will be of immense value to the new initiative. However, experiences of old structures need to be reviewed and utilized to minimize risks and strengthen the LGPP.

14.2 LGPP Personnel

The project personnel will be made up of a mix of Swedish and Bangladeshi officials and staff. A Project Director drawn from the implementing agency, LGED will head the LGPP. From the Swedish side, there will be a Chief Technical Advisor/Team Leader. The Deputy Chief Technical Advisor/Team Leader will be a Bangladeshi national. A number of Technical Advisors will be recruited for the project. The technical staffs will be assigned for the following areas of expertise e.g. local governance development (2 TA), local economic development (2 TA), Community Services (1), Infrastructure Development (1 TA), Local Administrative Development (1 TA), Gender and Development (1 TA), Community Participation, Monitoring and Evaluation (1 TA) and Training (1 TA), Information Technology (IT), Manager and Computer Hardware Specialist. The job descriptions of the proposed personnel are attached herewith (Attachment-2)

Besides, five Field Project Officers and five Junior Socio-Economists/Governance, five Monitoring and Evaluation specialists and five Training Officers and about 50 Union/Paurashava Organizers will be appointed.

15. REPORTING, MONITORING AND EVALUATION

The objectively verifiable indicators and the means of verification provide the framework for the project monitoring and evaluation plan. There are four elements to the project monitoring and evaluation plan:

- Progress monitoring and reporting of the provision of the inputs, the implementation of the activities and the achievement of the outputs. Publication of a quarterly project bulletin will disseminate information to both periphery and centre. This bulletin will document continuously lessons learned and facilitate interaction between different levels of actors.
- Monitoring and evaluation of the performance of the project in achieving its Immediate Objectives and contributing to the Development Objective;
- Testing of policy hypothesis related to improved local governance; and
- Project review missions.

The MIE wing will monitor the performance of the Leas, business associations and other institutions participating in the project. The MIE wing will introduce an improved system for monitoring and evaluating the performance of all participating agencies and institutions. Since government's plan regarding reform of MIE wing is uncertain so the idea of establishing independent and continuous follow-up, monitoring, research, and dissemination is appreciable and seems to be of high utility. As such, the project should engage independent agencies or institutions to do the above.

16. RISK ANALYSIS

Currently, there is legal enactment for having four tiers of local government system in the country (Zila Parishad, Upazila Parishad, Union Parishad and Gram Parishad/Sarkar) besides local bodies for urban areas (city corporations and Paurashavas). But in the real sense of the term, local bodies only exist at the Union and Paurashava levels. Other three tiers do not exist at this moment. At the Upazila level, there is Upazila Development Coordination Committee (UDCC) which has some representative character, in the sense that it is composed of elected chairmen of the Union Parishads of a Upazila and one of them by rotation presides over it.

Presently, there is intense debate going on in the country on the establishment of Upazila as a tier of local government. Even the cabinet members are divided on the issue though it was an election pledge of the present government. Under such situation, there is all likelihood that the constitution of the Upazila Parishad will be delayed for sometimes. For similar reasons, Zila Parishad's fate also hangs in balance. The Union Parishad's election is due in January, 2003 though the government has the intention of deferring it for couple of months. The above scenario projects a somewhat gloomy picture about the future of local government bodies in Bangladesh. But history suggests that Union Parishads and Paurashavas have been in existence for long and under all most all regimes and governments. The primary focus of the LGPP is on the Union Parishads, Paurashavas and Upazilas. It is perceived that Union Parishads' will be constituted sooner or later and Paurashavas are already in place. With the constitution of the Union Parishads some semblance of representative character will also be there at the Upazila level through the formation of the UDCC. As a result, the proposed LGPP do not run a great risk of formulation and launching. But if historical experiences turn out to be otherwise, the LGPP project structure and implementation would be under considerable risk and uncertainty.