



Community-Driven Development Country Profile

BANGLADESH

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Asian Development Bank

This country brief is a product of a desk review of the Bangladesh experience in community-based development (CBD) and community-driven development (CDD).¹ Section A and B review the country context and institutional/policy environment for CDD. Section C examines the CBD and CDD experience of donors and development institutions, except ADB. Section D reviews ADB's CBD experience from 2001 until the present. The last section looks at the prospects of using CDD in Bangladesh and identifies issues most likely to affect the application or scaling up of CDD.

CDD is defined as "an approach that gives control over planning decisions and investment resources over local development projects to community groups"². It gives communities effective authority over decisions and resources in designing, procuring and implementing usually small, community subprojects. A common element of CDD and CBD is their focus in working with and in communities. CDD approaches, however, generally provide communities more roles and responsibilities. The distinction is not apparent and can at times be blurred in practice because of overlapping characteristics. In this review, focus is given to projects that provide bigger roles to communities, such as participation in selection and prioritization of subprojects or activities, resource and fund management, execution or implementation of and procurement for subprojects, and oversight or monitoring of subproject implementation of projects.

In determining whether projects are CDD, the review uses its defining elements³ enumerated in a past ADB study⁴.

A. Country Context.

In the recent past, Bangladesh's GDP growth rate has been trending towards impressive improvements, reaching 6.5% in 2006⁵. The poverty situation also improved together with the economy. In a period of a little more than a decade, from 1992 to 2005, poverty declined from 58% to 40%, the same period when income growth and performance in key human development indicators⁶ have been remarkable.

Among reasons cited for the strong performance in poverty reduction is the accelerated growth rate, the rising access of the poor to microcredit, rapid expansion in overseas workers' remittances, and improvements in physical and social infrastructure⁷.

¹ This review's coverage is limited to available literature from internet search, project documents collected during the research and interviews with a number of development workers in the country. It does not present a comprehensive picture of CDD, CBD and participation in Bangladesh.

² World Bank. 2008. *Community Driven Development*. Available: <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTCDD/0,,menuPK:430167~pagePK:149018~piPK:149093~theSitePK:430161,00.html>

³ These defining elements are: community focus, community participation in planning and decision-making, community control of resources, community participation in the implementation of sub-projects; and participatory monitoring and evaluation.

⁴ Asian Development Bank (ADB). 2006. *A Review of Community-Driven Development and Its Application to the Asian Development Bank*. Available: www.adb.org/Documents/Participation/Review-CDD-Application-ADB.pdf.

⁵ ADB. 2007. Country Operations Business Plan, Bangladesh 2008 – 2010.

⁶ Among the improvements in key indicators are: life expectancy improved from 50 to 64; Population growth rate decreased from 3% to 1.7%; Unemployment reduced from 25% to 4%; child mortality rates decreased from 240/1000 to 72. World Bank, Bangladesh Development Series Paper No. 18, Bangladesh: Strategy for Sustained Growth, July 2007.

⁷ ADB. 2007. *Country Strategy and Program, Bangladesh 2006–2010*. and World Bank. *Bangladesh Country Assistance Strategy, 2006 - 2009*.

Despite significant improvements accompanying the impressive economic performance however, poverty remains high at 40% or 60 million people. Weaknesses in governance institutions, especially at the local levels, because of the highly centralized set up of Bangladesh's government and corruption, continue to be significant challenges. An ADB report⁸ has characterized Bangladesh's governance setting as one "marked by poor law and order, systemic corruption, and declining quality of the civil service". Bangladesh is also among the countries of South Asia that continues to be vulnerable to natural disasters. Cyclones and flooding are regular occurrences during monsoon seasons, displacing thousands of families who live near or below sea level resulting in numerous casualties. Flood-induced inflation is a common incident during these periods, causing deterioration in the situation of the poor.

Bangladesh is currently under a caretaker government, preparing for general elections at the end of 2008. While transitory in nature, many see the aggressive stance of the caretaker government against corruption and in favor of political reforms as a window of opportunity worth exploring and supporting.⁹ Another aspect that bodes well for Bangladesh is its rich, diverse and effective civil society/NGO sector that has been instrumental in delivering much needed services to the poor and marginalized.

B. The Policy and Institutional Environment for CDD

The government's Poverty Reduction Strategy Paper (PRSP)¹⁰ recognizes that despite past economic gains, major concerns remain in ensuring the full participation of the poor in the benefits of development, through more inclusive, participatory, transparent mechanisms of governance. In an environment of a highly centralized government system, decentralization and devolution become high and demanding priorities.

Decentralization

Bangladesh has repeatedly experimented with decentralization since its founding. According to one report, "every successive regime between 1957 and 2001 attempted to reform the local government structure"¹¹. Despite these efforts, little has changed in central-local relations. Decentralization efforts seem to have concentrated more on playing around with the structures of local governments, failing to examine issues of access and incentives to participation that can lead to more responsive service delivery to the poor.

Bangladesh has two types of local government structure¹²—one for rural and another for urban areas. Rural local government officially has three tiers: The Union Council, Upazilla Parishad and Zilla Parishad. In the past, another tier representing the lowest level of the ward called the Gram Sarkars, was also recognized. Gram Sarkars cover an average

⁸ ADB. 2008. *Country Strategy and Program Update 2006-2010: Bangladesh*. Available: www.adb.org/Documents/CSPs/BAN/2005/csp0400.asp

⁹ Interviews with a number of officers and staff of the donor community are optimistic and hopeful that key reforms will be implemented by the caretaker government to address issues that have continuously plagued Bangladesh's politics and governance sectors.

¹⁰ Government of Bangladesh. 2005. *Unlocking the Potential: National Strategy for Accelerated Poverty Reduction*. Dhaka.

¹¹ Panday, P K. 2005. *Local Government in Bangladesh*. South Asian Journal. Available: www.southasianmedia.net/Magazine/Journal/9-local_governmen_bangladesh.htm

¹² Data from UNDP (2002), World Bank (2002).

population of about 2,000 inhabitants. The lowest, formal structure at present is the Union Council. About nine wards compose the Union Parishads or Union Councils, with an average population of 30,000. The Upazilla Parishad or Sub-District Council, composed of a number of Union Councils, has an average population of 250,000. The highest tier in rural local governance structure is the Zilla Parishad or District Council.

The urban structure consists of Pourashavas or municipalities; Cantonment Boards in the cantonment areas; and City Corporations in the divisional cities.

These structures of local governance have enjoyed very limited powers and resources and have acted more as extensions of central government agencies, rather than independent, autonomous entities. Local government bodies have consequently not been able to develop capacities for service delivery or self-governance. In most cases, staff positions of local governments are not filled and extension personnel of national agencies take on most roles and responsibilities. Central government exercises a very high degree of control over local government finance. Local budgets are subject to approval of central government agencies. Even block grants transferred by the central government to local authorities are subject to earmarking, limiting local planning flexibility.

While rhetoric for more participatory planning, wider accountability, and more responsive local governments has been present for sometime, these lofty goals have barely been met. Power and authority have never actually been devolved. Accountability systems have not been introduced. And grassroots democracy remains a dream.

Key Players and Institutional Partners on Community Development

Despite the overly centralized set up of Bangladesh, community development projects have flourished. Most however are executed by NGOs or by extension offices of central agencies. Because of the state of decentralization, some community-based projects utilize mechanisms parallel to local government units.

National Agencies

The most active government agency involved in these types of projects is the Ministry of Local Government, Rural Development and Cooperatives, particularly the Local Government Engineering Department (LGED) under the Local Government Division (LGD) and the Bangladesh Rural Development Board (BRDB).

Local Government Engineering Department (LGED), Ministry of Local Government, Rural Development and Cooperatives. LGED is an agency under the Local Government Division (LGD) of the Ministry of Local Government. It is responsible for infrastructure development and management. It provides technical and institutional support to strengthen local government units. The LGD is the central agency for policy planning, supervision and monitoring of the local government supporting decentralization.

LGED is a favored agency among donors because of its dual mandate of promoting devolution while at the same time directly implementing sub-national infrastructure projects and small scale water resources projects (below 1000 hectare). Technical assistance has been provided by donors in the past to strengthen the capacity of LGED. The agency has good capacity and years of experience in community based development and in managing foreign assisted projects. Among the projects executed by the agency with community-based or CDD features are: the Local Partnership for Urban Poverty

Alleviation of UNDP and, Municipal Services Project of World Bank; the Secondary Towns Infrastructure Development Project, the Urban Governance and Infrastructure Improvement projects and Small Scale Water Resources Development Sector Projects of ADB.

The approach used by LGED and LGD is project-specific rather than programmatic. Consequently, most personnel and structures working on foreign supported projects are not organic to the agency. Project Management Offices (PMOs) proliferate and personnel tend to be hired by project or move from one completed project to a new or ongoing one. Initiatives are underway to establish units of more permanent nature to support rural, urban and small scale water resource sub-sectors.

The Bangladesh Rural Development Board (BRDB), also of the local government ministry, implements poverty and rural development projects using participatory approaches in addressing the needs of rural communities. Among the projects implemented by the BRDB is the JICA-assisted Participatory Rural Development Project.

Ministry of Water Resources (MoWR). Flood Control, Drainage and Irrigation (FCDI) projects above 1000 hectares have been implemented by the Ministry of Water Resources, through the Bangladesh Water Development Board (BWDB). The BWDB is the implementation arm of Bangladesh on all projects affecting water resource management. It has a long history of implementing participatory FCDI projects, working mainly through community-based water management associations. Among the community based projects under implementation by the BWDB are the ADB-funded Jamuna-Meghna River Erosion Mitigation Project, Secondary Towns Integrated Flood Protection Projects and the Southwest Area Integrated Water Resources Planning and Management project.

The Water Resources Planning Organization (WARPO) is the apex planning body in the water sector under the MoWR. Its prime responsibility is to act as “clearing house” of the water sector projects and to maintain the National Water Resources Database (NWRD). WARPO is also the secretariat of the Executive Committee of the National Water Resources Council (ECNWRC) headed by the Minister of Water Resources.

Other agencies, like the Department of Forestry, Department of Agriculture Extension, Department of Public Health Engineering, and the Department of Livestock also promote participatory social forestry, crop diversification, water and sanitation, livestock development.

Special Bodies

Social Development Foundation (SDF). The SDF was established by the government in 2001 as a nonprofit organization. Among the key mandates of the SDF is the promotion and institutionalization of community-driven development initiatives through decentralized planning and management of development programs. The World Bank and the government channel resources to the SDF for projects that enhance participation and accountability of the poor. SDF has implemented a number of projects that use CDD approaches in identifying and delivering services, such as the Social Investment Program Project funded by the WB, the Monga Mitigation Initiative Pilot Project funded by the government and World Bank.

Palli Karma-Sahayak Foundation (PKSF). is a semi-government institution that acts as the apex funding organization for microfinance activities in Bangladesh. It is a state-run micro-credit funding institution organized as a non-profit company, providing funds to its more than 150 partner NGOs for micro-credit. Since its founding in 1990, the PKSF has disbursed more than \$100 million to its partner NGOs for micro-credit activities benefiting the women and the poor. Among its funding partners are the World Bank, Asian Development Bank and the United States Agency for International Development (USAID).

Nongovernment Organizations (NGOs).

Bangladesh is known for the vibrancy and range of its nongovernment sector. Some accounts claim that Bangladesh has the most number of NGOs in the world. There are an estimated 20,000 NGOs in Bangladesh and 78% of all villages have at least one NGO¹³. Bangladesh is also home to a small group of NGOs that are among the largest in the world. These NGOs, like Grameen Bank, BRAC, ASA, and Proshika have nationwide programs, with thousands of staff and multimillion-dollar budgets¹⁴. Most NGOs in Bangladesh are however, unlike BRAC and Grameen, are small and with limited staff capacity and resources.

The government's policy of providing space for NGOs to operate allowing for service delivery partnerships between NGOs and government is a key factor for the proliferation of NGOs. Through the years, NGOs in Bangladesh have stepped in to fill the void created by the inability of the central and local governments to provide services, especially to the poor. Among the services where NGO and government cooperation have been traditionally strong are in microfinance, health, education, social forestry, potable water, and sanitation. Their propensity to undertake service delivery however also resulted in the sector shunning politics and confrontation of power, tending to limit their involvement in political and social change¹⁵.

Local Governments

Local government bodies in Bangladesh continue to suffer from low capacity and resources, caused mainly by the weaknesses and frequent changes in the framework of decentralization and half-hearted (or absence of) implementation of genuine decentralization and autonomy. While successive regimes have reorganized the system of local governance to presumably improve the autonomy and functioning of local governments, many of these efforts, in practice, only served to emasculate the already weak and subservient local institutions. Local governments, in most cases, function simply as extensions of central agencies, relying on the national government for resources and direction. Participation of communities in governance is ineffective if present at all.

¹³ Rahman, S.2006. *Development, Democracy and the NGO Sector: Theory and Evidence from Bangladesh*. Journal of Developing Societies UK.

Bakshi, A. 2007. *Bangladesh NGOs Going Global*. The South Asian.Com. Available: www.the-south-asian.com/May2007/Bangladesh_NGOs_1.htm

¹⁴ World Bank, Bangladesh, Economics and Governance of Nongovernmental Organizations in Bangladesh, Poverty Reduction and Economic Management Sector Unit, South Asia Region, April 2006

¹⁵ Rahman claims that the depoliticization of Bangladesh's NGOs has been detrimental to social mobilization efforts, inimical to civil society activism and tending to erode democratic institutions and practices. (Rahman, S. 2006. *Development, Democracy and the NGO Sector: Theory and Evidence from Bangladesh*. Journal of Developing Societies)

Donor Community

World Bank (WB) and the United Nations Development Programme (UNDP) co-finance some of the most notable community-driven initiatives in Bangladesh. Using parallel mechanisms in most cases, the WB (through the Social Development Foundation) and the UNDP (through the project structure of the Local Partnership for Urban Poverty Alleviation Project) employ CDD approach in the delivery of services to poor communities. Other notable experiences attempt to integrate local planning and direct financial transfer systems with that of the formal government structures (PLAN Bangladesh's slum development projects and WB's Local Government Support Project). The Japan International Cooperation Agency (JICA) has also been involved in a number of community development projects, the most noteworthy of which is the Tangail Participatory Rural Development Project.

C. Community Driven Development in Bangladesh.

There is a good number of community-driven development initiatives in Bangladesh, mostly supported by the World Bank, UK's Department for International Development (DFID) and UNDP. NGOs also use CDD approaches in many of their credit and service delivery programs.

World Bank. World Bank's country assistance strategy puts significant emphasis on CDD approaches in delivering services to the poor and supporting the decentralization agenda. Some projects use parallel mechanisms, some have attempted to integrate the approach within the formal local and national government structures.

1. **Social Investment Program Project (SIPP)**, which started in 2003, finances small-scale socio-economic infrastructure, social assistance and income generating activities in target poor localities. In April 2007, the World Bank approved additional funding for the SIPP to scale up the community driven initiatives of the project to four additional districts. The additional funding continues to support the financing and institutional arrangements of the Social Development Foundation (SDF) at the local levels, providing access to local infrastructure and basic services through community-driven development approaches.

Under the project, communities are supported in developing community action plans and prioritized sub-projects are funded by community grants. Community procurement is undertaken by village development councils. The Social Development Foundation acts as executing agency. Some 1,000 villages in two of the poorest districts are benefiting from the project's first phase.

2. **The Bangladesh Local Governance Support Project (LGSP)**, approved in 2006, provides support to local governments to finance services prioritized by communities. The LGSP enhances local accountability building by supporting the information dissemination and public disclosure of local government funding and activities. The project attempts to jumpstart the reforms in the fiscal transfer systems for local governments by providing for block grants that local governments can use in addressing development needs, upon meeting certain governance conditions. Block grant allocations have recently been introduced in Bangladesh

but the amounts are still insignificant, considering the needs of localities. Additional resources will be provided by the project to increase this allocation and encourage better accountability in service delivery.

Japan International Cooperation Agency (JICA). JICA is supporting the local government ministry through the Participatory Rural Development Project (PRDP). The project supports regular meetings of local government officials, village committees, representatives of central agencies, and NGOs to discuss villagers' requests for projects and services. These needs are then incorporated into the development planning process. Block grants are provided to village committees to finance their priorities. PRDP started in 2000 and is now on its 2nd phase.

United Nations Development Programme (UNDP). UNDP Bangladesh has been supporting CDD-type projects since 1999.

1. **Sirajganj Local Governance Support Project (SLGDP).** The SLGDP is a community-driven development project that started in 1999. The objective of the project is "to provide improved, participatory local governance for socio-economic development and poverty alleviation in Sirajganj district." This objective is achieved through inter-related activities of community mobilization and capacity building, community planning and delivery of basic infrastructure and services. Communities participate in developing plans for local governments. The capacities of local government bodies to plan, finance and manage basic development activities in an accountable manner are also enhanced through learning and cross visit/exchange activities. Participatory assessments through workshops and report cards are regularly undertaken. The project provides block grants to local governments to finance infrastructure and service delivery at the local level. Learning from this project fed into the design of the World Bank funded Local Governance Support Project.
2. **Local Partnerships for Urban Poverty Alleviation (LPUPA)** started in 2000 in partnership with the Local Government Engineering Department (LGED). Its objective is to build the capacity of three cities and eight pourashavas in poverty alleviation through community action planning, capacity building, microfinance and vocational training. The project is currently serving some 600,000 poor people. The project encourages community-based savings that allow poor people to embark on entrepreneurial activities. The project also provides for community action planning that helps communities design subprojects to address their most pressing needs. A component of the project provides capacity building to communities and local governments to support the objectives of the project.

LPUPA has been successful in meeting its objectives. A second phase is currently being prepared to expand on the first phase gains. The second phase (cost: \$120 million) is expected to be six times bigger than the first (cost: \$18 million).

D. ADB and Community-Driven Development in Bangladesh

Between 2001 and 2007, eight loans with some elements of CDD, amounting to \$400 million were approved by ADB for Bangladesh. This represents approximately 14% of total loaned amount for Bangladesh over the same period. (Table 1 is a list of these projects.) Some of the notable projects are discussed below.

1. Second Participatory Livestock Development Project (PLDP-II). The (PLDP-II) is a \$55 million project, of which \$20 million is financed by ADB. The objective of the project is to improve the lives of small farmers and reduce poverty through interventions in capacity development, microfinance for livestock enterprises and service delivery improvements in the livestock sector. The project is the fourth engagement of ADB in the livestock sector and is an expansion of another successful project that used participatory mechanisms to deliver services to farmers. The previous two livestock projects provided assistance to a government agency in-charge of livestock development directly. In PLDP-I the Department of Livestock Services (DLS) was the Executing Agency. The second participatory livestock development project chose, as implementing partner, the PKSf, a semi-government non-profit company.

PLDP-II supports the PKSf and a group of NGOs, rather than implementing the project through the government agency, DLS. DLS, however, continues to provide technical support to the beneficiaries of the project. Communities are mobilized and on-demand training is provided to enable the communities to exact accountability from government and effectively participate in the project. Participatory planning processes are used to identify and develop a range of services and enterprises that can be supported by the project.

A main learning from the PLDP-I that was incorporated into the design of PLDP-II is to allow more flexibility in the menu of enterprises that can be financed and allow for demand driven training. An impact evaluation¹⁶ of the 1st PLDP estimated that incomes of beneficiaries rose by more than 50%. Monthly household expenditures for basic needs also increased significantly.

¹⁶ ADB. 2003. *Report and Recommendation to the President, BAN: Second Livestock Development Project*. Manila.

Table 1: CDD Features of ADB Funded Projects

Project Name	Date	Amt (\$US, M)	Key CDD Feature	CDD Features				
				Community Focus	Planning & Decision Making	Resource Control	Implementation	M & E
Secondary Towns Integrated Flood Protection Project - Phase 2	02-Dec-04	80.00	Slum improvement component uses same processes as UNDP's LPUPA. Communities access resources from community development fund to finance basic infrastructure. Communities participate in preparation of community action plans and project implementation.	Y	Y	Y	Y	N
Second Participatory Livestock Development	19-Dec-03	20.00	NGO conduct community mobilization to help communities identify issues that need government attention. Enabling process to improve accountability for the use of public resources introduced.	Y	Y	N	Y	Y
Second Small-Scale Water Resources Development Sector	12-July-01	34.00	Communities organize water management associations to participate in selection, design and implementation of water management infrastructure and economic development works.	Y	Y	Y	Y	Y
Urban Governance and Infrastructure Improvement (Sector)	28-Nov-02	60.00	Local communities form committees to identify and implement subprojects and participate in the decisions making.	Y	Y	N	Y	N
Secondary Education Sector Development Project	26-Oct-06	85.00	Supports rehabilitation and construction of community-managed schools. Participatory approaches used in subproject identification, planning, and implementation.	Y	Y	N	Y	N
Southwest Area Integrated Water Resources Planning and Management	23-Nov-05	20.00	Use of participatory mechanisms to validate and implement subprojects thru water management associations.	Y	Y	N	Y	Y
Secondary Towns Water Supply and Sanitation Sector	16-Oct-06	41.00	Use of community participation in implementing subprojects with NGO assistance, especially in sanitation component. Community participation in procurement is allowed.	Y	Y	N	Y	N
Post-Literacy and Continuing Education	13-Dec-01	65.00	Learners' participation in planning. Community-based center management committees mobilized to select learners, manage learning centers and monitor facilities	Y	Y	N	Y	Y
JFPR 9009-BAN: Supporting Livelihood Improvement for the Poor through Water Management Associations	Aug-01	0.900	Water management associations participate in subproject selection. Control of resources by WMAs. Community procurement allowed.	Y	Y	Y	Y	Y

2. Secondary Towns Water Supply and Sanitation Sector Project (STWSSSP). ADB has contributed to the improvement and expansion of water supply and sanitation services in Bangladesh using CDD approaches. Half of the projects with CDD features between 2001 and 2007 are in the water supply and sanitation sector. Among the interventions of ADB in this sector is the STWSSSP, a \$71 million project (ADB's contribution is \$41 million) approved in 2006.

The project uses a demand and performance-driven approach to extend water supply and sanitation services to 16 participating secondary towns (pourashavas). The project seeks to address the overly centralized manner of delivering water supply and sanitation services, resulting in the failure to efficiently respond to user needs and demands in secondary towns. NGOs and CBOs assist in the development and implementation of the sanitation improvement component of the Project. NGOs also manage the process of constructing community infrastructure and the process of organizing and training community users' groups to own, operate, and manage such infrastructure. Community participation in procurement is allowed for civil works contracts not exceeding \$10,000.

3. Second Small Scale Water Resources Development Sector Project (SSWRDSP II). SSWRDSP II is a \$78 million project, \$34 million of which is financed by ADB. The objective of the project is to improve the water resources sector through use of participatory approaches in the rehabilitation and management of small-scale water resource infrastructure projects. Participatory processes are used under for communities to select, appraise and design subprojects (irrigation, flood control, water conservation, command area development). Community-based Water Management Associations (WMAs) are organized to be able to participate in project selection and implementation. They also play a role in the monitoring of project implementation. Community organizers and facilitators are deployed. Training is also provided to WMAs and local government institutions to equip them with necessary skills in managing the processes of the project. Key lessons learned from a previous project and incorporated in the design of SSWRDSP II is the improvement of the data collection of the participatory rural appraisals (PRA) and allowing of sufficient time in the formation of community-based organizations to support the project.

E. CDD Prospects.

The Government's Poverty Reduction Strategy Paper (PRSP), recognizes that despite past gains, the agenda of poverty reduction and democratization remain huge. A major thrust of the strategy is ensuring good governance through better accountability systems and genuine devolution of powers and responsibilities to local governments. In one of the most centralized countries in the world, this is an enormous task. This highly centralized structure limits citizens' ability to participate in decisions on local service delivery and resource allocation. Mechanisms that allow for community voice and participation and make service providers accountable are also absent.

While Bangladesh is known for its vibrant NGO sector, and the high degree of success of NGOs as community-based service providers, such efforts have been highly depoliticized

and tended to create parallel channels of service delivery, further weakening the local governance agenda.

To help address these gaps, World Bank, ADB, DFID, JICA and UNDP will most likely continue to support CDD initiatives and broaden the scope of their engagement to ensure sustainability and ownership of the approach. Without this broader scope, CDD initiatives will remain pilots or boutique operations. Broadening the scope, among others, will also mean addressing policy and institutional gaps in the country to create an enabling environment for participation, effective voice and accountability.

1. Policy Environment on Local Development. Developing the policy for and ensuring the implementation of devolution of resources, authority and accountability to local governments will be crucial. Vital areas of work include:
 - a. Institutionalizing and increasing resource transfers and block grants to local governments. While the government has started to use block grant transfers to local governments, the amount of the grant is still insignificant, considering the responsibilities that go with it and the scope of services that need to be fulfilled. Moving more and more areas that can be subsumed under the block grants, in lieu of Central government financing local items for local expenditures and project directly, thus increasing the amounts of the grant and making this regular, will contribute to creating a better environment for responsive local governments.
 - b. Addressing gaps in institutional mechanisms for ensuring participation and exacting accountability, such as people's forums, bottom-up planning processes, transparency arrangements in resource transfers and allocations, NGO-civil society participation in mechanisms of voice to influence the decision-making processes of local governments;
 - c. Designing monitoring mechanisms in the delivery of basic services, with citizens' participation, such as report cards, public reporting, etc.;
 - d. Clarifying roles between central agencies and local governments, and granting of greater discretion to local governments;
 - e. Institutionalizing bottom-up planning in the development planning process.
2. Capacity Strengthening Programs, especially of local agencies. Centralization has rendered many of local governments ineffective and with low capacity. Attention needs to be given to programs that build capacities of local level officials. Local governments have not received much in training and capacity building in the past due to the propensity to use parallel mechanisms. Most local governments also do not have the full complement of personnel to be effective.
3. Building a body of experience on CDD. Institutionalizing relations of empowerment and accountability between local communities and local governments will be an important step in the reform process. Past, ongoing and planned CDD initiatives will be main vehicles for building this experience and knowledge bank. The World Bank intends to continue to support CDD in Bangladesh through the SDF; UNDP and DFID will most likely extend and expand their support to CDD through the

LPUPA or similar facility; ADB is in the process of preparing a project that will support local level development planning that will most likely use bottom-up planning principles. These initiatives, supported by a well-designed knowledge management component, can contribute much to the development of a model for community development and bottom-up planning.

4. Improving donor coordination. International donors have varying effects on bringing government closer to the people and encouraging responsive governments. Many donors have chosen to use parallel mechanisms in delivering service, thus weakening further the already emasculated local government bodies. Some have chosen to engage only national/central agencies, duplicating mandates of local governments to deliver similar services. There is much room for donor communication and cooperation in this regard, developing a common framework for supporting local governance and participation.