

BANGLADESH MUNICIPALITY DEVELOPMENT FUND: A SUCCESS STORY FOR SUSTAINABLE URBAN DEVELOPMENT

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Abstract

There are 313 municipalities in four major cities in Bangladesh according to 2010 government statistics. These municipalities are containing from at least 50,000 people in their own jurisdiction area up to 10 million in case of Dhaka municipality. The municipalities are being treated as the local government body to provide services for urbanites and to collect revenues for the central government. Meeting the vital needs to the urbanites is a key element of a sustainable urban development. But the notion of needs is in itself a diffuse and problematic concept in the poorly budgeted municipalities in Bangladesh. Still there are good practices to ensure the harmonized development in urban areas in Bangladesh considering the poor governance, lack of capacity and skilled manpower and inadequate budget. This paper tries to focus the success stories of Bangladesh Municipality Development Fund (BMDF) for sustainable urban development in Bangladesh through financing infrastructure development in municipalities as well as recovering the grants given by donor agencies as a participatory program. This paper also emphasizes the need of such a very good organization in one of the poorest nations to ensure the public money be utilized for better infrastructural development and civil works to attain harmonize and sustainable urban development. The experiences of Bangladesh might be very useful in similar countries in the world that are having economic problems, poor governance and lack of transparency of using public money for a sustainable urban infrastructure development.

Keywords: Bangladesh, Urban Development, Municipalities, Financing, Sustainability.

1. INTRODUCTION

Municipal Development Funds (MDFs) have become the preferred means of many donors and, increasingly, national governments for the finance of urban infrastructure (Ferguson, 2007). In Bangladesh, municipalities and city corporations are aimed at providing better urban services to the denizens. In order to do so, they need to cooperate with several government, semi government and non-government organizations (Panday, et. al., 2008).

This system creates an unexpected hassle for the municipalities to get development funds from the ministry and at the same time transparency remains volatile. To keep it in mind, The World Bank (WB) has requested Bangladesh Government to channelize the infrastructure development fund through a public company. Bangladesh Municipal Development Fund (BMDF) is a government owned company established in March 2002 under the Companies Act, 1994 to provide financial support to Urban Local Bodies (ULBs) for urban infrastructure development projects and for civil works.

Bangladesh Municipal Development Fund (BMDF) has been established to fill up the gap in municipal finance and to encourage eligible ULBs to compete with each other to qualify for funding in their own capacity building and to make them liveable with better services for their inhabitants. The main objective of the fund is to provide a rational basis for resource allocation to ULBs based on transparency. Another important objective is to reduce urban poverty and improve the environmental condition of urban communities.

2. PRESENT STATE OF URBAN LOCAL GOVERNMENT IN BANGLADESH

Right now, the rural/regional local government bodies in Bangladesh consist of three tiers – Union Parishad (4,501), Upazila Parishad (470), and Zila (District) Parishad (64). Urban areas have a separate set of local governments. The Bangladesh Census Commission recognised 522 urban areas in 1991 (areas with a population of about 5,000 or more) but only about 279 of the larger urban areas among these have local governments.

The six largest cities have city corporation status, while the rest are known as Pourashavas or municipalities, which again are classified into class I, II, and III according to their financial strength. In addition, there are also some urban centres that are under military Cantonment Boards.

The City Corporation and Pourashavas (Municipalities) are true urban local governments. The large number of small urban centres is administered under the Union Parishad system of (rural) local government. Some urban centres have a fairly large population but have not yet been declared a municipality and therefore also remain under Union Parishad management. To reach its present status, several changes have been made in the structure of urban local government bodies, which will be discussed in the subsequent sections.

Figure 1 shows the major municipalities in Bangladesh. It has been clearly seen that the municipalities are spatially distributed all around the country except the mountainous areas in the south east and near the mangrove forests in the south west.

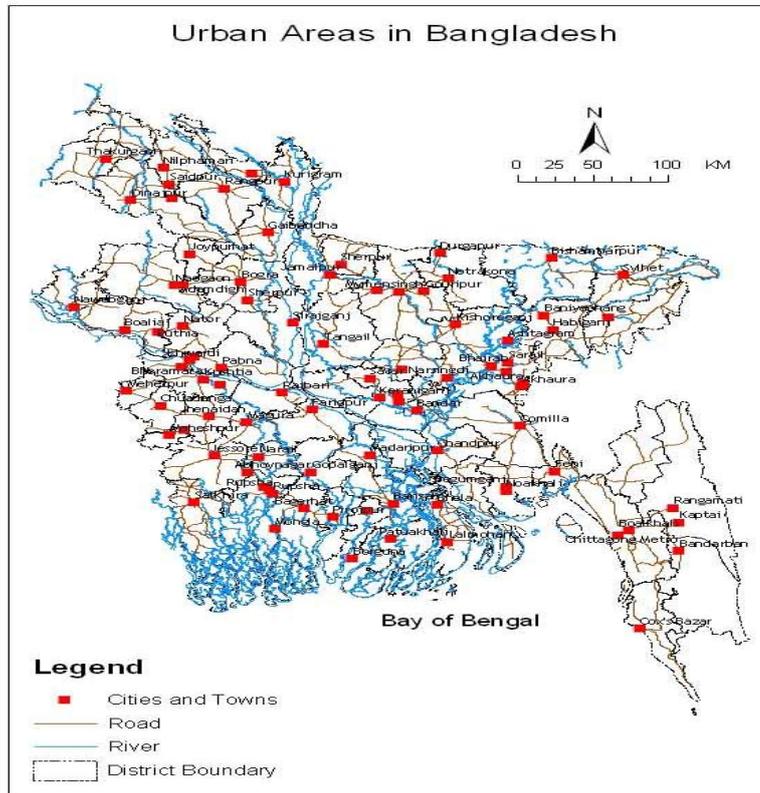


FIGURE 1 - LOCATION OF MAJOR URBAN CENTERS IN BANGLADESH (MAP PREPARED IN GIS USING 2001 DATA)

3. INSTITUTIONAL ARRANGEMENTS OF URBAN GOVERNANCE IN BANGLADESH

Some institutions that are involved in the service delivery of urban governance in Bangladesh have been classified under four broad headings (Chowdhury, 1994: 67–82; cited in Khan, 1997: 13): municipal government, special development agencies, special purpose authority, and special government bodies. The classification schema is relevant because it covers all types of organisations that are involved in urban governance. The municipal government includes corporations and Pourashavas (municipalities) or municipalities. Currently, there are six municipal corporations and 279 Pourashavas spread across the country. All the municipal corporations are run according to a number of ordinances and acts that have been amended from time to time. The chairmen and commissioners of Pourashavas, the Mayor and commissioners of municipal corporations, and women members in the reserved seats, are directly elected on the basis of the adult franchise. All the municipal corporations include a certain number of official commissioners designated by the government who are the top functionaries of special development agencies, special purpose authority, and special government bodies. Parliament passed several statutes for the creation of Pourashavas and city corporations in

order to serve the inhabitants of small and medium-sized cities and metropolitan areas respectively. The chartered functions of both the urban local government institutions are remarkably similar in that they include 15 compulsory and 13 optional functions. But it has been found that both these urban local bodies cannot execute all the mandated functions, due to a variety of factors such as shortage of funds, poor and irregular collection of taxes, the existence of semi-autonomous and autonomous offices for years, and so on (Siddique, 1994: 146). City corporations and pourashavas are obligated to extend municipal services ranging from the construction of roads, bridges and culverts; the removal, collection and disposal of refuse and waste; the provision of water supply; the provision and maintenance of street lighting; the registration of births, marriages and deaths; the provision and maintenance of graveyards and cremation grounds; the eradication of mosquitoes; the issuing of different kinds of certificates; and the provision and maintenance of parks and gardens (Siddique, 1994: 146–147). However, very often city corporation authorities fail to provide efficient service delivery to the citizenry due to problems in intra-organisational coordination. For example, the poor internal coordination in the DCC was devastatingly made public in the matter of its garbage disposal activity. Tons of garbage remained stacked in ‘Kowran Bazar’ as a result of bad faith and lack of cooperation between the Conservancy and Engineering Departments. Certainly, the DCC could have sold this trash, which is an excellent source of organic manure, had it run things effectively and procured the loaders and the dumper trucks required for removing the garbage. Regrettably, it continued to heap up further while the two departments were busy blaming one another (The Daily Star, 16 November 1999). The following table shows the types of agencies who are delivering urban services to denizens in Bangladesh.

TABLE 1 - DELIVERING URBAN SERVICES BY PUBLIC AGENCIES IN BANGLADESH

Name of Agencies	Service (important)	Sources of Finance
City Corporation	Sanitation, solid waste disposal, road building and maintenance, street lighting, traffic signaling, parks, play grounds, poverty alleviation, slum improvement	Property taxes, conservancy, lighting and water rates, fees, fines, rental income, government grants, donor funds
Paurashava (Municipalities)	Sanitation, solid waste disposal, road building and maintenance, street lighting, traffic signaling, parks, play grounds, poverty alleviation, slum improvement, planning, etc.	Property taxes, conservancy, lighting and water rates, fees, fines, rental income, government grants and donor funds
Water and Sewerage Authority (WASA) at Dhaka and Chittagong cities	Drinking water supply and sewerage	Water tariffs, loans, grants from government and donors
Development Authorities: RAJUK, CDA, KDA and RDA	Planning and development of physical infrastructures	From sale of land and government grants
Department of Environment	Environment control	Government budget
Specialized authorities: PWD, NHA, DPHE and LGED	Civil works, housing, physical development	Government budgets and donor grants and aid

(Source: Chowdhury, 2008)

The table 1 shows that municipalities and city corporations are working for the same kinds of objectives to deliver basic urban services to its inhabitants. However, based on the revenue earning and infrastructure facilities, municipalities have been classified further in to three distinct groups. Thos are as

TABLE 2. - CATEGORIES OF PAURASHAVAS IN BANGLADESH

Categories of Paurashava	Number	Characteristics (Currency: 1 USD = 68 BDT, 2010)
A	83	Municipality that earns more than 6.0 million BDT per month through revenue/tax
B	65	Municipality that earns 2.5 to 6.0 million BDT per month through revenue/tax
C	156	Municipality that earns less than 2.5 million BDT per month through revenue/tax

(Source: BMDf, 2010)

Table 2 shows that still there are 156 municipalities who are waiting to be updated in category B and there are still new municipalities to be formed. So infrastructure development is inevitable in the local municipalities and the success story of BMDf can ensure the harmonized urban growth in one of the poorest nations in the world in a systematic way.

4. GOVERNMENT INITIATIVES FOR MUNICIPAL DEVELOPMENT IN BANGLADESH

Development strategies for municipalities are inevitable in a rapidly growing country like Bangladesh. To take this challenge in time, Bangladesh Government has taken several projects in the light of municipal development programs around Bangladesh. One of the important aspects was to prepare the Poverty Reduction Strategy Paper (PRSP) so that better urban environment can be ensured. PRSP has its recommendations in infrastructural development projects because: Major components of the physical infrastructure in Bangladesh are power (rural and urban), gas, coal and other minerals, transport (roads, railways, inland water and air). The recommendations in PRSP have cited as:

- a. Rationalization of sectoral incentives;
- b. Setting appropriate pricing policy;
- c. Reduction of systems loss;
- d. Sectoral restructuring; and
- e. Good governance

However, there are 6 city corporations and 310 municipalities (Paurashavas) in Bangladesh who are administered by the Ministry of Local Government, Rural Development and Cooperatives. These municipalities are getting funds from the government as well as from donor agencies to operate their development projects. Municipal Service Project (MSP) phase – I was one of the major initiatives from the World Bank to operate projects in each and every municipalities in Bangladesh. In the phase – II, BMDF (Bangladesh Municipal Development Fund) has come into force to start working with the municipalities by providing World Bank funds through a matching contribution.

Besides, 6 divisional offices have received funds for preparing and updating master plan and metropolitan development plan in 1998 and onwards, the detailed area planning tasks are being carried out.

Asian Development Bank (ADB) has agreed to work with GOB (Government of Bangladesh) to offer technical support in the following fields as:

- Prepare the National Urban Sector Policy
- Review and suggest reforms to the existing holding tax system
- Recommend changes of the 1977 Secondary Town Ordinance
- Review the Government's municipal development strategy and help prepare a master plan for these key urban centers

Local Government Engineering Department (LGED) is playing an important role to develop infrastructures in both rural and urban areas in Bangladesh as well. LGED is working as an engineering department of the GOB to formulate plan and to implement in the actual field with their own expertise.

5. INITIATIVES FROM THE NON-GOVERNMENT ORGANIZATIONS (NGO'S)

Non-Government Organizations (NGO's) are prioritizing their tasks with great interests in the field of poverty alleviation and slum upgradation tasks in urban areas. Besides, infrastructure building projects like: Electrification, Drainage system improvement, road network development etc. are also funded by some NGO's and donor agencies to combat the rapidly growing urban problems. For example, solid waste management system's improvement with the joint collaboration of public and private partnership in 6 city corporations in Bangladesh is a huge success from NGO's. However, environmental management and urban health management are some of the important projects operated by NGO's in most of the municipalities in Bangladesh.

6. MUNICIPAL DEVELOPMENT FUND (MDF)

Municipal Development Funds (MDFs) are parastatal institutions that lend to local governments for infrastructure investments. MDFs usually start as an intergovernmental approach to municipal credit supply, structured as parastatal organizations, but then evolve to become financial intermediaries focusing on municipal credit. They are essentially financial intermediaries that provide credit to local governments and to other institutions investing in local infrastructure and are typically envisioned as transitional instruments in this effort intended to prepare the way for self-sustaining municipal credit systems that can tap domestic and international capital markets for financing. MDFs allocate loan capital to local government investment projects following procedures very similar to those that the World Bank and regional development banks employ in international lending, while reaching far more local authorities and smaller investment projects than it would be efficient for international institutions to try to finance directly. Thus two different models are recognized world wide as an advantage of MDF:

- a) The first type of MDF, currently more common in the developing world, operates primarily as a substitute for government capital grants to local authorities. These programs supply capital through MDFs at below-market rates, often combining subsidized loans with grants. Typically MDFs of this type have a monopoly in lending to the municipal sector. Such MDFs exploit the favorable terms of their loans to impose stricter standards of project preparation on localities and to incorporate central or state government investment priorities in determining which projects should be funded.
- b) The second type of MDF is intended to serve as a bridge to the private credit market. They prepare the municipal and financial sectors for private lending to municipalities. MDFs of this type lend at market rates of interest, allocate capital through arm's-length decisions of commercial banks or other private-sector lenders, require that private lenders assume the credit risk of municipal loans, and try to establish a track record of municipal creditworthiness.

7. FORMATION OF BANGLADESH MUNICIPAL DEVELOPMENT FUND (BMDF)

By experiencing the success stories from the Eastern Europe and Latin America, World Bank has tried to introduce the importance of an entity for financing the development funds for municipal development projects in Bangladesh. As the rapid urbanization has been observed in decades, the urban environment is getting degraded and the number of poverty stricken population is growing in Bangladesh. Under the above circumstances, the Government of Bangladesh (GOB) requested the

World Bank to provide financing in support of municipal services project. During September – October 1997, an IDA Project Preparation Mission visited Bangladesh and it was agreed that the project will be divided into two phases:

- i. Phase – I (1 – 2 years): Studying feasibilities in several municipalities to a program of improvement in O&M and financial management capacity with pre-defined targets and
- ii. Phase – II (3 – 5 years): to include schemes that meet similar criteria but where, in addition, the concerned municipalities/ city corporations should meet the targets and eligibility criteria to be set forth for Municipal Development Fund (MDF).

Besides, the Development Credit Agreement (DCA) highlights the operation of BMDF to finance the municipalities as a means of participatory approach for municipality's infrastructural development projects.

BMDF has come into life by the gracious consent through signing an agreement between Govt. of Bangladesh and the World Bank to accelerate the development activities of the urban local bodies (ULB's). The appearance of BMDF conducted the financial aid to the municipal development work launched its journey as a Govt. owned registered company under the company act – 1994 since March 09, 2002. As a result, Bangladesh Municipal Development Fund, widely known as BMDF, has now emerged as a separate establishment with an individual identity.

8. WHY IS BMDF APPEARING AS A SUCCESS STORY IN BANGLADESH?

As per the DCA (Development Credit Agreement) between the GOB and WB, the motives of BMDF is to improve urban environment, infrastructure and services to

- a) strengthen the institutional capacity of selected municipalities and city corporations;
- b) improve resource allocation and fiscal discipline and
- c) support governmental efforts to reduce urban poverty and improve the environmental conditions of urban communities

These tasks are very difficult to execute in local municipalities all around Bangladesh. But a very good administrative organogram, transparent financial policies and quality civil works offer this organization to grow over time and to prove the ability to finance in more than 100 municipalities in Bangladesh.

8.1. Administration and Board of Directors of BMDF

Ministry of Finance has been conducting the responsibility of the administrative ministry of the company. Article of Association (AoA) of the company speaks about the existence of Board of Directors headed by the Secretary of LGD (Local Government Division) as the Governing Body of the company. A general body of the company consists of the Secretary of the concerned ministry, Philanthropic members of the civil society; the persons interested in welfare activities, different professionals are giving necessary directives to the company in the Annual General Meeting (AGM).

A body of ten members presided by the Secretary of LGD, Govt. of Bangladesh usually provides the company with necessary directives to function the company. The ten member board of directors includes competitive representation of finance department, IMED (Implementation Monitoring and Evaluation Division), Planning Commission, Bangladesh Bank, Member of Civil Society, Representative from 3 municipalities and its Managing Director (MD).

8.2. Financial Policy

The financing package consists of an intermingle of participating ULBs matching contribution, loan to ULBs and Government grants.

GoB receives soft loan from IDA under Cr. No. 3177-BD which is repayable within 20 years. The fund is channeled through BMDF to ULBs for improve urban environment, infrastructure and services to (a) strengthen the institutional capacity of selected Municipalities and City Corporations; (b) improve resource allocation and fiscal discipline; and (c) support governmental efforts to reduce urban poverty and improve the environmental state of affairs for the urban communities.

IDA(WB) provides 90% fund with 10% matching contribution of ULBs for BMDF's program. In this way, from the investment point of view, the Nation gets Tk. 100 benefits from Tk.90 foreign loans.

On the other hand, ULBs receives fund in two accounts, viz, 85% grant and 15% loan repayable within 10 years. From the repayment point of view, the Nation is getting support of 15% Debt Service Liability (DSL) from ULBs. Thus IDA loan of Tk. 90 and ULB Contribution of Tk. 10 constitute Development Fund of Tk. 100. In BMDF course of action, a loan of Tk.90 comes down by 15% i.e 76.50 as ULB repays rest of the loan. That means, in this method, Development fund increases whereas Loan-burden decreases.

Therefore, for a 'Typical Archetype Case' of Tk. 100 Development Work, GoB affords only Tk. 76.50 in BMDF concept, whereas in conventional concept, Tk. 100 constitutes Tk. 100 Development Fund and

Tk. 100 Debt Service Liability. Besides, in BMDF concept, the ULBs are enforced to build up their own fund raising capability.

So far GoB receives IDA(WB) Loan for Civil Works amounting US\$ 64.34 million under credit No. 3177-BD, where US\$ 55.79 million has been withdrawn till Nov. '07 and meanwhile BMDF undertakes Development Works amounting US\$ 64.61 million (WB 55.79m + 2.43m and ULBs 6.39m). Regarding repayment, GoB needs to payback US\$ 47.42 million and rest US\$ 8.37 million will be paid-back by the participating ULBs making a total repayment of US\$ 55.79 million against US\$ 55.79 million that has been withdrawn till Nov. '07 from the IDA(WB) by the BMDF.

8.3. Numerical Expression of Funding Policy

Using 90% fund from the World Bank, BMDF executes 100% works by means of rest 10% contribution from the ULB's. Besides, out of the 90% of WB Fund ULB's gets 15% as loan. Therefore, ultimately the ULBs contribute 23.5% of the 100% fund whereas the remaining 76.50% fund is provided by WB as grant. The following table shows the Participatory Approach of contribution of fund by the WB and the ULBs:

TABLE 3 - NUMERICAL EXPLANATION OF FUNDING POLICY OF BMDF

A. For a Whole 100% Fund	
WB Contribution is 90%	ULB Contribution is 10%
B. Break Down of 90%WB contribution	
In the midst of this 90%, WB Provides 85% as grant	ULB Gets 15% as Loan of 90% (90x15% = 13.50% of the Whole Fund)
C. Actual Funding Stands for 100% Whole Fund	
As a result, WB Contribution turns into 76.50% (90x85% = 76.50%)	On the other hand, ULB Contribution turns into 23.50% [(90x15% + 10%) = 23.50%]

(Source: BMDF, 2010)

8.4. Most Cost Effective Program Implementation!

The 41st BoD meeting held on 03 December 2007 highlights that BMDF spent only BDT 132.12 m (US\$ 1.94m = WB 1.81m + GoB 0.13m) during the last five years as its operational, incremental, supervision and administrative cost to execute the development program of BDT 4393.48 m (US\$ 64.61m) which is only about 3% of total development fund. BMDF thus proved itself as one of the most cost effective agencies in Bangladesh for implementing civil works projects within this amount of money.

8.5. FOAP as an important instrument for Development

In respect of a participating municipality, a Financial and Operational Action Plan (FOAP), which identifies the capacity deficits of such municipality and the corresponding measures to address those

deficits as formulated based on a municipal assessment of such municipalities. In this light, FOAP is very important to build the capacity of the municipalities as well as increase tax collection efficiency in short term. In different aspects, FOAP also ensures better practice in the following areas of ULB's:

1. Income-generating capacity;
2. Accounting & budgeting;
3. Asset management;
4. Staffing;
5. Receivable and payable management;
6. Awareness Building & Legal action; and
7. Governance

8.6. Participation of Local Municipalities in Development Works

It has already been shown that the participatory municipality is supposed to contribute 10% of the total development fund of any civil work in its jurisdiction area. This also ensures the empowerment of the municipality itself to let the citizens know about the development works those are tangible and sometime it is an outcome of mandates of the chairmen of different municipalities. On the other hand, the engineers and management team from the own municipality can closely work with the very development event and they can earn invaluable experience.

8.7. Building Awareness for the Local Community

Citizens have the right to know about the development and civil works that are going on in their own municipality. To make the information transparent before the citizens, BMDF has initiated several programs like: leaflet distribution, sign board placement at construction site, etc. to let the people know about the extent and activities of the development works in their own area. The leaflet or sign boards contain basic information of the projects, amount needed to implement the project and the time period of the work so that people can learn when they can use the services. Meanwhile, the drawing, design and specifications are included in the leaflets that are distributing by the ULB's in their own areas.

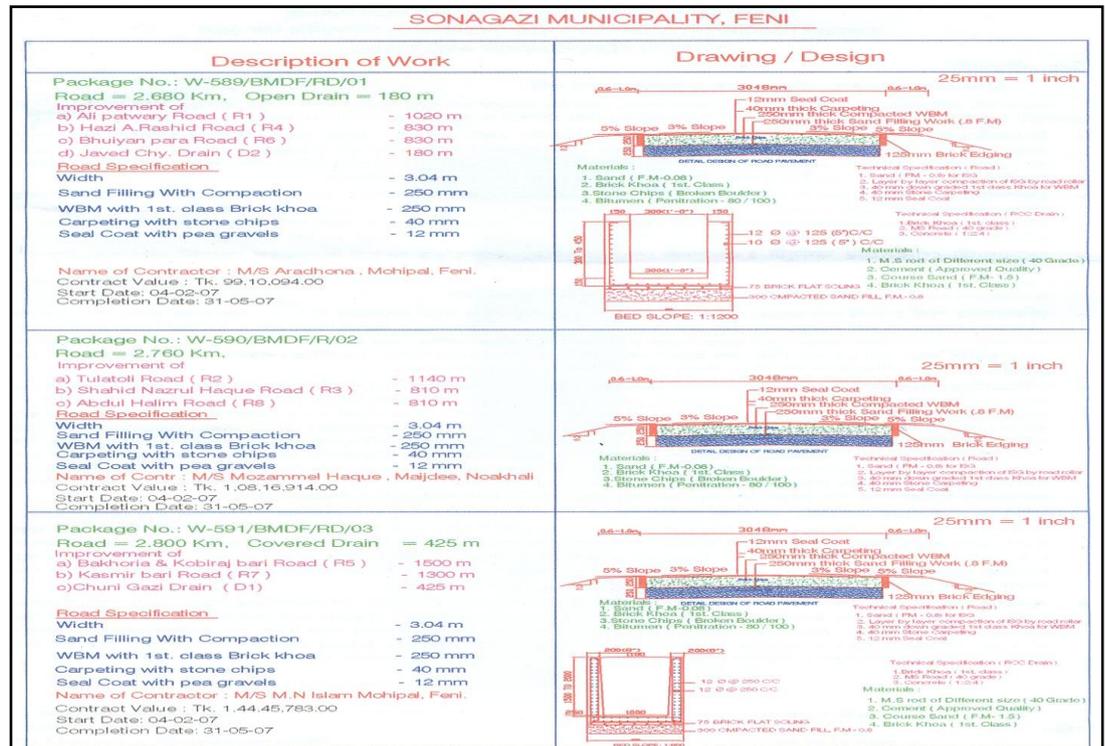


FIGURE 2 - SAMPLE LEAFLET THAT INCLUDES, DRAWING, DESIGN OF MUNICIPALITY ROAD CONSTRUCTION AT SONAGAZI MUNICIPALITY FUNDED BY BMDF.
Source: BMDF, 2009

Figure 2 shows that the detail design and layout plans are being distributed through leaflet to the local people within the municipality. If anyone notice wrong working during the project period, they can directly communicate with the officer in charge at BMDF premises. To value this participation, BMDF workforce always visible in the project site to inspect the works for ensuring quality works. Besides it, some bill boards are being placed in the project site containing information in Bengali language so that people in the area can read it easily who are not understanding the detail design through leaflets.

8.9. Quality Assurance

BMDF emphasizes high priority in the quality of works at field level. The M & S Consultants of BMDF are always vigilance at field level to ensure quality of works. Besides, BMDF officials are also visiting different ULB's (Urban Local Bodies) in this regard frequently to check the status of the work and to ensure quality works. The officials also record the documents soon after visiting the site in detail. Any under specified works if found, are taken seriously and appropriate action is taken to rectify those faulty works immediately including necessary administrative action against those responsible for the faulty works.

8.10. Technical Assistance

For smooth implementation of the projects in line with the best international/commercial standards, technical assistance activities (appraisal, supervision, monitoring etc.) may be outsourced. Sometime, the assistance is providing through short training organized by BMDF or through other organizations for the ULB engineers.

8.11 Prioritizing the Social Impacts of the Civil Works

BMDF is very much keen to consider any adverse impact to the community where the civil works or infrastructural projects are going on. BMDF also appointed consultant to minimize the social impacts in the project areas and investigate the reasons that may bring negative impacts as well. In this regard, with the direct assistance of the World Bank, BMDF has already published a Bengali version booklet of Social Impact Management Framework (SIMF) and distributed it to the ULB's. The main objectives of SIMF are to:

- a. Enhance social outcomes of the activities implemented under individual subprojects;
- b. Identify and mitigate adverse impacts that subprojects might cause on people, including protection against loss of livelihood activities; and
- c. Ensure compliance with the World Bank's social safeguard policies

9. AREAS OF CIVIL WORKS FUNDED BY BMDF

BMDF is financing the money through a very transparent channel as mentioned earlier in the financing policies. To maximize the use of this public money, BMDF is financing mostly in the infrastructure development projects in the municipalities in Bangladesh. In table 4, it highlights the physical infrastructure development works that BMDF has been carried out in 2008 in different sectors.

According to the table 4, it is clearly visible that BMDF is funding in fourteen main infrastructure development projects initiated by the local municipalities according to their own priority. Before selecting the project, BMDF investigates the taxation policies, human resources and capacity, yearly income of the municipalities to repay to loan as well as need of the very specific project in their municipality area.

Municipalities can only ask for the loans and finance from BMDF if they can reach a certain level of their own income to prove that they are capable enough to refund the money in next 20 years. In this regard,

municipalities first take actions to improve the taxation system and to generate revenue earning up to the mark BMDF asks for and then they can submit application for any project to BMDF.

TABLE 4 - PHYSICAL INFRASTRUCTURE DEVELOPMENT PROJECTS FUNDED BY BMDF IN 2008

SL. No.	Description of works	Unit	Total Quantity (425 no of packages)	100% completed works (235 no of packages)	To be Completed in 6 months	To be Completed in one year
1	Road	km	802,537	445,979	298,788	57.770
2	Drain	km	164,446	98,668	50,769	15.009
3	Box Culvert	No	28	20	8	0
4	Kitchen Market	No	185	85	90	10
5	Public Toilet	No	67	41	13	13
6	Production Tube Well	No	17	12	3	2
7	Water Supply	km	141,27	131,17	2,1	8 km
8	Street Light	sets	9318	1624	1000	6694
9	Community Center	No	7	3	1	3
10	Truck Terminal	No	1	1	0	
11	Salughter House	No	6	3	3	0
12	Bus Terminal	No	6	2	3	1
13	Office Building	No	3	0	0	3
14	Water Treatment Plant	No	2	0	0	2

(Source: BMDF, 2009)

The Figure 3 shows some municipality's tax revenue in year 2007 and 2008. The amount shows data for Bangladeshi Taka (BDT: Local Currency). It shows that the municipalities have started to earn more revenues when the BMDF projects successfully done and incorporated in the municipalities. It makes three significant changes in the municipality area as:

- a. Municipality Earning: The new infrastructure adds new value to the municipality for earning through renting or imposing new taxes on the specific services and
- b. People's attitude: Citizens also think they are getting more services from the municipalities and for instance they are paying their taxes in time.

- c. Worker's attitude: The municipality's workers start to collect the taxes and try to work better so that they can repay the loan to BMDf thinking of further improvement in their areas by submitting more project proposals in near future.

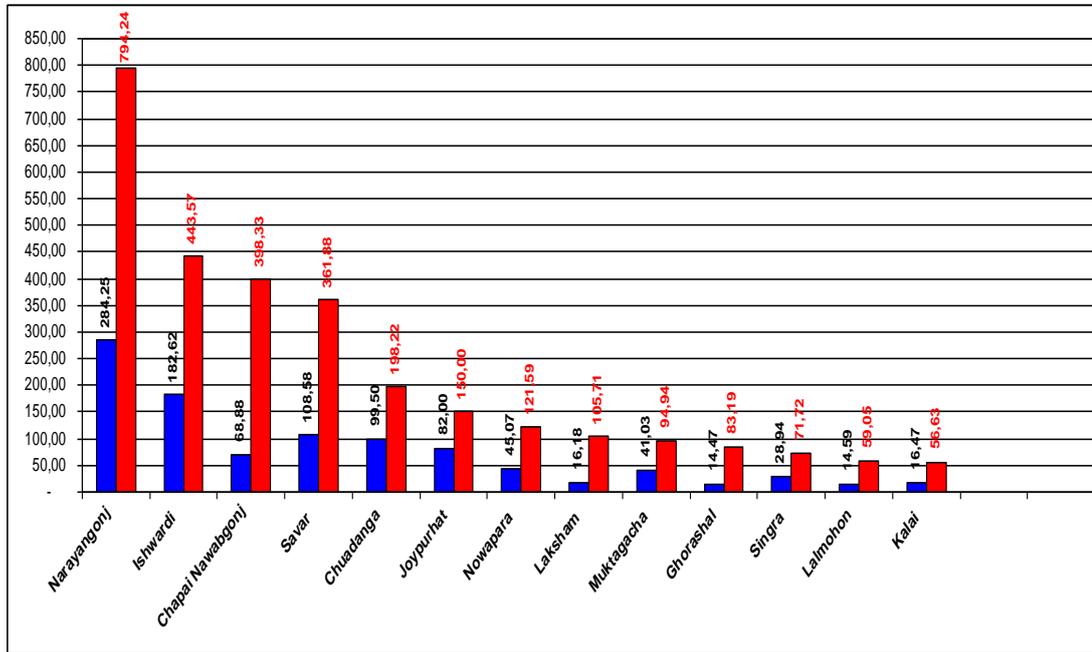


FIGURE 3 - REVENUE EARNING OF 13 MUNICIPALITIES IN BANGLADESH BEFORE AND AFTER BMDf PROJECTS START IN THEIR MUNICIPALITIES (2007 AND 2008)

10. DENIZEN'S IMPRESSION AND SOCIAL IMPACT ASSESSMENT

An Impact Study was conducted on Six (6) municipalities viz., Narsingdi, Noapara, Chapai Nawabganj, Gazipur, Meherpur and Choumuhani to assess the social impact on roads, drainages and Kitchen Market construction by BMDf. Major findings of the study report are furnished below:

Table 5 shows that in most of the cases, the citizens in the municipalities have assessed the project as a very important one for their own territory. It brings better economic, environmental and social impacts in their municipality. The survey usually conducted to at least 500 randomly selected local people to know their impression about the completed projects.

TABLE 5 - SOCIAL IMPACT ASSESSMENT AND IMPRESSIONS OF LOCAL PEOPLE ABOUT BMDF'S SPECIFIC PROJECTS.

Criteria	Indicators	Public Opinion in %		
		Improved	Remain Same	Declined
Roads' Impact	Impacts of Newly built roads	95	5	0
	Mobility of people	93	7	0
	Mobility of goods	73	27	0
	Cost of People's movement	98	2	0
	Cost of People's movement	98	2	0
	Volume of Trade and Commerce	99	1	0
	Employment opportunities	98	2	0
	Land Value Increased	99	1	0
	Tree Plantation	97	3	0
	Anybody's land is Affected	89	11	0
	Any Displacement	0	100	0
	Living Status	100	0	0
	Drainage Impacts	Adverse Environmental Impacts	69	31
Water Flow Away Easily		77	33	0
Mosquito Menace Declined		26	74	0
Environment becomes better		70	30	0
Incidences of diseases decreased		70	30	0
Water Logging is seen		99	1	0
Spread Bad Odor		99	1	0
Kitchen Market Impact	Ensure Hygienic Environment	92	8	0
	Employment Generation	99	1	0
	Business and Trade Expansion	100	0	0
	Commodity's availability and Market Development	80	20	0
	Decreasing Commodity's Price	9	90	1
	Internal Drainage	80	20	0
	Temporary affect of other businesses	76	14	0
	Compensation Required	78	12	10

(Source: BMDF, 2009)

11. SUSTAINABILITY AND BMDF INITIATIVES

Sustainable development is widely seen as having a number of implications for the design and planning of urban regions. Such directions have been endorsed to varying extents by international consensus documents such as Agenda 21 and the Habitat Agenda, professional manifestos such as the Ahwahnee Principles and the Charter of the New Urbanism, and publications of the European Community and the President's Council on Sustainable Development (Wheeler, S, 2000). Particular objectives of urban sustainability can be seen to include the following:

- Compact urban form;
- Preservation of open space and sensitive ecosystem;
- Reduce automobile use;
- Reduced waste and pollution;
- Reuse and recycling of materials;
- Creation of liveable and community-oriented human environments;
- Decent, affordable, and appropriately located housing;
- Improved social equity and opportunities for the least advantaged; and
- Development of a restorative local economy.

Modern metropolitan planning is often seen as beginning in the nineteenth century, when the rapid growth, overcrowding, and service demands of industrial cities led to the need for region wide governmental structures. One response in Britain was to create institutions such as London's Metropolitan Board of Works, organized in 1855 to coordinate police, fire, sewer, and public health services across the Greater London area (Barlow 1991, 48ff.). All of these services can be achieved through proper planning initiatives from the public and private sectors once it comes to the developing countries where rapid population growth becomes an emerging challenge. BMDF is financing the municipality's infrastructure projects with special emphasis on major three pillars of sustainability – economy, society and environment. Rich cultural heritages in municipalities are also considered as major financing factors for sustainable tourism development in Bangladesh.

12. CONCLUSIONS

The success stories are being complemented by GOB, donor agencies (The World Bank, Asian Development Bank and German Technical Cooperation) and other contemporary organizations regarding BMDF in last 5 years. There are only 18 core staffs at the moment with 7 high skilled persons in engineering wing, 4 enthusiastic and experienced personnel in Finance section and 7 high skilled persons in administration wing with a very dynamic Managing Director (MD). With these 18 personnel, BMDF is operating the fund and spending a very little amount to ensure high quality works in the local municipalities. All together, if BMDF gets access to more funds for such development works from the donors and from the GoB (Government of Bangladesh), it will be able to prove the same status as it did before. Usually, most of the civil works departments are being agitated with corruptions and with poor governance. However, BMDF has emerged as one of the pioneer organizations to work for sustainable urban development in one hand and in the other hand to ensure better use of public money in one of the poorest nations in the world. This success story can be shared with other similar countries who are still having problems with poor governance, haphazard urban development and poor quality civil and infrastructural works.

ACKNOWLEDGEMENT

The Author is deeply acknowledged the wholehearted cooperation from BMDF officials (Mr. Hossain, Mr. Aamir and Mr. Islam) who have supplied valuable information and edited the write ups when needed.

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