



JOINT UN PROGRAMME LOCAL GOVERNANCE SUPPORT PROJECT IN BANGLADESH (LGSP-LIC)

ANNUAL PROGRAMME PROGRESS REPORT

REPORTING PERIOD: 1 JANUARY – 31 DECEMBER 2009

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<p><i>Programme No: 00055642</i> <i>MDTF Office Atlas No: 00067642</i> <i>Programme Title: Local Governance</i> <i>Support Project - Learning and Innovation</i> <i>Component, LGSP-LIC</i></p>	<p>Participating Organization(s): UNDP UNCDF</p>
<p>Implementing Partners: <i>National counterparts (government, private, NGOs & others): Local Government Division, Ministry of Local Government, Rural Development and Cooperatives</i></p>	<p>Programme Budget (from the Fund): UNDP: 491,058 USD UNCDF: 2,019,140 USD</p> <p>- <u>Pass through</u> - Danida: 2,510,198 USD</p> <p>- <u>Parallel</u> - Core UNDP 1,793,047 USD - Core UNCDF 2,510,000 USD - EU 12,380,213 USD</p> <p>(Figures as per Letter of Exchange, signed 16 August 2009. Including GMS and AA fees)</p>
<p>Programme Duration (in months): <u>Start date¹: 23 July, 2009</u> <u>End date: 31 December, 2011</u> <u>Budget Revisions/Extensions:</u> <i>The total budget of the program is US\$ 18.118 million as per prodoc. But the European Commission (EC) has de-committed EUR 1.2 Million (approx. USD 1.6 million) from EC Food Security basket in April 2009.</i></p>	

¹ The start date is the date of the first transfer of funds from the MDTF Office as Administrative Agent.

I. PURPOSE

The Learning and Innovation Component (LIC) of the Local Governance Support Project (LGSP) aims at promoting poverty reduction and MDG achievement through building the basic service delivery capacities of Union Parishads (UPs). LGSP-LIC is an integral part of the wider LGSP – a national project to promote better local governance and local service delivery – to be supported by a World Bank/IDA loan. LGSP will provide substantive support in five main areas: (i) UP performance-linked financing arrangements; (ii) local public expenditure management procedures; (iii) local accountability institutions; (iv) institutional framework for UP human resource development & training; and (v) national policy development and coordination. LGSP-LIC will field test in more realistic conditions the successful innovations already pioneered in the UNCDF/UNDP Sirajganj project and feed these “second generation” innovations into the national LGSP. The Local Government Division of the Ministry of Local Government, Rural Development and Cooperatives (MLGRD&C) is executing/implementing the LIC as part of the LGSP. The outcome and outputs of the project are given below;

- **Outcome:** Improved Local Governance for Poverty Reduction: Capacities and partnerships developed of local governance actors for policy formulation, service delivery and resource management.
- **Output:** The project has identified five key outputs which are given below;
 - Output 1: Increased financial resources made available to Union Parishad (UPs) in equitable & appropriate ways
 - Output 2: Improved public expenditure systems for UPs are developed and used
 - Output 3: Enhanced mechanisms for local accountability are established & implemented
 - Output 4: More effective framework for capacity development support is established
 - Output 5: Policy development is informed by lessons of programme implementation

The project outcome is related with the United Nations Development Assistance Framework (UNDAF) outcome under democratic governance thematic area which is “*The human rights of children, women, and vulnerable groups are progressively fulfilled within the foundations of strengthened democratic governance*”.

II. Resources

Financial Resources:

The table below provides a summary of the resources of the LGSP-LIC including both Pass-through and Parallel funds as per the Letter of Exchange (LoE) on fund management arrangements signed between UNDP and UNCDF in August 2009:

Donor	Modality	Donor Contribution		1% AA	GMS			Total Programme funds	Implementing Responsibility	
		in US\$	in Donor Currency	UNDP	Rate	UNDP	UNCDF		UNDP	UNCDF
				in US\$	in US\$			in US\$	in US\$	
UNCDF	Parallel	2,510,000	2,510,000 USD					2,510,000	2,510,000	
UNDP	Parallel	1,793,047	1,793,047 USD					1,793,047	1,793,047	
EUROPEAN COMMISSION (EC)										
EC-FSBG		5,005,581	3,393,784 EUR		7%		327,468	4,678,113		4,678,113
EC NIP		7,374,631	5,000,000 EUR		7%	362,154	120,299	6,892,179	5,173,622	1,718,557
EC Subtotal	Parallel	12,380,213	8,393,784 EUR			362,154	447,767	11,570,292	5,173,622	6,396,670
DANIDA	Pass-Through									
HRGG II	UNDP as AA	2,510,198	12,000,000 DKK	25,102	7%	30,483	132,093	2,322,519	435,472	1,887,047
Total		19,193,457							7,402,141	10,793,717

The figures in the table above are updates based on contributions received and exchange rates at the time of signature of the LoE. These figures may vary as the contributions are received at different exchange rates. The table above would then be modified following the same proportions and formulas.

***Note:** The Project Document signed in September 2007 indicates a total budget of the program of USD 18.118 million USD, where UNDP would provide USD 1.7 million, UNCDF USD 2.5 million, EC USD 11.81 million and Danida US\$ 2.0 million.*

In April 2009, the European Commission has de-committed EUR 1.2 million from EC Food Security basket in April 2009. The funds had a strict spending deadline of 30 September 2009, and it was found that this would not allow full utilization within the project. The decommitment was negotiated down from 3 million EUR (approximately, 4.2 million USD), as initially proposed, to 1.2 million EUR (approx. 1.6 million USD) as the project could ensure full delivery within this smaller decommitment within the deadline. This was successfully met.

Human Resources:

Project team

- 1 National Project Director (Joint Secretary LGD)
- 1 Focal Point (Deputy Secretary LGD)
- 1 Project Manager/Monitoring adviser
- 1 Monitoring and Evaluation Officer
- 6 District Facilitators (field staff)
- 2 Finance and Administration Assistants
- 2 Data Keepers
- 2 Secretaries
- 9 Drivers cum messengers (6 at field level)

Quality Assurance team

UNDP

- 1 Programme Analyst
- 1 Programme Associate

UNCDF

- 1 Senior Programme Officer
- 1 Programme Officer (International)
- 1 Programme Assistant

The project is head by the National Project Director who is also the Joint Secretary of the implementing ministry and one Focal point who is the deputy secretary of the concerned ministry. The project's daily management is ensured by the Project Manager/Monitoring Adviser. Out of a total of 23 staff 12 are based in the field 2 per district (one facilitator and one driver per District) and the rest 11 staff are based at the based at the LGD Secretariat in Dhaka. The appointment of the Public Expenditure Management Adviser, is in progress. It has been difficult to find a national with the right set of skills and experience for this post. All of the Project team posts are Service Contract in nature. Moreover, seven short-term consultants have finished their assignments. In 2010, the project is getting the support of a Communications and Knowledge Management Officer (International) that joined the quality assurance team in January 2010 and of an International Technical Advisor that will join the Project team from April 2010. This will enhance the learning documentation and dissemination of LIC.

III. Implementation and Monitoring Arrangements

Implementation Mechanism: The project team is headed by the National Project Director (Joint Secretary) that covers the wider LGSP as well as the LIC component and a Focal Point for LIC (Deputy Secretary Upazila, LGD). In addition, there is a team in charge of project quality assurance composed by a UNDP Program Analyst and a Program Associate, and a UNCDF Senior Programme Officer, a Program Officer and a Program Assistant based in Dhaka. The project is monitored and overseen by the LIC's Project Board within the *LGSP's Project Steering Committee*. Although the LGSP's Steering Committee is scheduled to take place twice a year, it has so far taken place four times since October 2007. Efforts from UNDP/UNCDF and the LGD's side to make this meeting happen more regularly are being undertaken. The last Steering Committee held in June 2009, endorsed the 2009 Annual Work Plan of LIC.

Reporting: To ensure efficient implementation of the LIC, monthly *Project Progress Review* meetings have been organized at district level while quarterly Project Progress Review meetings are organized at the central level. The district level monthly meetings have been arranged at the District administration offices with the facilitation of the District Facilitator and the Deputy Director Local Government (DDLG) and the attendance of the Upazila Cooperative Officers (UCOs) and a sample of UP chairmen. The monthly meetings reviewed and discussed the progress, problems and potential solutions in regard to LIC implementation based on the monthly activity reports and plans presented by the participants.

The Quarterly Project Progress Review/Project Executive Group (PEG) meeting at LGD level is usually chaired by the National Project Director (NPD) or alternatively by the Focal Point and is organized in the LGD's Dhaka premises. The third and fourth PEG meetings have been organized in 2009. The third PEG meeting was held in February 2009 in Dhaka and was this time chaired by the NPD. The discussions and decisions taken mostly dealt with the wider LGSP's Development Project Proforma's (DPP) revision as well as with the Food Security Block Grants (FSBG) implementation requirements, deadline and budget reduction. The 4th Project Executive Group and Quarterly Progress Review Meeting of the LGSP-LIC was held on October 17, 2009 in Dhaka under the chairmanship of Secretary, LGD. National Project Director of LGSP-LIC, Deputy Secretaries, Deputy Directors Local Governments (DDLGS), District and Upazila Cooperative Officers and some selected Chairman, representatives from UNDP, UNCDF, EC and Danida were also present in the meeting. Most of the discussion was on the progress of the project implementation and the challenges of FSBG.

In terms of bottom up reporting, UPs are due to report to the LGD on a quarterly basis. The reports contain information such as the amount of funds received by the UP, the balance amounts at the Bank, the Scheme implementation status, the status of the Participatory Planning Process including the attendance status, the Capacity Building activities, the quarterly ward level meeting status etc. The UPs send one copy of the report to LGD and another copy to the Upazila Nirbahi Officer (UNOs).

In terms of the internal project team reporting structure, District Facilitators provide a monthly work plan and quarterly report to their Project Manager. The Project Manager in turn produces internal Quarterly reports and ensure the annual reporting and donor reporting function in close collaboration with the UNDP/UNCDF project quality assurance team.

Monitoring: Field activities' monitoring is ensured both from the project's side with the District Facilitators and from the Local Government side with the UCO and DDLG's playing a key monitoring role. This later functions has been preformed with mixed reviews as their interventions have been done on an adhoc basis rather than with a strategic perspective. Efforts are being undertaken to find ways to ensure a stronger involvement of Local Government officials in LGSP-LIC monitoring activities. This is being done in coordination with the wider LGSP. It is also worth noting that with regards to monitoring and quality assurance, the communities themselves are also playing a key role through the various committees

they are involved in, particularly the Scheme Supervision Committee (SSC), and their level of awareness of UP affairs facilitated through the project.

UNDP and UNCDF teams pay regular visits to the project and provide for a quality monitoring function with inputs feedback into the project team for improvements or sharing of best practices. A number of joint field trip missions within the frames of the wider LGSP have also taken place providing for a comparative perspective when monitoring with the involvement of the World Bank partner. A monitoring strategy has been developed for LGSP-LIC by a national expert to further enhance this system and will be implemented from 2010.

Evaluation and studies: In May 2009, the project underwent a EU Results Oriented Monitoring mission that rated the project with an “A” on 2 out of 5 indicators, namely on relevance and quality of design and on potential sustainability. The other 3 indicators received a “B” for efficiency of implementation to date, effectiveness to date and impact prospects.

The EU report found the UNDP/UNCDF LGSP-LIC programme well integrated into existing local systems and that ‘the prospects for impact are high and the project is already demonstrating positive effects in terms of infrastructural works and social services which facilitate poverty reduction for the target groups’. The planning process, guided by local authorities, was found adequate to involve local people in equitable ways, in particular women, and empower them to participate in implementing ideas. Furthermore, the report found that the procedures and mechanisms in place to select the eligible Unions for receiving block grants and monitoring the proper disbursement and usage of these grants are adequate to assure accountability and transparency.

While highlighting the project's strengths, the EC report also pointed out some areas for improvement for LGSP-LIC to fully attain the objectives. These include concerns regarding the need for an exit strategy for full management hand over to the Government; the suggestion to learn from good community initiatives and expand to all districts; as well the need for lobbying for a conducive political environment. As part of its results-based management culture, UNDP and UNCDF are committed to addressing the challenges that were highlighted by the report.

Although the project has been officially running since October 2007, key field activities only kicked off in June 2008 with the first round of block grants. Therefore it has been decided that the *mid-term evaluation* of the project will be planned for the first half of 2010 as this will allow to consider three full rounds of block grants and work-schemes implemented. The wider LGSP has conducted its mid-term evaluation in January 2010 and LIC has scheduled its evaluation for May-June 2010.

A number of studies have been undertaken to develop policy. These studies include the policy papers on how to improve the service delivery of UPs, documenting lessons learned of LIC, developing revenue mobilization strategy for UPs, how to enhance women role towards local development. It is expected that on the basis of these lessons from these studies, government will take necessary steps to change policy for strengthening local government system in Bangladesh.

Procurement procedures: UNDP is responsible for all procurement of goods services and national consultancies for the project. While UNCDF undertakes the responsibility of international consultancies and Block Grant disbursement mostly. UNDP and UNCDF follow their standard procedures. Under the National Executing modality (NEX), the executing agent (in this case the LGD) is also involved in small scale procurement that follows the standard government procedure. The UPs also follow these standard procedures when procuring goods and services for the implementation of schemes with through the block grant allocations.

IV. Results

Programme Progress: The project has five outputs and most of the planned activities against the five outputs have been accomplished in 2009. Through the implementation of the planned activities, the following results have been obtained.

Output 1: Increased financial resources are made available to UPs in equitable and appropriate ways

In 2009, first 174 UPs and then 264 UPs in LIC areas received predictable formula-based direct block grants, for FY 2008-2009 and 2009-2010 respectively, to accomplish necessary development for their constituents. Those UPs who showed interest to receive block grants have passed a financial audit (LGSP) and performance audit (LIC's Minimum Conditions). On the basis of these two assessments UPs receive their performance based grants. In 2009, UPs in LIC districts received two rounds of block grants.

4,662 pro-poor development schemes have been implemented by 264 UPs (for FY 2008-2009 and FY 2009-2010 rounds) in six districts with the block grants. These schemes include infrastructure development, construction of embankment and drain, canal excavation, tree plantation and training on income generating activities. It is estimated that about eight million community people have benefited from these schemes. These schemes are contributing to the community in four ways which are;

- Roads are giving the community people access to main roads, markets, hospitals and schools and crop fields.
- Different embankments are protecting the community from flash floods and community people can use the embankments for cultivating crops.
- Canal excavation is helping the community to solve water logging problems of cultivatable lands while increasing crop production.
- All schemes have created employment opportunity for around 100,000 poor and destitute people which also include women and marginalized group.

Output 2: Improved public expenditure systems for local government institutions (UPs) are developed and used

LGSP-LIC has observed enhanced UP own revenue mobilization (through tax collection mostly) in LIC UPs. This is a key area for ensuring their autonomy and self-sustainability. One of the minimum conditions to the UP access to LGS-LIC funds is to show proof of the tax assessment for the UP having been done in the past 5 years as the law provides. In many cases UP Chairmen are not keen on conducting the tax assessment, let alone actually collecting tax, as there is a perception that this will hamper their chances for reelection. By setting this rule from the start, the UPs have realized the potential revenue they could actually utilize to deliver public service and cover for some of their recurrent costs. Moreover, the mechanisms of accountability and community participation have generated a different attitude in constituencies that are now able to better understand the limitations of UP budgets without any tax collection and can see actual services delivered down the line. This has had a general positive effect on UP tax collection in LIC UPs. The Mid Term Evaluation and the baseline on UP revenue collection that are taking place early 2010 will provide quantitative indication of this impact. The LGSP-LIC has also supported some innovative initiatives from UPs that have practices self assessment for house hold tax or the provision of Passbooks for revenue collection that allow transparency, ownership, recording, recognition and harmonization of the whole process.

Observing the potential LGSP-LIC has in enhancing UP own revenue mobilization, the project has designed a specific piloting strategy to be implemented in 2010 and 2011. The strategy will focus on 4 main areas and will be launched with a sound baseline survey to allow for adequate monitoring:

1. Enhancing the tax assessment process and quality
2. Enhancing the tax collection process
3. Enhancing the general administration of tax revenue
4. Expanding the current tax base for UPs

Output 3: Enhanced mechanisms for local accountability are established and implemented

The project has arranged 264 open budget meetings, and 4,662 Participatory Planning Meetings in six districts. About half-million people participated to these events which ensured people's participation in local development. Moreover, the project has formed 2,376 Ward Development Committees, 2,376 Scheme Supervision Committees, and 264 Union Planning Committees. Thanks to enhanced participation, supervision and monitoring of community people, the wide majority of schemes planned and implemented by community beneficiaries themselves have been found to be very relevant in terms of their impact on the life of the poorest in the community. It has also been found that the efficient planning and budgeting contributed enormously to the implementation of good quality pro-poor local development schemes. It reduced corruption and waste due to people's participation in implementation and supervision.

All UPs in LIC areas have undertaken different initiatives for enhancing transparency of UPs. Decisions for identifying schemes have been undertaken through participatory planning meetings which created transparency in decision making by UPs. An information board is available near each scheme, so that people can know details about the project. An Information, Education and Communication Strategy has been developed and is being implemented to ensure awareness raising and full disclosure of UP activities.

Output 4: More effective framework for capacity development support is established

Many initiatives have been undertaken by the project in the area of capacity development. Five government officials and one project staff received one week residential training on "How to increase Peoples' Participation" from Netherlands. The LGD Secretary also attended to an international conference on governance, held in the United Kingdom. A joint UNDP, UNCDF, UNEP workshop in Bangkok on "Local Government's Role in Environment, Natural Resource Management and Climate Change" that focused on South-South exchange amongst countries in the region was also attended by key players of the project. The LGD Joint Secretary (Development), a representative of the Environment Ministry, the Project Manager and assurance officers from UNCDF and UNDP attended the workshop that opened the way for innovative ways to look at the role of local governments in a sectoral issue like climate change, natural resource management and disaster preparedness. These issues are of particular relevance to Bangladesh and this offered a unique occasion for two Ministries to dialogue on these matters.

At local level, training has been arranged for six Deputy Directors (DDLG), six Accountants from DDLG office and two project accountants on financial management. 2, 376 Union Facilitation Team (UFT) members received six-days residential training on scheme implementation and participatory Planning. These UFT members provided training to around 15,000 community people on scheme implementation.

Output 5: Policy Advocacy

A policy paper on how to improve service delivery of UPs has been developed and disseminated. A study on learning accumulation from LIC has been shared through a two-day long workshop. A revenue mobilization strategy for UPs has been drafted and LGD will implement the strategy on pilot basis in 2010. A video documentary on the process of LGSP-LIC has been produced to get attention of policy makers towards the positive impacts of strengthening Local Government Institutions in Bangladesh. To

ensure gender empowerment, 41 Upazila Development Forum has been formed in 6 LIC Districts. The women are considered as one of the vulnerable groups of our society and in LIC, 30% of fund is earmarked for women and this truly helps the rural poor women to get their due share in the development process. A policy paper on the role of women towards local development has also been developed and shared in the national workshop. It is expected that this paper will help the LGD to develop rules towards women empowerment.

Nature of challenges faced in implementation: The UPs which received SBGs faced a number of obstacles in implementing schemes during the rainy season/monsoon period especially the rural earth work type of schemes. This was required to meet the EC Food Security Block Grants implementation deadline of 30 September 2009. Sometimes, UPs faced the political pressures during performing their development responsibilities.

After Upazila elections, Upazila Nirbahi Officers (UNO) are unclear on who will be the chair person of Block Grant Coordination Committee (BGCC). DC/UNO/DD-LG are not getting any incentives from the project, so it is hard to get their assistance in the field to implement the project. The lack of effective coordination at Upazila level widens the risk of duplication of development activities at local level as well as misuse of different resources. Another challenge to note is the tremendous increase in workload for the UP secretary, which makes it hard for the UPs to provide full support to LIC. The work load of UP secretary has been increased tremendously, so it is quite hard for them to provide full support to LIC.

Partnerships: The project is being implemented through the Ministry of Local Government, Rural Development and Co-operatives (MLGRD&C) and its Local Government Division (LGD), with whom the project team is working in an integrated manner on a daily bases. The LGD has provided strong support to the project from the inception describing UNDP/UNCDF as long-term trusted partners. It is also true that the partnership depends on the capacity of both sides to building a mutual understanding on different issues. With regards to decentralization, the GoB has a set vision and plan for its executing that is not always compatible with the aims of the LIC. Therefore expectations have not always fully matched but both sides have worked in a constructive manner together to ensure the project brings positive change in the lives of rural people in Bangladesh. The project team adopts a patient and strategic positioning with regards to its government counterparts as the best way to guide the LGD through a successful implementation of the LIC. Decentralization is a sensitive issue for the central government functionaries and political leaders although they welcome the project's initiative and the possibility to give block grants directly to rural communities through UPs.

The project generally has a very good and trustful relation with the Union Parishads in the 6 LIC districts. These have welcomed the LGSP-LIC initiative as a means to strengthen their capacity to provide better public service to their constituencies. UPs collaborate very closely with the project and show high levels of commitment to the successful achievement of the LIC implementation. The presence of the project's District Facilitators and regular monitoring visits from the team in Dhaka (both project team as well as UNDP/UNCDF teams) have greatly contributed to establishing a trustful relationship.

The relationship with other levels of Local Government like the Upazila and District levels is also good and cooperative. These levels are required to be engaged in the action mostly for monitoring, supervision, coordination and capacity building initiatives. As the direct impact of the action at these levels is less tangible this relationship requires higher levels of compromise, strategic positioning and patience.

UNDP/UNCDF maintains a very strong relation with development partners involved such as the EC and DANIDA through regular communication and involvement in relevant project activities. The common engagement in wider Development Partners' coordination mechanisms related to local governance also contributes to this.

UNDP/UNCDF is very closely engaged with the wider LGSP initiative through the LIC that is a component of this nationwide initiative supported by the World Bank. Coordination and knowledge transfer are done on a regular basis. It is the aim of the LIC to share lessons learned and best practices with the wider LGSP.

Another link worth mentioning is with the Rural Employment Opportunity for Public Assets (REOPA) and its Capacity and Strengthening Component (REOPA-CSC) initiative, also funded by the EC (and UNDP) and implemented by UNDP. Both work in the 6 LIC districts and target the most destitute households in those rural areas. The projects have been coordinating and communicating both at central level and in the field but it is recognized that this relationship should be further strengthened and improved in terms of creating synergies.

V. Future Work Plan

The following table shows key planned activities against its five outputs for 2010.

Output 1: Fiscal Transfer

- Audit of the Union Parishads (UPs)
- Disbursement of Supplementary and performance Grants
- Dissemination and publication of the list of eligible UPs and size of SBGs
- Pilot on Revenue Mobilization
- Monitor & report on the progress of the fiscal transfers

Output 2: Planning & Budgeting

- Selection & orientation of UFTs
- Organize UPPC, WDC, SSC in new UPs
- Training to UPPCs & WDCs on Participatory Planning session
- Support planning exercise
- Organize planning meeting
- Study on participatory planning methodology
- Study on LGED support to UPs

Output 3: Local Accountability

- Organize UP Level Workshops
- Develop and disseminate IEC materials and activities
- Formation of WDF at Upazila and District Level
- Training for WDF (Leadership and vocational)
- Observation of different national and international days
- Organize and Support Standing Committees
- Study on the effectiveness of UP Standing Committees
- Training to Standing Committee on their roles and responsibilities
- Arrange quarterly meeting of WDC

Output 4: Capacity Development

- Support to Local Governance Information Development Center
- Physical Needs Assessment and support to UPs
- Organize study tours and exposure visits:
- Training to UPPC, WDC & SSCs on scheme implementation

- Refresher Training to WDC, UPPC & SSC on Scheme Implementation
- Capacity Building training to UP Representatives
- Workshop to review the full set of LIC training modules
- Support UP Chairman meetings at UPZ level to share best practices and plan for different activities
- LIC Orientation workshop for newly constituted Upazila Parishad
- Demand driven capacity building study.

Output 5: Policy Advocacy

- Stock taking of LIC learning
- Organize national workshop
- Support to formulate UPs rules
- Study on UPs Act 2009

VI. Performance Indicators

Summary of activities against Logical Framework

Output 1: Increased financial resources are made available to UPs in equitable and appropriate ways	
Indicators	Status
i. Predictable formula based allocation mechanism developed	Developed and being implemented
ii. Increased discretionary funding	Increased in 264 UPs
iii. Timely flow of funds	Block Grants for FY 2008-2009 have been disbursed with a small delay. Block Grant for FY 2009-2010 have been disbursed timely.
iv. Procedures for incentivising Union Parishads performance improvement institutionalized	Procedures developed for performance block grants
v. No of schemes implemented by UPs	4,662 Schemes have been implemented in 2009
vi. Improved revenue collection by UPs	UPs revenue collection is improving gradually in LIC areas. Main pilot activities in this regard planned for 2010-2011.

Output 2: Improved public expenditure systems for local government institutions (UPs) are developed and used	
Indicators	Status
i. UP prepared pro poor and gender sensitive 5 year Development Plans and annual action plans and budgets	264 UPs prepared pro-poor and gender sensitive annual plans and budgets. 90 new UPs prepared their 5 year development plans.
ii. Special budgetary allocation for addressing vulnerability and gender	Budget for women development has been allocated (30% of total funds).
iii. Improved procurement practices	As community people are engaged in implementation, the procurement practices have been improved and misuse has been reduced. The Operational Manual in use also provides for an improved procurement system.
iv. Effective Scheme implementation system in place	The schemes implemented under LGSP-LIC follow a sound system where community people are heavily involved. All UPs have been able to deliver their schemes on time and with satisfactory quality.
v. UDCCs technically coordinate UP plans	Instead of UDCCs, BGCC (Block Grant Coordinator Committee) at Upazila level are coordinating UP plans.
vi. UP budgetary provision for O&M	Advocacy for UPs to allocate some budget for maintenance of the schemes has taken place. However certain GoB rules and LGSP provisions do not facilitate this process.
vii. Timely technical support from Upazila (LGED) for technical design and certification of works	UPs are getting technical support from LGED for designing the schemes. However, as the support is often insufficient a study to identify the issues related to this process will be conducted in 2010.
viii. Upazila (UCO) giving support for community mobilization at Union and ward levels	All 41 UCOs are actively involved in community mobilization.

Output 3: Enhanced mechanisms for local accountability are established and implemented	
Indicators	Status
i. Public dissemination of UP budgets, accounts and scheme implementation arrangements	UPs in LIC areas are announcing their budget through open budget meeting. Information on schemes are available on sign boards near each scheme in LIC areas. Scheme lists are displayed at UP offices.

ii. Regular feedback to Ward constituents by UP members	WDCs (chaired by UP members) are organizing quarterly meeting regularly.
iii. UP standing committees interact on a regular basis with line departments	During scheme implementations, UP standing committees are interacting with line department. However, the effectiveness of UP standing committees is not remarkable. In this regard, LIC will conduct a study to enhance the effectiveness of UPs standing committee in 2010.
iv. Upazila level fora for UP Chairmen monitor service delivery	UP chairmen under each Upazila are holding quarterly learning sharing meeting.
v. UP women members' fora interact with line departments on service delivery issues	UP Women Development Forum are working with line departments for improving service delivery, particularly with regards to women affairs.

Output 4: More effective framework for capacity development support is established

Indicators	Status
i. Strategy for LG Training	Other Development Partners are working strongly in this area. It has been decided that the project will focus on a grass roots training needs assessment and Demand driven capacity building scoping studies to avoid overlap.
ii. Strategy for NILG capacity enhancement	Other Development Partners are working strongly in this area. It has been decided that the project will focus on a grass roots training needs assessment and Demand driven capacity building scoping studies to avoid overlap.
iii. Standard training modules	5 training modules for LIC have been developed and these are being used in six LIC districts.
iv. UPs planning and financing own capacity building	No initiatives have been undertaken in this regard.
v. Training evaluations	As a whole, training evaluations have not been conducted. But it is expected that from the Mid-Term Evaluations of the project, evaluations on training will be done.

Output 5: Policy development is informed by lessons of programme implementation

Indicators	Status
i. Improved legal and regulatory framework for UPs	The UP Act 2009 has been passed by the Parliament, including some new elements related to regular ward meetings, ward committees and open budgeting that have been influenced by SLGDFP and LGSP-LIC projects

	amongst other efforts.
ii. Documented experiences of UP block grant funding	An initial lesson learnt report has been produced. The experience of LIC with regards to women's role in local development has also been studied. A sound evidence based study of LIC learning is taking place early 2010.
iii. Proposals for refined policy, legal and regulatory framework	The GoB has requested UNDP/UNCDF to support in formulating the UP Rules and Regulations. This work will be done in 2010.
iv. MIE Wing with reliable UP performance data	MIE Wing is collecting data from UPs quarterly basis on their performance. An enhanced MIS system is being developed.
v. DDLG performing LG MIE effectively,	DDLGs in six LIC districts are monitoring LGSP activities.
vi. Sharing GOB policy papers on LG with the region through the UNDP regional centres	UNDP's Regional Center and HQ are getting updates on LG issues in Bangladesh regularly through sharing media, studies and other reports.

VII. Abbreviations and Acronyms

ADC	Additional Deputy Commissioner
AWP	Annual Work Plan
BGCC	Block Grant Coordination Committee
DANIDA	Danish Development Assistance
DC	Deputy Commissioner
DDLG	Deputy Director Local Government
DF	District Facilitator
DPP	Development Project Proposal
EBG	Expanded Block Grant
EC	European Commission
FSBG	Food Security Block Grant
GoB	Government of Bangladesh
IEC	Information, Education and Communication
LGD	Local Government Division
LGED	Local Government Engineering Department
LGIDC	Local Governance Information and Documentation Center
LGSP	Local Governance Support Programme
LIC	Learning and Innovation Component
MDG	Millennium Development Goals
MIE	Monitoring, Inspection and Evaluation
MLGRD&C	Ministry of Local Government, Rural Development and Co-operatives
NGO	Non Government Organization
NILG	National Institute of Local Government
NPD	National Project Director
PEG	Project Executive Group
PMA	Project Monitoring Advisor
PPR	Public Procurement Rules
PRA	Participatory Rural Appraisal
PRSP	Poverty Reduction Strategy Paper
PSC	Project Steering Committee
REOPA	Rural Employment Opportunities for Public Assets
SBG	Supplementary Block Grant
SSC	Scheme Supervision Committee
TOR	Terms of Reference
TOT	Training of Trainers'
UCO	Upazila Cooperative Officer
UFT	Union Facilitation Team
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNO (TNO)	Upazila (previously Thana) Nirbahi Officer
UP	Union Parishad
UPPC	Union Parishad Planning Committee
UZP	Upazila or Sub District
WB	World Bank
WDC	Ward Development Committee
WDF	Women Development Forum

VIII. Financial Report of the Administrative Agent (1 January to 31 December 2009).

1. Source and Use of Fund

As of the end of the reporting period ending on 31 December 2009, US\$2.45 million was deposited into the JP account in two transfers, first one in April 2008 and second one in late November 2009. Of this amount, US\$0.87 million (35.54 percent) had been transferred to two Participating UN Organizations by 31 December 2009. Table 1 provides an overview of the overall sources, uses, and balance of the JPF as of 31 December 2009.

Table 1. Sources, Uses, and Balance of Fund, as of 31 December 2009, in US\$ Thousands

	Prior Years	2009	Total as of 31 December 2009
Source of Funds			
Gross Contributions	879	1,569	2,448
Fund Earned Interest Income	54	12	66
Participating Organization Earned Interest Income	0	0	0
Total - Source of Funds	933	1,582	2,514
Use of Funds			
Transfers to Participating Organizations	0	870	870
From Donor Contributions	0	870	870
From Earned Interest	0	0	0
Refund of Unutilized Balances on Closed Projects by Participating Organizations	0	0	0
Administrative Agent Fees	0	24	24
Direct Costs: (Steering Committee, Secretariat ... etc.)	0	0	0
Other Expenditures from Earned Interest	0	0	0
Bank Charges	0	0	0
Total - Use of Funds	0	895	895
Balance of Funds Available	933	687	1,619

Apart from Donor contributions, the other source of funds for the JPF is interest income. The two sources of interest earned income are Administrative Agent (Fund) earned interest, which is the interest earned by the MDTF Office as the Administrative Agent on the balance of funds remaining in the JPF account, and agency earned interest, which is the amount earned by the Participating UN Organizations on the undisbursed balance of JPF funds. As of 31 December 2009, the fund earned interest was US\$66 thousand and the Participating UN Organizations refunded interest earnings was US\$0.

The Administrative Agent fee was charged at the approved rate of 1 percent on deposits and amounted to US\$24 thousand as at 31 December 2009.

2. Donor Deposits

Table 2 gives the breakdown of the total contribution received amounting to US\$2.45 million as of the end of the reporting period, 31 December 2009. The total contribution was made by Denmark.

Table 2. Total Donor Deposits, cumulative as of December 2009, in US\$ Thousands

Donor Name	Gross Donor Deposits		
	2008	2009	Grand Total
DENMARK, Government of	879	1,569	2,448
Grand Total	879	1,569	2,448

3. Transfer of Funds

As of 31 December 2009, the JPF had transferred funds to two Participating UN Organizations for approved projects for a total of US\$2.45 million, which accounted for 35.54 percent of the total deposited funds. The distribution of approved funding, consolidated by UN Participating Organization and reporting period, is summarized in Table 3.

Table 3. Transfer of Funds by Participating Organization, as of 31 December 2009, in US\$ Thousands

Participating Organization	Funds Transferred		
	Prior Years	2009	Cumulative as of 31 Dec 2009
UNDP	0	163	163
UNCDF	0	707	707
Total	0	870	870

4. Delivery

All expenditure reported for the year 2009 were submitted by the headquarters' of the Participating UN Organizations via the MDTF Office Reporting Portal, and extracted and analyzed by the MDTF Office. As shown in Table 4, the total expenditure is 18.30 percent.

Table 4. Financial Delivery Rates, for 2009 and cumulative as of 31 December 2009, in US\$ Thousands

	Cumulative			2009	
	Total Transfers	Expenditures	Delivery in %	Transfer	Expenditures
JP – Bangladesh	870	159	18.30	870	159
Total	870	159	18.30	870	159

5. Expenditure

Table 5.1 reflects the expenditure by category for the period 1 January to 31 December 2009. The highest percentage of expenditure was incurred on other direct costs (84.27 percent), followed by personnel (14.9 percent), supplies and equipments (0.83 percent).

Table 5.1. Total Expenditure by Category and Reporting Period, in US\$ Thousands

Category	Total Expenditures		% of Total Programme Costs
	2009	Cumulative	
Supplies, equipment	1	1	0.83
Personnel	24	24	14.90
Training of counterpart	0	0	0.00
Contracts	0	0	0.00
Other direct costs	134	134	84.27
Programme Costs Total	159	159	100.00
Indirect costs	0	0	0.00
Total Expenditure	159	159	

As shown in Table 5.2 total expenditure made by UNCDF is 19.95 percent and by UNDP is 15.33 percent. Summary of expenditure by Participating UN Organization and periods is given in Table 5.2.

Table 5.2. Expenditures reported by Participating organizations, cumulative as of 31 December 2009, in US\$ Thousands

Participating Organization	Transfers		Expenditures		
	Budget Amount	Funds Transferred	2008	2009	Cumulative
UNCDF	707	707	0	134	134
UNDP	163	163	0	25	25
Total	870	870	0	159	159

Table 5.3 shows expenditure by category and it is found in the table that total expenditure made by UNCDF is on other direct costs and UNDP's expenditure is on personal and on supplies and equipments.

Table 5.3. Total Expenditure by Participating UN Organization with breakdown by Category, 1 January - 31 December 2009, in US\$ Thousands

Participating Organization	Funds Transferred	Total Expenditure	Expenditure by Category					Total	
			Supplies, equipment	Personnel	Training	Contracts	Other direct costs	Programme Cost	Indirect costs
UNCDF	707	134	0	0	0	0	134	134	0
UNDP	163	25	1	24	0	0	0	25	0
Grand Total	870	159	1	24	0	0	134	159	0