

Mid-Term Review Report

on

Local Governance Support Project-3 (LGSP-3)

**Report Prepared
by
Project Management Unit**

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Abbreviation

AFS	=Annual Financial Statement
BARD	=Bangladesh Academy for Rural Development
BBG	=Basic Block Grants
BGCC	=Block Grants Coordination Committee
BDT	=Bangladesh Taka
BRDB	=Bangladesh Rural Development Board
CA	=Chartered Accountants
C&AG	=Comptroller and Auditor General
DC	=Deputy Commissioner
DCC	=District Coordination Committee
DDLG	=Deputy Director Local Government
DF	=District facilitator
DPD	=Deputy Project Director
ESMF	=Environmental and Social Management Framework
FAPAD	= Foreign Aided Project Audit Directorate
GFR	=General Financial Rule
IEC	=Information, Education and Communication
ICAB	=Institutes of Chartered Accountants of Bangladesh
IUFR	=Interim Unaudited Financial Report
LGD	=Local Government Division
LGED	=Local Government Engineering Department
LGSP	=Local Governance Support Project
LGSP-3	=Local Governance Support Project-3
MC	=Minimum Condition
MIS	=Management Information System
MTBF	=Medium Term Budgetary Framework
NGO	=Non-governmental Organization
NILG	=National Institute for Local Government
OTM	=Open Tender Method
PMU	=Project Management Unit
PD	=National Project Director
PBG	=Performance Based Grants
PSC	=Project Steering Committee
RDA	=Rural Development Academy
RFQ	=Request For Quotation
SSC	=Scheme Supervision Committee
TOR	=Terms of Reference
TOT	=Training of Trainers
UDCC	=Union Development Coordination Committee
UNO	=Upazila Nirbahi Officer
UP	=Union Parishad
UZP	=Upazila Zila Parishad
UPOM	=Union Parishad Operational Manual
WB	=World Bank
WC	=Ward Committee
WS	=Ward Sabha

1. Introduction:

This is the report on the progress of LGSP-3 implementation, achievement in terms of Project Development Objective (PDO) against the indicators stated in the Result Framework, and to state the challenges hitherto the project faced in the implementation process and highlight future direction. The report would help the Mid-term Review Mission to review LGSP-3. The Mid-term Review Report was supposed to prepare by an independent firm. However, due to time constraint with other valid reason the PMU was not in a position to hire an independent firm. In consultation with World Bank Mission (July, 2019) PMU decided to prepare the Mid-term Review Report by project team.

2. Background Information:

Historically, Union Parishad (UP) which is the oldest tier of Local government in Bangladesh has its roots in the 19th century. This institution has undergone many changes over a period of time in terms of its name as well as activities and responsibilities to be shouldered in its long history of evolution. But the matter which has remained unchanged is the democratic process of representing people prevailing in UPs.

In 1870 Chowkidari Panchayet system was introduced with nominated members for maintaining law and order. It had five members appointed by the government. Then in 1884-85 there appeared the Union Committee with members elected by the villagers which are considered to be starting point of present Union Parishad. Subsequently many Regulations, Ordinance and Acts have been passed for addressing issues relating to this tier of the local government and the efforts till date for furthering the decentralization process of the government.

At present, the Union Parishad is the grass-roots level local government institution. Local Governance Support Project-3 (LGSP-3) stands in a row of various initiatives taken by the government over a period of time for strengthening Union Parishads with a view to provide service at the doorsteps of people.

Union Parishad from its genesis acted as the grass-roots level administrative unit of the central government for implementing central government's activities, in terms of

selecting development schemes, projects, beneficiary groups for government's social safety net programs in various areas and related activities.

The acceptance and recognition of the Union Parishad as a local government institution has gradually increased. Its efficiency and capacity to implement development schemes at the grass-roots level has also continued to enhance. It is mostly for the initiatives for introducing and implementation of LGSPs by Local Government Division.

Based on the experience of Sirajganj Local Government Development Fund Project (SLGDFP) implemented during 2000-2006, the government started transferring increased amount of resources directly to the Union Parishad in the form of BBG. The system was established countrywide through the first phase of Local Governance Support Project (LGSP), jointly funded by Bangladesh Government, World Bank, UNDP, UNCDF, DANIDA and European Union (EU) and the system was further strengthened through LGSP-2 and LGSP-3 both are jointly funded by Bangladesh Government and World Bank..

Through resources received from these projects, Union Parishads select, implement and monitor their own development schemes engaging the common people in the process. They also implement the development schemes as per project design and following the procurement systems without any interference from any corners. This has induced a sense of confidence in UP functionaries along with making them more transparent and accountable to people of the locality.

Financial and institutional capacity and technical efficiency of Union Parishad have undergone a tremendous improvement through different interventions made under LGSP-I, LGSP-2 and LGSP-3. Now Union Parishads are managing the entire task of preparing periodic plan, annual budget, selecting and implementing schemes, and all other related matters.

By the end of third year of the project the Union Parishad gives all concerned stakeholders the confidence of reaching their desired goal of better service delivery institution.

3. Project objectives of LGSP-3

The overall objective of LGSP-3 is to institutionalize the fiscal transfer system and annual financial audit & performance assessment system of UPs with introducing a pilot fiscal transfer system in some selective Pourashava. Specifically, the objectives of the project are:

- Provide Basic Block Grants on the basis of a formula to all Union Parishads for the first three years of the project
- Provide Performance Based Grants to UPs on the basis of an assessment through a number of selected performance indicators
- Provide capacity building training to all UP functionaries
- Install a web-based MIS system for monitoring of UP activities
- Carry out financial audits and performance assessments of all UPs for the second and third year of the project
- Introduce Expanded Block Grants (EBGs) for Pourashava on a pilot basis.

The development objective of LGSP-3 is to strengthen inclusive and accountable institutions of local governance, through empowering communities to make choices on their development priorities and basic local service needs, and empowering local governments to respond to community priorities. The other objectives of the project are:

- Ensuring people's participation in planning, implementation and monitoring of development activities at local level,
- Enhancing Union Parishads' capacity to provide better services to the common people of local level,
- Preparation of development plan based on local needs and priority,
- Mobilization of local revenue,
- Promoting women participation and empowerment,
- Reducing poverty at local level.

4. Policy Reform Initiatives under Local Governance Support Projects (2006-2019)

Drawing lessons from the success stories of pilot initiative 'Sirajganj Local Government Development Fund Project (SLGDFP), Local Governance Support Projects (LGSP-1, LGSP-2 & LGSP-3) emerged with a bigger canvas for institutionalizing the UPs throughout the country within their project cycle of fifteen

years. Starting with nearly 1100 UPs, the project covered gradually all UPs for strengthening their capacities to deliver better services to the people engaging the people themselves in the process. In line with government's decentralization process, LGSP-I, LGSP-2 and LGSP-3 as inbuilt design of the projects, introduced a number of systems, which were milestone reforms in the process of empowering UPs as local government bodies by giving them greater authority in the decision-making process. They also entrusted the UPs with better control over their resources. A brief highlights on reform agenda under LGSPs are as follows:

- (i) **Direct Fund Transfer to Union Parishad through Bank Account:** LGSP-I, LGSP-2 and LGSP-3 reinforced the idea of direct fund transfer from the Project Account to that of the Union Parishad Account. This is a unique example in the history of local government bodies and by doing so, it has also proved that Union Parishad is capable of implementing demand driven schemes using the fund.
- (ii) **Formula based UP Grant:** Introducing formula- based grant for UPs was also an important innovation of LGSPs. The formula followed under LGSP-I was based on single criterion: population size of UP. LGSP-2 has added another criterion of geographical area of UP which is continued in the case of LGSP-3. Formula-based BBG has helped in reducing the possibility of BBG being questionable under any subjective consideration.
- (iii) **Disbursement of Fund in two tranches:** LGSP has introduced transfer of Basic Block Grants (BBG) to UPs in two tranches instead of four tranches which is the common government system for transferring government money to any pay point. It has empowered UPs in rapid planning and implementing the schemes.
- (iv) **Regular Audits of Union Parishad by Private Audit Firm:** Mandatory annual audit of all UPs by Private audit firms (CA firms) was introduced under LGSP with a view to ensure a transparent financial transaction in compliance to financial rules. This has also contributed in strengthening UPs as local government institutions. UPs have gradually adapted well with the audit

culture on regular basis in terms of preparing them well by keeping all necessary documents and records.

The good practices or reform initiatives under LGSP-I and LGSP-2 have not only been continued under the ongoing Local Governance Support Project-3 (LGSP-3) but also they are getting further strengthened as a part of a system through various initiatives taken for doing so. In fact, if LGSP-I and LGSP-2 can claim of having some systems in place, LGSP -3 can definitely claim of institutionalizing those systems by reinforcing them further. From the implementation experience of LGSP-I and LGSP-2, a number of good initiatives have been undertaken under LGSP-3 for addressing the areas which appeared to be necessary for making the system work better. A brief account of good initiatives under LGSP- 3 is as follows:

- (i) **Announcing three years' Indicative Ceiling of BBG in advance:** This was a felt need for UPs throughout the implementation of LGSP-I. Experience showed that timely fund release as planned under the project was possible for varied reasons. Such a delay in the fiscal transfer created constraint for UPs in timely scheme preparation in the absence of a clear idea about the fund to be received. On various forums UP functionaries expressed their concerns in this regard. With a view to address this concern, announcement of three years' indicative ceilings for UPs have been followed from the very start of LGSP-3 following the guidelines of Medium Term Budgetary Framework (MTBF). Under the formula- based BBG allocation system, calculation the indicative ceiling for UPs in advance is possible though it could be subject to change in case of some non-compliance issues and/or some other practical reasons. Announced indicative ceilings were kept on updating with the expiry of one year. This helps UPs to plan in advance and also identifying the schemes to be implemented as they know the tentative size of BBG to be received.
- (ii) **Restructuring the formula-based fiscal transfer:** The population based criterion for fiscal transfer followed by LGSP-1 has further been restructured under LGSP-2 by adding criterion of geographical area of the UPs to make BBG allocation among UPs more justifiable and equitable. The same fashion has been continued to follow in calculation of BBG under LGSP-3. In this

formula-based fiscal transfer system BBG is allocated following the ratio of 90% for population and 10% for geographical area. As BBG allocation has been tagged with the audit compliance of the UPs, provision has been kept so that no UPs are absolutely deprived of BBG allocation in case of failure in audit compliance. So, all UPs irrespective of audit opinion get 25% of flat amount of BBG allocation distributed among UPs equally. The remaining amount of 75% is being divided only to those UPs which have clean audit reports following the formula-based fiscal transfer as stated above. This has widened the scope of responding more to need-based allocation though scope remains to restructure it even further.

(iii) 30% of allocation earmarked for schemes selected by women: With a view to enhance women's participation in the decision making process, 30 % of BBG and PBG allocation is earmarked for women. It ensures that 30 % of the schemes to be implemented by BBG and PBG money should be prioritized by women.

(v) Giving a discretionary power of using 10% of BBG and PBG to UP functionaries: Based on the implementation experience of LGSP-2, a discretionary power of using 10 % of BBG and PBG is given to UP functionaries under LGSP-3 for facilitating the scheme preparation as well as scheme implementation. The Union Parishad Operational Manual (UPOM) has outlined a number of areas outside the scheme for using discretionary 10% funds by the UPs. This discretionary power has been very instrumental for UPs, especially for getting some technical support where they have capacity constraints like procurement, accounts, data entry, preparing estimates, etc.

(vi) Ensuring Disclosure of Information at UP Level:

In order to ensure transparency and accountability in the activities of Union Parishad, Local Government Division has formulated a guideline titled "Guidelines for Information Disclosure by Union Parishad". This guideline contains citizen charter, compliance with the provisions contained in the "Right to Information Act" in respect of disclosing information to the citizens, use of website, budget session, Ward Sabha, list of beneficiaries etc. Local

Government Division has also issued a circular to all the relevant stakeholders including Union Parishads to comply with the provisions of the guidelines regarding disclosure of information by Union Parishads. In addition, LGSP-3 has specified a clear guidance in this regard through its Union Parishad Operational Manual (UPOM). In the UPOM it has spelled out the mechanism of public disclosure of UP performance through UP notice board of specified size at UP office and scheme sites and other locations.

(vii) Instructions to all branches of Sonali Bank Ltd:

in order to ensure the proper utilization of all funds under LGSP-3 transferred to Union Parishad and improvement of Union Parishad financial management system, Project Management Unit has ensured all the UPs to follow the instructions of the and the branches of Sonali Bank Ltd issued by the Head Office of Sonali Bank Ltd. The instructions focus on the following areas:

- No money shall be drawn against any cheque other than cross cheque/account payee cheque;
- Any cheque must be signed by the Chairman of the concerned Union Parishad, one Woman Member and Union Parishad Secretary;
- There must have Work Order in the case of Request for Quotation (RFQ) and Open Tender Method (OTM) and in the case of Direct Procurement and Earth Work, there must have a copy of the contract signed between Union Parishad Chairman and Chairman of the concerned Ward Committee.
- There must have a certificate/report from the concerned Scheme Supervision Committee stating that the scheme has been implemented properly; and
- No money shall be withdrawn/debited from the Bank Account against any single cheque which has been issued to withdraw all the money at a time. The cheque must be issued against specific implemented scheme with proper documents as mentioned above.

These have already been functional and effective in ensuring the proper utilization of fund and bringing a major breakthrough in the improvement of UP financial management.

(viii) **Rollover of unspent BBG/PBG money to the next fiscal year:** This exceptional arrangement is made for UPs in connection with using the unspent amount of money at the end of a financial year. As per General Financial Rule (GFR), all the unspent government money lapses at the end of the financial year but there is exception of this rule in case of BBG and PBG because these money are grants to Union Parishad from the government. In accordance with the Union Parishad Act 2009 all the grants of the government given to the Union Parishad is a part of Union Parishad Fund. Any unspent balance of that fund will be spent as per instruction from the government. In case of grants provided to UPs by the government there is no question of lapses as per UP Act 2009. Based on this provision of the UP Act 2009 the Ministry of Finance, Finance Division has issued a circular that the unspent balance of LGSP grants; both BBG and PBG will roll over to the next Fiscal Year and that unspent balance will be spent as per the Guidelines of the UPOM and existing Financial Rules and Regulations of the government.

5. Component Description:

The Local Governance Support Project-3 (LGSP-3) is being implemented by the Government with the financial assistance of the World Bank all over the country. It covers 4569 Union Parishads. In terms of financial volume it is a project of BDT 55350.00 million of which GOB share is BDT 31530.00 million (57%) and RPA is BDT 23820.00 (43%). The project has four components:

- (i) Component-1: Institutionalization of UP Fiscal Transfers
- (ii) Component-2: Audit & Performance Assessment and Management Information System
- (iii) Component-3: Piloting Expanded Block Grants (EBGs) to Pourashavas
- (iv) Component-4: capacity Building and Project Implementation Support

A description of the project components is given below:

5.1 Component 1: Institutionalization of UP Fiscal Transfers:

The major of LGSP-3 is the institutionalization of Basic Block Grants (BBGs) and Performance-Based Grants (PBGs) to UPs under an unique fiscal transfers system that was introduced during LGSP-1 and LGSP-2. Specifically, BBGs will be

institutionalized in the fourth year of the project, when the government will fully fund the BBGs. The resources provided as UP grants under the project will enable the UPs to finance a wide range of developmental expenditures at the local level except staff salaries and items mentioned in UPOM. UPs can also utilize the grants to provide services that complement and/or supplement the national development plans and priority needs of the people.

This component continues the incremental trajectory of intergovernmental reforms, which was established under LGSP-I and LGSP-2. It has scale up the Basic Block Grants (BBGs) (also known as Expanded Block Grants (EBGs) under the first LGSP) and established Performance Based Grants (PBG). Both BBGs and PBGs are being financed out of the resources provided as Union Parishad Grants under LGSP-3. The total Union Parishad Grants funding pool are divided in to two major sub components: (a) BBG funding pool representing about 85% of the total UP grants funding pool and (b) PBG funding pool, making up 15% of the total UP grants funding pool.

5.1.1 Basic Block Grants (BBG):

The BBG allocation to UPs is determined according to a two step processes. First, 25% of the total BBG allocation for each year is distributed to all UPs equally. The remaining 75% of the BBG fund are distributed among the UPs that meet the 'Minimum Conditions' (MCs) based on a transparent formula that takes into account the population size (90%) and area (10%) of the UP. The Minimum Conditions (MCs) to receive this additional 75% grant include:

- (i) Audit clearance,
- (ii) Evidence of participatory planning and open budget meeting; and
- (iii) Timely submission of bi-annual financial and progress reports.

The eligible UPs receiving the BBGs will increasingly focus on UP wise service delivery rather than ward based small schemes as has been mostly the case. The wards will be encouraged to increasingly combine resources to undertake and more sustainable investments. To improve predictability in fiscal transfers, each UP will be informed in advance of its indicative BBG allocations for three years following

Medium Term Budgetary Framework (MTBF). This will bring predictability and transparency in the funding envelope for the UPs. It will also allow time for the UPs to effectively plan and implement schemes in line with their development needs.

5.1.2 Performance Based Grants (PBG):

The project has introduced PBGs to reward the better performing UPs with additional fiscal resources. UPs will have access to PBG allocation on the basis of their performance, measured through annual performance assessments. The performance indicators has been strengthened and sharpened to focus on improved performances. Only the UPs that have met the minimum conditions will be eligible for PBG.

An annual performance assessment (PA) process is carried out to determine the actual PBG allocations for those UPs that have achieved a high performance score over a set of indicators. The top scoring 65 % of UPs in each district will be awarded PBGs as a top up their BBG allocations. Out of the best performing 65% UPs in each district, the top 20% will receive a PBG at 40% top up of their BBG allocations, the next 30% will receive at 30% top up of their BBG and the remaining 50% will receive 20% top up of their BBG allocations. Those UPs that will not qualify within a particular fiscal year will be able to access it by improving their performance in subsequent years.

5.1.3 Institutionalization of UP BBGs:

During years 1-3 of the project BBGs has been financed by both GoB contributions and IDA. For year 4 & 5 BBGs will be funded entirely by GoB. However, in line with the project's aim of fully institutionalizing BBGs, a separate line item for funding BBGs will have been established for FY 2021-2022 in three years MTBF under LGD. In addition, LGD's annual budget for FY 2021-2022 will reflect 100% BBG funding by the Government as a separate line item in the ADP for FY 2021-2022.

During LGSP-3, LGD will prepare and issue Official Guidelines for the management of BBGs , which will have been drafted and agreed upon by the fourth year of the project, issued as Official Guidelines for the fifth year of the project, and will be fully applied in FY 2021-2022 following project completion.

5.2 Component II: Audit & Performance Assessments and Management Information Systems (MIS):

This component of the project aims at strengthening the downward and upward accountability mechanisms for UPs/pilot pourashavas as well as improving the system of monitoring of UPs through developing MIS.info. The upgrading of the post of Deputy Directors, Local Government (DDLG) has opened up a potential opportunity towards strengthening the monitoring and accountability systems in the UPs. The DDLGs with the support from the District Facilitators (DFs) play the key role in the oversight of LGSP-3. The component consists of the following four sub-components:

- (a) Audit and Performance Assessments
- (b) Institutionalizing UP Audit and Performance Assessments
- (c) Pourashava Financial Audits
- (d) Operationalizing Management Information Systems (MIS)

5.2.1 Audit and Performance Assessments:

5.2.2 Under LGSP-3 independent auditors (Chartered Accountancy Firms) carried out audits and performance assessments in 100% UPs by auditing annual financial statements and assessing performance against a set of indicators. Moreover, safeguard compliance assessments were done in one UP of each Upazila. The audit firms and the review firms were hired by PMU and financed through project budget. It has helped to develop a discipline and culture of sound financial management bin UPs.

5.2.3 Institutionalizing UP Audit and Performance Assessments:

The project aims to institutionalize the UP audit process. Regular and timely completion of audits by independent audit firms are at the core of the transparency and accountability process of UPs. During years 1-3 of the project audits and performance assessments of all UPs will be carried out by audit firms managed and financed by the PMU. From year 4 and onwards, UP audits and performance assessment will be the responsibility of LGD. UP audits and performance assessments will be regulated as per guidelines prepared by LGD.

5.2.4 Pourashava Financial Audit:

In order to introduce Expanded Block Grants (EBGs) in 16 selective Pourashavas, the project will undertake annual financial audits and performance assessments of all Pourashavas included for financing under the project. Like UP, private audit firms will be contracted by the PMU to carry out financial audits in Pourashavas. The performance assessments of Pourashavas will be limited to a verification of compliance with environmental and social safeguards and with procurement procedures.

5.2.5 Operationalizing Management Information Systems (MIS):

MIS established under LGSP-2 will be developed, updated and operationalized under the project for use by UPs and LGD. In support of this effort, the project will include: (i) provision of laptops for UP Secretaries, (ii) updating of the MIS design to better suit the needs, (iii) enhance the MIS design in phasing stages including audit, approval system, integration with email, (iv) provide refresher MIS training for all UP Secretaries and Officials of UP wing and Computer cell of LGD, (v) establish a MIS-Help Desk to support UPs, and (vi) support computer cell of LGD for managing the MIS and source code.

5.3 Component III: Expanded Block Grants (EBGs) to Pilot Pourashavas:

Expanded Block Grants (EBGs) will be introduced to increase the size of existing Pourashava Development Grants, which is currently distributed on an equitable basis divided into three different categories. EBGs will be provided to 16 Pourashavas taking two Pourashavas from each of the eight Divisions. The EBGs allocations will be determined following a two step process. Twenty five percent of the EBG allocation will be distributed equally among all the selective Pourashavas. The remaining seventy five percent will be distributed among the Pourashavas that meet the Minimum Conditions (MCs) based on a simple formula that will take into account the population of the Pourashava. The minimum conditions are:

- Annual financial audit report having no adverse and disclaimer opinion
- Functional Town Level Coordination Committee (TLCC)
- Budget prepared and approved by Municipal Council
- Regular/timely submission of financial and progress report to PMU and LGD

Annual audits of all piloting Pourashavas will be undertaken in the same way as for UPs, through engaging private audit firms and review firms. Pourashavas will be able to use their EBG allocations to finance a range of operational and developmental expenditures- such as road maintenance, solid waste collection & disposal and other municipal services etc. However, EBG fund cannot be used for any kind of staff

salaries and in any schemes mentioned in the negative list of Pourashava Operational Manual (POM).

5.4 Component IV: Capacity Development and Project Implementation Support:

This important component of LGSP-3 has been divided into the following sub-component:

- (a) Capacity Development for UPs and Pourashavas, and Information, Education and Communication (IEC) and
- (b) Project Implementation Support

5.4.1 Capacity Development for UPs and Pourashavas, and Information, Education and Communication (IEC):

LGSP-3 has included a range of capacity development and IEC activities aimed at streamlining UPs and Pourashavas. In comparison to LGSP-2. LGSP-3's approach to capacity building is much less focused on classroom-type training sessions, more reliant on audio-visual aids and interactive facilitation for the delivery of basic orientation, more demand-responsive and much more sensitive to on-the-job support and handholding.

UP and Pourashava capacity building activities will be delivered in the form of: (i) core, supply-driven training, (ii) demand-driven and specializes training, and (iii) Helpline, troubleshooting, hand-holding and on-the-job support and mentoring. The PMU will be responsible for core training and specialized training for LGD, DDLGs, District Facilitators and DLGs. Various types of capacity-building support that will be provided by project are summarized below:

(i) Core supply-driven training:

Core training for LGSP-3 builds on strengths of the existing Union Digital Centers (UDC). Through these centers, training will be conducted more effectively with facilitation. An IEC firm will produce three sets of training videos for: (a) UP functionaries, (b) Ward Committee and Scheme

Supervision Committee members, and (iii) specialized training on safeguard issues.

(ii) Demand-driven and specialized training:

In response to needs and demand the PMU will organize special training courses for target UPs and selected Pourashavas. Depending on the themes to be covered, PMU will arrange such specialized training. UPs and Pourashavas will be able to use a part of 10% reserve of the BBG, PBG and EBG.

(iii) Helpline, troubleshooting, hand-holding and on-the-job support and mentoring:

UP,WC, SSC, selected Pourashavas, WC and TLCC may be encounter a wide range of practical problems and will be able to discuss this and seek solutions through the LG Helpline.To operate the LG Helpline, a pool of experts will be established by NILG and PMU to respond to all queries and to support LG Helpline Operators. The LG Helpline will be housed at NILG and on a pay and use basis.

(iv) Horizontal Learning:

NILG Horizontal Learning Centre (HLC) acts as a secretariat for Horizontal Learning Program (HLP) by the LGD and is funded by a number of development partners. Through the HLC/HLP, UPs and Pourashavas will be able to identify their own good practices, share them among peers, learn from the field and replicate them with handholding support of peers. LGSP-3 will leverage this process for identifying good practices and link the learner with the trainer among the local government institutions (LGIs).

(v) LGSP-3 District Facilitators (DFs):

DFs related with each district will facilitate all the LGSP-3 activities at the field level under the direct supervision of related DDLG. They will perform their responsibilities as per their ToRs under LGSP-2 also they will perform two additional responsibilities as follows:

- Facilitate UP/Pourashava Video Training Courses including participation in question/answer sessions
- Facilitate the horizontal learning program for identifying good practices and support outcome based peer learning process.

(vi) Operational Manual:

The existing LGSP-2 Operational Manual will be reviewed and updated in line with the UP Act, 2009, LGSP-3 design and other relevant government circulars and orders. A section on Pourashava will also be developed and included within the Operation Manual in line with the Pourashava Act, 2009, LGSP-3 design and other relevant government circulars and orders.

Project specific procedures of LGSP-3, such as, safeguards compliance, public expenditure management processes, financial reporting and procurement requirements, Management Information Systems (MIS) will be reflected in the updated manual and will be made user-friendly and simple. It will serve as the core document for UPs and selected Pourashavas for all training and other capacity building activities.

(vii) Information, Education and Communication Campaign (IEC):

The IEC campaign for LGSP-3 will focus on a wide range of stakeholders including citizens, the media, NGOs, local government institutions and central government agencies. Key IEC activities include:

- Proactive disclosure of information On fiscal transfers, tax collection, the use of funds and other local development issues concerning UPs and Pourashavas.
- Ensuring that queries of UP and Pourashavas functionaries and citizens are responded to.
- Advocacy in order to showcase good practices and good learning.
- Publication of Periodicals, Newsletters, Brochure, Notebook, Calendar, Diary, Posters and Leaflets.

5.4.2 Project Implementation Support:

Like its predecessor, LGSP-3 aims at further mainstreaming the program approaches within the LGD system. At the national level, the overall monitoring of the program and policy coordination is overseen by an inter-ministerial Project Steering Committee headed by the Secretary, LGD. It has representation from all relevant ministries/agencies including the Cabinet Division, Planning Commission, ERD, IMED and Finance Division.

The project is being implemented by a Project Management Team with support from a pool of technical experts for effective implementation of the component as well as for project procurement and financial management. A Project Director (NPD), supported by two Deputy Project Directors (DPDs) and one Assistant Project

Director (APD), is responsible for overall project implementation. The PD is of the level of an Additional/Joint Secretary of the Government, and holds the fulltime responsibilities. The two DPDs, of the rank of Deputy Secretary one APD, of the rank of Senior Assistant Secretary are appointed on deputation on full time basis. In addition, nine Senior Consultants, five Specialists and eleven Associates/Analysts will be recruited under the PMU to help support project implementation. Besides, seventy four District Facilitators will be recruited to support the 4569 UPs at the field level. In addition, equipment, vehicles and other logistics support will be provided under the project.

6. Component-Wise Progress:

The following sections describe the component-wise progress of the project so far:

6.1 Component-I: Institutionalization of fiscal transfers

Union Parishad Grants:

LGSP-3 under its UP grants component provides two types of grants to Union Parishads all over the country. These two grants are:

- (a) Basic Block Grants (BBG); and
- (b) Performance Based Grants (PBG)

6.1.1 Basic Block Grants (BBG):

Allocation Criteria:

LGSP-3 follows two steps in allocating Basic Block Grants (BBG) funds among the Union Parishads. First, it allocates 25% of the total BBG among all Union Parishads equally. The remaining 75% of the BBG funds is distributed among the UPs that meet the 'Minimum Conditions (MC)' based on transparent formula that takes into account population size and area of the UP. Population gets 90% weight while the area gets 10% only. The 'Minimum Conditions to be eligible for remaining 75% of the BBG a Union Parishad needs to fulfill following necessary criteria:

- i. Clean audit report (unqualified and qualified audit report);
- ii. Evidence of participatory planning and budgeting; and
- iii. Timely submission of six-monthly report.

A UP needs to prepare a five-year periodic plan by the first year of the project incorporating the priority needs of the people identified through Ward *Sabhas*. At least 30% of BBG allocation should be earmarked for schemes identified and selected by women population/voters.

The Union Development Coordination Committee (UDCC) scrutinizes and recommends the plan for approval by the Union Parishad. The UP prepares a register of all the assets under their disposal as part of the five year plan preparation process. The UP approves schemes prioritized by Ward *Sabhas* in open ward meetings.

The Union Development Coordination Committee (UDCC) scrutinizes and recommends the plan for approval by the Union Parishad. The UP prepares a register of all the assets under their disposal as part of the five year plan preparation process. The UP approves schemes with priority taking into consideration of the priority prioritized by Ward *Sabhas*. UPs approve schemes considering the following issues:

- i. Schemes have been prioritized by Ward *Sabhas* in open ward meeting;
- ii. Schemes are of high priority for the concerned ward as well as the UP;
- iii. Schemes that address the issue of poverty reduction;
- iv. Schemes that would bring benefits for maximum number of people;
- v. Schemes that address issues of women's development;
- vi. Schemes that are in conformity with the UP's five year plan; and
- vii. Schemes that comply with the Environmental and Social Management Framework (ESMF); and
- viii. 30% schemes of the BBG allocation have been prioritized by women.

The UPs submits its final list of schemes to Block Grant Coordination Committee (BGCC) headed by Upazila Nirbahi Officer (UNO) to get the endorsement of the BGCC, a mandatory for the UPs for scheme implementation.

BBG Fund Flow Mechanism:

IDA funds flow into two Designated Accounts, one of which (DA-1) in US Dollar handles all UP grant (Component-1) funds, and the other (DA-2) in Bangladeshi Taka which deals with expenditures related to other Components. From DA-1, IDA funds are transferred to a Taka-denominated operating bank account, opened in a Nationalized Commercial Bank (NCB). The Government also transfers its financial contributions to the same Taka-denominated NCB account, where they are blended with IDA funds. Following instruction by the PD, six-monthly disbursements are made to UP bank accounts from two operating accounts of two branches of Sonali Bank Ltd, Dhaka.

Fund Predictability:

Each UP gets information in advance of its indicative BBG allocations for three years under Medium Term Budgetary Framework (MTBF). Likewise, each union gets information on its annual BBG allocation before the start of a fiscal year. The advance information follow on fund disbursement brings predictability and transparency in the funding envelope for the UPs and allows them times for effective planning and implementation of schemes in line with their development needs because it helps the UPs prepare their three years' scheme plan reflecting the people's priority and also helps take endorsement from BGCC in advance.

The database is regularly updated by incorporating latest information on population and area of UPs based on the latest Population Census of Bangladesh Bureau of Statistics (BBS) to ensure formula based criteria of BBG allocation. In line with the project design, the PMU has informed all the UPs about their first three years' indicative ceilings covering the FYs 2016-2017, 2017-18, & 2018-19 and the updated three years' Indicative ceilings covering the next two financial years 2019-2020 & 2020-2021 of the Project.

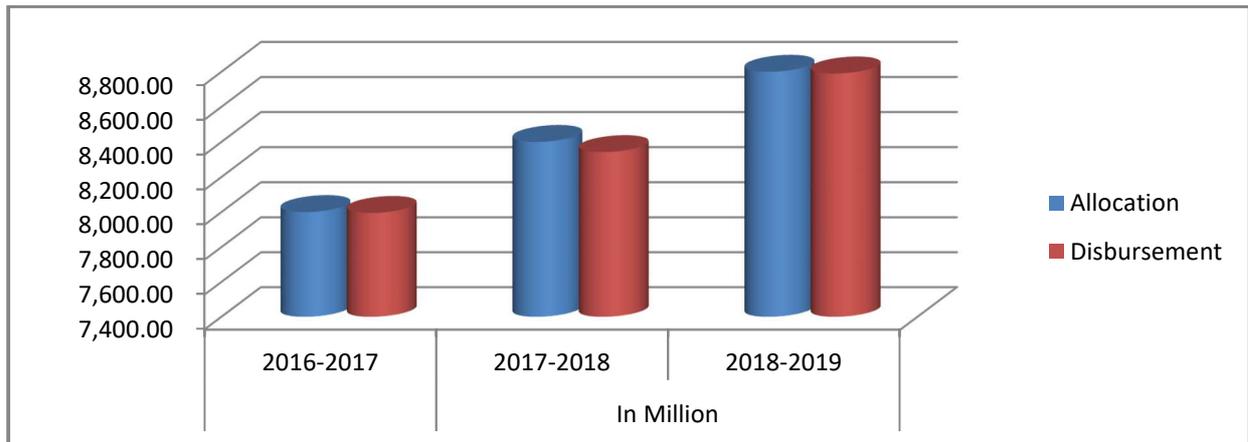
Allocation of Basic Block Grants:

Table-1: Year-Wise Estimated Allocation and Disbursement of BBG

Fiscal Year	BDT (in Millions)		% of disbursement	% change in disbursement by year
	Allocation	Disbursement		
2016-2017	8,000.00	7,994.947	99.94	-
2017-2018	8,400.00	8,341.798	99.31	4.34
2018-2019	8,800.00	8,790.252	99.89	5.38
2019-2020	8,800.00	-	-	
2020-2021	8,872.30	-	-	
Total	42,872.30	25,126.997	99.71	

LGSP-3 has distributed until the end of June 2019 from the FY 2016-2017 BDT 7994.95 million the disbursement is almost 99.94 percent of the estimated allocation. In FY 2017-2018 disbursement was BDT 8341.80 million. The disbursement is almost 99.31 percent of the estimated allocation. In FY2018-2019 the disbursed amount of BBG was BDT 8790.25 million, and the disbursement is almost 99.89 percent of the estimated allocation.

Fig-1: Year-Wise Estimated Allocation and Disbursement of BBG



The disbursement has increased by 4.34 percent in the second year compared with the first year's disbursement and by 5.38 percent in the third year compared with the second year's disbursement. It is in compliance with the policy of increasing BBG by 12 percent every year.

It is also observed that total disbursement was 99.71% of total allocation so far allotted and disbursed though there is variations by year to year. In FY2016-2017 disbursement was 99.94%, In FY2017-2018 it was 99.31% and In FY 2018-19 it was 99.89%. Total disbursement up to following fiscal year is 99.71% of the three Fiscal years total allocation.

Year-Wise BBG Received by UPs:

As per LGSP-3 policy all audited UPs get 25% BBG irrespective of population size and geographical area and the remaining 75% BBG are distributed among UPs upon fulfilling Minimum Conditions. The Minimum Conditions (MCs) to receive this remaining 75% grant include audit clearance, evidence of participatory planning and open budget meeting and submission of six-monthly progress reports. This means if a UP can fulfill minimum conditions it gets both 25% equal Share of BBG and 75% BBG and they together make 100% allocation of BBG.

Table-2: Year-Wise UPs Receiving Basic Block Grants

Fiscal Year	Total UP		UPs Received BBG			
			only 25% BBG		Both BBG	
	Number	Percent	Number	Percent	Number	Percent
2016-2017	4548	100	80	1.76	4468	98.24
2017-2018	4571	100	59	1.12	4512	98.71
2018-2019	4563	100	7	0.15	4556	99.85

Table-2 shows that in all three fiscal years from FY2016-2017 to FY2018-2019 more than 99 % UPs have received 100% BBG (25%+75% BBG). The remaining UPs did not get 75% BBG because of adverse and disclaimer audit opinions with un-audited new UPs. It also appears that the total number of UPs was 4563 in FY2018-2019 while it has increased in the following years.

In fact, in FY2016-2017 total UPs were 4548. In addition to FY 2017-2018 total number of UPs is 4571; newly created 23 UPs were given allocation from GoB fund because those newly created 23 UPs were not audited by audit firms till that year. Since audit is the pre-condition for getting BBG allocation they were not considered for BBG from IDA funds.

Per Capita BBG:

Table-3: Per Capita BBG

Fiscal Year	Disbursed BDT (in millions)	Population (in millions)	(BDT)
			Per Capita BBG
2016-2017	7994.95	111.18	71.91
2017-2018	8341.80	112.93	73.87
2018-2019	8790.25	112.78	77.94

Table-3 shows the per capita BBG in different fiscal years. In FY 2016-2017 per capita BBG was BDT 71.91. In FY 2017-2018 per capita BBG was BDT 73.87. The per capita BBG stood at BDT 77.94 in FY 2018-2019.

6.1.2 Performance Based Grants (PBG):

The project has introduced PBGs to good performer UPs that demonstrate improvements in key governance and financial management areas. These areas include: tax revenue enhancement, enhanced peoples participation, transparency & accountability, planning and budgeting, reporting, village court functioning etc. The project has introduced a process of undertaking the performance assessment of all the UPs of the country by the same audit farms which were responsible for conducting the audit activities of all the UPs.

The UP functionaries along with officials at the field (district and upazila) and center got orientation on performance assessment systems for receiving PBGs by the good performer UPs during the second year of the project. This enabled the UPs to get

acquainted with the process of administering the PBGs. The first round of performance assessments was carried out for first year of the project by audit teams recruited for auditing UP accounts. The performance assessment reports were reviewed by independent audit review firms before finalizing the performance assessments and scores. Both the team members of audit firms and audit review firms who were responsible for performance assessment and review respectively were imparted training by UPGP project. In the second year of the project, PBGs was introduced and the UPs were eligible for it subject to certain performance criteria.

An annual performance assessment (PA) process is carried out along with the UP financial audit to distribution PBG allocations for those UPs that have achieved a high performance score over a set of indicators. The top performer 65% UPs, Divided into three performance groups, and receives the PBGs on a graded scale. Those UPs that cannot qualify within a particular fiscal year they might be getting PBG by improving their performance in subsequent years.

Allocation and Disbursement of PBG:

Table-4: Year-Wise Estimated Allocation and Disbursement of PBG

Fiscal Year	BDT (in Millions)		% of disbursement	% change in disbursement
	Allocation	Disbursement		
2016-2017	1529.20	1476.35	96.54	
2017-2018	1624.80	1545.88	95.14	-1.40
2018-2019	1726.60	1726.20	99.98	4.84
Total	4880.60	4748.43	97.22	

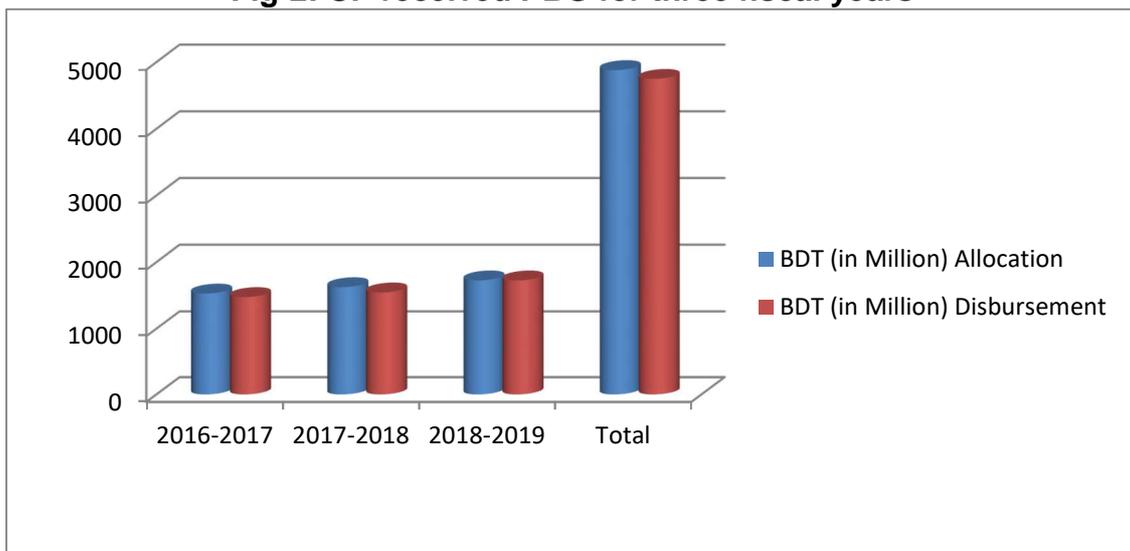
Table-4 shows the distribution pattern of PBG. In FY 2016-2017 estimated allocation for Performance Based Grants (PBG) was BDT 1529.20 million and disbursed amount was BDT 1476.35 million which was 96.54 percent of the estimated allocation. In the FY 2017-2018 the estimated allocation was BDT 1624.80 million and disbursed amount was BDT 1545.88 million and it was 95.14 percent of the estimated allocation. This disbursement was decreased by (-) 1.40 percent in comparison with FY 2016-2017. In FY 2018-2019 estimated allocation for Performance Based Grants (PBG) was BDT 1726.60 million and disbursed amount

was BDT 1726.20 million which was 99.98 percent of the estimated allocation. This disbursement was increased by 4.84 percent in comparison with FY 2017-2018.

UPs Received PBG:

Allocation of Performance Based Grants depends on certain criteria (stated above) to be performed by the UPs. Out of three years of the project UPs have received PBG twice depending on their performance as per design of the project. From the first year (FY 2016-2017) LGSP-3 deployed private audit firms for UP audit to assess UP performance of the FY2015-2016. From the second year (FY2017-2018) of the project LGSP-3 started distributing PBG among the UPs based on the UP Performance Assessment of FY2016-2017 assessed by private audit firms and continued PBG allocation in FY 2018-2019.

Fig-2: UP received PBG for three fiscal years



The percentage of UPs that received PBGs during last three years. In the project area, in 2016-2017 (first year of the project PBG distribution) 65 percent UPs received PBG but in 2017-2018, the following second year a little more than 65.71 percent and Third year a little more than 67.54 percent UPs got PBG. Such a reversal trend was due to the improvement of audit quality. The audit team was not very much sensitive to the need of LGSP-3 and its expectation. Moreover, monitoring over the audit was not as much vigorous it needed in early stage.

The members of the audit team were not adequately trained. However, gradually monitoring has increased. The Project Management, PMU, DDLG and DFs and field level concerned officials including UNOs monitored the audit firm activities. Besides, C&AG, ICAB played important role in monitoring the audit firm activities. All these contributed to improve the audit quality.

Table-5: BBG Utilization status of Union Parishads up to September 2019

(BDT in millions)

FY	No of UPs	BBG Disbursed	BBG Utilized	Progress%
2016-17	4548	7994.95	7993.24	99.98%
2017-18	4571	8341.80	8279.23	99.25%
2018-19	4563	8790.25	5270.46	59.96%
Total		25127.00	21542.93	85.74%

Table-6: PBG Utilization status of Union Parishads up to September 2019

(BDT in millions)

FY	No of	PBG	PBG Utilized	Progress (%)
2016-17	2995	1476.35	1475.39	99.93%
2017-18	3004	1545.88	1508.32	97.57%
2018-19	3082	1726.20	328.86	19.05%
Total		4748.43	3312.57	69.76%

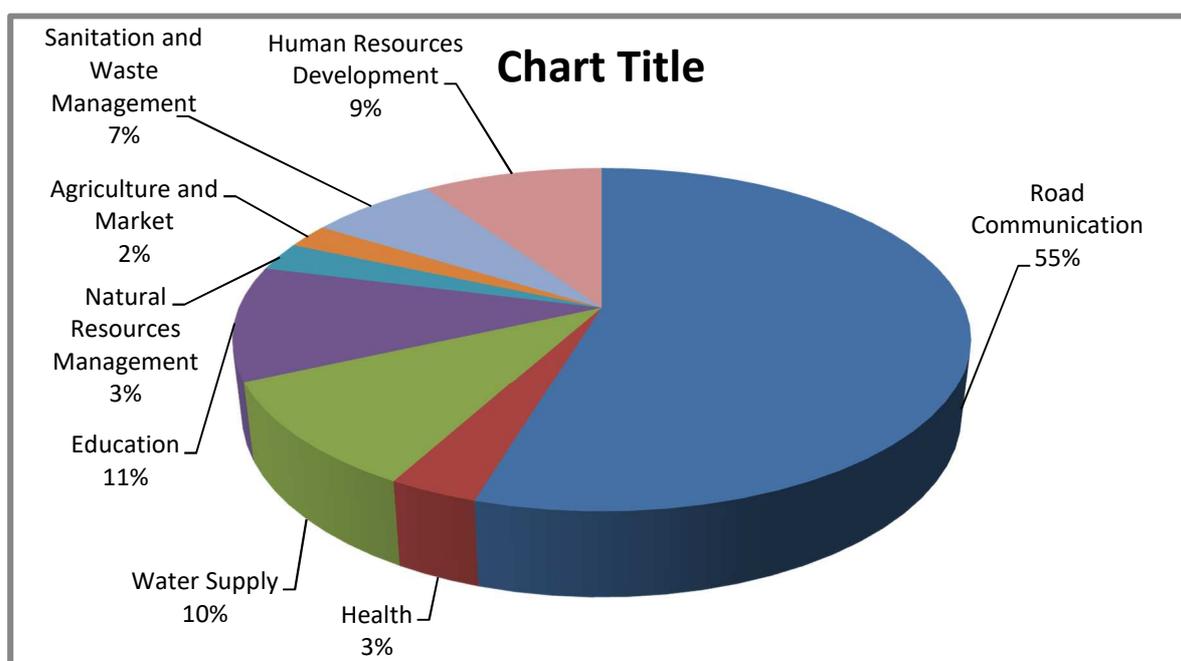
Sector-Wise Schemes implemented by UPs:

Under LGSP-3 Union Parishads implement different types of schemes in different sectors such as Road Communication, Health, Water Supply, Education, Natural Resources Management, Agriculture, Sanitation and Waste Management, Human Resources Development and others. Under the Road Communication sector UPs implement earthen road, RCC/HBB/WBM/ road, etc, and construction of culvert/bridge, under the Water supply sector supplies hand-set shallow and deep tube well. Under education sector the UP renovates school building, supplies ceiling fan, chair/table/benches/furniture, computer, education materials, etc. to schools and Madrasa. The major activities under sanitary and waste management are the distribution of sanitary latrine at household level and community latrine. In

agricultural sector the main activities are the construction of U-drain for drainage, distribution of spray machines. For human resource development the UP conduct capacity building training, distributes sewing machines and supplies UISC materials.

Resource Allocation Pattern by Sectors:

Fig-3: Schemes across the country

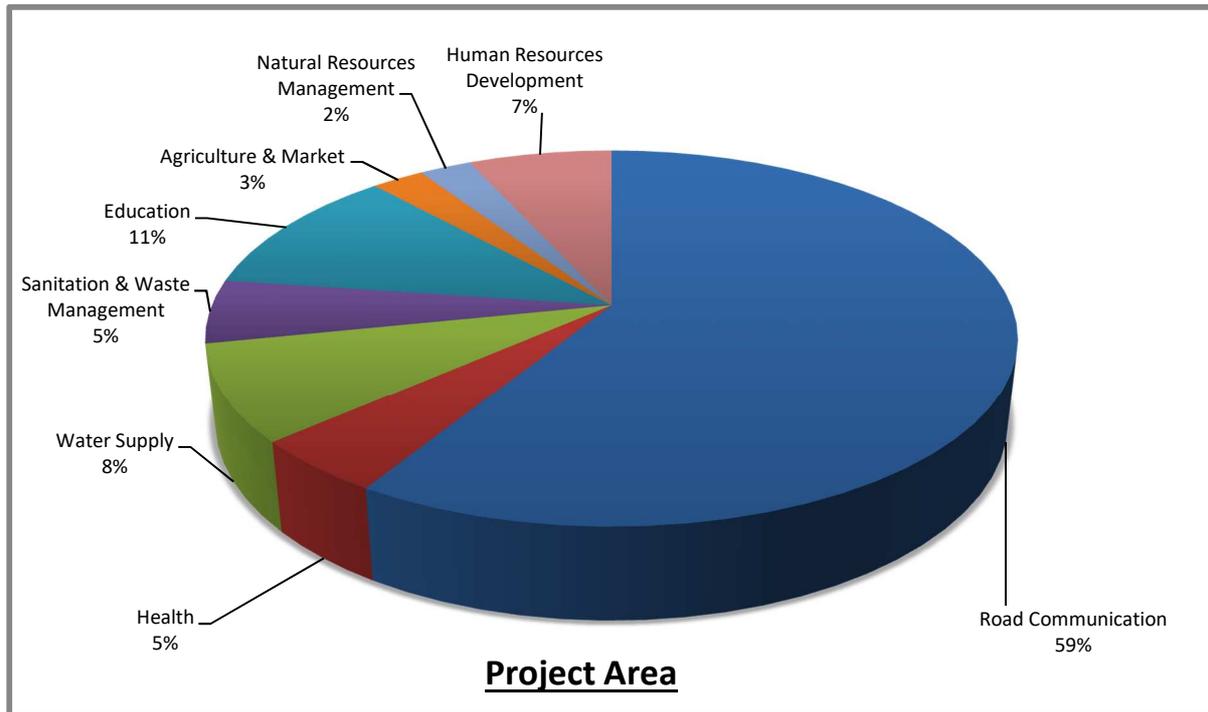


Above pie chart shows the sector-wise distribution of schemes implemented by UPs nationally in FY2017-2018. It is seen that more than half (55%) of the schemes have been implemented in road communication sector and all other sectors has implemented less than half (45%) of the total schemes. In sectors of the water supply 10%, Sanitation and waste management 7%, in health Sector 3%. agriculture and market 2% , and human resource development 9% and Natural resources 3% of the sectors. Education sector shares 11% schemes of the total schemes.

Table-7: Year wise Scheme Implementation Status up to September, 2019 as follows:

FY	No of UPs	Scheme taken			Scheme implemented			Progress (%)
		BBG	PBG	Total	BBG	PBG	Total	
2016-17	4548	62,108	9,818	71926	62095	9815	71910	(99.98%)
2017-18	4571	53,932	10,504	64436	53851	10372	63576	(98.66%)
2018-19	4563	45,972	7,148	53120	26986	3849	30835	(58.04%)
Total		162011	27470	189481	142932	24036	166321	(87.78%)

Fig-4: Resources Allocation pattern by Sectors: Across the country



Above pie chart shows the sector-wise distribution of allocations implemented by UPs nationally in FY2017-2018. It is seen that more than half (59%) of the resources have been implemented in road communication sector and all other sectors has implemented less than half (45%) of the total schemes. In sectors of the water supply 8%, Sanitation and waste management 5%,in health Sector 5%.agriculture and market 3% , and human resource development 7% and Natural resources 2% of the sectors. Education sector shares 11% schemes of the total schemes.

6.1.3 Institutionalization of UP Fiscal Transfers and other activities:

Status and Achievements:

- The three years Medium Term Budgetary Framework (MTBF) covering FYs 2019-2020, 2020-2021 and 2021-2022 has been prepared. A proposal was sent to Local Government Division (LGD) to make budget provision for Union Parishad Development Assistance, a line item for FY 2021-2022 under three years Medium Term Budgetary Framework (MTBF). The matter was discussed in Project Steering Committee (PSC) and Institutionalization Committee meetings. The both committees recommended to include budget as UP Development Assistance in a separate line item for FY 2021-2022

under three years MTBF which would cover FYs 2019-2020, 2020-2021 and 2021-2022.

- MTBF is prepared by Finance Division, Ministry of Finance as per Ministry Budget Framework (MBF) from different line ministries. Accordingly the current MTBF has covered projections for FY 2019-2020, FY 2020-2021 and FY 2021-2022. For FYs 2019-2020 and 2020-2021 there are fully GoB funded budget provisions for BBG under LGSP-3 project and budget provision for UP Development Assistance, as a separate line item for FY 2021-2022 has been included in MTBF under LGD.
- GoB funded UP Development Assistance as a separate line item in regular ADP will be included during preparation of ADP for FY 2021-2022 under Local Government Division.
- An inter-ministerial committee headed by Additional Secretary, LGD and with representatives from Ministry of Public Administration (MOPA), Finance Division, Economic Relations Division (ERD), Implementation Monitoring and Evaluation Division (IMED) and Planning Commission has been working with the mandate to recommend the process, methodology and mechanism to institutionalize fiscal transfer, UP financial audits & Performance Assessment which have already been done and the committee is also working to recommend the requirement of additional manpower for strengthening LGD's Union Parishad wing, audit wing, Monitoring, Inspection & Evaluation (MIE) wing and Computer cell which is very crucial for mainstreaming the achievements of LGSPs.
- As per Financing Agreement the draft official guidelines for institutionalization of fiscal transfers and UP financial audits & performance assessment was prepared and shared with WB. The draft official guideline was reviewed by the inter-ministerial committee. The guideline was also shared with other key stakeholders through a workshop namely: Finance Division, ERD, Office of Comptroller and Auditor General (OC&AG) Bangladesh, Controller General of Accounts (CGA), Central Procurement Technical Unit (CPTU) and Institute of Chartered Accountants Bangladesh (ICAB). The guideline has been finalized through incorporation of the important comments and feedback from the key stakeholders as per existing Acts and other relevant Rules and Regulations.

Finally, LGD has shared the final version of the guideline for utilization of UP development Assistance. The guideline has been prepared in country language in Bengali as because the main users of the guideline are UP functionaries. Some of important parts of the guideline was translated in English and shared with the WB with a comparison with the existing process and methodology.

- An Action Plan for Institutionalization of inter-governmental fiscal transfers, annual financial audit & performance assessment and other activities that have been implementing under LGSPs has been prepared and shared with the World Bank as per Financing Agreement of the project. The activities under Action Plan will be implemented as per timelines throughout the project period (An updated Action Plan with tentative timelines is shown in **Annex-1**).
- Beside the inter-ministerial Institutionalization Committee LGD has formed a committee also headed by Additional Secretary, LGD with representatives from UP wing, Audit wing, MIE wing of LGD, Project Director LGSP-3, Senior Procurement Specialist LGSP-3, Senior Audit Specialist LGSP-3, Representative from Local Government Engineering Department and Representative from Institute of Chartered Accountants Bangladesh (ICAB). Main responsibilities of the committee are:

- a) To recommend enlistment and appointment of Audit firms and Audit review firms.
- b) To prepare Terms o References (TORs) for Audit firms and Audit review firms and a Memorandum of Understanding (MOU) to be signed between Local Government Division (LGD) and Institute of Chartered Accountants Bangladesh (ICAB).

- The committee has already prepared two drafts for Audit firms and Audit review firms and also a draft MOU which are under the process of reviewed.
- After finalization of Union Parishad Development Assistance Utilization Guidelines the inter-ministerial committee for Institutionalization presently working with the requirement of additional manpower to be needed after mainstreaming the activities under LGSPs. Main points of Union Parishad Development Assistance Utilization Guidelines with a comparison with the existing situation is attached iv Annex-2.

6.2 Component-II: Audit & Performance Assessment and Management Information System

6.2.1 Annual Financial Audit of UPs

The overall objective of LGSP-3 is to institutionalize the fiscal transfer system and annual financial audit & performance assessment system of UPs with introducing a pilot fiscal transfer system in some selective Pourashava. In order to ensure accountability, transparency and people's participation in UP activities a clearly defined mechanism is in place under LGSP-3 which has its base on system developed under LGSP-1 & LGSP-2 and has strengthened through different in-built activities of the project and initiatives taken by LGD through project management unit. Beside the audit, the accountability mechanism has been institutionalized through Block Grant Coordination Committee (BGCC), District Coordination Committee (DCC), Ward Sabha, Ward Committee (WC), Scheme Supervision Committee (SSC), Open Budget meeting and UP's different Standing Committees including UDCC. LGSP-3 has further been strengthened by including Readiness and Preparation of AFS, TOR on Financial Audits including international practices, TOR of Appeal and Hearing process and Indicators (40 marks) of Performance Assessment. The principal accountability mechanism for UPs has been ensured through 100% UP audit by Private Audit (CA) Firms in addition to 10% to 20% UPs audited by Foreign Aided Project Audit Directorate (FAPAD).

A mandatory provision of UP audit by CA firms and tagging the LGSP grant with the audit performance has been established as a regular system under LGSP-3. The scope of UP audit includes office management (maintenance of all registers) and financial management, bank account operation, Annual Financial Statement (AFS), six-monthly report submission, environment and social safeguard issues and physical performance etc.

LGSP-3 has also initiated Pourashava Audit of sixteen selected Pourashava by private (CA) audit firm to disburse EBG. The experience of UPs audit has utilised to ensure accountability in Pourashava audit by CA firm. LGSP-3 has scope to work on transparency and accountability process of Pourashava.

A brief account of this Audit mechanism and the implementation progress under LGSP-3 is given below:

Audit Process:

A two member audit team works in each Union Parishad to audit the activities. A manager supervises the activities of auditors. A team takes four days time to complete the audit of a union. The audit includes-financial audit, performance and environmental and safeguard compliance assessment, physical performance etc. After auditing of all unions of an Upazila, an exit meeting at Upazila level with the UNO is held with the participation of all UP chairmen, Secretaries and one female UP member who operates the bank account. The audit exit meeting provides an opportunity to share views the audit matter of governance interest along with the strength and weakness of the union financial management so that the UPs in the following years can maintain financial management in a proper manner. The Audit Review Firm reviews the draft audit report of audit firm before finalizing the reports.

Implementation Progress of Audit activities under LGSP-3:

Recruitment of audit firms:

As per previous practice of UP audit under LGSP-2, LGSP-3 started with 22 packages of audit firms and 4 audit review firms to carrying out the audit activities of UPs for the year 2016-17 and 2017-18. The above audit and review firms were selected by observing all procurement procedures. The implementation experience reveals that managing the audit activities of around 4561 UPs under 64 districts in the country through 22 audit packages makes the volume of works for the CA firms too heavy to manage with their existing manpower/registered students. This affects the quality of UP audit as the CA firms often try to complete the contract by hiring some extra experienced manpower from outside.

According to DPP, UPs were supposed to be audited annually in the same way as before during the first two years of the project by CA firms who are being contracted by the Project. For onward in line with the institutionalization process of UPs fiscal transfer system, LGD will appoint the audit and review firms. LGD is going to prepare a short list for appoint the audit and review firms. A committee headed by the Additional Secretary of LGD is working on the issue.

Quality assurance mechanism followed under LGSP-3 Audit:

There were 22 Audit firms and 4 Audit Review firms engaged for the audit activities of Union Parishad, who were appointed through the competitive procurement procedure. They utilised expertise on International Financial Reporting Standards and Auditing standards in the audit process.

ICAB, a professional apex body for quality control of CA firms and oversight institution, monitors the performance of the audit firms to ensure professional standards of the audit. ICAB works under a Memorandum of Understanding (MoU) signed between LGD and ICAB in this regard. ICAB opened up a window to oversee the quality and due diligence of the Audit Firm in pursuing UP audit.

LGD organised training program for auditors and reviewers every year prior to the beginning of the audit task at UP level with the active cooperation of ICAB. This training was very much effective because it provided a broad outline of responsibilities as well as explained some administrative guidelines of local government institution for auditors and reviewers. The Audit Review Firm makes an independent review of the draft audit reports prepared by the Audit Firms with the working file before finalizing the first party reports.

PMU has remained active in their role of overhead supervision over the CA firms (Audit and Review firms) through engaging District facilitators, DDLG as well as field administration. A cell in the FAPAD (Foreign Aided Project Audit Directorate) office has been established to review the quality of audit performed by the CA firms. All these reports of CA firms are made available in the office of C&AG.

FAPAD, the directorate under C&AG also audited LGSP-3 activities about 10% of the existing number of Union Parishads. LGD through PMU coordinated the FAPAD audit activities. Last two years (2016-17 & 2017-18) there were no major audit findings. But step has been taken to settle the audit observations by PMU. In 2017-18, World Bank selected six audit observation of FAPAD and desire clarification. According to reply of Chairman of concerned UP, recommendation of UNO the broad sheet reply has submitted to FAPAD through LGD.

Observation

Significant progress is gradually being visible in the audit activities under the project resulting from the regular oversight of the audit process by the key institution including PMU, ICAB, C&AG and local administration. The Audit Review Firms, hired to provide quality assurance by monitoring the work of the audit firms, have started to show improved performance quality. Initially there were challenges and issues in the quality of the audit work by the Audit Firms. Some of did not perform audit task professionally during initial stage of LGSP-2. On report of the Project Management Unit (PMU), ICAB took punitive measures against those CA Firms which could not perform professionally. ICAB reprimanded 20 CA Firms out of 38 CA Firms on disciplinary ground.

have been submitted to LGSP-3 as per guidelines. According to agreed action plan with the audit and review firms the audit activities for the above years on AFS, performance and environmental and social safeguard compliance assessment have been completed.

The audit firms and review firms have been appointed by observing all required formalities. After completion of fieldwork, the concerned audit team conducted exit meeting with the concerned UNO on their findings and submitted draft reports to the Review firms for review. The review firms submitted Segregation Report of findings after review by checking audit working files and field work. On the basis of segregation reports the BBG has been disbursed to the UPs, who have unqualified/qualified reports. LGSP-3 has arranged appeal hearing on Adverse Reports and the process has completed. The BBG has also disbursed to UPs on the basis of settled adverse opinion. The audit teams submitted Performance assessment and Safeguard compliance reports to the review firms and after review, the review firms cleared the reports. The final reports have been submitted to LGSP-3 by the audit firms. On the basis of Performance Assessment Reports (PAR) of audit firms and cleared by review firms, the PBG has also disbursed to the concerned UPs.

The audit for the year 2016-17 has been completed by the auditors under- 22 packages throughout the country, where 4 Review firms reviewed the draft audit reports and performance & safeguard compliance assessment reports. As per audit report, there were 3,808 qualified opinions, 752 adverse opinions and 1 disclaimer opinion of external auditors. PMU took initiative to settle the adverse audit observation. As per appeal application of concerned UPs, submitted documents, opinion of UNO the authority settled 713 adverse opinions and only 39 remain unsettled in FY 2016-17. The following table shows the status of audit opinion.

Status of Audit Conducted by Audit Firm for FY: 2016-2017

No.	Audit opinion	No of UPs
1.	Un-Qualified	0
2.	Qualified	3,800
3.	Adverse	752
4	Settled after hearing	713
5	Unsettled	39
6	Disclaimer	1
Total		4,553

The audit for the year 2017-18 has also been completed by the auditors under- 22 packages throughout the country, where 4 Review firms reviewed the draft audit reports and performance & safeguard compliance assessment reports. As per audit report, there were 20 unqualified opinion, 4,113 qualified opinions, 427 adverse opinions and 1 disclaimer opinion of external auditors. PMU took initiative to settle the adverse audit observation. As per appeal application of concerned UPs, submitted documents, opinion of UNO the authority settled 420 adverse opinions and only 7 remain unsettled in FY 2017-18. The following table shows the status of audit opinion for the FY2017-18.

Table-8: Status of Audit Conducted by Audit Firm for FY: 2017-2018

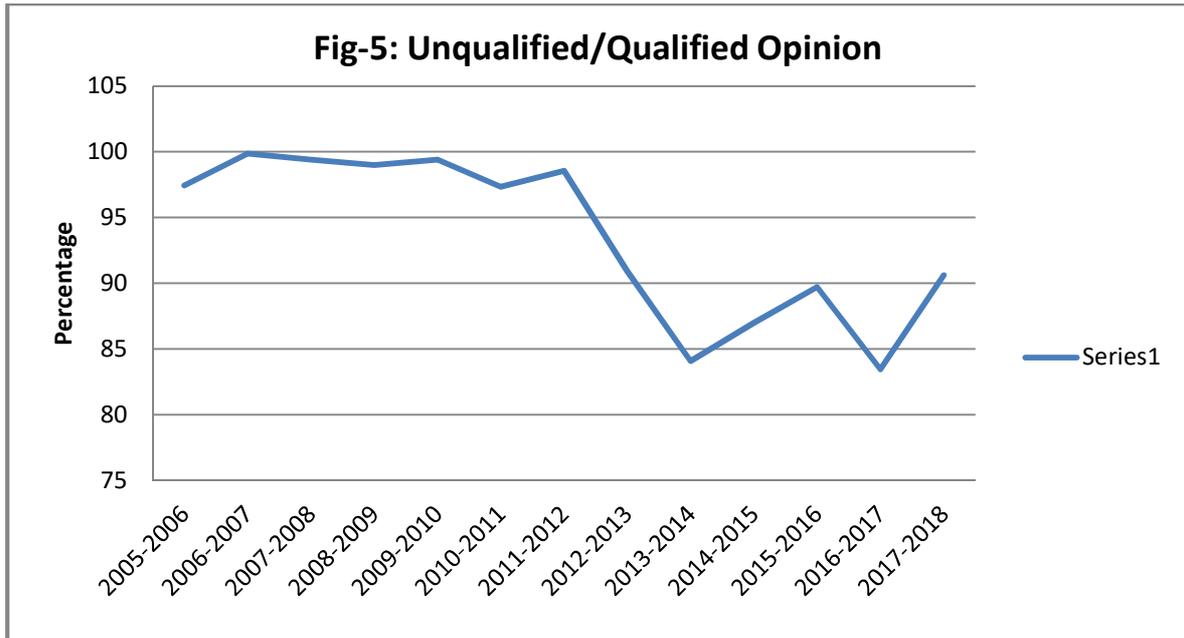
No.	Audit opinion	No of UPs
1.	Un-Qualified	20
2.	Qualified	4,113
3.	Adverse	427
4	Settled after hearing	420
5	Unsettled	7
6	Disclaimer	1
Total		4,561

In this year, after hearing and subsequent follow-up by the PMU of LGSP-3 maximum adverse opinions (420 Out of 427) have been settled.

Table-9: UP Audit Status over the Period of FY2005-2006 to FY2017-2018

Fiscal Year	UPs audited Number	UPs by Audit Opinions			
		Unqualified/Qualified		Adverse/disclaimer	
	Number	Percent	Number	percent	
2005-2006	1088	1060	97.43	28	2.57
2006-2007	2250	2247	99.87	3	0.13
2007-2008	3370	3350	99.41	20	0.59
2008-2009	4486	4441	99.00	45	1.00
2009-2010	4486	4459	99.40	27	0.60
2010-2011	4561	4439	97.33	122	2.67
2011-2012	4548	4482	98.55	66	1.45
2012-2013	4549	4136	90.92	413	9.08
2013-2014	4548	3825	84.08	723	15.92
2014-2015	4554	3961	86.99	593	13.01
2015-2016	4554	4086	89.72	468	10.28
2016-2017	4553	3800	83.46	753	16.54
2017-2018	4561	4133	90.62	428	9.38

Table-9 shows the UP audit status over time starting from FY2005-2006 to FY2017-2018. The audit was done by private audit firms (CA Firms). The first Financial Year (FY2005-2006) was audit in the following Financial Year (FY2006-2007). The same process of audit was followed for the subsequent years. The audit was first carried out by LGSP-I and then LGSP-2 and LGSP-3. From the above table it appears most of the UPs had got unqualified/qualified audit opinions varying from 97% to almost 100% (FY2006-2007). In FY2016-2017 and FY2017-2018 it shows adverse/disclaimer opinions 16.54% and 9.38% respectively UPs. Fig-5 shows the trend graphically.



Overall Audit Findings and Quality of UP Financial Management:

The financial management of UPs has been improving due to involvement of private audit firm (CA firm). Now the UPs independently do the financial transaction by observing applicable procurement rules and regulations. They are maintaining books of accounts and preparing financial statements independently. They are facing audit and ensuring transparency and accountability in the financial management process. The UPs are now entering all financial information in the computer based MIS to be more transparent. The external audit team and other stakeholder can collect financial reports and information from UPs MIS system.

The Audit Findings of external auditor of UPs has been categorized into five groups:

1. Unqualified opinion
2. Unqualified with matter emphasis;
3. Qualified
4. Adverse
5. Disclaimer

Table-10: Overall Performance Assessment of UP

	Fiscal Years			
	2016-2017		2017-2018	
	Number	Percent	Number	Percent
Number of UP audited	4553	100	4561	100
Unqualified and matter emphasize Opinion	-	-	20	.44
Qualified Opinion	3800	83.86	4113	90.18
Adverse	752	16.52	427	9.36
Disclaimer	1	.02	1	.02

Fig-6: Performance Assessment of UPs for two fiscal years

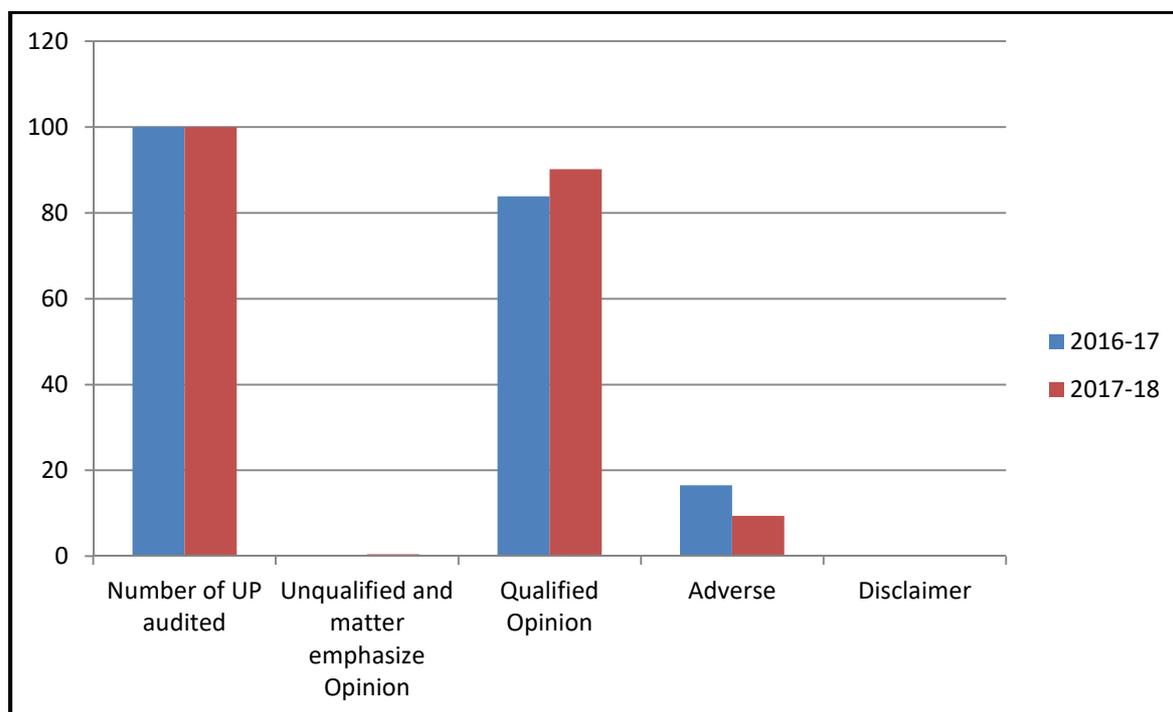


Table-10 and in Fig-6 show overall Performance Assessment of UPs for two fiscal years. In FY2016-2017 there was no unqualified audit opinion and UPs with qualified audit was 83.86 percent but in FY2017-2018 UP with unqualified audit came to .44 percent and the UP with qualified audit went up to 90.18 percent. Such a reversal trend was due to the improvement of audit quality. Earlier the audit team was not very much sensitive to the need of LGSP and its expectation. Monitoring over the audit was not as much vigorous in previous period.

In some UPs the members of the audit team were not adequately trained. However, due to motivation and close monitoring by the Project Management Unit (PMU), DDLG, DFs and field level concerned officials including UNOs, the effective audit is

now in place. AFS is now prepared by UP itself and auditor conducts audit in an orderly manner. As the AFS is audited by the auditors independently, there are more outcomes visible through the performance of audit. The own sources revenue has enhanced, the recovery of taxes also enhanced.

Besides the C&AG, ICAB played important role in monitoring the audit firm activities. All these contributed to improve the audit quality.

Observation

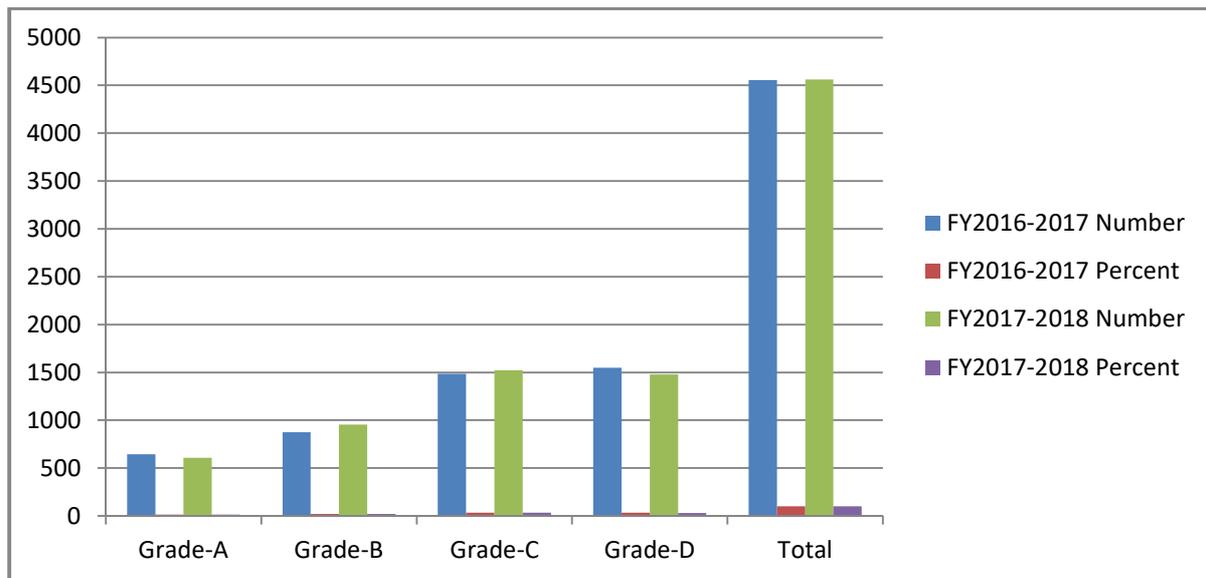
Over the period the audit quality has been improved. They are contributing in maintaining quality books of accounts, detection of fraud, defalcation and irregularities. quality of documentation, peoples participation, enhanced capabilities of the UP functionaries, involvement of local administration, supervision by DF and due diligence of the auditors are now the strength of external audit. Active participation of the CA Community has added new speed in persuasion of the development works of the UPs as a whole. Last two years the auditors gave emphasize on compliance issues relating to standard of financial management practice, rules and regulation and other existing laws.

Audit firms assessed performance of all UPs besides the financial audit. Auditors provided 40 marks on 10 sub-categories under 4 main indicators, which have reviewed by Reviewers. They assessed UPs performance in the area of tax collection, people participation, transparency and accountability etc. On the basis of performance report Review firms prepared Segregation reports under four grades (A, B, C and D) and on the basis of segregation report PBG disbursed. In 2016-17 and 2017-18, all PBG disbursed among 65% UPs scored highest in different category. As per policy of LGSP-3, 20% UPs get 40% of BBG as PBG, 30% UPs get 30% of BBG as PBG, 50% UPs get 30% of BBG as PBG. Auditors prepared the Score Sheet on the basis of UPs performance and shared in the exit meeting with the Chairman and UNO. Audit Reviewers reviewed the sheet with the working file and documents collected from UPs during the audit. The overall performance of UPs under audit assessment is shown in Table-11:

Table-11: Overall Performance of UPs

Grade	FY2016-2017		FY2017-2018	
	Number	Percent	Number	Percent
Grade-A	644	14.14	608	13.33
Grade-B	875	19.22	955	20.94
Grade-C	1485	32.62	1521	33.35
Grade-D	1549	34.02	1477	32.38
Total	4553	100	4561	100

Fig-7: Classification of UPs by Performance Grade



The findings over the period of FY 2016-2017 and FY 2017-2018 are given in Table-11. Fig-7 shows the graphical presentation. In FY2016-2017 the number of total UPs was 4553 which had increased to 4561 UPs because 8 new UPs established.

In FY 2016-2017, 14.14 percent UPs performed enough to get Grade-A, nearly 19.22 percent UP performed for Grade-B, and 32.62 percent UPs got Grade-C. 34.02 percent UPs did not get PBG in FY2016-2017 as they scored Grade-D. In 2017-18 the number of A and D Grade UPs reduced to 13.33 and 32.38 percent respectively.

The UPs of adverse/disclaimer audit opinion didn't consider for PBG even they are under "A" grade.

Database of Financial, Performance and Safeguard Compliance Assessment

As per requirement of the contract, Audit Firm submitted UP wise Database on financial activities, performance and safeguard compliance assessment. In financial database Audit Firms provided all financial data incorporating different heads of Income and Expenditure. Performance assessment database provided score sheet and number of UPs under different grade to disburse PBG. In environmental and social safeguard compliance assessment database provided all data on schemes,

land based schemes, procurement process, environmental and social safeguard of schemes etc.

Appeal on Adverse/Disclaimer opinion of Auditors:

This is a significant system introduced under LGSP-3 with a view to establish the transparency of the UP functionaries as well as CA firms involved in the process. Upon receiving the audit objections raised against the UPs, they can appeal to Project Management authority contesting the objections raised. There were two round of Audit Appeal sessions have been organized under LGSP-3 based on audit objections in two consecutive fiscal years (2016-17 and 2017-18). The concerned UP chairmen, secretaries and members of audit and audit review team in charge of particular UPs are called in the day long Appeal sessions where they present their views, relevant documentation supporting their views. It is the project management authority headed by Project Director decides whether the objections raised settled or stayed based on the evidence and facts. In some cases the concerned UPs deposited/recovered money into Govt. treasury/project account as government tax or project fund for settlement the observation. Therefore, 94.69% in 2016-17 and 98.13% in 2017-18 of adverse opinion settled by the authority.

Table-12: Status of Audit Appeal

	2016-2017		2017-2018	
	Number	Percent	Number	Percent
UP with Adverse/ disclaim opinion	753	100	428	100
Settled audit opinion	713	94.69	420	98.13
Unsettled audit opinion	40	5.31	8	1.87

Table-12 above shows the status of audit appeal for two consecutive fiscal years - FY2016-2017 and FY2017-2018. In FY2016-2017 there were 753 UPs with severe modified audit opinions. Through appeal sessions, 713 (94.69%) audit opinion was settled and 40 (5.31%) audit opinion remained unsettled. In FY2017-2018, 428 UPs with audit objections appealed to the project authority and through appeal sessions 420 (98.13%) UPs got exemption from audit objection while the remaining 8 (1.87%) UPs remained unsettled.

Audit Conducted by FAPAD:

The project (LGSP-3) audits by Foreign Aided Project Audit Directorate (FAPAD) every financial year. As per government policy FAPAD is conducting audit including grants to UPs. Accordingly Audit of FAPAD has completed for the year 2016-17 and 2017-18. Though there was no expenditure incurred during the FY 2016-17, but the audit team audited the transactions of LGSP-II. In 2016-17, there was no audit objection for the utilization of funds of LGSP-3.

In 2017-18, the audit of 473 UPs from 29 districts by Foreign Aided Project Audit Directorate (FAPAD) has been completed. The exit meeting on draft report has been completed in presence of World Bank, LGSP-3 and FAPAD and final report has been submitted. The report was unqualified and there is no audit observation on the activities of PMU, LGSP-3 but few observations have been raised on the activities of Union Parishad (on utilization of BBG and PBG). The observations duly communicated with the concerned UPs with request to submit broadsheet reply which needs to be forwarded to FAPAD. Accordingly UPs have been submitted broadsheet replies. The World Bank selected six audit observations as material and the project authority already replied to FAPAD through the LGD for settlement.

The broadsheet replies of previous audit observations have been sent to the competent authorities for settlement.

Table-13: FAPAD UP Audit Findings

Fiscal Year	Total UPs	UPs Audited		UPs			
		Number	% UPs	Objection raised against UP		Number of objection	
				Number	Percent	Number	Per UP objection*
2016-2017	4553	250	5.49	0	0	0	0
2017-2018	4561	473	10.37	183	38.68	52	3.52

*With respect to UP with audit objection

FAPAD audits foreign aided projects only. It audited randomly selected UPs under LGSP-3. Table-12 presents the FAPAD audit findings from FY2016-2017 to FY2017-2018. The FAPAD Audit in FY2016-2017 covered the LGSP-II period and there was no audit observation for LGSP-3 part. In FY2016-2017 audited 250 UPs. In the following fiscal year (FY2017-2018) it found audit objection against about 38.68% UPs with 3.52 objection per UP. It should be noted the average number of audit objection has been calculated with respect to UPs that had audit objection.

Financial Implication in Audit Objection: FAPAD

Table-14: Financial Implication in FAPAD Audit Objection

	Year	
	2016-17	2017-18
Number of Union audited	250	473
LGSP Fund Utilized (BDT in Lac)	0	151,749.76
Amount involved in objection (BDT in Lac)	0	2,519.69
% of financial audit objection	0	1.66

In Table-14 shows that only 1.66 percent objection raised by the FAPAD against disbursement of BDT 151,749.76 Lac. Out of total 52 audit objections only 25 audit objections under A category and the FAPAD submitted 'Unqualified Audit Report'.

Audit of Pilot Pourashava:

Local Government Division (LGD) selected 16 Pourashavas, 2 from 8 Division for piloting the LGSP-3 approach by disbursing Extended Block Grant (EBG) for development projects. The LGSP-3 has prepared operational manual for 16 selected Pourashava and distributed among the concerned Pourashavas for implementation. In the part of the capacity building program, LGSP-3 organised training/workshop program for the Mayors and CEO/Secretaries of Pourashavas.

After following all procurement procedure the audit firm and review firm has appointed for Pourashava audit. The audit activities and review of audit reports of 16 selected Pourashavas completed by the selected audit and review firm. There was no adverse opinion of auditor on the audit reports for the year 2017-18. After review the segregation report of review firm has submitted and accordingly Extended Block Grant (EBG) has disbursed. They have also conducted the performance assessment and safeguard compliance assessment of Pourashavas but this report was not the condition for EBG like UPs assessment. The EBG for the year 2016-17 disbursed on the basis of previous audit reports of Pourashavas as per clearance of World Bank.

6.2.2 Summary of Performance Assessment: FY 2017-2018

Introduction

LGSP-3 has provided PBGs to the best performer UPs that demonstrate improvements in key governance and financial management areas. These areas include: tax revenue enhancement, enhanced peoples participation, transparency and accountability, planning and budgeting, reporting etc. The project has introduced a process of undertaking the performance assessment of all the UPs of the country by the same audit firms which were responsible for conducting the audit activities of all the UPs.

An annual performance assessment (PA) process is carried out along with the UP financial audit to distribute PBG allocations among those UPs that have achieved a high performance score over a set of indicators. The top performer 65% UPs, divided into three performance groups receives the PBGs on a graded scale. Those UPs that cannot qualify within a particular fiscal year they might be getting PBG by improving their performance in subsequent years. The report presents the summary result of the UP Performance Assessment of all UPs.

Sample Size

LGSP-3 covered a total of 4553 and 4561 Union Parishad for the year 2016-17 and 2017-18 respectively. As per project policy the performance assessment of all the UPs of the country conducted by the same audit firms who were responsible for conducting the audit activities of all the UPs. The Auditors conducted audit and assessments under 22 packages, which were reviewed by 4 independent Review Firms.

Scope of Performance Assessment

The Performance Assessment of the UPs is carried out in four major areas under LGSP-3. These are:

- (i) Resources Allocation
- (ii) Financial Management and Fiduciary
- (iii) Own-Source Revenues
- (iv) Transparency and Disclosures

Resources Allocation

The UPs need to prepare periodic development plan by selecting schemes according to fund allocation for 1 and years. The UPs are following the periodic plan in implementing schemes and development activities. The Utilization/Allocation of Funds Area has three indicators that the audit firms review for performance assessment. These indicators are

- (i) Appropriate utilization of grants: implementation of comparatively big scheme
- (ii) Allocation of budget in multiple area(schemes): Every year UP will take three different types of scheme
- (iii) Increase scope of the decision making authority: Standing committee will work by providing service on preparation and advice on scheme implementation

Financial Management and Fiduciary

There are two indicators for the performance assessment in the Financial Management Area. These are:

- (i) Motivation on preparation of budget and control of expenditure: Under this area UP will prepare annual financial statements timely and submit to the authority. Prepare budget on the basis of planning activities.
- (ii) Strengthen financial management system and reduce fiduciary risks: Unqualified audit opinion and rely of audit observations.

Own-Source Revenue

Under this assessment UP ensure sustainable financial management and expansion of the area of accountability in collection of own sources revenue. There are two indicators for the performance assessment in own revenue of UPs. These are:

- (i) Maintenance of Taxes records.
- (ii) Enhancement of own sources revenue

Transparency and Disclosure

Strengthen transparency and accountability: Under this assessment needs to strengthen the information communication with the peoples of the UP's.

Points Distribution by Indicators

All the indicators have its own points to be scored by the UPs. Table-15 gives the detail information on point distribution against indicators.

Assessment method for giving points

There is a clear guideline for giving marks against each individual indicator. Auditor examine the information with the documents and verify the physical output of UP in connection with the performance. To be more transparent the assessment report shares with the UNO and Chairman of UP in the exit meeting. Finally the reports examine and verify by the Review firm with the working files.

Table-15: Basic set of Performance Indicators - Measures and Scoring (nation-wide use)

Performance Assessment Indicators

Theme/ Objective	Sub-Theme	Indicators		Total pts 40
I. Resource allocation				12
Promote resource efficient planning and choice of projects	Efficiency in grant utilization by UPs	1.1	The UP allocates its development resources to a smaller number of relatively larger projects (25% of annual BBG allocates in one single scheme)	5
	Diversity in budget allocation	1.2	Projects selected in any given year include at least three different sectors (if less than three sectors=0)	4
	Broaden the decision-making base at UP level	1.3	Standing committees functional (participate in UP budget preparation and UP calls Standing Committee meeting regularly) if Standing Committees' members participate in budget preparation=1 If UP calls Standing Committees' meeting=2	3
II. Financial Management and Fiduciary				16
Promote budgeting and expenditure control	Timely preparation of Financial Statements	2.1	UP prepares the AFS within two months of the end of the FY, using the MIS: If UP prepares AFS using MIS & submits to UNO within 2 months of the end of FY =5 If UP prepares AFS using MIS & submits to UNO after 2 months of the end of FY=3 If UP prepares AFS manually and submits to UNO within 2 months of the end of FY=2 If UP prepares AFS manually and submits to UNO after 2 months of the end of FY=0	5
	Budget execution as plan	2.2	Percentage of the unspent balance of annual development budget is less than 10%	3
Strengthen financial management and reduce fiduciary risk	A clean (unqualified) audit report	2.3	UP has clean/unqualified audit report in previous FY's audit (a)Disclaimer =0; (b) Adverse=0; (c) Qualified=3; and (d) Unqualified=5	5
	Audit queries are addressed	2.4	Having addressed audit queries as raised in previous year(s)' audit=3 Having not addressed audit queries raised in previous year(s)' audit=0 [if no audit objection(s) in previous year, UPs will get full points added on top]	3
III. Own-Source Revenues				8
Enhance financial sustainability and accountability	Tax Record Maintenance	3.1	UP has prepared holding tax assessment (on imarat/building) for Five Years following the Manual of 2013 and approved by the Deputy Commissioner	2
	Holding Tax	3.2	If percentage of collection of total assessed (current and outstanding) annual holding tax in the audited Financial Year is >80%	3
		3.3	Percentage of collection of total assessed (current and outstanding) holding tax in the audited Financial Year is 50% -80%	1
		3.4	Percentage of collection of total assessed (current and outstanding) holding tax in the audited Financial Year < 50% -1	0
	Enhanced Own-source Revenues that includes Tax, rates, licenses fee, ees, etc. and excluding shared revenue i.e. 1%, lease money hat-bazaar)	3.5	Percentage increase in the collection of annual own resources from different sources excluding holding tax >10%	3
		3.6	Percentage increase in the collection of annual own resources from different sources excluding holding tax 5%-10%	2
		3.7	Percentage increase in the collection of annual own resources from different sources excluding holding tax <5%	0
IV. Transparency and Disclosure				4
Strengthen accountability and good governance	Enhanced information sharing with citizens	4.1	UP Dissemination and public disclosure of summary of annual budgets, AFS (i.e., notice board, billboard), scheme details and scheme costs (i.e. on scheme board).	4

Findings of the UP's Performance Assessment

Part-1: Average Scores

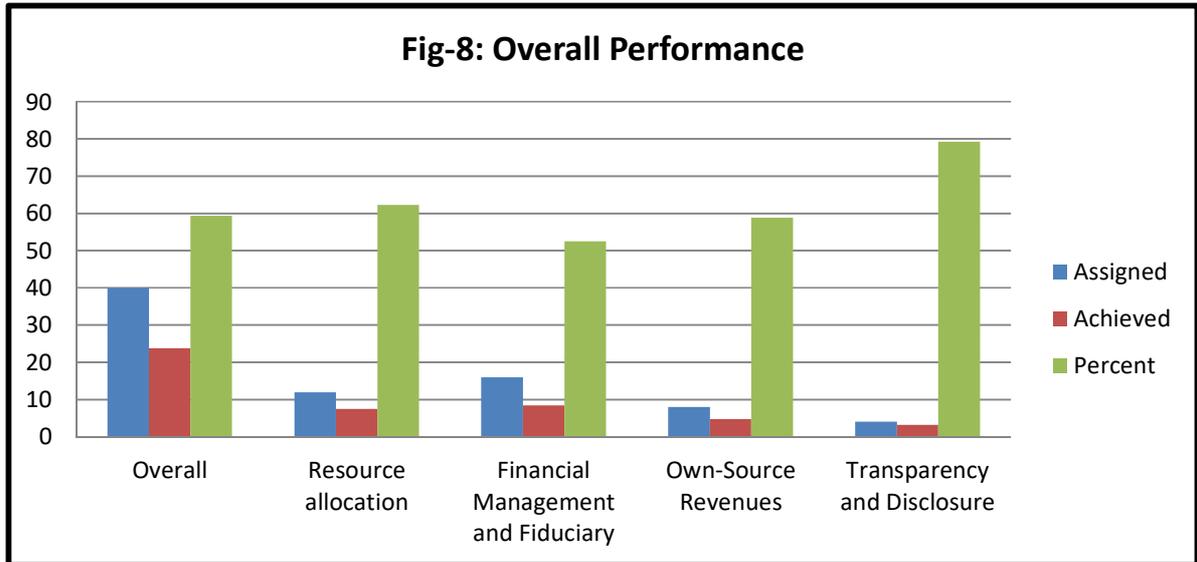
This section presents the findings of the Performance Assessment over all UPs. The analysis has been done in this section at national level on the basis of audit reports.

Performance Assessment: Overall

Table-16: Average Performance Score in Five Major Areas

Performance Assessment	Scores		
	Assigned	Achieved	Percent
Overall	40	23.75	59.38
Resource allocation	12	7.48	62.33
Financial Management and Fiduciary	16	8.39	52.44
Own-Source Revenues	8	4.71	58.88
Transparency and Disclosure	4	3.17	79.25

Table-16 shows the performance assessment points scored by UPs in different fields. There are four filed with different numbers varying from 1 to 10 and all these four areas make 40 points altogether. The total numbers of 40 is distributed among 10 indicators. The first row of the table shows the overall performance of the UPs. The overall average performance assessment has been calculated taking 40 points as denominator. It appears that the UPs got an average performance level of 23.75 points, out of 40 points and it is 59.38% of total 40 points. For the Performance Assessment of Financial Management and Fiduciary area 16 points are allocated and it is seen that the average points scored by UPs is 8.39 points, which is 52.44% of the total points assigned to this filed. The average points scored by UPs for Own-Source Revenue is 4.71 out of a total of 8 points, and it is 58.88%.



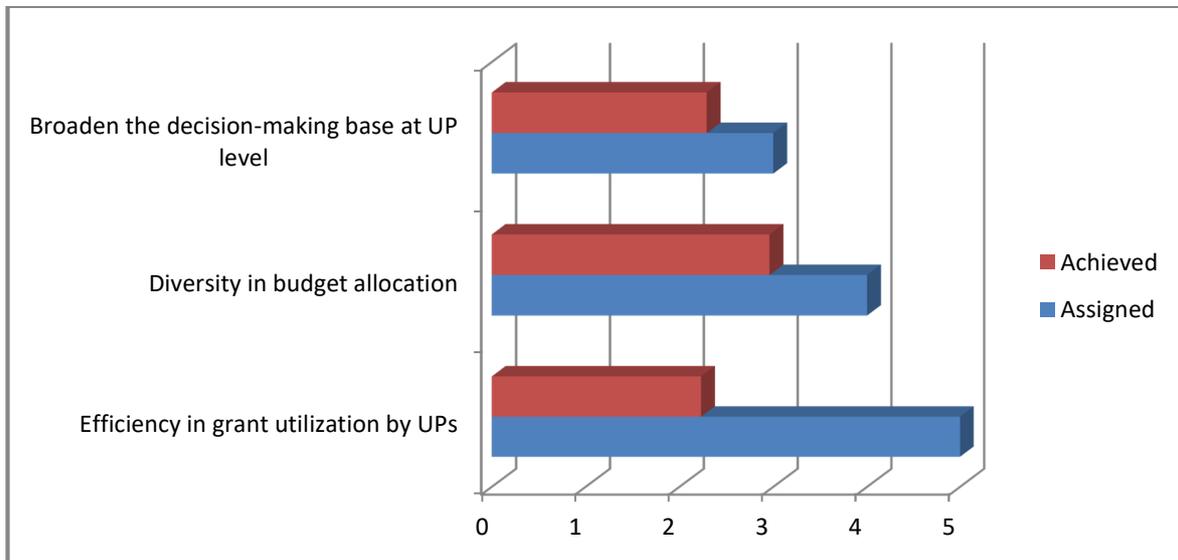
Average score against each indicator
Resource allocation:

Table:17

Performance Assessment Indicators	Scores		
	Assigned	Achieved	Percent
Efficiency in grant utilization by UPs	5	2.23	44.60
Diversity in budget allocation	4	2.96	74.00
Broaden the decision-making base at UP level	3	2.29	76.33
Total on Resource allocation	12	7.48	62.33

Table-17 and Fig-9 show that the UPs scored 2.23 points out of 5 points for Efficiency in grant utilization by UPs. This means the UPs have scored 44.6% of total points assigned for the Efficiency in grant utilization by UPs. The UPs got an average score of 2.96 points out of 4 points for Diversity in budget allocation and it is 74% of the points assigned for it. For reviewing of Broaden the decision-making base at UP level, the UPs got 2.29 points out of 3 points which is 76.33%.

Fig-9: Efficiency in grant utilization by UPs.



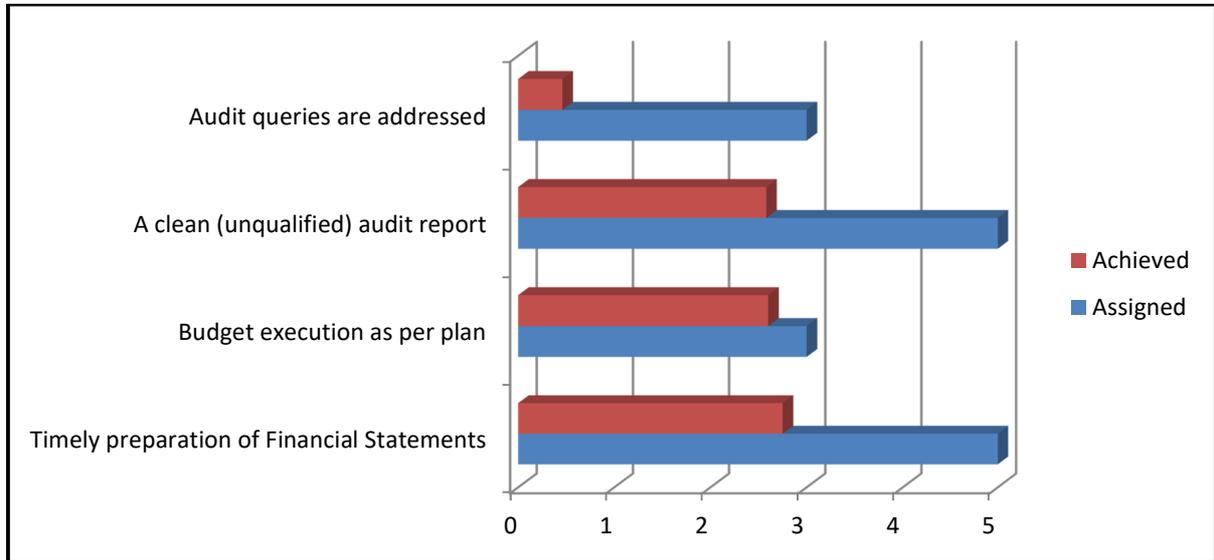
Financial Management and Fiduciary:

Table:18

Performance Assessment Indicators	Scores		
	Assigned	Achieved	Percent
Timely preparation of Financial Statements	5	2.75	55.00
Budget execution as per plan	3	2.60	86.67
A clean (unqualified) audit report	5	2.58	51.60
Audit queries are addressed	3	.46	15.33
Total on Financial Management and Fiduciary	16	8.39	52.44

Table-18 and Fig-9 show that the UPs scored 2.75 points out of 5 points for Timely preparation of Financial Statements. This means the UPs have scored 55% of total points assigned for the Timely preparation of Financial Statements. The UPs got an average score of 2.60 points out of 3 points for Budget execution as per plan and it is 86.67% of the points assigned for it. For reviewing of 'A clean (unqualified) audit report', the UPs got 2.58 points out of 5 points which is 51.6%. In Audit queries are addressed sub-indicator, UPs got only .46 out of 3 points and the percentage is 15.33%.

Fig-10: Financial Management and Fiduciary



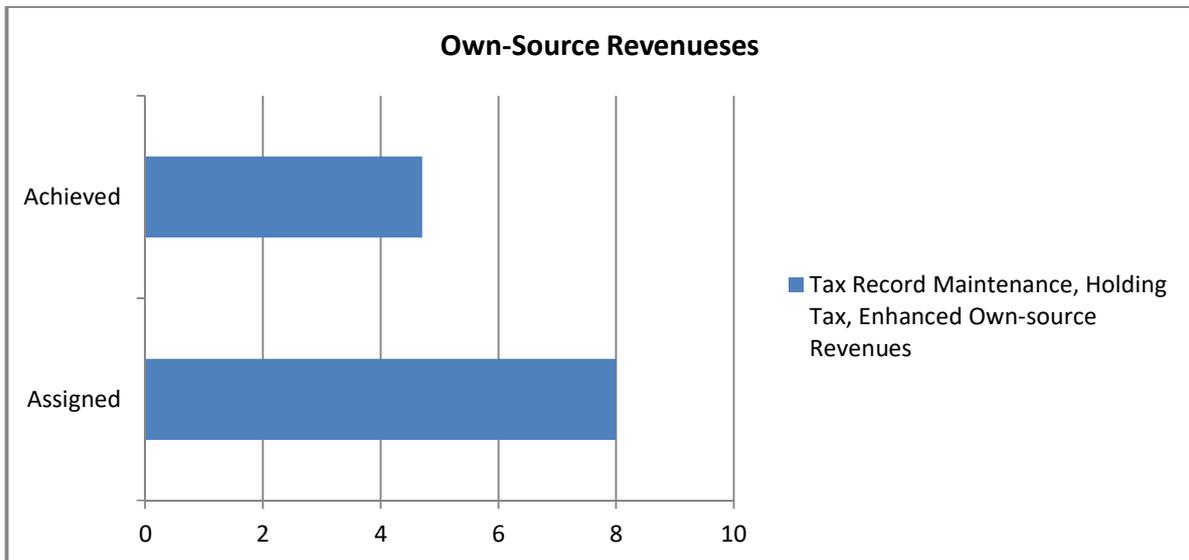
Own-Source Revenues

Table:19

Performance Assessment Indicators	Scores		
	Assigned	Achieved	Percent
Tax Record Maintenance, Holding Tax, Enhanced Own-source Revenues	8	4.71	58.88
Total on Own-Source Revenue	8	4.71	58.88

Table-19 and Fig-11 show that the UPs scored 4.71 points out of 8 points for Tax Record Maintenance, Holding Tax, and Enhance of Own-source Revenues. This means the UPs have scored 58.88% of total points assigned for the Tax Record Maintenance, Holding Tax, and Enhanced Own-source Revenues.

Fig-11: Own-source Revenues



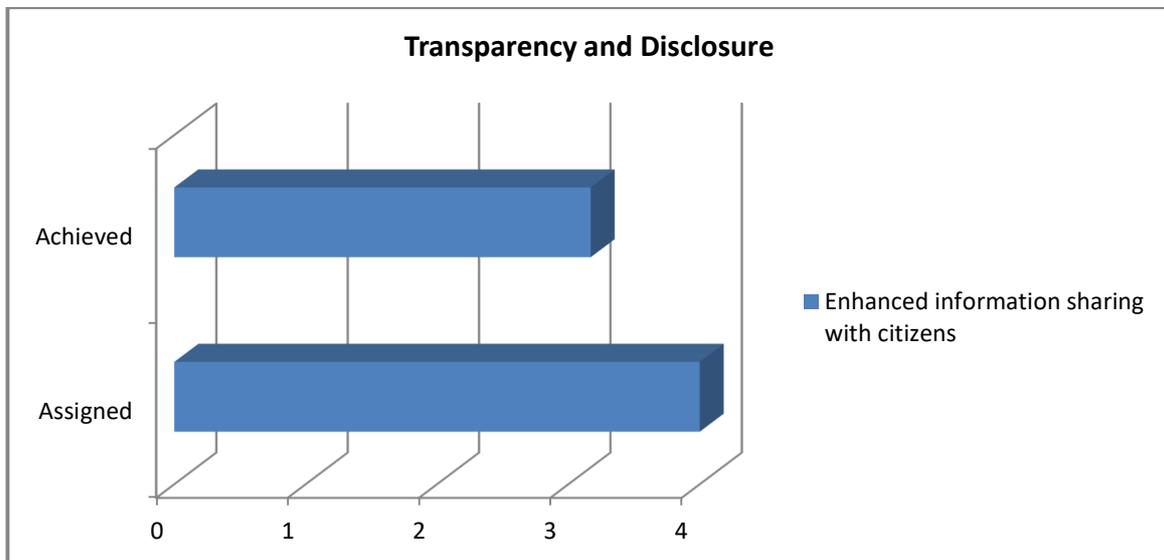
Transparency and Disclosure

Table:20

Performance Assessment Indicators	Scores		
	Assigned	Achieved	Percent
Enhanced information sharing with citizens	4	3.17	79.25
Total on Transparency and Disclosure	4	3.17	79.25

Table-20 and Fig-12 show that the UPs scored 3.17 points out of 4 points for Enhanced information sharing with citizens. This means the UPs have scored 79.25% of total points assigned for the Enhanced information sharing with citizens.

Fig-12: Transparency and Disclosure



6.2.3 Status of Management Information Systems (MIS):

As part of the implementation of digital Bangladesh, main activities of Union Parishads will be included in MIS of the project to share the information and monitoring the activities of UPs digitally. The progresses so far are as follows:

- MIS firm is already on board on 30 May 2019.
- All consultants except one Analyst related to MIS of LGSP-3 are on board.
- A field inspection module and UP scheme module have already been introduced on pilot basis.
- The real scenario of UPs and schemes could be viewed by GEO tagging.
- This will improve the transparency and accountability of the overall activities of the Union Parishad and ensure real time monitoring of project activities.

An updated progress status and future action plan of MIS, LGSP-3 is attached in **Annex-3**

Information Disclosure and Participation:

Emphasis has been given on information disclosure mechanism for transparency as well as for convenience and awareness of citizens.

In accordance with the Right to Information Act (2009), UPs are to display the following information on their notice boards:

- (i) Annual budgets;
- (ii) Grant allocation;
- (iii) Six-monthly and end-of-year statements of expenditure and revenues;
- (iv) Six-monthly and end-of-year procurement tables, indicating initial procurement packages, actual progress and costs (both budgeted and incurred);
- (v) A copy of the auditor's management letter; and
- (vi) UP's action taken report (ATR).

Furthermore, in order to access their full BBG allocations, UPs require providing evidence that open budget meetings were held in the previous fiscal year. Compliance of these matters is being regularly monitored through field staff as well as by UPs' annual audit. Though the project has not yet achieved to put 100% compliance in place in this regard increasing number of UPs is gradually coming around as till June 2018 around 99% UPs have held WC meeting and around 93% UPs have held open budget meeting (source: MIS, LGSP-3).

Standing Committee and Ward Sabhas:

Standing Committees and Ward Sabhas provide citizens with opportunities to be more involved in UP affairs and also ensure accountability of the UPs to the citizen.

Ward Sabha

Holding regular *Ward Sabha* ensures accountability, transparency and people's participation in Union Parishad activities. In every union there are nine wards and therefore nine Ward Sabhas, one for each ward. Every year at ward level a Ward Sabha is to call two ward meetings, one of which is to be treated as the Annual Ward Sabha meeting. All the voters of a ward are the members of the respective Ward Sabha. At least 5% of the total voters of the concerned ward must be present for quorum. In case of less than 5% voter presence, the Ward Sabha should be adjourned and to be called again after seven days in the same venue and at the same time.

The ward Sabha prepares annual and/or five year (periodic) plans at ward level. It reviews the implementation status of the development activities implemented by the Ward Committee during the year/period prior to the Ward Sabha meeting and the report submitted by UP Ward member. The members of the Ward Committee answer to the questions of the participants regarding the scheme selection and the progress of scheme implementation, if any. It also selects schemes with scheme priority at ward level and contributes to the preparation of the annual and/or five year plans for the UP. It plays role in selecting the beneficiaries of the safety net program.

Ward Committee and Scheme Supervision Committee:

For implementation and supervision of projects/schemes under BBG and PBG a UP needs to form Ward Committee (WC) and Scheme Supervision Committees (SSC) at every ward. This means every UP has nine WCs and nine SSCs. At least two members of both the committees are to be general women i.e. non-UP female members.

The Ward Committees (WCs) and the Scheme Supervision Committees (SSCs) are constituted at the ward level comprising members from the respective ward. The Ward Committee (WC) is responsible for local level planning through Ward Sabha, performing the day to day activities related to implementation of BGCC endorsed schemes. On the other hand, the respective Scheme Supervision Committee (SSC) supervises and monitors all schemes implemented by Ward Committees during the implementation

period. Members of both the committees are mutually exclusive for avoiding the suppression of facts.

All UPs have formed Ward Committees (WCs) and Scheme Supervision Committees (SSCs). It is a great achievement of LGSP-3 for ensuring people's participation in planning, implementation and monitoring of development activities at local level. It is also a milestone for preparation of development plan based local needs and priorities.

Open Budget Meeting:

LGSP-3 has made Open Budget session by UP a mandatory obligation. It ensures people's participation in budget preparation as well as accountability of the people's representatives to their constituents.

6.3 Component III: Piloting Expanded Block Grants (EBGs) to Pourashavas

The processes and principles underlying UP Grants piloted in small Pourashovas by testing out a system of Expanded Block Grants (EBGs). Through EBGs, Pourashovas will access additional resources on top of their current ADP block grant allocation to respond to local service delivery priorities and needs. The pilot provides EBGs to 16 Pourashovas (two in each division) selected by LGD from among Pourashovas serving towns of 60,000 people or less. The pilot may be scaled up if initial results demonstrate success.

EBGs given to selected pilot Pourashovas with fulfilling a number of basic minimum conditions. Annual financial audits and performance assessments covered all selected Pourashovas. EBGs disbursed to Piloted Pourashovas directly from project account to Pourashovas bank accounts in two six monthly tranches. Unspent year ended EBG balances carried over into budgets of piloted Pourashovas in the following FY until closing date.

EBGs funding blended with an equal (50:50) matching amount from GOB & IDA .The formula for EBG allocation comprises two main elements. (i) an equal shares component (25% of total funding pool), divided equally among all Piloted Pourashovas ;and (ii) a population based component (75 percent of the total funding pool),divided among Piloted Pourashovas.

Piloted Pourashovas use their EBG allocation to finance a range of non payroll, operational, and development expenditures such as road maintenance, solid waste collection and disposal, other municipal services, etc. EBGs are not intended to be, and will not be large enough to finance substantial infrastructure investment. The eligible Expenditure list and non-eligible expenditure list mentioned in the Pourashova Operational Manual. Piloted Pourashova also benefited from a set of support activities (Training, Mentoring, and IEC)

Expanded Block Grants (EBG) Disbursement and Utilization: up to September, 2019

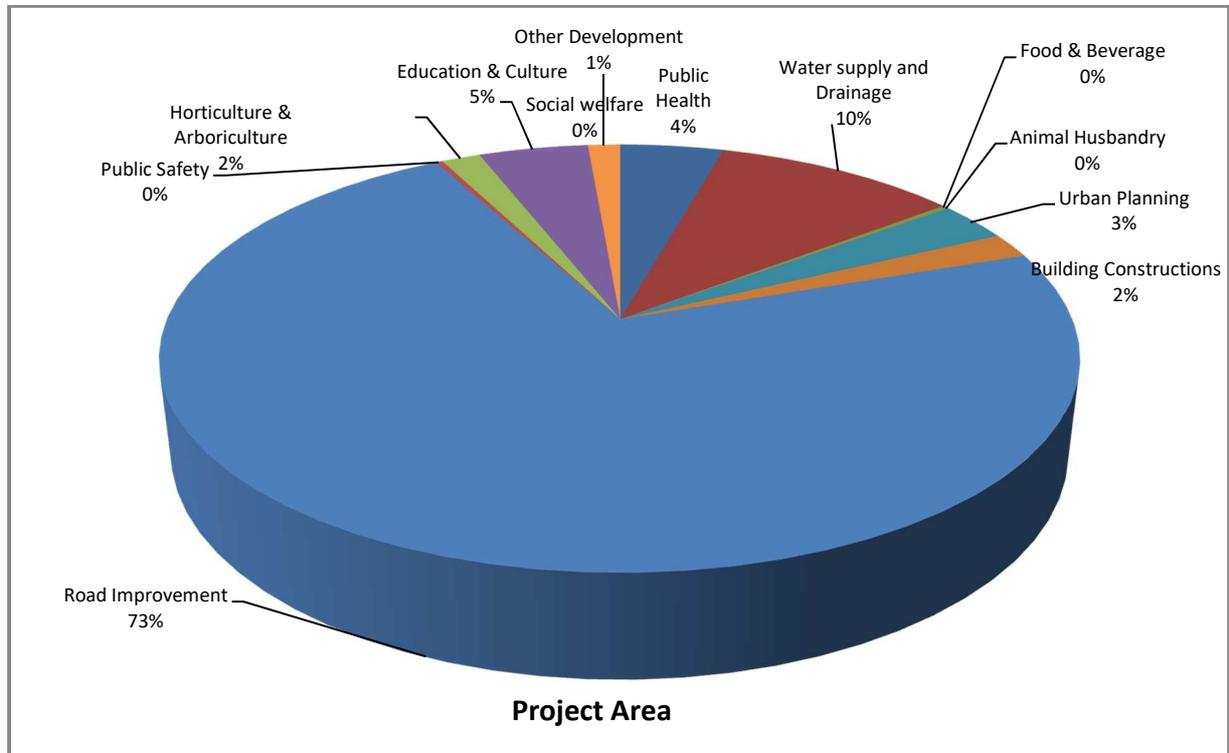
Table 21: Disbursement of EBG

(BDT in millions)

FY	EBG Disbursed			EBG	Progress
	GOB	IDA	Total	Total	(%)
2017-2018	94.05	94.05	188.10	174.93	93%
2018-2019	97.40	97.40	194.80	-	-
Total	191.45	191.45	382.90	174.93	46%

In FY 2017-2018 & 2018-2019 Total EBG disbursed BDT 382.90 Million. Out of which utilized amount BDT 174.93 million, which is 46% of total disbursement.

Fig-13: Pie Chart for 2017-2018 EBGs Sector wise Schemes:



Above pie chart shows the sector-wise distribution of schemes implemented by the 16 pilot Pourashovas in FY2017-2018. FY 2017-2018 total 370 schemes have been taken by the Piloted pourashovas. EBGs schemes are implementing in 12 sectors. In the above pie chart it is seen that 73% of the schemes have been implemented in Road Improvement sector and all other sectors has implemented 27% of the total schemes. In sectors of the water supply and drainage 10%, Urban planning 3% Building construction 2%, in health Sector 4%, Education & Culture 5%, Horticulture and Arboriculture 2% and Other development sector 1% of the total schemes. No schemes were implemented in public safety, social welfare, animal husbandry and Food & beverages sector.

The FY 2017-2018 audit activities and review of audit reports of 16 selected Pourashovas have been completed on June 20, 2019 by the selected audit and review firm. After review the segregation report of review firm has been submitted to PMU.

PMU disbursed the Extended Block Grant (EBGs) to Piloted Pourashovas on June 27, 2019. FY 2018-2019 EBGs disbursement was made at the end of financial year. So it was not possible to utilize the EBGs of Piloted Pourashovas. But there is a provision of rollover of unspent year ended EBG balances which carried over into budgets of piloted Pourashovas in the following FY until closing date. Hopefully the Pilot Pourashovas will be able to complete the Schemes by December, 2019.

6.4 Component IV: Capacity Building and Project Implementation Support

6.4.1. Core Capacity Building Training

To sustain the improved governance system of UPs, emphasis has been placed on institutionalizing the approaches that has been followed for capacity building and information-education-communication (IEC) under LGSPs. While doing so, the weaknesses of existing capacity building and IEC approaches in LGSP-2 were also considered and critically reviewed. Following are the key features of Capacity Building under LGSP-3.

LGSP-3 has included a range of capacity development and IEC activities aimed at strengthening UPs and Pourashavas. The capacity building Sub-Component is aligned and consistent with the National Basic Capacity Development Framework for Union Parishads, approved by LGD. Similarly, the capacity building of selected Pourashavas is in line with the National Strategy for Pourashava Governance Improvement (2016-2025). In comparison to LGSP-2, LGSP-3's approach to capacity building is much less focused on "classroom-type" training sessions, more reliant on audio-visual aids and interactive facilitation for the delivery of basic orientation, more demand-responsive and much more sensitive to on-the-job support and handholding.

As an integral part of this Sub-Component, the UP Operations Manual (UPOM) has been revised in line with the UP Act, 2009, LGSP-3 orientations and relevant government circulars. The revised UPOM has been made user-friendly and simplified. It serves as the basis for all UP-focused training and other capacity building activities. A

video-series has been planned to develop on the UPOM and will then be uploaded to relevant websites and shared with all UP and Union Digital Centres (UDCs) through the Access to Information (A2I) Project of the Prime Minister's Office (PMO).

In addition, a Pourashava Operations Manual (POM) has been developed in line with the Pourashava Act, 2009 and it has taken into account the specific requirements associated with Expanded Block Grants (EBGs). The POM will also be made available (through online video tutorials) to all pilot Pourashavas.

UP and Pourashava capacity building activities are supposed to deliver in the form of: (i) core, supply-driven training; (ii) demand-driven and specialised training; and (iii) Helpline, troubleshooting, handholding, and on the job support and mentoring. The PMU is responsible for core training and specialized training for LGD, DDLGs, District Facilitators as well as training on environment and social safeguards. Various types of capacity-building support that have been provided by the project have been summarized below:

- Orientation on planning and management of project activities including safeguard issues for 61 District Facilitators was given during February 2018.
- A daylong orientation training for 1500 Auditors of Audit Firms for audit of AFS of FY 2016-2017 was organized during March 2018.
- A daylong orientation training for 1500 Auditors of Audit Firms for audit of FY 2017-2018 was organized during September 2018.
- A three-day orientation on planning and implementation of project activities was organized for District Facilitators (DFs) during 27-29 March 2019. 54 DFs attended the training program. Major areas covered under the training were introduction to LGSP-3 and method of implementation, institutional framework for LGSP and project implementation management, participatory planning, budget preparation and scheme implementation and supervision, scheme implementation and social and environmental safeguard compliance, women empowerment, financial management and asset management, procurement management under the project, audit and audit review activities under the project, and MIS system under the project. The methods followed in the

training were classroom lecture with power point presentation and open discussion. Out of 55 DFs, 54 attended the training and one could not attend due to illness. All the participants observed that the training was very useful and it would be effective for proper functioning of their roles and responsibilities.

- A day-long training was organised in two batches each having 08 Pilot Pourashavas. The participants were Councilors and Secretaries of the Pilot Pourashavas. The main objective of the training was to orient the participants about the implementation procedures of LGSP-3. Major areas of discussion in different sessions were: (a) introduction to LGSP-3 and method of work; (b) participatory planning; (c) budget formulation, scheme implementation and supervision process; (d) women empowerment, environment and social safeguards; (e) financial management and asset management; (f) procurement management; and (g) audit. In all, 212 persons were supposed to attend the training in two batches. However, a total of 140 (66%) persons (first batch – 69 and second batch – 71) attended the programme in two batches. The rest 72 did not attend the training due to several reasons which are illness, preoccupation with other official business, disruption of communication network due to natural calamities and personal problems. Participants of the training appreciated the arrangement of training and in their opinion, it was found very effective in that they have learned many new things which would be useful for implementation of project activities. They also acknowledged the methods of training as very fruitful and effective for learning. Besides, they observed that the similar programme should be used in near future with longer duration so that experiences on many project related issues could be discussed at length.

6.4.2. Major Workshops Arranged Under LGSP-3

- In all 10 divisional training workshops with UP functionaries and one workshop with pilot Pourashava functionaries were organized on different dates in the month of September 2018 and out of 394 targets, a total of 372

officials including all DDLGs and public representatives attended the divisional workshops. In Pourashava workshop, a total of 64 officials and public representatives attended the program. Participants of the training workshops appreciated the arrangement of training workshops and in their opinion, it was found very effective in that they have learned many new things which would be useful for implementation of project activities. They also acknowledged the methods of workshop as very fruitful and effective for learning. Besides, they observed that the similar programme should be used in near future with longer duration so that experiences on many project related issues could be discussed at length.

- A day-long workshop on overall project progress was held on 13 June 2019 to review the project progress. The core participants were all DFs. The other participants were the Consultants and PMU Officials. They reviewed and found the overall progress very satisfactory. Besides, all put emphasis on further acceleration of the implementation process in future.
- A day-long workshop on MIS System under LGSP-3 was organized on 26 June 2019 to share present status of MIS with the students of MIS Department, University of Dhaka, Dhaka to get their views on the system. In all, there were 20 participants representing the students of MIS Department, University of Dhaka and the MIS related PMU officials.
- A day-long training workshop at the district level under the leadership of the district administration is underway. The participants of the training workshop are the Deputy Commissioners (DCs), Deputy Directors, Local Government (DDLGs), Upazila Nirbahi Officers (UNOs), District Facilitators (DFs), UP Chairmen and UP Secretaries. In all, 9,815 (DC: 64, DDLG: 64, UNO: 491, DF: 54, UP Chairmen: 4571 & UP Secretaries: 4571) have been planned to cover under the training workshop. The main objective of the training workshop is to orient the participants about the implementation procedures of LGSP-3. Major areas covered under the training were introduction to LGSP-3 and method of implementation, institutional framework for LGSP and project implementation management, participatory planning, budget preparation and

scheme implementation and supervision, scheme implementation and social and environmental safeguard compliance, women empowerment, financial management and asset management and procurement management under the project. During the reporting period, training workshop has already been organized in 53 districts. In all, 9678 officials (Deputy Commissioners, Deputy Director Local Government and District Facilitators) & UP Functionaries UP Chairmen and UP Secretaries) attended the training workshop. This training workshop is being organised under the close monitoring from PMU. Meanwhile, several workshops have been directly attended by PMU representatives as observer participants to monitor the performance of the training workshops.

- Major areas of discussion in different sessions were: (a) introduction to LGSP-3 and method of work; (b) participatory planning; (c) budget formulation, scheme implementation and supervision process; (d) women empowerment, environment and social safeguards; (e) financial management and asset management; (f) procurement management; and (g) audit
- In order to make the training workshop effective, multiple methods of presentation were used followed by distribution of handout. The main methods used in the workshop were classroom lecture, power point presentation, open discussion and question-answer session
- Participants of the training workshops appreciated the arrangement of workshops and in their opinion, it was found very effective in that they have learned many new things which would be useful for implementation of project activities. They also acknowledged the methods of training as very fruitful and effective for learning. Besides, they observed that the similar programme should be used in near future with longer duration so that experiences on many project related issues could be discussed at length.
- Participants observed that the training workshop was very effective and useful. It would be highly instrumental for proper performance of their

roles and responsibilities relating to the planning and implementation of schemes and procurement under Local Governance Support Project-3. They also put emphasis on conducting similar training programme in future as well in order to ensure further efficiency of the public representatives in implementation of project activities

- Participants also recommended for provision of remuneration for the resource persons of the training course. Besides, they suggested the provision of training/daily allowance for the government officials for their attending the future training programme under LGSP-3
- As regards the duration of training, they opted for at least two to three days' duration instead of one day
- They also underlined the importance of similar training for Union Parishad Members including Women Members of the reserved seats in future
- They also pointed out about the organization of separate course on MIS for UP functionaries (UP Secretaries)
- Some of the participants put stress on the inclusion of field visit in the future training. They also underlined the need for conducting this type of training workshop in every year. Besides, they pointed out the necessity for similar training for Members of the Ward Committee (WC) and Scheme Supervision Committee (SSC)

Impact of Training and Workshops on the UP functionaries:

Pre-training situation suggests that most of the UP members had a notion that all the official works were the responsibilities of the UP secretaries. In post-training situation their such prototype mind-set have changed and now they understand that they have to do some relevant official works and documentation such as invitation for Request For Quotation (RFQ), evaluation of quotation, issuance of Work Order as convener/chairman of Word Committee and so on. Training has brought about a change in their understanding about their roles and responsibilities with respect to the implementation of the project activities. The training had induced a sense of confidence

among the UP functionaries and other stakeholders as they became better acquainted with the legal and procedural matters to be followed.

Table 22: Summary of Training Courses & Workshops Completed

SL	Year	Training types	Training duration (in day)	Target (number)	Achievement	
					Number	percent
1	2018 (February)	Orientation & Management of Project Activities for DFs	1	61	61	100
2	2018 (March)	Orientation Training for Auditors of Audit Firms (For the audit of FY2016-2017)	1	1500	1500	100
3	2018 (20-27 September)	Ten Divisional Workshops with UP Functionaries & GOB officials of Field Administration including all DDLGS	1	394	372	94.41
4	2018 (September)	Orientation Training for Auditors of Audit Firms (For the audit of FY 2017-2018)	1	1500	1500	100
5	2018 (22 September)	One Workshop with Pourashava Functionaries (Mayors, Secretaries & Engineers)	1	64	64	100
6	2019 (27-29 March)	Planning and Implementation of Project Activities for DFs	3	55	54	98
7	2019 (02 & 06 May)	Orientation on Project Activities for Councilors and Secretaries of Pilot Pourashavas	1	212	140	66
8	2019 (13 June)	Workshop on Overall Project Progress with DFs	1	54	54	100
9	2019 (26 June)	Workshop on MIS System under LGSP-3	1	20	20	100
10	2019	District Level Training Workshop with Deputy Commissioners, DDLGs, UNO, DFs & UP Functionaries (UP Chairmen & UP Secretaries)	1	9815	9678	98

Apart from the above-mentioned capacity building activities, PMU has undertaken a plan for continuation of capacity building activities for the rest of the project period in a number of areas. The detailed plan is given in tabular form as follows:

Table 23: Future Work Plan for Capacity Building

SL No	Activities	Timeline	Responsibilities	Steps to be taken for Implementation	Remarks
1	Specialized Training on Social & Environmental Safeguards for UP &	September 2019	PMU, LGSP-3 & District Administration	<ul style="list-style-type: none"> Preparation of Training Materials by PMU, LGSP-3 Programme Design 	

SL No	Activities	Timeline	Responsibilities	Steps to be taken for Implementation	Remarks
	Pourashava Functionaries			<ul style="list-style-type: none"> by PMU, LGSP-3 Fund placement to District Administration by PMU, LGSP-3 Organising training by district administration 	
2	Training on MIS for UP Secretaries	September – November 2019	PMU, LGSP-3	<ul style="list-style-type: none"> Through MIS Flrm & MIS Unit, LGSP-3 	
3	Orientation of LGD, NILG & LGHL	December 2019	PMU, LGSP-3	<ul style="list-style-type: none"> Preparation of Training Materials by PMU, LGSP-3 Programme Design by PMU, LGSP-3 Organising Training Programme by PMU, LGSP-3 	Subject to the revision of DPP
4	Two-day Training for DLGs & DDLGs	December 2019	PMU, LGSP-3	<ul style="list-style-type: none"> Preparation of Training Materials by PMU, LGSP-3 Programme Design by PMU, LGSP-3 Organising Training Programme by PMU, LGSP-3 	Subject to the revision of DPP
5	Three –day Training of DFs including Safeguard	March 2020	PMU, LGSP-3	<ul style="list-style-type: none"> Preparation of Training Materials by PMU, LGSP-3 Programme Design by PMU, LGSP-3 Organising Training Programme by PMU, LGSP-3 	
6	Two-day Training for DLGs & DDLGs	September 2020	PMU, LGSP-3	<ul style="list-style-type: none"> Preparation of Training Materials by PMU, LGSP-3 Programme Design by PMU, LGSP-3 Organising Training Programme by PMU, LGSP-3 	Subject to the revision of DPP
7	Good Practice Compendium	December 2020	PMU, LGSP-3	<ul style="list-style-type: none"> Collection of facts through DFs and preparing the draft in consultation with PMU Consultants 	

SL No	Activities	Timeline	Responsibilities	Steps to be taken for Implementation	Remarks
				<ul style="list-style-type: none"> Sharing the draft with World Bank and finalisation 	
8	IEC Printing Materials	January 2020	PMU, LGSP-3	Hiring of a Printing Firm through Open Tender Method	
9	IEC Service (Production and airing of TV spots, Radio advertisements, Talk shows, documentary film etc)	January 2020-August 2021	PMU, LGSP-3	Hiring of a Media Firm through Open Tender Method	
10	Production of Video Tutorials	February-April 2020	PMU, LGSP-3	Hiring of a Communication Firm through Open Tender Method	
11	Training of UP Functionaries using Video Tutorials	May 2020-December 2021	PMU, LGSP-3 & A2i	Through Union Digital Centres (UDCs)	
12	Orientation of Ward Committees & Scheme Supervision Committees using Video Tutorials	May 2020-December 2021	PMU, LGSP-3 & A2i	Through Union Digital Centres (UDCs)	
13	Study Tour for 07 Teams each comprising 10 Members	October 2019 – April 2021	PMU, LGSP-3 & Tour Operator	<ul style="list-style-type: none"> Development of TOR for selection of Tour Operator Appointment of Tour Operator Arrangement of Tour 	Subject to the concurrence of the World Bank

6.4.3. Status of Exposure Visits under LGSP-3

In DPP there is provision of eight study tours in different countries. Of them, one has already been organized in Indonesia through PMU and the rest seven tours will be done through tour operators. At present, PMU has decided to arrange study tour in seven groups tentatively 10 days in each set of countries –(a) UK in October 2019; (b) Australia in January 2020; (c) USA in May 2020; (d) Germany in August 2020; (e) Sri Lanka (05 days) & India (05 days) in October 2020; (f) Philippines (05 days) & Malaysia (05 days) in January 2021; (g) China (05 days) & Japan (05 days) in April 2021. For this purpose, the PMU needs the support of a service provider to facilitate the proposed study tour in seven sets of countries- (i) UK; (ii) Australia ; (iii) USA; (iv) Germany; (v) Sri Lanka & India; (vi) Philippines & Malaysia ; and (vii) China & Japan. The detailed

TOR for selection of Tour Operator has been finalized and shared with the World Bank. EOI for selection of Tour Operator will be called very soon.

Each tour will be a combination of both field visits and information sharing through formal lectures under relevant specialized institutions of the concerned countries. The main objective of the study tour will be to study and understand the following areas:

- Administration, activities, financing, procurement, auditing and financial management of Local Government
- Different important issues related to local revenue administration and management of expenditures of Local Government
- People's participation in decision-making process
- Supervision systems of Local Governments by the central government
- Knowledge base on auditing and financial management of Local Government
- Exchange views and acquire practical knowledge regarding fiscal transfer and local resource mobilization of Local Government
- Gain international exposure and share the development experiences of the country and encourage feedback for further improvement

Study Tour in Indonesia

The subsequent paragraphs are devoted to discuss about the study tour already organized in Indonesia.

- An exposure visit to Indonesia on “Knowledge Exchange of Output Verification and Result Based M&E” was arranged from 08 July to 12 July 2018. An 8 member-team comprising the officials from Local Government Division and PMU of LGSP-3 took part in the exposure visit. During the exposure visit a team of West Bengal Project also joined the program and Bangladesh Team has had an interaction with the West Bengal Team during the exposure programme in Indonesia. The objective of the visit were as follows:
 - Expose to performance Audits (technical audit not financial audits)
 - Expose to supervision and verification of community based infrastructure through field visit and training videos

- Expose to Result based M&E and MIS application through GIS and Geo-tagging

Methodology

- In-house Discussion with Power Point Presentation
- Open Discussion
- Group Exercise
- Field Visit

Key Lessons of Exposure Visit

- Bangladesh is practicing project facilitated external audit that mostly verifies financial area rather than the process or output. Similarly, West Bengal is practicing Annual Performance Appraisal (APA)
- Indonesia has strong legal and institutional set up for output verification [(BPKP- an independent government body) conducting output verification along with Ministry of Finance and Public Works)]. Outcome of this institutional arrangement in Indonesia is gradually improving service delivery through local government system. This institutional arrangement, visa-vis has impacted high level transparency and accountability. On the other hand the delegates found an institutional gap for conducting output verification both in Bangladesh and West Bengal
- Regarding DAK (World Bank grant for infrastructure development in Indonesia) fund disbursement Indonesia follows a unique reimbursement policy. The reimbursement depends on the qualification of output verification results
- Resource input varies substantially. BPKP has considerable resources: representative offices, auditors, trained verifiers along with technical support from Ministry of Public Works and other line ministries. Whereas West Bengal has 5 government officials at GP level but Bangladesh has only 1 government official (UP Secretary) at UPs with project supported 64 DFs at district level
- The analysis found a strong Web Based Monitoring System (WBMS) harmonized with M&E, MIS and GIS/Geo-Tagging both in Indonesia and

West Bengal. As a result monitoring and evaluation as become easier for decision making. By contrast Bangladesh, though developed a Web based MIS but yet to be harmonized with Geo-Tag and M&E. Moreover developed MIS is yet to be operationalized

- BPKP of Indonesia has introduced eLearning system for verification of infrastructure schemes through training video clips linked to web site. As a result, it has enhanced capacity building with limited resources and efforts
- In Indonesia, Public Works Department and consultants are supporting the village authorities in planning and designing activities, in West Bengal the same supports are being provided by the government staff and in Bangladesh LGED engineering section in Upazila level are performing those activities

The detailed report has been shared with the World Bank.

6.4.4. Status of Other Capacity Building Activities including IEC

- **Operational Manuals:** Union Parishad Operational Manual and Pourashava Operational Manual have been printed and distributed among the different relevant stakeholders
- **Production of Video Tutorials:** Hiring a Media Firm for production of training videos was processed but that would require rebidding as no bid was found responsive
- **Printing & Supply of IEC Materials:** EOI for hiring a printing firm was processed through Electronic Government Procurement (EGP) but it has been rejected by the Ministry as the stipulated period was elapsed; and advised for retender
- **IEC Service:** EOI for hiring a communication firm for IEC Service (Production and airing of TV spots, Radio advertisements, Talk shows, documentary film etc) has been called and Evaluation is under process

Future Strategy for Continuation of Capacity Building

In comparison to LGSP-2, LGSP-3's approach to capacity building is much less focused on "classroom-type" training sessions, more reliant on audio-visual aids and interactive facilitation for the delivery of basic orientation, more demand-responsive and much more sensitive to on-the-job support and handholding. As the present strategy has been found effective, the above-mentioned capacity building activities may continue for the rest of the project period.

6.4.5 Project Implementation Support

Under LGSP-3, emphasis has been given on project management side from the central level to UP level for managing this nation-wide project. The following is a brief account of the management structure of LGSP-3:

Project Steering Committee:

At the central level, the overall monitoring of the program and policy coordination is overseen by an inter-ministerial Project Steering Committee headed by the Senior Secretary, LGD. It has representation from all relevant ministries/agencies including the Cabinet Division, Planning Commission, ERD, IMED and Finance Division.

Project Management Unit:

A Project Management Unit headed by Project Director (Joint Secretary) has been formed for smooth implementation of the project. Other members are two Deputy Project Directors in the rank of Deputy Secretary, one Assistant Project Director in the rank of senior Assistant Secretary and a group of consultants in the Headquarters and District facilitators in the District level..

Project management Unit (PMU) holds fortnightly meeting to review the project progress. The PMU prepares and submits Quarterly Interim Unaudited Financial Report (IUFR), organize regular field visit to Union Parishads, initiate necessary actions against complaints received from the field, organize PSC meeting, conduct performance assessment of project personnel, follow-up monthly DCC meeting at district level and prepare six monthly progress reports and share among key stakeholders.

District Coordination Committee:

At district level there is a District Coordination Committee. Deputy Commissioner is the head of the District Coordination Committee (DCC) and the Deputy Director Local Government (DDLG) is the focal person for monitoring and supporting UPs of the District. The role of DCC is overhead supervision of activities under LGSP from the district level and it meets twice in a year for taking stock of the implementation progress of the LGSP-3 related activities. Number of meetings of District Coordination Committee (DCC) held was 123 against target 128 which was 96% during FY2017-2018.

Block Grant Coordination Committee:

At Upazila level, there is a Block Grant Coordination Committee (BGCC) headed by Upazila Nirbahi Officer who is functionally engaged in the implementation mechanism of LGSP-3. The members of a BGCC are UP Chairmen, one woman member from each UP (who is the signatory of LGSP-3 Bank Account), and selected members of the Upazila Resource Team. The Assistant Engineer, LGED, is the Member Secretary of the BGCC. The main function of BGCC is to review the scheme-list of the UPs that would implement the schemes utilizing the LGSP grants. In the light of the UP Operational Manual the BGCC screens and endorses the scheme-lists approved and submitted by UPs to BGCC for endorsement. The BGCC is also entrusted with the responsibility of following-up the implementation progress of the schemes.

UNOs have been engaged in the implementation process of LGSP-3 not only as a BGCC head but also by virtue of their administrative positions as the head of the Upazila. They have actively been engaged with the audit process in terms of exit meeting with the audit firms and others. UNOs are being called in training program conducted under LGSP-3 with a view to share all relevant information so that they can play their roles.

At Upazila level a Block Grants Coordination Committee sits four times in a year to approve the schemes submitted by UPs. A total of 1968 BGCC meeting were

supposed to be held in FY2017-2018. In this fiscal year a total of 1681 BGCC meetings were actually held. This means about 86% BGCC meeting of the total target were held.

6.4.6 Managing Procurement under LGSP-3:

LGSP-3 has so far implemented a good number of procurement packages. Following is a Status Report:

Selection and Employment of Individual Consultants:

During the implementation period of last three years, LGSP-3 selected and employed 17 (seventeen) Individual Consultants out of targeted 21 (twenty one): (1) Senior Grant Management Specialist, (2) Senior Finance Specialist,(3) Senior MIS Specialist,(4) Senior M&E Specialist, (5) Senior Procurement Specialist, (6) Senior Audit Specialist, (7) Senior Environment & Social Safeguards Specialist, (8) Senior Local Government Specialist (Planning, Budgeting & Institution Development), (9) Capacity Building Specialist, (10) Finance Associate-1, (11) Grant Management Associate, (12) Procurement Associate, (13) Administrative Associate, (14) MIS Analyst, (15) MIS Analyst (Research), (16) MIS Analyst (GIS), (17) MIS Analyst (M&E),

Two of the above consultants (Sl. Nos. 4 & 14 had to leave on personal grounds before their contract periods expired. In addition, contracts with other two (Sl. Nos. 6 & 7) of the above Specialist expired. All these four positions are underway of replacement and are under advanced stage of procurement.

Selection of 2 (two) other consultants (a) Audit Associate and (a) Finance Associate-1faced difficulties; recruitment for these two positions are under order of court injunction. Selection of Audit Specialist is final but pending. Recruitment of Procurement Specialist has been opposed by the World Bank. A procurement status of consultants under LGSP-2 can be seen in **Annex-4**.

6.4.2 Selection and Employment of Firms:

During the implementation period of LGSP-3, selection & employment of 29 (Twenty nine) firms were completed. Out of these there were: (i) 22 (twenty two) Audit Firms and 4(four) Audit Review Firms for UPs, (ii) 1 (one) Audit Firm and 1 (one) Audit Review Firm for Pourashava and (iii) 1 (one) MIS Firm for development and maintenance of MIS.

Selection of IEC Firm is under process and Selection of Mid-term & Final Evaluation Firm is in a critical stage for shortage of fund. A status can be seen in **Annex-5**.

6.4.3 Procurement of Non-Consulting Services:

During the implementation period of LGSP-3, selection of out-sourcing firm for providing support services has been employed. Selection of the firm for port clearance of goods at the port of entry will be started soon after opening of L/C for import of Computers, Laser Printers, Scanners and UPS. Selection of firm for foreign tours is under of advertisement. Selection of firm for Event management will not be required. Selection of firm for making video tutorial is under way for re-advertisement. A status can be seen in **Annex-6**.

6.4.4 Procurement of Goods:

During the implementation period under LGSP-3, three (3) contracts for Supply of Goods Packages have been executed. Those are: (1) Supply of 1(one) Cross Country Vehicle (4WD), (2) Supply of 1(one) Microbus and (3) Printing of Union Parishad (UP) Operational Manual. Contract has been signed for Supply & Installation of Desktop Computers, Laser Printers, Scanners and UPS with software and all accessories (G-04). Opening of L/C is under process. Bids have been invited for (i) Supply & Installation of Laptop Computers with all accessories. Procurement against 8 (eight) other packages are in process. A status can be seen in **Annex-7**.

6.4.5 Environment and Social Safeguard Issues under LGSP-3

Environment and Social Safeguard in Planning Stage

The planning activities start from Ward level meeting where preliminary selection is done. The Union level meeting is done and scheme list is finalized at UP level and those are sent to Upazila (BGCC) for approval. We have found that all the scheme files are with the environment and social safeguard forms. Recently, we have checked the scheme files for 2018 and 2019. All the scheme files, implemented during 2018, are with the environmental assessment formats and the safeguard forms are being filled up for the schemes under FY 2019. Scheme selection process follows the sequences:

- Community consultation is done during selection of schemes in each Ward meeting.
- UP level selection process is completed in the UP level meeting chaired by UP Chairman.
- Schemes are approved by BGCC committee at Upazila level.
- Schemes are checked with the negative scheme list that is mentioned in the operation manual.
- Most of the land based schemes are within the right of way, avoiding land acquisition.
- For road alignment selection, care is taken to avoid tree felling, obstacle to irrigation canal etc.

Environment and Social Safeguard during Implementation Stage

- During construction, care is taken to control; waste generation & management, dust control by spreading water, care for the school going children etc.
- Care is also taken to control drainage congestion during construction.
- Care is taken on arsenic & bacterial contamination during water supply schemes.
- Problem due to laborers is nil or minimum, because most of the laborers are from the community.
- During implementation of schemes, there is no disturbance on water, soil and aquatic life because no significant waste is generated during implementation.
- There are a little physico-chemical impacts like; small noise pollution during construction, chance of small dust generation etc. and care is taken during implementation.
- Better socioeconomic impact is achieved through the improvement of land based schemes.

Grievance Redress Mechanism in the UP level

Grievance redress mechanism has been developed in all the UPs & ULBs and people are aware of the issues. Grievance Redress Committee has been formed in all UPs and Pourashavas. Limited or no complain is coming throughout Bangladesh for the LGSP-3 system running, as follows:

- As the scheme selection process is through discussions with all level of people in the Ward level meeting, there is no or little chance of grievances in peoples' mind,
- AS the proposed road and land based development activities do not hamper the private land owners, there is no chance of land related grievances.
- There are some grievances with the issues like; place of Ward level meeting, less priority schemes etc. are raised and those are settled at UP level.

Capacity building for achieving the target of Safeguard Compliances

Some simplified training materials have been prepared & circulated to all the District Facilitators (DFs) and those have been circulated by the DFs to all UPs and Pourashavas. Training sessions, were arranged for all the District Facilitators (DF), on the safeguard compliance issues to be followed by the UPs and Pourashavas. Initially, training was provided, on safeguard issues, to all the DFs. Training also provided to all the DDLGs, UNOs, UP Chairmen and UP Secretaries on the safeguard compliance issues. Training has been provided to all the Mayors and Commissioners of all 16 Pourashavas. , Divisional Workshops were arranged in all the Divisions. District level training for all the UP Chairmen and UP-Secretaries are in progress. Field level training and orientation (on-the-job training) are being done during field visit. Capacity building efforts were imposed through the following training activities & workshops:

- During March 2019, training was imparted, to all the DFs, on safeguard issues required during planning and implementation of schemes under LGSP-3.
- During May 2019, training was provided, to all the Councilors under 16 Pourashavas, environment and social safeguard issues need to be followed during planning and implementation of schemes.

- Progress review workshop was arranged, during June 2019, for all the DFs where safeguard formats, GRM issues, testing of water quality for the water supply schemes were discussed.
- A large scale training sessions were conducted in all Districts, organized by the DDLGs & DFs for all the UP Chairmen and UP Secretaries, during June 2019, where separate safeguard training materials were used.
- Specialized training on Safeguard issues, for all the UP-Chairmen & Secretaries, will be conducted throughout Bangladesh, will be followed by TOT course (short) to be provided to all the District Facilitators in the field during October 2019. .

Monitoring the Environment and Social Safeguard Issues

Arrangement has been made to monitor the environment and social safeguard issues those are associated in the LGSP-3. Several Actors associated with the process are actively monitoring the environment and social safeguards compliance issues are complied during planning and implementation of schemes in the Union and Pourashava level. The monitoring activities are associated in the Upazila level, District level and from PMU. In the reporting period (January-June, 2019), most of the Unions Ward Committees have filled up the formats of schemes screening. The scheme implementation has been started in all UPs and PSs, throughout the country. The MIS system, under LGSP-3, is in process of development along with the mobile apps application and very soon, all the UPs and PSs will be covered under complete monitoring system, and the environmental safeguard issues will also be monitored.

Safeguard Compliances followed for LGSP-3 in Planning Stage

The planning activities start from Ward level meeting, in participation of all stages of people where preliminary selection of scheme is done. The Union level meeting is done and scheme list is finalized at UP level and those are sent to Upazila (BGCC) for endorsement. It has been observed that all the scheme files are with the filled up formats for environment and social safeguard checklists. Recently, learnt from the sources like; (i) field visits conducted by the PMU personnel, (ii) audit reports submitted by the Review Firms and (iii) data extracted from the Mobile Apps of recently developed MIS system, that the scheme files (schemes of FY2018 & FY2019) are with the

environment & social assessment formats and the safeguard forms are being filled up properly. Scheme selection process follows the sequences:

- Community consultation is done during selection of schemes in each Ward meeting
- UP level selection is done in the Union meeting chaired by UP Chairman
- Schemes are endorsed by BGCC committee at Upazila level, chaired by UNO
- Schemes are checked with the negative scheme list that is mentioned in the UP Operational Manual
- Most of the land based schemes are within the right of way, avoiding land acquisition
- Measures are taken during road alignment selection and carefully avoided much tree felling and also avoided obstacle to irrigation canal & drainage patterns etc.

Safeguard Compliance issues are followed during construction period

For sustainable development:

- Cleaning of construction materials (sand, brick chips, brick etc.) to remove silt & clay
- Proper water-cement ratio and maintaining initial setting time of cement (45 minutes)
- Placing the mixed CC ingredients (cement, sand and chips) from nearest height,
- Maintaining curing time of brick/ CC/ RCC works (28 days)
- Proper rules of opening shutter-supports from the slab or beams after curing
- Compaction of earthen road (spreading soil, moisture and compaction by layers).

Environmental Safeguard compliances:

- Complying with the environment and social safeguard formats.
- Control dust (spreading water), sound pollution, drainage congestion etc. during construction.
- Latrine (separate latrine for women laborers) installation where necessary.
- Engraving protein wastes, covered by 6 inches soil at least, in an earthen pit, spreading kitchen waste around a tree and depositing the inorganic waste for reuse.
- Construction of sanitary latrine and double pit latrine is encouraged instead of single pit latrines.

- Controlling arsenic or bacterial contamination for water supply schemes (water points' bill is paid only after having the test result from DPHE lab).
- There are little physico-chemical impacts like; small noise pollution during construction, chance of small dust generation etc. and care is taken during implementation.
- The generated waste, during construction works, is managed properly.

Social Safeguard Compliances:

- School going children are protected through guiding them to a definite path during construction. The community people voluntarily works during construction works.
- Proper laborers management (use of more female laborers and maintaining their wages), normally, local laborers are engaged in the construction works.
- Installation of latrines where necessary (for larger scheme, latrine is constructed at safe place).
- There is no happening of land acquisition or crop damage due to construction works. In case of any private land use, proper donation process is to be followed.
- When there is a case of using private land for water point, the land owners' consent is collected and preserved in the scheme file.
- The Problem due to laborers is nil or minimum, because most of the laborers are from the community, and there is no issue of labor influx.
- During implementation of schemes, there is no disturbance on water, soil and aquatic life because no significant waste is generated during implementation (throwing of waste into water body is strictly prohibited).
- Better socioeconomic impact is achieved through the improvement of land based schemes.

Grievance Redress Mechanism in the UP level

Field data has been collected in several ways like; email & telephonic message from all the DFs, MIS data received through mobile apps and Audit review firms' reports. The data, came from different sources, has been summarized and found that; (i) GRC formation; completed before December, 2018, in all Ups and Pourashavas, (ii) Complaints received; almost nil, during January-June 2019, except only complaint came from Patuakhali as, less priority scheme has been selected, and the concerned UNO took the initiatives and directed DF to discuss and resolve the issue, and ultimately UP Chairman resolved that issue. For more circulation, the GRM handout has been finalized by the PMU & WB Consultants, and the GRM handout will be

printed and circulated throughout the country by October 2019. GRM issues like; type of complain, example of complain against certain UP/ ULB has been used in the mobile apps based MIS system and very soon the GRM issue will be visible by the PMU, LGD administration soon. Limited or no complaint is coming throughout Bangladesh for the LGSP-3 system running, as follows:

- As the scheme selection process is through discussions with all level of people in the Ward level meeting, there is no or little chance of grievances in peoples' mind
- As the proposed road and land based development activities do not hamper the private land owners, there is no chance of land related grievances
- There are some grievances with the issues like: place of Ward level meeting, less priority scheme etc. is raised and those are settled at UP level.
- Labor based grievances do not exist because; the local laborers are working everywhere and there is no chance of labor influx or labor wage rates.

Capacity Building Initiatives for LGSP-3

Some simplified training materials have been prepared & circulated to all the District Facilitators (DFs) and those have been circulated by the DFs to all UPs and Pourashavas. Training sessions, were arranged for all the District Facilitators (DF), on the safeguard compliance issues to be followed by the UPs and Pourashavas. Initially, training was provided, on safeguard issues, to all the DFs. Training also provided to all the DDLGs, UNOs, UP Chairmen and UP Secretaries on the safeguard compliance issues. Training has been provided to all the Mayors and Commissioners of all 16 Pourashavas. , Divisional Workshops were arranged in all the Divisions. District level training for all the UP Chairmen and UP Secretaries is in progress. Field level training and orientation (on-the-job training) are also being conducted by different PMU officials/ consultants. Details of training activities are summarized in the following table:

Summary of Safeguard related Training in Tabular Form

Training type and Commencement date	Training Venue	Participants and number	Discussion points on safeguard issues	Remarks
Training for DFs on Planning and Implementation of projects, during 27-29 March 2019	NILG auditorium, Dhaka	All the District Facilitators (DFs) and 54 DFs attended the course	Environment and social safeguard issues to be followed for sustainability of schemes under LGSP-3	Separate training materials on Safeguard issues
Orientation of project activities for Pourashava Councilors, on 02 & 06 May 2019	NILG auditorium, Dhaka	All the Councilors under 16 Pourashavas, 140 persons (total 212 persons) attended	Environment and social safeguard issues to be followed for LGSP-3	Separate training materials on Safeguard issues
Progress review workshop with all DFs, on 13 June 2019	LGSP auditorium	All the DFs, and 54 attended	Environment and social safeguard issues to be followed for sustainability of schemes under LGSP-3	Safeguard Monitoring issues were discussed
MIS workshop with PMU-LGSP and Students of MIS Department, Dhaka University, 26 June 2019	LGSP auditorium	LGSP officials and DU-students of MIS total 20 participants attended	MIS through Mobile apps and use of mobile apps to upload the progress data of LGSP-3	MIS data and Mobile Apps with GRM & Safeguard issues
Training for all UP Chairman & Secretaries during June-July 2019	All DC office auditorium	All chairmen & Secretaries, UP	Safeguard & other associated issues, for 10,000 participants	Materials on Safeguard issues supplied earlier
TOT Course for the DFs on Safeguard Issues, during October 2019	LGSP auditorium	All the DFs, in the field level	Training materials are with; Sustainable Development, environment, social safeguard and GRM issues	Training Materials in annex-1
Training on Safeguard issues for all UP Chairmen and Secretaries, during October-November 2019	All DC office Auditorium	All chairmen & Secretaries, UP	Training materials are with; Sustainable Development, environment, social safeguard and GRM issues	-

The Safeguard Status Monitoring

Environmental Screening of Schemes

The environment and social safeguard formats have been filled up for each scheme and those are duly signed by the WC/ SSC peoples.

Observation on screening formats:

All the scheme files, implemented during 2018, are with the environmental assessment formats those are duly filled up and those were found OK. The schemes those are to be implemented during 2019, has been finalized by the EC, SSC and BGCC and implementation of those schemes will be started soon. As per discussion, the UP Secretary (for each Union) has replied that there is no item with adverse environment & social impacts (they normally discard the schemes those carry adverse impact), even that they will finalize the environment and social safeguard formats soon and they will keep those filled up formats in the scheme files. And they will fill up the forms, in full, before going to implement the schemes. The following points were noted during UP office visit:

- Community consultations were done during selection of schemes in each Ward and discussions were with the issues like; disturbance during implementation period such as; dust spreading, uneven noise, disturbance for school going children etc. but those will be managed carefully i.e. by spreading water during/after commencing construction/excavation works.
- Schemes were checked with the negative scheme list mentioned in the operations manual.
- There is no scheme that requires land acquisition.
- No scheme will cause any adverse impact on environment and society people.

The UP peoples' opinion about LGSP-3 (Consultation)

- During implementation of schemes in 2018, there was no disturbance on water, soil and aquatic life because no significant waste was generated during implementation. The land based schemes were with only covering the road top with brick & concrete. Similar impacts are expected from the schemes of 019, because the scheme types are similar. Even that they will fill up the

environmental and social screening format for each upcoming scheme before implementation.

- There will be a tiny physico-chemical impacts like; small noise pollution due to gathering of laborers, chance of small dust generation, less chance of drainage congestion and water pollution (local laborers will work there), and less chance of construction waste generation.
- There will be no socio-economic impacts like; traffic congestion, health and safety and there is no impact on archaeological and historical places and employment generation was there due to construction works.

Potential Environment and Social Impact during Operational Phase:

- As the schemes will run over dry lands (no chance of crossing wetland) and there is no chance of hampering aquatic life during operation stage.
- There is no risk of physicochemical impacts like damage of air quality, noise pollution and water pollution during operation stage; rather the schemes will provide better communication among community people to their essential destinations safely.
- Better socioeconomic impacts will be achieved through the improvement of road schemes.

Grievance Redress Mechanism in the UP level

Grievance redress mechanism has been developed in the UP level and those are in line with smooth redress mechanism and effectiveness of the set mechanism is as follows:

- As the scheme selection process is through discussions with all level of people in the Ward level, there is no or little chance of grievances in peoples' mind,
- As the proposed road and land based development activities do not hamper the private land owners, there is no chance of grievances.

Capacity building to achieve environmental and social safeguards in UP level

Discussions were made in the District level training sessions, through some simplified training materials (those were also circulated earlier to all Districts) and discussions were also made in front of people in the UP level and those are as follows:

- How to improve the civil construction works, with the ideas of cleaning the construction materials like removal of clays from sand, bricks, brick-chips etc.

- Maintaining water-cement ratio, maintaining time limit for initial & final setting of cement and curing time in the pucca (CC, RCC, and Masonry) construction works.
- Proper rules of opening shutter-supports from the slab or beams after curing.
- Method of developing earthen roads, optimum moisture content, maximum compaction etc.
- Home based solid waste management; i.e. graving the protein waste under 6” soil and spreading kitchen/vegetables wastes around the garden trees/plants and accumulating inorganic waste for selling to vendors etc.
- Double pit latrines’ are more beneficial than single pit latrines.
- Low cost water purifying techniques and how to increase drinking water test etc.

Safeguard Status as per Reports from District Facilitators

The environment and social safeguard monitoring reports have been collected for the reporting period (January-June, 2019). In most of the UPs, the environmental safeguard compliance issues are very minor or negligible, because; the scheme sizes are very small and most of the schemes are of category-C schemes and those do not carry any reverse environmental impacts. The District Facilitators (DFs of LGSP-3) are continuously monitoring the environmental safeguard issues like, movement of school going children and general mass during construction works, temporary water logging during construction works, waste generation and management activities, water logging at either side of roads under construction, water quality testing during implementation of water supply points, cutting of trees along the road sides etc. The social impacts are also very minor during implementation of schemes, because; most of the schemes are within the right of ways of the tertiary roads. There are some grievances among the people who are still deprived from having their small road schemes, but the people also know that the Union fund is very limited to implement all the required and requested schemes within the small amount of fund.

Safeguard Status as per Audit Firms Report.

The environment and social safeguard formats, filled up by the WC and SSC in the UP level, has been audited by the engaged Audit & Review Firms. The reports, submitted

by the Audit & Review Firms, reveal that most of the UPs have fulfilled the environment and social safeguard formats and no ambiguity was found in the filled up formats.

Safeguard issues monitoring by MIS developed recently

The PMU has developed several guidelines like (i) Guidelines for easy engineering techniques which is pre-requisite to ensure environmental safeguards for the schemes implemented in the UP level as well as Pourashava level, (ii) Guidelines for the environmental safeguard compliances through a set of formats developed in the operations manuals and (iii) Guidelines for social safeguard compliances to protect social safeguards for the Ups and PSs, (iv) Guidelines for Grievance Redress Mechanism to be followed in the Pourashava and UP levels etc.

Scheme Impacts on Local Environment

The schemes undertaken by the UPs involved only small-scale infrastructure construction with no or negligible impacts on water, air and noise quality. There is no issue of construction waste management, labor camp management and safety assurance at the subproject site. The weather condition was in favor to implement the schemes.

Overall Compliances and Lapses

The review found that there has been significant progress in responding to compliance of environment and social safeguard. The UPs have been ensuring ESMF by the support of DDLG, DF and particularly the operations manual has been guiding the field of LGSP-3. The community/concerned people are aware on this issue; committees like WC and SSC is involving with the schemes implementation process to ensure safeguard. However, to ensure more accountability the concern consultants are on board to monitor and review the compliance process in the field. The following actions are taken for more improvement and to ensure accountability:

Resourcing: The environmental and social management teams (PMU & PIU) are actively mobilized to manage the sites;

Investigations: A range of specialist environmental investigation studies (air, noise water etc), especially for Pourashava level schemes are to be done, which will greatly assist in addressing potential compliance for the larger schemes.

Waste Management: Investigations have to be undertaken to improve the waste management system especially for the Pourashava level schemes.

Air and water pollution: Investigations have to be undertaken to improve the situation if necessary

Workshop and Training: Environment management workshop will be undertaken, regular training to staff and workforce on environment has to be conducted under LGSP-3.

Sample Test Results of Drinking Water

The water test results are followed by the UPs during implementation of water supply schemes. Mainly Arsenic and Iron tests are performed in the Upazila level. Water quality test reports for different installed water points were collected and found that the Arsenic levels for all the water points, installed in year 2018, were within the drinking water standard of Bangladesh i.e. below 0.05 mg/liter.

Capacity Building on Environment and Social Safeguard Issues

Details of training plan for FY 2019-2020

Specialized Training on Social & Environmental Safeguards for UP & Pourashava Functionaries

As part of need assessment, information was collected from the DFS and UP/ ULB level and based on their needs and interests, the training materials have been prepared.

- Training Materials preparation is completed.
- Power Point Presentation – complete.
- Sending the training materials to every DF as well as to all Districts.

The materials are enriched with the following messages:

- Environment and social safeguard issues mentioned in the safeguard forms,
- How to improve the civil construction works, with the ideas of cleaning the construction materials before use like; removal of clays from sand, bricks, brick-chips etc.
- Maintaining water-cement ratio, abiding by the time limit for initial & final setting time of cement and curing time in the pucca (CC, RCC, and Masonry) construction works.

- Proper rules of opening shutter-supports from the slab or beams after curing.
- Method of developing earthen roads, optimum moisture content, maximum compaction etc.
- Home based solid waste management; i.e. graving the protein waste under 6” soil and spreading kitchen waste around the garden trees/plants and accumulating inorganic wastes for reuse.
- Double pit latrines’ benefit over single pit latrines.
- Low cost water purifying techniques and how to increase the pH level of drinking water etc.

7. Financial Progress of LGSP-3

Year wise Budget and Expenditure

Table-24 presents the budget and expenditure from FY2016-2017 to June FY2018-2019. From 2016-17 to June 2018-19 total budget of the project was BDT 32,894.40 million of which BDT 13,596.20 million was from GoB fund and BDT 19,298.20 was from IDA fund. During this period total expenditure was BDT 30,913.75 of which BDT 13,388.80 million was from GoB fund and BDT 17,524.95 million was from IDA fund. The total progress/achievement has been 93.98%, and the progress for GoB part had been 98.47% and for RPA it had been 90.81%. Year-wise total achievements were 99.81%, 93.17% and 93.06% respectively for three consecutive years, starting from FY2016-2017 until FY2018-2019.

Table-24: Year-Wise Budget (RADP) and Expenditure

Fiscal Year	Budget			Expenditure			Progress (%)
	GOB	RPA	Total	GOB	RPA	Total	
2016-17	4,192.00	-	4,192.00	4,184.16	-	4,184.16	99.81%
2017-18	4,604.20	12,112.20	16,716.40	4,488.22	11,086.84	15,575.06	93.17%
2018-19	4,800.00	7,186.00	11,986.00	4,716.42	6,438.11	1,154.53	93.06%
Total	13,596.20	19,298.20	32,894.40	13,388.80	17,524.95	30,913.75	93.98%

Cumulative Project Progress:

Cumulative project progress as on June 30, 2019 is 55.85% shown below:

Table-25: Cumulative Project Progress

	Description	GOB	RPA	Total
	Total DPP Allocation	31530.00	23820.00	55350.00
	Cumulative Actual Expenditure up to 30.6.2019	13,388.80	17,524.95	30,913.75
	Total Project Progress as on 30.6.2019	42.46%	73.57%	55.85%

Achievement against Target/Plan at the end of FY 2018-19:

The project was planned to achieve 58.81% at the end of FY 2018-19 as per DPP. The actual achievement is 55.85% and the achievement against target is 94.97% as shown below:

Table-26: Project Progress Against Plan

Description	GOB	RPA	Total
Planned expenditure at the end of FY2018-19	13,550.00	19,000.00	32,550.00
Cumulative Actual Expenditure at the end of FY2018-19	13,388.80	17,524.95	30,913.75
Achievement	98.81%	92.24%	94.97%

Project Progress by Components:

The project has four different components. Institutionalization of UP Fiscal Transfer is the core component of the project, which is divided into two sub-components namely Basic Block Grant and Performance Based Grant. Component wise progresses of all components are as follows:

Table-27: Project Progress by Components:

Project Components	DPP Allocation (BDT in Million)			Actual Exps (BDT in Million)			Progress (%)
	GOB	IDA	Total	GOB	IDA	Total	
Institutionalization of UP Fiscal Transfer	30,851.90	20,683.25	51,535.15	13,148.43	16,727.00	29,875.43	57.97%
Audit, Performance Assessment and MIS	-	857.35	857.35	-	268.53	268.53	31.32%

Project Components	DPP Allocation (BDT in Million)			Actual Exps (BDT in Million)			Progress (%)
	GOB	IDA	Total	GOB	IDA	Total	
Expanded Block Grant to Pilot Pourashava	397.00	397.00	794.00	191.45	191.45	382.90	48.22%
Capacity Development and Project Implementation Support	281.10	1,882.40	2,163.50	48.92	337.97	386.89	17.88%
Total	31,530.00	23,820.00	55,350.00	13,388.80	17,524.95	30,913.75	55.85%

Project Progress by Disbursement Category

The World Bank maintains four disbursement categories of eligible expenditure to finance LGSP-3. The following table shows the project progress by disbursement categories.

Table-28: Project Progress by Disbursement Categories

Disbursement Category	Actual Exps (BDT in Million)			Actual Exps (USD in Million)		
	GOB	IDA	Total	GOB	IDA	Total
Goods, Training, Incremental Operating etc and UP Audit	48.92	606.50	655.42	0.59	7.32	7.91
Basic Block Grant	13,148.43	11,978.57	25,127.00	158.78	144.65	303.43
Performance Based Grant	-	4,748.43	4,748.43	-	57.34	57.34
Expanded Block Grant	191.45	191.45	382.90	2.31	2.31	4.62
Total	13,388.80	17,524.95	30,913.75	161.68	211.62	373.30

Disbursement of IDA Fund:

World Bank disburses IDA fund into two designated accounts (special account): Designated Account: A and Designated Account: B. World Bank disburses Basic Block grants (BBG), Expanded Block Grant and Performance Based Grants (PBG) through the Designated Account: A and disburse fund for other components through Designated Account: B. World Bank has disbursed a total amount of BDT 18,356.23 millions, of

which 16,961.23 million for Basic Block Grants (BBG), Expanded Block Grant and Performance Based Grants (PBG) and BDT 1,395.00 million for other components. Table-29 shows that 71.58% disbursement has been made so far against the total credit of SDR 221.70 Million.

Table-29: Disbursement Status of IDA Fund

Account Types	Fund Disbursed (in million)			Percent Disbursed
	BDT	USD	SDR	
Designated Account: A	16,961.23	204.82	146.65	71.58%
Designated Account: B	1,395.00	16.85	12.05	
Total	18,356.23	221.67	158.70	

8. Achievement against Agreed Actions during last WB Mission

The status of actions agreed during the last 22-30 July, 2019 World Bank Implementation Support Mission is shown in shown in **Annex-8**.

9. Achievement as per PDO (Result framework):

Over the period of last three years, LGSP-3 has achieved some commendable successes in many areas some of which are produced here in brief. Some of the matters stated under this section have also been reflected in some other section where it relates to implementation progress under different components. However, this section would help in having a sense of the progress in attaining the Project Development Objectives.

- (i) **Institutionalization of UP fiscal transfer system:** Local Government Division distributes BBG and PBG to UPs following a unique fiscal transfer system that was introduced during implementation of LGSPs. The main objective of the project is to institutionalize the fiscal transfer system through mainstreaming the activities in LGD. As a part of this institutionalization Government has provided budget for years 4 and 5 of the project 100 % from GoB contribution. The LGD has made budget provision for FY 2021-2022 against a separate line item in the name of UP development assistance in MTBF under LGD. The guidelines for utilization of UP development assistance have been finalized by the appropriate authority.
- (ii) **Institutionalization of Annual financial audits and Performance Assessment for all UP:** The project aims to institutionalize the Annual Financial Audits and Performance Assessments of UPs. The LGD has included the process and methodology for mainstreaming annual financial audits and Performance Assessment of UPs. The LGD has already taken the responsibility of management and coordination of annual financial audits and Performance Assessment of UPs from year 4 of the project.
- (iii) **Share of beneficiaries, disaggregated by gender, agreeing that UPs are meeting local priorities:** As per Union Parishad Act, 2009 UP will prepare plan and implement any development activities by ensuring participation of

common people of the local level through Ward Shava and the UP will approve annual budget after sharing the budget in open budget meeting. From the survey conducted by PMU LGSP-3 it is observed that against this PDO indicators 89% people responded positively against target 63% in FY 2017-2018. In the case of male it is 90 % and for female it is 89 % against targets 68% and 58% respectively.

- (iv) BBGs to eligible UPs disbursed 100% out of GoB budget in accordance with the issued guidelines:** The Local Government Division took initiatives to prepare and finalize the guidelines and made budget provision 100% out of GoB fund that will be disbursed to eligible UPs this year.
- (v) The average performance score of UPs nationwide (based on 40 point scale):** In the past, performance of Union Parishads was reportedly poor. Following the intervention of LGSP-3 average performance score of Union Parishads is increasing. In FY2016-2017 it was 17.7 against target 18 which increased to 24.01 in the FY2017-2018 against target 24. Initiatives like regular oversight of Union Parishad activities by PMU through field administration, fiscal decentralization, active participation of Ward Committee and Scheme Supervision Committee in playing their due roles and responsibilities, mandatory disclosure of information of Union Parishad performance to the local community through UP notice board and signboards at the project sites, holding of Ward Sabha and Open Budget Meeting, etc. have been taken for increasing UP Performance.
- (vi) Annual percentage increase in UP own revenues:** Union Parishads' own-source revenues have increased annually by 46%. There is a general policy to encourage Union Parishads for increasing their own-source revenues. However, previously no effective mechanism was applied for motivating the UPs in this regard. This matter of enhancing own source revenue of UPs has been stressed under LGSP-3 by tagging it as a performance indicator of UPs and following it up on regular basis.

(vii) Percentage of schemes selected by women annually: LGSP-3 through its in-built implementation strategy has provided windows for women empowerment. Inclusion of women UP Members in different committees as chairpersons and implementation of at least 30% of the schemes selected by women stand relevant to substantiate the case. As a technique of strengthening the empowerment of women, LGSP-3 has promoted the formation of Upazila Women Development Forum to protect the rights of UP Women Members providing assistance to the disadvantaged segment of rural women. All these efforts have contribution to the promotion of the empowerment process of women.

A detail of achievements against Result Framework is given in **Annex-9**.

10. Status of Legal Covenants

Description of Condition/Covenant Date Due				
	Financing Agreement Schedule 2	Condition or Covenant	Due Date	Status
1	Section I.B.1	(a) Update the existing UP Operations Manual (b) Adopt Pourashava Operations Manual	(a) April 1, 2017 (b) March 1, 2018	Complied
2	Section I.D	UP Fiscal Transfer Institutionalisation (a) Use of Existing UP Development Fund budget line for institutionalisation of BBG's fiscal transfers. LGD shall ensure that the existing UP Development Fund budget line reflected in LGD's MTBF is used for the BBG fiscal transfers starting from fiscal year 2021-2022 onwards in a manner satisfactory to the Association	July 1,2018	Complied
		(b) Regulatory Framework for BBGs and UP audits for fiscal year 2021-22 (i) Prepare guidelines (ii) Issue the Guidelines	(i) January 1,2019 (Revised-March 31,2019) (ii)March1,2019 (Revised-May 30, 2019)	Complied
		(c) BBG Management: (i) Prepare an action plan for maintaining efficient and transparent system for administering BBGs from FY 2019-2020; (ii) Implement such action plan throughout the implementation of the Project	July 1, 2019	Complied
3	Section I.G	Ensure that Project is carried out in accordance with the provisions of Environmental and Social Management Framework (ESMF), Small Ethnic Groups Planning Framework (SEGPF) and the relevant Safeguard Assessments and Plans	-	Complied

11. Proposed Plan of LGD:

Through the implementation experience of LGSP-1, LGSP-2 and LGSP-3 in the last thirteen years, a number of issues have come into notice of Local Government Division which is important for taking into consideration for continuation and further improvement after mainstreaming the activities under LGSPs. The important areas need to be addressed after completion of the project LGSP-3:

- 1) Monitoring System of LGD through establishment of an integrated MIS to be established.
- 2) Continuation of monitoring the activities of UPs by District Facilitators up to the establishment of a suitable replacement of DFs for monitoring of UP activities exclusively. As a matter of fact there is no any full timer to look after the activities of LGIs particularly UPs.
- 3) Deployment of Officials in the rank of Sub-Assistant Engineer at Upazila level under UNO for smooth and timely implementation of development activities in UPs including preparation of design, estimates and implementation monitoring of development project under UPs as per recommendation of IMED.
- 4) Continuation of Annual Financial Audit activities regularly for ensuring transparency and accountability by deploying private audit firms as a part of public private activities. After mainstreaming continuation of regular Annual Financial Audits is a priority.
- 5) Capacity Building of UP functionaries and other stakeholders through providing different types of training by formation of Upazila Resource Team (URT) headed by UNO at Upazila Level. The TOT training will be provided to URT members by NILG, BARD, RDA, IPF and other competent and renowned training institutes.
- 6) To ensure peoples participation in planning, implementation and monitoring DCC, BGCC, WC and SSC are now the part of decentralization of power to

- field level. This established system is to be continued including support to DDLG offices at the district level.
- 7) Budget provision to be made for DCC, BGCC ,Wards Shavas and Open Budget Meetings to ensure peoples participation in the decision making process in UPs.
 - 8) Based on the successes, achievements, good practices, good learning and innovativeness of LGSPs scaling up of piloting in selective Pourashavas is necessary.
- It should be a replication of LGSP in a higher tier of local government in the country.

12. Recommendations to be considered by the Mid-Term Mission:

After successful implementation of LGSP-1 and LGSP-2 the main focus of LGSP-3 is the mainstreaming the activities namely- institutionalization of fiscal transfers, institutionalization of annual financial audits of UPs, performance assessment of UPs and MIS of the project. In terms of institutionalization there is remarkable progress, beside this the project has established a strong MIS for monitoring the activities of UPs. The project has achieved well ahead the targets of PDO as per indicators set in the Result Framework. Depending on the prevailing situation the project has the recommendations to be considered by the Mid-Term Mission:

- (i) Revision of existing DPP is necessary for smooth implementation for remaining period of the project. A proposal for the revision of DPP has already been submitted to WB for concurrence. Any new proposal from the MTR may also be included in the proposed RDPP.
- (ii) The indicator under Result Frameworks (PDO) “Percentage of UP procurement reported using the procurement MIS system” to be excluded.
- (iii) The indicator under Result Frameworks (PDO) “The average performance score of UPs nationwide (Based on 40 point scale)” to be based on 100 point scale instead of 40 point scale.

**Updated Action Plan for Institutionalization of Transfer of BBGs & others and
Implementation Timelines which to be followed to fulfill Legal Covenants**

SI. no	Main Activities	Tentative Timelines	Related Actions	Remarks
1.	<p>Preparation of draft guidelines: probable main features- Introduction, learning of LGSPs, principles of calculation of BBGs & PBGs funding pools, allocation formula, conditions of access to BBGs & PBGs, fund flow mechanism, inter-governmental fund transfer system, recruitment of auditors, system/process of financial audits & PA, payments of auditors, uses of BBG & PBG fund by UPs, providing indicative resource ceiling to UPs for three FYs under MTBF, participatory Planning & budgeting, methodology of schemes selection with prioritize through peoples participation, approval, implementation & monitoring of schemes, procurement methods of goods & works, effective financial management, related committees at different levels (WC, SSC, BGCC, DCC etc.), regular budgets for BGCC, DCC etc, operation of bank account,</p>	<p>Draft by 01 March, 2019 (some issues need concurrences from Finance Division, CPTU and C&AG)</p> <p>Final Official guidelines by May, 2019 (partly be applied from FY 2019-2020 and be fully applied from FY 2021-2022, following the project completion</p>	<p>Preparation of Policy /working papers regarding the following issues for the Institutionalization Committee under LGD:</p> <ul style="list-style-type: none"> • Current BBG allocation formula, alternative option and its rationale • Current system of PBG allocation, performance assessment indicators and PA mechanism. Alternative mechanism of PA & PBG allocation, continuation of performance assessment with indicators. Alternative authority/agency for PA. • Existing fund transfer system, roll over etc. and alternative options • Current bank account operation and alternative options • Current system of UP annual financial audit and alternative options for its continuation 	Complied

Sl. no	Main Activities	Tentative Timelines	Related Actions	Remarks
	empowerment of women through representation in different committees & selection of schemes, monitoring of activities of UPs including audits, environment & social safeguard, use of MIS in web based monitoring, relation with UDC, increment of UP's own revenue, deduction of IT & VAT at source during payments etc.			
2.	Roll of LGD in disbursement of fully GOB funded BBGs for FY 2019-2020 and FY 2020-2021 ensuring the financial management discipline under project.	May, 2019 (As the budgets for BBGs for years 4 and 5 are kept under LGSP-3, the BBGs calculation will be done jointly by LGD and LGSP-3 and the fund will be transferred to UPs by the Project Director following same fashion under the project).	Proposal of alternative mechanisms for disbursement beyond FY 2020-2021. That will be part of official guidelines	Fund disbursement mechanism beyond the project included in the guidelines i.e., complied
3.	Payment process of audit fees and audit review fees from budget provision of fully GOB funded BBGs for FY 2019-2020 and FY 2020-2021 under the project.	May, 2019 Budget provisions for fully GOB funded BBGs are kept in the project. The payments of Audit and review fees will be paid from BBG allocations by Project Director as per instruction of LGD.	Proposal of payment process of audit fees through UP Development Assistance in ADP under LGD beyond FY 2020-2021. That will be part of official guidelines	Proposal of payment process of audit fees through UP Development Assistance in ADP under LGD beyond FY 2020-2021 has been included in the guidelines i.e., complied
4.	Making budget provision for UP	Jan-June, 2019 during	Preparation of proposal how to make budget	Projection for separate line item

Sl. no	Main Activities	Tentative Timelines	Related Actions	Remarks
	development grants as a separate line item in ADP for FY 2021-2022 and in MTBF for FY 2021-2022 and onwards under LGD.	preparation of MTBF covering FYs 2020-2022. Jan-June, 2021 during preparation of ADP for FY 2021-22	provision for UP development grants as a separate item in ADP as well as MTBF of LGD beyond project period. All the things will be done during preparation of related ADP and MTBF	for FY 2021-2022 has already been made by LGD. So this part is complied. Budget provision in ADP for FY 2021-22 will be during Jan-June, 2021 during preparation of ADP for FY 2021-22.
5.	Management and coordination of annual financial audits and PA of UPs by LGD with the help from the LGSP-3 PMU (audit of AFS for FY 2018-2019 and FY 2019-2020).	By years 4(2019-2020) and 5 (2020-2021) of the project period	LGD will manage and coordinate annual financial audits and PA and LGSP-3 will facilitate.	LGD has formed a committee for enlistment and appointment of Audit firms and Review firms. The committee has already started the work. PA of UPs will be by LGD for FY 2018-2019 and FY 2019-2020 and beyond following the guidelines
6.	Building capacity of LGD (UP Wing, MIE Wing, Audit Cell and Computer Cell) including new manpower for administering and management of inter-governmental fiscal transfers (BBGs), UP audits & PA and MIS established under LGSPs.	Initiative starts and continue during years 4 (2019-2020) and 5 (2020-2021).	Preparation of proposal for strengthening and building capacity of LGD's UP wing, MIE wing, Audit wing and Computer cell after reviewing the existing organogram and staffing position. Also proposal of an alternative mechanism for administering and monitoring the field level activities in absence of District Facilitators after the closure of the project.	Personnel working in LGSP-3 will cooperate LGD to manage and coordinate activities related with UP annual financial audits and PA by LGD during project period (FY 2018-2019 and FY 2019-2020). The committee has started working to recommend additional manpower for

Sl. no	Main Activities	Tentative Timelines	Related Actions	Remarks
				building capacity of LGD for smooth functioning after mainstreaming of LGSPs activities.
7.	Development of alternative methodology for management of UP audits and PA including simple method of selection of independent audit firms by LGD as per UP Act, 2009 and existing related Rules.	The Institutionalization committee formed in LGD will look into this and be the part of official guidelines	Preparation of an alternative methodology to administer and manage the UP annual financial audits and PA including simple method of selection of independent audit firms by LGD as per UP Act, 2009 and existing related Rules (it will need concurrences from C&AG and ICAB may be involve in the process)	Complied
8.	Role of WC, SSC, BGCC and DCC.	The Institutionalization committee formed in LGD will look into this and be the part of official guidelines	Preparation of proposal (after reviewing the current system) for continuation of the existing committees (WC, SSC, BGCC and DCC) and budget provisions for BGCC and DCC from UP development assistance in ADP under LGD.	Complied
9.	Upgradation of the existing MIS through LGSP-3 and transfer the system to LGD.	Throughout the implementation of the project period. The LGD's committee will also look into this.	Upgradation of the existing MIS as per action plan in the DPP of LGSP-3 and the upgraded version of MIS will be transferred to Computer Cell of LGD after building necessary capacity of the cell. Primarily the institutionalization should be limited to transfer of LGSP MIS to LGD. It will not cover MIS of other tiers of local governments or other departments under LGD.	The LGSP-3 MIS team and the MIS firm procured under the project are working for developing an MIS system for proper monitoring of UP activities at the field level.

Main issues of Official Guidelines for Utilization of Union Parishad Development Assistance after institutionalization and a comparison with existing provisions under LGSPs (Updated version)	
Calculation of Basic Block Grants (BBG) and Performance Based Grants (PBG)	
Existing under LGSP	Included in Official Guidelines
<ul style="list-style-type: none"> ○ BBG 85% and PBG 15% of total UP grants roughly 	<ul style="list-style-type: none"> ○ BBG 90% and PBG 10% of total block grants as share of total UP development grants which will be allocated and projected in a separate line item under Annual Development Program (ADP) and Medium Term Budgetary Framework (MTBF) respectively in FY 2021-2022
Calculation of BBG:	Calculation of BBG:
<ul style="list-style-type: none"> ○ 25% equally distributed to all UPs 	<ul style="list-style-type: none"> ○ 25% equally distributed to all UPs
Remaining 75%:	Remaining 75%:
<ul style="list-style-type: none"> ○ On compliances of 3 minimum conditions ○ 90% population and 10% area 	<ul style="list-style-type: none"> ○ On compliances of 3 same minimum conditions ○ 30% population ○ 30% poverty rate (which will be calculated in 5 categories depending on poverty level) ○ 40% area
Calculation of PBG:	Calculation of PBG:
Existing in LGSP	Included in Official Guidelines
<ul style="list-style-type: none"> ○ 65% of UPs receive PBG district wise following 3 different categories based on performance assessment <p>Categories are:</p> <ul style="list-style-type: none"> ○ Top ranking 20% UPs receive 40% top up of their own BBG allocation in related Fiscal Year ○ Next 30% UPs receive 30% top up of their own BBG allocation in related Fiscal Year ○ Remaining 50% UPs receive 20% top up of their own BBG allocation in related Fiscal Year 	<ul style="list-style-type: none"> ○ 10% of total block grants will be allocated as PBG ○ 20% UPs will receive PBG district wise ○ Top ranking 20% UPs will receive PBG irrespective of categories based on performance assessment ○ PBG will be allocated equally among all 20% top ranking UPs

Existing Performance Assessment (PA) Criteria	Performance Assessment (PA) Criteria included in Official Guidelines
Existing in LGSP:	Included in Official Guidelines:
<ul style="list-style-type: none"> ○ Total Score 40 ○ Assessment area- 4 and Indicators- 10 ○ Performance Assessment done by the LGSP recruited Audit Firms 	<ul style="list-style-type: none"> ○ Total Score 100 ○ Covers all existing areas(11) of performance assessments under both LGSP and LGD ○ Total Indicators(32) and individual score reviewed and re-fixed ○ Performance assessment will be conducted by Upazila Nirbahi Officer (UNO), checked by Deputy Commissioner (DC) and approved by LGD following the same process which is being followed by LGD now
Existing Under LGD:	
<ul style="list-style-type: none"> ○ Total Score 100 ○ Area- 9 and Indicators-36 ○ Performance assessment conducted by UNO, checked by DC and finally approved by Local Government Division (LGD) 	
Fund flow and disbursement to UPs	
Existing under LGSP:	Mechanism of Fund flow and disbursement to UPs included in Official Guidelines:
<p>RPA (World Bank fund):</p> <ul style="list-style-type: none"> ○ Authorization from Ministry of Finance (Finance Division) ○ Disbursement of fund by WB to designated Account (DOSA) of the project in Bangladesh Bank (BB) as per withdrawal application from the project authority and then BB to project operating account in a commercial bank <p>GOB fund:</p> <ul style="list-style-type: none"> ○ Release of fund by LGD through issuing a Government Order (GO) ○ Submission of bill by PD LGSP to Chief Accounts Officer (CAO), Local Government Division ○ CAO issues cheque in favor of PD LGSP ○ Deposits the cheque to the same project operating account in commercial bank ○ The blended fund of RPA and GOB is disbursed from project bank account to 	<ul style="list-style-type: none"> ○ LGD will make provision of budget allocation in a separate line item in the name of Union Parishad Development Grants in both Annual Development Program (ADP) and Medium Term Budgetary Framework (MTBF) for FY 2021-2022 ○ LGD will release both BBG/ PBG funds by issuing Government Order (GO) to CAO, Local Government Division with a list of UPs mentioning the amounts of BBG/PBG ○ CAO will endorse the GO to District/Upazila level Accounts Offices under Controller General of Accounts (CGA) ○ To withdraw the fund UP Chairman will submit bill with counter signature by concern UNO to Upazila Accounts Office (UAO) ○ UAO will issue A/C payee cheque in favor of Union Parishad and be deposited to UP bank account in a

<p>UPs bank accounts</p> <ul style="list-style-type: none"> ○ BBG fund is disbursed in two tranches and PBG fund in one tranche. 	<p>commercial bank dealing with Union Parishad Fund as per Union Parishad Act, 2009</p> <ul style="list-style-type: none"> ○ BBG fund will be disbursed in two tranches and PBG fund will be disbursed in one tranche.
<ul style="list-style-type: none"> ○ Unspent balances of both BBG and PBG funds at the end of financial year are carried over to next year as per the approval of the Ministry of Finance (Finance Division) 	<ul style="list-style-type: none"> ○ The transferred funds (both BBG and PBG) are grants from the central government to local government (UP), it will be the part of Union Parishad Fund ○ Any unspent balance of the Fund will be spent as per Union Parishad Act, 2009
<p>Financial Audit</p>	
<p>Existing procedures followed under LGSP:</p>	<p>Procedures included in Official Guidelines:</p>
<ul style="list-style-type: none"> ○ Every UP is audited once in every fiscal year regularly by audit firm as it is a minimum condition to receive BBG ○ The audit firms assess the performances of the UPs based on which PBG is provided ○ Review firms review the activities (both financial audit and performance assessment) of audit firms ○ Audit firms and audit review firms are procured by LGSP project authority under different procurement packages following the WB procurement guidelines ○ Fees of audit firms and audit review firms are paid by LGSP authority from project budget 	<ul style="list-style-type: none"> ○ Every UP will be audited once in every year regularly by audit firm ○ The audit firms will conduct financial audit in all UPs ○ LGD will recruit audit firms to conduct Financial audit in UPs and audit review firms for 3-5 years with the help from the Office of Comptroller and Auditor General (C&AG) and Institute of Chartered Accountants Bangladesh (ICAB) ○ Audit activities will be monitored at the field level by Deputy Commissioner (DC)/Deputy Director Local Government (DDLG)/Upazila Nirbahi Officer (UNO) ○ Fees of audit firms and review firms will be paid by Deputy Director Local Government (DDLG) and Director Local Government (DLG) respectively after getting approval from DC and Divisional Commissioner ○ Budgets for audit and review will be transferred to DDLG and DLG by LGD from UP Development Fund each fiscal year ○ Respective Deputy Commissioner (DC) will be the Appellate authority for appeal hearing in case of Adverse and Disclaimer audit reports

Procurement Method:	
Existing methods in LGSP:	Methods Included in Official Guidelines:
<ol style="list-style-type: none"> 1. Direct purchase: Up to BDT 25000 2. Community Purchase: Only in the case of labor intensive earth work up to BDT 500000 3. Request For Quotation (RFQ): <ul style="list-style-type: none"> - Goods up to BDT 500000 - Construction/civil work up to BDT 1000000 4. Open Tender Method (OTM): <ul style="list-style-type: none"> - Goods up to BDT 1000000 - Construction/civil work up to BDT 2000000 5. There is limitation in case of procurement under OTM 	<ol style="list-style-type: none"> 1. Direct purchase: Up to BDT 25000 2. Community Purchase: Dropped as per suggestion of Central Procurement Technical Unit (CPTU) 3. Request For Quotation (RFQ): <ul style="list-style-type: none"> - Goods up to BDT 500000 - Construction/civil work up to BDT 1000000 4. Open Tender Method (OTM): <ul style="list-style-type: none"> - Goods beyond BDT 500000 - Construction/civil work beyond BDT 1000000 5. There is no limitation in case procurement under OTM

MIS - Currently available features and targeted features planned to be developed

SI	Task	Achievement	Future Target	Implementation	Deadline/ Timeline (If any)	Remarks
1.	Upgrading the Current MIS System	The System has been upgraded and simplified for the use of UP level	Integration with LGD	LGSP-3, MIS Team, Technovista Limited.	i. System upgradation: Already done (June 30, 2019) ii. Integration: at the end of the project (December 2021)	For the smooth upgradation and Mobile apps integration, the whole data of previous MIS system has been migrated to the new one in PHP platform and MySQL database.
2.	Developing an Android Mobile App	A User friendly and light but full featured android app (LGSP Go) has been developed and it is now functional at the UP level	Release a version 2.0 at the end of the Project to incorporate the institutionalize process with LGD.	LGSP-3 MIS Team, Technovista Ltd.	i. the mobile app (LGSP Go) has been published to the Google play store: 22 July, 2019 ii. version upgrade: at the end of the project (December, 2021)	The app is working at a dual level: UP data input tool and Citizen Query tool to know the allocation, scheme, UP directory, UP location (Geo tagged) and GRM management.
3.	Collect UP scheme info with picture and Geo Location	Collected 42,758 Scheme info	Incorporate all the schemes of LGSP-3 in MIS system	UP Secretary, LGSP-3 MIS Team	Scheme update: As of 24 July, 2019 12:00pm BST. All Schemes inclusion: end of the project (December, 2021)	Almost all The schemes that have been collected through the system has info, pictures and Geo location with it. T
4.	Monthly Up inspection	100% UP inspection by	N/A	DF, MIS Team-	100% UP inspection has	The Up inspection

	by the District Facilitator made online (e-inspection)	DF's are now done through the MIS system. 4536 inspection has already been done(e-inspection)		LGSP-3	been rolled out from 10.12.2018 Inspection Update: as of 24.07.2019 on 12:10 PM BST	has also have geo tagged picture of UP office, from which the UP locator fetched required coordinates.
5.	UP directory	Country's first fully functional UP database and directory has already been developed. The directory has 25884 contact numbers and detail of UP functionaries and still counting.	Cover all the UP functionaries and make the app to the fullest.	UP Secretary, UDC entrepreneurs, DFs, MIS Team-LGSP-3	Full Data completion at the directory: (31 August, 2019)	The directory covers all the UPs and any citizen can use this one button call feature at the LGSP GO app.
6.	Collecting Annual Financial Statement (AFS) of the UPs	Country's first fully functional UP AFS system has already been developed. So far, 5697 AFS entry has been done by the UPs. (2017-18: 2935 AFS and 2018-19: 2762 AFS)	Cover all the UPs AFS by the end of the project.	UP Secretary, UDC entrepreneurs, DFs, MIS Team-LGSP-3	Full Data completion at the AFS Module: at the end of the project(December, 2021) Current Data update: as of 24 July, 2019 12:30 PM BST.	Online AFS can generate multiple customizable reports.
7.	Collecting Capacity Building info.	Module already developed. Data entry will done after district training.	Cover all the training and workshop info done by LGSP-3	DF, PMU	31 August, 2019	
8.	Grant Management	Module developed. All data has been incorporate to the system till date.	N/A	PMU		PMU can input data. Citizen can see data through mobile app.
9.	Grievance	Mobile app	N/A	UP,	Done already	

	Redressed Mechanism	based system developed. Fully functional.		Citizen	on 1 July, 2019	
10.	UP daily Accounts online	Module yet to be developed	Finish developing ASAP	MIS Team, LGSP-3 and Technovista Ltd.	31 August, 2019	All the income and expenditure of the UP can be logged through this module.
11.	Customized reporting for M&E	It is at the development stage.	Finish developing ASAP.	MIS Team, LGSP-3 and Technovista Ltd.	31 August, 2019	Tailor made reporting will enhance the M&E process.

Individual Consultant

Sl. No.	Package No.	Description of Procurement Items as per DPP/TPP Services	Unit	Qty/ Nos.	Estd. Cost (in Lakh Taka)	Remarks
1	2	3	4	5	9	15
1	S-01	Selection & Employment of Sr. Grant Management Specialist	pm	60	240.00	Contracted
2	S-02	Selection & Employment of Sr. Finance Specialist	pm	60	240.00	Contracted
3	S 03-1	Selection & Employment of Sr. MIS Specialist	pm	60	240.00	Contracted
4	S-04	Selection & Employment of Sr. M&E Specialist	pm	60	240.00	Contracted and Terminated
5	S-05	Selection & Employment of Sr. Procurement Specialist	pm	60	240.00	Contracted
6	S-06	Selection & Employment of Sr. Audit Specialist	pm	60	240.00	Contracted
7	S 07	Selection & Employment of Sr. Environment and Social Safegaards Specialist	pm	60	240.00	Contracted
8	S-08	Selection & Employment of Sr. Local Government Specialist(Planning, Budgeting and Institution Development)	pm	60	240.00	Contracted
9	S-09	Selection & Employment of Capacity Building Specialist	pm	60	180.00	Contracted
10	S-10	Selection & Employment of Audit Specialist	pm	60	180.00	Under Process
11	S-11	Selection & Employment of Procurement Specialist	pm	60	180.00	
12	S-12	Selection & Employment of Audit Associate	pm	60	120.00	Under order of court injunction
13	S-13	Selection & Employment of Finance Associate-2	pm	120	240.00	1 Finance Associate Contracted and another under order of court injunction
14	S-14	Selection & Employment of Grant Management Associate	pm	60	120.00	Contracted
15	S-15	Selection & Employment of Procurement Associate	pm	24	48.00	Contracted
16	S-16	Selection & Employment of Administrative Associate	pm	60	120.00	Contracted
17	S-17-1	Selection & Employment of MIS Analyst	pm	60	120.00	Contracted and Terminated
18	S-17-2	Selection & Employment of MIS Analyst (Research)	pm	60	120.00	Contracted
19	S-17-3	Selection & Employment of MIS Analyst (GIS)	pm	60	120.00	Contracted
20	S-17-4	Selection & Employment of MIS Analyst (M&E)	pm	60	120.00	Contracted
					3588.00	

Consulting Firms

Sl. No.	Pack age No.	Description of Procurement Items as per DPP/TPP Services	Unit	Qty/ Nos.	Estd. Cost (in Lakh Taka)	Remarks
1	2	3	4	5	9	15
1	S-18	Selection and Employment of a Firm for Information, Education and Communication (IEC) activities.	Contract (one firm)	1	376.00	Under Process
2	S-19	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Jhalokathi, Pirojpur & Barisal Districts	Contract (one firm)	1	115.00	Contracted
3	S-20	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Barguna, Bhola & Patuakhali Districts	Contract (one firm)	1	115.00	Contracted
4	S-21	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Brahmanbaria & Comilla Districts	Contract (one firm)	1	175.00	Contracted
5	S-22	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Feni, Lakshmipur & Chandpur Noakhali Districts	Contract (one firm)	1	175.00	Contracted
6	S-23	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Chittagong, Khagrachhari & Rangamati Districts	Contract (one firm)	1	175.00	Contracted
7	S-24	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Bandarban & Cox's Bazar Districts	Contract (one firm)	1	75.00	Contracted
8	S-25	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Sherpur, Tangail & Jamalpur Districts	Contract (one firm)	1	150.00	Contracted

9	S-26	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Netrokona & Mymensingh Districts	Contract (one firm)	1	150.00	Contracted
10	S-27	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Gazipur, Narsingdi & Kishoreganj Districts	Contract (one firm)	1	130.00	Contracted
11	S-28	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Narayanganj, Manikganj, Munshiganj & Dhaka Districts	Contract (one firm)	1	150.00	Contracted
12	S-29	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Rajbari & Faridpur Districts	Contract (one firm)	1	75.00	Contracted
13	S-30	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Madaripur, Gopalganj & Shariatpur Districts	Contract (one firm)	1	120.00	Contracted
14	S-31	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable)of Meherpur, Chuadanga, Kushtia & Jhenidaha Districts	Contract (one firm)	1	120.00	Contracted
15	S-32	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Magura, Narail & Jessore Districts	Contract (one firm)	1	110.00	Contracted
16	S-33	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashava(if applicable) of Khulna, Bagerhat & Shatkhira Districts	Contract (one firm)	1	140.00	Contracted
17	S-34	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Thakurgaon, Dinajpur & Panchagarh Districts	Contract (one firm)	1	125.00	Contracted

18	S-35	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Kurigram, Lalmonirhat, Nilphamari & Rangpur Districts	Contract (one firm)	1	160.00	Contracted
19	S-36	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Joypurhat, Bogra & Gaibandha Districts	Contract (one firm)	1	140.00	Contracted
20	S-37	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Chapainawabga, Naogaon & Rajshahi Districts	Contract (one firm)	1	130.00	Contracted
21	S-38	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Natore, Pabna & Sirajganj Districts	Contract (one firm)	1	130.00	Contracted
22	S-39	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Sylhet & Sunamganj Districts	Contract (one firm)	1	120.00	Contracted
23	S-40	Selection & Employment of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Union Parishads and Pourashavas(if applicable) of Moulvibazar & Habiganj Districts	Contract (one firm)	1	90.00	Contracted
24	S-41	Selection & Employment of UP and Pourashavas(if applicable) Audit Review Firm- Dhaka Division	Contract (one firm)	1	100.00	Contracted
25	S-42	Selection & Employment of UP and Pourashavas(if applicable) Audit Review Firm - Chittagong Division	Contract (one firm)	1	80.00	Contracted
26	S-43	Selection & Employment of UP and Pourashavas(if applicable) Audit Review Firm- Rajshahi & Rangpur Divisions	Contract (one firm)	1	90.00	Contracted
27	S-44	Selection & Employment of UP and Pourashavas(if applicable) Audit Review Firm- Khulna, Barisal & Sylhet Division	Contract (one firm)	1	110.00	Contracted
28	S-45	Selection & Employment of Mid-term & Final Evaluation Firm	Contract (one firm)	1	100.00	Combined evaluation completed but critical stage for want of fund

29	S-49	Selection and Employment of a Firm for Upgradation & maintenance of existing MIS, development of Offline & Smart Mobile Tech and ensuring O&M Support	Contract (one firm)	1	210.00	Contracted
30	S-50	Selection of Audit Firm for Annual External Financial Audit and Performance & Safeguards Compliance Assessment of Pilot Pourashavas	Contract (one firm)	1	43.13	Contracted
31	S-51	Selection of Audit Review Firm for review of Reports of Financial Audits, Performance Assessments and Fiduciary & Safeguard Compliance Assessments of Pilot Pourashavas	Contract (one firm)	1	7.06	Contracted
Total Value of Services					3986.19	

Non-Consulting Services

Sl. No.	Package No.	Description of Procurement Items as per DPP/TPP Services	Unit	Qty/ Nos.	Estd. Cost (in Lakh Taka)	Remarks
1	2	3	4	5	6	7
1	NS-01	Appointment of C&F Agent for clearing Goods at Port of Entry.	No.	1	5.00	Under Process
2	NS-02	Appointment of a Service Provider for Management of Foreign Tours	No.	1	500.00	Under Process
3	NS-03	Appointment of a Service Provider for Event Management	No.	1	350.00	Will not be required
4	NS-04	Supply of Support Staff Services by a Firm Through Outsourcing	No.	1(Driver-63, Despatch Rider-1, Office Associate(MLS S)-4, Security Guards-2, Cleaner-2)	1,588.60	Contracted
5	NS-05-1	Hiring a Media Firm for Production of Training Videos	No.	1	100.00	Under Process for re-advertisement
Total Value of Non-Consulting Services					2,543.60	

Annex-7

Sl. No.	Package No.	Description of procurement Package as per DPP/TPP Goods	Unit	Qty/ Nos.	Estd. Cost (in Lakh Taka)	Remarks
1	2	3	4	5	6	7
1	G-01	Supply of Cross Country Vehicles(4WD)	No.	1	80.00	Complete
2	G-02	Supply of Microbus	No.	1	50.00	Complete
3	G-03	Supply of Motor Cycles	No.	75	150.00	
3	G-04	Supply & Installation of Desktop Computers, Laser Printers, Scanners and UPS with software and all accessories	Set	1(4585 Nos.)	4,592.00	Contract Signed
4	G-05	Supply & Installation of Laptop Computers with all accessories	No.	80	60.00	Under Process
5	G-06	Supply & Installation of Video Conferencing System	Set	1	15.00	Under Process
6	G-07	Supply & Installation of Photocopiers	Lot	1	25.00	Under Process
7	G-08	Supply & Installation of ICT Networking with accessories(PMU & LGD)	LS		10.00	
8	G-09	Supply & Installation of Computer Accessories	LS		20.00	
9	G-10	Supply & Installation of Furniture(Chairs, Tables, Almiraahs, File Cabinates etc.)	LS		20.00	
10	G-11	Supply & Installation of Air Coolers	No.	3	5.00	
11	G-12	Printing of Union Parishad(UP) Operational Manual	No.	70000	42.00	Contracted
12	G-13	Supply of Office Sationery-1	LS		50.00	
14	G-14	Supply of Office Sationery-2	LS		30.00	
13	G-15-1	Printing & Supply of IEC Materials	Lot	1	80.00	Under Process
14	G-16	Supply of Antivirus for Desktops & Laptops	Lot	1	5.00	
15	G-17	Printing & Supply of Mid-Term Review Report	Lot	1	5.00	
16	G-18	Printing & Publication of "LGSP in Good Governance and Development"	Lot	1	15.00	

17	G-19	Supply and Installation of Office setup including additional space.	LS		100.00	Under Process
18	G-20	Supply and installation of Accounting Software -ERP	LS		5.00	Under Process
19	G-21	Supply and Installation of Computer, Furniture and Networking Equipments for MIS Help Desk	LS		60.00	Under Process
22	G-22	Supply & Installation of Color Printer with all accessories	No.	1	1.50	Under Process
20	G-23	Supply and installation of Audit Management Software	LS		10.00	Under Process
24	G-24	Printing and Supply of Wall Calendar of 2018	LS		5.00	
25	G-25	Printing of Pourashava Operational Manual	LS		5.00	
26	G-26	Supply of Office Stationery	LS		5.00	
Total Value of Goods					5,445.50	

Summary of Agreed Actions

Sl. No.	Actions	Responsibility	Agreed Timeline	Achievement
Component 1-4				
1	The FY20 ADP allocation for BBG and other requirements should be increased to BDT 9000 million.	LGD and Planning Commission	April 30, 2020	In process
2	Finalize TORs and the panel of audit and audit review firms for carrying out audit of FY19 accounts	LGD	November 15, 2019	Under process with LGD
3	Arrange disbursement of FY20 funds to UPS based on audit reports of FY 18 accounts	LGD	October 31, 2019	Under Process
4	Notify UNOs to complete performance assessments of UPs for FY 2019 by December 2019	LGD	December 31, 2019	M&E Wing of LGD is working on this issue
5	Submit Pourashava audit reports to PMU	Audit and Audit review firm	November 30, 2019	Under Process
6	Initiate Integration of the MIS (that has already been developed) with LGD MIS	PMU and LGD MIE wing	September 30, 2019	Under Process
7	Disburse 1 st tranche of Expanded Block Grants (EBGs) to Pourashavas	PMU	December 15, 2019	To be completed as per time line
Safeguards				
8	Prepare quarterly Environmental and Social Monitoring Report(ESMR) to reflect the achievements, progress, constraints and action program on ES management, and share the current quarterly ESMR (April – June) with the Bank;	PMU	August 31, 2019	Complied
9	Document proceedings of land readiness where additional land was used through voluntary donation or dispossession including those with compensation conditions and include it in the current quarterly ESMR and continue reporting the same in all subsequent quarterly ESMR;	PMU	Through ESMR	Complied
10	Prepare report on grievance redress management and participation by the PIUs through the DFs and include as an annex	PMU	Quarterly ESMR	Complied

Sl. No.	Actions	Responsibility	Agreed Timeline	Achievement
	with the current quarterly ESMR and continue reporting the same in all subsequent quarterly ESMR;			
11	Undertake tests of standard parameters for drinking water of ground water to ensuring safe water before installation of tube-wells and include the summary table of water test in the annex of the current quarterly ESMR;	PMU	Quarterly ESMR	Complied
12	Monitor labor management, gender and community health and safety issues and highlight the process and outcome in the current quarterly ESMR and continue the same in all subsequent quarterly ESMR;	PMU	Quarterly ESMR	Complied
13	Update the GRM Handout for reflection of the LGSP Go mobile app and print it for distribution during the launch of the mobile app;	PMU	December 31, 2019	Under Process
14	Update the ES screening and management format and ensure to upload in the LGSP GO app for each scheme;	PMU	September 30, 2019	Under Process (upload to be done in MIS)
15	Include the consultation summary in the current quarterly ESMR with location, date and number of participants by gender and continue the same in all subsequent quarterly ESMR.	PMU	ESMR	Complied
Financial Management				
16	Clarification on the six audit observations made by the task team during the July Supervision mission	PMU	August 31, 2019	Submitted BSR to FAPAD through LGD with intimation to World Bank
Procurement				
17	Complete procurement of Audit and Audit review firms for UP audit	LGD	December 30, 2019	Under Process
18	Complete procurement of MTR Firm	PMU	August 31, 2019	Received proposals exceeded budget; requires

Sl. No.	Actions	Responsibility	Agreed Timeline	Achievement
				DPP revision.
19	Submit proposal for recruitment of Senior Environment & Social Safeguards Specialist, the package in the STEP by July 31, 2019.	PMU	July 31, 2019	Complied
20	Submit proposal for recruitment of Senior Local Government Specialist (Planning, Budgeting and Institution Development) package in the STEP	PMU	July 31, 2019	Complied
21	Recruit Capacity Building Video firms to be on board through retendering	PMU	November 15, 2019	Under Process
22	Issue notification of award (NOA) to the supplier for procurement of computers	PMU	July 31, 2019	Complied (L/C opened)
22	Complete retendering for Procurement of IEC materials	PMU	October 31, 2019	Under Process
23	Complete procurement of Capacity building firm for IEC Activities.	PMU	October 31, 2019	RFP issued
24	Complete hiring of PMU Senior Environment and Social Safeguards Specialist	PMU	August 20, 2019	Completed
25	Complete hiring of PMU Senior Local Government Specialist (Planning, Budgeting and Institutional Development)	PMU	November 07, 2019	Completed

Government of the People's Republic of Bangladesh
Local Government Division
Ministry Local Government, Rural Development & Co-operatives
Local Governance Support Project-3 (LGSP-3)
Level 10, City Centre
90/1 Motijheel C/A, Dhaka-1000

Project Development Objective (PDO) Indicators of Results Framework

Sl. No	Indicators Name	Baseline	2016-17		2017-18		2018-19		2019-20		2020-21		End Target	Remarks
			Target	Achievement										
1.	Institutionalization of UP fiscal transfer system	N	N		N		N		Y	Y	Y		Y	1. It is in progress as per Action Plan. 2. Updated Action Plan shared with WB 3. Official Guidelines has been finalized and shared with WB. 4. Methodology of fiscal transfer have been included in the final official guidelines.
2.	Institutionalization of Annual financial audits and performance assessments for all UPs	N	N		N		N		Y	Y	Y		Y	1. It is in progress as per Action Plan. 2. The methodology of financial audit and PA has been included in the final official guidelines 3. Procedure/process of recruitment of

Sl. No	Indicators Name	Baseline	2016-17		2017-18		2018-19		2019-20		2020-21		End Target	Remarks
			Target	Achievement										
														auditors and payment for auditors have also been included in the final official guidelines.
3.	Share of beneficiaries, disaggregated by gender, agreeing that UPs are meeting local priorities	55.00	-	-	-		63.00	89.00	-		66.00		70.00	
4.	Number of EBG tranches released per year on a transparent and predictable basis to participating Pourashavas	0.0	-	-	2.0	2.0	2.0	2.0	2.0		2.0		2.0	
5.	Share of beneficiaries, disaggregated by gender, agreeing that UPs are meeting local priorities (Female)	55.0	55.0		-		58.00	88.00	-		62.00		62.00	
6.	Share of beneficiaries, disaggregated by gender, agreeing that UPs are meeting	66.0	66.0		-		68.00	90.00	-		70.00		70.00	

Sl. No	Indicators Name	Baseline	2016-17		2017-18		2018-19		2019-20		2020-21		End Target	Remarks
			Target	Achievement										
	local priorities (Male)													
7.	The budget line item for BBG allocations reflected in the LGD's MTBF for fiscal year 2021-2022 onwards	N	N		N		Y	Y	Y		Y		Y	The budget line item of BBG for FY 2021-22 reflected in MTBF.
8.	UP Wing at LGD administers UP fiscal transfer system	N	N		N	1.	N		Y		Y		Y	LGD and LGSP-3 will jointly administer BBGs which have been kept in the project's budgets.
9.	BBGs to Eligible UPs disbursed 100% out of GoB budget in accordance with the issued guidelines and/or regulations	N	N		N		N		Y	Y	Y		Y	The disbursement of fully GoB funded BBGs to eligible UPs will be done as per guidelines.
10.	UP annual audits and performance assessments managed and carried out by LGD in accordance with the issued guidelines and/or	N	N		N		N		Y	Y	Y		Y	1. The fees for audit firms and review firms will be paid from fully GoB funded BBGs budgets which have been kept under the project

Sl. No	Indicators Name	Baseline	2016-17		2017-18		2018-19		2019-20		2020-21		End Target	Remarks
			Target	Achievement										
	<u>regulations</u>													2. Financial audit and performance assessments are being carried out by LGD as per official guidelines.
11.	Annual Pourashava financial audits conducted in participating Pourashavas	0.0	1.0		1.0	1.0	1.0		1.0		1.0		1.0	
12.	The average performance score of UPs nationwide (Based on 40 point scale)	0.0	18.0	17.7	21.0	21.15	24.0	24.01	27.0		30.0		30.0	
13.	Percentage of UP procurement reported using the procurement MIS system	0.0	10.0	0	30.0	1.	50.0		70.0		80.0		80.0	This indicator to be excluded.
14.	Annual percentage increase in UP own- source revenues	0.0	-	-	5.0	46.0	5.0	-	5.0	-	5.0	-	5.0	
15.	Percentage of UPs implementing at least one larger scheme using	0.0	10.0		20.0	47.9	30.0	76.8	40.0	-	50.0		50.0	

Sl. No	Indicators Name	Baseline	2016-17		2017-18		2018-19		2019-20		2020-21		End Target	Remarks
			Target	Achievement										
	25% of their annual BBG allocation													
16.	Percentage of the schemes selected by women annually	30.0	30.0	30.2	32.0	32.4	34.0	34.13	36.0	-	38.0		38.0	
17.	Number of new UP functionaries participated core training (cumulative)	0.0	-	-	20,000		30,000	9502	40,000		50,000		50,000	1. Training will be provided through video tutorials