

Institutional setting

- Memorandum and Articles of Association of BMDF
- The Local Govt (Municipal) Act, 2009
- Public Procurement Rules, 2008
- Agreements between: govt and donor then govt and BMDF
- Project appraisal document and implementation manual
- Strategic business plan: BMDF a borrowing window for ULB
- Demand by ULB (municipality & city corporation) for fund
- The Board of Directors as project approving authority
- Bangladesh Municipality Development Fund as supervisor
- The ULB as project manager

Starting point

- Weak institutional and functional capacity of ULB
- Poor state of infrastructure
- Insufficient services facilities
- Big gap between demand and supply of fund
- Poor internal resource mobilization
- Low level of repayment of loan
- Less financial obligation of central govt
- Lack in good governance
- Inadequate application of Information Technology
- Ignorance to develop and follow urban master plan
- Inattention to environment and public health issues

Approach

- Experience sharing from workshop, training, roundtables etc.
- Schemes on infrastructure & service sector development
- Encouraging income generation investment
- 65% + tax collection by ULB for reaching BMDF fund
- No-default Escrow Account of ULB with designated bank
- Eligible criteria for ULB to receive fund from BMDF
- Involvement of govt to help loan repayment
- Project agreement between BMDF and ULB
- To bring ULBs under e-governance in phases
- Following up approved urban development plan
- Developed format for environment and social safeguard

Output

- Change of mind set of stakeholders on borrowing money
- ULB started taking fund from BMDF at 80:20 grant :loan
- ULBs seeking 100% loan from revolving fund of BMDF
- Loan recovery rate reaches at 85% from 42% in 2010
- Enhancement of revenue income
- Quality of urban livelihood improved
- Trade, business and employment improved
- Moving towards sustainable development
- Improvement of transparent financial management
- Enhancement of capacity of ULBs and BMD
- Multi-donor agents' interest for investment with BMDF

Lessons

- Cities are the key to economic growth of a country
- Financial constraints hinder growth of both ULB and nation
- Rapid urbanization is beyond capacity of ULB to serve people
- Requirement of regular monitoring for loan recovery
- The ULB must find out sources of revenue generation
- The ULB has to borrow money for urban development
- Dependency on central govt keeps ULB off development
- Govt and donor support to initiative and innovation
- People pay more taxes when served better
- Training and practice improve capacity of BMDF & ULB

Follow up

- Prospects of revolving fund for ULBs under BMDF
- Sources of revolving fund for developing country ULBs
- Feasibility of introduction Municipal Bonds in Bangladesh
- Review instruments and tools available on revolving fund
- Round tables of this forum with stakeholders of Bangladesh
- Good practices on investment from revolving fund
- Advantage and disadvantage of using revolving fund
- Rate of interest on loan from revolving fund other instances
- The rate of recovery of the loan in other municipalities
- Level of independence of urban bodies in developed countries