



# National Budget 2023-24: Summary

## Local Government and Rural Development



Implemented by

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Centre for Policy Dialogue (CPD)

# BUDGET HELPDESK 2023

## 1. Context: Budget for Local Government and Rural Development

Local Government and Rural Development plays a crucial role in the realisation of "Vision 2041," the millennium development goals, and the attainment of the Sustainable Development Goals (SDGs). The current government committed during the national election 2018 to bridge the gap between rural and urban areas and to ensure equal access to essential services for all citizens. The initiative "My Village, My City" was introduced to fulfil this pledge. Through dedicated efforts for rural development, significant progress has already been made in reducing poverty rates in the country. According to the Household Income and Expenditure Survey (HIES) conducted by the Bangladesh Bureau of Statistics in 2022, poverty rates in urban areas have decreased by 4.2 per cent, while rural areas have experienced a decline of 5.9 per cent compared to the figures from 2016.

Over the past 14 years, significant efforts have been made to construct and expand both rural and urban infrastructure. In rural areas, a remarkable 74,702 kilometres of paved roads, 430,197 meters of new bridges, 1,767 Union parishad complex buildings, and 399 upazila parishad complex buildings have been built or extended. Furthermore, urban areas have witnessed the construction of 11,078 kilometres of roads/footpaths, 4,570 kilometres of drains, 18,845 meters of bridges/culverts, 45 bus/truck terminals, and 53 community centres.

Water supply and sanitation systems have also undergone visible improvements during the present government's tenure. Approximately 1,013,200 arsenic-free safe water sources have been installed in rural areas, along with 1,461 productive tube-wells in municipal areas through various development projects. The government has initiated the 'Dhaka Water Supply Network Improvement Project' through Dhaka WASA to ensure safe drinking water for city residents.

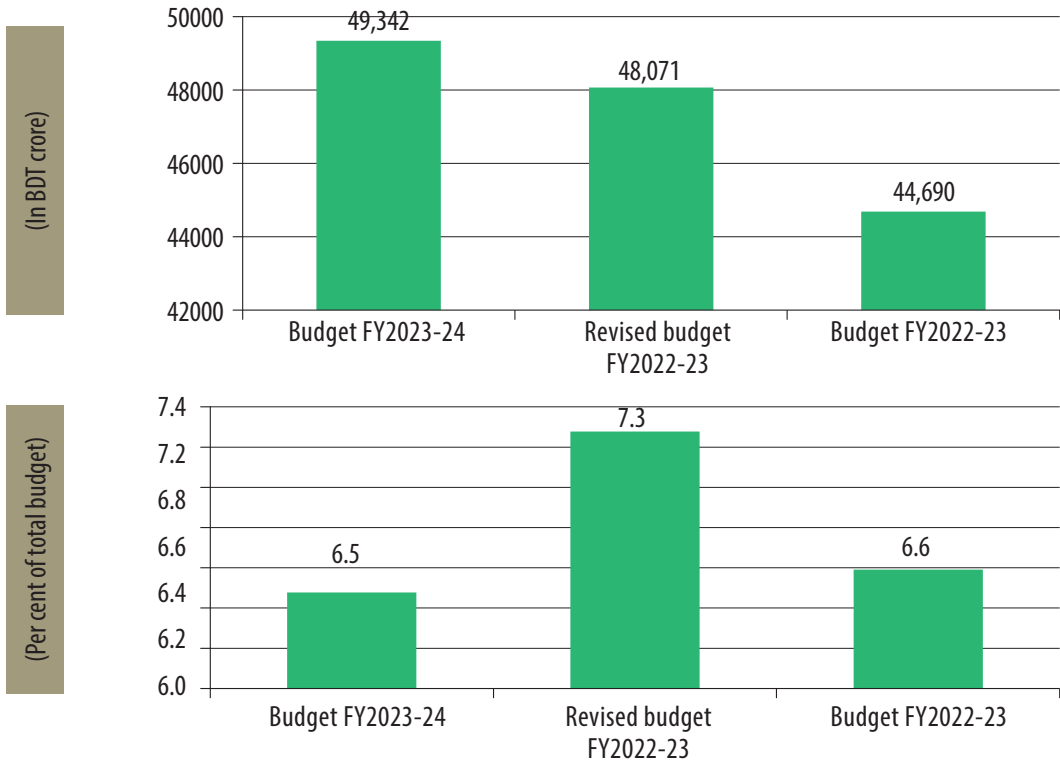
Efforts toward establishing a modern urban system have been relentless, resulting in the establishment of five new city corporations in the past 14 years. The government is actively working towards digitising the services provided by city corporations and municipalities. Additionally, measures are being taken to address waterlogging issues in major cities, particularly in Dhaka. The Dhaka South City Corporation (DSCC) has initiated the 'Canal Restoration, Renovation, and Creating Aesthetic Environment' project, slated for implementation during FY2022 and FY2026.

To foster rural economic development and create employment opportunities, the government has implemented various programmes aimed at expanding infrastructure facilities. Reflecting the people-centric cooperative vision of Bangabandhu, the 'Bangabandhu Model Village' project is currently being implemented from July 2021 to June 2024. Moreover, plans have been devised to make the rural economy's water supply system more environment friendly by FY2025.

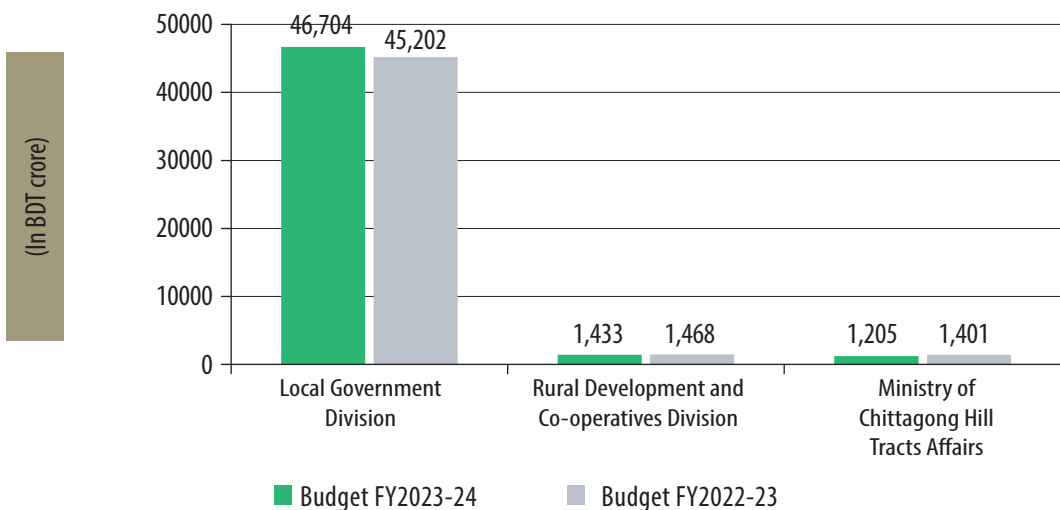
## 2. The Budget for Local Government and Rural Development Sector for FY2023-24

The national parliament approved the budget for FY2023-24 on 26 June 2023. An allocation of BDT 49,342 crore for FY2023-24 has been made for the local government and rural development sector of Bangladesh. This allocation represents a 10.4 per cent increase compared to the budget allocation for FY2022-23 and a 2.6 per cent increase compared to the revised budget for FY2022-23 (Figure 1). The budget allocation for local government and rural development in FY2023-24 accounts for 6.5 per cent of the total budget allocation (Figure 1).

The local government division is set to utilise a significant portion of the budget allocated for the local government and rural development sector in FY2023-24, similar to the FY2022-23. The allocation for this sector amounts to BDT 46,704 crore, which accounts for 93.3 per cent of the total allocation for the sector (Figure 2). Additionally, an allocation of BDT 1,433 crore for the Rural Development and Cooperatives Division and BDT 1,205 crore for the Ministry of Chittagong Hill Tracts Affairs has been made (Figure 2).

**Figure 1: Allocation to the Local Government Sector in the National Budget**

Source: Budget in Brief.

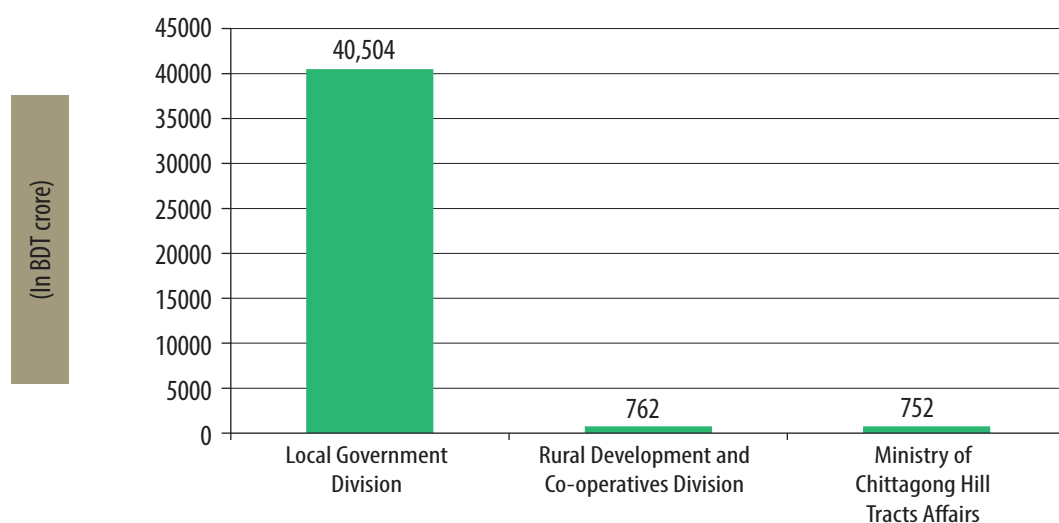
**Figure 2: Ministry/Division-wise Allocation for Local Government and Rural Development Sector**

Source: Budget in Brief.

### 3. Allocation to Local Government and Rural Development Sector in Annual Development Programme (ADP)

For the Local Government and Rural Development sector, BDT 42,018 crore has been allocated for the Annual Development Programme (ADP), of which BDT 40,504 crore has been allocated for the local government division, BDT 762 crore for the rural development and cooperatives division, and BDT 752 crore for the Ministry of Chittagong Hill Tracts Affairs (Figure 3). The ADP allocation of the local government and rural development sector in this year's budget is 16 per cent of the total ADP allocation.

**Figure 3: ADP Allocation in Local Government and Rural Development Sector for FY2023-24**



**Source:** Annual Development Programme, FY2023-24.

### 4. Conclusion

The local government and rural development sector has been working to build rural and urban infrastructure, safe water and sanitation, increase citizens' quality of life, remove waterlogging and improve the infrastructure of the rural economy. The Perspective Plan (2020-2041) has been formulated as a long-term plan to achieve the goals of "Vision 2041". On the other hand, the 8th Five Year Plan (2021-25) has been formulated as a medium-term plan with several big objectives in mind: prosperity, inclusion, poverty alleviation, and prevention of inequality. The contribution of local governments to these areas has increased over time. This progress has been possible due to the gradual rise in the Annual Development Programme (ADP) in the sector. The higher level of ADP allocation needs to continue in the future in order to achieve medium to long term goals as stipulated above.