

**BAMU**

Budget Analysis and Monitoring Unit  
Bangladesh Parliament Secretariat



# Budget Helpdesk 2026



## National Budget 2026–2027: Summary Local Government and Rural Development

সহযোগিতায়



## 1. Background

The local government, rural development, and cooperative sectors are considered among the main foundations for inclusive development, reducing regional inequality, and achieving sustainable development goals in Bangladesh. The current government formed after the 2026 national elections has placed special emphasis on decentralisation, water management, rural infrastructure development, and the formation of a climate-resilient rural economy. In addition to making local government institutions more effective and service-oriented, the 51-point election manifesto announced by the government and subsequent policy initiatives include the restoration of rivers, canals, and water bodies; the expansion of irrigation facilities; and an increase in rural employment as priority sectors.

One of the main initiatives of the current government's local government and rural development plan is the nationwide river and canal re-excavation program. According to the government's announcement, a plan has been developed to excavate and re-excavate about 20,000 kilometres of rivers, canals, and water bodies across the country over the next five years [1]. The program aims to reduce waterlogging, expand irrigation facilities, increase agricultural production, reduce dependence on groundwater, and mitigate the risks of floods and droughts. Through this program, initiatives have been taken to restore the normal flow of 520 rivers and thousands of canals that are almost extinct [2].

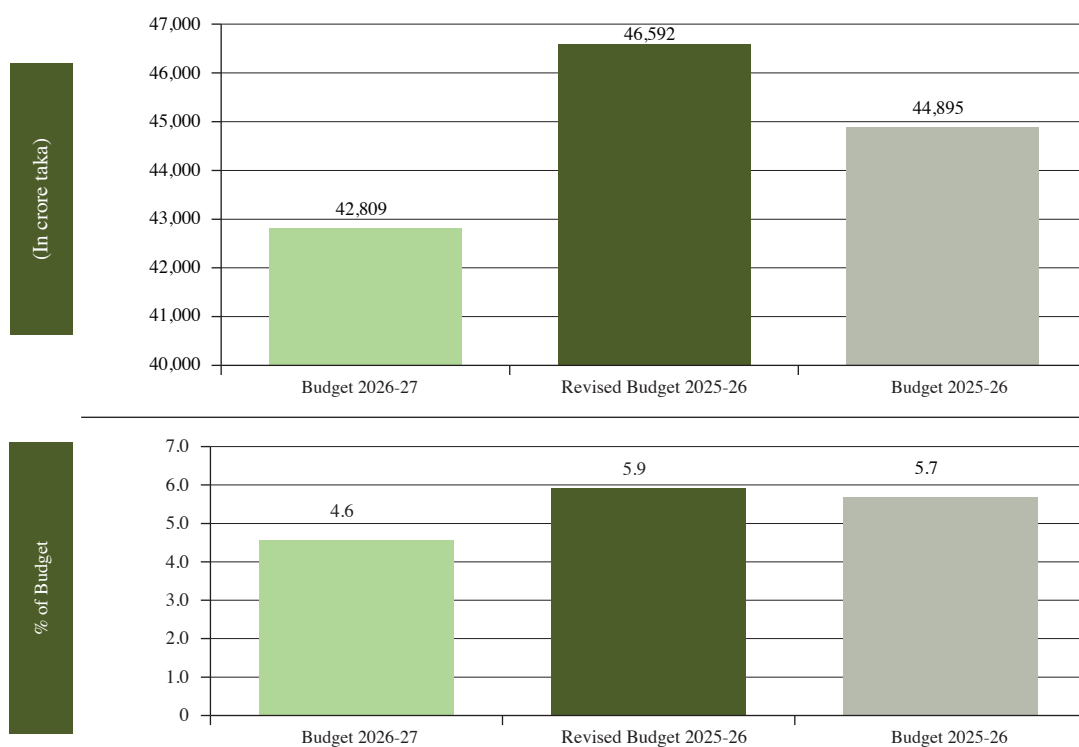
The plan to implement this program has been taken in coordination with the Ministries of Local Government, Water Resources, Agriculture, and Disaster Management. The government has described this initiative as directly related to reviving the rural economy, increasing agricultural production, and creating local employment. Another important government programme is the distribution of farmer cards. In the current fiscal year, the government is working to bring 2,067 farmers under this program [3]. Plans include planting 250 million trees and expanding modern waste management over the next five years, which is considered helpful in addressing climate change risks and building sustainable rural infrastructure. At the same time, the goal has been set to reactivate rural economic activities linked to agriculture, fisheries, and local market systems by restoring canals and water bodies.

The government has also announced new plans to develop human resources and citizen services at the local level. A plan has been developed to recruit 100,000 health workers across the country to expand healthcare services, with special emphasis on the participation of women [4]. At the same time, initiatives to expand sports infrastructure, technical and skill-based education, digital services, and regional e-commerce hubs at the district and upazila levels are being considered as part of efforts to make the local economy more dynamic. The government's policy position places special emphasis on reducing disparities in rural and urban development, creating local employment and forming a decentralised development structure.

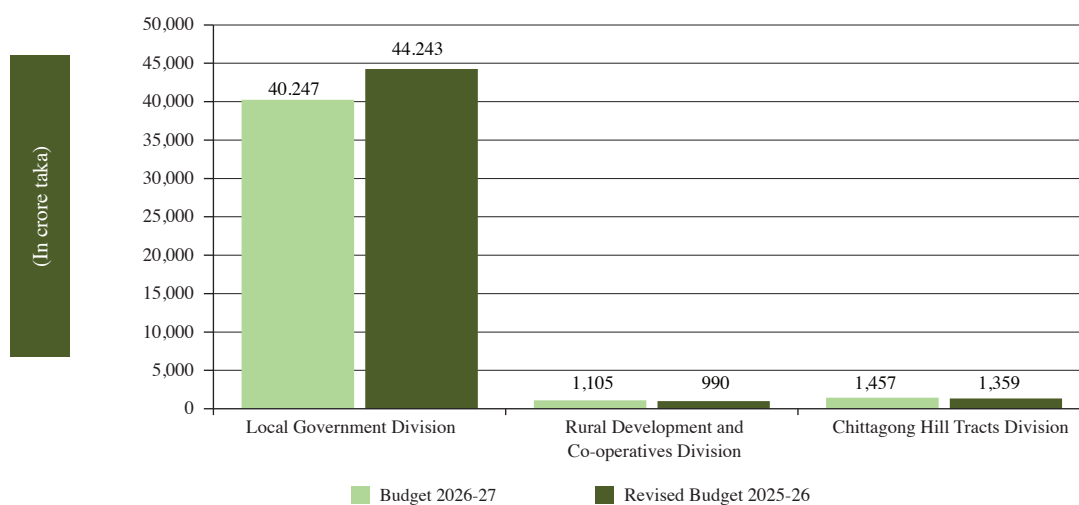
## 2. Budget Allocation for the Local Government Sector in FY2026–27

For FY2026–27, an allocation of Tk 42,809 crore has been proposed for the Local Government and Rural Development sector, which is 8.1 per cent lower than the revised budget allocation for FY2025–26 (Figure 1). The proposed allocation for the local government sector in FY2026–27 stands at 4.6 per cent of the total budget allocation, compared to 5.9 per cent in the revised budget for FY2025–26 (Figure 2).

An analysis of ministry and division-wise allocations shows that, as in previous fiscal years, the Local Government Division will account for the largest share of the local government sector's budget allocation in the upcoming fiscal year as well. The proposed allocation for this division is Tk 40,247 crore, which is 94.0 per cent of the sector's total allocation (Figure 2). In addition, allocations of Tk 1,105 crore and Tk 1,457 crore have been proposed for the Rural Development and Cooperatives Division and the Ministry of Chittagong Hill Tracts Affairs, respectively.

**Figure 1: Budget Allocation for the Local Government Sector in FY2026-27 (in Amount and Percentage)**

Source: Budget Summary, 2026–27, Statement 2.

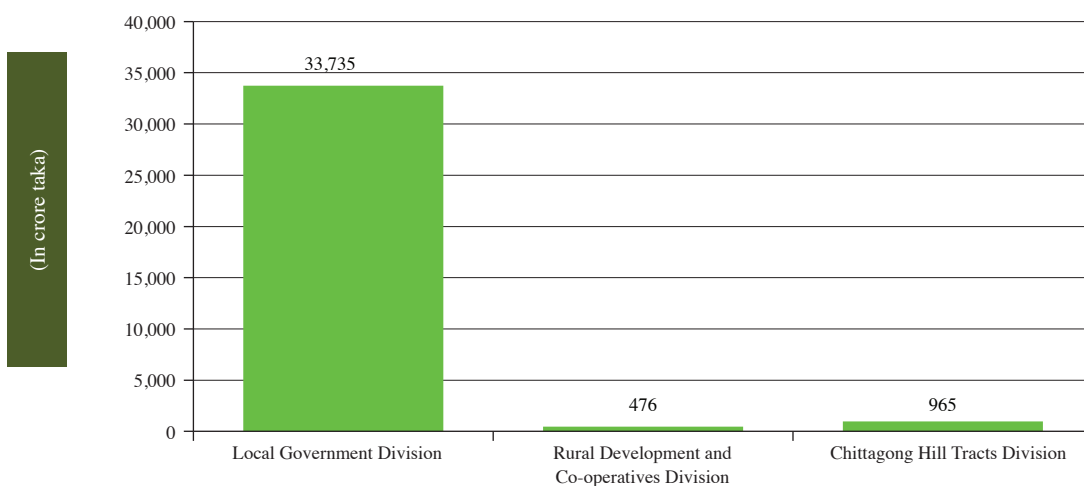
**Figure 2: Ministry-wise Proposed Allocation for the Local Government and Rural Development Sector in FY2026-27**

Source: .....

### 3. Allocation for the Local Government and Rural Development Sector under the Annual Development Programme

For the upcoming FY2026–27, a total allocation of Tk 35,176 crore has been proposed for the local government sector under the Annual Development Programme. Of this, Tk 33,735 crore has been proposed for the Local Government Division, while allocations of Tk 476 crore and Tk 965 crore have been proposed for the Rural Development and Cooperatives Division and the Ministry of Chittagong Hill Tracts Affairs, respectively (Figure 3).

**Figure 3: Allocation for the Local Government and Rural Development Sector in the Annual Development Programme (ADP)**



Source: Budget Summary, 2026–27, Statement 10, p. 45.

### 4. Conclusion

For inclusive development, revitalisation of the rural economy, and the creation of sustainable local infrastructure, it is very important to allocate effective budgets to the local government and the rural development sector and ensure their proper implementation. Water management, restoration of rivers and canals, expansion of irrigation facilities, creation of agriculture-based employment and strengthening environmental protection activities at the local level can play an important role in the development of this sector. At the same time, it is necessary to increase the administrative capacity of local government institutions, improve service quality, ensure transparency and accountability, and increase public participation in development activities. Through effective reforms and the development of this sector, it is possible to build a strong, service-oriented, and climate-resilient local government system that will play a supportive role in meeting the real needs of rural people and achieving sustainable development.

References: [1] <https://www.prothomalo.com/bangladesh/1lije8nein>

[2] <https://www.prothomalo.com/bangladesh/1lije8nein>

[3] <https://tinyurl.com/3kbrwsz>

[4] Bangladesh Nationalist Party (BNP) Manifesto.