IMPACT INSPIRATIONS

LOCAL ECONOMIC DEVELOPMENT IN SECONDARY CITIES IN BANGLADESH

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PUBLISHED:
October 2024, in Bangladesh

LED in Bangladesh

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LED in Bangladesh

ABBREVIATIONS

BARI	Bangladesh Agricultural Research Institute
BDT	Bangladeshi Taka (currency of Bangladesh)
CCTV	Closed-Circuit Television
USD	United States Dollar (currency of the United States)
GAP	Good Agricultural Practices
IHS	Institute for Housing and Urban Development Studies
LED	Local Economic Development
LGD	Local Government Division
LGI	Local Government Institution
MAB	Municipal Association of Bangladesh
OSSC	One Stop Service Centre
PACA	Participatory Appraisal of Comparative Advantage
BDS	Business Development Service

FOREWORD

REAL LIFE STORIES

It is with great pleasure and heartfelt gratitude that I can present this collection of Local Economic Development (LED) case studies, showcasing the inspiring journey and milestones of the PRABRIDDHI project. Funded by the governments of Bangladesh and Switzerland and co-implemented by the Local Government Division of the Bangladesh Ministry of Local Government, Rural Development and Cooperatives, and Swisscontact, PRABRIDDHI has been a transformative effort in promoting local economic development, with significant impacts on the targeted municipalities and communities.

Through the adoption of the Local Economic Development (LED) approach, PRABRIDDHI aims to create a thriving business environment where local businesses can prosper, employment opportunities can grow, and sustainable economic development can flourish. This book captures the real-life stories of how these objectives have been realised in Bangladeshi municipalities through the collaborative efforts of local

governments, business associations, and the communities we work with. Each case study provides insights into the challenges encountered, the innovative solutions implemented, and the shared successes achieved.

I extend my deepest appreciation to the governments of Bangladesh and Switzerland for their unwavering support and for this initiative's transformative potential. I am most grateful to the Local Government Division, our public and private sector partners, the municipalities, and the dedicated members of the PRABRIDDHI team, whose efforts have been instrumental in inducing economic growth in secondary cities of Bangladesh.As you explore these pages, I hope you find inspiration in the stories of local entrepreneurs and change-makers who have been at the core of this project. Their resilience and experiences are the cornerstone of PRABRIDDHI's impact, and we look forward to continuing this journey together, fostering stronger, more resilient local economies in the years to come.

Special thanks go to the Institute for Housing and Urban Development Studies (IHS), Erasmus University Rotterdam, Netherlands, for their hard work and commitment to advancing this important cause and for being an invaluable partner in the global LED movement.

Sincerely,
Markus Ehmann

Team Leader | PRABRIDDHI
Local Economic Development (LED) Project



INTRODUCTION

INSPIRATION TO GET STARTED

WHY YOU SHOULD READ THIS BOOKLET

Whether you are a policymaker, municipal official, urban development practitioner, entrepreneur or researcher, this booklet offers inspiration on how to leverage Local Economic Development (LED) in secondary cities. It draws on innovative experiences from Bangladesh, where municipalities have established partnerships with local and (inter)national actors to enhance their local economies despite being understaffed and under-resourced.

They have introduced innovative technologies, training, one-stop service shops, market improvements and much more. As a result, jobs have been created, labour conditions have been improved, women entrepreneurs have become role models, solid waste collection has been streamlined, and municipal finance has improved.
By showcasing seven best practices, this booklet offers inspiration to initiate LED in secondary cities where conditions may be unfavourable.
Local actors in secondary cities in Bangladesh face many constraints

in initiating LED, including limited financial and human resources, rapid population growth, the COVID-19 pandemic and other disasters, political unrest, limited awareness, weak buy-in and a centralised government system. Cities are not mandated to develop local economies and, therefore, lack capacities to conduct LED activities. Despite these challenges, the municipalities and their partners have initiated 58 smaller and bigger LED interventions over the last years.

This booklet aims to offer ideas, inspiration and motivation to initiate LED in secondary cities in the Global South. It shows how goodwill, partnerships and a pragmatic step-by-step approach can leverage local development.

A FOCUS ON SECONDARY CITIES

Secondary cities around the world are growing very fast but often lack the political clout and resources to manage their rapid growth. Many of them face high levels of un- and underemployment. High tech and service industries as well as the higher educated prefer to locate in primary cities, where better universities are housed, markets are larger and careers can be made. Local governments of other, secondary cities and towns face difficulties in finding the required number and qualifications of staff and in allocating resources to deliver basic services and infrastructure.

Secondary cities in Bangladesh face numerous challenges that hinder their ability to drive inclusive economic development. The lack of qualified municipal staff significantly limits the capacity to initiate and implement effective strategies and plans. Inadequate financial support from the central government, coupled with insufficient local revenue generation, constrain their ability to deliver basic services. Additionally, secondary cities operate under tight control by central administrations, which reduces their autonomy in decision-making. Poor coordination with central line agencies and service providers further exacerbates these challenges, leading to fragmented service delivery. As municipalities are not mandated to develop their local economies, addressing the needs of the urban poor, youth, and entrepreneurs remains a persistent issue.

THE BANGLA MODEL

LED is a process where different stakeholders come together to pool

resources and encourage local job creation and entrepreneurship. Key players include Local Government Institutions (LGIs) along with other government bodies, entrepreneurs, chambers of commerce, business associations, trade unions, labour unions and business incubators. LED efforts can involve providing infrastructure, services, regulations, business support, training, networks, and access to funding. The opportunities to enhance LED are vast, from improving basic services to developing advanced economic clusters connected to global markets.

In secondary cities of Bangladesh, the concept of LED is new. Most guidelines on LED assume at least a basic knowledge and capacity of LED.

As the basic knowledge and capacity are absent in most of Bangladesh's secondary cities: how does one start? What can be done?

Following over five years of piloting and learning together with many local actors, the Local Government Division, supported by the PRABRIDDHI project, developed the "Bangla model". This model is inspired by Michael Porter's Competitive Advantage theory and the "Participatory Appraisal of Comparative Advantage" (PACA) model of Meso-partners. PACA offers a tool for local actors to kick-start LED activities, especially when resources and capacities are limited. At the onset, the project used PACA to initiate LED in Bangladesh.

However, the model was adjusted to the limited capacities and multiplicity of challenges experienced by secondary cities in Bangladesh. This led to the creation of the Bangla model, which helps local stakeholders achieve quick wins that boost one specific competitive sector within a city. The Bangla model has two main characteristics.

First, it follows a participatory process which gives local actors a voice. Compared to most other LED models, its participatory approach and quick wins stand out. A participatory rapid economic assessment brings local actors together by discussing challenges and possibilities in the local economy. In a subsequent participatory planning session, quick wins are identified.

These are concrete short-term actions which encourage innovation and promote local prosperity. An example of such a quick win is installing CCTV cameras at a local market to reduce theft, attract customers, and enhance



the business environment. Quick wins enable local actors to learn LED by doing. In contrast to what most LED guidelines argue, the Bangla model starts with action and moves towards strategy later.

Second, the Bangla model focuses on five key drivers:

Municipal Services:
Improving services for citizens and businesses, such as trade licences, registrations, and planning. This includes managing budgets, digitising services, and making land available for firms.

Sector Competitiveness:
Supporting sectors with growth and employment potential, like urban agro-economy, light engineering, footwear, hospitality, IT business and handicrafts. Local governments can explore access to finance, coordinate for better extension services, export opportunities, develop trade fairs, and support clustering and value chains.

Business Development Services (BDS):
Creating a favourable business environment by offering support through training institutes, information centres, marketing platforms, and financial institutions. This includes assessing creditworthiness and coaching entrepreneurs to formalise their businesses.

Infrastructure:
Developing physical and organisational structures, such as markets, waste collection, women's business corners, and traffic control. Municipal staff need the capacity to build sustainable infrastructure and create market areas.

Human Resources:
Focusing on the availability of skilled workers and high-quality training. This involves creating training programs, identifying innovation opportunities, and linking universities with businesses to promote innovation.

THE PRABRIDDHI PROJECT

The LED projects presented in this booklet are supported by the PRABRIDDHI project. PRABRIDDIH means growth. It is an LED initiative funded by Switzerland and the Government of Bangladesh and co-implemented by the Ministry of Local Government, Rural Development, and Cooperatives of Bangladesh and Swisscontact. The project promotes a collaborative approach, helping municipalities and local businesses identify key activities to stimulate

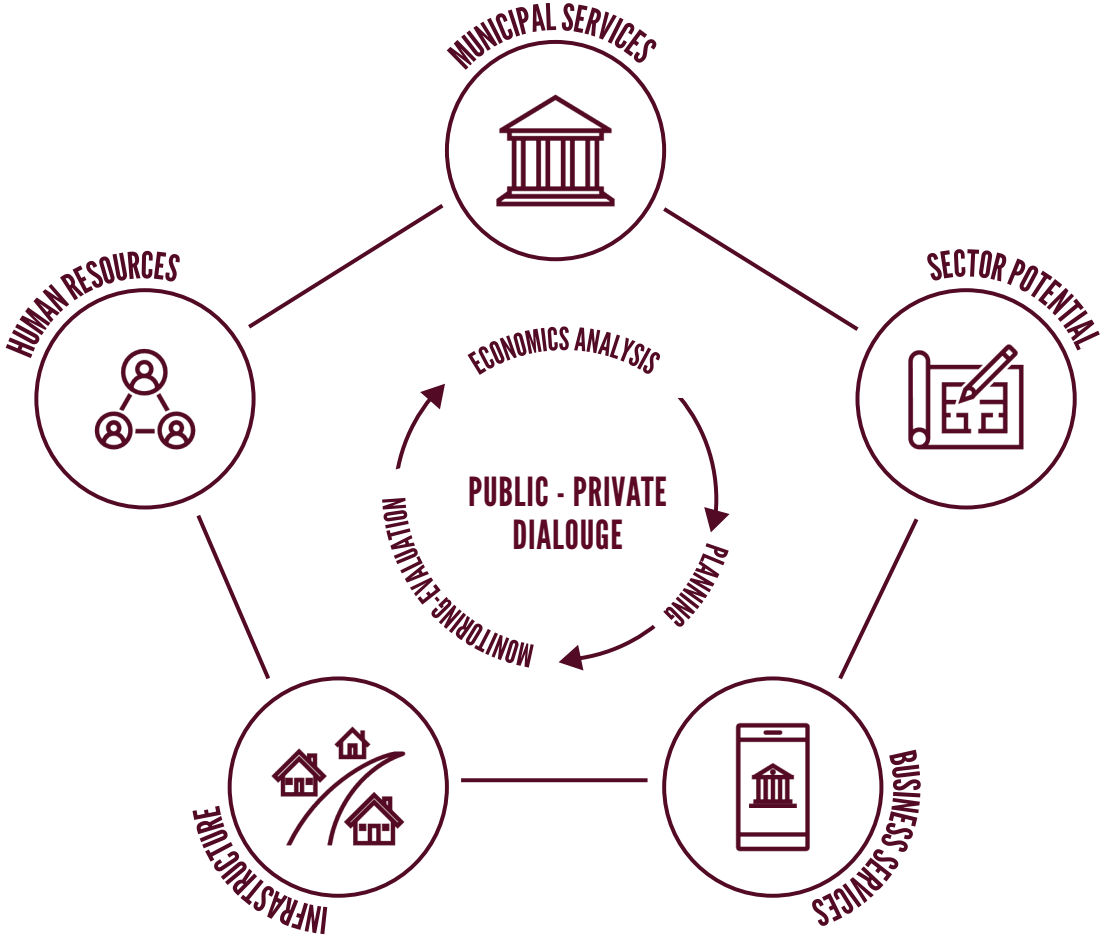


FIGURE ONE
The Bangla Model

business growth and co-create sub-projects. It aligns with other government and development partner initiatives. Fundamentally, PRABRIDDHI helps reduce risks tied to testing new business strategies and growth models that create economic opportunities for disadvantaged communities. At a national level, it anchors LED in national policies and practices.

INSPIRATION TO GET STARTED

The Bangla model offers a method to implement LED initiatives. It has proven to work in conditions where other approaches are too advanced. While it offers immediate, short-term results, it is not a panacea for all LED problems in secondary cities and may not work in all contexts. Hence, the booklet offers inspiration rather than blueprints.

Looking ahead, the Bangla model offers the start of a strategic, medium-term process where local actors collaborate to create a shared economic vision and strategy-guiding initiatives. Such a medium-term strategy builds on the partnerships, motivation, quick wins and capacities derived from the Bangla model. Ultimately, it leads to secondary cities with strong visions, policies, partnerships and practices to develop sustainable local economies.

THIS BOOKLET

This booklet presents seven cases that highlight the diverse spectrum of initiatives taken in four secondary cities in Bangladesh. It shows how local actors have overcome constraints, why they engage in LED, what processes they follow and what impact they have had. The first case presents how to start an LED process in a city without prior experience or capacity. Cases two to six present quick wins, how these were achieved and what impact they have had.

These quick wins are small activities with large impacts that local actors can implement within a year. The quick wins range from rapid growth in the mango sector to digitalising economic surveys and improving markets. The last case discusses the future: the ability of secondary cities to sustain and expand LED. All cases offer personal stories from mayors, councillors, entrepreneurs, associations and others.


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SECTION ONE

THE BANGLA LED MODEL

This first section highlights the importance of launching the Bangla LED model as an innovative approach. Introducing a method for LED requires convincing stakeholders, achieving quick wins, and ensuring long-term progress. To succeed, it is essential to engage municipalities and decision-makers while also forming new governance structures that support local economic growth. Early successes help build confidence in the model, and establishing these governance bodies ensures the momentum is sustained, fostering ongoing collaboration and locally driven development

section one

CASE STUDY ONE

GETTING STARTED: THE PARTICIPATORY LED PROCESS IN BOGURA

“When the project started in early 2022, the concept of Local Economic Development was new to us”, former Mayor Rezaul Karim Badshah remembers.

The municipal office was overstretched, employing only 82 of the 162 allocated staffing positions.It struggled to deliver basic infrastructure and services in a city of about 1 million inhabitants and 70 square kilometres. His office did not receive much support from the central government, as the mayor was from the opposition party. How do you initiate LED and give people a voice when the local government is overburdened and understaffed? How do you set up an LED standing committee, and what does it do?

The first challenge was persuading the mayor and his team to take on a new task outside the usual responsibilities of the municipality: local economic development. Md. Shahjahan Alam, the Municipal Executive Officer, highlights that his key motivation for initiating LED


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was becoming financially more self-sufficient and capable of sustaining development initiatives.

They wanted quick wins with immediate action. On the top of his wish list was conducting a Trade License Economic Census, followed by efforts to address holding taxes.

During pre-visits, the project team met municipal staff and other local stakeholders to create awareness and gather basic facts and figures on Bogura's economy. This culminated in a launching event for all stakeholders on 12th April 2022. This event agreed to start the process with a Rapid Economic Assessment.

RAPID ECONOMIC ASSESSMENT

Rapid Economic Assessments analyse the local economy and give people a



"Our biggest problem is finance"

– Rezaul Karim Badshah
Former Mayor, Bogura

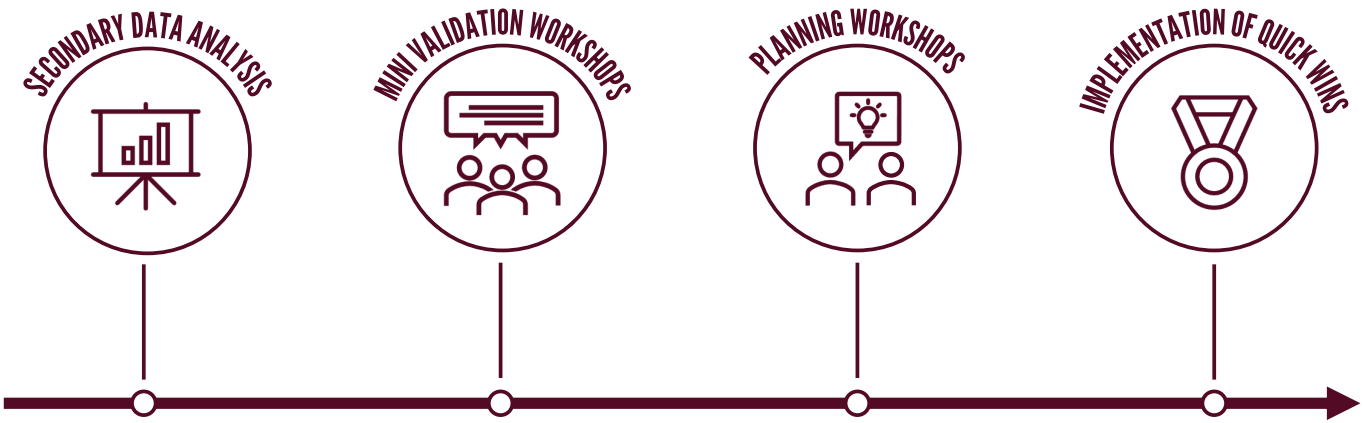


FIGURE TWO
Rapid Economic Assessments

voice through a participatory process. It follows three steps: secondary data analysis, mini-validation workshops and planning workshops.

Secondary data: The PRABRIDDHI team analysed the drivers of the local economy by mapping economic challenges and opportunities. The project learned that Bogura Municipality is the largest municipality in Bangladesh by area. It is a city with immense economic potential, and despite existing challenges, it continues to progress.

Bogura has developed from an agricultural to an industrial hub in among others light engineering, dairy and handicrafts. Information was obtained from the secondary sources and pre-visits to the municipality. The project team analysed the gathered information using tools like stakeholder maps, constraint trees and value chain analysis.

Mini validation workshops were organised to discuss the findings. To create local ownership, they were organised by the Bangladesh Engineering Industry Owners' Association - Bogura chapter, Foundry Owners Association of Bangladesh (FOAB)-Bogura chapter and Bogura municipality in May 2022. A total of 67 people attended the workshops, including the mayor and councillors. In each of these workshops, the PRABRIDDHI team presented a brief analysis of the local economy followed by discussions using participatory techniques such as problem and SWOT analysis.

Planning workshops: The third step was organising a Planning Workshop on 18th May 2022. In the workshop, the local stakeholders decided on 9 quick wins to be implemented within the next three to six months. For each quick win, a local champion was identified to lead the implementation.

LED COMMITTEE: GIVING A VOICE

One of the quick wins was to set up an LED Committee responsible for initiating, monitoring and evaluating quick wins. The committee also conducts economic assessments and prepares LED plans. Most importantly, it offers a safe place for public and private actors to meet. The Bogura LED Committee comprises the mayor, counsellors, municipal officers and members of business associations.

Even though it is not a formally mandated committee, it has an agreed membership, scope and reporting structure.



Mrs Shirin Akter has actively participated in the committee as a councillor for the past three and a half years. She argues that LED is vital for the development of Bogura. By now she knows the LED process by heart and accredits this to visits across Bangladesh, workshops and her active role in assessing holding taxes, conducting trade licence surveys and improving waste management.

The LED committee has given not only her but also all women in Bogura a voice. In Bangladesh's male-dominated culture, empowering women is crucial for local development. While Shirin acknowledges that collaborating with male commissioners can sometimes be challenging, she and another powerful female member of the LED Committee were able to have their voices heard.

As a strong advocate for women's empowerment, Shirin has consistently worked to promote the economic independence of women in Bogura. With her support, the LED committee constantly informed and consulted women and men in community meetings. She notes a trend towards gender empowerment: 'Today, I see many women from my area working and becoming self-sufficient. I believe that empowering women is crucial for Bogura's economic future'.

QUICK WINS: PARTICIPATION IN ACTION

An important task of the LED committee is to initiate and manage quick wins which offer immediate value for its stakeholders. More than that, it is a way to learn and develop LED committees. Agreeing on quick wins is a matter of give and take, which is widely discussed within the LED committee.
For instance, Mr Islam, who is an entrepreneur and member of the Bangladesh Engineering Industrial Owners Association, lobbied against the holding tax. However, he stands to benefit from improved services and infrastructure for the light engineering industry.This participatory process has resulted in nine quick wins, including setting up an LED committee, conducting an economic census, improving holding tax and offering training and digital marketing for light engineering firms.

All stakeholders contribute ideas, efforts, and funds to quick wins, bringing public and private actors together in joint action. The LED committee selected an LED Champion for each quick win, which is the most prominent actor to

steer the intervention. In Bogura, LED champions include municipal representatives, business associations and local service providers.
A crucial element of the process is to celebrate impact. For instance, the economic census increased the number of registered businesses from 9,000 to 17,000, and a re-evaluation of the holding tax in two pilot wards increased tax income fourfold. The mayor notes: 'Thanks to the increased revenue, we are now able to provide better services to the residents. All employee salaries are up to date, and staff members receive provident fund and bonus benefits.'

Such impacts offer motivation and funding for future activities. It shows that public private partnerships work.

As the quick win interventions mature and produce impacts, the municipality is better informed of the potential role of the actors involved in the process and their capacity to drive change. The LED committee is now planning medium to longer term initiatives involving the LED champions as key drivers. This includes developing a medium-term strategy. What started as a call for more funds has thus turned into strategic LED actions.

"Thanks to the increased revenue, we are now able to provide better services to the residents. All employee salaries are up to date, and staff members receive provident fund and bonus benefits."

– Rezaul Karim Badshah
Former Mayor, Bogura

LED in Bangladesh

SECTION TWO

QUICK WINS AND IMPACTS

Section 1 has described how to get LED processes started. Once the project has started, it quickly moves towards quick wins, which are short term actions with large impacts. This section shows how stakeholders identify and implement quick wins and what their impacts are. The stories are told from the perspectives of female and male entrepreneurs, mayors, councillors, workers and project staff.

section two

CASE STUDY TWO

HOW INNOVATION IS REVITALISING MANGO FARMING IN SHIBGANJ

Nestled in northwestern Bangladesh, Shibganj is a rural area with a rich mango-growing heritage. For centuries, this fertile region has been home to some of the finest mango orchards in the country, making it a critical hub for mango production. In recent years, however, Shibganj has faced market challenges, threatening the livelihood of its many mango farmers. Fortunately, a wave of economic innovations and a digital transformation, spearheaded by PRABRIDDHI in partnership with local initiatives and e-commerce platforms, is breathing new life into the industry. The success of this model is expected to gain formal recognition from the government and is likely to be replicated in other municipalities across Bangladesh, contributing to broader national economic development efforts.

SHIBGANJ: THE HEART OF MANGO COUNTRY

Spanning 314.92 square kilometres, Shibganj is an Upazila (administrative region) with a deep connection to the mango industry. Far from being a

rural backwater, Shibganj has become a peri-urban hub for agriculture, blending tradition with modern development.

The town, with its semi-urban infrastructure and proximity to key markets, serves as a mango-growing spot, supplying the nation with the most coveted varieties of mangoes in Bangladesh, such as Himsagar and Langra, known for their rich flavour, sweetness, and smooth texture. Mango cultivation is the backbone of the local economy, with over 100,000 people depending on the mango industry, where any fluctuation in the market has a profound impact on livelihoods.

In 2019, Shibganj's mango sector hit a crossroad. Despite the quality of its produce, farmers were grappling with low yields, poor market access, and fluctuating prices, and eventually COVID-19. The situation prompted the formation of a multi-stakeholder platform (MSP) and the Mango Market Management Committee (MMMC), created to foster cooperation between farmers, government bodies, and the private sector. This initiative led to the development of an action plan aimed at rejuvenating the mango sector by boosting productivity, modernising farming techniques, and improving market access.

DIGITAL TRANSFORMATION: A LIFELINE FOR MANGO FARMERS

One of the most impactful outcomes of this initiative has been to transform the industry in all core aspects: cultivation, skills and capacities, production and marketing. PRABRIDDHI helped Shibganj's mango farmers to broker deals with two leading e-commerce companies in Bangladesh, Chaldal.com and Parmeeda. These platforms now procure, brand, and market mangoes from Shibganj, bringing them directly to consumers in Dhaka. With over 40,000 daily home deliveries in the capital, the demand for fresh produce, especially high-quality mangoes, is booming.

By going digital, these farmers are no longer bound by the traditional supply chain with middlemen and are now ensured timely payments and higher profits. Over 400 farmers benefited from additional income of BDT 75 million or USD 750.000 due to a decrease in costs, a reduction in post-harvest losses, and an increase in price associated with online marketing and branding.

INNOVATION IN FARMING: UHD PLANTING AND CAPACITY BUILDING

Digitalization has transformed how Shibganj's mangoes reach consumers, but it's the innovations in farming that have truly boosted both output and quality. One such groundbreaking technique, introduced by the PRABRIDDHI project, is "ultra-high-density (UHD) planting."

This method, pioneered in countries like Israel, Spain, and India, was adapted to local conditions by Bangladesh Agricultural Research Institute (BARI). By planting more mango trees per acre and using precise irrigation techniques, farmers have maximised productivity, even on smaller plots of land. Supported by BARI, this approach has not only increased yields but also improved the overall quality of the fruit.

UHD gardening is especially beneficial in the face of climate variability. By optimising land use, farmers can secure more reliable harvests, despite unpredictable weather patterns.

Additionally, targeted irrigation systems reduce water wastage, ensuring that mango trees receive the necessary moisture without excess. The compact layout of UHD orchards also enables better pest and disease management. By identifying and addressing problems early, farmers minimise crop losses and reduce reliance on chemical treatments.

TRAINING IN GOOD AGRICULTURAL PRACTICES

A major part of this transformation has been the training provided to mango farmers and labourers on Good Agricultural Practices (GAP). In partnership with BARI, PRABRIDDHI conducted extensive capacity-building programs that trained over 200 farmers and 200 labourers in modern mango cultivation techniques. These practices emphasised sustainability, efficiency, and safety, focusing on issues such as reducing pesticide misuse, improving irrigation efficiency, and promoting soil health.

Farmers like Ismail Khan Shamim, who serves as the General Secretary of the Shibganj Mango Producer Cooperative Society, received training in modern harvesting techniques, pest management, and post-harvest handling. These programs have helped farmers raise the overall quality of their produce, ensuring that Shibganj's mangoes meet the high standards demanded by urban consumers. Shamim, who hails from a long line of mango growers, has seen firsthand how these interventions



have transformed his community. “Growing up, I witnessed the struggles my father faced to get a fair price for his mangoes,” he said. “But today, with these new techniques and the support of e-commerce platforms, we’re not only growing better mangoes but also reaching a wider market.”

This shift has allowed farmers to capture a greater share of the value chain, transforming them from mere producers to entrepreneurs. More importantly, they have made these initiatives their own and are applying the acquired knowledge and new skills independently.

MANGO BY-PRODUCTS: A NEW FRONTIER

In a bid to reduce wastage and diversify income streams, the project has also explored the creation of mango by-products inspired by a study tour to Thailand. Farmers like Shamim have been inspired to develop prototypes of processed mango products, such as mango pulp, dried mangoes, and pickles. These value-added goods are expected to create jobs, reduce reliance on imported products, and generate additional income for farmers. The shift toward processing and creating by-products is an exciting development for Shibganj. By leveraging mangoes that might otherwise go to waste, farmers can increase their income while contributing to the sustainability of the local economy.

A SUSTAINABLE FUTURE FOR SHIBGANJ’S MANGO FARMERS

Beyond the immediate economic benefits, and in addition to improving farming techniques, the project also equipped farmers with marketing and branding skills. This aspect has been crucial in bridging the gap between Shibganj’s farmers and larger retail networks, including e-commerce giants and chain stores.

“Growing up, I witnessed the struggles my father faced to get a fair price for his mangoes, but today, with these new techniques and the support of e-commerce platforms, we’re not only growing better mangoes but also reaching a wider market.”

– Ismail Khan Shamim
farmer

Farmers like Md. Abdul Awal, who had previously struggled with declining mango quality and financial difficulties, have benefited from these initiatives. “For years, we didn’t have the tools or knowledge to market our products effectively,” Awal explained. “But now, we understand the importance of branding and packaging. It’s no longer just about growing mangoes—it’s about selling a product.”

The municipality’s collaboration with the MMMC and MSP has also led to improved market oversight, ensuring that farmers receive fair compensation for their produce. With innovations in farming, marketing, and e-commerce, Shibganj’s mango farmers are now better equipped to face future challenges. The transition from traditional methods to modern, tech-driven practices has unlocked new opportunities for growth, both within the mango sector and the broader local economy. As demand for Shibganj’s mangoes continues to rise, the mango farmers are poised to reap the benefits of this digital revolution. For Shamim, Awal, and countless others, the future looks bright—and decidedly sweeter.

“For years, we didn’t have the tools or knowledge to market our products effectively, but now, we understand the importance of branding and packaging.It’s no longer just about growing mangoes—it’s about selling a product.”

– Md. Abdul Awal
farmer



section two

CASE STUDY THREE

A SAFE MARKET AS THE BEATING HEART OF BHAIRAB'S ECONOMY

Bhairab is a city rich in history and economic promise. Located in the Dhaka Division on the banks of the Meghna River, Bhairab has evolved from a fishing and agricultural hub to a thriving industrial centre. Its strategic location and abundance of commercial and industrial activity have transformed Bhairab into a significant business hub, making it a critical player in the region's LED. The city's success is marked by its ever-growing footwear industry, which employs over 60,000 individuals. Due to its location, Bhariab also serves as a trade hub for the area with many different goods being offered at local markets. However, the infrastructure of the public markets is poor which causes financial losses for the businesses present at the markets. For over two years, the PRABRIDDHI project has been working in partnership with various actors in Bhairab to improve municipal service delivery such as market security, access to municipal services and provision of targeted services for women.

MARKETS: THE BEATING HEART OF LOCAL ECONOMIES

Bhairab has several large public and private markets – some are permanent, located in various spots of the city, others are temporary. The sellers bring fresh agricultural produce to the sides of the highway from Dhaka, trading right at the road and in between busy traffic. In the evening the fishing boats come with river fish and goods occupying a dedicated area next to the river bank.

Local and regional markets play a pivotal role in driving LED within municipalities. A safe and well-managed market attracts more customers, enhances trade, and allows businesses to function more efficiently with fewer disruptions. This, in turn, boosts local revenue and fosters stronger trust between the municipality and the business community. Rukhen Uddin Ahmed, Senior Advisor of the PRABRIDDHI project explains the importance of markets for the local economy: "In secondary cities of Bangladesh the market is the heart of the economy. You know the flow of money is the highest over there. And every day, from early morning till midnight, there are transactions happening."

However, several challenges hinder these market areas from reaching their full economic potential. These challenges include inadequate environmental services like sanitation and drainage, limited accessibility, gender-based violence and safety concerns, as well as vulnerability to climate-related issues. Many existing markets suffer from poor infrastructure and are highly susceptible to natural disasters such as fires and floods. These factors not only make the markets less appealing to customers but also lead to disruptions in value chains, weakening LED in secondary cities.

"In secondary cities of Bangladesh the market is the heart of the economy. You know the flow of money is the highest over there. And every day, from early morning till midnight, there are transactions happening."

– Rukhen Uddin Ahmed
Senior Advisor PRABRIDDHI

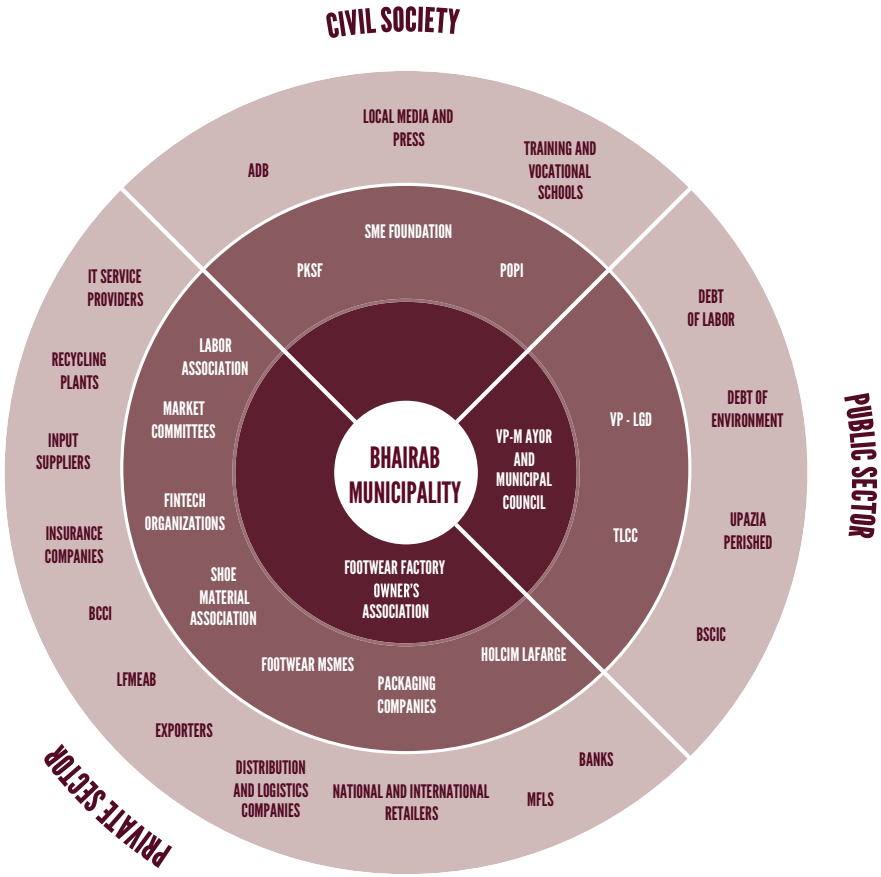


FIGURE THREE

The Stakeholder Map of Bhairab Municipality



MARKETS OF BHAIRAB

In 2022 the project started in the city by conducting a joint economic appraisal which involved local municipal officials, market associations and businesses. Together they have identified key drivers of economic development in each municipality. One clear driver for Bhairab was improved municipal service delivery. Specifically, it was chosen to first tackle the immediate issue of low safety at the local market of Bhairab Bazar. Bhairab Bazaar is a big market where more than 100,000 people, more than half of them being female, go every Wednesday. Visitors and sellers alike, have reported issues with security.

Therefore, CCTV installation in Bhairab market emerged as a priority. The aim was to enhance safety, protect goods, and create a more secure environment for traders and workers. PRABRIDDHI supported the Bhairab municipality in procuring and installing 64 CCTV cameras through a cost-sharing arrangement.

SAFER MARKETS

The real impact of this initiative can be seen in the experiences of local beneficiaries. Saddam Hossain, a 30-year-old day labourer at Bhairab market, is one such example. For years, Saddam relied on the smooth operation of the market to earn a living, but theft had become a persistent issue. Two years ago, goods valued at 12,330 BDT (around USD 103) were stolen, threatening his livelihood.

Saddam Hossain recalls the incident: “While unloading products at the dockyard with my brother, we discovered a missing carton when we returned to the cart. Immediately, I reported the incident to the mayor, directing local authorities to investigate. Utilising CCTV recordings, the culprit was identified the next day, leading to the recovery of stolen goods.”

Thanks to the CCTV cameras installed by the municipality, the thief was swiftly identified, and the stolen goods were recovered within three days. Saddam’s case illustrates how the surveillance system has not only safeguarded his livelihood but also fostered a sense of security for workers like him. He hopes for further expansion of CCTV coverage to the nearby jetty area, to further protect day labourers from financial losses and create a safer working environment.

Similarly, local businessman Sadikur Rahman Javed, who has traded spices in Bhairab Market for over two decades, has also benefited from the CCTV system. When a large sum of money went missing from his shop, the CCTV footage revealed that one of his employees had taken it. The swift resolution of the case allowed Javed to recover his money and avoid further losses. Javed notes that before the installation of CCTV cameras, theft and robbery were common, but since then, market security has greatly improved. He, too, emphasises the need for expanding the camera network to cover all areas of the market, ensuring the safety and prosperity of all traders.

"While unloading products at the dockyard with my brother, we discovered a missing carton when we returned to the cart. Immediately, I reported the incident to the mayor, directing local authorities to investigate.

Utilising CCTV recordings, the culprit was identified the next day, leading to the recovery of stolen goods."

– Saddam Hossain
Bhairab, day labourer



BROADER IMPACT

These stories highlight the broader economic impacts of the intervention. With improved market security, over 1,330 entrepreneurs (2% of whom are women) are now able to stay open until late night, resulting in a net additional income of BDT 41,5 million (around USD 346,000). This security has also created 5,100 additional labour days, enabling 1,470 workers to earn an extra BDT 4.2 million (around USD 35,000) through extended work hours. Furthermore, over 3,100 local citizens report feeling safer and visiting the market more frequently, contributing to its vibrancy and economic vitality.

Installation of CCTV cameras in the main market area of Bhairab is not only about infrastructure improvement. It is in fact an important step towards bringing more private and public actors on board with the LED process that is just starting out. The PRABRIDDHI project team recalls that when they talked to the municipality for the first time, the municipal staff chose market security as a priority. Installation of the cameras was a first action to cooperate on LED to gain trust and secure continuation of collaboration. Rukhen Uddin Ahmed, Senior Advisor of the PRABRIDDHI project, explains: “Since the intervention, not only municipal officials but also the business community trust that that PRABRIDDHI project is here to work, not to talk and discuss. So a quick win is to gain the quick trust or confidence that we are capable of doing something meaningful together.”

After looking at the success of the intervention, the municipality has committed to allocate its own fund to maintain the CCTV server equipment and has set up 15 new cameras to further strengthen the surveillance system. Therefore, the first quick win has inspired the municipality to provide further support to LED. This also demonstrates improved municipal responsiveness and service delivery.

The CCTV initiative in Bhairab’s market is a testament to the importance of short-term interventions in local economic development processes. By addressing immediate needs, such as market safety, the project has successfully raised awareness of the importance of municipal services, built trust among local actors, and convinced political and business elites of the value of such interventions.This is not merely about installing cameras; it is about ensuring the efficient delivery of

services, and creating an environment where businesses can thrive. Through targeted, short-term actions like this, the cooperation between municipal actors and the PRABRIDDHI project is fostering long-term economic resilience in Bhairab, paving the way for a more secure future for all its citizens.

"Since the intervention, not only municipal officials but also the business community trust that that PRABRIDDHI project is here to work, not to talk and discuss. So a quick win is to gain the quick trust or confidence that we are capable of doing something meaningful together."

– Rukhen Uddin Ahmed
Senior Advisor | PRABRIDDHI

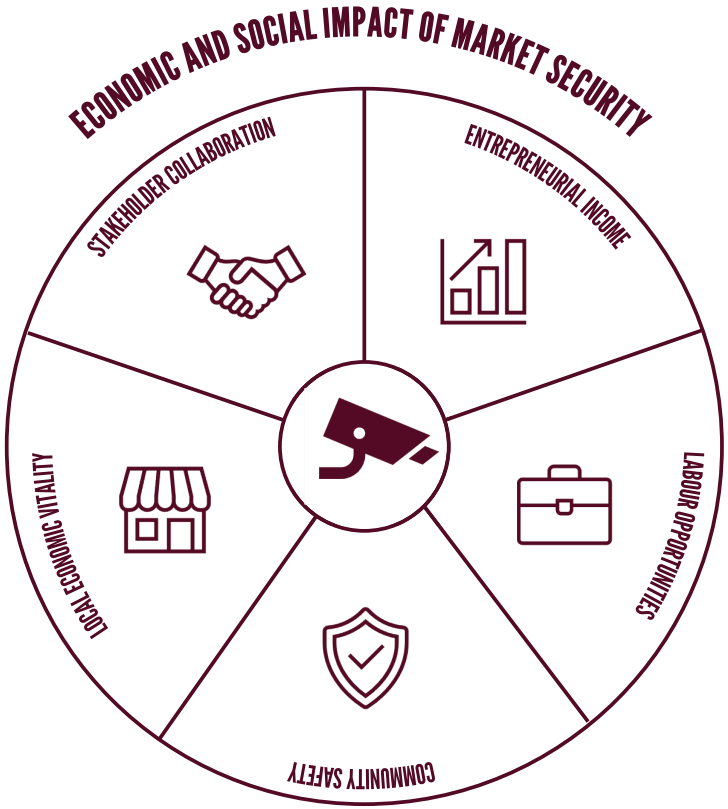


FIGURE FOUR
The Economic and Social Impact of Market Security

section two

CASE STUDY FOUR

MUNICIPAL FINANCE AS A CATALYST FOR LOCAL ECONOMIC DEVELOPMENT IN BOGURA

Bogura is a municipality in northern Bangladesh which is considered to be the oldest city of Bengal. As one of Bangladesh's most significant municipalities, Bogura holds great economic potential, largely due to its strategic location in the Rajshahi Division and its evolving status as an industrial hub. Historically, the city has been a centre for agriculture, but in recent years, light engineering, handicrafts, and the dairy industry have taken the forefront, with promising prospects for both national and international markets.

Despite this potential, Bogura is facing structural and financial constraints that limit the realisation of its economic development. Bogura was not a priority for national-level funding or national-level institutions for the last fifteen years, which complicated service delivery and municipal finance. Disputes over drainage, sanitation, conservancy, and holding taxes have unearthed gaps in governance; without a clear management structure, coordination between local and national bodies remains ineffective.

To help the municipality realise the full potential of its diverse economies and sectors the mayor, municipal officials, national agencies and local businesses started working with the PRABRIDDIH project in 2022.

One of the first interventions of the project, initiated by the municipal financial officers, was to improve the financial state of the local government. Two parallel processes were initiated to make the municipality financially solvent and capable of sustaining development initiatives.

These were the Trade License Economic Census and holding tax reassessment. As a result, the municipal revenue has increased and more than 8000 additional businesses were registered in the municipal database.

LACK OF FINANCE

One of the most pressing challenges in Bogura is the lack of capacity to generate sufficient revenue to fund LED, namely support high-quality business development services, develop sustainable and resilient digital and physical infrastructure for businesses, and deliver relevant municipal services.

The primary sources of local government revenue includes taxes, tolls, fees such as trade license fees and other charges.

A holding tax is a property tax, a local tax on buildings, along with appurtenant land paid by the owners. In 2013 a local census identified that 75% of the households pay the tax, leaving room for improvement. A capacity shortage has hampered efforts to reassess taxes since 2013, leading to a significant loss of potential revenue.

To overcome these obstacles, the municipality partnered with private and public partners, supported by the project. Enhanced revenue collection has enabled the municipality to be more financially independent, invest in key infrastructure, and provide support to growing economic sectors such as light engineering.

In addition, the Bangladesh Investment Development Authority (BIDA) states that digitalization and updated trade licensing systems facilitate increased national and international investments in local businesses. BIDA, a national-level partner of PRABRIDDHI, is working on policy reforms to enhance these systems with the project's support.

Therefore, by focusing on reassessment and trade licence reform, Bogura is not only improving its financial stability but also creating a stronger foundation for long-term and sustainable LED.

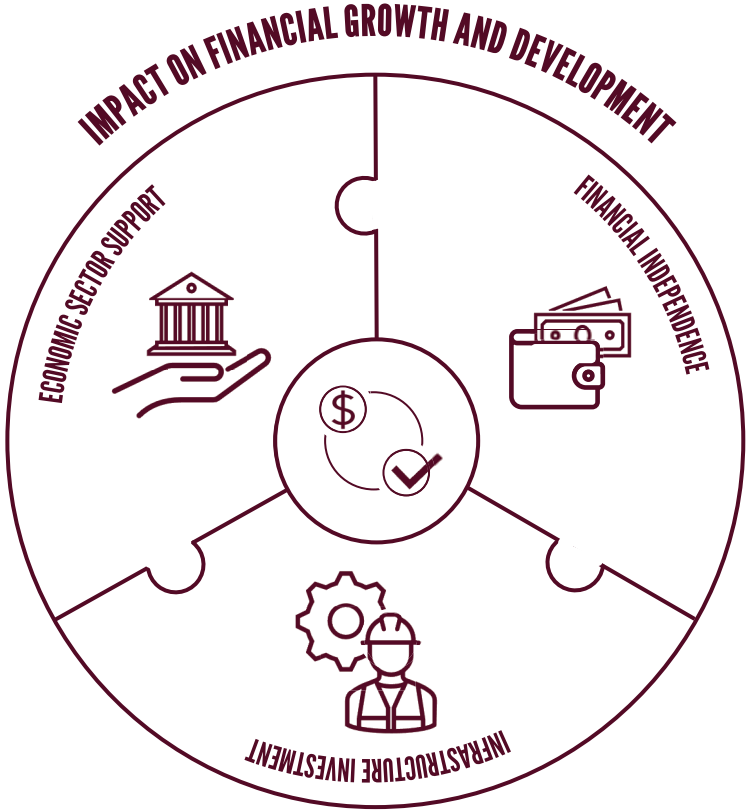


FIGURE FIVE
Impacts on financial growth and development



KEY INTERVENTIONS IN MUNICIPAL FINANCE

In mid-2022, local public and private stakeholders carried out a "Revenue Potential Study" to identify possible sources of revenue and the challenges faced by the municipality in revenue collection.

Comprehensive revenue data was collected from all municipal sources, including taxes, fees, licences, and service charges, with a focus on the last five years. A stocktaking of municipal assets and assessments was also carried out to ensure all potential revenue streams were captured. This included under-assessed assets and sources that may not have been properly recorded in the past.

In addition to revenue collection, the study included a detailed analysis of the municipality's expenditure patterns. This helped assess the efficiency and quality of municipal spending, identifying areas where resources were being well-utilised and where improvements could be made. This insight was crucial for ensuring that future revenue growth would support quality service delivery. To understand the revenue potential further, the study analysed local economic activities, key industries, and the population's income levels. Secondary data from national sources, such as Bangladesh's income and expenditure survey, with a focus on the urban area of Bogura, provided valuable information for projecting growth in revenue streams.

Key actions included reassessing the holding tax to capture accurate property values, conducting an economic census to identify new taxable entities, optimising market leasing revenues, and introducing competitive bidding processes for public assets like bus and truck terminals, as well as public toilets. These recommendations were carefully aligned with the municipality's governance capacity, economic priorities, and long-term development objectives.

This study allowed the municipal council and LED committee to take the right steps to increase revenue and develop a three-year plan. Following the study, the municipality decided to reassess holding taxes, conduct an economic census, and upgrade the market, as over half of its revenue comes from these three areas. These interventions were proposed in the rapid economic appraisal and were endorsed by both public and private sector representatives during the validation workshop.

Md. Shahjahan Alam, a municipal executive officer, shares the impact of collaboration in Bogura:

"Before the project stepped in, we had around 8,000 businesses registered in Bogura Municipality. But after conducting a trade licence economic census in 2022, that number almost doubled to nearly 17,000. This has really opened our eyes to the potential of our local economy."

This increase in registered businesses meant that more enterprises were contributing to municipal revenue through trade licences.

Previously, the municipality had generated about 20 million BDT (around USD 167,000) in revenue from its 9,000 businesses. After the census, this figure rose considerably, providing the municipality with

"Before the project stepped in, we had around 8,000 businesses registered in Bogura Municipality. But after conducting a trade licence economic census in 2022, that number almost doubled to nearly 17,000. This has really opened our eyes to the potential of our local economy.."

– Md. Shahjahan Alam
municipal executive officer, Bogura



financial resources to fund public services and development projects. The success of the census has not only increased revenue but has also raised awareness among business owners about regulatory compliance, encouraging more businesses to contribute to municipal finances.

In addition to improving the trade licence system, the PRABRIDDHI project piloted a holding tax reassessment in two key wards—one commercial and one residential. After the reassessment, Ward 1 experienced a substantial increase of over 44%, raising its revenue to more than 5.2 million BDT (around USD 44,000). Similarly, Ward 13 saw an increase of approximately 26%, with its revenue growing to over 4 million BDT (around USD 33,000). This increase in revenue, achieved without imposing new taxes, was a direct result of updating the municipality's tax assessments, which had not been reevaluated for over a decade.

During the reassessment, it was also found that many multi-story buildings have been constructed on previously vacant land. These landowners began paying holding taxes based on the updated assessments.

However, to accommodate this transition, the municipality opted to continue collecting taxes at the previous rates instead of imposing higher rates. This decision helped generate considerable revenue while encouraging cooperation from the landowners.

SUSTAINING LED

After the successful completion of the pilot program in two wards, the municipality has initiated a reassessment process for the remaining 19 wards. The reassessment in the pilot wards resulted in a significant increase in municipal revenue, which has enabled the municipality to address several operational and organisational expenses, including settling outstanding electricity bills. Tasmia Nahreen Jahangir, Manager Knowledge and Communications Management of PRABRIDDHI adds: "Because of the revenues the municipality has, they are now in a better position to pay salaries and administrative costs."

Equally important, this additional revenue is reinvested in economic development activities. The municipality contributes BDT 2 million (around USD 17,000) to the "Better Market for All" intervention. Additionally, it is set to co-finance

other development activities, amounting to approximately BDT 1 million (around USD 8,300), further demonstrating its commitment to fostering expansion of the local economy. While the financing sum is not that high, it is the commitment to invest in LED that matters. It paves the path towards sustainable LED that is financed by revenues of local actors.

IMPACT OF THE PARTNERSHIP

The interventions have had a transformative impact on various aspects of LED in Bogura. Firstly, on Bogura's local administration. The registration of over 8,000 additional businesses has resulted in tangible benefits for the municipality by generating an additional 3 million BDT (around USD 25,000) in revenue. This financial boost has allowed the municipality to update its database from 9000 to 17000 enterprises, streamlining revenue collection and enabling more efficient service provision.

Secondly, beyond the immediate financial gains, municipal officials in partnership with the PRABRIDDHI project have laid the groundwork for sustainable LED in Bogura. The sustainability of the LED is further enhanced due to the municipality having improved its access to own-source revenue, reducing reliance on national funding.

Thirdly, Bogura's efforts to reassess holding taxes, and improve trade licence systems enables the local government to offer better services and infrastructure. It creates financial means to achieve the commitment of the LED committee to upgrade its marketplaces, improve solid waste management, and enhance coordination with national institutions. This further demonstrates its focus on creating a sustainable economy.

Overall, by working in a partnership, the municipality was able to overcome a deadlock of low tax income, limited service delivery, limited data collection and hence limited revenue.

The support of local firms, through its promise of better service delivery and infrastructure is vital for its success. By addressing key revenue constraints and enhancing collaboration between local and national stakeholders, Bogura has not only improved its financial health but also created a solid foundation for long-term economic development.

section two

CASE STUDY FIVE

JASHORE: A THRIVING HUB OF TRADITION AND INNOVATION

Jashore is a dynamic town in southwestern Bangladesh with about 200.000 inhabitants and a close to 600 years history. The town has emerged as one of Bangladesh's industrial and artisanal hubs, blending local traditions with cutting-edge innovation that fuel its diverse economy. Known for its rich craftsmanship, especially of the famous Jashore Stitch embroidery, it has become a centre for entrepreneurial energy. The town's small businesses have driven this growth, creating a unique blend of traditional artistry and modern business practices. Over the last years, this evolution has been supported by LED initiatives, which provided targeted skill development, market linkage opportunities, and digital tools to amplify local talent. However, it is the drive of Jashore's entrepreneurs—particularly handicrafters and engineers—that have fueled this transformation.

These local industries are experiencing rapid growth, thanks to a combination of skill development,

modern business practices, and a strong commitment to quality.

LOCALLY EMBEDDED GAME CHANGERS

In the light engineering sector, technology and training have proven to be game-changers. PRABRIDDHI's introduction of an e-directory and e-marketplace has significantly improved market access for Jashore's workshops. "We've gone digital, and now we're reaching clients we never could before," says Siraj Khan, Senior Vice President of the Bangladesh Engineering Industry Owners Association of the Jashore Branch, who is one of the key figures leading this movement.

The shift to e-commerce has opened national and even international markets for many small manufacturers. Although the e-directory is still being refined, the impact has already been substantial. Moreover, the partnership with Jashore University of Science and Technology (JUST) has enabled engineers to modernise their machinery and processes. Through research collaborations and technical upgrades, local workshops are now producing more efficient, durable machinery. "Our relationship with JUST is crucial. Their research has helped us update our tools, which makes us more competitive," Siraj adds.

PRABRIDDHI is also enhancing the light engineering sector by developing capacities to improve product quality and production technologies. Efficient practices in this sector aim to reduce waste and energy consumption, fostering a more sustainable production process. Like mango farming in Shibganj, the light engineering highlights the project's commitment to innovation, sustainability, and LED.

WOMEN-LED ENTERPRISES DRIVING HANDICRAFT REVIVAL

Women in Jashore, like Arifa Najnin Joba, have been instrumental in reviving the local handicraft industry. Arifa, who relocated to Jashore from Dhaka, was initially a homemaker. But when she crafted two dresses for a family friend, her talent and passion led her to start Meghbala, a home-based business specialising in traditional stitched attire.

Arifa's success came not just from the love of her craft but also her ambition to expand. PRABRIDDHI provided her with key training in design, stitching techniques, and market linkage,

helping her fine-tune her work. However, it was Arifa's drive that took her business to new heights. She learned to enhance her finishing and quality, which doubled her income and created jobs for other women in her community. Her products, now sold in Dhaka, showcase the pride of Jashore's craftsmanship.

Like Arifa, Anupoma Mitra also carved her own path. Running her handicraft shop Ayojon and founding an NGO, Anupoma has been a leader in the community since 1994, focusing on empowering disadvantaged women. Despite her own physical challenges, she transformed the local Jashore Stitch market, maintaining high-quality production standards. The setbacks from COVID-19 did not dampen her determination, as she continues to focus on quality, believing that perseverance and unity among Jashore's women entrepreneurs will shape the future of the industry.

THE PIONEERS OF JASHORE'S LIGHT ENGINEERING SECTOR

Jashore's light engineering sector holds deep historical roots, with its origins dating back to the pre-independence era. The industry has since evolved into a critical supplier of agricultural machinery and spare parts across Bangladesh, reducing the nation's reliance on imports. Siraj Khan, proudly explains, "Our work supplements and even replaces imported machinery. The light engineering sector here plays a vital role in supporting Bangladesh's economy."
With over 428 members in Jashore alone, the engineering industry has been instrumental in developing agricultural machinery and vehicle parts. Through the PRABRIDDHI project, Siraj and other members participated in a study tour to Bogura, which opened up new possibilities for Jashore's local workshops. "The exchange with Bogura was crucial. It connected us to new technologies and practices," Siraj recalls.

Yet, despite these advancements, challenges remain. The cost of raw materials, especially scrap metal, has doubled, causing financial strain. "It used to be 80 BDT (USD 0,67) per unit, now it's 160 BDT (USD 1,34)" Harun Ur Rashid laments. Still, the local industry remains resilient, repairing and maintaining machinery to reduce the country's reliance on imports. Siraj emphasises the sector's importance: "Every day, we save crores of taka by keeping factories running with locally made or repaired parts."



A SHARED VISION FOR GROWTH

Both Siraj Khan and Md. Harun Ur Rashid, Secretary of the association, agree that the sector's future depends on continued innovation and better infrastructure. One key challenge they face is the scattered nature of workshops, which are often located in residential neighbourhoods or near schools. This disorganisation has limited their growth, but both leaders are optimistic about the possibility of an industrial park.

This facility would provide technology, policy support, and investment opportunities, essential to turning Jashore into a manufacturing powerhouse. Siraj echoes this sentiment, adding, "With proper government support, this sector could reduce imports by up to 50% within the next five years."

INNOVATING THROUGH E-COMMERCE: THE ROLE OF BANGLA TRADERS

One of the most significant leaps in recent years has been the digital transformation of Jashore's light engineering sector, driven by entrepreneurs like Emanur Rahman, the founder of Bangla Traders and Engineering. Despite the high demand for these products, many local manufacturers struggled to expand their visibility. Armed with a marketing background, Emanur saw an untapped opportunity in promoting Jashore's light engineering products to a broader audience through online platforms.

Emanur's partnership with the PRABRIDDHI project led to the creation of an e-directory, which provided details of around 300 light engineering companies in Jashore. This directory was shared widely across social media, allowing manufacturers to connect with customers nationwide. "The challenge was that many businesses were promoting themselves, but without the reputation or reach to make a significant impact," explains Emanur. His online marketplace, developed as part of this initiative, has expanded the market reach for many of these businesses, helping them recover from setbacks such as the COVID-19 pandemic.

A SUSTAINABLE FUTURE: BUILDING ON ENTREPRENEURIAL SPIRIT

The transformation of Jashore's key sectors has been driven by the entrepreneurial spirit of the town's residents, especially its women, and the skills development they have gone through. PRABRIDDHI has played a

supporting role, offering training and resources, but also facilitating digital tools and platforms. The project's support sums up to providing holistic BDS, creating a favourable business environment and offering support through training institutes like JUST, information centres and marketing platforms.

Jashore's women artisans have not only expanded their businesses but have also become role models in their community. Arifa Najnin Joba, after facing initial scepticism from her family and neighbours, now enjoys widespread recognition. She has also created employment opportunities for others, ensuring that the benefits of her success are shared with her community. Similarly, Anupoma Mitra's commitment to maintaining high standards and empowering other women has reinforced the importance of quality and craftsmanship in the local market. With modernised production techniques and better market connections, business is growing rapidly. By embracing technology and leveraging university partnerships, local manufacturers are poised for even greater success in the coming years.

CREATIVITY AS DRIVER OF ECONOMIC GROWTH

Jashore's rise as a hub for handicrafts and light engineering shows how local entrepreneurship, when supported by targeted interventions, can drive economic growth. The town's story highlights the importance of combining traditional skills with modern techniques and market access to build sustainable businesses. The success of PRABRIDDHI's interventions in Jashore underscores the potential of local initiatives to foster economic resilience. However, the true credit goes to the women and men of Jashore, whose creativity, determination, and passion continue to fuel the town's transformation. Their success is not just a win for Jashore—it's a powerful example for the rest of Bangladesh.

While Jashore has made significant strides in recent years, challenges remain. For the light engineering sector, product innovation and improved technical training are critical to maintaining growth. For handicraft entrepreneurs, continued market expansion and product innovation will be key to reaching new customers, both locally and abroad.

section two

CASE STUDY SIX

LOOKING FORWARD: DIGITAL AND INCLUSIVE SERVICE PROVISION FOR LED

Municipal digitization is a key strategy for creating an environment for more responsive and efficient service delivery. Digitising municipal services can boost revenue generation and support LED. Municipalities are expected to benefit from digitization by improving service efficiency and enhancing service quality. Improved service delivery can also lead to increased revenue generation and collection, as municipalities gain better access to data on key economic sectors.

Former mayor of Bhairab Iftekhar Hossain Benu emphasised the importance of digitization as part of the Digital Bangladesh and acknowledged that establishing a One-Stop-Service Centre (OSSC) and digital tools to facilitate service delivery would be critical to realising Bhairab's economic potential, attracting more business opportunities, and creating jobs for its citizens.

LONG WAITING TIMES

Currently, Bhairab municipality operates from two main offices. The primary office is located in the heart of Bhairab Bazaar, while another building, known as “Matri Shodon,” is situated nearby. The Matri Shodon building, a two-story structure, mainly serves as the Health and Family Planning Department of the municipality.

The primary municipality building offers a range of services to citizens, including the collection of holding tax, issuance of trade licenses, and the provision of various certificates, such as birth, death, nationality, inheritance, and single/unmarried status certificates. Meanwhile, the Matri Shodon building functions as a health service center, managed by the municipality.

Municipal service delivery is inefficient, slow, and riddled with bureaucratic bottlenecks. The absence of modern, digital delivery systems and processes means that citizens endured long waits, unclear procedures, and had to visit different desks or offices multiple times to complete simple administrative tasks. Payments are often made in cash, leading to issues of transparency and opportunities for exploitation. Despite the municipality’s intention to modernise, it lacked the necessary technical capacity and resources to implement digitised services.

GENDER ASPECT OF MUNICIPAL SERVICES

The overwhelming bureaucracy has a negative effect on service provision for women as frequent visitors of both municipal locations. The demographics of the women visiting the municipality include elderly women, mothers with children, and breastfeeding mothers. Women, who are traditionally the primary caregivers in Bangladesh, come to access health services for their children, making service delays and infrastructure shortcomings particularly burdensome for them. Inadequate infrastructure, such as the absence of proper waiting areas, means that women, often accompanied by children or elderly relatives, are left waiting outside in the sun.

Moreover, there are no separate sanitation facilities for women on the municipality premises. While there are general toilets available, there is no dedicated space for female users or breastfeeding mothers. This lack of basic amenities adds challenges, particularly for young mothers who bring their infants for

vaccinations or other health services, and for elderly women who manage household errands. This discourages many women from returning to the municipality for future services, not only leading to a negative user experience but also resulting in low compliance with municipal regulations for citizens and female-owned businesses.

ONE STOP SERVICE CENTRES (OSSC)

Digitization of trade licensing processes or payment of fees and taxes promises to reduce bureaucratic delays, and improve transparency, which would not only make municipal services more accessible but also help businesses operate more efficiently.

In response to these needs, Bhairab municipality launched a series of interventions to digitise services and create a more inclusive environment for citizens, especially women. The key actions under this intervention were the creation of the OSSC and Women's corners.

OSSC consolidates key municipal services under one roof and introduces digital tools for service applications and payments. Entrepreneurs and citizens can use this platform for birth and death registrations, trade licence registrations, bills and tax payments. Digital payment platforms, such as the fintech service Bkash, are also integrated, reducing the dependence on cash transactions and increasing transparency. The software for OSSC was developed by SELISE, an IT company in Bangladesh in collaboration with the Bhairab municipality. This public-private partnership enhances municipal governance and service delivery while fostering a long-term, sustainable IT business, showcasing the potential of such collaborations to benefit both sectors.

Tamanna Rahman, a resident of Bhairab shared the frustration before the OSSC was established. Visiting the municipal office used to be a dreaded task for her, as it involved hours of waiting and navigating confusing procedures with little guidance. Payments were opaque, and the system seemed inefficient. However, since the launch of the OSSC, Tamanna's experience has changed dramatically. The chaotic atmosphere has been replaced by an organised and efficient digitised hub. On her first visit to the OSSC, Tamanna was pleasantly surprised by how quickly she was able to complete her task. "I came to pick up a document, and it took just a few minutes" she recalled.



The staff at the OSSC provided her with clear instructions and explained that the centre would soon offer virtual gateways for essential services like birth certificates, trade licences, and tax registration. For Tamanna, this shift was not just about saving time; it was about restoring her dignity and faith in the municipal system.

"I came to pick up a document, and it took just a few minutes."

– Tamanna Rahman
resident of Bhairab

WOMEN CORNERS

In addition to the OSSC, another significant intervention was the establishment of two women's corners—one at the main municipal office and the other at the Matri Shodon vaccination centre. Now, about 300–500 women who visit the municipality daily have access to a safe and comfortable space with designated seating, toilets, and nursing areas. The municipality is also in discussion with a local bank to establish an agent banking desk in the women's corner, which would allow approximately 300 women entrepreneurs to access basic financial services, further supporting their economic participation.

Umme Hanima, a mother of a seven-month-old baby explains that before the women's corner was established, she faced long waits in the scorching heat with no place to sit or breastfeed her child when she visited the municipality. Now, with access to the women's corner at Matri Shodon, Hanima can wait comfortably in a space designed specifically for women's needs. The provision of sanitation and nursing facilities has made a significant difference, especially for women like her who need to access services with young children. Hanima's story is one of many examples showing how small changes in service delivery can have a profound impact on the quality of life for citizens.

TOWARDS GENDER-SENSITIVE MUNICIPAL SERVICES

The challenge of improving municipal services goes beyond infrastructure gaps—it also involves building the

capacity of municipal officials to effectively plan, digitise processes and integrate them with LED initiatives. In Bhairab, officials are working to enhance the skills and knowledge of municipal staff directly involved in service delivery, aiming to create more efficient, inclusive, and gender-sensitive services.

While Bhairab has the necessary infrastructure and software for digitised service provision, the system requires updates to reflect recent changes in the municipality's governance.

Previously, the mayor and councillors handled most approval processes, but following recent political unrest, the municipality is now managed by administrators and civil servants. This shift has created an urgent need to reconfigure the software, ensuring it aligns with the new approval structures and meets the evolving needs of the community. By equipping municipal staff with the necessary skills and tools, Bhairab can ensure more efficient service delivery that meets the diverse needs of its population, including addressing the specific requirements of women and marginalised groups.

BUILDING INCLUSIVE MUNICIPAL CAPACITIES

Originally, capacity development programs in Bhairab targeted mayors and councillors, but with their absence from office, focus has shifted to equipping administrators and civil servants with the skills and authority necessary for municipal service provision. While initial training for some municipal officials has begun, the full team is not yet operational, and additional time—estimated at one or two months—is required to fully develop their capabilities.

The training covers key areas such as document approval, troubleshooting, and overall service efficiency. A comprehensive capacity-building package is ready, and software updates are underway to enable both mayors and administrators to serve as approval authorities, depending on the municipality's governance structure. Based on the experience of the Women's Corners the municipality acknowledged the need for a gender-sensitive approach to service delivery. While establishing these spaces for women has been a significant step forward, municipal decision-makers, along with the PRABRIDDHI project, are working to further strengthen gender inclusivity through the development of a comprehensive gender strategy.

This strategy aims to explore opportunities for promoting women's roles in municipal planning and integrating entrepreneurship development and upskilling opportunities for women into the ongoing initiatives. This marks a significant move towards more inclusive and responsive local governance.

BROADER IMPACTS

The OSSC and women's corners have also had a broader impact on the business community in Bhairab. By digitising services and reducing administrative delays, the centre has made it easier for local entrepreneurs to operate. The digitization of the trade licence process, for example, has significantly reduced the time it takes for business owners to renew their licence. Additionally, the integration of digital payment platforms has made financial transactions more secure and accessible, encouraging businesses to formalise their operations.

The establishment of the OSSC and women's corners has not only improved service delivery but has also strengthened trust between the municipality and its citizens. Previous mayor Iftekhar Hossain Benu highlighted that these interventions are vital steps in advancing LED and fostering inclusivity within the community.

By creating a more efficient, transparent, and inclusive service delivery system, the municipality has positioned itself as a model for other regions. The OSSC serves as an example of how technology can be leveraged to modernise municipal services, increase citizen engagement, and boost local economic growth.
In conclusion, the OSSC, with its digitised municipal services, and the women's corners, have had a profound impact on LED. By streamlining processes, improving transparency, and making services more accessible, these interventions have not only improved the quality of life for citizens, especially for women, but also created a more business-friendly environment. The success of these initiatives demonstrates that even in municipalities facing significant challenges, targeted interventions can lead to inclusive development. The Bhairab model offers an inspiration for other municipalities across Bangladesh and beyond aiming for inclusive, gender-sensitive municipal services.




ভৈরব পৌরসভা
আব্দুল আজিজ শৌর মাতৃসদন
নারী কর্ণার
Women's Corner



LED in Bangladesh

SECTION THREE

LONG-TERM LED AND SYSTEMIC CHANGE

As demonstrated in Section 1, the Bangla model provides an innovative methodology for introducing LED in secondary cities, even in the absence of prior LED experience. Section 2 highlighted how this participatory model can generate immediate impacts on the local economy and foster collaborative relationships between public and private actors. In this section, we present a case study that explores the path ahead. How can municipalities, empowered by the Bangla model, continue to advance and sustain LED.

section three

CASE STUDY SEVEN

SHIBGANJ SHOWS THE WAY

Can Shibganj continue and expand LED on its own? Just five years ago, the concept of LED was new to the local actors. Ever since, LED initiatives in Shibganj have been plagued with Covid-19, elections and massive political unrests and change. Despite this turmoil, local actors have continued and expanded LED initiatives and have been able to build institutional capacities, resources and networks, especially in the mango sector. Senior LED Coordinator Nahid Sultana reflects on the resilience of the local economic development process: “In Shibganj, the LED committee can now continue on its own.”

Despite the turmoil and challenges faced, the LED initiative has not only endured but has grown stronger. According to Rukhen Uddin Ahmed and Tasmia Nahreen Jahangir, the Shibganj LED committee has demonstrated its ability to overcome shocks and stresses, proving that the town’s leadership can navigate even rough waters with confidence and capability.

INSTITUTIONAL CAPACITY

Over the past five years, a robust LED governance structure has emerged. An experienced LED officer has been appointed within the city council to drive local economic development efforts. The LED committee has also developed valuable expertise, enabling them to effectively initiate and manage LED initiatives. These initiatives are now embedded in the annual municipal budget, with a portion of additional LED-generated income covering staff salaries and allocating 20% of the surplus to further LED activities.

With these strengthened human, financial, and network resources, local stakeholders express confidence in their ability and readiness to implement LED activities independently.

By now, the institutional capacity is sufficient to continue ongoing activities and motivate actors to strengthen their capacity. The Bangla model, with its focus on quick wins, has enabled local actors to take a giant step towards sustainable LED in the mango sector. In the future, Shibganj also wants the capacity to develop other economic sectors, conduct Rapid Economic Assessments on their own and develop other LED drivers. As most financial resources are still drawn from the project, continued finance remains a bottleneck. The Bangla model has set an LED process in motion, and actors are committed to continuing along this road.

MANGO SECTOR: A FLYING WHEEL SET IN ACTION

The most significant progress has been achieved in the mango sector, where a series of interventions have

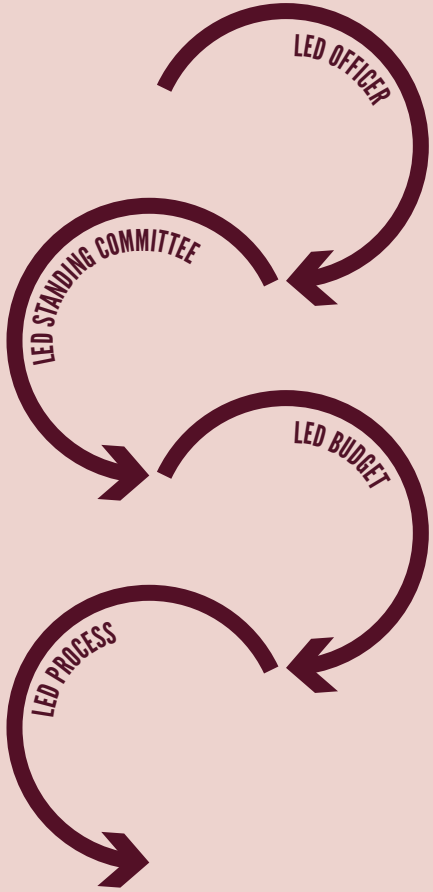


FIGURE SIX
LED capacities developed

resulted in substantial efficiency improvements and income growth. These efforts, which include conducting a comprehensive census and enhancing holding tax collection, have also boosted municipal tax revenue. Notably, 20% of the taxes collected are reinvested into new LED initiatives, creating a sustainable cycle of development. As Rukhen explains, “Five years ago, only three or four companies offered e-commerce services. Now, we have over 20 companies and more than 500 firms and farms selling mangoes online.” This growth in income for farmers and e-commerce firms, coupled with increased tax revenue for local governments, fuels a continuous cycle of development and economic prosperity.

The proactive platform of actors in the mango industry monitors initiatives and initiates new interventions,

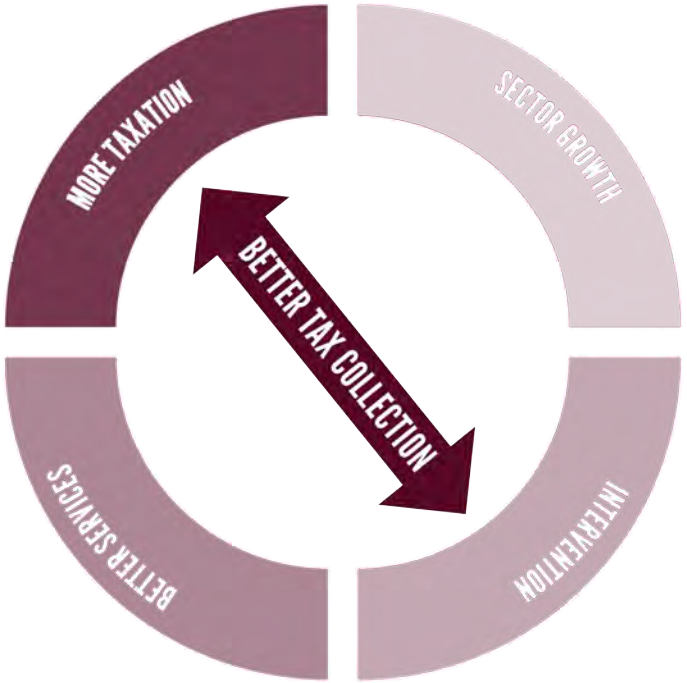


FIGURE SEVEN
Impacts on financial growth and development

especially in diversifying to related industries such as processed mango products, as seen during the field visit in Thailand. It meets every 3 months, and more often now, it is motivated to introduce more quick wins.

BEYOND THE FLYING WHEEL

While the LED Committee actively supports clustering in the mango sector, LED in other economic sectors is less capacitated. Economic diversification is however important to improve economic resilience. Diversification is enabled by the LED officer, LED committee, a dedicated LED budget and by tax collection and trade licensing. With its focus on the mango sector, diversification focuses on related products which can be made from mango waste. As Rukhen and Tasmia note: 'The LED committee is resourceful'.

LEARNING NETWORKS

Local actors continue learning and improving LED within local and national networks. Learning takes place within the LED committee, mango platform and networks across cities. Shibganj is part of a network of cities working on LED. Being the first city practising LED in Bangladesh, other cities have learned from Shibganj.

For instance, representatives from Bogura and Jashore visited Shibganj to learn about solid waste collection, the digitalization of trade licensing and how to conduct economic surveys. Other cities visited Shibganj to become aware of LED, visit the mango fair, and witness good agricultural practices. This has led to a training manual and training of municipal staff across Bangladesh. Shibganj also learns from other cities. Markets are at the core of its local economy, and Shibganj has learned from other cities how markets can be improved through CCTV, better market management, BDS and infrastructure.

LOOKING AHEAD

Within just five years, Shibganj has obtained the capacity to continue its initiatives in the mango sector on its own. It has proven to be able to deal with turmoil and shocks. Rukhen and Tasmia are proud of this major achievement but aim for more: they would like all secondary cities in Bangladesh to have the capacity to value, initiate and run LED initiatives.

To do so, we recommend five next steps and show how these would support Shibganj.

‘The first is’, Rukhen narrates, ‘to anchor LED in national and local policies, laws and budgets’. The LGD aims to include LED officers and LED committees in municipal organograms and to allocate the mandate and budget to municipalities to develop their local economies. The LED committees would continue to bring together local actors.

Second, a project-driven Innovative LED Fund has already been launched, and there is potential to establish a national LED fund within the LGD for broader impact. While municipalities can currently apply for Municipal Development Funds, a dedicated budget for LED initiatives would enable more comprehensive and sustainable local economic development efforts.

Third, the LGD works with national actors to develop and implement LED policies for secondary cities. The Municipal Association of Bangladesh (MAB) wants to host a knowledge platform and network on LED. This process has started but has been delayed due to elections and political unrest. MAB meetings have already created awareness of LED among over 100 mayors and councillors.

Fourth, a national training program aims to build capacity on LED, training mayors, councillors, LED Committees, business associations and other actors on the process, its drivers and lessons learned in Bangladesh.

Finally, the LED committee in Shibganj can be supported in initiating initiatives outside the mango sector as well.



LED in Bangladesh

CONCLUSIONS

THE SEVEN SECRETS OF SUCCESS

This booklet presents seven examples of local initiatives that have transformed economies in secondary cities with no prior experience or knowledge of LED. These cases are drawn from Bangladesh, a rapidly growing and densely populated country. In each example, LED was introduced as a new concept, and the municipalities involved lacked dedicated economic departments or staff. Moreover, all cities faced limited resources, struggling to pay salaries and provide basic services. Despite these challenges, over just five years, 58 LED initiatives have been implemented, significantly impacting municipal finances, service delivery, employment, quality of work, and local entrepreneurship—benefiting both women and men. Each case highlights how urgent urban economic challenges were tackled head-on. Together, they reveal seven secrets for success.

CONCLUSIONS

THE SEVEN SECRETS OF SUCCESS

1. USE SHOCKS, STRESSES AND SETBACKS

Cities worldwide are increasingly vulnerable to a growing number of shocks and disasters driven by factors such as climate change, urbanisation, and globalisation. These challenges strain local economies, but they also create a pressing need for collaboration.

The introductory chapter and case studies highlight the array of obstacles faced by secondary cities in Bangladesh. These include a shortage of qualified municipal staff, inadequate funding, strict oversight by central and local authorities, fragmented service delivery due to poor coordination, the absence of an LED mandate, and disruptions caused by COVID-19, elections and severe political unrest.These stressors have not only intensified local economic challenges but also underscored the need for public and private actors to work together. For example, the first and fourth case studies illustrate how municipalities use LED as a strategy to secure funding for basic services.

The second case study explores how mango growers are adapting to climate change, while the third case study focuses on how public and private sectors are addressing theft in local markets.

2. THE RAPIDEST OF RAPID ECONOMIC ASSESSMENTS

Local stakeholders are most convinced by tangible actions that stimulate the local economy and boost municipal finances. Many secondary cities have previously received support from development agencies, but these efforts often became entangled in bureaucracy, leading to “participation fatigue” from endless consultations with little to show for it.

While identifying economic opportunities through market surveys is crucial, gaining trust by addressing immediate needs is equally important. The Bangla approach strikes a balance between participation, data collection, and swift action.

A participatory Rapid Economic Assessment brings stakeholders into the discussion and then identifies small, high-impact actions that can be implemented quickly. Instead of focusing on lengthy strategy development, the emphasis is on delivering immediate results, which in turn builds the trust necessary to foster effective public-private partnerships.

This rapid assessment prioritises local knowledge over complex econometric analyses. Local entrepreneurs are well aware of the challenges and opportunities in their areas, and their insights are complemented by data on economic trends presented in an accessible format to support informed decision-making at the local level.

3. ENTREPRENEURS SHOWING THE WAY

Economic development is generated by the men and women who make up local enterprises, both formal and informal. Within LED Committees, business associations and entrepreneurs play an important role as decision-makers and LED champions. They know the local economy much better than local governments or universities. This booklet offers multiple examples, such as case 5, which shows how Arifa Nejusj Joba and Anupoma Mitra become role models of female entrepreneurship. If LED committees can unleash the innovation of local entrepreneurs and workers, both female and male, then local economies are shaped from the bottom up.

4. DON'T STRATEGISE; SOLVE IMMEDIATE PROBLEMS FIRST

The seven cases show the impact quick wins can bring to local economies. This impact is not just economic growth and employment creation, but it extends to trust building among actors, public-private partnerships development, proven participatory processes, local leadership development and even environmental sustainability.These are essential ingredients of local economic development.

LED strategies can be developed later once trust and local capacities have been established to enable meaningful strategy development by local stakeholders. Too often, external consultants draft LED strategies after brief visits, leaving municipalities with well-written documents but little local ownership or practical implementation.

This booklet highlights best practices across key areas, including the mango sector (case 2), market development (case 3), municipal finance (case 4), e-commerce and female entrepreneurship (case 5), and inclusive digital services (case 6). Case 7 demonstrates how these early successes, or "quick wins," lay the groundwork for more sustainable, long-term LED strategies.

5. URBAN FINANCE AS A CATALYST

Municipal administrations in secondary cities of the Global South struggle by default with paying salaries and delivering basic services. Without improved finance, municipalities can not initiate and sustain LED. Case studies 1, 4 and 6 show that economic surveys, digitalisation, and improved tax collection can become a catalyst for municipalities to initiate LED initiatives. This is, however, not without risks. Paying taxes is nothing people would enjoy, and entrepreneurs are no exception to this, as it reduces their profit margins. Enforcing taxation may tear down the trust that has been built in public-private partnerships. However, as negotiations are a matter of give and take, entrepreneurs can be given support that they prioritise in exchange for taxation. In addition, if municipalities are seen to use taxes to pay for salaries, waste collection, drainage systems, market safety, and one-stop shop services, then it becomes clear to all that taxation is a catalyst for local development processes.

6. LEARNING REGIONS

The Bangla model elegantly manoeuvres around the question: what comes first, LED action or LED capacity development? Local actors can not develop local economies without at least having some basic knowledge and capacities on LED, but local actors are unwilling to adapt these before they can see the results work. This challenge is addressed by qualified PRABRIDDHI staff facilitating the process at the start. The local actors learn during the process and are convinced by its actions. During the process, LED standing committees provide an environment for stakeholders to learn together. Every time local actors go through the Bangla process, they monitor, evaluate and learn. In addition, they visit other cities and attend workshops.

A training programme has been developed to scale the capacity needed for LED. This programme closely supports the processes of the Bangla model. Rather than learning about LED theories, it brings stakeholders around quick wins. For instance, if a municipality wants to upgrade its market, it can send stakeholders to a short course on market upgrading. This course visits the market development in, for instance, Bhairab and enables local stakeholders to develop action plans for their own municipality. Similar action-oriented courses have been developed around other quick wins. Once local stakeholders are ready to develop LED strategies, they can attend strategy-oriented courses to support them in their next step.

7. PERPETUAL PROCESSES

LED is not a blueprint to be followed; it is rather an iterative process that adapts to shocks and uncertainties. Once capacitated and resourced, it keeps itself in motion. At the start, the process does not depend on deep economic knowledge but on a listening ear. Local entrepreneurs have deep insights into their local economy. Alfred Marshall said, as long back as 1890: “The mysteries of the trade become no mysteries, but are as it were in the air”. Michael Porter, another famous economist, discussed in the 1980s how such a listening ear can enable clustered firms to learn and innovate faster. He analysed clusters in the USA , but a similar clustering of firms can be seen in Shibganj, where local actors learn and innovate in the mango sector (see case study 2). In 2024, Bruce Katz and Jennifer Bradley

discussed how clustered firms can be turned into innovation districts. If public and private actors meet in attractive public spaces, then they can listen and learn from each other. The Bangla model offers the same ingredients as innovation districts do, even if the level of innovation and the quality of public spaces are not at par with innovation districts. It is the same flying wheel that has been set in motion but adjusted to the context of secondary cities in the Global South.

The case studies reiterate that every journey starts with a small step. The question is, in what direction do local stakeholders move? Our case studies show that local stakeholders should consider both short and long-term impacts. Short-term impacts benefit local entrepreneurs and workers immediately, as shown in case studies 2, 3 and 5. Long-term impacts set perpetual processes in motion by resourcing and capacitating LED, as shown in case studies 1, 4, 6 and 7. The combination of short and long-term impacts is the seventh and last secret of success. While, paraphrasing Alfred Marshall, the secrets of the trade are in the air, the more humble secrets of the Bangla model are in this booklet. We hope you enjoyed it.



This booklet provides valuable insights for policymakers, urban development professionals, and entrepreneurs on how Local Economic Development (LED) can thrive in secondary cities. Drawing from innovative examples in Bangladesh, it highlights successful partnerships that have improved local economies through new technologies, better municipal services and finances and job creation.

BANGLADESH | 2024

