

Evaluation of the Implementation of the
Paris Declaration, Phase – II,
Country Evaluation Bangladesh

FINAL REPORT

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Siddiqur Rahman Choudhury
Team Leader

Acronyms & Abbreviations

AAA	Accra Agenda for Action
ADB	Asian Development Bank
ADP	Annual Development Programme
AEU	Aid Effectiveness Unit
APR	Annual Programme Review
APSC	Ashuganj Power Station Company Ltd
ARC	Accident Research Center
Aus AID	Australian Agency for International Development
BAPA	Bangladesh Poribesh Andolon
BAPEX	Bangladesh Petroleum Exploration Company
BARC	Bangladesh Agricultural Research Council
BARI	Bangladesh Agricultural Research Institute
BAU	Bangladesh Agricultural University
BBA	Bangladesh Bridge Authority
BBS	Bangladesh Bureau of Statistics
BCAS	Bangladesh Centre for Advanced Studies
BCCRF	Bangladesh Climate Change Resilience Fund
BCCSAP	Bangladesh Climate Change Strategy and Action Plan
BDF	Bangladesh Development Forum
BEA	Bangladesh Economic Association
BEI	Bangladesh Enterprise Institute
BERC	Bangladesh Energy Regulatory Commission
BGFCL	Bangladesh Gas Field Company Ltd
BGSL	Bakhrabad Gas System Limited
BIDS	Bangladesh Institute of Development Studies
BIWTA	Bangladesh Inland Water Transport Authority
BIWTC	Bangladesh Inland Water Transport Corporation
BMA	Bangladesh Medical Association
BMD	Bangladesh Meteorological Department
BMR	Balancing, Modernization and Rehabilitation
BPfA	Beijing Platform for Action
BPC	Bangladesh Petroleum Corporation
BPDB	Bangladesh Power Development Board
BPFA	Beijing Programme For Action
BRAC	Bangladesh Rural Advancement Committee
BRRI	Bangladesh Rice Research Institute
BR	Bangladesh Railway
BRTA	Bangladesh Road Transport Authority

BRTC	Bangladesh Road Transport Corporation
BSC	Bangladesh Shipping Corporation
BUET	Bangladesh University of Engineering and Technology
BUP	Bangladesh Unnayan Parishad
BWDB	Bangladesh Water Development Board
C&AG	Comptroller and Auditor-General
CARE	Cooperative Assistance and Relief Everywhere
CAS	Country Assistance Strategy
CBO	Community Based Organization
CC	Community Clinics
CEDAW	Convention on Elimination of Discrimination Against Women
CEGIS	Centre for Environment and Geographic Information Services
CET	Core Evaluation Team
CFL	Compact Fluorescent Light/bulb
CIDA	Canadian International Development Agency
CMMU	Construction, Maintenance and Management Unit
CNG	Compressed Natural Gas
CPD	Centre for Policy Dialogue
CPTU	Central Procurement Technical Unit
CSO	Civil Society Organization
DAC	Development Assistance Committee
DANIDA	Danish International Development Agency
DCC	Dhaka City Corporation
DESA	Dhaka Electric Supply Authority
DESCO	Dhaka Electric Supply Company
DFID	UK Department For International Development
DFR	Draft Final Report
DGFP	Director General of Family Planning
DGHS	Director General of Health Services
DoE	Department of Environment
DoL	Division of Labour
DoS	Department of Shipping
DP	Development Partner
DPDC	Dhaka Power Distribution Company
DRCF	Debt Relief Cancellation Fund
DTCB	Dhaka Transport Coordination Board
DU	Dhaka University
EC	European Commission
EGCB	The Electricity Generation Company of Bangladesh
EKN	Embassy of the Kingdom of the Netherlands

ERC	Energy Regulatory Commission
ERD	Economic Relations Division
ESD	Essential Service Delivery
ESP	Essential Service Package
EU	European Union
FABA	Foreign Aid Budget and Accounts
FAO	Food and Agriculture Organization
FBCCI	Federation of Bangladesh Chambers of Commerce and Industries
FD	Forest Department
FGD	Focus Group Discussion
GoB	Government of Bangladesh
GTCL	Gas Transmission Company Ltd
GTZ	Gesellschaft für Technische Zusammenarbeit (German Technical Cooperation)
HAP	Harmonization Action Plan
HIV	Human Immunodeficiency Virus
HLF	High Level Forum
HNP	Health, Nutrition and Population
HNPS	Health, Nutrition and Population Sector Programme
HPP	Health and Population Project
HPSP	Health and Population Sector Programme
HPSS	Health and Population Sector Strategy
ICPD	International Conference on Population and Development
IDA	International Development Agency
IDB	Islamic Development Bank
IFC	International Finance Corporation
IMED	Implementation Monitoring and Evaluation Division
IOCs	International Oil Companies
IPP	Independent Power Produce
IPPs	Independent Power Producers
IUCN	International Union for the Conservation of Nature and Natural Resources
IWM	Institute of Water Modeling
JCS	Joint Co-operation Strategy
JGTDSL	Jalalabad Gas Transmission and Distribution System Limited
JICA	Japan International Cooperation Agency
KfW	Kreditanstalt für Wiederaufbau
KOICA	Korea International Cooperation Agency
KV	Kilo Volt
KW	Kilowatt
Kwhr	Kilowatt hour
LCG	Local Consultative Group

LGD	Local Government Division
LGED	Local Government Engineering Department
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MDG	Millennium Development Goals
MIS	Management Information System
MoLGRD&C	Ministry of Local Government, Rural Development and Co-operatives
MMCFD	Million Cubic Feet per Day
MoA	Ministry of Agriculture
MoC	Ministry of Communications
MoEF	Ministry of Environment and Forests
MoEPMR	Ministry of Energy, Power and Mineral Resources
MoFDM	Ministry of Food and Disaster Management
MoFL	Ministry of Fisheries and Livestock
MoHFW	Ministry of Health and Family Welfare
MoS	Ministry of Shipping
MT	Metric Ton
MTBF	Medium-Term Budget Framework
MTEF	Medium Term Expenditure Framework
MW	Megawatt
NAPA	National Adaptation Programme of Action
NBR	National Board of Revenue
NDS	National Development Strategy
NGL	Natural Gas Liquid
NGO	Non-Governmental Organization
NORAD	Norwegian Agency for Development
NRG	National Reference Group
NRP	Natural Resources Planners Ltd.
NSAPR	National Strategy for Accelerated Poverty Reduction
NWPGC	North West Power Generation Company
OECD	Organization for Economic Cooperation and Development
PBSs	Palli Bidyut Samities
PC	Planning Commission
PCC	Programme Coordination Cell
PD	Paris Declaration
PDB	Power Development Board
PFM	Public Financial Management
PGCB	Power Grid Company of Bangladesh
PGCL	Pashchimanchal Gas Company Limited
PIU	Project Implementation Unit

PKSF	Palli Karma Sahayak Foundation
POA	Programme of Action
PPCR	Pilot Programme for Climate Resilience
PPR	Public Procurement Regulation
PRI	Policy Research Institute
PSA	Programme Support Agency of MoHFW
PRS	Poverty Reduction Strategy
PSCs	Production Sharing Contracts
PSQL	Primary School Quality Level
REB	Rural Electrification Board
RFP	Request for Proposal
RHD	Roads and Highways Department
RPC	Rural Power Company
RPGCL	Rupantarita Prakritik Gas Company Limited
SC	Steering Committee
SDC	Swiss Agency for Development and Cooperation
SEI	Socio Economic Infrastructure
SGFL	Sylhet Gas Fields Ltd
SIDA	Swedish International Development Cooperation Agency
SIP	Strategic Investment Plan
SPSS	Statistical Package for Social Science
SWAp	Sector-Wide Approach
TA	Technical Assistance
TCF	Trillion Cubic Feet
TGTDCL	Titas Gas Transmission and Distribution Company Limited
ToR	Terms of Reference
UNDP	United Nations Development Programme
UNFPA	United Nations Fund for Population Activities
UNICEF	United Nations Children's Emergency Fund
USAID	United States Agency for International Development
WB	World Bank
WFP	World Food Programme
WG	Working Group
WHO	World Health Organization
WZPDC	West Zone Power Distribution Company

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Executive Summary

Background and Purpose

The Paris Declaration (PD) on Aid Effectiveness is a landmark international agreement intended to improve the quality of aid and its impact on development. The PD provides an action oriented road map with 56 commitments organized around five key principles: ownership, alignment, harmonization, managing for results and mutual accountability.

Bangladesh has been committed to the implementation of the PD since signing of the Declaration in March, 2005 and also reaffirmed its commitment as a signatory to the 2008 Accra Agenda for Action (AAA). Bangladesh developed a strategy and an action plan to implement the PD. As part of the strategy, Bangladesh took part in the OECD-DAC (Development Assistance Committee of the Organization for Economic Co-operation and Development) surveys 2006 and 2008. Besides, Bangladesh took part in the country level evaluation of the PD (Phase 1) in 2008, aiming mainly to assess the utility of the PD as a tool for aid effectiveness and evaluate the change of behaviour of Development Partners (DPs) and Government of Bangladesh (GoB) in relation to implementation of the PD. The results of the Phase I evaluation provided valuable input for taking stock of implementation performance at the 3rd High Level Forum (HLF) on Aid Effectiveness in Accra. To make further progress on the implementation of the strategy, GoB has volunteered to conduct the phase-2 of the country level evaluation of the implementation of the PD in Bangladesh. The purpose of the phase-2 evaluation is to document, analyze and assess the relevance and effectiveness of the Paris Declaration in the country and its contribution to aid effectiveness and ultimately to development results, including poverty reduction.

The findings of the Bangladesh country evaluation along with those of 20 other countries and 07 Donor HQ studies will be presented in a synthesised form in the next HLF on Aid Effectiveness to be held in Busan, South Korea from 29 November to 01 December, 2011. To fit into the global synthesis process, this evaluation used the template designed by the Evaluation Secretariat for carrying out the country evaluation. The evaluation reports on the relevance of the PD in Bangladesh, progress of the PD implementation towards attaining the expected intermediate outcomes since signing of the Declaration in 2005 and PD's influence on strengthening contribution of aid to sustainable development results. The evaluation also includes studies on the implementation of the PD in three selected sectors namely, Health, Transport, and Power and Energy and a cross cutting issue- Climate Change.

Natural Resources Planners (NRP) Ltd., a local consulting firm was engaged to conduct the phase-2 evaluation. A team of six consultants carried out the evaluation. The evaluation started on the 16th May, 2010 and came to an end on the 26th of December, 2010 with the submission of the final report. Earlier, the evaluation team submitted an inception report on the 15th June, 2010, a first draft report on 30th October, 2010 and the final draft report on the 25th November, 2010. Submission of these reports met all the global deadlines set by the Core Evaluation Team (CET) for country evaluations.

Findings

a. Context of the PD Implementation

- I. Bangladesh, in last two decades, has experienced a notable **acceleration** of growth with reasonable equity and made significant progress in **poverty reduction, human development** and attaining a number of **MDGs**. Nevertheless, Bangladesh has a long road to travel to achieve its development goals with the incidence of poverty still remaining high (38.7% living below poverty line in 2009) and likely shortfall in reaching some important MDG indicators.

- II. **Bangladesh's dependence on aid**, in recent years, in terms of a number of indicators has declined. Nevertheless, aid continues to account for a high proportion of the country's development expenditure (around 48% in the current financial year). Aid has also played an important role in promoting and financing implementation of a number of policy reform initiatives. Many of those have been supportive of economic development of the country. The GoB therefore duly recognizes the importance of aid and its effectiveness and is committed to implement the PD in Bangladesh. Almost all donors operating in Bangladesh have also started paying increasing attention to the implementation of the PD principles.
- III. Bangladesh's **engagement with Aid Effectiveness** agenda started when OECD-DAC took initiative to harmonize donor practices in 2001 and since then it has remained committed to enhance aid effectiveness. This is reflected in the country's active participation in global decisions (Rome, Paris, Accra), as well as in national actions such as formulation and implementation of a National Development Strategy, introduction of an action plan to implement the PD and establishment of an Aid Effectiveness Unit (AEU) in the Economic Relations Division (ERD), the central agency responsible for coordinating aid management. Since its establishment, the AEU, in partnership with local DPs, has been very active in promoting aid effectiveness agenda and co-ordination in aid management. Recently the AEU has taken initiatives to further upgrade its capacity.
- IV. Other notable activities in respect of **implementation of the PD** in Bangladesh are efforts to disseminate PD commitments to the officials of line ministries, participation in the DAC Surveys 2006 and 2008 and Phase-I evaluation of the implementation of the PD. Bangladesh also regularly participates in international meetings in connection with the implementation of the PD. However, all activities relating to the implementation of the PD are concentrated in the ERD, more specifically in AEU. Despite ERD's effort to disseminate, there exists a serious lack of awareness and ownership of the commitments of the PD and AAA amongst line ministry officials. There is also no dedicated outfit or desk in the line ministries to implement the PD.
- V. The **PD implementation** efforts gained significant momentum in 2008 when the GoB and the DPs in Bangladesh signed a statement of intent to develop a **Joint Cooperation Strategy (JCS)** for working together. The JCS which was made operational in June, 2010, provides a partnership framework for GoB-DP cooperation and collective dialogue. It also provides a mechanism for aid co-ordination and an annual rolling action plan to implement the commitments of the PD and AAA.
- VI. GoB and DPs have jointly established a multi-tier structure for GoB-DP dialogue and coordination. The apex tier is the high level forum for dialogue and coordination called **Bangladesh Development Forum (BDF)**. There was Ministerial level representation from GoB and high level participation from donor HQs in the two BDF meetings held so far in 2005 and 2010. Aid-Effectiveness was an important agenda for discussion in BDF meetings. BDF meetings reviewed progress and adopted agreed action points for implementation by GoB and DPs. A follow up meeting was also held recently to monitor the progress of implementation of those mutually agreed action points. The other important tier for aid coordination is the **Local Consultative Group (LCG)** and its working groups. It is stipulated that the plenary as well as the working groups of the LCG, will be co-chaired by GoB and DP representatives and will meet regularly for review of progress and coordination. However, functioning of LCG working groups is yet to gain momentum. Many of the working groups are yet to have their first meeting and there is not much enthusiasm in many line ministries to participate in such meetings.
- VII. The country has not formulated an **Aid Policy** yet and has not set any target of preferred mix of modalities. In the absence of any policy, the choice of sectors, programmes and modalities of delivery is often determined by the DPs, rather than the government. Programme-based (including budget support) aid in Bangladesh remains far below 66% target. There has not been any joint systematic assessment of management and

absorptive capacity of different mix of modalities or of their relevance and effectiveness. Though disaggregated data are not readily available, the proportion of aid channeled through the country's fiduciary system is most likely well below 50% target.

- VIII. A substantial portion of donors' assistance is channelled through **NGOs**. They operate completely outside the GoB-DP official collective dialogue structure and the JCS framework, leaving scope for potential overlap and duplication with the development programmes of the government.

b. Implementation of the PD and AAA Commitments

- IX. The **GoB's leadership** in aid coordination in recent years has increased. Since the signing of the PD in 2005, there has been a growing awareness in the country that the GoB should take lead role in aid coordination. GoB is increasingly playing a lead role in LCG and BDF meetings. However, GoB is yet to fully assume the driving seat in matters of aid coordination mainly due to a long standing culture of donor domination and lack of awareness of the line ministries with regard to aid effectiveness coupled with their capacity limitations.
- X. **Country ownership** in the formulation of national development strategy has been established. Bangladesh has been preparing its National Development Strategy (NDS) in the form of Poverty Reduction Strategy (PRS) called National Strategy for Accelerated Poverty Reduction (NSAPR) since 2003. The current NSAPR-II (Revised) was launched in 2009 for three years, FY 2009- 11. NSAPR-II (Revised), developed through a country led process, sets out clear strategic priorities. However, there is no framework for translating those priorities into result oriented operational programmes with effective linkages to Medium-Term Budget Framework (MTBF) and annual budget. Extensive consultations have been made with various stakeholders in the preparation of NSAPR. However, the stakeholders' participation at the formulation and implementation stages of individual development projects is virtually nonexistent. The preparation and designing of aid financed projects also remain largely donor dependent and often donor driven.
- XI. The engagement of the **Parliament** in the preparation of National Development Strategy (NDS) has slightly increased. For the first time an NDS, the NSAPR-II (revised) was placed in the parliament in 2009 for discussion and debate before its finalization. In the absence of a properly functioning local government at key tiers, e.g. at upazila (sub-district) level and as there is no local level planning mechanism, the role of local bodies in the development process is very limited and consequently there is very little ownership of such bodies in development initiatives. The role of Civil Society Organizations (CSOs) is also confined to consultations only. They have hardly any engagement in the monitoring of development initiatives.
- XII. Insufficient **capacity** to plan and manage development projects continues to remain a major challenge to improve aid effectiveness. A comprehensive strategy for capacity development around which all donors can coordinate is yet to be developed. As a result, individual donor support is often narrowly focused on project based, fragmented capacity development initiatives with little impact on overall capacity development. GoB's practice of frequent transfer of officials has also not helped to utilize the skills of trained officials efficiently.
- XIII. DPs are increasingly basing their **support** on the strategic priorities of NSAPR. This is evident from recently formulated Country Assistance Strategies/ programmes of several DPs. Despite progress in aligning with NSAPR priorities, use of country system by DPs in Bangladesh remains limited. Use of Public Financial Management (PFM) systems remains confined to some sectoral programs only. DPs use country procurement system only in respect of local purchases. International procurements following DP's procedures are often cumbersome and time consuming, leading to delay in project implementation.

Donors attribute their reluctance to use the country systems to fiduciary risks and lack of trust in the implementation of the system.

- XIV. GoB has been implementing reform programmes to improve **Public Financial Management (PFM)** since 1992. These reforms have contributed to strengthen substantially the capacity of the Finance Division and other related agencies, but financial management in line ministries remains weak. However, an ongoing reform programme started in July 2010, has been designed to improve financial management capacity of line ministries. Similarly a major reform programme has been implemented to improve **procurement system** which has led to significant improvement in legal and policy framework and to an extent transparency of the procurement process without much impact on the overall efficiency of the system.
- XV. Many donors have closed their parallel **Project Implementation Units (PIUs)**, but there is an overall increase in the number of PIUs. A few such PIUs play key role in implementing aided projects in many important programmes, e.g. in Health and Education sectors.
- XVI. There has been some progress in **harmonization** in terms of, (i) increased number of Joint arrangements in the form of SWAps and partnerships under multi donor trust fund; (ii) Use of common procedures in planning, financial management and procurement in case of partnership under joint arrangements and (iii) Increase in the division of labour. Other elements of notable progress in respect of harmonization are: agreement to prepare a concept note on division of labour, conducting joint assessments and reaching a consensus to practice more collaborative behaviour under JCS. However, the progress is still lacking in the use of donor comparative advantage and complementarities under GoB led initiative.
- XVII. **Aid predictability** in Bangladesh has recently improved significantly. Almost all the donors are indicating, through country assistance programmes, their multiyear commitments. Despite progress in predictability, the **rate of disbursement** against commitment has not shown much improvement. On an average, around 20% of the aid remains undisbursed yearly, resulting in the accumulation of over US\$ 9 billion in the pipeline. GoB's capacity constraints, project implementation bottlenecks, complicated donor procedures (particularly procurement procedures) and conditionalities are considered as major causes for slow disbursement.
- XVIII. Most of the DP country offices in Bangladesh reported **enhancement of their decision making authority** since 2005. Many country offices have also upgraded their capacity in recent times to cope with their more decentralized and delegated role. A few DP offices have established dedicated desk for implementing the PD. However, country offices still need more authority to resolve expeditiously many matters relating to procurement and other project implementation issues. Many GoB officials and Civil Society members feel that there has been a positive change of DP behaviour since 2005 in respecting country ownership and mutual accountability, despite limited incentive for promoting such change.
- XIX. **Global programmes** operating in Bangladesh have not been sufficiently integrated into national planning and budgeting system though they are making useful contribution in important areas such as child immunization and preventing aids, malaria and tuberculosis. However, there is a limited integration of such programmes at sector level.
- XX. Progress in the area of **managing for results** is little. Except MDG progress report, there is hardly any reporting on results. A national development result framework is being drafted under GoB-DP partnership arrangement through JCS. MTBF provides a framework for linking expenditure and results but its application is still very limited. Donors have provided some support to improve capacity of Bangladesh Bureau of Statistics (BBS), Planning Commission and Finance Division in this area.
- XXI. An effort is being made to enhance **mutual accountability** through operationalization of the Joint Cooperation Strategy (JCS). There has been slight increase in the parliamentary

oversight role in the preparation and implementation of NSAPR and annual budgets. Selected members of the parliament were also consulted during the preparation of the JCS. However, a dedicated parliamentary oversight mechanism is yet to be put in place. Providing information on aid flows by DPs has improved and the annual report on aid flows compiled by the ERD on the basis of such information is now available on the website for public use. However, national aid information management system needs further improvement and modernization to generate information on a more comprehensive basis.

- XXII. Certain measures including establishment of an independent Anti Corruption Commission (ACC) and enactment of a number of legislations have been made in recent years to **combat corruption**. Despite these measures taken by the GoB and some initiatives from DPs, corruption remains a formidable challenge. Last report of the Transparency International showed a slight upgrading of the Bangladesh's position in the ranking amongst comparable countries without any improvement in Corruption Perception Index (CPI) score.

c. The PD and Development Results

- XXIII. In Bangladesh, aid has helped to accelerate growth, reduce poverty and achieve progress in MDGs by financing public expenditure in some key physical and social infrastructure sectors such as power, transport, health and education. Aid has also financed some social safety net and income generating programmes for the poor and has facilitated policy reforms in macroeconomic and financial sector management, foreign trade and key areas of governance. Taking note of the fact that it would not be easy for the Government to replace aid with domestically raised resources, it can be hypothesized that aid has made contribution to development results. The PD has brought the aid effectiveness agenda in the forefront of aid management and motivated initiation of processes like, strengthening NDS, developing a GoB-DP joint cooperation strategy, greater focus on result oriented aid delivery and improving transparency and mutual accountability. These processes are expected to enhance contribution of aid to development results. However, at this stage it is difficult to judge the extent to which the contribution of aid to development results can be attributed to the PD.

Key Lessons Learnt

- I. Bangladesh needs to pursue effective implementation of the PD in view of its continued need for aid and its better utilization. The country will require external aid to finance the resource gap for increased future public investment to accelerate growth, to reduce poverty, to meet growing deficiency in infrastructure and to address emerging challenges of climate change. (Ref: Findings I. II. and III.)
- II. An enhanced engagement of all aid utilizing line ministries along with the ERD and DPs is needed for an effective implementation of the PD. (Ref: Findings IV. V. VI. and IX.)
- III. The country needs a consolidated Aid Policy and an improved Aid Information Management System (AIMS). (Ref: Findings VII. and XXI.)
- IV. A substantial portion of aid committed remains undisbursed every year. An amount of over US\$ 9 billion has accumulated in the pipe line. (Ref: Findings XVII.)
- V. Donors' assistance channelled through NGOs, representing a substantial portion of total aid, remains outside GoB-DP aid coordination structure. (Ref: Findings VIII.)
- VI. Translation of National Development Strategy (NDS) into operational programmes with explicit linkages to MTBF and annual budget has not witnessed much progress. (Ref: Findings X.)

- VII. To improve aid effectiveness, the prime requirement is to strengthen country ownership and leadership in aid management and the main constraint to strengthen leadership is the lack of capacity. (Ref: Findings IX. X. XI. and XII.)
- VIII. Another barrier to improve aid effectiveness is the low utilization of aid allocations in the GoB's Annual Development Programme (ADP) resulting from slow implementation of projects due to some well recognised and long standing unresolved problems of project planning and implementation which have been repeatedly reflected in various evaluation reports including reports of Government's Implementation Monitoring and Evaluation Division. Other important barriers are low level of harmonization, high fragmentation of DP support, complex DP procedures of disbursement and procurement and insufficient authority of DP country offices. (Ref: Findings XIII. XIV. XVI. XVII. and XVIII.)
- IX. Global programmes require sufficient integration into national planning and budgeting system. (Ref: Findings XIX.)
- X. Absence of common development result framework with specific, measurable indicators and relevant data constrain progress in the areas of managing for results and mutual accountability. (Ref: Findings XX.)
- XI. The implementation of the PD principles will certainly help improve aid effectiveness. However, without improvement in the overall governance of the country, the desired results cannot be achieved and sustained. The key areas of governance that require immediate attention are, reforms in civil service, developing a more decentralized system of decision making including operationalization of functioning local government institutions and more transparency and accountability in public service delivery.*
- XII. The PD and AAA commitments do not provide explicit guidelines as to how aid should be delivered and managed to attain desired development results. (Ref: Findings XXIII.)

Recommendations

- I. ERD should continue the on-going initiatives to disseminate the commitments of the PD and AAA to the officials of the line ministries and other relevant GoB agencies. The dissemination should be targeted to reach three levels in the government, political leadership, senior civil servants (Secretary and Head of the Department level) and key officials in line ministries and other GoB agencies. (Lesson- I. and II.)
- II. Engagement of line ministries in the Implementation of the PD and related activities should be enhanced by GoB. A dedicated aid effectiveness outfit or a desk in the planning/development wing should be established in the major aid utilizing line ministries for implementation of the PD and to deal with other aid effectiveness agenda. (Lesson- II.)
- III. The Aid Effectiveness Unit (AEU) in ERD should be further strengthened and a plan should be developed to sustain the unit when the donor support expires. (Lesson- II.)
- IV. An Aid Policy should be formulated by GoB in consultation with DPs and other relevant stakeholders without further delay. The policy should clearly identify priority sectors where aid is sought, elucidate mechanism for dealing with aid issues and indicate preferred mix of financing modalities. (Lesson- III.)
- V. National Aid Information Management Systems (AIMS) should be improved to include information on aid disbursed through all channels including NGOs and distribution amongst different aid modalities. Mutually agreed result based reporting system should be developed. GoB and DPs should improve collection and increase use of

* This lesson is based on overall findings

- disaggregated data by gender, region and socio-economic status, where relevant. (Lesson- III.)
- VI. The GoB and DPs should engage in a dialogue to find ways to bring aided programmes of NGOs under JCS framework for better coordination and improving aid effectiveness. (Lesson- V.)
- VII. Upcoming 6th five year plan should explicitly provide a framework to translate its strategies into operational programmes and linking them explicitly to MTBF and annual budget. The plan should be finalized in consultation with all stakeholders including DPs. (Lesson- VI.)
- VIII. The aid financed projects should be demand driven, prepared and designed through a country led process. Like NSAPR, there should be an extensive consultation with stakeholders including beneficiaries during the preparation of the project. Local level development plans at Upazila level should be developed and those plans should be prepared in consultation with local stakeholders. DPs should provide additional aid resources to finance their implementation. (Lesson- VII, VIII. and XI.)
- IX. GoB should introduce a more decentralized system of decision making in the management of aided projects by delegating greater authority for approving procurement proposals at the execution level. Monitoring of procurement performance should be improved to make the system more efficient. (Lesson- VIII.)
- X. GoB and DPs should engage in a dialogue for developing a comprehensive government-wide capacity development strategy for managing development programmes/projects. Such strategy should not be narrowly focused only on training and supply of equipments. It should be broadened to cover institutional/organizational capacity to conceive and prepare bankable projects, ensure their timely implementation and monitor their impact. All DP support for capacity building should be aligned to this comprehensive strategy. (Lesson- VII.)
- XI. A GoB-DP dialogue should be arranged on the use of country systems/procedures. A mutually agreed realistic action plan should be developed to enhance the use of country systems particularly in respect of PFM and procurement. Pending full use of the country system, DPs should simplify their approval procedures by delegating more authority to country offices for expeditious disposal of procurement proposals. (Lesson- VIII.)
- XII. Preparation of the concept note on division of labour among DPs, as indicated in the JCS action plan, need to be completed. Harmonization of donor procedures and practices in multi-donor co-financed programmes/projects should be enhanced. (Lesson- VIII.)
- XIII. Disbursement and utilization of aid should be improved. Project implementation bottlenecks like, frequent change of project directors, delay in project approval, site selection, procurement and acquisition of land should be removed. GoB and DPs should engage in a dialogue to find a way out for utilization of the undisbursed aid that has accumulated in the pipeline over the years. (Lesson- IV. VIII.)
- XIV. GoB and administrators of global programmes which are in operation in Bangladesh should take steps to integrate those programmes into national planning and budgeting system. (Lessons- IX.)
- XV. GoB in collaboration with DPs and other relevant stakeholders should prepare a national development results framework with specific and measurable indicators to assess the impact of development programmes. The framework should be used by both GoB and DPs. To improve managing for results at project level, a similar results framework with measurable indicators should suitably be incorporated in the Development Project Pro-forma (DPP) of investment projects. (Lesson- X.)

- XVI. GoB and DPs should mutually strengthen efforts to improve transparency and take measures to prevent any corruption in the delivery and management of aid. (Lesson- XI.)
- XVII. In the upcoming HLF in Busan, South Korea in 2011, the participating countries and agencies should formulate clear guidelines as to how aid should be delivered and managed to attain better development results. The HLF should also stress the importance of improving the overall country governance for aid effectiveness and sustainable development results. (Lesson- XI. and XII.)

A Introduction

1.1 The Paris Declaration and Accra Agenda for Action: Engagement of Bangladesh

Bangladesh has been receiving external assistance since 1972, immediately after its emergence as an independent country. Over the years, Bangladesh has been able to reduce its dependence on aid considerably. Despite the reduction in dependence, external aid continues to account for a substantial portion of Bangladesh's annual development expenditure. The foreign aid has also played an important role in initiating and financing many key reforms, crucial to the economic progress of Bangladesh. The role of external aid in the economic development of Bangladesh cannot therefore be over emphasised. The GoB duly recognises the importance of aid and always proactively responds to any global initiative to improve management of aid. In line with its continued interest to engage in global initiatives, Bangladesh participated in the High Level Forum (HLF) on Aid Effectiveness in Paris in March, 2005 and endorsed the resolution of the forum, the Paris Declaration (PD). Bangladesh joined the next HLF on Aid-Effectiveness in Accra in 2008 and reaffirmed its commitments by endorsing Accra Agenda for Action (AAA) for accelerating and further deepening implementation of the PD.

Bangladesh's engagement with aid effectiveness agenda actually started prior to Rome Declaration on Harmonization. Bangladesh attended OECD-DAC preparatory meetings relating to Rome Declaration and subsequently participated in the High Level Forum (HLF) on harmonization in Rome in 2003. Bangladesh participated in the OECD-DAC led initiatives to implement the Rome Declaration and attended related meetings leading to the preparation of the HLF in Paris in 2005, where the PD was adopted and endorsed.

To implement the Rome Declaration, GoB took an initiative to prepare an implementation plan called Harmonization Action Plan (HAP). While the finalization of the HAP was in progress, the HLF in Paris took place in February, 2005 and then it was decided that HAP would be reformulated to include the commitments of the PD. A PRS-HAP cell was created in the Economic Relations Division (ERD) to implement the PD. The cell was later remodelled with the assistance of DPs and a new outfit called Aid Effectiveness Unit (AEU) was established in the ERD in 2008 to implement the PD.

Bangladesh also attended the subsequent HLF in Accra in 2008 and endorsed the Accra Agenda for Action (AAA) to reaffirm its commitment to further carry forward the implementation of the PD. In Accra, Bangladesh also declared its intention to develop, in association with the DPs, a Joint Co-operation Strategy (JCS) for making further progress towards implementing the commitments of the PD and AAA in Bangladesh.

The Paris Declaration has a built-in provision for regular monitoring and independent evaluation of how the commitments of the declaration are being carried out. Accordingly, the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD-DAC) has adopted a two-phase evaluation strategy.

To comply with the above monitoring requirement, Bangladesh participated in the Phase-I evaluation at the country level in 2007-08. The aim of the Phase-I evaluation was mainly to assess the utility of the PD as a tool for aid effectiveness and evaluate the change of Development partners' (DP) and GoB's behaviour in relation to implementation of the PD. In order to complete the evaluation process, Bangladesh decided to carry out the Phase-2 of the evaluation. Natural Resource Planners (NRP) Ltd., a local consulting firm, was engaged to conduct the Phase-2 evaluation. A team of six consultants carried out the evaluation. The evaluation started on the 16th May,

2010 and came to an end on 26th December, 2010. Earlier, the evaluation team submitted an inception report on the 15th June, 2010, a first draft report on 30th October, 2010 and a final draft report on 25th November, 2010.

1.2 Purpose

The country evaluation is the main vehicle for answering the core evaluation questions on the effects of the PD on aid effectiveness and development results, including poverty reduction. The country evaluation will assess the performance in this regard of DPs/ agencies in the country, alongside that of the GoB and other country stakeholders and of the partnerships between them. The findings of the Bangladesh country evaluation along with those of 20 other countries and 07 donor HQ studies will be placed in a synthesised form in the next HLF on Aid Effectiveness to be held in Busan, South Korea, 29 November - 01 December, 2011.

1.3 Scope of Work

The scope of work as outlined in the TOR for the consultants are as follows:

- Assess the relevance of the PD in Bangladesh and how its implementation has addressed the challenges of aid effectiveness and the development results.
- Assess the extent to which each of the five principles of the PD and the AAA priorities have been observed and implemented in Bangladesh and how their implementation contributed to the efficiency of aid delivery, the management and use of aid and better partnership.
- Document the results achieved in Bangladesh through implementing the PD and their impacts to aid effectiveness and sustainable development results.
- Examine the challenges and opportunities of aid effectiveness and to highlight barriers and difficulties that may have limited the effectiveness of the PD and its effects and impacts and ways that these barriers and difficulties may be overcome.

The consultants carried out the above tasks relating to overall delivery and management of aid in Bangladesh in general and made detailed analysis of the following selected sectors and a cross cutting issue;

- Social Sector: Health
- Economic Growth Sectors: Transport and Energy/ Power
- Cross – cutting Issue: Climate Change

The evaluation conclusions are drawn from the findings of the above study. The evaluation highlights the lessons learnt and the key messages for national stakeholders and the DPs. On the basis of the findings and conclusions, recommendations for improvement have been made.

The evaluation mainly reports on the progress of implementation of the PD since signing of the declaration in 2005 with references to Pre-PD situation where appropriate for comparison.

1.4 Approach to the Phase-II Evaluation

The approach to evaluation was mainly to seek answers to the following core evaluation questions and sub-questions as set out in the suggested evaluation matrix for the country evaluation (Appendix B of the TOR):

- “What are the important factors that have affected the relevance and implementation of the PD and its potential effects on aid effectiveness and development results?” (The PD in context)
- “To what extent and how has the implementation of the PD led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships?” (Process and intermediate outcomes)
- “Has the implementation of the PD strengthened the contribution of aid to sustainable development results? How?” (Development outcomes)

The above core questions formed the basis of enquiry for the study. However, keeping the country context in view a set of questionnaire has been prepared by deemphasizing a few sub-questions, while further expanding some of them.

As noted earlier, the findings of this country evaluation will be used to produce a synthesised global report. The evaluation followed the template, designed by the OECD-DAC Core Evaluation Team (CET) for answering evaluation questions so that the country report can be readily used for the synthesis purpose.

1.5 Methodology

Following methodology has been followed to conduct the assignment:

1.5.1 Study/ Review of the Relevant Documents/ Literature/ Reports

The review of documents includes TOR of the evaluation (including suggested evaluation matrix for country evaluations), the PD, AAA and reports on their implementation, NSAPR and NSAPR-II (Revised) , HAP, JCS of the GoB, reports on Millennium Development Goal (MDG), Annual Economic Review, Report on the flow of External Aid, Annual Programme Reviews and other reports on sectors selected for the study, reports and documents of the DPs' on the implementation of the PD, the report on the country level evaluation of the PD in Bangladesh (Phase – I) as well as the synthesis report on Phase I evaluation and all other relevant documents. The documents uploaded from time to time in the Extranet relevant to this evaluation have also been consulted.

1.5.2 Sampling Frame

The sources of information include the resource persons of the relevant government agencies, local offices of DPs' and civil society organizations (CSOs). The sampling was made in such a manner so that all the key stakeholders are represented in the process. It was ensured that all the DPs who play key role in the implementation of the commitments of the PD were represented in the sample survey. It was also ensured that in addition to the four areas namely Health, Transport, Power and Energy and Climate Change already selected by the client for detailed examination, other key Government Agencies involved in the implementation of the PD were represented in the study. Within a particular organisation/agency, selection of information sources was made in such a manner that the sampling ensured a representative character. The list of DPs, government agencies and other stakeholders who were consulted/ interviewed is attached at Annex-4.

1.5.3 Collection of Data

Data collected for evaluation followed the format as prescribed in the evaluation matrix of the country evaluation (appendix B of the TOR). Structured questionnaire for collection of data was circulated to the key informant groups & the key stakeholders

including the government organization, donor agencies, civil society and the private sector. Two types of data, both secondary and primary, were used for the study.

1.5.4 Data Analysis and Interpretation

All the information and data were analyzed to derive the conclusions relevant to the objectives of the study. These were analyzed qualitatively as well as quantitatively. The analysis was both backward tracking and forward looking.

1.5.5 Data Verification

Verification of the data was made through cross checks at the operational level as well as triangulation between multiple data sources.

1.5.6 Rating

Progress of Implementation of PD and AAA commitments has been rated as per guidelines of the operational matrix of the CET. Following grades have been used and the criteria for rating against each grade are shown below:

Grade	Criteria
• Substantial/Very Significant	Excellent/Very good progress
• Some/Quite/Limited	Good/Some progress
• Little/very Limited	Little progress
• None	No progress
• Regression	Decline, compared to the past position

1.5.7 Seminar/ Workshops and Presentation of Findings

- A dissemination workshop, participated by the GoB and DP Focal Points, was held on the Country Evaluation Process.
- Focus Group meetings on four sector studies were held, participated by relevant GoB/DP officials.
- Draft Final Report was presented in a workshop participated by stakeholders from GoB and DPs.

In addition to the above meetings, the evaluation team met at least once in every three weeks with the National Evaluation Co-ordinator and the Working Group to discuss and review the progress of evaluation.

1.6 Structure of the Report

The report is divided into four sections. This section (Section A) introduces the report with particular focus on Engagement of Bangladesh with the PD and AAA and explains the scope of work, methodology and limitations of the evaluation.

Section B analyses i) the factors affecting the relevance and implementation of the PD in Bangladesh, ii) the progress towards attaining expected intermediate outcomes with respect to the PD principles and AAA commitments and iii) impact of the PD on aid effectiveness and development results. This section also provides overall conclusions on the evaluation.

Section C describes lessons learnt from the evaluation and suggests recommendations for enhancing aid effectiveness in Bangladesh.

Section D deals with four selected sector/thematic studies- Health, Power and Energy, and Transport as sectors, and Climate Change as a cross-cutting issue.

1.7 Limitations

Following were the main limitations:

- i. Sufficient data/ literature on some of the issues relating to evaluation were not available.
- ii. Due to delayed start (May, 2010 in place of March, 2010), there was a time pressure to complete the evaluation within global deadlines.
- iii. Many DPs were on vacation in July-August, as a result consultation with them was delayed.
- iv. As many of the local readers are not familiar with the operational matrix, the preparation of the report in conformity with this matrix might make the report appear to them a bit unfriendly and repetitive. However, there is a great value to use the matrix to make the report comparable with other countries and to facilitate the process of preparing the global synthesis report.

B Country Findings on the Common Evaluation Questions

1. The Paris Declaration in Context

Q1: What are the important factors that have affected the relevance and implementation of the Paris Declaration and its potential effects on aid effectiveness and development results?

1.1 Key Characteristics of the Country

1.1.1 Human development, social and poverty conditions including gender equality

Bangladesh is one of the forty nine countries classified by the United Nations as least developed. It has remained in this category since 1975. Bangladesh is one of the most densely populated countries in the world with a population of nearly 150 million living in a landmass of 147,570 sq. km. frequently visited by natural disasters like floods and cyclones. Bangladesh is also considered as a country most vulnerable to the negative impacts of global climate change.

Despite all these odds, the country appears to be poised to move to a higher growth trajectory. GDP growth averaged 4.5 percent during 1990-2000 periods, rising to 5.4 percent during 2000-2005 and further to 6.1 percent during 2006-2010 periods.² Per capita GDP stood at \$363 in 2000; \$438 in 2005 and \$621 in 2009.³

A combination of accelerated growth and considerable emphasis by the government on targeted social protection net schemes contributed to significant improvement in the country's human development and poverty conditions.

Despite being a least developed country with low per capita income, the country falls in the category of medium Human Development Index (HDI) of UNDP. Bangladesh's HDI rose from 0.422 in 1990 to 0.521 in 2000 and 0.547 in 2005.⁴

Bangladesh has experienced relatively equitable growth. The absolute value of consumption Gini Co-efficient (which is one of the lowest among Asian countries) rose from 28.3 in 1991 to 31.8 in 2000, but fell slightly to 31.0 in 2005.⁵

The relatively equitable growth with an accelerated pace complemented by social protection measures had brought about notable progress in poverty reduction. The proportion of population below national poverty line dropped from 58.8 percent in 1991 to 49.8 percent in 2000, 40 percent in 2005 and 38.7 percent in 2009.⁶

The progress in achieving MDG targets is reasonably satisfactory. Targets have already been met with respect to ratio of girls to boys in primary and secondary education. The country is on track to meet MDG targets regarding proportion of population below poverty line, poverty gap ratio, proportion of population below minimum level of dietary energy consumption, net enrolment ratio in primary education, under-five mortality rate, infant mortality rate, proportion of one-year old children immunized against measles, proportion of tuberculosis cases detected and cured and

² World Bank, World Development Indicators,2007 and GoB, Bangladesh Economic Review,2010

³ GoB, Flow of External Resources into Bangladesh, 2010

⁴ UNDP, Human Development Report,2007/2008

⁵ World Bank, World Development Indicators and World Development Report, various issues.

⁶ GoB, The Millennium Development Goals, Bangladesh Progress Report,2007 & 2009 and World Bank, World Development Indicators,2004

proportions of population with access to safe drinking water. The country either lags behind or data are insufficient for judgment in respect of the other indicators of MDG targets.

Bangladesh has also performed quite well in the area of women's involvement in development process. According to UNDP's Human Development Report 2007/2008, Bangladesh's rank in gender-related development index (GDI) was 121 among 157 countries and rank in gender empowerment measures (GEM) was 85 among 93 countries.

1.1.2 Key economic features, issues and trends

As already noted, Bangladesh has experienced accelerated economic growth over the last decade. This has been accompanied by impressive gains in several indicators of social development encapsulated in MDG indicators.

Economic growth benefited greatly from developments in the external sector. Exports as proportion of GDP increased from 12.2 percent in 2000 to 14.4 percent in 2005 and 17.5 percent in 2009.⁷ However, export growth seems to have slowed down in recent years with export/GDP ratio remaining more or less unchanged at about 17 percent. The picture with regard to remittances by Bangladeshi workers employed abroad is also similar. Remittance to GDP ratio stood at 4.1 percent in 2000, 6.4 percent in 2005 and 10.1 percent in 2009.⁸ But growth rate appears to be slowing down.

1.1.3 Governance

The analysis of interrelations between governance and development is riddled with many unsettled questions. These relate, inter alia, to the definition of governance, comparability over time and across countries, direction of causality etc. However, analysts generally agree that governance and development are characterized by a two-way relationship. The same conclusion holds with regard to relationship between governance and aid effectiveness. An improvement in governance, for example, would enhance aid effectiveness through more rational choice of projects, reduction of leakages, timely execution of programs and projects and ensuring that benefits of aid accrue to the targeted beneficiaries. On the other hand, effective aid could help improve governance by enhancing skills of public officials, improving regulatory regime and enhancing accountability.

Bangladesh is widely perceived as governance challenged country (see the table below). However, there is an increasing awareness of the urgency of improving governance among all stakeholders—policy makers, government officials, businessmen, civil society representatives and the public in general. In recent years, there have been some improvements in the functioning of some key governance-related institutions, e.g. - Election Commission, Public service Commission, Anti-corruption Commission. The Judiciary has been effectively separated from the Executive. Public Procurement Act, 2006 and Public Procurement Rules, 2008 and Public Money and Budget Management Act, 2009 were adopted. Some regulatory reforms have been implemented on the basis of recommendations of now-defunct Regulatory Reform Commission. There are, however, concerns that some of the improvements in governance are showing signs of sliding backwards in recent times.

⁷ GOB, Bangladesh Economic Review, 2010

⁸ Same as 2 above

Table 1: Selected Governance Indicators

Sl.	Indicator	Year	Percentile rank
1.	Government Effectiveness (World Bank Institute)	2008	22.7
2.	Rule of Law (World Bank Institute)	2008	27.3
3.	Corruption Perception Index (Transparency International)	2009	22.8
4.	Doing Business (International Finance Corporation)	2010	35.0

Source: World Bank, Country Assistance Strategy for Bangladesh, FY 2011-14

1.1.4 National development strategies

National development Strategies in Bangladesh have been historically articulated through five-year development plans. Since independence, the country had several five-year development plans. The fifth one which was also the last till date ended in 2002. Since then, the country stopped preparing five-year Plan. Instead, an interim poverty reduction strategy paper (IPRSP) titled "A National Strategy for Economic Growth, Poverty Reduction and Social Development" was prepared in March 2003. This was replaced by a full-blown poverty reduction strategy for the period 2005- 2007 with the title "Unlocking the Potential: National Strategy for Accelerated Poverty Reduction (NSAPR)", often referred to as PRSP-I. As the new Caretaker Government which took office in January 2007 could not immediately devote attention to prepare another PRSP, it was decided to extend the duration of NSAPR to June 2008. Thereafter, the second PRSP titled "Moving Ahead: National Strategy for Accelerated Poverty Reduction" for the period July 2008 to June 2011 was approved by the National Economic Council in October 2008. The present Government prepared a revised version of this PRSP in December 2009 with the title "Steps Towards Change: National Strategy for Accelerated Poverty Reduction II (revised)" for FY 2009-2011 and is in the process of preparing the Sixth Five- year plan. The NSAPR-II (revised) was placed in the Parliament for discussion before its finalization.

The second PRSP, as well as its revised version, lays down a road map for pro-poor economic growth with five strategic blocks. These are: (i) macroeconomic environment; (ii) selected critical areas such as SMEs, agricultural and water resources development; (iii) essential infrastructure such as power, energy and transport; (iv) social protection for the vulnerable; and (v) human development. The supporting strategies to achieve these goals laid down in the strategic blocks relate to social inclusion, promotion of good governance, ensuring efficiency in the delivery of public services, caring for environment and tackling climate change, and enhancing productivity and efficiency through science and technology. The second PRSP (revised) specifically mentions the need for enhancing aid effectiveness in the spirit of Paris Declaration. In addition to such overarching strategies, the country has many sectoral strategies embodied in policy documents such as Education Policy, Industrial Policy, Health Policy, etc.

1.1.5 Organization of government, aid management and decentralization

Bangladesh has a unitary form of government. At the apex is the central government. There are four tiers of local government institutions-district council, upazilla council, union council and municipal authorities. The first three represent the territorial subdivisions of the country in descending order, districts covering the largest territory. In addition there are municipal authorities in urban areas. District councils have not been functioning for many years. There are elected representatives at upazilla, union

and municipal levels. Most of the key officials at union, upazilla and municipal levels are officials of the central government. Hence their accountability to the elected representatives is open to question. The extent of decentralization is minimal and the local government institutions have very limited authority and jurisdiction to deal with matters of public governance. They are further constrained by their limited authority to raise revenues.

Aid management is exclusively a central government function. No other agency of the government is allowed to negotiate external aid. There is no comprehensive aid management policy yet. The Government is in the process of preparing one.

1.1.6 External and domestic resource mobilization patterns

Bangladesh has been increasingly relying on domestic resources for financing government expenditure. Efforts have also been directed towards the pursuit of prudent fiscal policy. Overall budget deficit (excluding grants) mostly remained under 5 percent of GDP. Though revenue/ GDP ratio remains one of the lowest in Asia, it has been consistently rising, albeit at a low rate. Revenue/ GDP ratio increased from 8.5 per cent in 2000 to 10.6 per cent in 2005 and 11.3 per cent in 2009. In contrast, net external financing of the budget deficit fell from 2.5 per cent of GDP in 2000 to 2.4 per cent in 2005 and further to 1.8 per cent in 2009. More will be said about the trend and composition of ODA later.

1.2 Influence of National and International Events on the Implementation of the PD

1.2.1 Important national and international events

Bangladesh experienced serious political upheaval and massive civil unrest towards the end of 2006. Bangladesh constitution provides for a non-political caretaker government to conduct elections to the parliament at the end of the tenure of the elected government. The tenure of the then elected government expired in 2006. There was a complete break-down of law and order in fierce opposition to the caretaker government that assumed office on the grounds of lack of neutrality, preparation of a highly controversial voter list and fear of election rigging. In consequence, a new caretaker government was installed in the second week of January, 2007. The new caretaker government quickly restored law and order, promulgated wide ranging institutional reforms and then conducted the parliamentary election in December 2008 which was widely acclaimed as free, fair and impartial. The newly elected government assumed office in the first week of January 2009.

The election manifesto of the party which leads the present coalition government contained 22 time-bound targets. These include 100% net enrolment at primary education level; providing safe drinking water to all by 2011; achieving self-sufficiency in food by 2012; accelerating economic growth to 8% by 2013 and 10% from 2017 onwards; eliminating illiteracy by 2014 and reducing, head-count poverty rate to 15%, infant mortality to 15 per thousand and maternal mortality rate to 1.5% by 2021.

Some of these targets have been incorporated into the revised version of second PRSP and are likely to be integrated into the upcoming Sixth Five-year plan. These targets should provide a framework for implementation of the principles of the PD and AAA, particularly in the areas of ownership, managing for results and mutual accountability.

In addition to civil strife of 2006 noted earlier, Bangladesh became a victim of two serious, consecutive floods and a devastating cyclone in 2007. All these adversely affected implementation of aid-financed projects under the Annual Development

Programme (ADP). The utilization of project assistance as proportion of total allocation under revised ADPs reached 93% in 2005, but fell to 88% in 2006 and further to 78% in the subsequent three years.

A number of other developments have also influenced the implementation of the PD principles. At the national level, the government brought 33 Ministries under three year medium- term budget framework (MTBF) to link the budget with the policy objectives and allocation of resources (both domestic and external). The Government also intends to convert three-year MTBF into five-year one. The Ministries already under MTBF account for an overwhelming proportion of total government expenditure. In combination with increasing number of donors providing multi-year indications of assistance, the line Ministries get sufficient leeway in preparing their budgets. This should enhance ownership of the budget and improve implementation.

Global reviews have increased awareness of and enhanced attention to the PD principles. Bangladesh has been an active participant in all the High-level forums on Aid Effectiveness (Rome, Paris and Accra). The Government has set up an Aid Effectiveness unit in the Ministry responsible for coordination of all external assistance.

There were concerns that the global financial crisis could affect aid flows to Bangladesh. Happily that fear has not come true. Gross disbursement of aid maintained a mild upward trend since 2001, rising to \$1.85 billion in 2009, compared to \$1.37 billion in 2001.

There have been no radical changes in relation with key donors excepting that Asian Development Bank (ADB) now treats Bangladesh as a "blend country" This means that a substantial share of ADB assistance may come from its less concessional window, namely Ordinary Capital Resources (OCR) and correspondingly less from Asian Development Fund (ADF) - the window with a high degree of concessionality.

1.3 Place of Aid Subject to the PD Principles Among all Sources of Development Finance

1.3.1 Pre and post PD trends in ODA

Practically all aid received by Bangladesh is subject to PD principles. Aid flow is dominated by multilateral donors accounting for of 76.6 percent of the total in 2009 compared to 24.6 percent during the period 1973-1978. The bilateral donors who now contribute the remaining 23.4 percent in 2009 are mostly those who endorsed the PD.

The importance of aid in terms of key macroeconomic indicators has significantly declined. As already noted, external financing of budget deficit fell from 2.5 percent of GDP in 2000 to 1.8 percent of GDP in 2009.

Despite mildly upward trend in gross disbursement, net transfer seems to be falling. Net transfer in most of years during the period 2001 to 2009 remained below the level of 2000(\$ 969 million). The jump in 2008 to \$ 1.3 billion was because of a significant increase in gross disbursement following the natural calamities in 2007. Besides the share of grants fell drastically from 88% in 1973 to 55% in 1985 and 36% in 2009.

Another important point to note in connection with aid flow to Bangladesh is the decline in real terms. Deflating gross disbursement by the import price index of Bangladesh, it is observed that the real value declined from \$1.25 billion in 2000 to \$876 million in 2005 and \$735 Million in 2009. The following table illustrates the declining importance of aid in terms of some of the other important macroeconomic indicators.

Table 2: Falling Importance of Aid

Indicators	Years		
	2000	2005	2009
Disbursement % of GDP	3.4	2.5	2.1
Disbursement % of Import	19.0	11.3	8.2
Disbursement % of Government Revenue	38.0	23.3	18.4
Disbursement % of Investment	14.5	10.2	8.6
Project Aid % total ADP	37.1	29.9	39.7
Net Transfer % of FE Reserve	60.5	28.4	13.3

Source: GoB, Flow of External Resources into Bangladesh, 2010

The above table shows that aid, in spite of shrinking importance, remains a significant source for financing investment activities of the Government. As it is, government expenditure as proportion of GDP is the lowest in South Asia. At the same time, the country suffers from large deficiencies in physical and social infrastructure. Therefore Bangladesh needs to scale up its annual public investment. To match this increased resource requirement only with domestically raised revenue and internal borrowing will be a daunting task. So, Bangladesh will continue to look for external aid to meet its resource gap to finance its development programmes and to address the emerging impacts of global climate change. Furthermore, loss of aid would have an adverse impact on foreign exchange reserves with consequential pressure on the exchange rate. These facts underscore the relevance of enhancing effectiveness of aid.

1.3.2, 1.3.3 & 1.3.4 GoB-donor relationship, types of ODA

Bangladesh always attached high priority to maintaining close and cordial relationship with donors. The relationship has been getting even closer because of the country's participation in various aid-related international forums (Rome, Paris, Accra). In addition, there has been the shift of venue for dialogue between GoB and donors from Paris to Dhaka. The dialogue takes place in various forums such as Bangladesh Development Forum, plenary of the Local Consultative Group (LCG) and the various working groups of LCG. All the major donor agencies or countries have their offices in Dhaka.

Technical assistance seems to be gaining importance. The allocation of technical assistance as a proportion of project aid increased from 6.6 percent in 2000 to 10.6% in 2005 and further to 12.0% in 2009.

The composition of aid has also changed in terms of contribution of food and commodity aid, budget support, programme aid and project aid. Food and commodity aid have been declining significantly over the years; its contribution (\$425 million) in 2000 was nearly 27%, but fell to about 3% (\$ 52 million) in 2009. In no year, during this period was this category of aid anywhere near the level of 2000.

Bangladesh received no budget support or programme aid during the period 2000-2002. In 2003, there was a budget support of \$ 300 million amounting to about 19% of total aid disbursement, but no programme aid. In the subsequent years, both programme aid and budget support increased as shown below.

Table 3: Distribution of Aid components (in \$ million)

Year	Project Aid	Programme Aid	Budget Support	Total
2004	551	100	350	1033
2005	834	200	400	1488
2006	920	250	300	1567
2007	1101	230	240	1631
2008	1031	250	670	2062
2009	1229	180	385	1864

Source: Unpublished data from GoB, Economic Relations Division

There has also been some increase in multi-donor funding in some areas, such as health, primary education, public financial management and railways.

Another aspect of external fund inflow to Bangladesh is the marked increase in the volume channelled through NGOs which amounted to \$ 257 million in 200, \$319 million in 2005 and \$414 million in 2009. These were respectively equivalent to 16%, 21% and 22% of total aid disbursement. However, all of the funds channelled through NGOs may not fall in the category of aid as some of the contribution may have come from the private sector.

The NGOs operate completely outside the collective dialogue structure of the LCG and the framework of JCS. As a result, there is potential for overlap with government development programmes and it is also not very clear if their activities are consistent with the priorities of the National Development Strategy (NDS). Also there is no formal mechanism for monitoring their performance and ensuring accountability.

1.4 Influence of the PD and AAA Commitments on GoB-DP Key Actors who take Major Decisions on Aid in Bangladesh (Changes Since 2005)

1.4.1 Major decisions affecting ODA in Bangladesh

The major decisions that have been taken by GoB and DPs since 2005 which have affected the level and nature of ODA are the following:

- PRS as the guiding framework for ODA– The GoB and the DPs reached a landmark agreement that GoB would prepare a Poverty Reduction Strategy (PRS) with clear priorities which would be the basis or the guiding framework for providing ODA to Bangladesh by DPs. This was an important decision that has been influencing the level and nature of ODA in Bangladesh since 2005.
- Change of the format of aid consultations- Prior to formulation of the Poverty Reduction Strategy (PRS) GoB-Donor High Level aid consultations were in the form of WB sponsored aid consortium meetings in Paris participated by the ministerial level representation of the GoB and high level officials of the DPs providing ODA to Bangladesh. Those meetings were mainly the pledging sessions committing the quantum of ODA by DPs for a particular period of time. Since 2005, two high level GoB-donor consultations took place, one is Bangladesh PRSP Implementation Forum (PIFM) meeting in November 2005 held in Dhaka and the other is Bangladesh Development Forum held in Dhaka in February, 2010. These forums reviewed progress and discussed the GoB's development strategy and reform plans for the upcoming years. In such forums DPs express their views and concerns on GoB's development challenges and announce their support to Bangladesh's

development efforts. Unlike the aid consortium meetings, these forums have no pledging sessions.

- **New Aid Modalities-** A major decision taken by a few DPs is to go for new aid modalities like budget support and Multi - Donor Trust Fund, e.g. Development Support Credit (DSC) by WB, ADB budget support for disaster management (Aila), Bangladesh Resilience Fund for Climate Change, Bangladesh Investment Climate Change Fund, Multi Donor Trust Fund for Strengthening Public Expenditure Management, etc. This has also influenced the nature of aid to Bangladesh with little impact on the volume of aid.
- **Joint Partnership Strategy** by four key donors- The four key DPs in Bangladesh namely, WB, ADB, UK-DFID and Japan in 2005 formulated a Joint Strategic Framework (JSF) on the basis of which their Country Assistance Strategies have been framed. The JSF led to a narrowing of focus for the four partners as well as building stronger continuity of leadership at sector level. However, due to lack of shared monitoring and agreed practical next steps for collaboration, its impact was limited.
- **Developing a joint Co-operation Strategy (JCS)-** The agreement between GoB and DPs in 2008 to develop a Joint Co-operation Strategy is another important decision that has influenced positively the subsequent GoB-DP aid relationship and consequently the nature of ODA.

1.4.2 Key decision makers

On the partner country side, the Economic Relations Divisions (ERD) and the Finance Division (FD) of the Ministry of Finance and the Planning Commission continue to be the key decision makers in respect of aid coordination, aid resource allocation, aid policies and implementation of the PD and AAA. Among the donors, the key decision makers are the four big donors namely WB, ADB, Japan and the UK DFID. However, UNDP and EU are also playing important roles particularly in respect of implementing aid effectiveness agenda.

GoB's long engagement with aid effectiveness has been the main driving force for implementing the PD. The major motivation for the DPs in Bangladesh is the instruction from their HQs emphasizing implementation of the PD. There is a growing recognition in the country that aid resources are becoming limited and hence there is an urgency to increase the effectiveness of aid for achieving development results.

There is a growing pressure from various quarters including parliamentarians, think tanks and civil societies to use aid more effectively. This has provided added urgency and motivation to both GoB and DPs to implement aid effectiveness agenda.

Many donors have upgraded their capacity since 2005 to implement the PD. A few donors, like DFID, EU, Japan and WB have established a dedicated desk for dealing with aid effectiveness agenda. However, except in the ERD there has been very little capacity building in other agencies of the GoB for implementation of the PD.

1.4.3 Decentralization of decision making authority to DP field offices by their HQs

There have been slight increases in the degree of decentralization in making decisions by country field offices of the DPs since 2005. Some of them are:

- Country assistance Strategies/Programmes are still approved by HQs but an increasing role is being played by country offices in drafting those. In most cases projects within the approved strategy are also approved by the HQ. However, in case of some DPs country offices have the authority to approve projects up to a certain amount.
- All country offices are now authorized to sign Development Credit Agreements (DCA) with prior clearance from the HQ.

- Threshold for approval by country offices for procurement proposals in case of some DPs increased. However, for resolution of many issues in the procurement process, the need for clearance from the HQ is still required.
- Country offices are also playing more active role in the GoB-DP dialogue.

1.4.4 National Agency to Implement the PD

The Economic Relations Division (ERD) of the Ministry of Finance is the GoB's central agency directly responsible for all works relating to aid coordination and implementation of the PD in Bangladesh. The initiatives to implement the PD in ERD are primarily spearheaded by a donor financed Aid Effectiveness Unit (AEU) that has been established within the ERD. AEU is a dedicated unit to deal with all issues relating to the implementation of the PD principles and aid effectiveness measures. Its responsibility also includes facilitation and coordination of all activities with regard to implementation and monitoring of the JCS action plan.

1.4.5 Aid provided by different donors

The latest government publication on flow of external resources into Bangladesh lists 20 major donors covering the entire period since independence till 2009. The contribution of these 20 major donors during this period amounted to 96% of total aid received; the top six contributed 69.6%, the next six 16.6% and the bottom eight 9.7%.

The concentration of aid flows among donors persists; in fact it has increased. The share of top six in the total annual aid flows in 2000, 2005 and 2009 was 79.5%; 73.5% and 85.7% respectively. However, there are year-to-year variations in the composition of top donors. For the entire period of 1972-2009 the top six comprised IDA, ADB, Japan, USA, UN system (excluding UNICEF) and Canada. In 2000, the United Kingdom held the sixth position. The role of USA in providing aid (through GoB) has sharply declined over the years; it contributed a paltry sum in 2005 and nothing in 2009.⁹

In 2005, Islamic Development Bank moved to third position and Germany to fifth. In 2009, Japan regained its third position, UK moved to fourth and Germany to sixth position. ADB and IDA have consistently maintained top two positions.

1.4.6 Five most important donors

Based on recent aid flows, the five most important donors are The World Bank (IDA), ADB, Japan, UN system and the United Kingdom. It is difficult to quantify what institutional and financial resources they direct to the implementation of the PD agenda in the country. However, there is evidence that they all pay considerable attention to the agenda. For example, the World Bank, ADB, UK and Japan undertook a joint evaluation of donor coordination and harmonization in Bangladesh; the report was published in October 2009. The World Bank's country Assistance strategy 2011-2014 for Bangladesh has been formulated with explicit reference to the country's development objectives. The strategy also identifies challenges to the implementation of the PD agenda in the areas of ownership, alignment, harmonization, managing for results and mutual accountability. Mid-term review of ADB's country strategy published in August 2009 provides highlights of coordination and partnership with other development partners UK's DFID has been playing an active role in promoting the implementation of the PD agenda in Bangladesh. 18 significant donors including the United Nations system represented by the Resident Coordinator are signatories to the joint cooperation strategy (JCS) signed with the Government in June 2010, JCS is expected to boost implementation of the PD principles.

⁹ GoB, Flow of External Resources into Bangladesh, 2010

To conclude,

- i. There is a heavy concentration of aid flows among donors with top six accounting for between three fourth (3/4) to four fifth (4/5) of total aid.
- ii. All major donors have started paying attention to implementation of the PD principles.
- iii. The signing of a joint cooperation strategy by GoB and 18 significant donors is expected to boost implementation of the PD principles.

1.4.7 Mechanism for Parliamentary and Civil Society oversights

In compliance with the relevant provisions of the constitution, the GoB is required to place before the Parliament every year an annual budget containing allocation of resources including aid. The Parliament debates and approves the budget. A recently enacted law (Public Money and Budget Management Act, 2009) requires the Finance Minister to place in the parliament a quarterly report on the progress of the budget implementation. The parliamentary standing committees on different ministries also review periodically the progress of implementation of aided projects related to respective ministries. The Public Accounts Committee of the Parliament reviews the audit reports of the Auditor General on foreign aided projects. During the preparation of the budget the Finance Ministry consults some selected members of the Parliament, generally the chairmen of the standing committees on different ministries. There is not much public and civil society oversight of the budget. However in recent years, there has been a growing consultation with the civil societies and think tanks in the preparation of the budget. Some CSOs and think tanks also arrange public dialogues on the budget proposals and on implementation of the budget including use of aid recourses. Number of such dialogues and engagements of CSOs is increasing.

1.5 Efforts to Implement the PD in Bangladesh

1.5.1 PD implementation Strategy

Bangladesh has a very long and significant engagement with aid effectiveness agenda. Its engagement with the aid effectiveness agenda started prior to Rome Declaration on Harmonization. Bangladesh participated in OECD-DAC meeting and other activities leading to high level forum in Rome in February, 2003. Led by the Secretary, Finance Division, GoB delegation attended the Rome forum. With the aim to implement the Rome declaration, an action plan called Bangladesh Harmonization Action Plan (HAP) was drafted in December 2004 by a task force led by the secretary, Finance Division. In the mean time, while finalization of the draft was in progress, the HLF in Paris took place in March, 2005. Bangladesh led by it's the then Finance Minister participated in the forum and endorsed the PD. In July, 2005, it was decided that HAP should better be prepared in line with the specific target indicators for monitoring the PD. Accordingly HAP was reformulated and made operational in August, 2006. The HAP provided a guiding framework for GoB and DPs in Bangladesh to implement the PD at country level. However, there was very little implementation of the HAP due to lack of its institutionalization and ownership.

Following the HLF in Accra in 2008, the GoB expressed its intention to develop in association with DPs in Bangladesh a Joint Cooperation Strategy (JCS) to implement the commitments made in Paris and Accra. This was a significant advancement towards implementation of the PD and AAA. A GoB-DP working group was established which prepared the JCS. The JCS was endorsed by Bangladesh Development Forum (BDF) in February, 2010 and it was finally made operational in June, 2010. The JCS provides a partnership framework for GoB-DP cooperation,

collective dialogue and a mechanism for aid co-ordination to improve aid effectiveness. It also provides an action plan to implement the JCS. The HAP which has been in operation since 2006 has been integrated into the JCS action plan. The JCS action plan replaces the HAP as the implementation plan for the PD and AAA commitments in Bangladesh.

1.5.2 PD implementation initiatives

Since the endorsement of the PD by the GoB in 2005, ERD has been taking initiatives to implement the PD. To enhance its capacity, it has established, with the financial and technical support of DPs, an Aid Effectiveness Unit (AEU) in ERD. This unit facilitates all works relating to aid effectiveness and implementation of the PD, maintain liaison with OECD-DAC secretariat and monitor progress. In order to disseminate the commitments of the PD, ERD has arranged a number of workshops for different level officials of line ministries of the GoB. Bangladesh participated in the OECD-DAC Surveys on Monitoring the PD in 2006 and in 2008. Besides, Bangladesh took part in the Phase-I evaluation of the PD. Bangladesh also regularly participates in all meetings and other activities of the OECD-DAC and its other relevant taskforces for implementing the PD.

Outside ERD, in line ministries and in other agencies of the government, there is hardly any ownership and enthusiasm to implement the PD. There is no outfit in the line ministries or in other relevant agencies to implement the PD. Despite ERD's efforts to disseminate the principles of the PD, there still exists a serious lack of awareness amongst line ministry officials on the commitments of the PD. Perhaps due to lack of follow up and frequent turnover of concerned officials the results of dissemination efforts of the ERD could not be sustained.

1.5.3 Progress on the implementation of the PD principles and JCS Action Plan, 2010-11

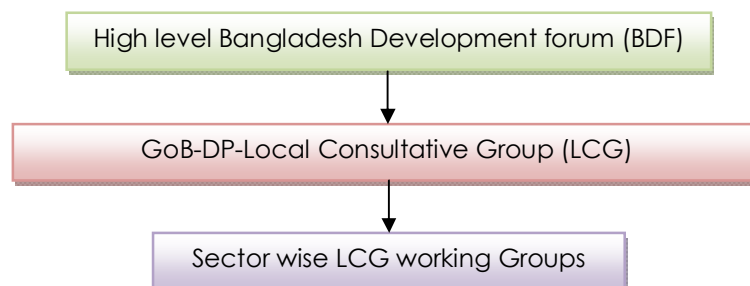
The Joint Co-operation Strategy Action Plan 2010-11 takes notes on the progress of the PD implementation and provides an annual action plan to be implemented jointly by both GoB and DPs for achieving a few milestones. An outline of the action plan is shown below.

Progress on the implementation of the PD principles and JCS Action Plan, 2010-11

Paris Declaration Principles	Progress Noted	Planned Action	Milestone in 2010-11
OWNERSHIP	Process of formulating National Development Strategy (NSAPR/Five Year Plan) established, more explicit linkage to MTBF and Annual Development Programme is needed. To strengthen GoB capacity more targeted DP supports needed.	1. 5-Year Plan finalized	<ul style="list-style-type: none"> 6th 5-Year Plan outline consulted and approved by Government 6th 5-Year Plan approved by the Government 6th 5-Year Plan reflected in national budget
		2. GoB aid management policy and strategy established	<ul style="list-style-type: none"> Aid management review finalized (basis for aid management capacity development support) Aid management capacity assessment finalized, leading to coordinated DP support to strengthen GoB aid management capacity Consultation on draft aid policy started
ALIGNMENT	Good progress in aligning ODA flows to national development priorities. Use of GoB's PFM and Procurement systems increased only slightly. Continued use of donor systems remains the modality for most DPs. There is an overall increase in the number of parallel Project Implementation Units (PIUs), despite closing of PIUs by most donors.	3. Use of Country system enhanced	<ul style="list-style-type: none"> PEFA indicators on PFM and procurement assessed under the GoB-DP public financial management programme (SPEMP) Project approval and implementation processes reformed Use of parallel PIUs reduced and more DPs using GoB systems and procedures
HARMONISATION	Some progress in harmonisation has been achieved with the use of sector wide programmes in education and health. However, the proportion of aid using programme based approaches (PBAs) decreased due to a reduction in budget support and other forms of PBAs. In many sectors, programme activities such as field missions are not well coordinated, and there are a variety of funding mechanisms with many donors operating separately.	4. Sector support rationalized	<ul style="list-style-type: none"> Donor mapping is established updated on regular basis Aid tracking system is established
			<ul style="list-style-type: none"> Concept note of division of labour formulated New PBA in Health and Education established High level discussions on new partnership arrangements held (e.g. in watsan, secondary education, land utilization, ICT)
MANAGING FOR DEVELOPMENT RESULTS	There is no common development results framework with specific, measurable indicators, used by GoB and DPs. Coordinating data collection efforts of various ministries and agencies remains a major challenge for GoB. Requires more technical assistance from DPs.	5. GoB-DP Development Results Framework established (based on PRS)	<ul style="list-style-type: none"> GoB-DP LCG structure revised and functional National sector dev. Results frameworks drafted Development Results Framework consulted/vetted and finalized
MUTUAL ACCOUNTABILITY	Progress in creating mutual accountability has been moderate. A Harmonization Action Plan (HAP) between GoB and its DPs, approved in 2006. The HAP could not be operationalised fully due to lack of its institutionalization and has been integrated into this JCS. Some assessments have been done at the level of the sector-wide mechanisms with pooled donor funding.	6. Annual aid effectiveness reviews held	<ul style="list-style-type: none"> Bangladesh Development Forum held annually Aid Effectiveness Working Group established Bangladesh Paris Declaration Evaluation finalized DAC Survey 2011 finalized First annual JCS Progress report submitted to ICG Plenary

1.5.4 GoB-DP dialogue on PD implementation

The JCS provides a three tier structure for GoB-DP dialogue. An overview of the structure is shown below:



Bangladesh Development Forum (BDF): The apex tier for the collective dialogue is the high level Bangladesh Development Forum. The BDF is the forum where GoB and DPs review annual progress and outline the major priorities and reform for the upcoming years. This is the Forum where DPs declare in broad terms their financial and technical support to Bangladesh in line with the commitments of the PD and AAA.

Local Consultative Group (LCG): The Local Consultative Group (LCG) Plenary is the main platform for GoB-DP regular dialogue. The LCG Plenary is co-chaired by the Secretary, ERD and the Chairman of the DP-executive Committee (an elected committee of DPs). The LCG Plenary provides a forum for ongoing dialogue on Country's Development challenges and review of progress on implementation of the JCS action Plan.

LCG Working Group: The other tier is the LCG-GoB-DP working groups for dialogue at the sectoral and thematic levels. Such group is co-chaired by the representatives of the GoB and DPs.

The first high level GoB-DP dialogue held after the signing of the PD was Bangladesh PRS Implementation Forum meeting (PIFM) in November, 2005 in Dhaka. The Forum discussed aid effectiveness agenda and its agreed action points contained commitments to implement the PD in Bangladesh. The next high level dialogue was Bangladesh Development Forum (BDF) meeting in February, 2010. The agenda of the BDF meeting also included aid effectiveness issues and its agreed action points call for implementation of the JCS action plan for improving aid effectiveness in Bangladesh. Both the high level GoB-DP dialogue, PIFM, 2005 and BDF, 2010 were participated by cabinet ministers form GoB and senior officials from DP headquarters. A BDF follow up meeting was also held recently, in November, 2010, to review the progress of action points mutually agreed in the last BDF meeting. The meeting was chaired by the Finance Minister and was participated by cabinet ministers, senior officials of GoB and heads of country offices of DPs.

The meetings of the LCG Plenary level are held regularly and the forum monitors the progress of implementation of the action plan of JCS. The effective functioning of all the working groups is yet to gain full momentum. A number of meetings of different working groups held only recently. Many groups are yet to have their first meeting. Some line ministries appear to be are sceptical about their participation in the LCG.

1.5.5 Follow-up of the Key Phase-I Evaluation Results

Some attention has been given to a few recommendations of the Phase-I evaluation. For example- the establishment of AEU in ERD, enhancing capabilities of local offices of some DPs, reduction of PIUs, lessening of aid conditionality, increasing untying of

aid and establishment of multi donor fund for addressing effects of climate change are some of the initiatives undertaken in line with the recommendation of the Phase-I Evaluation.

A major recommendation of the Phase-I was to develop with the assistance of DPs, a comprehensive government wide capacity development program. This recommendation has been partly implemented. A few donor assisted government-wide capacity development programs in the areas of governance, public financial management and procurement have been undertaken. However, still much more needs to be done to develop the capacity of the GoB officials.

Phase-I evaluation made a recommendation for creating a dedicated outfit in major aid utilizing line ministries for implementing the PD commitment and address aid effectiveness issues. This has not happened.

2. Process & Intermediate Outcomes

Q2: To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships?

2.1 Country Ownership over Development

2.1.1 National Development Strategies and Operational Frameworks

I. GoB leadership in aid coordination (progress rating- some)

Bangladesh has a well established mechanism called Local Consultative Group (LCG) for GoB-DP regular dialogue and aid coordination. The LCG plenary serves as the main forum for aid co-ordination and is co-chaired by the ERD Secretary and chair of the DP executive committee (a body of local DP representatives). The LCG mechanism is underpinned by 18 GoB-DP LCG working groups for aid co-ordination at sector level. The working groups are also co-chaired by a GoB and a DP representative.

Motivated by the commitments of the PD, the influence of GoB leadership in LCG Plenary has been increasing since 2005. However, many DPs as well as GoB officials feel that the LCG is still largely donor driven. They opine that there has been some increase in the influence of GoB leadership in the LCG Plenary co-chaired by the secretary, ERD, but very little influence of the GoB leadership is visible in LCG working groups at sector/ministry level mainly due to long standing culture of donor domination, lack of interest of the line ministries and departments/agencies under them.

II. National development strategies and their priorities (progress rating- some)

The GoB launched its first poverty reduction strategy called National Strategy for Accelerated Poverty Reduction (NSAPR) in 2005. This National Development strategy centered around four strategic blocks with four supporting strategies. The PRS was purely a home grown strategy prepared under the leadership of the GoB. The PRS clearly spelt out the strategic priorities for the country to address challenges of growth and poverty reduction. However, it did not anchor them adequately within the framework of sectoral priorities. One of the declared objectives of the government's Medium Term Budgetary Framework (MTBF) process is to allocate budgetary resources to achieve the strategic priorities of NSAPR.¹⁰ Accordingly the budgets were formulated in line with the overarching framework of the NSAPR. However, due to the lack of capacity of the line ministries, the allocations in the budget in case of many ministries did not reflect explicit linkages with the NSAPR strategies. The NSAPR was set to expire in June, 2007 but was subsequently extended up to June, 2008.

After the expiry of the NSAPR, another NDS called NSAPR-II was prepared by the then Caretaker Government in 2008 which was later partly revised by the present government and was launched in December, 2009.¹¹ The NSAPR-II (revised), also a country driven strategy, will expire in June, 2011 and will serve as a transitional NDS until the launch of the Sixth Five Year Plan for FY 2011-15. The NSAPR- II (revised) consists of five strategic blocks and to complement these key strategic blocks, there are five supportive strategies. The NSAPR- II (revised) provides an estimate of resource requirement to implement the strategic blocks and also indicate the quantum of resource gap for planned investment. Many analysts think that the NSAPR- II (revised)

¹⁰ NSAPR-II (Revised): Steps Towards Changes

¹¹ NSAPR- II (revised): Steps Towards Changes

provides comprehensive strategy with clear priorities and addresses major constraint to accelerating sustainable and inclusive development. However, there exists no framework for developing bankable operational programmes and establishing linkages to MTBF and annual budget.

III. Parliamentary scrutiny of the National Development Strategies (progress rating- some)

Before its finalization, the draft NSAPR- II (revised) was placed before the parliament for discussion and debates. This is the first time a national development strategy was placed in the parliament. It is also expected that the next Sixth Five Year Plan which is now in the final stage of its preparation will also be placed in the parliament. In recent times, there has been an increased parliamentary scrutiny and review of the progress of implementation of the government development strategies/programs by the different standing committees of the parliament. However, a dedicated parliamentary process for NDS progress review is yet to be established.

IV. Participatory consultation in the formulation of the National Development Strategy(progress rating-substantial)

Both the NSAPR and NSAPR- II (revised) were prepared through an extensive consultative process. The NSAPR documents describe the framework for consultation. Salient features of the consultation meetings with different stakeholders and their recommendations have been recorded in the documents. An inclusive consultative approach was followed to cover all types of stakeholders from different regions of the country, like, people's representatives including members of local government bodies, government officials, civil society members, NGOs, private sector representatives, academia, researchers, representative of women, children, the weak and vulnerable groups etc. While an inclusive consultative process for developing national strategies has been well established, there is, however, virtually no consultation with the beneficiaries and other stakeholders in formulating individual development projects. Despite some progress, foreign aided projects continue to remain mostly donor driven and designing and preparation of such projects are often donor led. Particularly, technical assistance projects, many of them aiming to reform the existing country systems are undertaken at the initiatives of the donor without having consultation with the stakeholders. As a result, such projects suffer from lack of ownership and are often not demand driven.

V. NSAPRs on gender equity and disabled people (progress rating- substantial)

Both the NSAPRs responded clearly to international commitments on gender parity, disability and environmental sustainability. Both the documents provide supporting strategies and policy matrices to address these issues. These strategies have used some disaggregated data around gender parity. The NSAPR have taken note of the need for addressing human rights issues. However they have not provided adequate strategies to respond to such issues.

2.1.2 Alignment of Aid with GoB Priorities, Systems and Procedures and Assistance to Strengthen Capacities

I. Overall support based on NSAPR (progress rating- substantial)

The Country Assistance Strategies of the four major donors (WB, ADB, DFID and Japan) formulated since 2005 have clear indication of basing their support on the priorities of the NSAPR. The UN system through the UNDAF (2006-11) and several other bilateral donors, Canada, EU, Sweden, Denmark, Switzerland, Germany, The Netherlands, and Australia through their country assistance strategies have reflected alignment of their aid with the strategic priorities of GoB. NSAPR influenced a shift in the pattern of aid flows of a particular donor to match the priorities of NSAPR. The NSAPR- II (revised) provided an estimate of resource gap for implementing its strategies. This has happened for the first time in Bangladesh. The World Bank Country Assistance Strategy

for 2010-13 has taken note of this. However, the issue has not been flagged in major aid consultation and GoB has not taken up the issue with the donors in a comprehensive manner.

II. Use of country systems by Donors (progress rating- little)

Use of country system by DPs in Bangladesh remains limited. According to the 2008 PD survey, the use of GoB's procurement and public financial management systems (PFM) has increased only slightly, though there have been substantial reforms of the systems in these areas with support from DPs.

Donors use GoB's PFM while implementing some sectoral programmes and multi donor financed projects, for example, Primary Education Development Programme (PEDP-II), Health Nutrition and Population Sector Programme (HNPS) and Preparation of Electoral Roll with Photographs (PERP) Project. Majority of the donors use their own systems.

Donors attribute the main reason for not using the country systems to fiduciary risks resulting from lack of their confidence in financial reporting and accounting systems of GoB and absence of an output based budgeting system.

Despite implementation of a major reform in Public Procurement systems of GoB in the form of 1) enactment of Public Procurement Act (PPA), 2006; 2) introduction of Public Procurement Rules (PPR), 2008; and 3) establishment of a procurement tracking and monitoring system in the Central Procurement Technical Unit (CPTU), the use of country procurement system by DPs remains limited. GoB procedures are used only by some donors in case of local procurement through National Competitive Biddings (NCBs). For all international procurement DPs follow their own procedures. Due to lack of familiarity with the DPs' procurement procedures coupled with their capacity constraints, it is difficult for GoB officials to execute a procurement deal in time causing delay in the implementation of a project. For executing a procurement deal prior clearance of the DP is required, in respect of some donors, at several stages of the procurement process. In case of some DPs, reference to their HQ is needed as country offices have limited approval authority. This causes further delay and complication.

Some donors argue that their procurement procedure is globally applicable to all the recipient countries, and agreeing to different country's procurement systems may cause anomalies and complications for DPs.

Due to a disagreement between DPs and the GoB on the relaxation of certain provisions of the PPA by the GoB through a recent amendment of the Act, the use of country procurement system has further declined as some DPs imposed restrictions on the use of the amended provisions of the Act in respect of local procurements of the projects financed by them.

In addition to limited use of the country public financial management and procurement systems, many development partners do not use GoB's project document format, i.e. Development Project Pro-forma (DPP). They prepare separate project document of their own.

III. Support to capacity building of country systems (progress rating- some)

A comprehensive strategy for capacity development around which all development partners can coordinate is yet to be developed in Bangladesh. Meanwhile, bilateral and multilateral donors have capacity development initiatives embedded in their respective programs. Most of the programs/projects have components to enhance the capacity of the agencies. At each stage- design or implementation, attempts are being made to make regular consultation to ensure that there is no overlap, and harmonization is well grounded.

- ❖ ADB has specific capacity development support embedded in the projects in all the sectors where ADB has participation, such as, education, agriculture, power, energy, communication, urban development, local government, anti corruption, judiciary, etc;
- ❖ The World Bank coordinates support for capacity development in some sectors, particularly for procurement, anti-corruption, health and education, and in the power and financial management sectors;
- ❖ World Bank financed investment project's have specific capacity development plan that is prepared by Project Unit itself and is embedded in the Projects Operation Manual;
- ❖ Most UN system programmes have a major focus on capacity development;
- ❖ Critical areas where recent progress has been made include: the Election Commission, the Anti-Corruption Commission, the Judiciary, the Police, and the Local Government.

Capacity development often ends up with narrow focus- equipment, infrastructure development, vehicles, resources for operation and maintenance, training and foreign fellowships. A thorough capacity needs assessment prior to programme planning is absent.

One other challenge in the capacity development is the existing rotational transfer policy and frequent transfers of the civil servants in various ministries. Any policy shift on the part of the government on this is yet to take place.

Ensuring the sustainability of capacities is an important challenge. In some cases, poorly designed projects and programmes leave very few strategic initiatives on how to manage and maintain developed capacity when project implementation ends. There is also a lack of vision on how to ensure the best longer term use of developed capacity, particularly in the absence of external development assistance.

IV. Parallel Project Implementation Units (PIUs)

Parallel Project Implementation Units (PIUs) of some DPs continue to function. One UN agency has as many as seventeen PIUs. According to Monitoring Survey, 2008 most of the donors have closed their PIUs, but there has been an overall increase in the number of PIUs since 2005. Donors who still run PIUs do not seem to have developed any exit strategy for closing of those PIUs.

2.1.3 Measures and Standard of Performance and Accountability in PFM, Procurement, Fiduciary Standards

I. Strengthening Financial Management Capacity (progress rating- some)

Harmonized diagnostic reviews/performance assessment framework for PFM: The GoB in association with DPs (WB and other DP contributors of the Multi Donor Trust Fund) is currently conducting a joint Public Expenditure and a Financial Accountability (PEFA) review to measure performance of the PFM. The WB and GoB also jointly conducted a PEFA¹² review in 2005 as well as a Public Expenditure and Institutional Review (PEIR)¹³ in 2009. The PEFA review uses the PFM performance Measurement Framework tool developed by PEFA partners in collaboration with the OECD-DAC joint venture on PFM. The result of PEFA review in 2005 was used by GoB in producing its long term vision and Medium Term Rolling Action Plan on PFM in 2006.

Measures to reform Public Financial Management (PFM) systems: The GoB with the assistance of DPs has implemented two successive long term reform programmes in Public Financial Management, Reforms in Budgeting and Expenditure Control, RIBEC

¹² WB's Bangladesh CAS Completion Report, 2010

¹³ WB's PEIR, 2009

(FY 1992-2002) and Financial Management Reform Programme, FMRP (FY 2002-2010). An ongoing comprehensive reform programme (Strengthening Public Expenditure Management Programme, SPEM), is currently being implemented. This programme started in July 2010 and will continue for next five years. These reforms have brought out the following notable improvements in Public Financial Management.

- ❖ Budgeting systems have been computerized, a new budgeting and accounting classification system has been introduced.
- ❖ With the objective to allocate resources through a more policy led budget planning process to priority programmes, a strategic budgeting has been adopted through a medium-term budgetary framework (MTBF). The MTBF is gradually being rolled out to different line ministries. So far 33 line ministries have been brought under MTBF, these ministries receive almost 90 percent of the ADP allocation¹⁴.
- ❖ The quality and timeliness of fiscal reports have improved through computerization and strengthening of the accounting systems in 64 district accounts offices and 57 chief accounts offices.
- ❖ Overall expenditure management became more transparent with budget information now displayed on the Finance Division's website. Differences between the treasury and bank accounts have narrowed.
- ❖ Internal Control Manuals and Expenditure Management Manuals have been prepared to assist the internal audit function.
- ❖ A Financial Management Academy (FIMA) has been established to develop capacity of key PFM staff.
- ❖ A new law "Public Money and Budget Management Act, 2009" has been enacted which aims to maintain a sustainable budget deficit and public debt, ensuring inter-generational equity, improvement of macroeconomic stability, establishment of accountability and transparency in budget preparation and for other related issues.

Despite improvements in PFM, above reforms were narrowly focused within the MoF, particularly within the Finance Division. As a result, they have contributed only in strengthening the PFM functions of the Finance Division but could not spread the benefits across the government particularly to line ministries. The Financial Management capacities of line ministries are weak and require improvement. The current phase of the reform has been designed to address this challenge.

Use of gender disaggregated data in PFM: Gender disaggregated data relating to ten line ministries is used by GoB in preparing Gender Budget Report on those ministries. This report is being placed in the Parliament along with other budget documents.

Thematic group on PFM, procurement and fiduciary standards: There are two LCG thematic DP sub-groups on PFM and procurement. Two SWAp, HNPS in health sector and PEDP in primary education sub-sector also have two thematic groups, one in each SWAp to deal with the issues relating to PFM and procurement within the SWAp.

II. Strengthening National Procurement System (progress rating- some):

Measures to reform public procurement systems: Bangladesh has made a good progress in establishing the foundation for an effective public procurement system. With the assistance of the World Bank, the GoB implemented a comprehensive Public Procurement Reform Project (PPRP; Phase-I: 2002-2007) that successfully addressed key deficiencies in the legal and policy framework. The GoB has established a Nodal Procurement Policy Unit (Central Technical Procurement Unit, CPTU), a landmark procurement law (Public Procurement Act, 2006, PPA) was passed in July 2006 and became effective from January 31, 2008 when government issued detailed rules to guide implementation. The law and the rule contain most features of global good public procurement practices. All implementing agencies and public procurement

¹⁴ Annual Development Programme, 2010-11, Government of Bangladesh

entities started observing the law including the use of independent review panels for complaint resolution.

- ❖ Transparency of the procurement system has improved with the publication of bid notice and contract award information on the website of the Central Procurement Technical Unit (CPTU).
- ❖ The reforms have resulted in improved competitiveness in a few key agencies. Four leading government agencies- the Rural Electrification Board, the Local Government Engineering Department, the Bangladesh Water Development Board and the Roads and Highways Department started publishing their procurement performance data on a pilot basis through CPTU's website.
- ❖ Concurrently, CPTU established a website (www.cptu.gov.bd) containing all policies and procedures, has been piloting a procurement performance measurement system with a set of predefined indicators (Procurement Management Information System- PROMIS), developed a critical mass of national procurement trainers (25 person), and trained over 2000 officials of public sector organizations. CPTU has a plan to train around 10,000 officials under this initiative.
- ❖ The GoB is implementing a second WB financed Public Procurement Reform Project (PPRP-II) which supports institutionalization of procurement capacity development, helps strengthen implementation of e-procurement in the four pilot agencies to increase transparency and competition, and engage business bodies and civil society in the monitoring of the contracting process and procurement outcomes.

Despite all these measures to reform legal and policy environment, the performance of the overall system is yet to be satisfactory, particularly in respect of efficiency of procurement process and contract management. As noted earlier, the government recently made a few amendments in the procurement law which, many donors feel would negatively impact upon good procurement practices introduced through the PPA, 2006 and they have registered formally their concerns to the GoB.

Performance assessment for procurement: A performance assessment of the procurement system was carried out in FY 2008-09 through WB-GoB joint collaboration survey using a set of performance indicators similar to those applied in the earlier OECD-DAC/WB benchmarking exercise. Another GoB-WB joint assessment was done in 2009 through PEIR.

Participation of local/regional firms: PPA-2006 allows participation of local/regional/international firms in both International (ICBs) and National (NCBs) competitive biddings. Participation of regional firms in procurement through ICBs is quite common.

Value of (% of total ODA) procurement under ICBs: Sufficient data is not available to estimate value of procurement under international competitive bidding as % of total ODA. In case of donor assisted two SWAps, PEDP in primary education subsector, only around 20% (value) of the procurement is through ICBs and in case of HNPSP of health sector, the proportion of procurement through NCBs and ICBs is almost same.

III. Use of mutually agreed fiduciary standards (progress rating- little):

As noted earlier, OECD-WB diagnostic tools are used in the assessment of the performance of PFM. The same tools are also used to measure fiduciary standards.

In case of two SWAps, PEDP and HNPSP all DPs in the SWAps and GoB use mutually agreed standards and procedures in budget classification, accounting, financial reporting, internal and external auditing.

The Directorate of Foreign Aided Project Audit, under the Auditor General carries out the audit of all donor assisted projects. In terms of Development Credit Agreements the results of such audits are to be accepted by the GoB as well as all DPs without any question.

2.2 Building more Inclusive and Effective Partnerships for Development

2.2.1 Reduced Duplication of Efforts and Rationalized Donor Activities

I. Increased use of donor comparative advantage by GoB (progress rating- some):

GoB-DP Joint Co-operation Strategy (JCS) recognizes the need for donor complementarities and reflects a mutual commitment to achieve that objective under a GoB led initiative. However, GoB is yet to develop a clear-cut strategy to use donor comparative advantage and to achieve increased donor complementarities. At the moment GoB also does not have any national aid policy which could provide a policy direction on aid management issues including donor coordination. GoB has taken an initiative to formulate an aid policy, a draft outline of which is expected to be ready for consultation by the end of 2010.

Constrained by the capacity limitations and in the absence of any strategy/policy document the GoB has so far not been able to demonstrate any effective lead role in achieving increased use of donor complementarities/relative strengths. As a result, the donor complementarities remained a matter left to the donors themselves.

II. Increased division of labour (progress rating- some):

The first annual (2010-11) action plan of the GoB-DP Joint Cooperation Strategy (JCS) envisages the establishment of a donor mapping which is to be updated on regular basis. In the meantime, the JCS has established a LCG working group mapping (Annex-5) based on agencies' self reporting as to which sectors they are engaged in. The mapping also includes the agencies' indications of their degree of support to each sector.

While there have been ongoing efforts to enhance partnership and collaboration through the JCS, Bangladesh is yet to have formal division of labour arrangements amongst donors at country level. The four major donors (WB, ADB, DFID and Japan) prior to formulation of the JCS had reached an understanding through a joint strategic framework on the areas of their engagement in different sectors and terms of reference for coordination.

At sector level, a number of partnership arrangements in different formats are in place, including division of labour. A few examples are:

- ❖ ADB, WB, Japan and Denmark with GoB involvement have agreed on a division of labour with an overall policy agreement in the Water Supply and Sanitation sector.
- ❖ Partnership arrangements amongst several DPs through co-financing are in place in Power and Energy, Transport and Communications, Water Resource Management and Environment protection sectors.
- ❖ Partnership arrangements through the operationalization of a number of Multi Donor Trust Funds involving a number of DPs with one of them managing the fund (as administrator) are in place in the areas of Private Sector Development, Climate Change, Public Financial Management, Gender Equity and Community Empowerment.
- ❖ Another set of examples relates to continued collaboration through sector-wide approach in Health, Nutrition and Population Sector (HNPS) and Primary Education Subsector (PEDP).

III. Increased delegation to lead donors (progress rating- substantial):

The progress in this respect is quite satisfactory. There is now a growing trend to increase delegation to the lead donors by other partners in executing projects/programmes under collaborative arrangement. Particularly, lead donors in SWAs like- HNPS or PEDP have full delegation from other partners to manage pooled fund. Also in Multi Donor Trust Funds the lead donors (administrators) also enjoy

sufficient delegation in executing the programmes financed through the fund. However, some donors, because of their HQ policy, are restricted to delegate authority to lead donors when they are partners in a collaborative programme. For example, while the WB enjoys full delegation as a lead donor but due to their procedural restrictions they cannot delegate their financial authority to a lead donor when they are a co-partner in a collaborative programme.

IV. Reduced fragmentation of aid, overall (progress rating- little):

There are 17 DPs (considering UN systems as one) who regularly provided ODA to Bangladesh in last ten years (FY 2000-2009). The four top DPs (WB, UK, ADB and Japan) out of 17 provided 70.7% of the total aid between the financial years (FY) 2000-2004 which declined to 70.5% during the FY 2005-2009, whereas the aid of other DPs increased from 29.30% to 29.50% during the corresponding period. The number of donors during FY 2000-2004 was 20 and in the next five FY 2005-2009 was 18. So, there has not been much change during the last ten years on the proportion of aid provided by big four donors and the other DPs as well as the number of donors providing aid. This indicates that the aid fragmentation in Bangladesh has not witnessed any significant change.

Table 4: Disbursements of ODA to Bangladesh, FY 2000-2004 and FY 2005-2009

Development Partners	FY 2000-2004		FY 2005-2009	
	US \$ billion	%	US \$ billion	%
WB	1.75	25.00	3.31	38.80
ADB	1.08	15.50	1.86	21.70
Japan	1.31	18.70	0.29	03.40
UK	0.80	11.50	0.57	06.60
Total of top four	4.94	70.70	6.03	70.50
Other DPs	2.07	29.30	2.51	29.50
Total	7.01	100	8.54	100
No. of donors	20		18	
No. of Donor during whole period	17			

Sources: ERD, GoB- Flow of External Resources into Bangladesh (as of 30 June, 2010)

V. Untying of aid (progress rating- substantial):

A joint evaluation, conducted by four DPs (WB, ADB, DFID and Japan), indicates that about 94% of aid to Bangladesh provided by OECD-DAC donors in 2008 were untied. Monitoring Survey 2008 reported following efforts to untie aid.

- ❖ Revisiting of internal rules and practices related to bidding process;
- ❖ Gradual steps to increase local biddings at the recipient country level;
- ❖ Introducing local bidding with limited invitations in a particular sector;
- ❖ Internal steps to survey on the international bidding and the costs involved;

2.2.2 Reform and Simplification of Donor Policies and Procedures

I. Joint missions and joint analytical works (progress rating- some):

According to Monitoring Survey, 2008, 19% of DP missions in the year 2006 were joint missions and in the year 2008, 24% of them were joint missions. However, the number of missions also increased from 286 in 2006 to 362 in 2008. The total number of ADB missions increased from 45 in 2006 to 116 in 2008, WB missions from 48 to 79. GoJ missions went down from 34 to 31, and UK missions from 25 to 7. Monitoring Survey, 2008 also indicates that the joint analytical work increased from 70 units in 2006 to 128 units in 2008 and the proportion undertaken jointly increased from 38% to 42%.

II. Common harmonized arrangement (progress rating- some):

As noted earlier, the four DPs (WB, ADB, Japan and DFID) prepared a Joint Strategic Framework in 2005 to facilitate closer harmonization and coherence of their country assistance programmes. Two SWAps, in health (HNPSp), in primary education subsector (PEDP) and Preparation of Electoral Roll with Photographs (PERP) project are examples of joint programmes involving a number of DPs at sector level. Programmes financed under Multi Donor Trust Fund (MDTF) involving a number of DPs on Climate Change, Gender Equality and Public Financial Management are examples of Joint Programmes in respect of cross cutting issues.

All these joint programmes in varying degrees have common planning, financial and disbursement procedures. They also have shared conditions for tranche funding and joint monitoring/evaluation and reporting process.

III. Incentives for harmonization (progress rating- little):

GoB in collaboration with DPs prepared a Harmonization Action Plan (HAP) in 2006. The HAP was prepared originally in line with the principles of Rome Declaration and later (in 2006) incorporating the principles of the PD. The HAP provided a guiding framework for both GoB and DPs to implement the PD. However, its implementation did not make much progress. The HAP was integrated later into JCS action plan formulated in 2010.

As noted earlier the SWAps, HNPSp and PEDP, have arrangements for joint annual and mid-term programme reviews.

2.2.3 More Predictable and Multiyear Commitments on Aid Flows

I. Increase in proportion of aid through multiyear framework (progress rating-substantial):

A substantial progress has been made in respect of aid predictability. Almost all the donors in Bangladesh have multiyear Country Assistance Programme/ Strategy indicating their commitments in respect of assistance to Bangladesh. Most of the donors are already operating under a multiyear programme. Three donors are in the process of preparing their multiyear plan and are expected to make those plans operational by the year 2011. All donors share their multiyear country assistance programmes with the GoB. Some donors have rolling plans updated annually. More than 60% of donors representing over 50% of ODA, have 5-year Country Assistance Programmes. Around 30% of donors (representing around 20% of aid), have 3-year programmes with another 20% (representing around 30% of aid), have 4-year programmes.

II. Timely and predictable aid disbursement (progress rating- little):

Despite substantial improvements in predictability by way of sharing by DPs their indicative future commitments with GoB through multiyear assistance strategies, the rates of disbursement against commitments have not improved. Average rate of

disbursement against commitment between FY 1972-2009 was 82% and it was 79% in the last five financial years (FY 2005-2009). As a result, there has been a huge accumulation of undisbursed aid in the pipeline. The accumulation up to June, 2009 according to ERD report on aid flows was 8.85 billion US dollar which has now reached over 9 billion US dollar. There are divergent views on the cause for shortfall in disbursement against commitment. A clear reason for shortfall is the low utilization of the Annual Development Programme (ADP) allocations, particularly in respect of aided projects. In the last financial year, 2009-10, the overall utilization of the ADP was 91%, but utilization in respect of foreign aided projects was 83%. As most of the external aid is in the form of Reimbursable Project Aid (RPA), the disbursement is dependent on the utilization of the allocation. As a result, rate of disbursement would decline with the reduction in the rate of ADP utilization. However, many GoB officials attribute low utilization and slow implementation to complex and cumbersome donor disbursement and procurement procedures and also to unrealistic conditionalities attached to foreign aid. While donors agree with this contention, they, however, feel that the main reason for slow implementation is GoB's capacity constraints in respect of planning and managing projects. As regards conditionalities, donors argue that these are mutually agreed and accepted by the GoB at the time of negotiation and signing of Development Credit Agreement (DCA). Therefore, responsibility for implementing them rests with the GoB. However, all these divergent views do not help improving disbursement and aid effectiveness. The issue needs to be addressed pragmatically by both GoB and DPs.

III. Public disclosure of mutually agreed conditionalities, joint assessment (progress rating- little):

Development Credit Agreements (DCA) are not made public and as such conditionalities under an agreement are also not made public. Conditionalities come under public discussions or debate when a failure to comply with the conditionality creates a bottleneck and slows down the progress of an important programme having large or powerful stakeholders or causing disruption in the implementation of a populist public policy. Lack of transparency of aid conditionalities often gives rise to widespread misperception or misgiving amongst wider sections of the public causing negative impression about donors and often adversely affects GoB-DP aid relationship.

As noted earlier (in section 2), a limited number of GoB-DP joint assessments are being carried out in different areas.

2.2.4 Delegation of Authority and Incentives to Country Offices

I. Increased delegation to country offices (progress rating- some):

Except one DP (IDB), all other DPs in Bangladesh in varying degree have some delegated financial authority to approve spending/procurement proposals up to a threshold. Within the framework of HQ-approved multiyear Country Assistance Strategy/Programme, a few country DP offices have authority to approve projects and reallocate resources up to a threshold. Others have to obtain approval of their HQs' in such matters. Most of the DP country offices in Bangladesh reported enhancement of their decision making authority in respect of financial approvals in varying degree since 2005. Some DP country offices, of course, have been enjoying sufficient delegation prior to 2005.

II. Increased capacity of staff in country offices (progress rating- little):

Except one, all DP country offices have reported availability of sufficient staff to cope with their engagement in Bangladesh. Staff shortage does not seem to be a serious constraint in country offices. Not many country DP offices have technical staff with

gender expertise. However, this has not been flagged as a problematic issue for any DP country office.

Many DP country offices reported scaling up of their capacity in recent times, in terms of expertise as well as employing increased number of staff to cope with their more decentralized and delegated role in Bangladesh. International staff of most of the DP country offices serves in Bangladesh for a definite tenure and within the tenure rotation is minimal. However, turnover of local staff has been a problem for some DPs.

III. Incentive for changed behaviour (progress rating- some):

Except motivation in the form of instructions from the HQ to implement the PD and establishment of a dedicated desk in some DP country offices there is no visible evidence of incentives to change behavior of DPs. Nevertheless, it is to be noted that there has been a positive change of behavior of DPs in recent years (since 2005) in line with the principles of the PD, particularly in case of respecting country ownership and mutual accountability.

2.2.5 Integration of Global Programmes into National Development Agenda

I. Global programmes based on country NDS (progress rating: little):

Currently two global programmes are in operation in Bangladesh. Both of them are in the Health sector. One is Global Alliance for Vaccine Immunization (GAVI) and the other is Global Fund for HIV-AIDS, Tuberculosis and Malaria. A priority programme of the GoB in the health sector is the Expanded Programme for Immunization (EPI), which plays a vital role in reducing infant and child mortality. The Global Fund GAVI makes a substantial contribution in the implementation of the EPI. The EPI has been highlighted in Bangladesh's National Development Strategy, NSAPR-II (Revised) as a priority programme of the health sector. While GAVI has been integrated into the EPI at implementation level, it has not been duly integrated into the national development agenda and is also not included in the Annual Development Programme (ADP). Similarly, prevention and control of HIV, AIDS, TB and Malaria is an important programme in health sector and though it is included as an important national strategy in NSAPR-II (revised) but the relevant global programme, despite making an important contribution, has also not been integrated into the national development agenda. These two global programmes have also not found any place in the SWAp of health sector, HNPSP.

2.2.6 Capacities to plan, manage and implement result driven strategies

I. Result oriented reporting and assessment framework (progress rating: little):

Result oriented reporting for assessing the impact of development policies is very limited. MDG progress report is perhaps the only one which reports on results. MTBF of the GoB provides a linkage between expenditures and results over a medium term (3 years). However, as the concept of MTBF is gradually being rolled out to line ministries, many of them are yet to develop the capacity to implement the MTBF properly and establish explicit linkages between expenditure and results. Further deepening of MTBF process in the line ministries is needed to establish such linkages explicitly.

MTBF also provides a number of disaggregated indicators relating to a particular line ministry. Reliable data for many indicators are still very limited in case of most of the ministries.

Bangladesh Bureau of Statistics (BBS) routinely conducts surveys to capture socio-economic data which are used for planning and decision making. IMED and National Poverty Focal Point at the General Economics Division of the Planning Commission collate field level project/programme data, which are used for management decision making.

BBS carries out periodically a population census and a Household Income and Expenditure Survey (HIES). The last survey (HIES) was for the period, 2000-05 and was issued in 2006. The last population census was conducted in 2001 and the Bureau is currently engaged in conducting a population census. Other surveys conducted by BBS are Poverty Monitoring Survey and surveys for tracking intermediate indicators related to access, usage and satisfaction with public service. With the exception of HIES and population census, there is no regularity in frequency of the surveys and data collection.

Line ministries which have come under MTBF process are required to provide an assessment of their performance with respect to the delivery of NSAPR Poverty and Gender objectives. This initiative has been introduced recently by the Finance Division. They have also developed a format and a guideline for the purpose.

As noted earlier the Finance Division now prepares a Gender Budgeting Report for ten line ministries using disaggregated data in respect of gender.

II. Donor programming and development result linkages (progress rating- some):

Donors in Bangladesh have started only recently linking their programmes to national development results. The current Country Assistance Strategy of the WB, 2011-14, issued recently provides a clear linkage between their indicative programmes and strategies of GoB's NSAPR-II (revised). It is reported by the country office of ADB that their next Country Assistance Partnership Strategy which is nearing finalization contains a result framework. WB and ADB's assistance represents over 30% of the ODA in Bangladesh.

The result framework of World Bank's CAS reflects national result areas including cross cutting issues like gender exclusion and environment protection. ADB country office reports that their upcoming strategy is also going to have result framework reflecting national result areas.^{15, 16}

III. Joint support to capacity development for results (progress rating- some):

The NSAPR- II (revised) explicitly sets out a supporting strategy for capacity strengthening including capacity for monitoring of results. NSAPR- II (revised) strategy for developing monitoring and evaluation capacity includes strengthening capacity of BBS and Planning units of line ministries, raising awareness about NSAPR strategies and their monitoring among GoB officials and other stakeholders and bringing effective co-ordination among different monitoring agencies. There are only a few donor programmes supporting capacity strengthening for monitoring results. WB is providing technical assistance to BBS for improving its capacity. UNDP supports Planning Commission for monitoring implementation of Poverty Reduction Strategies and MDGs in Bangladesh through a technical assistance project.

2.3 Delivering and Accounting for Development results

2.3.1 Accountability to Citizens and the Parliament

I. Strengthened parliamentary role in NDS and budgets (progress rating- some):

The draft NSAPR- II (revised) was presented to national parliament before its finalization and it was discussed and debated in the parliament. This was the first time an NDS was presented in the parliament for discussion.

As noted earlier, there exists a constitutionally mandated institutional mechanism for parliamentary oversight of the budget and aid allocations. The budget, including aid allocations by projects and programmes, has to be approved by parliament.

¹⁵ CAS of WB, 2011-14

¹⁶ Information from other donors are being collected and will be reported in the draft report

Bangladesh has also enacted a Public Money and Budget Management Act under which the Finance Minister is required to periodically appraise the parliament on implementation of the budget. Parliamentary Standing Committee on Finance can also monitor budget implementation and suggest revised allocations.

The preparation of the budget is usually preceded by extensive discussions with a number of selected members of the Parliament, generally the chairmen of the parliamentary standing committees on different ministries.

The Public Accounts Committee of the parliament reviews the audit reports of the Auditor General on foreign aided projects.

Despite presence of adequate constitutional provisions and some progress as noted above, the oversight role of the Parliament remains inadequate. A project for improving capacity of Parliament's financial oversight function is being implemented by the Parliament Secretariat. The project titled "Strengthening Parliamentary Oversight Function" is jointly financed by a number of DPs.

II. Publicly available information on aid flow (progress rating- substantial):

The Economic Relations Division (ERD) publishes regularly an annual report on aid flows to Bangladesh. This is a publicly available document prepared by the ERD on the basis of report on aid flows provided by DPs in Bangladesh. This report is available on the website of the ERD. However, there is no comprehensive data conveying flow of aid channelled through agencies outside the government. Moreover, the data on distribution of aid among different modalities are not publicly available.

2.3.2 Transparency and Accountability for Development Results

I. Mutual assessments (progress rating- little):

Bangladesh is yet to develop a formal well-structured mechanism for GoB-DP mutual assessments of the use of aid resources for development results. One of the partnership principles of the Joint Co-operation Strategy (JCS) of GoB and DPs is to monitor progress jointly towards greater aid and development effectiveness and hold each other accountable on the basis of JCS action plan.

The action plan of the JCS includes preparation of a Mutual Development Result Framework and submission of an annual JCS progress report. The operationalization of the JCS started in June, 2010, so it is too early to report progress on that. The high level Bangladesh-DP dialogue forum, Bangladesh Development Forum (BDF) in its meetings jointly reviews the progress of Bangladesh's development results and overall use of aid. The last meeting of the forum was held in February, 2010 when DPs and GoB reviewed the progress. At sector level, particularly in two SWAps namely HNPSP in health sector and PEDP-II in primary education subsector, there are arrangements for mutual assessment.

At the design stage of the Health SWAp, HNPSP, a shared assessment was carried out consisting of fiduciary, procurement, institutional and environment assessment. A mutual assessment is conducted annually through the Annual Programme Review process, an independent evaluation conducted by an independent review team of external consultants selected jointly by the GoB and DPs. The evaluation is carried out at the sector level. Results of the evaluation are vetted by GoB and DPs, and next steps are agreed upon through an extensive consultative process.

Most PEDP-II assessments were conducted jointly. They took the form of Joint Review Missions (JRM), in which government as well as donor representatives participated. The joint Mid-term Review took place in November, 2007. The recommendations and findings of this review were taken up in GoB's revision of the Project.

2.3.3 Reducing Corruption and Improving Transparency

I. Transparency in Public Financial Management (progress rating- some):

Bangladesh has a well established system of public disclosure of budget documents which include reports/statements on public expenditure and revenue. These documents are available on website. The DPS do not publish reports directly on aid-disbursement for public availability. As noted earlier, they report to ERD on aid disbursement and the latter on the basis of DP reports (including information from other sources), publishes regularly an annual report on the flow of aid to Bangladesh which is available on the website of ERD for public access.

The Comptroller and Auditor General (C&AG) of Bangladesh is constitutionally mandated to conduct audit of public expenditure and financial management. The C&AG conducts external audit regularly including the audit of foreign aided projects. Audit reports of the C&AG are submitted to the President who causes those reports to be laid before the parliament and are reviewed by the Public Accounts Committee of the Parliament. These reports are not made public.

The GoB does not have a well established internal audit system. Only a few ministries have system of internal audit. Recently the Ministry of Health and Family Welfare has introduced an internal audit mechanism for their sector-wide programme HNPS. However, the reports of internal audit are not made public.

II. Increased measures to address corruption (progress rating- some):

Bangladesh has a reasonably sound institutional arrangement as well as legal framework to combat corruption. Anti-Corruption Commission (ACC) was established in 2004 under the Anti-Corruption Commission Act, 2004. The Anti-Corruption Commission Act, 2004 and subsequent revisions provided the Commission the status of a self-governing and independent body to enjoy almost full independence.

Bangladesh ratified the UN Convention Against Corruption in 2007 and enacted a few other laws and related regulations to support fight against corruption. These are:

- ❖ Public Procurement Act, 2006 and Public Procurement Rules, 2008
- ❖ Citizen Charters
- ❖ Right to Information Act
- ❖ Amendment of People's Representation Order

ACC also established Anti Corruption Preventive Committee at District and Upazila (Sub district) level, improved its reporting system and arranged training of its staff. Bangladesh's scores on International Corruption Perception Indices of Transparency International improved slightly during the period 2005-2009 and also its rankings improved amongst comparators by region and GNP. Despite this improvement, corruption remains a big impediment to economic development in Bangladesh. There has been a slow down in the activities of ACC in recent times. The present government has emphasized that it seeks to fight corruption primarily through preventive measures, particularly through ICT to reduce opportunities for rent seeking by officials. DPs are also increasingly bringing safeguard measures against corruption including fiduciary controls and procurement risk mitigation plans in development credit arrangements. The recently published WB Country Assistance Strategy 2011-2015¹⁷ indicates that in sectors where government commitment to addressing corruption is deemed insufficient and hence risks are too high, the bank will reduce engagement.

¹⁷ WB CAS, 2010

3. Development Outcomes

Q3: Has the implementation of Paris Declaration strengthened the contribution of aid to sustainable development results? How?

3.1 Impact of PD Implementation on Sector Results

The issue has been discussed under sector studies.

3.2 Role of the PD Implementation in Prioritization of the Needs of the Poorest People (progress rating-substantial)

3.2.1 Prioritization of the needs of the poorest including women and girls (progress rating- substantial):

In Bangladesh there has been substantially greater prioritization of the needs of the poorest including women since 2005. The second PRSP (revised) contains a strategic block "Social protection for the vulnerable". The issues included are: social safety net programmes, food security, disaster management, micro-credit and rural non-farm activities. In addition there is a supporting strategy titled "Ensuring participation, social inclusion and empowerment". The issues included in this supporting strategy are women's advancement and rights, children's advancement and rights, indigenous communities, persons with disabilities and disadvantaged and extreme poor groups. The annual budget statements also contain some analysis of the prevailing situation in these respects, so is the case with Bangladesh Economic Review, published annually with the budget statement. Since 2009-10 budget of the Government has started circulating a gender budgeting report. The last one covered 10 Ministries. These reports contain considerable data and analysis disaggregated by sex and analyses.

To a certain extent, data are disaggregated, particularly related to women and children in connection with the preparation of the above mentioned documents. More specifically, progress reports on the millennium development goals provide disaggregated data relevant to the various indicators contained in the Millennium Declaration. Bangladesh has so far published four such reports (2005, 2007, 2008 & 2009). Some efforts are also made by development partners to analyze relevant disaggregated data in connection with their analytical works. For example, a recent World Bank study (Bangladesh Development series paper no. 26 October 2008) explicitly dealt with regional variations in poverty. Nevertheless, coordinating data collection efforts of various Ministries and agencies in more disaggregated manner remains a major challenge.

The increased emphasis on meeting the needs of the poorest, including women, children, old, handicapped and so on has been reflected in increased budgetary allocations. Bangladesh has more than 70 programmes classified as social safety net programmes. Most of them are targeted to the extreme poor including women, the old, orphans, disabled or disadvantaged geographical areas. The total allocation of these projects in the revised budget of 2007-2008 amounted to 14.2% of this budget, the allocation was increased to 17.3% in the next budget.¹⁸ The gender budgeting report for FY 2010-11 shows that the allocation for women's development among the 10 Ministries varied from 19.9% to 77.8%.

It is hard to quantify the scale of aid for the various interim results. However, there is evidence that aid has played a significant role. For example, all the progress reports on the MDGs were prepared with assistance of the U N. System. The World Food

¹⁸ GOB, NSAPR II (revised), annex 2

Programme, The World Bank, European Commission, UNDP and ADB have funded several social safety net programmes. The extreme poor, women and other vulnerable groups also benefit from aid provided to some key sectors such as agriculture, health, education, rural development, social welfare etc. Project aid as proportion of total annual development expenditure in these sectors in 2009, for example amounted to 28%, 55%, 41%, 46% and 60% respectively. In contrast, the contribution of project aid to these sectors in 2005 was respectively 45%, 64%, 24%, 20% and 60%. The fall in the relative importance of aid in agriculture and health was due to greater allocation by GoB.

It is not clear if the progress in greater prioritization and enhanced budgetary allocation has been matched by more effective institutional machinery to comprehensively address extreme poverty and gender exclusion issues. The general perception is that there are considerable weaknesses in institutional capacities for designing programmes and projects as well as delivering services to address these issues. The contribution of aid to institutional improvements is perceived to be minimal and the level of technical assistance is generally low.

There has been some progress in joint recognition of barriers to achievement and devising strategies to address them. For example, the preparation of second PRSP (revised) benefited from the comments of development partners, it was also presented to 2010, February meeting of Bangladesh Development Forum which commended it. Some efforts in this direction are also undertaken in implementing sector-wide programmes in health and education.

PD has led to some improvement in aid relationship. Bangladesh Development Forum (15-16 February 2010) ended with action points agreed between GoB and DPs; many of the action points related to the implementation of PD principles. This was followed up by the formulation of Joint Cooperation Strategy to implement PD principles in June 2010. It is too early to assess the impact of these initiatives either on aid flows or development results.

To sum up:

- a) There has been substantial progress in prioritization of the needs of the poorest, including women and girls.
- b) There has also been substantial increase in budget allocations to support the above priority.
- c) There has been some progress in collecting disaggregated data and using them in national strategies and policies.
- d) Perhaps there has been no progress in establishing more effective institutions.
- e) The contribution of aid to budgetary allocation in support of the priority has been significant, with no clear trend over time across or within sectors.
- f) It is premature to judge the effect of the PD on aid flows or on the intended development results.

3.3 Increase in Institutional Capacity and Social Capital (progress rating-little)

Practically all interviewees opined that the most important constraint to implementation of PD principles and response to development challenges in Bangladesh is the inadequacy of institutional capacity in the public sector. The concrete manifestation of capacity limitation is found in ever growing gap between commitment and disbursement of aid as well as in the failure to utilize budgetary allocations under the country's annual development programme.

The gap between commitment and disbursement has led to the accumulation of a huge amount of unutilized but available aid (unutilized aid available at the beginning of the year plus commitment during the year net of cancelation/transfer minus disbursement during the year).

Total available aid in the year 2000 was \$6.8 billion; it grew to \$ 8.0 billion in 2005 and \$ 10.5 billion in 2009. Disbursement as proportion of total availability in the respective years was 17.1%, 18% and 17%.

The utilization of project aid as proportion of allocations under the revised budgets is also indicative of capacity limitation. These proportions in the years 2004, 2005 and 2009 were 85%, 93%, and 77% respectively.

The above scenario has emerged despite increased flow of technical assistance documented earlier. Discussions with donor representatives and government officials suggest several reasons for the failure of technical assistance to bring about any sustained improvement in public sector institutional capacity. These include lack of ownership by the agencies, transfer of officials trained for one job to another and sometimes inappropriate selection of external consultants. However, there have been improvements in some isolated areas, notably strengthening public finance management. It is not obvious that the barriers have been jointly appraised. No jointly prepared strategy to address the barriers appears to be in place. PD, therefore, had little impact so far on aid relationship in so far as it relates to capacity building in public sector institutions.

As regards CSOs, it has been already noted that funding through NGOs has increased. No judgment on the contribution of aid to improvement in their institutional capacity is possible at this stage.

3.4 Evolution of mix of aid modalities and development results

The distribution of disbursement of project aid, programme aid and budget support in absolute amounts has been shown earlier. The following table shows the relative importance of programme aid plus budget support and project aid.

Table 5: Importance of Programme aid plus Budget support in total aid

Year	Programme aid plus Budget support (\$ millions)	% of total
2004	450	43.6
2005	600	40.3
2006	550	35.1
2007	470	28.8
2008	220	44.6
2009	565	30.6

Source: Foreign Aided Budget & Accounts, Economic Relations Division, GoB

The above table demonstrates that there are considerable year-to-year variations in the relative importance of programme-based aid. In none of the above years, such aid was anywhere near 66% target.

The country does not have any target regarding desired mix of modalities. In consequence, aid modalities are determined by the donors. Perhaps, the exception is that in the event of natural calamities the country presses for budget support.

There is an agreement among donors regarding allocation of aid in cases where there is pooled financing of programme based or singularly focused activities. In these

cases, there are joint reviews of progress. However, there does not seem to exist any systematic assessment of management and absorption capacity of different mix of modalities or of their relevance and effectiveness.

No disaggregated data is readily available to quantify the proportion of aid channeled through the country fiduciary system. Most donors follow their own system. The target of 50% of aid channelled through the country's fiduciary system is most unlikely to have been met.

In sum, there has been no progress in terms of the country defining an optimum mix of aid modalities, some progress in terms of programme-based aid disbursement and little progress in terms of joint analysis and assessments.

3.5 Influence of improved aid effectiveness on development outcomes

3.5.1 PD's contribution to enhancement of ODA's impact on the goals of National Development strategy and MDGs

The goals of national development strategy as articulated in the development vision of PRSP II (revised) include putting Bangladesh into a trajectory of high performing growth, minimizing income and human poverty, securing health and education for all and establishing social justice. It is evident that achieving these goals would require large increase in investment, particularly public investment in physical infrastructure and other sectors with strong positive externalities.

Bangladesh is a country with very low levels of investment. Total investment/ GDP ratio has always remained under 25 percent of GDP and the contribution of public investment has been consistently falling since 2000. Public investment as proportion of GDP was 7.4 percent in 2000, fell to 6.2 percent in 2005 and to 4.7 percent in 2009. However, proportion of private investment during the same period showed an upward trend, it was 15.6% in 2000, rose to 18.3% in 2005 and 19.6% in 2009.

As regards the influence of the PD, there is some indication of positive impact on the quantitative dimensions. First, total ODA flow in absolute term has shown mildly upward trend following the PD (table 3). Second, net external financing of budget deficit was on a downward trend during the period 2000-2006, but started rising thereafter. Third, even the afore-mentioned low level of public investment would not be possible in the absence of ODA. As shown before (table 1) project aid in 2009 accounted for about two-fifth of the country's Annual Development Programme, virtually, the exclusive vehicle for directing public investment. This marked a significant increase over 2005 when the relevant ratio was less than one third.

3.5.2 Contribution of PD to reduction of poverty and inequality, increasing growth, building capacity and acceleration of MDGs

Reduction of poverty is usually dependent on three factors; (i) acceleration of growth (ii) arresting major deterioration in income distribution and (iii) targeted social safety net programmes. Therefore, the contribution of PD to poverty reduction has to be evaluated in light of the role of ODA in shaping the course of these determinants.

The acceleration of growth in Bangladesh has been largely driven by exports and remittances in which aid plays no direct role. These are essentially the fruits of private sector dynamism. However, private sector investment for exports as well as other components of GDP would not have produced desired result in the absence of supportive public sector investment. In addition, growth acceleration has been facilitated by a number of aid supported reforms in such areas as macroeconomic and financial sector management, foreign trade, governance etc. As noted before, the contribution of aid to public investment has increased following the PD (though it has fallen as proportion of total investment). It can, therefore, be plausibly concluded

that PD made some contribution to increasing growth and thereby poverty alleviation.

It has already been pointed out that growth in Bangladesh has been reasonably equitable with practically no increase in consumption Gini co-efficient between 2000 and 2005. No data for inequality of income/consumption is available for any subsequent year. At any rate, aid is unlikely to have had any substantial impact on inequality.

It has been noted before that aid appears to have played a significant role in expanding social safety nets and accelerating achievement of MDGs through (i) monitoring progress in achieving MDGs (ii) financing some social safety net programmes and (iii) contributing substantial proportion of annual development expenditure in some key sectors such as agriculture, health, education, rural development and social welfare. In all these cases, the contribution of aid has increased in absolute magnitude following PD.

As regards capacity building, the contribution of aid and by extension, PD has been minimal, if any. This issue has been dealt with in section 3.3.

In sum, aid and PD appear to have made some contribution to accelerating growth and significant contribution to poverty reduction and achievement of MDGs. Their contribution to capacity building is minimal and to reduction of inequality indeterminate.

4. Framework for overall conclusions

4.1 Relevance of the Paris Declaration

The PD has significant relevance to Bangladesh due to its continued interest in improving aid effectiveness for achieving better development results. Foreign aid plays an important role in Bangladesh's economic development and therefore the subject of aid effectiveness naturally receives considerable attention. The improvement of aid effectiveness in Bangladesh essentially requires strengthening country ownership, leadership and capacity to plan, manage and coordinate the optimum use of aid resources, complemented by donors' harmonization and alignment to country strategies. The PD commitments and principles have addressed these issues and made the Declaration very relevant to Bangladesh. In recent times, the public debates on the use or misuse of aid have increased. There has also been a growing pressure from cross sections of the citizens in the country on the GoB to take the driving seat in the management and coordination of aid. All these have enhanced the relevance of the PD in Bangladesh further. The PD has helped GoB to build strong partnership with DPs and contributed to mutual efforts to implement PD influenced reforms and development initiatives to strengthen national capacity, accelerate growth, reduce poverty and attain MDGs. The PD has also set in motion a process for GoB and DPs to hold each other mutually accountable for efficient management and delivery of aid and achieving sustainable development goals. However, the efforts to implement the PD have been constrained by the GoB's capacity deficiency and still inadequate delegation to country offices of DPs from their Headquarters.

Bangladesh has been very proactively participating in all major global initiatives in last ten years to improve aid effectiveness. Senior political level representation in HLFs in Paris and Accra as well as pro-active participation in Bangladesh Development Forum meetings and other high level GoB-DP dialogues by cabinet members of successive governments belonging to different political shades demonstrate Bangladesh's continued strong political commitment to pursue aid effectiveness agenda. The efforts of the ERD, (the GoB's central agency responsible for aid management and coordination) to implement the commitments of PD and AAA in partnership with the DPs in Bangladesh are also quite visible. The ERD established a dedicated Aid Effectiveness Unit (AEU) and stepped up its activities to implement the PD and AAA. A landmark progress in this direction is the formulation and operationalization of the Joint Cooperation Strategy to implement the PD and AAA jointly by the GoB and DPs. The JCS provides a monitorable action plan to implement the PD and AAA. In recent times, there has been also a growing participation of other stakeholders, like- media, private sector and CSOs, in dialogues/seminars/workshops on aid effectiveness. However, despite this progress and significant high level political commitments, engagement with aid effectiveness agenda remains largely concentrated within ERD and country offices of DPs. There is very little engagement at the execution level, in line ministries and in other GoB agencies. Participation of CSOs and other stakeholders remains also limited to seminars and workshops only and practically they have no other engagement of any substance with aid effectiveness agenda.

4.2 Implementation of the Paris Declaration principles and Accra Agenda for Action

4.2.1 Ownership

There are signs of growing awareness amongst relevant GoB officials and DPs in Bangladesh for a lead role of the GoB in aid coordination. The GoB is increasingly

playing an important role in Bangladesh Development Forum-the high level forum for GoB-DP dialogue on aid and its contribution to Bangladesh's development efforts. ERD and other line ministries are also gradually demonstrating visible interest in the activities of the Local Consultative Group (LCG), the forum for GoB-DP coordination. However, due to a long-standing culture of donor domination coupled with its capacity limitations, the GoB is yet to be in the driving seat in the LCG and in other matters of aid coordination. A substantial progress has been made in establishing the country ownership in respect of framing national development strategy in the form of NSAPR and setting development priorities. However, weaknesses continue in translating the strategies into operational plans and linking them to MTBF and annual budgets. NSAPR is a home grown strategy and prepared through a country led process. A good progress has been made in establishing a mechanism for an inclusive consultation in the preparation of NSAPR. However, participation of actors outside the Government in monitoring progress of Implementation is very little. Consultation with stakeholders at field level in the formulation of individual development projects is also negligible and initiation and designing of such projects remains often donor driven. Capacity limitations of GoB officials remain the biggest barrier in establishing country ownership and leadership in aid management and coordination. Progress in this respect is very little. The GoB is yet to develop a comprehensive government-wide capacity development strategy for planning and managing development projects. A proper need assessment has not been done to identify the capacity deficiencies. Capacity development efforts remain confined to narrowly focused training programmes and provision of some logistic support. Very little has been done to build institutional capacity. Donors' support to develop national capacities remains uncoordinated, fragmented and insufficient.

4.2.2 Alignment

A significant improvement has been observed in the alignment of their programmes by DPs with the strategies of the country NSAPR. However, use of country system, like procurement and Public Financial Management (PFM) system remains limited and shows only a little progress despite substantial reforms in the country PFM and procurement systems. Donors feel that the country systems still need further strengthening in financial reporting and internal control procedures for making these systems fully reliable and acceptable to them. As regards, use of country procurement systems the DPs feel that this should be enhanced gradually. They argue that despite reforming legal and regulatory frameworks and introduction of some best global practices in the procurement procedures, a number of concerns remain including inadequate enforcement of regulations, delays and political influence in awarding contracts. Serious concerns have been expressed by DPs in GoB's recent amendment of the Public Procurement Act relaxing the provision for past experience for awarding works/contracts up to certain threshold and introduction of lottery systems for selecting the successful bidder in case of same or equal terms offered by more than one bidder. This has further retarded the use of country system.

4.2.3 Harmonization

There has been some progress in harmonization. Number of jointly financed programmes /projects is increasing with more use of harmonized arrangements/procedures in respect of planning, financial management, procurement, reporting and accountability. There has been an increased division of labour at country level in some selected sectors. However, use of donor comparative advantage led by the GoB remains minimal. Under the GoB-DP Joint Cooperation Strategy (JCS), there have been a few initiatives, like, donor mapping and preparation of concept note on division of labour to facilitate harmonization.

4.2.4 Managing for Results

Progress in managing for results has been very limited. Donors have started recently linking their programmes and resources to country development results. Except MDG progress report, there is hardly any systematic reporting on results. A national development results framework is being drafted under GoB-DP partnership arrangement through JCS. MTBF provides a framework for linking expenditure and results but its application is still very limited.

4.2.5 Mutual Accountability

There is an increased role of Parliament in the preparation of National Development Strategy (NSAPR) and annual budgets. For the first time, the NSAPR-II (revised) was placed in the Parliament in 2009 and was discussed in the Parliament prior to its finalization. Another improvement in this direction is the introduction of quarterly reporting on the progress of budget implementation including use of aid resources to Parliament by the Finance Minister. A framework for joint assessment of progress in implementing agreed commitments on aid effectiveness has been established through JCS.

4.3 The PD and Development results

Aid has helped to accelerate growth in Bangladesh by supporting public investment in key infrastructure sectors without which private sector investment would be seriously constrained. Aid has also contributed to poverty reduction and progress in achieving MDGs by financing some social safety net programmes as well as public expenditure in some relevant sectors such as agriculture, rural development, health and education. It is, however, difficult to unequivocally determine how significant has been the contribution of aid to development results. Taking note of the fact that it would not be easy for the Government to replace aid with domestically raised resources, it can be hypothesized that aid has made contribution to development results. However, it is difficult to judge the extent to which the contribution of aid to development results can be attributed to PD. It is also difficult to make a judgment as to how sustainable are Bangladesh's recent achievements in terms of growth acceleration, poverty reduction and progress in achieving MDGs. Given that these objectives feature prominently in the country's development goals and serious efforts by the Government to increase mobilization of domestic resources, particularly tax revenues, it can be expected that the Government will spare no efforts to sustain the results achieved and even improve upon them.

4.4 The Burdens on GoB and DPs due to the Implementation of the PD

The implementation of the PD has invoked some obvious costs both to GoB and DPs in the form of establishment of dedicated aid effectiveness outfits/desks and an increased volume of activities relating to meetings, coordination, monitoring and reporting. Such costs are expected to be transitional provided PD principles are internalised in the mainstream activities of the GoB as well as DPs.

4.5 Added Value of the Paris Declaration

The Paris Declaration has brought the Aid-Effectiveness agenda in the forefront of Official Development Assistance (ODA) dialogues in Bangladesh. It has also contributed to motivate GoB and DPs to work together to develop a framework for a structured dialogue and aid coordination which is likely to contribute to enhance transparency and mutual accountability. The PD has also brought about a shift towards a more country led framework in aid management from a donor dominated

aid regime of the pre-Paris days. However, Bangladesh has still a long way to go to achieve full ownership and leadership in management of aid.

The PD has also provided motivation in developing a home grown and a more inclusive national strategy for development and has promoted reforms to achieve a better aligned and harmonised aid delivery and a more result oriented management of aid resources. In future the PD principles may also influence the emerging non-DAC donors to pursue the same country led aid effectiveness agenda for delivery of aid. However, the PD has not addressed the issue of sustainability of development results achieved through aided programmes.

4.6 Key Messages

4.6.1 For National Stakeholders

- While Bangladesh has been having national development strategy in one form or another, translation of strategy into operational programmes with explicit linkage to MTBF and annual budget has not witnessed any significant progress.
- In the absence of the existence of any comprehensive aid policy, the flow of aid into Bangladesh has been largely donor driven. The choice of sectors and programmes and modalities of delivery is determined primarily by the DPs, rather than the Government.
- Though the commitment of GoB to enhance aid effectiveness is high, this commitment has not yet percolated to the line Ministries directly responsible for utilization of aid. Appreciation of the importance of improving aid effectiveness remains largely confined to the central coordinating Ministry, ERD.
- There exists serious dearth of capacity in the administrative machinery to conceive and formulate bankable projects, implement them as per time schedule prescribed in the relevant project documents and monitor their impact on development results such as growth, inequality, poverty reduction, regional disparities and integration of hitherto excluded groups into the development process.
- There are also serious inadequacies in the collection, analysis and dissemination of disaggregated data relating to the use and impact of aid on the aforementioned development results.

4.6.2 For donor countries and agencies

- Donor countries and agencies must recognize that inspite of significant decline of aid in terms of some important macroeconomic indicators, there is a strong imperative for increasing aid flows to Bangladesh. The reasons lie in the severe shortages of critical infrastructural services where public sector has to play the leading role, the continuing need for expanding social protection net in the backdrop of persistently high incidence of poverty and the country's extreme vulnerability to climate change.
- In the above context, serious discussion between DPs and the GoB is needed for identification of factors leading to, and remedial actions required to bridge, the unacceptably high gap between commitment and disbursement.
- Despite some progress in managing for development results there remains significant scope for improvement in this area.
- The concept and modalities for ensuring mutual accountability need further clarification on the basis of experience with the implementation of JCS.

- More serious attention by DPs is required to identify the barriers to enhance use of country's PFM and procurement system and to come up with solutions in consultation with GoB.
- Efforts by DPs towards building national capacity to enhance aid effectiveness have remained largely fragmented, either as components of projects or ad-hoc technical assistance. A more systematic and comprehensive approach is needed to deal with the problem.

4.7 Key implications for aid effectiveness in the future

A major challenge that Bangladesh faces is extreme vulnerability to the impact of climate change. As observed in the part of the report dealing with climate change, Bangladesh would need huge resources to implement a wide range of adaptation and mitigation measures. The implication for the international community is to mobilize the required resources while ensuring additionality. Bangladesh has had some early success in reducing population growth. However, recent years have been marked by stagnation in this area. The current rate of population growth will impose significant burden on the country with an already high density. This aspect should receive more serious attention. As has been repeatedly noted in the text, capacity limitation of the government machinery remains a serious impediment against aid effectiveness. A more focused and comprehensive approach to capacity-building and retention should be jointly developed by the donors and the Government. It would also be important to ensure that the benefits of allocated aid resources are actually received by the target beneficiaries. Leakages through corruption, nepotism or mis-targeting should be eliminated.

C Key Lessons and Recommendations

1. Key Lessons Learnt

- I. Bangladesh needs to pursue effective implementation of the PD in view of its continued need for aid and its better utilization. The country will require external aid to finance the resource gap for increased future public investment to accelerate growth, to reduce poverty, to meet growing deficiency in infrastructure and to address emerging challenges of climate change.
- II. An enhanced engagement of all aid utilizing line ministries along with the ERD and DPs is needed for an effective implementation of the PD.
- III. The country needs an aid policy and an improved aid information management system.
- IV. A substantial portion of aid committed remains undisbursed every year. An amount of over US\$ 9 billion has accumulated in the pipe line.
- V. Donors' assistance channelled through NGOs, representing a substantial portion of total aid, remains outside GoB-DP aid coordination structure.
- VI. Translation of National Development Strategy (NDS) into operational programmes with explicit linkages to MTBF and annual budget has not witnessed much progress.
- VII. To improve aid effectiveness, the prime requirement is to strengthen country ownership and leadership in aid management and the main constraint to strengthen leadership is the lack of capacity.
- VIII. Another barrier to improve aid effectiveness is the low utilization of aid allocations in the ADP resulting from slow implementation of development projects due to some well recognised and long standing unresolved problems of project planning and management which have been repeatedly reflected in various evaluation reports including reports of Government's Implementation Monitoring and Evaluation Division. Some of the commonly identified problems are, (i) formulation of projects without proper need assessment and realistic costing, (ii) long delay in the project approval process causing time and cost overrun and (iii) implementation problems like, poor capacity of project directors and their frequent transfer, delays in procurement, project site selection and land acquisition and weak financial management. Other obstacles to improve aid effectiveness are low level of harmonization, high fragmentation of DP support and complex DP procedures of disbursement and procurement and insufficient authority of country offices.
- IX. Global programmes require sufficient integration into national planning and budgeting system.
- X. Absence of common development result framework with specific, measurable indicators and relevant data constrain progress in the areas of managing for results and mutual accountability.
- XI. The implementation of the PD principles will certainly help improve aid effectiveness. However, without improvement in the overall governance of the country, the desired results cannot be achieved and sustained. The key areas of governance that require immediate attention are, reforms in civil service, developing a more decentralized system of decision making including operationalization of functioning local government institutions and more transparency and accountability in public service delivery.

- XII. The PD and AAA commitments do not provide explicit guidelines as to how aid should be delivered and managed to attain desired development results.

2. Recommendations

- I. ERD should continue the on-going initiatives to disseminate the commitments of the PD and AAA to the officials of the line ministries and other relevant GoB agencies. The dissemination should be targeted to reach three levels in the government, political leadership, senior civil servants (secretary and the Head of the Department level) and key officials in line ministries and other GoB agencies. A suggested method for dissemination to political leadership and high level government officials could be to use the forum of the National Economic Council (NEC) meeting, where Finance Minister or Secretary, ERD can make a presentation on PD commitments and AAA priorities. A circular should also be issued from the ERD to all line ministries and project implementing agencies emphasizing the need for observing PD principles in the formulation and implementation of aid financed projects.
- II. Engagement of line ministries in the Implementation of the PD and related activities should be enhanced by GoB. A dedicated aid effectiveness outfit or a desk in the planning/development wing should be established in the major aid utilizing line ministries for implementation of the PD and to deal with other aid effectiveness agenda.
- III. The Aid Effectiveness Unit (AEU) in ERD should be further strengthened and a plan should be developed to sustain the unit when the donor support expires.
- IV. A consolidated Aid Policy should be formulated by GoB in consultation with DPs and other relevant stakeholders without further delay. The policy should clearly identify priority sectors where aid is sought, elucidate mechanism for dealing with aid issues and indicate preferred mix of financing modalities.
- V. National Aid Information Management Systems (AIMS) should be improved to include information on aid disbursed through all channels including NGOs and distribution amongst different aid modalities. Mutually agreed result based reporting system should be developed. GoB and DPs should improve collection and increase use of disaggregated data by gender, region and socio-economic status, where relevant.
- VI. The GoB and DPs should engage in a dialogue to find ways to bring aided programmes of NGOs under JCS framework for better coordination and improving aid effectiveness.
- VII. Upcoming 6th five year plan should explicitly provide a framework to translate its strategies into operational programmes and linking them explicitly to MTBF and annual budget. The plan should be finalized in consultation with all stakeholders including DPs.
- VIII. The aid financed projects should be demand driven, prepared and designed through a country led process. Like NSAPR, there should be an extensive consultation with stakeholders including beneficiaries during the preparation of the project. Local level development plans at Upazila level should be developed and those plans should be prepared in consultation with local stakeholders. DPs should provide additional aid resources to finance their implementation.
- IX. GoB should introduce a more decentralized system of decision making in the management of aided projects by delegating greater authority for approving procurement proposals at the execution level. Monitoring of procurement performance should be improved to make the system more efficient.

- X. GoB and DPs should engage in a dialogue for developing a comprehensive government-wide capacity development strategy for managing development programmes/projects. Such strategy should not be narrowly focused only on training and supply of equipments. It should be broadened to cover institutional/organizational capacity to conceive and prepare bankable projects, ensure their timely implementation and monitor their impact. All DP support for capacity building should be aligned to this comprehensive strategy.
- XI. A GoB-DP dialogue should be arranged on the use of country systems/procedures. A mutually agreed realistic action plan should be developed to enhance the use of country systems particularly in respect of PFM and procurement. Pending full use of the country system, DPs should simplify their approval procedures by delegating more authority to country offices for expeditious disposal of procurement proposals.
- XII. Preparation of the concept note on division of labour among DPs, as indicated in the JCS action plan, need to be completed. Harmonization of donor procedures and practices in multi-donor co-financed programmes/projects should be enhanced.
- XIII. Disbursement and utilization of aid should be improved. Project implementation bottlenecks like, frequent change of project directors, delay in project approval, site selection, procurement and acquisition of land should be removed. GoB and DPs should engage in a dialogue to find a way out for utilization of the undisbursed aid that has accumulated in the pipeline over the years.
- XIV. GoB and administrators of global programmes which are in operation in Bangladesh should take steps to integrate those programmes into national planning and budgeting system.
- XV. GoB in collaboration with DPs and other relevant stakeholders should prepare a national development results framework with specific and measurable indicators to assess the impact of development programmes. The framework should be used by both GoB and DPs. To improve managing for results at project level, a similar results framework with measurable indicators should suitably be incorporated in the Development Project Pro-forma (DPP) of investment projects.
- XVI. GoB and DPs should mutually strengthen efforts to improve transparency and take measures to prevent any corruption in the delivery and management of aid.
- XVII. In the upcoming HLF in Busan, South Korea in 2011, the participating countries and agencies should formulate clear guidelines as to how aid should be delivered and managed to attain better development results. The HLF should also stress the importance of improving the overall country governance for aid effectiveness and sustainable development results.

Findings on Sector Studies

Social Sector: Health

Economic Growth Sectors: Power/Energy and Transport

Cross – Cutting Issue: Climate Change

D. Sector Studies

1 Social Sector: Health

Summary

The Government of Bangladesh (GoB) is committed to achieving the Millennium Development Goals (MDGs) by 2015 and the Ministry of Health and Family Welfare (MoHFW) has been pursuing various programs to translate the health MDGs into reality. The MoHFW is mainly responsible to ensure basic health care to the people of the country. Other health service providers are: Local Government Division (LGD) of the Ministry of Local Government, Rural Development and Cooperatives (MoLGRD&C), Traditional Medicine, Private Health Practitioners, Private Hospitals and Non-Governmental Organizations (NGOs). The health sector received donors' attention and support since the 1970s. The first Sector-Wide Approach (SWAp) in health viz, the Health and Population Sector Programme (HPSP) was implemented during 1998- 2003. In 2003 HPSP was expanded into Health, Nutrition and Population Sector Programme (HNPSPP) with the integration of the National Nutrition Project (NNP). HNPSPP is supported by the DPs and other Organizations /Institutions/Funds (GFATM, GAVI, ARC, ORBIS and Sight Saver). Project Aid contributions accounted for 63% of the HPSP/HNPSPP development budget during FY 2001-02 to FY 2009-2010 and hence, the importance of efficient use of aid and implementation of the PD in the Health Sector. The next sector program is expected to be implemented from July 2011. The framework of the proposed next health sector program from July 2011 to June 2016 is set against the broader perspectives of the GoB's commitment to the Constitution, MDGs, Vision 2021 and the National Strategy for Accelerated Poverty Reduction – II (NSAPR-II), the draft Health Policy, the Population Policy and the draft Sixth Five Year Plan and the international commitments. The basic characteristics of SWAp will be pursued in the next HNPSPP.

Bangladesh has made impressive gains and considerable progress in key human indicators over the last two decades. Life expectancy has registered an increase to 67 years among females and 65 years among males. Infant and child mortality have decreased significantly. High levels of immunization have been achieved. Good progress has been achieved in control of some communicable diseases. Gains are also impressive in the areas of control of tuberculosis, malaria and HIV/AIDS. So far Bangladesh has been on track with regard to meeting the health MDGs (MDG 4 and 6).

Despite successes in some areas, Bangladesh still faces many challenges in improving the health status of the citizens. Maternal and neonatal mortality are not reducing at an acceptable rate. There has been only minimal change in contraceptive prevalence rate since 2000. The status of nutrition is very poor. Rapid industrialization and recurrent natural disasters are placing a huge increased burden on the health system. Poor utilization of development budget, especially slower disbursement of pooled funds is a major concern. Under-utilization of health infrastructure, inadequate numbers of health workers, lack of capacity and inefficient management culture are the main stumbling blocks in strengthening and improving health, nutrition and population related services.

Progress against reforms pursued for achieving the purpose of HNPSPP was limited. Despite the fact that SWAp has been pursued for more than ten years and efforts were made to align donors with accepted principles of aid effectiveness, there have been some progress in some areas and limited progress in others as stated below:

MoHFW is increasingly taking leadership in aid coordination. HNPSPP has been formulated in line with the overarching framework of NSAPR-II, but its strategies have not been explicitly linked to MTBF (Mid-Term Budget Framework). The National Health Policy, Population Policy and the draft Programme Implementation Plan (PIP) of next HNPSPP were consulted with the stakeholders. The Parliamentary Standing Committee on the MoHFW reviews programme implementation periodically. However, the change of policies with the change of

Government coupled with frequent turnover of officials and the “narrow” boundary of Health SWAp hamper full ownership.

The HNPS is aligned with GoB priorities as stipulated in the NSAPR-II and also aligned to ICPD and MDGs. The interventions of the DPs are being increasingly aligned with national priorities and operational objectives. However, a significant proportion of donor funding still remains ‘off budget’ unreported. PIUs are still continuing. DPs follow GoB procurement procedure for local purchase only and financial procedure for disbursement under pool funding.

Pool fund is harmonized with Government procedures and managed by the lead the DP. Pool fund is fully untied and bilateral DPs have also untied their aid to a large extent. Establishment of HNP Forum, HNP Consortium and HNP Coordination Committee with DP and GoB representatives are examples of and incentives for increased harmonization. All DPs participate in Joint Review and Monitoring. However, there remains a wide variation in DP positions in respect of procurement procedures, financial management practices and reporting processes. Aid predictability has improved but the rate of disbursement is still not up to the mark. **The Global Programmes have not been fully integrated into SWAp and national budgetary system.**

GoB’s mutual accountability is demonstrated through its participation in the OECD DAC surveys and the current 2nd phase evaluation. The APRs provide an opportunity for stock taking of HNP related progress and achievement of commitments of the both the GoB and the DPs. The reviews are independent and therefore reinforcing the principles of mutual accountability. **However, the PDs do not report on parallel expenditure and this remains a major concern as well as a question about their commitment to mutual accountability.**

SWAp has set out linkages between expenditure and results over the medium term as required under MTBF. However, monitoring of health sector progress as a whole is not possible at the moment just by reviewing the HNPS because some programmes included in the ADP are not part of the SWAp. The MoHFW reviews only the status of utilization of the development budget allocation. Reporting is mostly on financial areas. There is no strong M&E unit in the MOHFW.

Awareness among GoB officials about PD is insufficient. Frequent turnover of GoB officials hampers project implementation and aid effectiveness. Maternal and neonatal mortality are not reducing at an acceptable rate. Only minimal change is observed in contraceptive prevalence rate since 2000. The status of nutrition, particularly of child nutrition is very poor and needs serious attention. Rapid industrialization and recurrent natural disasters are placing increased burden on the health system. Utilization of development budget remains a concern. A major problem in implementation is the delay caused by the requirement to follow a lengthy and complicated procurement procedure. There is no well established mechanism for coordination with Urban Primary Healthcare Project. Continuation of PIUs and non-reporting of DEX expenditure by DPs undermine alignment and harmonization.

The DPs should demonstrate more willingness towards agreeing to the use of country procurement and financial systems. All HNP sector DPs should be “on budget”. More frequent interactions between DPs and the GoB are necessary to facilitate better cooperation and mutual understanding. A comprehensive capacity development plan for implementation of SWAp should be developed and implemented with all seriousness by the DPs and the MoHFW. Capacity building in some DPs also may be necessary to follow up the PD implementation. The DPs should demonstrate their commitment by declaring an explicit exit strategy for their PIUs.

The M&E Unit of the MoHFW should be strengthened further and integrated with the Ministry’s permanent set up for the sake of sustainability. The Planning Wing of the MOHFW should be upgraded with one Division Chief to head the Wing and supported by two Joint Chiefs. The MoHFW should decentralize its administrative and financial authority as per existing GoB rules and activate Local Level Planning for speedy and efficient utilization of aid for better development results. The objectives, priorities and strategies of the next HNPS should conform to those of the proposed 6th Five Year Plan, NSAPR-II, MTBF and the Health and population Policies of the GoB.

1.1. Introduction and background of the sector study

Bangladesh participated in the first phase of Paris Declaration Evaluation (PDE). The first phase Evaluation of the Paris Declaration (PD) which was conducted in 2007-08 focused on implementation processes, outputs, donor and civil society behavior at the country level, contributed to deliver practical lessons to the 3rd High Level Forum (HLF) in Accra, Ghana in 2008. In its continued pursuit of better aid effectiveness and development results, Bangladesh has decided to participate in the 2nd phase of the study called "Evaluation of the Implementation of the Paris Declaration". The major objective of the evaluation is to assess the relevance and effectiveness of the Paris Declaration in terms of its contribution to development results and poverty reduction through effective application and use of the 5 Principles of the Paris Declaration: ownership, alignment, harmonization, managing for results, and mutual accountability. In addition to a common set of evaluation questions, the 2nd phase has taken up the social sector "Health" for the evaluation alongside other two production sectors, viz transport and power.

1.2 Scope and Methodology

Scope:

The scope of work for undertaking the evaluation in the Health Nutrition and Population (HNP) sector included the following:

- To analyse the present situation of the HNP sector
- To assess the relevance and effectiveness of the Paris Declaration(PD) and Accra Agenda for Action (AAA) in the sector
- To review the development results achieved in the sector through application of the PD principles
- To identify the problems and issues responsible for slow and unsatisfactory utilization of aid in the sector
- To identify the bottlenecks and difficulties limiting the effectiveness of PD and its impact in the sector and suggest measures to overcome these

Methodology:

The approach to the evaluation was basically a study to seek answers to the core evaluation questions and sub-questions as set out in the evaluation matrix for the country evaluation. The following methodology was used to accomplish the proposed evaluation:

- Data was collected from a wide spectrum of key stakeholders (GoB Officials, DPs, CSOs and Resource Persons) through structured interviews (using a questionnaire), focused group discussions and seminars/workshops
- Pertinent information were gathered through review of relevant documents, sector reports, recent studies, browsing the information and documents posted in the PDE Extra-net in connection with the Evaluation of the PD

1.3 The Salient Features of Health, Nutrition and Population (HNP) Sector

Constitutionally the Government of Bangladesh is obligated to ensure provision of basic necessities of life including medical care to its citizens [Article 15(a)] and to raise the level of nutrition and to improve public health [Article 18(1)]. As per the Vision 2021 of the Government, health is viewed as a basic human right and will be placed as central to socio-economic development. Development of sustainable health system to meet the needs of the people, especially of the poor and other vulnerable groups

will be an element of the vision along with: adoption of a broader approach to Health, Nutrition and Population (HNP) within the context of human development, equity and focusing particularly on links between HNP and poverty reduction. Bangladesh is committed to achieving the Millennium Development Goals (MDGs) by 2015 and the Ministry of Health and Family Welfare (MoHFW) has been pursuing various programs to translate the health, nutrition and population (HNP) related goals (MDGs -4, 5, and 6) into reality.

The Ministry of Health and Family Welfare is mainly responsible to ensure basic health care to the people of the country. It provides most of the HNP services coordinates and regulates the services of the non-government and the private sector providers. Management structure follows the general administrative setting of Bangladesh. The Ministry (Secretariat) of Health and Family Welfare is responsible for policy planning and decision making at macro-level. Implementation responsibilities are vested with the Directorate of Health Services, Directorate of Family Planning, Directorate of Drug Administration, Directorate of Nursing Services and the Health Engineering Department [former Construction, Maintenance and Management Unit (CMMU)].

In Bangladesh, unlike the rural areas, primary health care in urban areas is provided by the Local Government Division (LGD) of the Ministry of Local Government, Rural Development and Cooperatives (MoLGRD&C). At the moment an Urban Primary Health Care Project (UPHCP) funded by the Asian Development Bank (ADB) is being implemented by the LGD. The project started in 1998 is expected to commence its third phase from 2012 onwards.

One distinguishing feature of the HNP sector is that it introduced Sector Wide Approach (SWAp) in 1998. The SWAp under implementation now is called "Health, Nutrition and Population Sector Programme" (HNPSp). The Government's priority is on an Essential Services Package (ESP) and primary health with an emphasis on prevention and promotion. Since there is a limited curative service in the ESP, people resort to the private sector for the bulk of their curative care needs. The private practitioners also provide maternal and child health, HIV and TB services. In the non-state sector, there is a wide range of providers like: Traditional Medicine, Private Health Practitioners, Private Hospitals and the NGOs (Non-Governmental Organizations). The NGOs play a prominent role in the delivery of services in both rural and urban areas. The NGOs are mainly funded by the Development Partners (DPs).

1.3.1 Challenges for the Sector

Despite successes in some areas, Bangladesh still faces many challenges in improving the health status of the citizens. Maternal and neonatal mortality are not reducing at an acceptable rate. There has been only minimal change in contraceptive prevalence rate since 2002. The status of nutrition is very poor and the interventions are yet to be fully integrated with those of health. Rapid industrialization and recurrent natural disasters are placing a huge and increased burden on the health system. Poor utilization of development budget is a major concern. Under-utilization of health infrastructure, inadequate numbers of health workers, and lack of quality of care and equity and inefficient management culture are the main stumbling blocks in strengthening and improving health, nutrition and population related services. Over and above, the Mid-Term Review (MTR) 2008 of the HNPSp listed the following major challenges and recommendations for the sector:

- Achievements in the area of child nutrition are not commendable. NNP should go for performance based contracts and should redesign its food security component.
- Addressing the poor through HNPSp has not attained any notable success. More budgets should be allocated for Upazila Parishad (The second tier of local government in Bangladesh), especially in the poor areas.

- Local level planning did not work out because it was not linked with allocation of budget.
- Mechanism for coordination with Urban Primary Health Care Project should be worked out.
- A human resource strategy for health sector needs to be developed and pursued without further delay.
- Joint plans and monitoring system need to be developed through collaboration between the Director General of Health Services (DGHS), Director General of Family Planning (DGFP) and the National Nutrition Project (NNP).
- Private facilities need to be accredited in greater number for demand side financing.
- Maternal health strategy needs to be updated focusing on institutional delivery.
- All the Operational Plans (OPs) under the HNPSp do not have any Results Frame Work (RFW). All the Line Directors (LDs) and Management Information System (MIS) staff need to be trained on RFW.
- All sectoral allocations need to be included in the Programme Implementation Plan (PIP) of HNPSp.

1.3.2 Steps Towards Change and Outlook of the Sector

The first Sector-Wide Approach (SWAp), Health and Population Sector Programme (HPSP), was implemented during 1988-2003. Both the Government of Bangladesh (GoB) and its development partners (DPs) agreed to continue the second SWAp, Health, Nutrition and Population Sector Programme (HNPSp) up to June 2011. It is expected that the next sector program will be implemented from July 2011 without any interruption between the current and next sector program and all efforts are mounted towards that end. Government has also taken initiatives for formulating/ updating the National Health Policy and the Bangladesh Population Policy. Health sector is engaged right now in the preparation of the Government's Sixth Five Year Plan (SFYP) for 2010 – 11 to 2015. The framework of the proposed next health sector program for July 2011 to June 2016 is set against the broader perspective of the GoB's commitment to the Constitution, MDGs, Vision 2021 and the National Strategy for Accelerated Poverty Reduction– II (NSAPR-II), the draft Health Policy, the Population Policy and the draft Sixth Five Year Plan.

The following will be pursued as the long term challenges and strategies of the next sector programme:

- I. Stimulating informed demand for HNP service
- II. Improving the quality and scope of HNP services through regulation, quality control measures, such as registration and accreditation of practitioners
- III. Restructuring the way services are provided
- IV. Mobilizing more resources for HNP services
- V. Improving equity
- VI. Improving service efficiencies by enhancing workforce motivation and productivity
- VII. Improving sector governance and management.

As already mentioned, SWAp was introduced in the HPN sector in Bangladesh in 1998. The same basic characteristics of the SWAp like : Government ownership and

leadership, cooperation and collaboration with Development Partners, agreed sector policy framework and strategies based on shared vision and priorities, common sector program /expenditure framework across all sectors and programmes, coordination/alignment of resources in all other sectors for relevant interventions, harmonized and coordinated planning, implementation and review/ evaluation mechanisms and use of local systems and procedures will be pursued in the next HNPS.

1.3.3 Role of aid and relevance of PD in the Sector

The Health and Population sector in Bangladesh has been enjoying Government's priority since Liberation of the country in 1971. From the 1980s to early 1990s, there have been a series of positive developments aimed at achieving replacement level population growth as a key strategy for addressing poverty and improving the health status and wellbeing of the citizens of the country. The health sector also received donors' attention and support since the 1970s. From 1971 to 30th June 2009 cumulative disbursement of aid funds for the sector stood at US\$ 2,965.10 million implying steady engagement of the DPs in the sector. As per IMED (Implementation Monitoring and Evaluation Division) report titled "Review of Progress of Implementation of Annual Development Programme 2009-2010", total development fund allocations for the HNPS in the Annual Development Programmes of the GoB (Government of Bangladesh) from FY 2001-02 to FY 2009-2010 was Tk.16188.90 crore (US\$2312.7m approx), out of which GoB's resources was Tk. 6099.96 crore (US\$871.42m) and Project Aid allocation was Tk. 10,088.93crore (US\$1441.27m). This shows that during this period Project Aid contributions accounted for 63% of the total HNPS development budget. In FY 2008 -2009 aid fund disbursements for the sector was US\$172.90m (Flow of External Resources into Bangladesh: ERD March 2010).

In Bangladesh combating hunger and disease has been the first and the foremost agenda in any aid discussions. It is now recognized universally that improvement and progress in the health status of the people of a country is central to human development and poverty reduction. Aid for health on the one hand enhances the existing funding at country level, while at the same time it can influence the provision of global public goods like new drugs and vaccines. The health sector embodies the challenges to providing more effective aid. The overarching focus of the health sector on results prompts the need for measuring the success in protecting people from ill health, ensuring quality health care for saving lives and hence, the relevance and importance of efficient use of aid and implementation of the PD in the health sector.

The following table shows the allocation and utilization /disbursement of aid in the HNP Sector during FY 2001-02 to 2008-09.

Table-1(Figures in million Taka)

FY	Allocation	Disbursement/Utilization	Percentage (%)
2001-02	1103.63	806.70	73%
2002-03	1135.79	760.73	67%
2003-04	1250.00	805.09	64%
2004-05	842.20	888.63	106%
2005-06	1102.96	892.24	81%
2006-07	1423.44	1027.76	72%
2007-08	1524.33	1258.22	83%
2008-09	1706.58	1155.59	68%

(Source: Flow of External Resources into Bangladesh: ERD March 2010).

Health care reform in Bangladesh started in the mid nineties with the formulation of the Health and Population Sector Strategy (HPSS) in 1997 in consultation with the development partners. HPSS broadly intended to provide a universal package of essential health care services (ESP), slow down population growth and emphasized on 'client-oriented' and accessible services particularly for the children, the women and the poor. The immediate outcome of the HPSS was to abandon the project-based modality and to introduce the Sector-Wide Approach (SWAp). The first SWAp in the health sector known as the Health and Population Sector Programme (HPSP) was implemented during 1998-2003. The implementation of the HPSP was led by the Government of Bangladesh and funded by the GoB and the DPs. The HPSP was a co-financed sector programme with an IDA credit and six other DPs contributing to a pool managed by the World Bank. Some donors also supported the SWAp from outside the pool. The HPSP transformed 126 vertical projects into one programme and functional integration of health and family planning activities and staff at Upazila level and below was initiated under the Programme. The main focus of HPSP was to decentralize the delivery of ESP in 'one stop service' model through the involvement of the private sector and the NGOs. Around 135,000 Community Clinics (CC) were planned to be set up throughout the nock and corner of the country to provide essential health and reproductive health service, one CC to serve 6000 people. The decision to integrate health and population services was reversed in 2001 and the delivery of services from the CCs was also discontinued. However, the Government has recently taken up a Project to revitalize the CCs with the objective of providing 'one-stop' basic services to the people as originally envisaged in HPSP.

In 2003 nutrition was added to the sector programme which is now under implementation in the name of Health, Nutrition and Population Sector Programme (HNPSPP). Like the HPSP, the implementation of the HNPSPP is led by the Government and funded jointly by the GoB, the development partners and other sources. The support of the DPs is pooled in a Multi Donor Trust Fund managed by the World Bank. There is also provision for parallel funding by some DPs. The Strategic Investment Plan (SIP) 2003-2010 formed the basis of the operation of the HNPSPP. The Partnership Arrangements signed in 2006 between the Government of Bangladesh and Development Partners concerning support for the implementation of the HNPSPP set out the responsibilities of the GoB and the DPs in relation to the HNPSPP to implement HNP SIP as detailed in the respective Programme Implementation Plans (PIPs). However, the Partnership Arrangements are common understandings between the GoB and the DPs and they are not international treaties or legally binding instruments. They are adopted pursuant to and subject to bilateral agreements signed between the GoB and the DPs for the purpose of financing the programme. The DPs and other sources supporting the health sector are, World Bank, KfW, CIDA, DFID, EU, GTZ, GFATM, GAVI, GDF, IDB, The Netherlands, WHO, UNICEF, UNFPA, USAID, JICA, EC, AusAID, ARC, ORBIS, Sight Saver, SIDA and ADB(in Urban Primary Health Care Project). The non-pool proportion of funding of the HNPSPP is about 42%. Non-pool funders are EC, GTZ, GAVI, GFATM, WHO, UNICEF, USAID, JICA, ARC, IDB, GDF, ORBIS and Sight Saver. Among the non-pool funders DFID, CIDA, KfW and UNFPA have contributions to the pool also.

1.4 Health Financing Trends

According to the 2009 National Health Accounts published by the MoHFW, total public spending on health stood at Tk. 41.32 billion in 2007. In addition, Tk. 12.39 billion donor funds were channelled directly to NGOs in the same year. These two has taken together, amounts to \$5.4 per head or around 33.38% of total health spending in the country in 2007 (Source: National Health Accounts (NHA), Ministry of Health and Family Welfare-2009).

Total health expenditure more than doubled in real terms between 2001 and 2007 reaching an estimated Tk. 160.90 billion in 2007. This equates to around Tk. 1,118 (approx. \$ 16.20) per head or 3% which has risen modestly as share of GDP from 2.7% in 1997 to 3.1% in 2005. .

Though public spending, including donor support, increased from Tk. 17.70 billion in 1997 to Tk. 43.10 billion in 2007, it declined as a share of total health spending from 36.50% to 25.60%. The share of household spending by contrast rose from 56.9% to 64.70%. Other funding sources account for small, but increasing share of total the spending.

Real per capita expenditure almost doubled between 1997 and 2007 from \$9.2 per head to more than \$ 16.20. Public spending as share of GDP has declined from 1% in 1997 to 0.9% in 2007 which is low by international standard.

Nevertheless, MoHFW still remains the major funding agency within the Government accounting for 97% of Government spending. The MoHFW revenue budget accounted for 55.80% of total public spending in 2007 with its development budget accounting for a further 41.20%. The MoLGRD&C accounts for around 1% and the Ministry of Home Affairs for 0.6% of total public spending for health.

The share of Government budget to health has been declining and remains well below the 10 % target set out in HNPSP. The MoHFW share of the overall Government budget declined from 7.0% in 2007/08 to 6.50% in 2008/09. Reliance on external partners has increased. According to the Public Expenditure Review (PER) 2006/07 conducted by the Health Economics Unit (HEU) , MoHFW-January 2010, GoB contribution to per capita MoHFW development spending declined by one third while the DP contribution increased by 14 percent, accounting for 61 percent of the development spending in 2006/07.

1.5 Findings of the Sector Evaluation: Sector level view (Annex C of the Operational Matrix)

1.5.1 The intended state of the aid relationship in the HNP sector (Progress rating: Some)

Though Bangladesh's overall dependence on aid has declined in recent years, aid accounts for a high proportion of the country's development budget and a significant proportion of foreign exchange reserve. External aid therefore continues to play an important role in financing development initiatives. This is truer in the case of HNP sector. Total estimated cost of the HNPSP (from 2003 -2011 is Tk. 373841.11m (Appr. US\$ 5.34b (Source: HNPSP Revised PIP- page300). As per the Revised Programme Implementation Plan (RPIP), the resource envelope consists of GoB Revenue budget Tk. 208176.45m or US\$ 2973.95m (55.69%), GoB Development budget Tk. 62991.18m or US\$ 899.88m(16.85%) and DP contribution (Development budget)of Tk.102673.47m or US\$ 1466.76m (27.46 %). From 1971 to 30th June 2009 cumulative disbursement of aid funds for the sector stood at US\$ 2,965.10million implying steady engagement of the DPs in the sector. Aid disbursement during Fiscal Year (FY) 2001-02 to 2004-05 was US\$ 474.70m and that during FY 2005-06 to 2008-09 amounted to US\$ 630.84m indicating increased engagement of the DPs. In FY 2008-09 DP fund disbursements was US\$172.90million (Flow of External Resources into Bangladesh: ERD March 2010). Real per capita expenditure almost doubled between 1997 and 2007 from \$8.90 per head to more than \$ 15.00. Public spending as share of GDP has declined from 0.98% in 1997 to 0.87% in 2007 which is low by international standard (National Health Accounts 2009, Ministry of Health and Family Welfare, GoB).

Nevertheless, MoHFW still remains the major funding agency within the Government accounting for 97% of Government spending. The share of Government budget to

health has been declining and remains well below the 10 % target set out in HNPSP. The MoHFW share of the overall Government budget declined from 7.0% in 2007/08 to 6.50% in 2008/09. Reliance on external partners has increased. According to the Public Expenditure Review (PER) 2006-07 conducted by the Health Economics Unit (HEU), GoB contribution to per capita MoHFW development spending declined by one third while the DP contribution increased by 14 percent, accounting for 61 percent of the development spending in 2006/07. Accordingly, the GoB recognizes the importance of aid effectiveness and is therefore committed to implement the PD in Bangladesh. Bangladesh always attached high priority to maintaining close and cordial relationship with DPs. This has been demonstrated through participation in various international aid forums, establishment of local institutional mechanisms for dialogue with development partners and representation of all major donor countries and agencies in Bangladesh.

1.5.2 Country ownership over development

i. Stronger National strategies and operational frameworks (in the sector)

- **Government lead in aid coordination in the sector with donors (Progress Rating-Some)**

There has been **some progress** in Government lead in aid co-ordination in the HNP sector. Government (MoHFW) is now taking increasing leadership in aid co-ordination with the DPs. The establishment of the NHP consortium, HNP Forum and HNP Coordination Committee is contributing to more interaction and brought about marked improvements in DP harmonization and some development in DP-GoB coordination. The process of preparation of the PIP for the next HNPSP has been led by the MoHFW. The Ministry is also leading the discussions on donor funding modalities for the programme.

- **Sector strategy with clear results-oriented strategic priorities linked to MTBF (Progress Rating- Substantial)**

The HNPSP being a SWAp is clearly linked with a results frame work. Result oriented strategic priorities are reflected in the PIP (Programme Implementation Plan) of the current and the next HNPS as they are enshrined in the upcoming Health Policy, Population Policy, the NSAPR-II, Vision 2021 as well as in the MDGs. MoHFW has been an MTBF Ministry since FY 2005-06 implying that its allocations are linked to indicative development results to be measured by indicators, although MTBF needs to be further deepened by the Ministry. Overall progress on in this area is very satisfactory.

- **Increased monitoring and scrutiny through Parliamentary process (Progress Rating-Some)**

The NSAPR-II was shared with the Parliament before it was adopted by the Government. The sub-sector Strategies and programmes are built around the basic NSAPR. In addition, the Parliamentary Standing Committee on Health periodically monitors the progress of implementation of the sector programme.

- **Consultative process (Progress Rating- Substantial)**

National Health Policy and the Programme Implementation Plan (PIP) of the next HNPSP have been consulted with the relevant stake holders including the DPs and the civil society. The practice of consultation with the private sector, the civil society and the local authorities on any new policy initiative by the MoHFW started during the preparation of the HPSS in 1997 and HPSP in 1988 and deepened over the years. The NSAPR-II was also placed in the Parliament and discussed. However, there has not been much improvement regarding consultation with the beneficiaries.

- **Sector strategies responding to International commitments (Progress Rating-Some)**

HNP status is universally regarded as an important index of human development. HNP services are also a fundamental right of the people. It is also now recognized as an avenue towards reduction of poverty. Constitutionally Government of Bangladesh is obligated to ensure provision of basic necessities of life including medical care to its citizens. Bangladesh is committed to achieving the Millennium Development Goals (MDGs) by 2015 and the MoHFW has been pursuing various programs to translate these goals into reality. The country is also committed to implement the ICPD-1994 (International Conference on Population and Development) and the Programme of Action (POA) and renewed its solidarity with the world wide movement for the empowerment of women. Bangladesh is also signatory to the documents/ Conventions like Beijing Platform Action (BPFA) and CEDAW (Convention on Elimination of Discrimination Against Women). Health care for all citizens of Bangladesh by improvement in access to, and utilization of HNP services with special attention to improving the HNP status of the disadvantaged and the underserved – poor, women, children, elderly, marginalized and physically and psychologically challenged people through a user-centered, effective, efficient, affordable and accessible service is the objective of the Government's Health Policy. The NSAPR-II, Health Policy, Population Policy, and Gender Policy reflect International commitments. As already noted earlier aid still plays a major role in financing the development budget of the MoHFW. As a result the sector strategies need to respond to the International commitments on gender equity, human rights, disabilities, environmental sustainability etc.

- ii. **Increased alignment with partner countries priorities, systems and procedures help to strengthen capacities in the sector**

- **Support based on National strategy (Progress Rating-Substantial)**

There has been notable shift in DPs' attitude in this respect. HNPS is mainly built on Government's own mission and vision. The DPs have agreed to fund the sector programme reflecting the GoB strategies and priorities. In addition, most of the DPs have accepted the NSAPR-II as the basis of their support to the Government and some DPs have prepared and some are in the process of preparing their Country Assistance Strategies aligning with the NSAPR-II. The NSAPR-II influenced a shift in the pattern of aid flows of donors to match the priorities of NSAPR. The NSAPR-II (revised) provided an estimate of resource gap for implementing its strategies.

- **Increased use of country systems and procedures by donors (Progress Rating – Some)**

There has not been much progress in this area. Despite appreciable improvements in developing and using an almost internal standard procurement procedure- Public Procurement Regulations (PPR), followed by the Public Procurement Act (PPA) and successful implementation of some reform projects in the area of financial management by the GoB, the donors are yet to use the systems fully. GoB system is being used for spending on local purchase under pool funds of the ongoing HNPS through National Competitive Biddings (NCBs). For all international procurement DPs follow their own procedures. Some DPs are also reporting on parallel funding, but there are still others not submitting SOEs. They attribute their limitations to the statutory obligation to follow their own procedures and sometimes to the fiduciary inefficiencies of the GoB procedures as well as to lack of capacity and adequate knowledge in handling international procurement by GoB agencies.

According to the 2008 PD survey, the use of GoB's procurement and Public Financial Management systems (PFM) has increased only slightly. Through a recent amendment, the Government has relaxed some provisions of the Public Procurement Act (PPA) and that has resulted in loss of confidence with the PDs on the government system leading to further limiting the use the country system.

- **Increased support to capacity building in the sector (Progress Rating- Some)**

Donors' are providing support to capacity building activities through T.A. under various Operational Plans of the HNPS. This T.A. has not proved effective because of lack of adequacy in terms of duration and content and context of the training courses. In addition, due to frequent turnover of GoB officials, the value of the trainings could not be utilized fully. However, coordinated and comprehensive T.A. for human resources development of the next sector program is receiving due priority in the next HNPS and a positive move in this direction is already evident from the coordinated TA provided to the MoHFW for the preparation of the draft PIP of the next sector program. The DPs have also started reviewing and submitting comments on GoB policy documents jointly, which is also a departure from the previous practice.

1.5.3 Building more inclusive and effective partnership for development

I. Less duplication of efforts and rationalized, more cost effective donor activities

- **Increased use of donor comparative advantage (Progress Rating-Some)**

The health SWAp is built on the Health and Population Sector Strategy (1997) of the GoB. Subsequent GoB PRSs and the current NASPR-II, the Health Policy and Population Policy of the GoB guide investment and interventions in the SWAp. The DPs have indicated their willingness to support GoB priorities as enshrined in the NSAPR-II. However, the DPs decide themselves as to the components of the programme they would like to fund. Therefore, it is still difficult to say that the Government is leading the use of donor advantage.

- **Increased division of labour at sector level (Progress Rating-Some)**

There have been only some improvements in this area. Here again the Government is not yet in a position to mould donors' decision on division of labour. Whatever division of labour works, it is the outcome of the health SWAp and perhaps cannot be attributed to PD. In addition, division of labour for some donors are already decided by their mandate. Nevertheless, there was a move by the HNP Forum to harmonize DP practices by following four principles,(a) joint missions and analytical work,(b)a division of labour where lead partners are identified for particular themes; (c) coordinated technical assistance in terms of support to task groups and(d) common harmonized procedures (Main APR Report, 2009). It is gathered that there has been some progress on establishing a division of labour between DPs for thematic areas. However, it has not been possible to translate all the core principles into concrete action plan for harmonization and alignment. There appears to remain a wide variation in DP positions in respect of procurement procedures, financial management practices and reporting processes making it difficult to achieve a consensus on how to move forward.

- **Increased delegation to lead donors for execution of programs (Progress Rating-Some)**

Some progress is also observed in this respect. The pool funders in health SWAp have delegated their full authority to the World Bank to manage the Multi Donor Trust Fund for the implementation of the sector program. But there are still non-

pool funders of the SWAp and their contribution also is significant. This category of DPs manages their fund utilization separately.

- **Reduced fragmentation in the sector (Progress Rating-Some)**

Though the health SWAp has of late integrated nutrition activities in its fold, there are still a good number of projects and programmes in the sector funded and implemented outside the SWAp boundary and funded by multilateral and bilateral donors (UPHCP and Programmes of NGOs). Different donors are still processing and pursuing technical assistance and studies on a bilateral basis. All evidences tend to negate the spirit and intention of SWAp to implement one plan/programme in the HNP sector financed through a single prioritized expenditure programme using aligned and harmonized procedures.

- **Increased untying of aid (Progress Rating-Some)**

About 60 percent of DP support is pooled in a Multi-Donor Trust Fund for the HNPSP and managed by the World Bank. This implies that proceeds of the pool fund have to be utilized by following the procurement guidelines of the World Bank. Procurement under World Bank funding is untied, though still conditions for fund release delays utilization. Bilateral and non-pool funders of the SWAp claim to have untied their aid. However, the UN Agencies and some bilateral donors use their own guidelines and procedures.

II. **Reformed and simplified donor policies and procedures, more collaborative behaviour in the sector**

- **Evidence of reforms and simplifications by individual donors (Progress Rating-Some)**

There has been “some” progress in this area. Almost all DPs of the SWAp participate in joint analytic and review missions.

- **Common or harmonized arrangements (Progress Rating-Some)**

Pooled funding constitutes about 60% of total donor commitment. DPs follow the sector strategy, use common procedures for the pool funds and participate in joint missions for fact finding, appraisal, monitoring and review of the sector. Both the HNP Coordination Committee and the wider HNP Forum have been meeting to review the progress against the HNPSP results framework as well as to exchange information with the aim to improve harmonization. There appears to remain a wide variation in DP positions in respect of procurement procedures, financial management practices and reporting processes making it difficult to achieve a consensus on how to move forward.

- **Strengthened incentives for harmonization, alignment and result orientation (Progress Rating-Some)**

Some improvements are visible in this area. Establishment of HAP(Harmonization Action Plan) Cell (now integrated with JCS) in the ERD with GoB and DP representation , implementation of SWAp, joint reviews/MTR, APR, HNP Consortium, the Thematic Task Groups and HNP Forum are examples of strengthening incentives for harmonization.

III. **More predictable and multi-year commitments on aid flows (AAA commitment para-25)**

- **Increase in proportion of aid committed through multiyear frameworks (Progress Rating – Some)**

Almost all DPs of HNPSP are following multi- year country assistance strategy and budget frame with indicative figures. HNPSP itself is a multi-year investment

programme. Despite improvement in commitment through multiyear framework, the trend of progress in the rate of disbursement is still not very satisfactory.

- **More timely and predictable aid disbursement to the sector (Progress Rating-Some)**

Until very recently (2009) disbursement of pool funds was slow compared to bilateral contributions in the SWAp. Because of the protracted and lengthy World Bank procedures, procurement was slow resulting in delayed disbursement. Disbursement of bilateral funds is comparatively more predictable and their disbursement is quicker. **Aid disbursed in the HNP sector during 1999-2000 to 2003-2004 was US\$ 551.60million which increased to US\$ 846.90million during the period 2004-05 to 2008-09** (Flow of External Resources into Bangladesh, 16 March 2010: Economic Relations Division, Ministry of Finance).

- **Limited set of mutually agreed conditions (Progress Rating-Some)**

“Some” progress has been achieved in the case of health SWAp in this area. Joint sector assessments, DPs’ involvement in the preparation of programme document, joint appraisal and monitoring have reduced transaction cost.

IV. **Sufficient integration of global programmes and initiatives into partner countries’ broader development agenda for the sector.**

- **Global programmes work to strengthen sector policy environment/institutions (Progress Rating-No comment)**

Though Global Funds are now an established part of aid architecture in health and complementing the existing sources of development aid, their presence in Bangladesh is only recent and insignificant (US\$ 13.00million of GAVI and \$1.90million of GFATM as per information of MoHFW). The Global Alliance for Vaccine Immunization (GAVI) and the Global Fund for HIV-AIDS, Tuberculosis and Malaria (GFATM) are supporting the HNP sector. GAVI has been integrated in the EPI at implementation level, but it is yet to be integrated into the national development agenda and reflected in the Annual Development Programme (ADP). Similarly, GFATM working with the relevant programmes for prevention and control of HIV, AIDS, TB and Malaria, has also not been integrated into the SWAp. Their performance has not yet been evaluated formally. It is therefore premature to make any judgement at the moment about their contribution or otherwise to strengthening sector policy environment.

V. **Stronger partner countries’ capacity to plan, manage and implement results driven strategies**

- **Results- oriented reporting and assessment frameworks (Progress Rating-Some)**

The ongoing SWAp as well as the next SWAp has set out linkages between expenditure and results over the medium term as required under the MTBF system of budgeting in Bangladesh. Clear and meaningful indicators have also been used to measure progress against each target. Socio-economic data sets are updated on a regular basis by the Bangladesh Bureau of Statistics. Demographic and Health Survey and Household Income and Expenditure Survey are conducted at regular intervals by the Government and data from these surveys are used for addressing the health needs of the gender-discriminated and excluded groups. However, monitoring of health sector progress for Bangladesh as a whole is not possible at the moment just by reviewing the HNPS by the Ministry of Health. There are as many as twenty three health programmes included in the Annual Development Programme (ADP) and the HNPS is one of these, of course the largest one. The status of all programmes under the ADP is not compiled into one monitoring report and there is no collective monitoring report for the sector. In the monthly meetings, the MoHFW reviews only the status

of utilization of the development budget allocation. The monthly and quarterly reports of the MoHFW are mostly on financial areas and are not supported with any narrative report on operational and implementation status, indicators and targets. It is therefore currently not possible to obtain a consolidated overview of the broader health sector progress. However, there has been a recent move by the MoHFW to strengthen its M&E unit and they have also started reporting on progress on indicators and targets as an MTBF Ministry. At the moment the APR is the only opportunity to reflect in-depth on results.

- **Donor programming and resources linked to results (Progress Rating -Substantial).**

All major DPs in the SWAp have also incorporated results frame work in their Country Operational Strategies. The DPs use the APR and the MTR for assessing programme outcome.

1.6 Delivering and accounting for development results

I. Enhanced respective accountability of countries and donors to citizens and parliaments (for the sector)

- **Timely, transparent and comprehensive information on aid flows**

Information on aid flows for the HNP and all sectors of the country are systematically compiled and disseminated by the Economic Relations Division (ERD) of the Government. These are also put in their websites for wider circulation. The National Budget also contains information regarding aid flows and is accessible by the public through the print and electronic media including the GoB website.

II. Less corruption and more transparency (Progress Rating-Some)

- **Greater transparency in public financial management**

The government is committed to ensure transparency in public financial management. Some projects have in the meantime been implemented by the Government (Finance Division) for enhancing capacity and improving the financial management system. A multi-donor funded project entitled "Strengthening Public Expenditure Management (SPEM)" is at the moment under implementation by the Finance Division with the main objective of further strengthening public financial management. Information on aid revenue, budget allocation and utilization and public procurement are available in the website of the MoHFW. Internal audit of aided projects is conducted by a dedicated unit of the Office of the Comptroller and Auditor General and external audit of SWAp is conducted by independent external auditors appointed jointly by the Government (MoHFW) and the DPs in line with World Bank procedures. All procurement notices (NCB) of the MoHFW are now mandatory to conform to the PPA and made available in the website of the Central Procurement and Training Unit (CPTU) of the Implementation Monitoring and Evaluation Division (IMED) of the Ministry of Planning.

1.6.1 Impact of PD Implementation on the sector results

Progress towards sector long term development goals (Progress rating: Some)

As already mentioned the implementation of the HPSP was led by the GoB and funded by both the government and the DPs. The HPSP was a co-financed sector programme with an IDA credit and sixth other DPs contributing to a total of US\$ 522 million. The UN and other DPs also contributed in parallel financing to the programme. The main focus of the HPSP was to provide service delivery through 'one-stop' service models with involvement of the private sector and the NGOs. Likewise, the main

purpose of the HNPS is to increase the availability and utilization of client-centred, effective and affordable, equitable and accessible quality services. For achieving this purpose, reforms are being pursued in the areas of decentralization of health service delivery, health sector diversification, stimulating demand for HNP services and strengthening of the public health sector management and stewardship of the government. However, the MTR/APR reports of HNPS conducted by independent consultants **reveal that the progress against reforms was limited**. Implementation of reforms was weak in public sector management and stewardship including planning and budgeting.

Governance of the sector is also weak and hampers the decentralization efforts. Lack of effective coordination among the different Operational Plans (OPs), results in duplication of efforts and activities. Insufficient capacity also is one of the underlying factors inhibiting reforms. Despite efforts made to align the DPs with agreed principles of aid effectiveness, there has been some progress in some areas leaving room for improvements in the other areas. Nevertheless, there have been notable improvements in the health indicators during the last few years. A comparative picture of major indicators from 2004 to 2007/2008 as shown in table-2 (paragraph 1.6.2) bears testimony to the improvements. These improvements may be attributed to the steady engagement of the DPs in the sector, particularly after introducing SWAp in the health sector. Though SWAp predates the PD, yet it is true that the implementation of PD has contributed to increased DP harmonization and alignment and to some extent promoting GoB leadership in the sector.

1.6.2 Some development outcomes/results in the HNP Sector

Bangladesh has made impressive gains and considerable progress in key human indicators over the last two decades. Life expectancy has registered an increase. Increase in life expectancy to 66 years among females and 65 years among males for the first time (Bangladesh Demographic and Health Survey (BDHS), 2007) show that the life expectancy among the females is showing a global trend in Bangladesh.

Infant and child mortality have decreased significantly. The recent Millennium Countdown Report- Countdown to 2015 (UNICEF-2008) places Bangladesh among only 16 countries in the world that are on track to achieve MDG-4 on child mortality. High levels of immunization have been achieved.

The impact indicators in the area of MDG 4 show that neonatal mortality rate per 1000 live births declined to 37 in 2002-2006 from 42 in 1995-1999. The infant mortality rate per 1000 live births declined from 66 in 1995-1999 to 52 in 2002-2006. The under-five mortality rate per 1000 live births declined to 65 in 2002-2006 from 94 in 1995-1999.

Good progress has been achieved in control of some communicable diseases. Gains were also impressive in the areas of control of tuberculosis, malaria and HIV/ AIDS.

Some output indicators have also improved. The percentage of children completing vaccination has risen to 82 in 2002-2006 from 60 in 1995-1999. The TB case detection and cure rates have already achieved MDG targets. The percentage of ante-natal check-ups by the trained providers has improved from 33 in 1995-1999 to 52 in 2002-2006. The percentage of delivery by trained persons shows a slight improvement, i.e., an increase from 12 in 1995-1999 to 18 in 2002-2006.

According to the Bangladesh MDG Report 2009 (The Millennium Development Goals , Bangladesh Progress Report 2009: General Economics Division , Planning Commission, Government of the People's Republic of Bangladesh) during the last one decade the prevalence of malaria fell considerably and the country has achieved laudable success in halting and reversing the spread of tuberculosis. HIV prevalence remains very low and concentrated among the high risk groups. So far Bangladesh has been on track with regard to meeting the health MDGs (MDG 4 and 6). Given the present

initiatives and policy directions and continued and increased DP support, it can be expected that the country will be able to achieve all the MDG targets by the year 2015.

The following table gives comparative scenario of the achievement of the HNP sector during 2004-2009.

Table-2: Selected number of Performance Indicators of HNP sector 2004-2009

Indicators	HNPSP Baseline	MTR 2008	HNPSP APR 2009	
	2004	2007	2008	
			Target	
Total population (million)	137m	143m	145m	
Life expectancy at birth (male/female)	64 / 65	65 / 68	76/70	
Annual population growth rate (%)	1.4	1.39		
Infant mortality rate	65	52	42	
U5 mortality rate	88	65	NS (Not surveyed)	
Neonatal mortality	41	37	NS	
Maternal mortality ratio (per 100,000 live births)	320	NA (Not available)	256	
Total fertility rate	3.0	2.7	2.5	
Prevalence of HIV among pregnant women (15-24 yrs)	<1	<0.5	NA	
Utilization rate of ESD (%)	55	NA	75	NA
Contraceptive prevalence rate (modern methods)	47	48	NS	50
% births attended by skilled health worker by 2 lowest quintiles (%)	13.5	18.0	34	21.4**

Source: Adapted from Draft Health Population & Nutrition Sector Strategic Plan (HPNSSP) -2011-2016 (unpublished), Ministry of Health Family Welfare September 2010

1.7 CONCLUSIONS

1.7.1 Conclusions on the effects of Paris Declaration implementation (p-49 of Operational Matrix)

- **Improvements in the efficiency of aid delivery to the sector (Progress Rating-Some)**

There is evidence of improvement in the efficiency of aid delivery to the HNP sector. The trend of project aid utilization between 2004 to 2009 bears testimony to this. However, some might argue that the steadiness could be attributed to the adoption of SWAp in the HNP sector. But nevertheless, the contribution PD in this development cannot be ignored altogether, as the commitments of the PD and those of the AAA definitely have positive effects in changing donor behaviour towards delivering aid and the importance of its effective implementation to bring about improvements in the living conditions of the poor people of the recipient country.

- **Improvements in the management and use of aid in the sector (Progress Rating-Some)**

There have been improvements in management and use of aid in the sector as HNP sector assistance is mostly channelled through the pool and used exclusively for the priority areas as identified in the sector Programme Implementation Plan (PIP).

- **Better (more inclusive and effective) partnerships in the sector (Progress Rating-Some)**

Inclusiveness and better partnership in the HNP sector is demonstrated through establishment of the HNP Forum, HNP Steering Committee, LCG Thematic Group for the sector represented by the GoB and the DPs. This is also reinforced by Joint Annual and Mid-Term Reviews of the sector programme. The establishment of the Aid Effectiveness Unit (AEU) with joint representation of both the parties and signing of Bangladesh Joint Co-operation Strategy (JCS) are indicators of effective and inclusive partnership. Bangladesh Development Forum is the best example of inclusive and effective partnership.

1.7.2 Unintended of consequence of PD in the sector (Progress Rating-None)

So far no evidence of unintended impacts of the PD on particular groups including women and girls has been notice in the HNP sector.

1.7.3 Possible alternative ways of achieving more effective aid in the sector

Health being a social sector, the policy of the Government is to use only ODA for the sector. Non-PD donors normally do not support the social sector. Global Funds like the GAVI and the GFATM are very insignificant in terms of their contribution to the sector. It can therefore be concluded that the possibility of achieving more effective foreign aid from sources other than the traditional DPs for the HNP sector is not so bright. **However, the possibility of mobilizing more aid for meeting the unmet needs of the sector should always be explored.**

1.8 Key Lessons Learnt

- I. Awareness of PD/AAA principles among the GoB officials is not enough.
- II. The country offices of the multilateral organizations and UN Agencies require further delegation of authority for speedy disposal of procurement cases.
- III. Predictability of aid has improved since the PD. Country Assistance Strategies of the ADB, World Bank and UN Agencies and those of some bilateral donors are good examples. However, disbursement against commitment is still a major aid effectiveness concern. Disbursement under pool funds is slower compared to that under bilateral and GoB funds.
- IV. Bilateral contributions are not fully "on budget" which is contrary to SWAp philosophy as well PD principles.
- V. Global funds are not integrated into national budgetary system and as well as HNPS.
- VI. Lack of capacity of the GoB agencies is one of the major weaknesses of the HNP sector. Programme implementation is weak and slow and may be attributed to delay in management decisions. The M&E system of the MoHFW needs strengthening and institutionalization within the Ministry and its agencies.

- VII. NNP interventions are not yet fully integrated with the nutrition interventions pursued by the DG Health Services.
- VIII. Ownership of the SWAp is not deep rooted in the MoHFW and less so in the Planning Commission.
- IX. The limited and somewhat unclear boundary of the health SWAp is a major factor affecting coordination, harmonization and ownership.
- X. The Finance Division and Economic Relations Division do not regularly attend the Project Evaluation Committee (PEC) meeting held in the Planning Commission for examining and recommending project/programme proposals for approval of the Executive Committee of the National Economic Council (ECNEC). This undermines ownership.
- XI. Frequent turnover of GoB officials at different levels is a serious problem in project implementation and aid effectiveness.
- XII. The PD target of 66% of aid flows to be channeled through programme-based approaches has not been met in case of health SWAp.
- XIII. The DPs do not yet fully follow/use GoB financial and procurement procedures.
- XIV. NGOs play a prominent role in the delivery of services in both rural and urban areas. According to second Bangladesh National Health Accounts-2009 (BNHA), the NGOs and other non-profit institutions accounts for about 9 % of health expenditure in Bangladesh. The NGOs fulfill a role in coordinating user constituents of the health selector, whose voice is important in terms of user perceptions and in holding MoHFW accountable to deliver on its policies. Similarly the role of the private sector is also growing at a rapid pace. But no clear modality is as yet in place in the MoHFW for ensuring the effective stewardship and regulatory functions of the Ministry regarding NGO and private sector financing.

1.9 Recommendations for DPs:

- I. DPs need to demonstrate more willingness for carrying forward the aid effectiveness agenda by bringing further modifications and changes in their policies and guidelines so as to fully conform to the PD principles. DPs also need to further examine the possibility towards agreeing to the use of country procurement and financial systems. A committee may be formed with DP and GoB representatives to examine and recommend practical and acceptable measures for the DPs to use GoB systems.
- II. All HNP sector DPs should be "on-budget" for ensuring better coordination, harmonization and transparency and for reducing transaction cost of aid delivery.
- III. Specific agenda-based interactions between DPs and the GoB in addition to the routine and regular HNP forum and HNP Coordination Committee would be helpful to foster better cooperation and mutual understanding.
- IV. Capacity building in some DPs also may be necessary to constantly follow up the PD implementation initiatives.

1.10 Recommendations for the GoB

- A. ERD needs to further intensify its efforts and take a more proactive role in creating awareness and motivation among the MoHFW officials at functional level and its agencies. This awareness building attempt should not be treated a

once for all exercise, rather it should be a continuing process for ensuring effective utilization of aid.

- B. The Government Training Institutes like the PATC(Public Administration Training Academy) , Planning Academy; NIPORT (National Institute of Population Research and Training) etc may introduce aid effectiveness and PD as one of the topics in their training syllabus. The DPs can also assist in this area in the spirit of partnership.
- C. A dedicated Unit/Cell should be set up in the MoHFW for dealing with matters relating to Aid Effectiveness. Officers who will be working in this outfit should not be transferred frequently.
- D. The possibility of expansion of the boundary of SWAp should be examined seriously to include all health related interventions in the country and the MoHFW must be in the driving seat to further strengthening its role and function in the management of the whole sector. This might call for a thorough review of and deeper look into the sector boundary in the light of the existing Allocation of Business and Rules of Business of the GoB.
- E. As per the draft PIP, the proposed next HNPSP is in line with the NSAPR II and the Draft 6th 5-Year-Plan. It is therefore important for the MoHFW to take the statement seriously and ensure that the linkages between the proposed programme, the NSAPR-11, the 6th 5-Year Plan and MTBF are explicitly established.
- F. The MTBF should be deepened in the MoHFW and its agencies to ensure linking allocation with results. MoHFW should do away with the disjointed practice of revenue and development budget and introduce single budget for the SWAp combining the revenue and development budget.
- G. The M&E Unit of the MoHFW should be strengthened further and integrated with the Ministry's permanent set up for the sake of sustainability and improved performance monitoring.
- H. The Planning Wing of the MoHFW should be upgraded with one Division Chief to head the Wing and supported by two Joint Chiefs. Number of officers in the level below should also be increased commensurate with the work load and challenges of the next SWAp.
- I. The NNP interventions should be fully integrated with those pursued by the DG Health Services for better results.
- J. Officers of the Health Wing of the Planning Commission should be exposed to modalities and merits of SWAp. MoHFW should take the lead in this regard in consultation with and financial support from the DPs.
- K. Efforts should be taken to integrate the interventions of the Global Programs with the national programmes and their reflection in the ADP
- L. The Planning Unit of the DG Health and DG Family Planning including their M&E outfits should be strengthened further with adequate manpower and incentives for better performance.
- M. The MoHFW should decentralize its administrative and financial authority as per existing GoB rules and activate Local Level Planning for speedy and efficient utilization of aid for better development results.
- N. It is perhaps time for the MoHFW to establish an NGO and Private Sector Unit in the Ministry to work out modalities for ensuring effective stewardship and regulatory functions of the Ministry with regard to funding of NGOs/private sectors through contracting out or outsourcing part of the Ministry's workload in

the future as part of the PPT (Public Private Partnership) initiatives, as it is planning to modernize and diversify the health sector.

- O. Initiatives for implementation of Local Level Planning (LLP) should be pursued by the MoHFW.

1.11 Recommendations for both DPs and GoB:

1. Capacity development in GoB Ministries/Agencies should be the most important priority action by all DPs and the GoB. A comprehensive capacity development plan for implementation of SWAp should be developed and implemented with all seriousness by the DPs and the MoHFW.
2. The DPs should demonstrate their commitment by declaring an explicit exit strategy for their PIUs and furnish expenditure reports to the Project Directors. At the same time the GoB agencies should develop plans to enhance their capacity and prepare them for taking up implementation responsibility and (in the absence of the PIUs delete.) from the PIUs.

2 Economic Growth Sector: Energy/ Power

Summary:

This part of the study on Economic Growth Sector: Power and Energy, made detailed analysis of the sector in the light of PD and AAA.

Bangladesh economy has been growing at about 6% annually over the last few years. The Government plans to enhance this growth to 8% by 2014 and to 10% by 2017. Bangladesh faces several challenges in maintaining and accelerating growth. The greatest constraint today lies in overcoming the energy deficit.

At present there is a wide gap between production and demand of electricity. Present electricity generation is around 4000 MW against an average demand of 5500 MW leaving a shortfall of about 1500 MW. The gas shortage is seriously hurting the power sector. According to Bangladesh Power Development Board (BPDB), about 700-800MW of additional power could be produced now had there been adequate supply of gas.

According to the power sector "Road Map" the following issues need to be addressed to improve the power sector:

- a. Inadequacy of supply of electricity compared to demand.
- b. High dependency on single primary energy source (natural gas) for electricity generation.
- c. Investment or participation of private sector in generation of electricity is at the minimum.

The Perspective plan of Power Generation of the present government is as follows:

By 2013- 8,500 MW

By 2015- 11,500 MW

By 2021- 20,000 MW

(Source: Power and Energy Sector Road Map, 2010)

In this sector investment to the tune of US\$ 9.00 billion is required to raise power generation to 11,500 MW by 2015. Out of this amount, government plans to invest about 1 (one) billion US\$ in the public sector and expects about 8 (eight) billion US\$ investment from the private sector.

After announcement of Power and Energy Sector Road Map in June 2010, government could finalize establishment of new power plants of total capacity of 3390 MW (base load- 1390 MW, Peaking plant- 650 MW and Rental- 1350 MW). This development is quite encouraging to address the challenges of the sector.

The proven recoverable gas reserve of the country was estimated to be 13.0 Trillion Cubic Feet (TCF) in 1994 which was considered sufficient to meet the likely gas demand up to 2020. However, the existing gas infrastructure had limited capacity for both gas production and transmission.

During 1994-2000, the government invited private investment in exploration and upstream gas field development under Production Sharing Contracts (PSCs). The IOCs were successful in bringing some of newly discovered fields to production by 1998. Gas production by state owned companies also increased and total gas production reached to a comfortable level.

The Proven gas reserve in Bangladesh increased substantially (20.6 TCF in 2000 compared to 13.0 TCF in 1994) mainly due to better knowledge of the reserve ensured through detailed study and also through the exploration activities of IOCs. Due to discovery of new gas fields by IOCs in the late 1990s, Bangladesh had the potential of producing gas in excess of its demand by 2000.

The demand of gas picked up during 2001-08 and the excess production capacity that existed in 2000 was fully utilized by 2008. Although gas production increased by over 70% from 2001 to 2008, the country now faces gas shortage of about 500+ MMCFD (the present average production of gas is about 2000 MMCFD). The result is curtailment of gas supply to existing power plants, fertilizer plants and industries. The prevailing low price of gas is encouraging inefficient use of gas in many areas.

In this background, the perspective plan for local production of natural gas and import of Liquefied Natural Gas (LNG) is to enhance daily production to about 2160 MMCFD by December 2010 and to about 4330 MMCFD by 2015.

The other sources of energy are:

- a. Coal b. Renewable Energy c. Liquefied Natural Gas (LNG) (through import-planned)

The **challenges** for the sector are:

- a. How to meet the present gap between demand and supply.
- b. Addressing the issue of present over dependency on natural gas.
- c. Ensuring effective capacity development.
- d. Putting effective energy efficiency measures in place.
- e. Making appropriate policy for attracting the private sector investment.
- f. Further reduction of system loss.
- g. Ensuring implementation of remaining reform measures including price reform.
- h. Demand side management.

Policy **initiatives formulated to meet the challenges** include:

- a. Announcement of the, "Road Map for Development of Power and Energy Sector". The principal thrust of this document is on a five year action plan.
- b. Preparation of the following two documents
 - i. A 5 (five) year plan for the period covering 2010-2015.
 - ii. A perspective plan for the period up to 2021.
- c. The current National Strategy for Accelerated Poverty Reduction Strategy (NSAPR-II- Revised) launched in 2009, sets out clear strategic priorities.
- d. Recently enacted a law for negotiated finalization of procurement cases in the power sector without going for the formal tendering process as speedy finalization of procurement cases are an important pre-condition for ensuring planned development of the sector.

The status of the Implementation of PD and AAA commitments are as follows:

Country ownership: Government leadership in aid co-ordination and management has improved to some extent.

Alignment: Donors are increasingly aligning their support to sector strategy priorities. However use of country systems remains limited. In case of procurement, GoB rules are followed in respect of local purchase only. All international purchases are made following donors' procedures and guidelines.

Harmonization: There have been some improvements regarding harmonization. However there is no visible improvement in Division of Labour within the sector. The predictability of aid has improved as donors are now reflecting their commitments in multiyear programmes.

Managing for results: Under JCS, an initiative has been undertaken to prepare a national development results framework. From the GoB's side there is a sincere effort to link the Road Map implementation with focused and time bound results.

Mutual Accountability: GoB's mutual accountability is demonstrated through regular publishing of sector wise aid flows by ERD.

The **Key Lessons Learnt** are as follows:

- a. (i) Awareness among GoB officials about PD is insufficient.
 - (ii) There is lack of capacity in GoB and absence of comprehensive plan with necessary TA budget for capacity development of their staff for dealing with the challenges of the power and energy sector. Major capacity limitations relate to procurement management skills like weakness in preparing specifications and tender documents, evaluation of tenders for big power and energy projects and subsequent implementation of these projects. Some donors also require capacity building of their staff for faster implementation of PD and AAA. For example, the World Bank in their CAS 2011-2014 identified that on the ground presence of staff with diversified skills and global knowledge was limited in key sector like energy. Capacity building of planning wing of the Ministry of Power, Energy and Mineral Resources and respective wings of the Planning Commission is also essential to deal with the challenges of the Power and Energy sector and faster implementation of PD and AAA.
- b. Frequent turnover of GoB officials at different levels is a serious problem.
- c. Poor utilization of development budget and slower disbursement of funds is a major concern. Appreciating this problem some donors have taken extra initiatives to close the gap between commitment and actual disbursement.
- d. The government has now well articulated country system and procedure for procurement comparable with international standards. However use of these country systems for donor aided projects remain limited. In case of procurement, GoB rules are followed in respect of local purchases only though the procurement law of the government was finalized after detailed consultation with donors. Some of the donors are however, of the opinion that as in this sector most of the goods are procured from foreign companies, they need guarantee under international procurement rules which justifies the use of their procedure.
- e. The average plant factor (an indicator of the utilization of generation plants) for most of the power plants is around 45% (the industry standard is around 65%-75%) indicating high level of non-availability and outage of generation plants. As a result overall generation is not increasing to the extent of new addition of generation capacity. So more stress needs to be given by DPs for financing rehabilitation and regular maintenance of existing generation units to ensure their better utilization.
- f. Due to inadequate generation capacity more stress has been given for addition of new generating units during the last two years. However due attention may also be given for ensuring addition of adequate capacity of matching transmission and distribution system.
- g. Similarly in the energy sector, matching development of transmission and distribution system in addition to increase production of natural gas needs to be ensured.
- h. To arrange balanced development of the Power and Energy Sector, introduction of sector wide programme (SWAp) is necessary. However, effectiveness of SWAp in the already introduced sectors may be studied and their weaknesses may be identified through an evaluation. Its introduction in Power and Energy sector may then be considered.
- i. Although over 80% of generation capacity is gas based, the thermal efficiency remained around 32% though advanced combined cycle gas turbines can achieve a thermal efficiency of 55%. At this moment there is shortage of combined cycle base load plants. As midterm and long term measures, due attention needs to given for establishment of base load combined cycle generation plants. So DPs may come forward with necessary assistance in this area which may enhance aid effectiveness.

- j. To address the issue of over dependency on single source of primary energy-natural gas, government has taken initiatives to harness domestic coal, import LNG and going for nuclear energy for production of electricity. All these new initiatives require putting appropriate regulatory mechanism in place. DPs may come forward with necessary assistance in this area.
- k. Both in the Power and the Energy Sector, the end price is still low requiring huge subsidy from the government. This situation is not sustainable.
- l. Adequate attention needs to be given to demand side management.

The **Recommendations** are the following:

- a. Along with capacity building of GoB officials of the Power and Energy Sector, and respective wings of Planning Commission in some specific areas on priority basis, capacity building of relevant DP officials should also be ensured to deal with the challenges of the Power and Energy Sector and faster implementation of PD and AAA.
- b. Frequent turnover of officials dealing with aid may be avoided to take full advantage of the effects of capacity development and ensure retention of institutional memory.
- c. More frequent interactions between DPs and the GoB are necessary to facilitate better cooperation and mutual understanding. There should be joint initiative to close the gap between aid commitment and actual disbursement. Dedicated Units/Cells may be established in the Ministry of Power and Energy and in the respective wings of the planning commission for dealing with matters relating to aid effectiveness.
- d. DPs should demonstrate more willingness to use the country procurement and financial systems with mutually agreed amendments, if necessary.
- e. More stress should be given by DPs for financing rehabilitation and regular maintenance of existing power generation units to ensure better utilization of these units.
- f. In addition to increasing generation capacity to meet the demand, addition of adequate capacity of matching transmission and distribution system should be ensured.
- g. Matching development of transmission and distribution system needs to be ensured in the energy sector in addition to exploration and development of production capacity of natural gas in the country.
- h. SWAp should be considered for introduction in the Power and Energy Sector, after addressing the weakness of earlier SWAps introduced in the Health and Primary Education sector through an evaluation.
- i. Due attention should be given for establishment of sufficient capacity of combined cycle base load power plants. DPs should come forward with adequate assistance in this area to enhance aid effectiveness.
- j. Appropriate regulatory mechanism should be put in place at the appropriate time to handle the issue of imported LNG and use of Nuclear Energy for production of electricity. DPs should come forward with adequate assistance in this area.
- k. Immediate price reform of energy should be done to ensure sustainability of the sector.
- l. Due attention should be given to demand side management.

2.1 Introduction

2.1.1 Background of the sector study

The engagement of Bangladesh with aid effectiveness pre-dates Paris Declaration (PD). The country is committed to PD since its signing in 2005. This commitment is reaffirmed by signing Accra Agenda of Action (AAA) in 2008 and Joint Co-operation Strategy (JCS) in 2010. The country took part in OECD-DAC surveys in 2006 and 2008. It also took part in country level evaluation of PD (Phase-I) in 2008. Bangladesh decided to participate in the present second phase of the study. In the study, this part of the study on Economic Growth Sector: Power and Energy, made detailed analysis of the sector in the light of PD and AAA.

2.1.2 Scope of the study and methodology

The scope and methodology of this part of the sector study on Power and Energy were as follows:

Scope

- a. To assess relevance and effectiveness of PD and AAA in the Power & Energy sector.
- b. To assess the extent to which the 5 (five) Principles of PD have been implemented in the sector.
- c. To assess the contribution of the PD implementation to sector development results.
- d. To identify the barriers and difficulties those have limited the effectiveness of PD.
- e. To make recommendations for improving aid effectiveness in the sector.

Methodology

A comprehensive methodology in detailed form to accomplish the evaluation was followed which included the following:

- a. Data collection from different sources and review of relevant documents.
- b. Data validation through cross checking and counter checking at the operational level.
- c. Consultation with a wide spectrum of key stakeholders through structured interviews and focused group discussions.

The list of officials/persons meet during the study has been given in Annex-4.

2.1.3. Salient features of the sector: Power and Energy

Bangladesh economy has been growing at about 6% annually over the last few years. The Government plans to enhance this growth to 8% by 2014 and to 10% by 2017. Bangladesh faces several challenges in maintaining and accelerating growth and realizing full potential of promising sectors. The greatest constraint today lies in overcoming the energy deficit which is affecting current production and could undermine prospects for private sector investment and growth. One of the necessary conditions to attain the planned growth is to ensure availability of adequate energy both Secondary (power) and Primary (natural gas, coal, hydro and other renewable energy sources).

A. The Power sector

Power Division of the Ministry of Power, Energy and Mineral Resources is in charge of the power sub sector.

The salient features of the present situation of the power sector are as follows:

Power Generation Statistics

(Updated up to April 2010)

Installed Capacity (MW)	6033
Derated Capacity (MW)	5480
Production (MW)	3900-4300 (4000 average)
Peak Demand (MW)	5800
Access to Electricity	47%
Per Capita Electricity Consumption (Kwhr)	220

Source: Power and Energy Sector Road Map, June 2010

Presently (FY2010) total transmission line is 8,500 circuit kilometres and 11.9 million customers have been provided with electricity connections through 270,000 route kilometre distribution lines in urban areas. Rural Electrification Board with their 70 Palli Bidyute Samity (PBS) has given total 81,02,549 connections in 48,682 villages by expanding 22,780 kilometers distribution lines for distributing electricity in rural areas (Source: Planning Commission).

At present there is a wide gap between production and demand. Present electricity generation is around 4000 MW against an average demand of 5500 MW leaving a shortfall of about 1500 MW. The gas shortage is seriously hurting the power sector. According to Bangladesh Power Development Board (BPDB), about 700-800MW of additional power could be produced now had there been adequate supply of gas.

The average plant factor (an indicator of the utilization of generation plants) for most of the power plants is around 45% (the industry standard is around 65%-75%) indicating high level of non-availability and outage of generation plants.

Although over 80% of generation capacity is gas based, the thermal efficiency remained around 32%. Advanced combined cycle gas turbines can achieve a thermal efficiency of 55% indicating the possibilities for substantial efficiency improvements (Source: ADB Bangladesh Energy Sector Evaluation Study 2009).

In 2001-2002, Bangladesh was successful in attracting two large Independent Power Producers (IPPs) (360 MW Haripur and 450 MW Meghnaghat) using efficient combined cycle gas turbine technology. However except for some small scale IPPs and rentals, not a single large scale IPP has been commissioned since 2002. These small scale IPPs and rental power plants are also inefficient in their use of scarce gas resource.

According to the power sector "Road Map" placed in the Parliament (in June 2010), the following issues need to be addressed to improve the power sector:

- Inadequacy of supply of electricity compared to demand.
- High dependency on single primary energy source (natural gas) for electricity generation.
- Investment or participation of private sector in generation of electricity is at the minimum.

The Perspective plan of Power Generation of the present government is as follows:

By 2013- 8,500 MW

By 2015- 11,500 MW

By 2021- 20,000 MW

(Source: Power and Energy Sector Road Map, 2010)

A huge investment is required to go towards the preferred level from the prevailing power deficit situations. Initiatives have been taken by the government to ensure public as well as government patronised private investments and foreign direct investments. In this sector investment to the tune of US\$ 9.00 billion is required to raise power generation to 11, 500 MW by 2015. Out of this amount, government plans to invest about 1(one) billion US\$ in the public sector and expects about 8 (eight) billion US\$ investment from the private sector.

After announcement of Power and Energy Sector Road Map in June, 2010, Government could finalize establishment of new power plants of total capacity of 3390 MW (base load- 1390 MW, Peaking plant- 650 MW and Rental- 1350 MW). This development is quite encouraging to address the challenges of the sector.

To improve the present electricity crisis, initiatives have taken for importing power from South Asian countries under South Asian Regional Economic Cooperation. A project styled "Grid Interconnection between Bangladesh (Bheramara) and India (Baharampur) Project" has recently been approved with a transmission capacity of 250-500 MW Power.

B. The Energy Sector

I. Natural Gas

The government created the Bangladesh Oil, Gas and Mineral Corporation (Petrobangla) in 1972 to consolidate the development of the natural gas sector and its operation.

The operating companies under Petrobangla were set up on a commercial basis from the outset and their activities were co-ordinated by Petrobangla to ensure overall sector development objectives.

The proven recoverable gas reserve of the country was estimated to be 13.0 Trillion Cubic Feet (TCF) in 1994 which was considered sufficient to meet the likely gas demand up to 2020. At that time national gas production companies under Petrobangla were responsible for most of the production. Petrobangla had performed adequately in meeting the gas demand of the economy and was engaged in gradual expansion of the gas distribution network to the main economic centres of the country. However, the existing gas infrastructure had limited capacity for both gas production and transmission.

During 1994-2000, the government invited private investment in exploration and upstream gas field development under Production Sharing Contracts (PSCs). Ten blocks were awarded to International Oil Companies (IOCs) in 1993/94. The IOCs were successful in bringing some of newly discovered fields to production by 1998. Gas production by state owned companies also increased due to incremental improvements. During this period some IOCs also started production and total gas production reached to a comfortable level.

The Proven gas reserve in Bangladesh increased substantially (20.6 TCF in 2000 compared to 13.0 TCF in 1994) mainly due to better knowledge of the reserve ensured through detailed study and also through the exploration activities of IOCs. The significant increase in gas production during 2001-2008 was mainly due to rapid

increase in gas production by IOCs. The natural gas customer base also substantially increased during 2000-2008. The gas distribution network in Dhaka City was further strengthened during the period to provide high pressure gas to Compressed Natural Gas (CNG) filling stations for use in motor vehicles.

Due to discovery of new gas fields by IOCs in late 1990s, Bangladesh had the potential of producing gas in excess of its demand by 2000. The IOCs were reluctant to make further investments for developing new gas fields at that time due to limited domestic demand of gas. The idea of exporting surplus gas to neighboring countries was floated and supply of natural gas for industries, the residential sector and other applications (i.e. CNG as transport fuel) was promoted.

The demand of gas picked up during 2001-08 and the excess production capacity that existed in 2000 was fully utilized by 2008. Gas consumption increased mainly because of the increased consumption by the power sector as several large gas fired power plants were commissioned during 2002-03. There has been a significant increase in gas consumption by industry as more industries switched from electricity and liquid fuel to gas due to the low price of gas. Gas consumption in the domestic sector also substantially increased due to the increased number of households connected to the gas distribution network. The introduction of CNG as a substitute for liquid fuel in 2001/2002 resulted in substantial increase in CNG consumption.

Although gas production increased by over 70% from 2001 to 2008, Bangladesh currently faces gas shortage. The result is curtailment of gas supply to existing power plants, fertilizer plants and industries. Due to anticipated gas shortage, Petrobangla is not in a position to commit gas supplies to all types of consumers including new power plants, industries and new household customers. The situation is having a serious impact on the economic development.

Power shortage due to lack of investments in power generation capacity compelled industrial consumers to use gas in captive power plants. These captive power plants are not efficient as large scale power plants due to their small size and outdated engines. Hence their use is reinforcing the gas shortage as it encourages inefficient use of gas in captive power plants. The prevailing low price of gas is also encouraging inefficient use of gas. In this situation the present salient features of the natural gas sector are as follows:

Total number of gas fields	23
Number of gas fields which are in production	17
Number of wells	79
Total reserve of extractable gas(proven and probable) TCF (Trillion Cubic Feet)	20.5
Total consumption of gas up to April 2010 (TCF)	8.5
Total reserve remaining (TCF)	12
Daily gas production (MMCFD)	2000 (average)
Production by Petrobangla (MMCFD)	960
Production by International Oil companies (MMCFD)	1040
Daily demand of gas (MMCFD)	2500+
Daily shortage of gas supply (MMCFD)	500+

Source: Power and Energy Sector Road Map, 2010

In this background, the perspective plan for local production of natural gas and import of Liquid Natural Gas (LNG) is as follows:

Year	Local production (MMCFD)	LNG import (MMCFD)	Total daily production (MMCFD)
December 2010	2161	0	2161
2012	2946	500	3446
2013	3446	500	3946
2015	3826	500	4326

Source: Power and Energy Sector Road Map, 2010

II. Other sources of energy including renewable energy

a. Coal

High quality bituminous coal reserves have so far been discovered in five fields. The total reserves of these fields have been estimated to be around 2800 million tons which may have heat generation capacity equivalent to 37 TCF of natural gas (Source: Power and Energy sector Road Map, June 2010). So far only one coal field (Barapukuria) could be brought into production through underground mining with a production capacity of around one million ton per year. Although there is a good reserve of coal in the country, there exists difference of opinion about the mining (extraction) method. Government is now in the process of quick finalization of coal policy.

b. Renewable Energy

Renewable Energy in the form of traditional biomass is the main source of primary energy in the country comprising of more than 60% of total primary energy use. The major sources of renewable energy are (a) Solar (b) Wind (c) Biomass (d) Biogas and (e) Hydro. The Renewable energy Policy of Bangladesh announced in 2008 has set target for developing renewable energy resources to meet 5% of total power demand by 2015 and 10% by 2020. The present achievements against these targets are as follows:

Category	Target Capacity by 2015 (in MW)	Achievement made so far (in MW)
a. Solar PV	200	30
b. Wind Energy	200	2
c. Biomass based electricity	45	<1
d. Biogas based	40	<1
e. Others	15	<1
Total	500	<35

Source: Power Cell, Ministry of Power, Energy and Mineral Resources

The government has now given emphasis on installing solar panels on public and private buildings and exploring more opportunity to harness renewable energy sources.

c. Liquefied Natural Gas (LNG)

The country plans to meet a part of present shortage of natural gas through import of LNG. Necessary infrastructural facilities are now being created to facilitate import of about 500 MMCFD equivalent of LNG by December, 2012. Private sector has been invited for this import and for establishment of LNG receiving terminals.

2.1.4. Challenges for the sector

The major challenges for the Power and Energy Sector are as follows:

- a. How to meet the present gap between demand and supply both for Secondary (Power) and Primary Energy (Natural gas, coal, renewable imported LNG etc).
- b. Addressing the issue of present over dependency on natural gas and ensuring diversification of Primary Energy sources. This over dependency on natural gas is in fact threatening the energy security of the country.
- c. Ensuring effective capacity development.
- d. Putting effective energy efficiency measures in place.
- e. Making appropriate policy which may work for attracting the private sector investment to develop base load IPPs. At present, there is critical shortage of base load power plants. Parallel public sector investment for base load power plants will also be necessary.
- f. Further reduction of system loss in both Power and Energy Sector.
- g. Ensuring implementation of remaining reform measures including price reform to bring the energy prices to a sustainable level.
- h. Demand side management.

2.1.5. Steps Towards Change and Future Outlook

A number of policy initiatives and long term plans have been formulated to meet the challenges which include the following:

- a. In the last budget session of the parliament in June, 2010, government has placed a report titled, "Road Map for Development of Power and Energy Sector". The principal thrust of this document is on a five year action plan.
- b. The government is in the process of preparing the following two documents which will take care of medium and long term requirement of various sectors including Power and Energy sector:
 - i. A 5 (five) year plan for the period covering 2010-2015.
 - ii. A perspective plan for the period up to 2021.
 Consultations on these drafts are now being held.
- c. The current National Strategy for Accelerated Poverty Reduction Strategy (NSAPR-II-Revised) launched in 2009, sets out clear strategic priorities.
- d. Recently enacted a law (*Title: Power and Energy Fast Supply Enhancement (special provision) Act, 2010*) for negotiated finalization of procurement cases in the power and energy sector without going for the formal tendering process as speedy finalization of procurement cases is an important pre-condition for ensuring planned development of the sector.
- e. To reduce over dependency on single source of primary energy like natural gas, the government has taken steps to harness other sources of energy like coal and renewable energy and import LNG. It has also introduced dual fuel provision for newly constructed power plants.
- f. For saving electric energy, Compact Fluorescent Lamp (CFL) distribution program has been introduced through which government targeted to save around 350 MW of electricity.

2.2 Role of Aid and Relevance of PD in the sector

Almost all the major infrastructures of the Power and Energy sector were established with external assistance. The sector lacked both finance as well as technical expertise. So, Project Aid had a very important role in the whole process. During 2001-2010 proportion of donor support in the form of Project aid in different Annual Development Programmes (ADP) varied between 27% to 40% in Energy sector and 13% to 20% in Power Sector (Source: Ministry of Power, Energy and Mineral Resources). This situation is likely to continue for Balancing, Modernization and Rehabilitation (BMR) of the existing infrastructures and for future expansions. For implementation of medium term plan and perspective plan of the sector, huge investment will be required. It is not possible to raise so much of financing domestically. In this situation, the contribution of aid in the development of the sector is likely to be substantial.

For all the aid flowing in the country, the Economic Relations Division (ERD) of the Ministry of Finance acts as the coordinating Ministry. The external aid is then channelled through the line ministries to the executing departments (agencies). Like all other ministries, the Ministry of Power, Energy and Mineral Resources manages the aid coming to this sector. This management is done through the development wings of the ministry.

The ministry arranges monthly review meeting of development projects included in the Annual Development Programme (ADP). These are also reviewed by Local Consultative Group (LCG) of the sector.

2.3 Findings

2.3.1 Findings of the sector evaluation

IV Sector level view (progress rating- some)

(Prepared in line with the Annexure C of the Operational Matrix for Country Evaluations concerning sector level view)

The intended state of the aid relationship in Power and Energy sector was examined in the context of PD.

The evidence to date in respect to PD and AAA suggest that in overall perspective, there has been "some" progress in its implementation in Power and Energy Sector, details of which are given below:-

A. Country Ownership over development

i. Stronger National Strategies and operational frameworks

Government led donor co-ordination (progress rating- some)

There has been some progress in government lead in aid co-ordination in the Power and Energy sector. Government is now increasingly taking leadership in aid co-ordination. This proactive role of the Government was also reflected in the last Bangladesh Development Forum held in Dhaka during 15-16 February 2010. There were specific time slot dedicated to Power and Energy sector and the discussion was basically steered by the government.

Result oriented sector strategy (progress rating- some)

The power and energy sector of the Government has now more clear result oriented strategic priorities which have been reflected in the recently announced Road Map of the sector placed in the last budget session of the parliament. This is now expected to be reflected in the operational plan of the development partners. One of the major donor in this sector, the World Bank in their evaluation on last Bangladesh Country Assistance Strategy (CAS) found it difficult to assess the Bank group's

contribution to the achievement of positive outcomes as their indicators and targets were too numerous and too loosely linked to expected outcomes. For this reason, the next CAS for 2011-2014 has articulated a set of limited outcome, linked closely to a few core indicators for monitoring.

Monitoring and scrutiny through Parliamentary process (progress rating- some)

The sector is now subject to occasional monitoring and scrutiny through the parliamentary process. Just after the assumption of power of present Government in December 2008, parliamentary standing committee on the Ministry of Power, Energy and Mineral Resources were formed along with other similar committees. This committee occasionally monitors progress of implementation of the development programmes including aided projects. The committee also discuss on some selected issues of the sector. The recent tabling of "Power and Energy Sector Road Map" in the budget session of the parliament is a demonstration of involving the parliament in the activities of this sector.

Consultative process (progress rating- some)

While preparing the last budget (which included the activities of Power and Energy Sector also), Finance Ministry consulted renowned economists, members of parliament, journalists, development experts and head of different ministries (secretaries) in 8 (eight) different pre-budget discussion sessions. Besides, they exchanged ideas with grass root people like peasants, and listened to their views about the forth coming budget.

Various socio-economic institutions, business associations and NGOs, think tanks and research groups, professionals, members of intelligentsia and chairpersons of a good number of parliamentary standing committees and other members of the parliament where also consulted.

Different development partners (donors) also provided valuable opinions and suggestions.

Sector strategies responding to International commitments

There is no specific sector strategies related to international commitments.

ii. Increased alignment with partner countries priorities, systems and procedures help to strengthen capacities in the sector

Support based on National strategy (progress rating- substantial)

The national strategy for Power and Energy sector has been spelt out in the recently announced "Road Map for Development of Power and Energy Sector". The principal thrust of this document is on a five year action plan. In the NSAPR-II (Revised) also these sector strategic priorities have been mentioned. JCS signed in June, 2010 supported the implementation of the Government's NSAPR-II (revised) and upcoming sixth 5 Year Plan 2010-2015. As a strategic priority for Government, transformative investment in the Energy Sector has been made as a prime focus for the World Bank during the CAS period (2011-2014). They have also pledged to work closely with Asian Development Bank (ADB) and other partners present in the sector to work in line with the government's national priorities of the sector. Other donors of the sector have also taken similar steps.

Increased use of country systems (progress rating- little)

The Government has reasonably well articulated country systems and procedure comparable with international standards. However use of these country systems for donor aided projects still remain limited. For example in case of procurement, GoB rules are followed in respect of local purchases only though the procurement law of the government was finalized after detailed consultation with donors. Almost all donor funded international purchases are still made following donor procedures and

guidelines. Some donors are of the opinion that as in this sector most of the goods are procured from foreign companies, they need guarantee under international procurement rules which justifies the use of their procedure. Their apprehension is that otherwise qualified companies (bidders) may not be willing to participate in the bid.

Increased support to capacity building (progress rating- little)

For the last few years donors attached reasonably high priority for capacity building. For example the current year's Annual Development Programme (ADP) contains 3 (three) Technical Assistance (TA) in the Power sector and another 5 (five) TA in the Energy sector funded by various donors. This is the usual trend for last several years. However the government is yet to get any satisfactory result in this area due to segmented approach and frequent turnover of its officials coupled with lack of seriousness. This lack of capacity seriously hampers the progress of development projects and consequently affects aid effectiveness. Major capacity limitations relate to procurement management skills like weakness in preparing specifications and tender documents, evaluation of tenders of big Power and Energy projects and subsequent implementation of these projects. The recent assessment of large value procurements approved by the Cabinet Committee for Government purchase found that only a very limited number of contracts were awarded within bid validity period. This kind of inefficiency has contributed to lack of investment in the Power sector (*Source: Bangladesh Country Assistance Strategy 2011-2014 of the World Bank*). There is similar lack of capacity in some of the donors' side also. For example, the CAS 2011-2014 of the World Bank under the heading "Appropriate skill mix" made observation that, on the ground, presence of staff with diversified skills and global knowledge was limited in key sectors like energy and local governance limiting the bank's ability to engage in dialogue and support necessary reforms. According to them, (The World Bank) ensuring adequate and appropriate staffing and skill mix on the ground- particularly for expected areas of greater emphasis will be critical for the successful implementation of their next CAS (2011-2014).

B. Building more inclusive and effective partnership for development

iv Less duplication of efforts and rationalized more cost effective donor activities

Increased use of donor advantage (progress rating- little)

The sector is yet to see systematic increased use of donor comparative advantage/ complementarities led by government. The country is still experiencing crowding of donors in some areas and shortage of donors in some other areas.

Increased Division of Labour (progress rating-little)

The desired increased division of labour in the power and energy sector moved rather slowly. The sector did not get expected advantage out of division of labour. As a result, there were inadequate investments in Base Load Power Plants and in exploration activities in the Energy side. However, some donors think that this situation cannot be directly attributed to the lack of division of labour rather the result of development priority of GoB.

Increased delegation to lead donors for execution of programs (progress rating-substantial)

In the co-financed projects of Power and Energy Sector, there is adequate delegation to lead donor for execution of programmes.

Reduced fragmentation (progress rating- little)

There is still substantial fragmentation with regard to programs/ projects in Power and Energy Sector.

Untying of aid (progress rating- substantial)

Most of the aid received in this sector is from multilateral and bilateral donors are now untied.

v Reformed and simplified donor policies and procedures, more collaborative behavior in the sector**Reform and simplification of procedures (progress rating- some)**

Reform and simplification of procedures by individual donors at sector level is a continuous process and an important ingredient for aid effectiveness. The use of country system though in reduced scale, by the donors of this sector is a move in the right direction. One important donor of the sector ADB, identifying the causes of project implementation delay has recently simplified their procedure in respect of (a) recruitment of consultants and (b) disbursement of fund. Similarly another important donor in the Power and Energy sector JICA, as a sign of more collaborative behaviour is providing some projects with technical assistance to support earlier hiring of consultants which substantially increased the speed of project implementation.

Common or harmonized arrangements (progress rating- little)

There has been some appreciable initiative at the apex level for common or harmonized arrangement amongst donors. However, it will take time to trickle it down to the Power and Energy sector.

Incentives for harmonization, alignment and result orientation (progress rating- little)

The power and energy sector is yet to experience strengthened incentives for harmonization, alignment and result orientation.

vi More predictable and multi-year commitments on aid flows (AAA commitment para-25)**Aid through multiyear frameworks (progress rating- some)**

Predictability of aid has improved. Donors are now reflecting their commitments in multiyear programmes.

Timely and predictable aid disbursement (progress rating- little)

The disbursement schedule in Power and Energy sector of the country is normally set by mutual consultation to ensure predictability. However this process is occasionally hampered by conditionalities linked to disbursement. For example, the agreement with ADB for the "Dhaka Clean Fuel Project" contained 7 conditions for loan effectiveness. Though the general spirit of these conditions is to ensure smooth implementation of the project to get full benefit of expected results, non fulfilment of any of the conditions delays the loan effectiveness and consequently disbursement. It contained another set of 15 assurances or indirect conditions (to be compiled by GoB and the Executing Agencies).

Limited set of mutually agreed conditions (progress rating- little)

The AAA (para 25) stipulates limited set of mutually agreed conditions in the sector jointly assessed. However in reality, the conditions of aid in the sector are still set mainly by the donors and these are hardly made public. General perception of the stake holders is that donors occasionally impose stringent conditions. For example CAS (2011-2014) of the World Bank includes description of Multi Stakeholders consultation where the stakeholders among other issues suggested bank to avoid "imposing stringent conditions".

vii Sufficient integration of global programmes and initiatives into partner countries' broader development agenda for the sector.

Global programmes work to strengthen sector policy environment

At present there is no global programme linked to Energy and Power Sector.

viii Stronger partner countries' capacity to plan, manage and implement results driven strategies

Result- oriented reporting and assessment frameworks (progress rating- some)

The present sector plan of the Power and Energy Sector as reflected in the "Road Map" sets out clear linkages between expenditure and results over medium term. Recognising that the monitoring and evaluation system for the past overall country program was insufficient, one of the major donor in the Power and Energy Sector, the World Bank country team created multi sectoral results teams during current CAS (2011-2014) preparation which will continue during implementation of CAS to carry out regular monitoring of progress towards results.

Donor programming and resources linked to results (progress rating- some)

It is expected that other donors will also set out clear linkages between their programmes and resources linked to results in line with the government's programme for the Power and Energy sector.

C. Delivering and accounting for development results

ix Enhanced respective accountability of countries and donors to citizens and parliaments for the sector (progress rating- some)

Comprehensive information on aid flows to the Energy and Power Sector are disseminated in a transparent manner by External Resource Division (ERD) of the government. These are also put in their website for wide circulation. However the sector is yet to see systematic enhanced respective accountability of country's and DPs to citizens and parliaments.

x Less corruption and more transparency (progress rating- some)

The government is gradually moving towards greater transparency in different sectors including Power and Energy Sector. They are addressing the challenge of corruption through better management practice. For example one of the important elements of corruption in this sector was in the name of System Loss, a good part of which was non technical loss or theft of electric power. The System Loss which was 27.73% in 2000 has now come down to 13.49% making a noticeable improvement. Similar improvement occurred in the Energy Sector also. Government intend to address the issue of corruption and more transparency through reforming the civil service and increasing transparency and accountability through enhanced access to information and e-governance.

Government has recently enacted a law titled "Power and Energy Fast Supply Enhancement (Special Provision) Act,2010" for negotiated finalisation of power and energy projects without going for the formal tendering process as speedy finalisation of these cases is an important pre-condition for planned development of this sector as spelt out in the road map. The law is likely to remain in force for two years. However donors view this as a major compromise with transparency and competitiveness allowing more scope for corruption.

2.3.2 Impact of PD on Power and Energy Sector Development Results

(prepared in line with page 25 of the operational matrix)

Progress against Sector programmes, strategies, policies and related targets

The Power and Energy Sector strategies are as follows:

Power

Supply of quality and reliable power to the people to be ensured through:-

- a. System expansion with prudent least cost plan.
- b. Efficiency improvement through institutional and structural reform.
- c. Establishment of commercial arrangements among sector entities.
- d. Balanced development of generation, transmission and distribution system.

Energy

- a. Ensuring adequate fund for development of the sector.
- b. Making quick arrangement for bidding of offshore blocks for exploration of gas.
- c. Procuring state of art equipment for the sector.
- d. Strengthening national exploration and production company BAPEX.
- e. Quick demarcation of maritime boundary with neighbours for exploration of gas in the deep sea area.
- f. Import of LNG to supplement local production of gas.
- g. Immediate finalization of coal mining policy.

Keeping in view of the above strategy, government has recently announced Road Map for the Power and Energy Sector. Government has started implementation of this road map and has already finalized establishment of new power plants of total capacity of about 3400 MWs. The government has also opened dialogue with donors for establishment of remaining power plants and construction of matching transmission and distribution network and started getting response from them. There is good possibility of alignment of donor assistance in line with these government programmes. However it is too early to draw conclusion that the delivery is on-track to meet the targets. The situation of the Energy Sector related programmes of Road map is also similar.

Sector Governance: Barriers to achievement jointly recognized and strategies in place to address them

Recognizing the importance of strengthening country ownership, inclusive partnership and mutual accountability the government and the development partners (Donors) signed the Joint Co-operation Strategy (JCS) in June 2010. The JCS acknowledged that aligning DP support to national development plans and strategies is a precondition to improve aid effectiveness. Under the umbrella of this JCS, sector wise Local Consulting Groups (LCG) have been formed. According to the present Chair of LCG for the Power and Energy Sector the government is yet to decide on its regular participation in LCG working group meetings. This LCG working group is supposed to prepare and monitor a "**Development Results Framework**" and an "**Annual Action Plan**" with clear responsibilities, calendar and output. The draft of these documents has recently been prepared and awaiting finalization. The activities of the sector will

be jointly monitored against these development results framework and annual action plan. Slow speed of finalization of these documents and delay in taking decision by the Ministry of Power, Energy and Mineral Resources for regular participation in LCG working group meetings seem to be the barriers at this moment.

Conclusions on sector study

Conclusions on the effects of Paris Declaration implementation (p-49 of Operational Matrix)

- **Improvements in the efficiency of aid delivery to the sector (progress rating-some)**

Enhancing aid effectiveness in line with PD and AAA is now a cross cutting feature of the donors in the Power and Energy sector. The sector based partnership is guided by the recent endorsement of JCS by bilateral and multilateral donors and the government. This initiative has been strengthened further by formation of Local Consultative Group (LCG) at the sector level which is now the main platform for Government-Development partner (donor) dialogue and annual Bangladesh Development Forum (BDF). These initiatives are expected to result in improved mutual accountability and ensure improvements in the efficiency of aid delivery in the Power and Energy Sector.

- **Improvements in the management and use of aid in the sector (progress rating-some)**

The recipient departments of aid in the Power and Energy sector are now better informed about the use of aid for development results. The donors are also showing their seriousness for better management and use of aid in the sector. For example, in a recent move Asian Development Bank (ADB) which is a major donor in the Power and Energy Sector has identified some major causes of project implementation delays like (a) delayed resettlement (b) delay in land acquisition (c) cumbersome process of recruitment of consultants (d) abnormal delay in procurement of goods and services (e) delay in fund disbursement etc. For better management and use of aid they have taken initiatives like (a) simplifying consultant recruitment and procurement process (b) delegation of fund disbursement from ADB head office (Manila) to their resident mission in Bangladesh (c) fielding more project review missions lead by the government in consultation with ADB. The government now expects similar moves by other donors.

- **Better (more inclusive and effective) partnerships in the sector (progress rating-some)**

Power and Energy plays an important role in the overall politics of the country given the expectations of the people for its immediate improvement. This has in turn brought all the parties (stake holders) together ensuring more inclusive and effective partnership in the sector. Recent finalization of Bangladesh Joint Co-operation Strategy (JCS) by donor community and strong involvement of the Government in this process ensured this inclusiveness. This progress got further strengthened by client survey and stakeholders consultations while preparing the latest CAS (2011-2014) of the World Bank. The clients survey identified (a) Governance (b) Power Generation (c) Basic infrastructure and (d) employment creation as development priorities of Bangladesh. The multi-stakeholders consultations also identified development of Power and Energy sector as priority area. The stakeholders also wanted the donors to avoid certain activities, such as (a) Engaging in activities not aligned with country priorities (b) Political partnership (c) making the CAS complicated with unrealistic performance monitoring indicators (d) imposing donor's development priorities and (e) imposing stringent conditions. Power and Energy sector is likely to be a beneficiary of this process.

- **Unintended consequence of PD for aid effectiveness in the sector (unintended impacts on particular groups including Women and Girls)**

There has been no unintended impact of the PD on particular groups including women and girls.

- **Possible alternative ways of achieving more effective aid in the sector**

Much remains to be done to make the aid more effective in the Power and Energy sector. However this is mainly due to non implementation of some of key stipulations of PD like:

- a. Making less conditionalities tied to aid
- b. More use of country systems etc.

In this background, one possible way of achieving more effective aid in the sector is to find some more effective (alternative) way of faster implementation of PD and AAA through more consultations and focussed discussion between government and donors of the sector.

2.4 Key Lessons Learnt

- a. (i) Awareness among GoB officials about PD is insufficient. Consequently the sector could not take full advantage of PD/AAA for further improving aid delivery and aid utilization.
 (ii) There is lack of capacity in GoB and absence of comprehensive plan with necessary TA budget for capacity development of their staff dealing with the challenges of the Power and Energy sector. This lack of capacity seriously hampers the timely implementation of development projects and consequently affects aid effectiveness. Major capacity limitations relate to procurement management skills like weakness in preparing specifications and tender documents, evaluation of tenders for big power and energy projects and subsequent implementation of these projects. A recent assessment of large value procurements approved by the Cabinet Committee for Government purchase found that only a very limited number of contracts could be awarded within bid validity period. Some donors also require capacity building of its staff for faster implementation of PD and AAA. For example, the World Bank in their CAS 2011-2014 identified that on the ground presence of staff with diversified skills and global knowledge was limited in key sector like energy. Capacity building of Planning wing of the Ministry of Power, Energy and Mineral Resources and respective wings of the Planning Commission is also essential to deal with the challenges.
- b. Frequent turnover of GoB officials at different levels is a serious problem in project implementation and for ensuring aid effectiveness.
- c. Poor utilization of development budget and slower disbursement of funds is a major concern. Appreciating this problem some donors has taken extra initiatives to close the gap between commitment and actual disbursement. This is an encouraging development. From GoB's side dedicated units/cells need to be established in the Ministry of Power, Energy and Mineral Resources for dealing with the matters related to aid effectiveness. This initiative needs to be extended to the respective wings of the Planning Commission also.
- d. The government has now well articulated country system and procedure for procurement comparable with international standards. However use of these country systems for donor aided projects remain limited. In case of procurement,

GoB rules are followed in respect of local purchases only though the procurement law of the government was finalized after detailed consultation with donors. Some of the donors are however, of the opinion that as in this sector most of the goods are procured from foreign companies, they need guarantee under international procurement rules which justifies the use of their procedure.

- e. The average plant factor (an indicator of the utilization of generation plants) for most of the power plants is around 45% (the industry standard is around 65%-75%) indicating high level of non-availability and outage of generation plants. As a result overall generation is not increasing to the extent of new addition of generation capacity. So more stress needs to be given by DPs for financing rehabilitation and regular maintenance of existing generation units to ensure their better utilization.
- f. Due to inadequate generation capacity more stress has been given for addition of new generating units during the last two years. However due attention may also be given simultaneously for ensuring addition of adequate capacity of matching transmission and distribution system.
- g. Similarly in the energy sector, matching development of transmission and distribution system in addition to increase production of natural gas needs to be ensured. At present there is serious transmission constraint to transfer gas from North-Eastern part of the Country (Sylhet area) to the South-Eastern part (Chittagong area) though there is potential of immediate increase in gas production in North-Eastern region of the country.
- h. To arrange balanced development of the Power and Energy Sector, introduction of sector wide programme (SWAp) is necessary. However their effectiveness of SWAp in the already introduced sectors may be studied and weaknesses may be identified through an evaluation. Its introduction in Power and Energy Sector may then be considered.
- i. Although over 80% of power generation is gas based, the thermal efficiency remained around 32% though advanced combined cycle gas turbines can achieve a thermal efficiency of 55%. At this moment there is shortage of combined cycle base load plants. The addition of inefficient peaking plants to meet emergency (which can be installed in a short period) is infact resulting in either inefficient use of natural gas or use of costly other primary fuels. As mid term and long term measures, due attention needs to given for establishment of base load combined cycle generation plants. So DPs may come forward with necessary assistance in this area which in turn may enhance aid effectiveness.
- j. To address the issue of over dependency on single source of primary energy-natural gas, government has taken initiatives to harness domestic coal, import LNG and going for nuclear energy for production of electricity. All these new initiatives require putting appropriate regulatory mechanism in place. DPs may come forward with necessary assistance in this area.
- k. Both in the Power and the Energy Sector, the end price is still low requiring huge subsidy from the government. This situation is not sustainable. It is also encouraging inefficient use of energy and discouraging future investments.
- l. Adequate attention needs to be given to demand side management.

Recommendations

- a. Along with capacity building of GoB officials of the Power and Energy Sector, and respective wings of Planning Commission in some specific areas on priority basis, capacity building of relevant DP officials should also be ensured to deal with the challenges of the power and energy sector and faster implementation of PD and AAA.
- b. Frequent turnover of officials dealing with aid should be avoided to take full advantage of the effects of capacity development and ensure retention of institutional memory.
- c. More frequent interactions between DPs and the GoB are necessary to facilitate better cooperation and mutual understanding. There should be joint initiative to close the gap between aid commitment and actual disbursement. Dedicated Units/Cells may be established in the Ministry of Power and Energy and in the respective wings of Planning Commission for dealing with matters relating to aid effectiveness.
- d. DPs should demonstrate more willingness to use the country procurement and financial systems with mutually agreed amendments, if necessary.
- e. More stress should be given by DPs for financing rehabilitation and regular maintenance of existing power generation units to ensure better utilization of these units.
- f. In addition to increasing power generation capacity to meet the demand, addition of adequate capacity of matching transmission and distribution system should be ensured.
- g. Matching development of transmission and distribution system needs to be ensured in the energy sector in addition to exploration and development of production capacity of natural gas in the country.
- h. SWAp should be considered for introduction in the Power and Energy Sector, after addressing the weakness of earlier SWAps introduced in the Health and Primary Education sector through an evaluation.
- i. Due attention should be given for establishment of sufficient capacity of combined cycle base load power plants. DPs should come forward with necessary assistance in this area to enhance aid effectiveness.
- j. Appropriate regulatory mechanism should be put in place at the appropriate time to handle the issue of imported LNG and use of Nuclear Energy for production of electricity. DPs should come forward with adequate assistance in this area.
- k. Immediate price reform of energy should be done to ensure sustainability of the sector.
- l. Due attention should be given to demand side management.

3 Economic Growth Sector: Transport

Summary:

Transport plays a vital role in the process of socio-economic development and has been identified as **a key sector** for accelerated socio-economic development in Bangladesh. Bangladesh has made impressive progress in expanding the road network and improving transport services across the country. Annual Development Program (ADP) 2010-11 provides Tk. 5510.57 crore (GoB 2929.58 Crore and P.A. 2550.99) for implementing 163 projects in the sector. Most of the development and expansion in the sector have happened after Independence with the construction of a large number of national and rural roads under the Roads & Highways Department (RHD) and the Local Government Engineering Department (LGED) respectively and big bridges on the major rivers of the country. The most notable achievement in the sector is the Bangabandhu Bridge which connects North Bengal with the rest of the country and has opened up vast economic opportunities for the people of that region. At present, Bangladesh has an impressive road network of 211,000 kilometers under R&H department and 2, 50,000 kilometers under LGED while the Railway network of different categories spreads over 2035 kilometers.

The sector is **administered** by 4 Ministries responsible for policy formulation, coordination and resource management and by 13 agencies/organizations managing field administration, service delivery and implementation of development projects.

Development in the sector has not been balanced. While road transport and rural infrastructure have received the highest priorities and bulk of the resources, Bangladesh Railways and Inland Water Transport have languished for lack of adequate attention and resources.

The sector faces a number of **challenges** like modernization, upgrading and expansion of Bangladesh Railway (BR), dredging of silted up rivers and channels and removing the traffic congestion in Dhaka City. A number of policy initiatives and long-term development projects have been undertaken by the Government with donor support to meet the challenges and to build up an appropriate multi-modal transport system in the country.

The PD evaluation – phase II concerning the Transport Sector tried to accomplish a number of tasks, e.g. analyzing the present situation of the sector, finding answers to the core evaluation questions, identify important factors affecting the implementation of the PD principles, finding out if implementation of the PD has strengthened the contribution of aid to sustainable development results and so on. Tasks also included making appropriate recommendations for better implementation of the PD principles by addressing the deficiencies and constraints both in the government and the DPs.

Methodology followed in the evaluation included collection of data / information by 1) direct visits to and interviews of concerned officials of GoB and resource persons as well as officials of donor agencies and 2) Review of relevant documents from GoB and donor sources. All transport-related GoB Ministries and agencies were visited and a good number of officials belonging to these organizations were interviewed. Among DP's ADB, W.B, IDB, DFID and JICA were consulted and relevant officials interviewed. The interviews with the GoB and DP officials were most revealing and greatly helped formulation of the recommendations for the sector.

Findings show mixed results. Aid effectiveness and the influence of the PD/AAA has been less than expected. Some changes are noticeable but whether these are due to the PD are not very clear. Though obviously external assistance has helped implementation of important development projects in the sector greatly improving transport services and facilitating connectivity, but it is also clear that PD/AAA principles have not been consciously and diligently implemented by any party. It appears that only moderate improvement has been achieved in the implementation of core PD principles. **Harmonization** is now better structured and is showing signs of improvement. In matters of **ownership** it seems government leadership

in aid coordination and management has improved to some extent. Donors are increasingly **aligning** their support to sector strategic priorities, though the use of country system remains limited. **Predictability of aid** has improved as donors are reflecting their commitments in multi-year programmes. On **managing for results** an initiative under the JCS to prepare a national development results framework is underway. To improve **mutual accountability** some progress has been made through the formation of joint GoB-DP working group for transport sector under the JCS. There has been moderate progress also in other areas like **efficiency of aid delivery, management and use of aid** and **better** (more inclusive and effective) **partnerships** in the sector. However, it will take more time to conclude whether there has been appreciable improvement in aid effectiveness as a result of the Paris Declaration.

The main reasons for the PD process not making much impact are the lack of awareness of the PD/AAA principles among the GoB officials despite ERD's best efforts and failure on the part of both the GoB and the DP's to translate the principles into actual behavioural changes and operational practices across the government and the donor community.

Recommendations have been made in the Evaluation Report, inter alia, to improve PD/AAA awareness, to improve capacity building in GoB agencies, to bring about necessary modifications in their policies and guidelines by the DP's to conform to the PD/AAA principles, and eventually ensure development outcomes to the partner country taking full advantage of the PD/AAA principles and processes.

3.1 Introduction

3.1.1 Background of the Sector Study

Bangladesh as a developing country has been a major recipient of external assistance both from multilateral and bilateral donor sources. This support has come in the form of grants and loans for development projects/ programs and technical assistance for project formulation and capacity development in GoB agencies. Transport is one of the largest economic growth sectors and happens to be the second highest recipient of aid in Bangladesh. The Paris Declaration (PD) and Accra Agenda for Action (AAA) are, therefore, important developments in the context of Transport Sector in particular as in the case of Bangladesh in general as a partner country. Bangladesh is committed to the principles of the PD and is a signatory to Accra Agenda for Action. It took part in the Phase I evaluation of the implementation of the PD and is currently participating in the Phase-II evaluation. Transport has been rightly selected as one of the sector studies as part of the Bangladesh country evaluation. In the following study an attempt has been made to analyze the sector in its various aspects in the context of the PD and AAA and to present findings and recommendations with a view to improved aid effectiveness in the sector.

3.2 Scope of the Study and Methodology:

3.2.1 Scope of work included the following activities:

- Analyze the present situation of transport sector in Bangladesh
- Identify the important factors that have affected the relevance and implementation of the PD in the transport sector
- Find out the potential effects on aid effectiveness and development results
- Find out the extent and ways for improvement in the efficiency of aid delivery, the management and use of aid and better partnership in the sector
- Find out if implementation of the PD has strengthened the contribution of aid to sustainable development results

- Document the results achieved through implementation of the PD in the transport sector
- Highlight the barriers and difficulties that may have limited the effectiveness of the PD and its effects on transport sector & ways that these barriers and difficulties may be overcome
- Assess the role of GoB and DP's in implementation of the PD and the bottlenecks they faced in the process
- Make recommendations for improving aid effectiveness in this sector

3.2.2 The methodology included:

- Data collection from the concerned officials of the government organizations, research institutions, development partners, civil society and others with a carefully formulated instrument/format
- All available documents, reports, recent studies both from DP and Partner Country sources were collected and reviewed to get relevant information
- GoB and DP organizations visited and officials interviewed as well as documents consulted are shown at the annex-4.

3.3 Salient Features of the Sector

3.3.1 Importance of the sector

Transport plays a vital role in the process of socio-economic development in Bangladesh as in other countries. The government of Bangladesh has rightly identified this as one of the key sectors for ensuring accelerated socio-economic development in this country. Transport is also the largest infra-structure sector in the country if we consider the total allocation in The Annual Development Programme (ADP) for 2010-11 which stands at Tk. 5510.57 crore (GoB Tk. 2929.58 crore and Project Aid Tk. 2580.99 crore) and also the number of development projects under implementation (163 in all the sub sectors under the transport sector). In FY 2008-09, the contribution of transport and communication sector to the GDP at constant prices stood at 10.61 percent which is likely to increase in FY 2009-10. Since independence of Bangladesh in 1971, the government has taken big strides to develop a modern transport system to support the needs of a growing economy. A large number of development projects particularly in The Roads & Bridges sub-sector, involving huge financial investment were implemented to expand and modernize the transport system.

3.3.2 Management of the Sector

This large sector is administered by four ministries namely 1) Ministry of Communications (Roads and Railway Division and Bridges Division), 2) Ministry of Shipping, 3) Ministry of Local Government, Rural Development and Cooperatives and 4) Ministry of Civil Aviation and Tourism. These ministries perform mainly policy formulation and coordination roles while functioning through the following agencies / organizations in matters of field administration, service delivery and implementation of development projects:

- 1) Roads & Highways Department (RHD)
- 2) Bangladesh Railway (BR)
- 3) Bangladesh Bridge Authority (BBA)
- 4) Local Government Engineering Department (LGED)

- 5) Bangladesh Road Transport Corporation (BRTC)
- 6) Dhaka Transport Coordination Board (DTCB)
- 7) Bangladesh Road Transport Authority (BRTA)
- 8) Department of Shipping (DOS)
- 9) Bangladesh Inland Water Transport Authority (BIWTA)
- 10) Bangladesh Shipping Corporation (BSC)
- 11) Bangladesh Inland Water Transport Corporation (BIWTC)
- 12) Bangladesh Biman
- 13) Civil Aviation Authority of Bangladesh (CAAB)

In this connection it may be noted that, consistent with other sectors of the economy and other countries in the region, the Planning Commission is responsible for coordinating investment planning, broad sectoral policies and final approval of the sector development projects while the transport-related ministries and agencies mentioned above are responsible for initial formulation, processing and implementation of the projects after final approval by the ECNEC.

3.3.3 Roads & Bridges

At present the country's road network has expanded to an impressive 271,000 Kilometers most of which were built after independence. Bangladesh has developed major road corridors connecting Dhaka with key economic centers and towns, and a network of village roads connecting communities to market centers and main roads. New bridges connect communities with road transport and integrate whole regions thus contributing to a balanced economic development of the whole country and reducing regional disparities. Jamuna Multipurpose Bridge has been the most notable and largest infrastructure project in Bangladesh which was really a dream come true for the people of the country. The bridge combines roadways, a rail track and a natural gas pipeline as well as an east-west electric interconnector providing uninterrupted east-west road and rail communication for the first time. However, Railway on this bridge is on 'cantilever' with speed and load restrictions and hence is inadequate to carry sub regional freight. A parallel second Jamuna railway bridge has now been planned. Other big bridges on the rivers Meghna, Karnaphuli, Teesta, Dhaleswari, Sitalakhya, Buriganga and Padma at Hardinge Bridge point and major highways have contributed to a remarkable improvement in road transport and connectivity between various regions of the country as well as with the capital city. In 1984 the Bangladesh government outlined the rural development strategy focusing on development of infra-structure including roads, markets, storage facilities and minor irrigation. Since then, improved rural roads and other infra-structure through various government and DP-funded projects have created opportunities for economic growth and poverty reduction through a range of mechanisms. Roads have reduced transport costs and in turn the cost of goods and services. Bangladesh at the moment has a rural road network of over 250 thousand kilometers developed and managed by the Local Government Engineering Department.

Most of the road transport services across the Country for both freight and passengers are provided by private operators and regulated by BRTA. Bangladesh Road Transport Corporation (BRTC), a public sector organization, also caters to the transport needs in the capital city as well on inter-district routes alongside the private-sector operators.

Currently a large number of development projects (118 included the ADP 2010-11) both DP-funded and GoB funded with a total allocation of Tk. 2309.67 Crore (GoB Tk. 1721.80 Crore and PA Tk. 597.87 Crore) are under implementation by the Roads & Highways Department while two big projects namely Padma Multipurpose Bridge

Project (about 6.15 km long and supported by ADB, W.B. IDB and Japan) and Dhaka Elevated Expressway will be implemented by Bangladesh Bridge Authority under the Bridges Division. Actual implementation of Padma Bridge project, which at present is under planning and preparatory stage, is expected to start in early 2011 and commissioned by the end of 2013. When completed, all these roads and bridges will bring about a huge improvement in the Transport Sector greatly facilitating economic and commercial activities and substantially contributing to GDP growth in the country. LGED is also implementing a good number of roads and bridges in the rural areas generously supported by DP's which will definitely further improve the communication system across the country and open up economic opportunities to people in the far-flung and inaccessible areas.

3.3.4 Bangladesh Railway (BR)

The overall development of the sector has, however, been lopsided because most of the emphasis and priorities have gone to the Roads and Bridges Sub- Sector while the Bangladesh Railway, which is one of the oldest service- oriented organizations providing environment friendly, less hazardous and cheap transport services, has been neglected to a large extent by both the Government and the DPs and as a result Railways have not been expanded and modernized to meet the requirements of growing passenger traffic and goods transportation. Though Bangladesh Railway has undergone so many experiments since independence essential reforms of the sub sector, such as creation of the Bangladesh Railway Authority did not materialize due to continued bureaucratic and political intervention undermining BR's autonomy in the past. BR has got a total network of 2035.04 kilometer (broad gauge 659.33 km, dual gauge 374 km and meter gauge 1800.88 km). BR seems to have a chequered history going through a series of reforms and restructuring, mainly at the instance of DP's, so that it could turn into a commercially and financially viable organization. As a major transport mode BR's share of passenger and cargo transportation has steadily declined since independence and it has been incurring substantial operating deficits over the years owing to various reasons, and in FY 2008-09 it recorded a revenue expense of TK 1305.40 crore against revenue earnings of TK 625.35 crore leaving a deficit of TK 680.05 crore.

However, at present attempts are going on to transform BR into a viable and commercially oriented organization with managerial, financial and administrative autonomy to meet its objectives. ADB has been in the forefront to provide necessary support to BR through its T.A. project entitled 'Railway Recovery Program (RRP)' focusing on the following key elements of reform: a) Significant deficit reduction, b) Termination of open-ended subsidy, c) Labour organization and institutional reforms and d) Adoption of a rational investment program. As part of its restructuring process with a view to reducing its operating deficit BR took some drastic measures in the past: for example a) reduction of work force from 58000 to 35171 (through voluntary separation and attrition), b) closure of a number of branch lines, stations, workshops, sheds etc and suspension of non-profitable and less important passenger trains, and so on. At the moment further D. P. investment is virtually held up for lack of progress on the reform agenda suggested by the reform consultants and agreed with BR and the DPs. While it may be financially beneficial for BR to become a corporate body along 'Lines of Business' principles with freedom for the Head of the organization to report direct to the Minister, Govt. is thinking of making BR a separate division under the Ministry of Communications, exercising all the powers and authority of a ministry/division. There is however, doubt in some quarters as to whether this arrangement will be effective or counterproductive as this may result in increased bureaucratic tangle on BR's administration and operation.

3.3.5 Inland Water Transport and Seaports

The third important sub-sector of the transport sector is water transport. This sub-sector is administered by the Ministry of Shipping through the Department of Shipping, Chittagong port Authority, Mongla port Authority, Bangladesh Shipping Corporation (BSC), Bangladesh Inland Water Transport Corporation (BIWTC), Bangladesh Inland Water Transport Authority (BIWTA) and Bangladesh Land Port Authority (BLPA).

Bangladesh Inland Water Transport Authority (BIWTA) and the Department of Shipping (DOS), are the main agencies responsible for regulating water transport services which are provided by private operators as well as by the government company BIWTC which is the only major ferry service provider.

Chittagong Port, the largest sea port of Bangladesh, handles about 92% of country's maritime trade. The growth rate of the volume of import and export through the port is about 10% and 80 % respectively. With a view of developing Chittagong as a modern port to meet the growing demand of maritime trade, a range of development programs has been undertaken including a container terminal in the New Mooring Area, procurement of container handling equipment like gantry cranes, capital dredging of Karnaphuli river, computerization of the activities of the Port under the Chittagong Port Trade Facilitation Project, environment management and building of local roads. All these projects have a substantial project aid component.

Mongla is the second largest seaport of Bangladesh handling about 13% of total volume of export and 8% of imports of the country. Several steps have been taken to improve the management of the Port Authority. A number of projects are under implementation to improve the navigability of the Pashur Channel and to ensure more efficient cargo handling and safer ship movement across the Port.

Bangladesh Shipping Corporation, Bangladesh Inland Water Transport Corporation, Bangladesh Inland Water Transport Authority and Bangladesh Land Port Authority are also implementing a number of development projects to strengthen their capacity for improving inland water transport and maritime shipping facilities.

3.3.6 Despite a number of projects and various measures involving huge investments since independence, the Transport sector is facing ever increasing demands of passenger traffic and cargo movement. The Sector, therefore, still requires substantial capacity enhancement and expansion, improvement and modernization of its facilities and assets. The challenges it is facing are indeed daunting and multifarious and call for massive financial investments from both DP and GoB sources to be matched by adequate capacity development on the part of GoB agencies as well as necessary institutional reforms across the sector.

3.3.7 Air Transport accounts for a small percentage of traffic movement and the sub sector does not have any DP-supported development projects under implementation or in the pipeline. We have, therefore, excluded this sub-sector from the scope of our evaluation.

3.4 Challenges for the Sector:

3.4.1. The first and foremost challenge in the Transport Sector relates to the modernization, expansion and reform of Bangladesh Railways. The immediate task is to revive and carry forward the stalled reform program and utilize the ADB funds for the 'Bangladesh Railway Sector Improvement Project' and other available funds which are contingent upon implementation of the reform agenda. Railway urgently needs modernization by way of repair and replacement of tracks, procurement of new locomotives, rehabilitation of existing locomotives, Rehabilitation of passenger coaches, procurement of new wagons and repair of old ones, repair and modernization of signalling system in a good number of stations, modernization of Railway workshops

and measures to reduce accidents. Bangladesh Railway has to be expanded to new areas to cater to the needs of the people and some of the closed lines have to be reopened. Double line in some sections e.g. Tongi Bhairab Bazar is an urgently felt need, and of course, introduction of fast track commuter trains to ease the traffic congestion of Dhaka City should be considered on emergency basis. BR's needs for future expansion should also include Padma Railway Link Project and Rail Link to Myanmar (Chittagong- Ghundhum) to facilitate regional connectivity. Allout efforts should be made to implement the initiatives and projects undertaken by Bangladesh Railway on some of these areas. Reform in the area of management to reduce deficit and reorganize Bangladesh Railway as a fully viable and commercial organization along the 'Lines of Business' principles should be expedited.

- 3.4.2. The next challenge is to reduce accidents and fatalities from Road and Launch accidents. According to official estimates about 4500 people die of road accident alone every year and effective measures should be taken to bring the accident rates down to an acceptable level.
- 3.4.3. The country suffers for lack of adequate and efficient public transport services, mixed traffic condition, poor traffic management and lack of a strong coordinating agency for urban transport. Old and unserviceable buses and other types of motor vehicles ply on the road, drivers show scant respect to traffic rules, owners of buses and trucks are indifferent to all these deficiencies, traffic police are often negligent and corrupt. All these factors which lead to chaos on the roads causing deaths and environmental pollution should be addressed with all seriousness.
- 3.4.4. Dhaka City Traffic has become a nightmare and one of the greatest challenges for the transport sector. Like Dhaka other cities and areas in Bangladesh are also suffering from this terrible traffic congestion. All possible options like metro rail, Bus Rapid transit, Elevated Expressway, Flyovers and drastic regulation of private vehicles should be explored to ease the situation.
- 3.4.5. Though pavement condition in Bangladesh is not so bad compared to many developing countries at similar income level, yet Roads and Railways in Bangladesh need better maintenance. Maintenance is poor and regular repair and supervision is extremely unsatisfactory. Quality of construction, particularly of those roads built with GoB funds, is below international standard, and effective measures by R&H Department and the Ministry of Communications are needed to ensure quality of construction. The R & H subsector is handicapped for lack of adequate flow of road maintenance fund and there is an urgent and unavoidable need for provision of a 'Road Fund' to ensure better road maintenance.
- 3.4.6. Inland water transport in Bangladesh poses problems of overloading, vessels with faulty designs and silted up channels. Strict regulatory measures to prevent overloading and to check the faulty vessels through a properly staffed and empowered Regulatory Body as well as extensive capital dredging of channels can address the problems of Inland Water Transport. IWTA's future improvement plan should, therefore, include dredging of channels and river routes, procurement and installation of navigational aids, and early completion of the two river based Inland Container Terminals (ICT's) at Pangaon and Khanpur.
- 3.4.7. One of the biggest challenges in the sector is capacity development. Project implementation gets delayed, quality of work suffers, service delivery is below standard, financial management and accountability is far from satisfactory, maintenance of assets is highly unsatisfactory, and management efficiency is poor, commitment to work and to the organization is weak and doubtful. The sector also lacks in capacity to use latest information technology. To redress all these ailments capacity development across the sector is an imperative need.
- 3.4.8. Improving and strengthening governance and elimination of corruption are the hardest of challenges in the Sector. Corruption has caused suspension of DP-support

for a number of important projects and diminished DP interest for future in the sector. World Bank has virtually withdrawn from the sector, except the LGED sub-sector, though DP support is unavoidable for future expansion and modernization in the sector. It is necessary to reform R & H from its 1962 based structure into a dynamic organization, with proper accountability mechanism and financial management system. In this context recommendation of the World Bank assisted 'Operation Risk Management Study' needs to be implemented.

- 3.4.9. Transport is a vast sector and its continued expansion, strengthening and upgrading is essential for the socio-economic development of this country. Greater resource mobilization and increased DP-support to meet the funding requirements for on-going and future projects/ programs while ensuring better utilization is a big challenge for both DP's and the government and serious attempts should be made to meet this challenge.
- 3.4.10. Last but not the least challenge for the sector is to successfully implement the development projects which are on-going and in the pipeline so that the desired expansion and improvement in terms of assets and facilities could be achieved within the given time-frame. It is also a big task to implement the policies and strategies adopted towards sustainable development of the sector and to meet the increasing demand for passenger and cargo handling facilities and services in the country. Government must fully own the reform agenda and its actions should be consistent with the agreed broad sector strategy and policies. The Railway has over the years gone through a series of experiments and restructuring, mainly at the behest of DP'S, but it is still groping for an ideal management philosophy and structure so that it can play a satisfactory role as a strong and viable transport mode. There is no denying the fact that reform of BR and R & H Department is essential. The current reform agenda therefore has to be approved and implemented without further loss of time.

3.5 Steps Towards Change and Future Outlook:

- 3.5.1. The government of Bangladesh has taken a number of policy initiatives and formulated some strategic and long-term plans to address the challenges of the Sector. a) In 2004 the government adopted the National Land Transport Policy (NLTP) which outlines the Policy objectives, Policy Issues as well as a timely Strategic Policy for improvement, expansion and efficient management of Roads, Bridges, and Railways, encouraging both public and private sector participation. b) Much earlier in 1984 the government outlined its rural development strategy focusing on development of infrastructure in the rural areas for providing economic opportunities to the rural population. Under this strategy a large number of roads, bridges and culverts have been built which have greatly changed the transport and communication scenario in the districts and Upazillas of Bangladesh. c) The government approved in 2007 a Strategic Transport Plan (STP) with the help of Louis Berger Group and involving Dhaka Transport Coordination Board (DTCB) and Bangladesh University of Engineering & Technology (BUET) to ease the transport and traffic problems of greater Dhaka. This plan will have provisions for Metro Rail, Commuter Trains and will also include the Padma Bridge Rail link with all surrounding areas. d) The next initiative is the Road Master Plan which is a 20-year plan to be implemented by the R & H department. e) Another important policy initiative is the Integrated Multi-modal Transport Policy (IMTP) which is awaiting cabinet committee approval f) Coming to the Railway, the Perspective Plan 2010-2021 covering the 6th and 7th 5-year plans will give emphasis on the hitherto neglected Bangladesh Railway and when implemented is likely to transform BR into an efficient, viable and largely improved transport mode. In addition to this perspective Plan, for an overall improvement of BR, its corporatization is being considered as the long term agenda, and in the interim restructuring BR into Lines of Business (LoB), upgrading BR's financial management system, upgrading BR's personnel planning, training and utilization, and autonomy to fix its tariff by itself are

the key reform agenda under consideration of the government. . g) Government is also trying to respond to the challenges of the Water Transport sub-sector and has completed the IWT Master Plan which the shipping Ministry will soon begin to implement.

- 3.5.2. As for development projects being approved for increasing the sector's capacity, the most prominent is the Railway Master Plan which is at the final stage of approval. Under this Plan to be included in the 6th 5-year Plan, about 127 projects have been identified by BR with a total estimated cost of Tk.43 thousand and 510 crore. Some of the important projects included in the Master Plan are: 913 km new Rail lines and reopening of some closed lines, construction of 213km double lines with 2 big Railway bridges, Rehabilitation of 1402km rail lines, Procurement of 186 locomotives and 450 passenger coaches, Improvement of the signalling system in 113 stations, construction of one Inland Container Depot (ICD) and 2 new stations, Procurement of 143 locomotives, 20 sets of DHMU and 1403 wagons of different types, rehabilitation of 560 passenger coaches and 337 wagons of different types. Currently about 28 development projects of various dimensions are under implementation by BR involving Tk. 816.25 crores with project aid component of Tk.481 crore. Out of 28 projects, 11 have substantial project aid component. Completion of these projects will not only enhance the place of Railways in the transport system, but will also ensure more comfortable and safe journey by Railways. Moreover the WB's support in 2006 (for an amount of US\$40 million) provided under the Bangladesh Railway Reform Programmatic Development Policy Credit will go a long way to improve BR's management and efficiency.
- 3.5.3. Roads and Highways Department is implementing 112 development projects involving Tk. 3878.44 crore. These projects/programs will not only further improve the surface transport facilities but will substantially contribute to poverty reduction, consistent with the NPRSP of the government. It is expected that future development of roads will follow the Road Master Plan and will also ensure private sector participation through PPP. Bangladesh Bridge Authority under the Bridges Division will be implementing the Padma Multi-purpose Bridge which is a very high priority project receiving the utmost attention and resource mobilization efforts of the government. This project will dramatically improve the connectivity of 19 districts in the southern part of the country with the Capital and the rest of the country. Bridges Division has also been entrusted with the task of implementing the Dhaka Elevated Expressway Project through PPP which is likely to ease the transport and traffic congestion in Dhaka.
- 3.5.4. The Inland Water Transport Sub-sector is currently implementing 5 projects to improve the capacity of Chittagong and Mongla Sea Ports as well as other Inland River Ports and improve the navigability of rivers and channels and the Ferry Services. Management of the New Mooring Container Terminal including container handling is expected to be done by private operators. Mongla port requires a detailed study on its development options and may be developed under a long term plan. All the above development activities, bulk of which are receiving substantial donor assistance, will definitely make a positive impact on the Transport Sector as a whole to meet the challenges of the sector and contribute to significant GDP growth in the Country.

3.6 Role of Aid and Relevance of the PD in the Sector

- 3.6.1 External assistance plays a significant role in the sector. In fact Transport is the second highest recipient of aid next to Power and Energy. Since 1971-72 until 2008-2009 a total of approximately US\$ 5055.6 million of foreign aid has been disbursed in the sector. In the current ADP 2010-11 a provision exists for taka 2581 crore as foreign aid for 163 projects which represents almost 47% of the total allocation.

- 3.6.2 ADB, Japan, WB, IDB, China, India and South Korea are the major development partners for the transport sector. World Bank has played the role of lead donor agency in some of the important projects in the sector notably the Bangabandhu Jamuna Multi-purpose bridge co-financed by WB, ADB and Japan. At present ADB seems to be in the forefront of DP's providing aid to the sector, particularly to the hitherto neglected Railway subsector. ADB's Railway Recovery Program aimed at bringing about essential reform in the BR will prove a very timely gesture. WB's TA and funding support to the Railway will also significantly help railway reform which is the crying need of the hour. All the big and complex bridge projects in Bangladesh have been generously funded by DPs. Bangabandhu Jamuna bridge, a number of big bridges on the rivers Meghna, Karnafuli, Sitalakhya, Buriganga and Padma and all the important highways were all constructed with DP support. Rural road network projects in Bangladesh also received generous and spontaneous support from DPs. The Padma bridge project which is at the final stage of planning and which will be the longest river bridge in Bangladesh is expected to be financed by a donor consortium consisting of ADB, WB, IDB, Japan and Abu Dhabi Fund. The long term/ perspective plans of all the subsectors within the transport sector are expected to receive adequate donor support in course of time. All the institutional and financial reform agenda in the sector will definitely attract support from major donors.
- 3.6.3 Aid has made big and lasting impacts in the sector and in fact in the Bangladesh economy as a whole. The contribution of aid is definitely visible in case of some of the big projects in the sector like Bangabandhu Bridge and other bridges on the rivers Meghna, Sitalakhya, Dhaleswary, Buriganga and Karnaphuli as well as other roads and highways. The projects implemented with DP support have tremendously improved regional connectivity and have linked up rural and otherwise inaccessible areas to major roads, cities and the business centres. Passenger and cargo movement has been greatly facilitated across the country. We have come a long way from the days of bullock carts and country boats, thanks to all the aid programs for the sector. Primary producers are getting better value for their products. The roads and bridges including the rural roads have really opened up commercial and employment opportunities to different segments of the population and have substantially contributed to economic growth in the country. It was estimated that the Transport sector contributed about 10.65% in FY 2008-09 and 10.76% in FY 2009-10 to GDP growth in the country.
- 3.6.4 Though the sector has received large volume of aid since 1971-72 the comparative scenario prior to the PD and after the PD is not very encouraging. The sector needs massive DP support and this requirement is steadily increasing as new projects/ programs are being planned and the economy is gradually expanding. But DP support is not increasing in line with the growing demand. Following available figures of aid received between 2000-01 and 2005-06 and 2006-07 and 2008-09 indicate that the volume of aid is shrinking or has plateaued whereas this expanding sector needs increased quantum of aid which, if coming into the pipeline, will be in keeping with the PD/AAA objectives.
- 3.6.5 The PD/AAA principles have a strong and direct relevance to the sector as this is one of the largest growth sectors in the country. Implementation of the PD principles will contribute to capacity development and strengthening of governance and is also likely to influence donor policies and practices eventually improving aid effectiveness and ensuring better development outcomes in the sector. Moreover greater understanding and mutual accountability between DPs and the Government, one of the features of the PD/AAA, will have a salutary effect on the performance of the sector having a direct bearing on the socio economic development and GDP growth in the country.

Sector: Transport*(Taka in Crore)*

Fiscal Year	Allocation for Projects as per Revised ADP						Utilization as per IMED's Annual Report				
	Sectoral Total	GoB Taka	Project Aid	Technical Assistance		Self Financed	Total	GoB Taka	Project Aid	Technical Assistance	Self Financed
				GoB	Project Aid						
2000-01	3722.24	1834.44	1887.80	3.72	30.06	88.00	3298.79	1882.86	1415.93	24.52	89.82
2001-02	3230.05	1553.98	1676.11	4.88	25.22	48.58	2799.60	1608.01	1191.59	14.53	74.76
2002-03	3246.83	1881.27	1365.56	2.05	10.39	78.29	2912.38	1790.62	1121.76	24.29	55.19
2003-04	3382.05	1867.05	1515.00	3.70	35.34	NA	3034.11	1899.92	1134.19	31.46	NA
2004-05	3366.89	2339.96	1026.93	2.56	31.00	NA	3030.96	2172.81	858.14	47.59	NA
2005-06	2995.28	2333.57	661.71	2.68	27.56	NA	2784.54	2216.16	568.37	21.21	NA
2006-07	3191.93	2393.60	798.33	2.67	25.86	NA	2580.55	2010.18	570.38	25.97	NA
2007-08	2590.24	2040.35	549.89	4.92	23.13	NA	2011.46	1692.05	319.42	22.84	NA
2008-09	2526.18	1693.45	832.73	4.40	68.76	NA	1997.06	1546.70	450.36	34.84	NA

3.7 Findings on the sector evaluation**3.7.1 Country ownership over development: (Progress Rating: some)**

Government leadership in aid co-ordination and management has improved to some extent. Government's role and leadership at present in project formulation and implementation is also showing appreciable improvement. DPs also seem to be encouraging the government to come up with their priorities and strategies. LCG working group for aid co-ordination in the sector is co-chaired by GoB and DP representatives. GoB now has sector strategies with clear result-oriented strategic priorities. In addition to the broad strategy outlined in NSAPR-II (revised) in the transport sector, there are appropriate strategies for all the sub sectors under the sector. Policies and strategies like the National Land Transport Policy, Rural Development Strategy containing a strong rural roads component, Strategic Transport Plan (STP), Road Master Plan, Integrated Multimodal Transport Policy (IMTP), the Perspective Plan 2010-2011 for Bangladesh Railway and the IWT Master Plan are all conspicuous examples of government leadership in strategic planning involving substantial aid utilization in the sector.

Increased monitoring and scrutiny through the parliamentary process of progress within the sector strategy is also more visible and real than before. Though a dedicated parliamentary process for sector strategy progress review is yet to emerge, the standing committees on the ministries representing the sector are quite active and sit at regular intervals with good commitment and meaningful participation of their members to monitor the progress of development projects including aided projects.

The ministries representing the sector are already under the MTBF coverage. However explicit linkages between the strategies and MTBF as well as the annual budget are yet to be established.

The NSAPR was prepared under country leadership through an extensive and wide-ranging consultative process involving the civil society, local authorities, the private sector and the country's best Economists and development activists. However sub-sectoral strategies did not receive the benefit of such inclusive and wide-ranging consultation but was developed mainly with the inputs from specialists and officials in the relevant sub sectors.

Strategies and development projects in this sector though not directly contributing to gender equality, human rights or disability considerations, certainly respond to environmental sustainability requirements. While undertaking projects in the sector a detailed Environmental Impact Assessment is normally carried out particularly in case of big bridge and highway projects. The detailed and highly rigorous environmental mitigation and resettlement plans done in case of Jamuna Multi Purpose Bridge and Padma Bridge Projects provide some of the best examples in this context.

3.7.2 Alignment: (Progress rating: some)

Donors are increasingly aligning their support to the sector's strategic priorities. They are giving more weightage to government priorities and taking up GoB's priority projects more readily than before. Almost all projects are selected for funding support in consultation with the government. All DPs at present follow the country's NSAPR in project selection. The massive support given to such priority projects as the Jamuna Bridge, the Padma Bridge and the Railway Modernization Programme are some of the best examples of alignment of DP support to country priority in the sector.

However, use of country system in the sector remains limited. In case of all international procurement DP guidelines and procedures have to be followed, while in respect of local purchases GoB procurement Act/ Rules are followed, though not entirely. DPs do not accept the government's recent amendments in the procurement rules concerning use of lottery system and allowing lower limit for new comers as bidders though Govt. is offering a strong justification for this amendment. The donors feel that these amendments detract from the integrity and credibility of the procurement process and therefore could have been avoided.

In matters of public financial management there is no use of country system.

Some improvements have taken place in capacity development across the Govt. largely through DP supported TA programmes. For example, in procurement and public financial management some initiatives have been taken to improve and strengthen the capacity of line ministries including the transport sector. The gradual building up of the CPTU and the training provided by the institution is proving very useful. But capacity building programmes which are mostly funded by DPs need better monitoring in order to derive the desired benefits from the programmes. Unfortunately, we have to go a long way to ensure a more committed, efficient and transparent management system in the country.

The principle of alignment is expected to get a boost from the process initiated under the Bangladesh Joint Cooperation Strategy 2010 which acknowledges that aligning DP support to national development plans and strategies is a pre-condition to improved aid effectiveness. The deliberations in the Bangladesh Development Forum and the regular dialogue at the sector level envisaged in the joint GoB-DP LCG working group are all expected to make further improvement in aligning DP support to GoB priorities/strategies in this sector. A question has, however, arisen in the context of aid effectiveness if major decisions are taken by DPs at the Headquarters or at the country offices and the uniform response from GoB agencies is that all DPs take major decisions at their Headquarters, while DPs feel that this is an unqualified remark. Though the final decision is taken at the Headquarters, 90% of the work towards a final decision is done at the country office. Moreover all decisions concerning project financing or disbursement upto certain financial limits are taken at the country office. For example, World Bank allows local office to approve works upto \$25 million, goods upto \$10m and consultancy upto \$3 million. GoB officials feel that DP'S should take more decisions at the country office to ensure quick and more efficient aid utilization by the GoB.

3.7.3 Harmonization: (Progress rating: some)

There have been some improvements in the principle of harmonization. Harmonization is now well structured with the reorganization of the local consultative group and the adoption of the Joint Cooperation Strategy. LCG is now more active than before in all sectors including the Transport sector. Progress in harmonization has also been achieved through the sector wide approach in some sectors while in case of transport sector donor harmonization is best illustrated in the financing of the Jamuna and Padma bridge projects. These projects are co-financed by major DPs under a harmonized system which was very effective in the Jamuna bridge project and is expected to be equally effective in the Padma bridge project.

No visible improvement seems to have taken place in division of labour and in fact there is difference of opinion among DPs in this respect. For example, EU wants division of labour among DPs where in case of some sectors or projects certain DPs may be active while others may act as silent partners. Opinion varies in respect of pool funding also which is a mechanism for harmonized donor support to a sector. Some DPs are not so keen on pool funding considering that in pool funding the transaction cost is high. Even co-financing and parallel co-financing is considered not so desirable and rather difficult to manage.

Looking at harmonization one positive development is that all traditional donors provide untied aid to the sector. Harmonized procedures are followed in jointly financed projects.

Predictability of aid has certainly improved. Donors are reflecting their commitments in multi-year programs and operational plans. ADB's Country Operations Business Plan 2011-2013 and WB's Country Assistance Strategy are good examples.

Dialogues in LCG and BDF 2010 and the Agreed Action Points would all facilitate predictability of aid in coming years. However the nature of conditionalities within the sector has not changed and the rate of disbursement of aid has not improved.

3.7.4 Managing for results: (progress rating: some)

The PD principle of Managing for Results is showing some progress. An initiative under JCS to prepare a National Development Results Framework is under way. Moreover, a large number of workshops, seminars and consultations undertaken since 2005 have resulted in greater consciousness on the part of both GoB and DPs to strive for better results for aid utilization. Medium Term Budget Framework (MTBF) is a good example of improved aid management.

Stakeholders' participation in the 'milestone decisions' meetings and regular holding of 'Co-financiers' Monitoring Committee (CMC)' meetings, initiated in the Jamuna Bridge Project and followed by the Padma Bridge Project are good examples of managing for results for improving aid effectiveness.

Results are also visible, though not on the same scale, on other fronts like gender equality, environment, poverty reduction and female employment. Capacity building in many departments/organizations is being supported systematically through DP funded TA projects. However, it will take more time to find conclusive evidence and to correctly judge if implementation of the PD has accelerated progress towards development results.

3.7.5 Mutual Accountability: (Progress rating: some)

Mutual accountability has not shown significant improvement according to most GoB agencies who feel that DP'S cannot be made accountable to the GoB. A minority of GoB agencies, however, consider that mutual accountability has improved because

DP'S these days share their views / findings with the GoB. DP's supporting the Transport Sector maintain that mutual accountability is improving though the concerned line Ministries/ agencies claim that they have not seen the DP's findings on the alleged irregularities in some projects which have caused W.B.'s withdrawal from the R & H sub-sector.

Of late some progress in mutual accountability, as in case of other principles, has been achieved through the formation of joint GoB-DP working group for transport sector under the JCS. Following activities also promote mutual accountability: ERD publishes sector wide report on aid flows pretty regularly. Regular audit is conducted by C&AG on use of aid in this sector. Development expenditure including expenditure on aided projects is publicly disclosed through annual budget documents. However, audit reports are not publicly available.

3.7.2. Conclusions on the effects of Paris Declaration implementation:

<p>A. Report against the 3 components of Core Question 2 with respect to the sector /area:</p> <ul style="list-style-type: none"> • Improvements in the efficiency of aid delivery to the sector. 	<p>Progress Rating</p> <ul style="list-style-type: none"> • <u>Some</u>
<ul style="list-style-type: none"> • Improvements in the management and use of aid in the sector. 	<ul style="list-style-type: none"> • <u>Some</u>
<ul style="list-style-type: none"> • Better (more inclusive and effective) partnerships in the sector 	<ul style="list-style-type: none"> • <u>Some</u>
<p>B. Have there been unintended consequences of the Paris Declaration for aid effectiveness in the sector (e.g. unintended impacts on particular groups including women and girls)?</p>	<ul style="list-style-type: none"> • <u>None</u>

3.8 Key Lessons Learnt

- 3.8.1. Development in the Sector has been very lopsided. Most of the attention, priorities and resources have gone to the Roads & Bridges sub-sector while the Railways and Inland Water Transport have lagged behind. The railway and IWT sub-sectors have not received adequate support either from the GoB or the DPs as a result of which necessary development in these sub-sectors has suffered.
- 3.8.2 The sector is characterised by lack of capacity development and poor governance despite many DP supported TA programmes.
- 3.8.3 Corruption remains a challenge for improving aid effectiveness in the sector. The World Bank suspended funding any R&H projects for lack of transparency and alleged corruption in three projects namely a) Flood Rehabilitation Project b) Bonpara - Hatikamrul Road, and c) Mohakhali Flyover project. The issue still remains unresolved to the detriment of the development interest of the sector.
- 3.8.4 There is little awareness of the PD/AAA principles among the GoB officials. Consequently no Ministry/Agency is trying to take advantage of the PD/AAA for further improving aid delivery and aid utilization. It seems only the ERD knows about and conducts some aid effectiveness activities while the rest of the government suffers from a blissful ignorance or indifference about them, though ERD has organized a number of discussions and workshops on the subject. During our interviews all the officials from Secretary to Assistant Secretary /Assistant Chief, with the lone exception of CE, LGED, needed extensive briefing on PD/AAA principles and the benefits which could accrue from a conscious implementation of these principles. Much more therefore needs to be done to increase awareness of the PD/AAA principles in this sector.

- 3.8.5 Partly because of the lack of knowledge and understanding and the consequent inaction on the part of GoB agencies and partly because of the lack of full commitment and absence of attitudinal and procedural changes in the DP bureaucracies the PD/AAA has not made the desired impact or influence on aid effectiveness. PD influence has been little in most areas and some in other areas and it is business as usual almost everywhere.
- 3.8.6 It appears has not been any conscious change or modification in their policies and guidelines by DPs after 2005 though certain processes like strengthening of Country Management Unit, increased authority to country level task manger, systematic and regular programming for aid delivery and management are helping improved aid effectiveness.
- 3.8.7 It seems that PD principles are not consciously translated into operational and management practices by DP's or GoB officials. We have not heard of any occasion where any GoB delegate referred to the PD principles in course of loan negotiations or project appraisal with a view to securing better terms and conditionalities. Changed practices and procedures on the basis of the PD principles are certainly likely to improve aid effectiveness, but GoB officials are yet to take any advantage offered by the PD/AAA.

3.9 Recommendations

- 3.9.1 Awareness of PD/AAA principles should be increased and institutionalized across the government. ERD has to play a more productive and expanded role and take all appropriate measures to sensitize line ministries and agencies related to Transport sector on aid effectiveness issues.
- 3.9.2 Aid Effectiveness Units/Cells should be set up in all transport related Ministries. These Cells will be required to carry out research on aid effectiveness matters, track progress on the challenges of aid effectiveness, maintain constant liaison with the ERD and feed aid negotiators and senior officials of the Ministry with relevant information /data and suggestions to promote aid effectiveness and ensure maximum PD outcomes for the sector.
- 3.9.3 DP's need to be more forthcoming to promote aid effectiveness. They have to make necessary modifications and changes in their policies and guidelines so as to conform to the PD principles. DP's should make greater use of the country systems and assist GoB in further improving the systems. The role and structure of the BDF and the LCG should be further streamlined and these mechanisms should be made more vibrant and productive. Joint Cooperation Strategy should not be a paper exercise only but should be put to serious use by the parties to maximize the aid outcomes.
- 3.9.4 Capacity development in GoB Ministries/Agencies, including those of transport sector should be the most important priority action by all DP's and the GoB. Better project formulation, implementation capabilities, ability to solve problems quickly and facilitate coordination with relevant Ministries/Agencies, personnel management, motivation and commitment to work and financial management, ability to perform reliable cost-benefit analysis are the important areas requiring careful attention in the capacity development process.
- 3.9.5 Both the donors and the government must seriously endeavour to translate the PD principles into actual behavioural change and operational practices within the DP and GoB bureaucracies, otherwise the principles will remain as pious wishes only without any actual impact on aid delivery and management.
- 3.9.6 The Government must be in the driving seat and further strengthen its role and function in aid management. Government should also take the ownership of the various policies and strategies in the transport sector and mainstream these into all development planning for the transport sector.

- 3.9.7 Government must make all out efforts to improve efficiency, commitment and accountability of the bureaucracy as well as political leadership. Avoidance of too much turnover in administration, ensuring the benefits of training, closer and effective monitoring of activities and strict adherence to Rules and Instructions by officials should be the norms of administration. All officials should keep in view the imperative need for timely implementation of projects, most efficient use of resources, minimizing wastage and ensuring transparency in the interest of desired development outcomes.
- 3.9.8 PD evaluation should be a continuous process and post evaluation or impact assessment of all development projects should be undertaken on a regular and continuous basis. IMED should be further strengthened by means of adequate and more committed manpower, more scientific and reliable evaluation methodologies and improved logistics. Each Ministry also should have an Evaluation Unit and the Planning Cells of the ministries should be strengthened with adequate manpower and logistics.
- 3.9.9 Gap between commitment and disbursement should be reduced. Donor conditionalities should be less stringent and easier for the partner country to fulfil. Procurement guidelines should be simplified and easy to follow; donors should delegate more authority to the local office and facilitate better dialogue and sharing of information between implementing agencies and DP officials. GoB accounting system should be more transparent and easy to access. Both DP's and the government should focus more on governance and adopt a policy of zero tolerance for corruption and delay and must strictly adhere to it.
- 3.9.10 DP's may consider designating an Aid Effectiveness official in the headquarters and the local office who will constantly follow up the PD implementation measures taken by the respective DP as well as the government.
- 3.9.11 Government should strengthen the Planning Commission, and in respect of the Transport Sector, the Physical Infrastructure Division of the Commission and invest it with more authority and responsibility to oversee aid utilization in the sector, to undertake special monitoring of aided projects/TA's and advise the Ministry/ Agencies on mechanisms to meet the challenges of aid effectiveness. Transport Sector Coordination Wing in the Planning Commission should be strengthened.
- 3.9.12 Good and effective coordination among relevant ministries and agencies dealing with urban transport should be ensured. Dhaka Transport Coordination Board (DTCB) should be further empowered to ensure better coordination of all activities related to improving the transport system in Dhaka.
- 3.9.13 More frequent and in-depth follow-up of the decisions/ understandings of the BDF and LCG should be conducted by both DP's and the government.
- 3.9.14 GoB attention should not always be on more aid, but on better and timely utilization of aid.
- 3.9.15 While massive investments are necessary for the improvement and modernization of the transport network, government must also recognise the simultaneous need for reform of the sector and the sub sectors and act accordingly to ensure sustainability in the long run.
- 3.9.16 The country should aim at a future transport system which will be based on multi-modal transport facilities with balanced improvement of roads, railways and ports.
- 3.9.17 Anomalies in the priorities and allocation of resources within the Transport Sector should be removed and greater attention should be given by both the DP's and the government to the Railway and Water Transport sub-sectors to build up an appropriate multi-modal transport system in the country.

- 3.9.18 The Policy Frame-works and Master Plans, including the Rail Master Plan drafted long ago, for a sustainable development of the sector should be approved and fully implemented with generous support from the DP'S.
- 3.9.19 Regulatory system in the Transport sector should be strengthened to ensure better discipline which is totally absent and to minimize accidents which have become everyday affairs in the country. BRTA, BIWTA and DOS should be invested with more legal and administrative authority and provided with better logistics and manpower so that they can prove equal to their task which is getting more and more honourous as time passes.
- 3.9.20 A 'Road Fund' should be established as an urgent measure to ensure adequate and quality maintenance of the primary and secondary road network in the country.
- 3.9.21 Government should adopt a sustainable Operation and Maintenance (O & M) Policy and a realistic Toll Policy for its major river bridges including the Jamuna Bridge, under R & H Department and Bangladesh Bridge Authority.
- 3.9.22 Land acquisition rules and procedures should be further simplified to facilitate speedy project implementation and aid utilization.
- 3.9.23 For co-financing, which is very common in large transport sector projects it takes additional time to reach the desired alignment for a procurement system because each development partner has its own procurement guidelines. So a common procurement guideline needs to be prepared by the development partners while co-financing a large project.
- 3.9.24 Training on international procurement procedures (including PPP projects) for government officials may be provided under technical assistance funded by the DPs.
- 3.9.25 Jamuna Bridge Project, though predating the PD, was an ideal project which conforms to all the five principles of the Paris Declaration for successful and timely implementation of the project. So for improving aid effectiveness the same procedures may be followed for implementation of large infrastructure projects.
- 3.9.26 The reform programme for BR supported by JICA, ADB and WB and aiming at increasing BR's autonomy and accountability, improving corporate governance and management structure within BR and creating a conducive environment for investment in BR facilitating more efficient rail operations and services to users, should be implemented without further loss of time.
- 3.9.27 It is necessary to set monitorable indicators e. g. reduction in the number of road accidents etc in a year to properly assess progress in the sector.

4 Cross Cutting Issue: Climate Change

Summary

Bangladesh is considered as a country most vulnerable to the negative impacts of climate change. Its vulnerabilities affect all aspects of livelihood including food security, health, water resources, infrastructure, transport, etc. This study on climate change as a cross cutting issue will specifically assess the current status of DP's funding and implementation of PD principles in the management and utilization of fund. The evaluation was conducted through review of literature and relevant documents, focus group discussion and interview of stakeholders.

Floods, tropical cyclones, storm surges and droughts are common environmental threats. Frequent natural disasters and fast growth rate of population with high density make Bangladesh most vulnerable to climatic risks. Climate change will cause huge internal and external migration of displaced communities from coastal and wetland basin areas, uprooting these migrants from their habitat as well as livelihood. The challenges and concomitant investment requirements are enormous with a view to building a medium to long-term program for enhancing resilience to climate shocks and facilitating low carbon and sustainable growth. Bangladesh requires huge resources both financial and technological to cope with climate change hazards.

Bangladesh has taken many important initiatives to combat climate change vulnerabilities and has also managed to draw international attention and cooperation to address climate change adaptation in Bangladesh. The GoB actively took part in many Conference of Parties (COP) of the United Nations Framework Convention on Climate Change. Bangladesh has made substantial contributions in COP14 in Poznan, 2008, COP 15 in Copenhagen, 2009 and COP 16 in Cancun, 2010. The country launched the National Adaptation Program of Action (NAPA) in 2005. The NAPA was updated in 2009, it identified 45 adaptation measures of which 18 are for immediate and medium term interventions. In 2008 the GoB also prepared the Bangladesh Climate Change Strategy and Action Plan (BCCSAP) and it was revised in 2009. Recently GoB set up a Climate Change Trust Fund (CCTF) and institutionalized its implementation. All these programs and activities reflect the GoB commitment and ownership to manage climate change vulnerabilities.

Complementary to the GoB initiatives, DPs have established a multi donor Bangladesh Climate Change Resilience Fund (BCCRF) with an amount of US\$ 110 million. A draft implementation manual for BCCRF has been prepared awaiting approval of the GoB. A two tier governance arrangement for BCCRF has been proposed with a high level governing council and a management committee, consisting of representatives from GoB and DPs. But most of the responsibilities for management of the fund have been given to the World Bank. There is an apprehension that the management of fund is going to be donor led and consequently will be lacking in country ownership. Besides, the World Bank group and Asian Development Bank have initiated a project entitled Pilot Program for Climate Resilience (PPCR) with an amount of US\$110 million from the global Climate Change Investment Fund. This project would be managed by a group of Banks following a procedure different from that of BCCRF. In addition, at present DPs are committing resources, mostly in the form of TA to combat climate change adverse impact.

In order to improve harmonization, it would be worthwhile to consider a unified management system of BCCRF and PPCR at this initial stage of developing the procedures to avoid management complexities.

For greater aid effectiveness, the capacity of the Ministry of Environment and Forest (MoEF) as well as all other concerned ministries need be enhanced to address climate change threats. The Department of Environment needs to be strengthened with professionally qualified persons to do the monitoring and evaluation of the implementation of the projects

funded through CCTF, BCCRF and PPCR. There should be a well established Laboratory set up in the Department of Environment in order to conduct survey, vigilance and research on emerging climate change issues.

Multiple players are active in the climate change with overlapping mandates and some of them are patchy, sometimes parallel strategies and road maps exist complicating the processes of harmonization and alignment. There is a need of strong stewardship for effective coordination. The capacity of the nodal ministry is relatively weak not only for coordination of DPs program but also for helping developing programs of different participating ministries and agencies. The programs on climate change of the Ministry of Agriculture, Ministry of Fisheries and Livestock, Ministry of Health and Local Government Engineering Department need to be well developed and effectively coordinated.

The prioritization of programs in the BCCSAP has not been done as reported by some of the DPs. Series of stakeholder consultation on priority fixing should regularly be organized by the MoEF. There is also need for determining the path of integration of climate change programs in the mainstreaming planning process of the Planning Commission.

4.1 Introduction

4.1.1 Background

The geographic location and geomorphologic condition of Bangladesh have made the country one of the most vulnerable ones to climate change. Climate change vulnerabilities affect all aspects of livelihood including food security, crops, livestock, fish, bio-diversity, environment, water resources & ground water dependent irrigated agriculture, industry, infrastructure, transport, navigation and public health. Floods, tropical cyclones, storm surges and droughts are common threats to Bangladesh. Extreme flood frequency has increased in the recent years. In the last twenty five years, Bangladesh has experienced six severe floods. These happen in the months just before and after the monsoon. During recent years cyclone Sidr (2007) and Aila (2009) hit the southern region of Bangladesh. Devastating Sidr affected 33 districts and Aila affected 26 districts damaging around 9 million households with huge loss of crops, livestock and fishery. They also made considerable damage to infrastructures and coastal embankments. Bangladesh experienced moderate to severe droughts in 1973, 1978, 1979, 1981, 1982, 1989, 1994, and 1995. The Fourth Assessment of Intergovernmental Panel on Climate Change (IPCC) has also observed increased climate variability and extreme events in Bangladesh.

Rising global temperature are likely to increase the frequency and intensity of cyclones in the Bay of Bengal as well as monsoon rainfall, resulting in catastrophic floods in the Ganges–Brahmaputra–Meghna Basin. Sea level rise and the consequent coastal flooding and saline intrusion into aquifers constitute serious threats. The challenge of climate change will exacerbate by the fast growth rate and high density of population. This will have large negative impact on people's livelihood and her prospect to improve growth performance and reducing poverty.

4.1.2 Scope and Methodology

The purpose of the phase-2 evaluation is to document, analyze and assess the relevance and effectiveness of the Paris Declaration in the country and its contribution to aid effectiveness and ultimately to development results, including poverty reduction. In this context the evaluation in respect of climate change as cross cutting issue more specifically focuses on the current status of DP's funding in climate change, assessment of the application of PD principles in the management of aid and the determination of GoB's capacity on resource utilization. Also the evaluation identifies some emerging issues and suggests remedial measures.

Evaluation was conducted through review of literature and relevant documents from United Nations Framework Convention on Climate Change (UNFCCC), IPCC, UNDP, World Bank, ADB, different ministries of the Government of Bangladesh (GoB), Development Partners (DPs) and Civil Society Organizations (CSO). Questionnaire for data collection was prepared and discussed with different GoB officials and DPs. The programs of the following academic/research institutions were reviewed: Bangladesh Agricultural Research Council (BARC), Bangladesh Agricultural Research Institute (BARI), Bangladesh Agricultural University (BAU), Bangladesh Rice Research Institute (BRRI), Bangladesh University of Engineering and Technology (BUET) and Dhaka University (DU).

Some focus group discussions were also held. Several discussions were held with the members from CSOs actively engaged with climate change studies and adaptation. The findings from reviews, interviews and data collection through questionnaire were analyzed to prepare the report.

4.1.3 Salient features

According to the Bangladesh Bureau of Statistics (2007) about one-fifth of populations are hard core poor who consume less than 1805 kcal per capita per day (BBS, 2007). Bangladesh had an estimated 40.2 million undernourished people in 2004-06. Food security worsens with inter-year shortfall in food grain production caused by climatic variations and natural disaster such as floods, tidal surge, drought, insects and pests attacks.

Bangladesh grows 46 economic crops of which rice are the dominant, producing more than 33 million tons annually. Besides, about 8.0 million metric tons of potato, 0.79 million metric tons of oilseed and 0.66 million metric tons of pulses are produced. All these crops require temperature between 18-25°C and are highly sensitive to fog, cloud and change in humidity. Results from crop simulation studies examining climate change impacts on agriculture showed a negative impact on crop productivity in Bangladesh.

Fisheries, livestock and forestry sectors are also largely affected by climate change variability. The impact is aggravated by disaster, flood, rising salinity, changing course of the rivers etc. It affects habitat's alteration, fish reproduction, fish migration, natural fish breeding and fish biology. Livestock production is also affected by the climate changes due to reduction in the quality and availability of feed, water, increased diseases and other environmental stresses.

As the country is located between the Himalayas and the Bay of Bengal and with three major rivers converging on its territory, Bangladesh will remain prone to floods, torrential rains, erosion, and severe cyclonic storms and tidal surge. The climate change induced devastating events will worsen livelihood of people with increased poverty.

4.1.4 Challenges

Climate variability and changes are clearly critical development issues for Bangladesh. Global climate change models predict that mean temperature will increase with greater warming in winter. Also, the pattern of rainfall will change notably with higher precipitation during the monsoon months and drier conditions in winter. These trends could negatively impact agro productivity and the economic development of the country. Furthermore, future climate change will almost certainly create new types of problems including the frequency and intensification of natural disaster, aggravating poverty & food security and water supply threatening livelihood. All these will create severe challenges and these need to be tackled.

Climate change will cause huge internal and external migration of displaced communities from coastal and wetland basin areas. Such migration will uproot these migrants from their habitat as well as livelihood. The most important challenge is going to be the reduction of risk of hazards turning into disasters. While structural measures are needed in preventing the impacts of such hazards, non-structural measures are equally important particularly the community preparedness against disasters and post-disaster. These displaced communities need intensive training to develop their capacity to meet the challenges of new situation. However, issues of vulnerability must be addressed to ensure proper protection of lives and livelihoods of migrants.

Nevertheless, the challenges and concomitant investment requirements are enormous with a view to building a medium to long-term program for enhancing resilience to climate shocks and facilitating low carbon and sustainable growth. Bangladesh requires huge resources both financial and technological to cope with climate change hazards. It's a great challenge for the international community to mobilize global resources for supporting the implementation of National Adaptation Program of Action (NAPA) and Bangladesh Climate Change Strategy and Action Plan (BCCSAP).

4.1.5 Steps towards Change

The government has taken several positive actions to implement BCCSAP-2009. GoB set up a 'Climate Change Trust Fund (CCTF) and allocated about US\$ 100 million in its budget for tackling climate change. A similar amount has been budgeted for 2010-11 as well. Early this year government has instituted a Board for managing CCTF. The government has also established a Climate Change Unit under the MoEF to deal with all matters related to climate change and implementation of BCCSAP -2009.

So far the CCTF has approved a total of 66 projects (38 from GoB and 28 from NGOs). Thirty four GoB projects are under implementation of which 4 are on food security, social protection and health, 3 for comprehensive disaster management, 7 for infrastructure, 6 for research and knowledge development and 6 for mitigation and low carbon development.

The country has invested heavily in adaptation measures such as flood management schemes, coastal embankments, cyclone and flood shelters, as well as raising roads and highways and research and development towards climate resilient farming. Over the last three decades Bangladesh has developed some ability to manage disasters, in particular, floods and cyclones.

4.2 Role of Aid and Relevance of the PD

The governments of Bangladesh and the United Kingdom jointly organized a conference in London in September 2008 to highlight the climate change vulnerability of Bangladesh and need for international cooperation. In the London conference, a multi-donor trust fund for climate change was proposed as a modality for the Development Partners (DPs) to support Bangladesh in implementing the BCCSAP. Following this, the Bangladesh Climate Change Resilience Fund with an amount of US\$ 110 million with contribution from number of donors was set up in May 2010. The DFID has committed US\$86.7 million, Sweden US\$11.5 million, Denmark US\$1.6 million (DKK 10 million) and the EU US\$10.4 million to BCCRF. No other DPs so far made any commitment to the BCCRF. The World Bank Group and Asian Development Bank are processing a project entitled the Pilot Programme for Climate Resilience (PPCR) for US\$110 million from global fund as part of the Climate Change Investment Fund.

During recent years several DPs are active and only now committing some resources, but mostly with Technical Assistance (TA) to climate change programs of BCCSAP. It is difficult to compile an exhaustive list as the process of commitment by DPs is in transition, however, a list so far obtained is provided in the table 1.

Table 1: Some Commitment/ ongoing DP's supported projects on climate change

Name of Donors	Title of the project	Amount
ADB	Supporting Implementation of Bangladesh Climate Change Strategy and Action Plan	\$ 2.0 million
	Strengthening the Resilience of the Water Sector in Khulna to Climate Change	\$ 600 thousand
	Emergency Disaster Damage Rehabilitation	\$ 120 million
	Adaptation and Impact Assessment	\$ 1.2 million
CIDA	Bangladesh Environmental Institutional Strengthening Project (BEISP)	\$ 5.0 million
	Emergency Disaster Damage Rehabilitation Project' of ADB	\$ 10.2 million
DFID	CDMP by supporting Climate Change Cell of MoEF	£ 12.0 million
	'Climate Change Program –Climate and Life' (2009-2014)	£ 30.0 million
Denmark	Support to some Climate Change Projects	DKK 25 million
German Technical Cooperation (GTZ) & European Commission	Complementary project of ' Integrated Protected Area Co-management Project	\$ 7.0 million
EU	Action plan on Climate Change in Development	Euro 23.3 million
EU/FAO	Support to Assist Landless and Small Farmers in Impoverished Area	\$ 10 million
JICA	Emergency Disaster Damage Rehabilitation Project	JPY 6.9 billion
	Grant for Disaster Prevention and Construction of Multipurpose Cyclone Shelters in the cyclone Sidr affected areas	JPY 960.0 million
	Grant for Flood Forecast/ Warning System	JPY 260.0 million
	Small Scale water Resource Development Project	JPY 7.5 billion
USAID	Integrated protected area co-management	\$ 15 million
	Construction of 75-100 Multi-purpose cyclone shelters in cyclone Sidr affected areas of Khulna and Barisal	\$ 38.4 million
Sweden International Development Agency (SIDA)	UNICEF Post Cyclone Project	SEK 24.3 million
Swiss Agency for Development and Cooperation (SDC)	Emergency Assistance for cyclone Sidr and for post flood rehabilitation	\$ 5.5 million
United Nations Development Programme (UNDP)	Community based adaptation to climate change through coastal afforestation	\$ 5.6 million
	Second National communication to the UNFCCC	\$ 0.5 million
	Comprehensive Disaster Management Program (CDMP-II)	\$ 50 million
	Poverty- Environment- Climate Mainstreaming.	\$ 3.0 million
	Coastal and Wetland Biodiversity Management at Cox's Bazar and Hakaluki Haor	\$ 5.0 million
	Sustainable environmental Management Program (SEMP)	\$ 26.4 million
World Bank	Empowerment of Coastal Fishing Communities (FCFC)	\$ 6.0 million
	Clean Air and Sustainable Environment	\$ 62.2 million
	Water Management Improvement Project (WMI)	\$ 102.26 million
	Rural Electrification and Renewable Energy development (RER Project)	\$ 130 million
	Emergency Cyclone Recovery and Restoration Project	\$ 109 million

Source: Personal Communication

4.2.1 Financing Need

Cyclone Sidr in 2007 and Aila in 2009 caused extensive damages and huge losses. The Aila affected people are still suffering and fighting for survival in the coastal areas. Restoration and repairing of coastal polders and roads inside the polders, providing safe drinking water and sanitation, food, shelter and health facilities are the priority areas for assistance in Aila affected areas. GoB will not be able to meet all these needs with its own resources.

The magnitude of funding required for climate change adaptation in Bangladesh is yet to be estimated accurately. Revised NAPA and MoEF identified 45 priority projects under six thematic areas which are roughly estimated to cost more than US\$ 4 billion to implement. BCCSAP has roughly estimated the cost of about US\$ 500 million for years 1 and 2 to support programs for immediate actions such as strengthening disaster management, climate proofing of infrastructure, ensuring food and water security, research and knowledge management, capacity building and public awareness programs and urgent investment in cyclone shelters. The total costs estimated in the BCCSAP for programs commencing in the first 5 years is estimated at \$5 billion. According to a recent study by the Institute of Water Modeling (IWM), Bangladesh needs at least \$4.17 billion, only for the construction of polders to save the lives of coastal people from sea level rise and storm surge. A joint assessment carried out by the GoB and DPs after Sidr in 2008 estimated that US\$1.4 billion is required in the short term and US\$ 4 billion in the long-term for adaptation and mitigation measures.

Bangladesh Development Forum 2010 agreed on many actions on natural resources and climate change that includes specific actions on the southern delta on agricultural productivity and climate change adaptation, participatory water management, coastal embankment rehabilitation, river dredging and climate change adaptation. The GoB has initiated a large number of programs to help manage climate related impact. The financing need for this purpose is huge and mobilizing adequate and timely financing is vital to address the looming challenge. There is a wide resource gap and the government welcomes more DP support for climate change adaptation, reducing green house gas emission and Comprehensive Disaster Management Program (CDMP).

4.3 Findings: Paris Declarations and Accra Agenda for action on aid effectiveness on climate change

4.3.1 Country ownership over development

The GoB has taken several important initiatives particularly for adaptation and has managed to draw international attention and cooperation to address climate change vulnerability in Bangladesh. The country signed the United Nations Framework Convention on Climate Change (UNFCCC) in June 1992, ratified it in 1994 and the Kyoto Protocol was ratified in 2001. GoB has submitted the Initial National Communication (INC) to UNFCCC in October 2002 and is now preparing its second national communication which will be completed by this year. The GoB has already adopted the Hyogo Framework for Action (HFA) and is working on its five areas of priority action, guiding principles and practical means for achieving disaster resilience for vulnerable communities in the context of sustainable development.

The country launched the National Adaptation Program of Action (NAPA) in 2005. The NAPA was updated in 2009 and identified 45 adaptation measures with 18 immediate and medium term adaptation measures. The National Capacity Self-Assessment (NCSA) for implementing the provisions of multilateral agreements was launched in 2007 where capacity building for climate change received high priority. GoB also prepared the Bangladesh Climate Change Strategy and Action Plan (BCCSAP) in 2008 and further revised it in 2009. It contains six thematic areas: (a) food security,

social protection and health; (b) comprehensive disaster management; (c) infrastructure development; (d) research and knowledge management; (e) mitigation and low-carbon development; and (f) capacity building and institutional strengthening. The government has enacted climate change Trust Fund Act 2010.

Bangladesh has been an active participant in many international discussions of Conference of Parties (COP) of the United Nations Framework Convention on Climate Change. Bangladesh's initial response to the Bali Action Plan in December 2007 emphasized that the specific interventions within the country have to be within the framework of ensuring the security of food, water, energy and livelihood for her people. The statement given by Bangladesh on behalf of the Least Developed Countries (LDCs) at the UN General Assembly in 2008 emphasized that LDCs need immediate international support to build their resilience to global warming and climate change. Subsequently Bangladesh actively took part in climate change talks in COP 14 in Poznan, 2008, COP 15 in Copenhagen, 2009 and recently COP 16 in Cancun, 2010.

The recent Bangladesh Second Poverty Reduction Strategy Paper (PRSP-2) emphasizes mainstreaming and strengthening climate change adaptation across various sectors including improved crop production practices, watershed management, and particularly in the coastal zone. It also focuses increasing afforestation, building cyclone shelters and embankments, improving salinity control measures, enhancing public awareness, climate research, and data collection. During recent years the country has developed several national policies: The Draft National Disaster Management Policy (2008), National Food Policy (2006), National Environmental Management Action Plan (1995), National Land Use Policy (2001), the Coastal Zone Policy, 2005 and the National Agriculture Policy (1999).

The creation of BCCRF for DP funding is a positive step towards ownership building although there are some problems of operation. The BCCRF is managed by a two tier management arrangements with number of ministers and representatives from several DPs in the Governing Council including Country Director of the World Bank. The management committee is represented by GoB, DPs and World Bank. These are sufficiently high level bodies but with limited responsibilities. World Bank on the other hand has been given almost sole responsibilities of financial management right from project preparation to grant agreement signing and implementation. The management committee will recommend project funding where there are members from DPs and WB in the management committee. After the submission of the completed project by the ministry the Bank team will do the appraisal as per Bank procedures.

The Bank team will prepare the negotiation package and a draft grant agreement. Once the negotiation package is cleared by the Country Director, the DPP is approved by the governing council. Afterward negotiation on the grant agreement will take place between ERD on behalf of GoB and the Bank with the recipient. Grant agreement for each project is expected to be signed by the Ministry of Finance and Country Director of the Bank. Before the fund is disbursed the Bank will again ensure fiduciary due diligence before the grant is declared effective. The entire procedure of project preparation is mostly dominated by the Bank, and the role of GoB is rather minimal. The ownership of the GoB on the BCCRF supported project is poor. This is contrary to the spirit of PD principles. Because of too many steps and so much bureaucracy of the Bank, the project preparation is going to be lengthy and aid utilization would be rather difficult. Different stakeholders would be discouraged to participate in the BCCRF supported such complex project.

Only at present, some DPs are active in supporting climate change but mostly with TA. It is noted that many of these are being implemented by NGOs. As a result there is problem of building GoB ownership over these resources. The entire process of Aid on Climate Change is in transition. The scope for judgment on progress using PD indicators is rather difficult. Progress rating: Some

4.3.2 Alignment:

The Bangladesh Country Assistance Strategy of World Bank (2011- 2014) and the Climate Change ADB program, 2010 clearly showed strong alignment with the GoB plans and programs, more specifically with the NAPA and BCCSAP. The objective of BCCRF is to support the implementation of BCCSAP. The programs of other DPs are also supporting the Government policies and programs but some DPs are still reluctant to support the BCCSAP due to the lack of prioritization of 45 programs from 6 thematic areas. According to some DPs the Trustees of the CCTF and its technical committee are largely dominated by the members from government and the bureaucracy. A large number of proposals were received from the NGOs. The process for evaluating the proposals is not transparent and taking long time. Progress rating: Little.

4.3.3 Harmonization

So far the Government of Bangladesh received commitment of two major DP Supported funds, these are BCCRF Trust Fund of about US \$ 110 million and another is the PPCR investment program from global fund of US \$ 110 million. The group of Bank is managing both the funds keeping separate identity of these two funds.

The management of PPCR is proposed to be kept relatively simple, essentially building on existing organizational arrangements to the extent possible. The Ministry of Environment and Forest (MoEF) is the focal Ministry and it already has a Climate Change Unit (CCU) to be converted into Climate Change Department (CCD) which is supposed to coordinate the climate change related activities of all GoB agencies. For the PPCR, a specific Project Steering Committee (PSC) would be established to be attached to the CCU (CCD), with membership from all ministries and agencies taking part in the PPCR. Primary responsibility of the PSC, chaired by the Joint Secretary (MoEF), would be to provide overall guidance for all PPCR activities.

The group of banks is managing two funds BCCRF and PPCR with different procedures, without harmonization. During project management these will create many complications and management problems. Progress rating: None.

4.3.4 Managing for development results

Many DPs mentioned that a monitoring framework must be developed through public private consultation process before BCCRF project are in operation. Some results obtained from agricultural adaptation trials on climate change are not mainstreamed through the national extension and research systems. Program building on agriculture and food security for the vulnerable areas is not made through extensive review and consultation of the ongoing programs of different institutes of national agricultural research system (NARS). Progress rating: None

4.3.5 Mutual Accountability

This is too early to assess mutual accountability. Many stakeholders mentioned that there should be more consultations on program building specially for the preparation of budget and accounting in the BCCRF project preparation. The results from the implementations of BCCSAP are yet to be obtained in order to measure mutual accountability. Some DPs mentioned the need of capacity building of the MoEF. The MoEF does neither has a visionary capacity building plan nor possess enough capacity to manage a large number of TAs from different DPs. The TAs are of short duration and if not properly coordinated may yield poor results and consequently there would be less capacity build up.

4.4 Conclusion

- I. Climate change is an emerging cross cutting issue in Bangladesh. It affects food security, livelihood and many other important sectors limiting economic development of the country. Bangladesh signed the United Nations Framework Convention on Climate Change (UNFCCC) in June 1992 and ratified it in April 1994. The country also ratified the Kyoto Protocol in October 2001. GoB has submitted the Initial National Communication to UNFCCC in October 2002.
- II. Bangladesh launched the NAPA in 2005 and it was updated in 2009. It identified 45 adaptation measures with 18 immediate and medium term interventions. GoB also prepared the BCCSAP in 2008 and revised in 2009. The NAPA and BCCSAP are now being used by different stakeholders and DPs to combat climate change vulnerabilities.
- III. The Government has created a donor funded BCCRF with US \$ 110 million. The DFID has provided major support of US \$ 86.7 million. Sweden, Denmark and the EU have provided some supports to BCCRF. No other DPs so far made any commitments to the BCCRF. The creation of BCCRF is a positive step towards building ownership but its management is through the procedures of IDA giving less authority to the Governing Board and Management Committee of BCCRF.
- IV. The key theme of the World Bank Management Framework is the alignment of BCCRF funds into the Bank's operational and administrative policies and procedures. Hence, the implementation manual for the BCCRF complements the internal policies and procedures of IDA or the World Bank. This is contrary to the spirit of PD principles and ownership of the management of the fund by GoB.
- V. The World Bank Group and Asian Development Bank are supporting the pilot program for climate resilience (PPCR) with an amount of US \$ 110 from Global Fund independent of BCCRF. The management system of BCCRF and PPCR is different, creating complexity of management and operation for the GoB. In order to improve ownership, it would be worthwhile to reconsider a unified management system at this initial stage of developing procedure.
- VI. The MoEF do not have adequate capacity to effectively manage a large number of TA components from different DPs. The MoEF do not have any visionary Capacity Building Plan to address emerging climate change threats in Bangladesh.
- VII. The MoEF has created a unit of climate change under a project. It will only manage CCTF projects not those of the BCCRF and PPCR. The capacity of the unit is yet to be developed to manage all other climate change funds/ projects.
- VIII. Some DPs are not providing support to climate change fund because of poor prioritization of programs in NAPA, BCCSAP and less transparency on the governance. The DPs are waiting to see the operation of the implementation manual of BCCRF and they want it finalized through an open transparent process.

4.5 Lessons learnt and Recommendations

From different interviews of GoB officials and DPs some recurring issues emerged. Many of the issues are pertinent to expedite AID effectiveness:

- I. **GoB capacities:** The MoEF is a relatively small ministry and does not have adequate capacity to work with the emerging challenges on climate change with different stakeholders, DPs and international negotiations. The climate change unit created under a project yet need to be fully staffed by professionals and qualified technicians in order to enhance their capacity to identify the magnitude of the problem. The unit should not work as like as departments or directorate rather it should be an integral wing of the ministry. The climate change

unit should have well developed capacity to do planning, programming, monitoring, evaluation and coordination of all climate change activities across different departments and ministries. The skill of the professional staff working in different Ministries including Planning Commission need to be enhanced to deal with emerging climate change issues.

- II. **TA component:** Although a large number of TA supports is provided by different DPs to MoEF, the capacity has not been enhanced to a substantial level because of lack of a Visionary Training Plan of the MoEF. The Department of Environment needs to be strengthened with qualified professionals to do the monitoring and evaluation of the implementation of the projects funded through GoB Trust Fund, PPCR and BCCRF. There should be a well established Laboratory set up in the department of environment in order to conduct survey, vigilance and research on emerging climate change issues.
- III. **Management of CCTF:** The technical committee of the GoB Trust Fund may benefit of taking more professional members from the civil society, NGOs and the private sector. There should be a transparent project evaluation process.
- IV. **Governance of BCCRF:** The BCCRF is managed by two tiers management arrangements with number of ministers and representatives from several DPs in the Governing Council and Country Director of the World Bank. The Management Committee is represented by GoB, DPs and WB. These are sufficiently high level bodies but with limited responsibilities. WB on the other hand has been given almost sole responsibilities of financial management right from project preparation to grant agreement signing and to some extent implementation.
- V. **GoB ownership on the management of BCCRF and PPCR:** The entire procedure of project preparation is mostly dominated by the Bank, and the role of GoB is rather minimal. The ownership of the GoB on the BCCRF supported project management is rather poor. This is contrary to the spirit of PD principles. The government should seriously review the implementation procedure(s) of both BCCRF and PPCR to avoid complications of management and implementation. Both government and DPs should harmonize the procedures to make it simple into a unified system.
- VI. **Coordination:** Multiple players are active in the climate change with overlapping mandates and some of them are patchy. There is need of strong stewardship for effective coordination. The capacity of the nodal ministry is relatively weak not only for coordination of DPs program but also for helping developing programs from different participating ministries and agencies. The Ministry of Agriculture, Ministry of Fisheries and Livestock, Ministry of Health and Local Government Engineering Department have role and responsibility both for adaptations and mitigations. The important organizations are the NARS and national agriculture technology transfer systems along with some NGOs working in climate change. All these need to be coordinated at different steps for program building, its implementation, monitoring and evaluation. The National Technical Coordination Committee (NTCC) operating for technology generation and transfer at BARC need to be integrated into the coordination process.
- VII. **Prioritization of program of activities:** The prioritization of programs in the BCCSAP has not been done as reported by some of the DPs. As a result they are reluctant to support it and commit fund to BCCRF. This is also true for different ministries and departments carrying out climate change programs which are not yet oriented in line with the program of BCCSAP. Series of stakeholder consultation on priority fixing should regularly be organized.

Mainstreaming: Different ministries and DPs have their own strategies and road maps. Sometimes parallel strategies exist complicating the processes of harmonization and alignment. The MoEF need to systematically assess those. There is also need for determining the path of integration of climate change programs in the mainstreaming planning process of the Planning Commission.

Annex 1

Paris Declaration on Aid Effectiveness



PARIS DECLARATION ON AID EFFECTIVENESS

Ownership, Harmonisation, Alignment, Results
and Mutual Accountability

I. Statement of Resolve

1. We, Ministers of developed and developing countries responsible for promoting development and Heads of multilateral and bilateral development institutions, meeting in Paris on 2 March 2005, resolve to take far-reaching and monitorable actions to reform the ways we deliver and manage aid as we look ahead to the UN five-year review of the Millennium Declaration and the Millennium Development Goals (MDGs) later this year. As in Monterrey, we recognise that while the volumes of aid and other development resources must increase to achieve these goals, aid effectiveness must increase significantly as well to support partner country efforts to strengthen governance and improve development performance. This will be all the more important if existing and new bilateral and multilateral initiatives lead to significant further increases in aid.

2. At this High-Level Forum on Aid Effectiveness, we followed up on the Declaration adopted at the High-Level Forum on Harmonisation in Rome (February 2003) and the core principles put forward at the Marrakech Roundtable on Managing for Development Results (February 2004) because we believe they will increase the impact aid has in reducing poverty and inequality, increasing growth, building capacity and accelerating achievement of the MDGs.

Scale up for more effective aid

3. We reaffirm the commitments made at Rome to harmonise and align aid delivery. We are encouraged that many donors and partner countries are making aid effectiveness a high priority, and we reaffirm our commitment to accelerate progress in implementation, especially in the following areas:

- i. Strengthening partner countries' national development strategies and associated operational frameworks (e.g., planning, budget, and performance assessment frameworks).
- ii. Increasing alignment of aid with partner countries' priorities, systems and procedures and helping to strengthen their capacities.
- iii. Enhancing donors' and partner countries' respective accountability to their citizens and parliaments for their development policies, strategies and performance.
- iv. Eliminating duplication of efforts and rationalising donor activities to make them as cost-effective as possible.
- v. Reforming and simplifying donor policies and procedures to encourage collaborative behaviour and progressive alignment with partner countries' priorities, systems and procedures.
- vi. Defining measures and standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary safeguards and environmental assessments, in line with broadly accepted good practices and their quick and widespread application.

4. We commit ourselves to taking concrete and effective action to address the remaining challenges, including:

- i. Weaknesses in partner countries' institutional capacities to develop and implement results-driven national development strategies.

- ii. Failure to provide more predictable and multi-year commitments on aid flows to committed partner countries.
- iii. Insufficient delegation of authority to donors' field staff, and inadequate attention to incentives for effective development partnerships between donors and partner countries.
- iv. Insufficient integration of global programmes and initiatives into partner countries' broader development agendas, including in critical areas such as HIV/AIDS.
- v. Corruption and lack of transparency, which erode public support, impede effective resource mobilisation and allocation and divert resources away from activities that are vital for poverty reduction and sustainable economic development. Where corruption exists, it inhibits donors from relying on partner country systems.

5. We acknowledge that enhancing the effectiveness of aid is feasible and necessary across all aid modalities. In determining the most effective modalities of aid delivery, we will be guided by development strategies and priorities established by partner countries. Individually and collectively, we will choose and design appropriate and complementary modalities so as to maximise their combined effectiveness.

6. In following up the Declaration, we will intensify our efforts to provide and use development assistance, including the increased flows as promised at Monterrey, in ways that rationalise the often excessive fragmentation of donor activities at the country and sector levels.

Adapt and apply to differing country situations

7. Enhancing the effectiveness of aid is also necessary in challenging and complex situations, such as the tsunami disaster that struck countries of the Indian Ocean rim on 26 December 2004. In such situations, worldwide humanitarian and development assistance must be harmonised within the growth and poverty reduction agendas of partner countries. In fragile states, as we support state-building and delivery of basic services, we will ensure that the principles of harmonisation, alignment and managing for results are adapted to environments of weak governance and capacity. Overall, we will give increased attention to such complex situations as we work toward greater aid effectiveness.

Specify indicators, timetable and targets

8. We accept that the reforms suggested in this Declaration will require continued high-level political support, peer pressure and coordinated actions at the global, regional and country levels. We commit to accelerate the pace of change by implementing, in a spirit of mutual accountability, the Partnership Commitments presented in Section II and to measure progress against 12 specific indicators that we have agreed today and that are set out in Section III of this Declaration.

9. As a further spur to progress, we will set targets for the year 2010. These targets, which will involve action by both donors and partner countries, are designed to track and encourage progress at the global level among the countries and agencies that have agreed to this Declaration. They are not intended to prejudice or substitute for any targets that individual partner countries may wish to set. We have agreed today to set five preliminary targets against indicators as shown in Section III. We agree to review these preliminary targets and to adopt targets against the remaining indicators as shown in Section III before the UNGA Summit in September 2005; and we ask the partnership of donors and partner countries hosted by the DAC to prepare for this urgently¹. Meanwhile, we welcome initiatives by partner countries and donors to establish their own targets for improved aid effectiveness within the framework of the agreed Partnership Commitments and Indicators of Progress. For example, a number of partner countries have presented action plans, and a large number of donors

¹

In accordance with paragraph 9 of the Declaration, the partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) comprising OECD/DAC members, partner countries and multilateral institutions, met twice, on 30-31 May 2005 and on 7-8 July 2005 to adopt, and review where appropriate, the targets for the twelve Indicators of Progress. At these meetings an agreement was reached on the targets presented under Section III of the present Declaration. This agreement is subject to reservations by one donor on (a) the methodology for assessing the quality of locally-managed procurement systems (relating to targets 2b and 5b) and (b) the acceptable quality of public financial management reform programmes (relating to target 5a.ii). Further discussions are underway to address these issues. The targets, including the reservation, have been notified to the Chairs of the High-level Plenary Meeting of the 59th General Assembly of the United Nations in a letter of 9 September 2005 by Mr. Richard Manning, Chair of the OECD Development Assistance Committee (DAC).

have announced important new commitments. We invite all participants who wish to provide information on such initiatives to submit it by 4 April 2005 for subsequent publication.

Monitor and evaluate implementation

10. Because demonstrating real progress at country level is critical, under the leadership of the partner country we will periodically assess, qualitatively as well as quantitatively, our mutual progress at country level in implementing agreed commitments on aid effectiveness. In doing so, we will make use of appropriate country level mechanisms.

11. At the international level, we call on the partnership of donors and partner countries hosted by the DAC to broaden partner country participation and, by the end of 2005, to propose arrangements for the medium term monitoring of the commitments in this Declaration. In the meantime, we ask the partnership to co-ordinate the international monitoring of the Indicators of Progress included in Section III; to refine targets as necessary; to provide appropriate guidance to establish baselines; and to enable consistent aggregation of information across a range of countries to be summed up in a periodic report. We will also use existing peer review mechanisms and regional reviews to support progress in this agenda. We will, in addition, explore independent cross-country monitoring and evaluation processes – which should be applied without imposing additional burdens on partners – to provide a more comprehensive understanding of how increased aid effectiveness contributes to meeting development objectives.

12. Consistent with the focus on implementation, we plan to meet again in 2008 in a developing country and conduct two rounds of monitoring before then to review progress in implementing this Declaration.

II. Partnership Commitments

13. Developed in a spirit of mutual accountability, these Partnership Commitments are based on the lessons of experience. We recognise that commitments need to be interpreted in the light of the specific situation of each partner country.

OWNERSHIP

Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions

14. **Partner countries** commit to:

- Exercise leadership in developing and implementing their national development strategies² through broad consultative processes.
- Translate these national development strategies into prioritised results-oriented operational programmes as expressed in medium-term expenditure frameworks and annual budgets (**Indicator 1**).
- Take the lead in co-ordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging the participation of civil society and the private sector.

15. **Donors** commit to:

- Respect partner country leadership and help strengthen their capacity to exercise it.

² The term 'national development strategies' includes poverty reduction and similar overarching strategies as well as sector and thematic strategies.

ALIGNMENT

Donors base their overall support on partner countries' national development strategies, institutions and procedures

Donors align with partners' strategies

16. **Donors** commit to:

- Base their overall support — country strategies, policy dialogues and development co-operation programmes — on partners' national development strategies and periodic reviews of progress in implementing these strategies³ (**Indicator 3**).
- Draw conditions, whenever possible, from a partner's national development strategy or its annual review of progress in implementing this strategy. Other conditions would be included only when a sound justification exists and would be undertaken transparently and in close consultation with other donors and stakeholders.
- Link funding to a single framework of conditions and/or a manageable set of indicators derived from the national development strategy. This does not mean that all donors have identical conditions, but that each donor's conditions should be derived from a common streamlined framework aimed at achieving lasting results.

Donors use strengthened country systems

17. Using a country's own institutions and systems, where these provide assurance that aid will be used for agreed purposes, increases aid effectiveness by strengthening the partner country's sustainable capacity to develop, implement and account for its policies to its citizens and parliament. Country systems and procedures typically include, but are not restricted to, national arrangements and procedures for public financial management, accounting, auditing, procurement, results frameworks and monitoring.

18. Diagnostic reviews are an important — and growing — source of information to governments and donors on the state of country systems in partner countries. Partner countries and donors have a shared interest in being able to monitor progress over time in improving country systems. They are assisted by performance assessment frameworks, and an associated set of reform measures, that build on the information set out in diagnostic reviews and related analytical work.

19. **Partner countries** and **donors** jointly commit to:

- Work together to establish mutually agreed frameworks that provide reliable assessments of performance, transparency and accountability of country systems (**Indicator 2**).
- Integrate diagnostic reviews and performance assessment frameworks within country-led strategies for capacity development.

20. **Partner countries** commit to:

- Carry out diagnostic reviews that provide reliable assessments of country systems and procedures.
- On the basis of such diagnostic reviews, undertake reforms that may be necessary to ensure that national systems, institutions and procedures for managing aid and other development resources are effective, accountable and transparent.
- Undertake reforms, such as public management reform, that may be necessary to launch and fuel sustainable capacity development processes.

21. **Donors** commit to:

- Use country systems and procedures to the maximum extent possible. Where use of country systems is not feasible, establish additional safeguards and measures in ways that strengthen rather than undermine country systems and procedures (**Indicator 5**).

- ³ This includes for example the Annual Progress Review of the Poverty Reduction Strategies (APR).
- Avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes (**Indicator 6**).
 - Adopt harmonised performance assessment frameworks for country systems so as to avoid presenting partner countries with an excessive number of potentially conflicting targets.

Partner countries strengthen development capacity with support from donors

22. The capacity to plan, manage, implement, and account for results of policies and programmes, is critical for achieving development objectives — from analysis and dialogue through implementation, monitoring and evaluation. Capacity development is the responsibility of partner countries with donors playing a support role. It needs not only to be based on sound technical analysis, but also to be responsive to the broader social, political and economic environment, including the need to strengthen human resources.

23. **Partner countries** commit to:
- Integrate specific capacity strengthening objectives in national development strategies and pursue their implementation through country-led capacity development strategies where needed.
24. **Donors** commit to:
- Align their analytic and financial support with partners' capacity development objectives and strategies, make effective use of existing capacities and harmonise support for capacity development accordingly (**Indicator 4**).

Strengthen public financial management capacity

25. **Partner countries** commit to:
- Intensify efforts to mobilise domestic resources, strengthen fiscal sustainability, and create an enabling environment for public and private investments.
 - Publish timely, transparent and reliable reporting on budget execution.
 - Take leadership of the public financial management reform process.
26. **Donors** commit to:
- Provide reliable indicative commitments of aid over a multi-year framework and disburse aid in a timely and predictable fashion according to agreed schedules (**Indicator 7**).
 - Rely to the maximum extent possible on transparent partner government budget and accounting mechanisms (**Indicator 5**).
27. **Partner countries** and **donors** jointly commit to:
- Implement harmonised diagnostic reviews and performance assessment frameworks in public financial management.

Strengthen national procurement systems

28. **Partner countries** and **donors** jointly commit to:
- Use mutually agreed standards and processes⁴ to carry out diagnostics, develop sustainable reforms and monitor implementation.
 - Commit sufficient resources to support and sustain medium and long-term procurement reforms and capacity development.
 - Share feedback at the country level on recommended approaches so they can be improved over time.

⁴ Such as the processes developed by the joint OECD-DAC – World Bank Round Table on Strengthening Procurement Capacities in Developing Countries.

29. **Partner countries** commit to take leadership and implement the procurement reform process.
30. **Donors** commit to:
- Progressively rely on partner country systems for procurement when the country has implemented mutually agreed standards and processes (**Indicator 5**).
 - Adopt harmonised approaches when national systems do not meet mutually agreed levels of performance or donors do not use them.

Untie aid: getting better value for money

31. Untying aid generally increases aid effectiveness by reducing transaction costs for partner countries and improving country ownership and alignment. **DAC Donors** will continue to make progress on untying as encouraged by the 2001 DAC Recommendation on Untying Official Development Assistance to the Least Developed Countries (**Indicator 8**).

HARMONISATION

Donors' actions are more harmonised, transparent and collectively effective

Donors implement common arrangements and simplify procedures

32. **Donors** commit to:
- Implement the donor action plans that they have developed as part of the follow-up to the Rome High-Level Forum.
 - Implement, where feasible, common arrangements at country level for planning, funding (e.g. joint financial arrangements), disbursement, monitoring, evaluating and reporting to government on donor activities and aid flows. Increased use of programme-based aid modalities can contribute to this effort (**Indicator 9**).
 - Work together to reduce the number of separate, duplicative, missions to the field and diagnostic reviews (**Indicator 10**); and promote joint training to share lessons learnt and build a community of practice.

Complementarity: more effective division of labour

33. Excessive fragmentation of aid at global, country or sector level impairs aid effectiveness. A pragmatic approach to the division of labour and burden sharing increases complementarity and can reduce transaction costs.

34. **Partner countries** commit to:
- Provide clear views on donors' comparative advantage and on how to achieve donor complementarity at country or sector level.
35. **Donors** commit to:
- Make full use of their respective comparative advantage at sector or country level by delegating, where appropriate, authority to lead donors for the execution of programmes, activities and tasks.
 - Work together to harmonise separate procedures.

Incentives for collaborative behaviour

36. **Donors** and **partner countries** jointly commit to:
- Reform procedures and strengthen incentives—including for recruitment, appraisal and training—for management and staff to work towards harmonisation, alignment and results.

Delivering effective aid in fragile states⁵

37. The long-term vision for international engagement in fragile states is to build legitimate, effective and resilient state and other country institutions. While the guiding principles of effective aid apply equally to fragile states, they need to be adapted to environments of weak ownership and capacity and to immediate needs for basic service delivery.

38. **Partner countries** commit to:

- Make progress towards building institutions and establishing governance structures that deliver effective governance, public safety, security, and equitable access to basic social services for their citizens.
- Engage in dialogue with donors on developing simple planning tools, such as the transitional results matrix, where national development strategies are not yet in place.
- Encourage broad participation of a range of national actors in setting development priorities.

39. **Donors** commit to:

- Harmonise their activities. Harmonisation is all the more crucial in the absence of strong government leadership. It should focus on upstream analysis, joint assessments, joint strategies, co-ordination of political engagement; and practical initiatives such as the establishment of joint donor offices.
- Align to the maximum extent possible behind central government-led strategies or, if that is not possible, donors should make maximum use of country, regional, sector or non-government systems.
- Avoid activities that undermine national institution building, such as bypassing national budget processes or setting high salaries for local staff.
- Use an appropriate mix of aid instruments, including support for recurrent financing, particularly for countries in promising but high-risk transitions.

Promoting a harmonised approach to environmental assessments

40. Donors have achieved considerable progress in harmonisation around environmental impact assessment (EIA) including relevant health and social issues at the project level. This progress needs to be deepened, including on addressing implications of global environmental issues such as climate change, desertification and loss of biodiversity.

41. **Donors** and **partner countries** jointly commit to:

- Strengthen the application of EIAs and deepen common procedures for projects, including consultations with stakeholders; and develop and apply common approaches for “strategic environmental assessment” at the sector and national levels.
- Continue to develop the specialised technical and policy capacity necessary for environmental analysis and for enforcement of legislation.

42. Similar harmonisation efforts are also needed on other cross-cutting issues, such as gender equality and other thematic issues including those financed by dedicated funds.

MANAGING FOR RESULTS

Managing resources and improving decision-making for results

43. Managing for results means managing and implementing aid in a way that focuses on the desired results and uses information to improve decision-making.

⁵ The following section draws on the draft Principles for Good International Engagement in Fragile States, which emerged from the Senior Level Forum on Development Effectiveness in Fragile States (London, January 2005).

44. **Partner countries** commit to:
- Strengthen the linkages between national development strategies and annual and multi-annual budget processes.
 - Endeavour to establish results-oriented reporting and assessment frameworks that monitor progress against key dimensions of the national and sector development strategies; and that these frameworks should track a manageable number of indicators for which data are cost-effectively available (**Indicator 11**).
45. **Donors** commit to:
- Link country programming and resources to results and align them with effective partner country performance assessment frameworks, refraining from requesting the introduction of performance indicators that are not consistent with partners' national development strategies.
 - Work with partner countries to rely, as far as possible, on partner countries' results-oriented reporting and monitoring frameworks.
 - Harmonise their monitoring and reporting requirements, and, until they can rely more extensively on partner countries' statistical, monitoring and evaluation systems, with partner countries to the maximum extent possible on joint formats for periodic reporting.
46. **Partner countries** and **donors** jointly commit to:
- Work together in a participatory approach to strengthen country capacities and demand for results based management.

MUTUAL ACCOUNTABILITY

Donors and partners are accountable for development results

47. A major priority for partner countries and donors is to enhance mutual accountability and transparency in the use of development resources. This also helps strengthen public support for national policies and development assistance.
48. **Partner countries** commit to:
- Strengthen as appropriate the parliamentary role in national development strategies and/or budgets.
 - Reinforce participatory approaches by systematically involving a broad range of development partners when formulating and assessing progress in implementing national development strategies.
49. **Donors** commit to:
- Provide timely, transparent and comprehensive information on aid flows so as to enable partner authorities to present comprehensive budget reports to their legislatures and citizens.
50. **Partner countries** and **donors** commit to:
- Jointly assess through existing and increasingly objective country level mechanisms mutual progress in implementing agreed commitments on aid effectiveness, including the Partnership Commitments. (**Indicator 12**).

III. Indicators of Progress

To be measured nationally and monitored internationally

O W N E R S H I P		T A R G E T F O R 2 0 1 0
1	Partners have operational development strategies — Number of countries with national development strategies (including PRSs) that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets.	At least 75% of partner countries have operational development strategies.
A L I G N M E N T		T A R G E T S F O R 2 0 1 0
2	Reliable country systems — Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	<p>(a) Half of partner countries move up at least one measure (i.e., 0.5 points) on the PFM/ CPIA (Country Policy and Institutional Assessment) scale of performance.</p> <p>(b) One-third of partner countries move up at least one measure (i.e., from D to C, C to B or B to A) on the four-point scale used to assess performance for this indicator.</p>
3	Aid flows are aligned on national priorities — Percent of aid flows to the government sector that is reported on partners' national budgets.	Halve the gap — halve the proportion of aid flows to government sector not reported on government's budget(s) (with at least 85% reported on budget).
4	Strengthen capacity by co-ordinated support — Percent of donor capacity-development support provided through co-ordinated programmes consistent with partners' national development strategies.	50% of technical co-operation flows are implemented through co-ordinated programmes consistent with national development strategies.
5a	Use of country procurement systems — Percent of donors and of aid flows that use partner country procurement systems which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	PERCENT OF DONORS
		Score* Target
		A All donors use partner countries' procurement systems.
		B 90% of donors use partner countries' procurement systems.
5b	Use of country public financial management systems — Percent of donors and of aid flows that use public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	PERCENT OF AID FLOWS
		Score* Target
		A A two-thirds reduction in the % of aid to the public sector not using partner countries' procurement systems.
		B A one-third reduction in the % of aid to the public sector not using partner countries' procurement systems.
5b	Use of country public financial management systems — Percent of donors and of aid flows that use public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	PERCENT OF DONORS
		Score* Target
		5+ All donors use partner countries' PFM systems.
		3.5 to 4.5 90% of donors use partner countries' PFM systems.
5b	Use of country public financial management systems — Percent of donors and of aid flows that use public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	PERCENT OF AID FLOWS
		Score* Target
		5+ A two-thirds reduction in the % of aid to the public sector not using partner countries' PFM systems.
		3.5 to 4.5 A one-third reduction in the % of aid to the public sector not using partner countries' PFM systems.
6	Strengthen capacity by avoiding parallel implementation structures — Number of parallel project implementation units (PIUs) per country.	Reduce by two-thirds the stock of parallel project implementation units (PIUs).

7	Aid is more predictable — Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks.	Halve the gap — halve the proportion of aid not disbursed within the fiscal year for which it was scheduled.
8	Aid is untied — Percent of bilateral aid that is untied.	Continued progress over time.
HARMONISATION		TARGETS FOR 2010
9	Use of common arrangements or procedures — Percent of aid provided as programme-based approaches ⁶	66% of aid flows are provided in the context of programme-based approaches.
10	Encourage shared analysis — Percent of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint.	(a) 40% of donor missions to the field are joint. (b) 66% of country analytic work is joint.
MANAGING FOR RESULTS		TARGET FOR 2010
11	Results-oriented frameworks — Number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programmes.	Reduce the gap by one-third — Reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third.
MUTUAL ACCOUNTABILITY		TARGET FOR 2010
12	Mutual accountability — Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration.	All partner countries have mutual assessment reviews in place.

Important Note: In accordance with paragraph 9 of the Declaration, the partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) comprising OECD/DAC members, partner countries and multilateral institutions, met twice, on 30-31 May 2005 and on 7-8 July 2005 to adopt, and review where appropriate, the targets for the twelve Indicators of Progress. At these meetings an agreement was reached on the targets presented under Section III of the present Declaration. This agreement is subject to reservations by one donor on (a) the methodology for assessing the quality of locally-managed procurement systems (relating to targets 2b and 5b) and (b) the acceptable quality of public financial management reform programmes (relating to target 5a.ii). Further discussions are underway to address these issues. The targets, including the reservation, have been notified to the Chairs of the High-level Plenary Meeting of the 60th General Assembly of the United Nations in a letter of 9 September 2005 by Mr. Richard Manning, Chair of the OECD Development Assistance Committee (DAC).

Notes on Indicator 5: Scores for Indicator 5 are determined by the methodology used to measure quality of procurement and public financial management systems under Indicator 2 above.

6

See methodological notes for a definition of programme based approaches.

Appendix A: Methodological Notes on the Indicators of Progress

The Indicators of Progress provides a framework in which to make operational the responsibilities and accountabilities that are framed in the Paris Declaration on Aid Effectiveness. This framework draws selectively from the Partnership Commitments presented in Section II of this Declaration.

Purpose — The Indicators of Progress provide a framework in which to make operational the responsibilities and accountabilities that are framed in the Paris Declaration on Aid Effectiveness. They measure principally **collective behaviour at the country level**.

Country level vs. global level — The indicators are to be **measured at the country level** in close collaboration between partner countries and donors. Values of country level indicators can then be statistically aggregated at the **regional or global level**. This global aggregation would be done both for the country panel mentioned below, for purposes of statistical comparability, and more broadly for all partner countries for which relevant data are available.

Donor / Partner country performance — The indicators of progress also provide a **benchmark against which individual donor agencies or partner countries can measure their performance** at the country, regional, or global level. In measuring individual donor performance, the indicators should be applied with flexibility in the recognition that donors have different institutional mandates.

Targets — The targets are set at the global level. Progress against these targets is to be measured by aggregating data measured at the country level. In addition to global targets, partner countries and donors in a given country might agree on country-level targets.

Baseline — A baseline will be established for 2005 in a panel of self-selected countries. The partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) is asked to establish this panel.

Definitions and criteria — The partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) is asked to provide specific guidance on definitions, scope of application, criteria and methodologies to assure that results can be aggregated across countries and across time.

Note on Indicator 9 — Programme based approaches are defined in Volume 2 of Harmonising Donor Practices for Effective Aid Delivery (OECD, 2005) in Box 3.1 as a way of engaging in development cooperation based on the principles of co-ordinated support for a locally owned programme of development, such as a national development strategy, a sector programme, a thematic programme or a programme of a specific organisation. Programme based approaches share the following features: (a) leadership by the host country or organisation; (b) a single comprehensive programme and budget framework; (c) a formalised process for donor co-ordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement; (d) Efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation. For the purpose of indicator 9 performance will be measured separately across the aid modalities that contribute to programme-based approaches.

APPENDIX B :

List of Participating Countries and Organisations

Participating Countries

Albania	Australia	Austria
Bangladesh	Belgium	Benin
Bolivia	Botswana	[Brazil]*
Burkina Faso	Burundi	Cambodia
Cameroon	Canada	China
Congo D.R.	Czech Republic	Denmark
Dominican Republic	Egypt	Ethiopia
European Commission	Fiji	Finland
France	Gambia, The	Germany
Ghana	Greece	Guatemala
Guinea	Honduras	Iceland
Indonesia	Ireland	Italy
Jamaica	Japan	Jordan
Kenya	Korea	Kuwait
Kyrgyz Republic	Lao PDR	Luxembourg
Madagascar	Malawi	Malaysia
Mali	Mauritania	Mexico
Mongolia	Morocco	Mozambique
Nepal	Netherlands	New Zealand
Nicaragua	Niger	Norway
Pakistan	Papua New Guinea	Philippines
Poland	Portugal	Romania
Russian Federation	Rwanda	Saudi Arabia
Senegal	Serbia and Montenegro	Slovak Republic
Solomon Islands	South Africa	Spain
Sri Lanka	Sweden	Switzerland
Tajikistan	Tanzania	Thailand
Timor-Leste	Tunisia	Turkey
Uganda	United Kingdom	United States of America
Vanuatu	Vietnam	Yemen
Zambia		

* To be confirmed.

Participating Organisations

African Development Bank	Arab Bank for Economic Development in Africa
Asian Development Bank	Commonwealth Secretariat
Consultative Group to Assist the Poorest (CGAP)	Council of Europe Development Bank
(CEB) Economic Commission for Africa (ECA)	Education for All Fast Track Initiative (EFA -
FTI) European Bank for Reconstruction and Development (EBRD)	European Investment Bank (EIB)
Global Fund to Fight Aids, Tuberculosis and Malaria	G24
Inter-American Development Bank	International Fund for Agricultural Development
(IFAD) International Monetary Fund (IMF)	International Organisation of the Francophonie
Islamic Development Bank	Millennium Campaign
New Partnership for Africa's Development (NEPAD)	Nordic Development Fund
Organisation for Economic Co-operation and Development (OECD)	Organisation of Eastern Caribbean States
(OECS) OPEC Fund for International Development	Pacific Islands Forum Secretariat
United Nations Development Group (UNDG)	World Bank

Civil Society Organisations

Africa Humanitarian Action	AFRODAD
Bill and Melinda Gates Foundations	Canadian Council for International Cooperation (CCIC)
Comité Catholique contre la Faim et pour le Développement (CCFD)	Coopération Internationale pour le Développement et la Solidarité (CIDSE)
Comisión Económica (Nicaragua)	ENDA Tiers Monde
EURODAD	International Union for Conservation of Nature and Natural Resources (IUCN)
Japan NGO Center for International Cooperation (JANIC)	Reality of Aid Network
Tanzania Social and Economic Trust (TASOET)	UK Aid Network

Annex 2

The Accra Agenda for Action



SEPTEMBER 2-4, 2008 ACCRA GHANA

ACCRA AGENDA FOR ACTION

Ministers of developing and donor countries responsible for promoting development and Heads of multilateral and bilateral development institutions endorsed the following statement in Accra, Ghana, on 4 September 2008 to accelerate and deepen implementation of the Paris Declaration on Aid Effectiveness (2 March 2005).

This is a moment of opportunity

1. We are committed to eradicating poverty and promoting peace and prosperity by building stronger, more effective partnerships that enable developing countries to realise their development goals.
2. There has been progress. Fifteen years ago, two out of five people lived in extreme poverty; today, that figure has been reduced to one in four. However, 1.4 billion people¹ most of them women and girls¹ still live in extreme poverty, and access to safe drinking water and health care remains a major issue in many parts of the world. In addition, new global challenges¹ rising food and fuel prices and climate change¹ threaten the advances against poverty many countries have made.
3. We need to achieve much more if all countries are to meet the Millennium Development Goals (MDGs). Aid is only one part of the development picture. Democracy, economic growth, social progress, and care for the environment are the prime engines of development in all countries. Addressing inequalities of income and opportunity within countries and between states is essential to global progress. Gender equality, respect for human rights, and environmental sustainability are cornerstones for achieving enduring impact on the lives and potential of poor women, men, and children. It is vital that all our policies address these issues in a more systematic and coherent way.
4. In 2008, three international conferences will help us accelerate the pace of change: the Accra High Level Forum on Aid Effectiveness, the United Nations High Level Event on the MDGs in New York, and the Financing for Development follow-up meeting in Doha. Today at Accra, we are leading the way, united in a common objective: to unlock the full potential of aid in achieving lasting development results.

We are making progress, but not enough

5. Learning from our past successes and failures in development co-operation and building on the 2003 Rome Declaration on Harmonisation, in March 2005 we adopted an ambitious set of reforms: the Paris Declaration on Aid Effectiveness. In the Paris Declaration, we agreed to develop a genuine partnership, with developing countries clearly in charge of their own development processes. We also agreed to hold each other accountable for achieving concrete development results. Three and one-half years later, we are reconvening in Accra to review progress and address the challenges that now face us.
6. Evidence shows we are making progress, but not enough. A recent evaluation shows that the Paris Declaration has created powerful momentum to change the way developing countries and donors work together on the ground. According to the 2008 Monitoring Survey, a large number of developing countries have improved their management of public funds. Donors, in turn, are increasingly improving their co-ordination at country level. Yet the pace of progress is too slow. Without further reform and faster action we will not meet our 2010 commitments and targets for improving the quality of aid.

We will take action to accelerate progress

7. Evidence shows that we will need to address three major challenges to accelerate progress on aid effectiveness:
8. *Country ownership is key.* Developing country governments will take stronger leadership of their own development policies, and will engage with their parliaments and citizens in shaping those policies. Donors will support them by respecting countries' priorities, investing in their human resources and institutions, making greater use of their systems to deliver aid, and increasing the predictability of aid flows.

¹

These figures are based on a recent World Bank study that found the poverty line to be \$1.25 a day in 2005 prices.

9. *Building more effective and inclusive partnerships.* In recent years, more development actors—middle-income countries, global funds, the private sector, civil society organisations—have been increasing their contributions and bringing valuable experience to the table. This also creates management and co-ordination challenges. Together, all development actors will work in more inclusive partnerships so that all our efforts have greater impact on reducing poverty.

10. *Achieving development results—and openly accounting for them—must be at the heart of all we do.* More than ever, citizens and taxpayers of all countries expect to see the tangible results of development efforts. We will demonstrate that our actions translate into positive impacts on people's lives. We will be accountable to each other and to our respective parliaments and governing bodies for these outcomes.

11. Without addressing these obstacles to faster progress, we will fall short of our commitments and miss opportunities to improve the livelihoods of the most vulnerable people in the world. Therefore, we are reaffirming the commitments we made in the Paris Declaration and, in this Accra Agenda for Action, are agreeing on concrete and monitorable actions to accelerate progress to meet those commitments by 2010. We commit to continuing efforts in monitoring and evaluation that will assess whether we have achieved the commitments we agreed in the Paris Declaration and the Accra Agenda for Action, and to what extent aid effectiveness is improving and generating greater development impact.

Strengthening Country Ownership over Development

12. Developing countries determine and implement their development policies to achieve their own economic, social and environmental goals. We agreed in the Paris Declaration that this would be our first priority. Today, we are taking additional steps to turn this resolution into a reality.

We will broaden country-level policy dialogue on development

13. We will engage in open and inclusive dialogue on development policies. We acknowledge the critical role and

responsibility of parliaments in ensuring country ownership of development processes. To further this objective we will take the following actions:

- a) Developing country governments will work more closely with parliaments and local authorities in preparing, implementing and monitoring national development policies and plans. They will also engage with civil society organisations (CSOs).
- b) Donors will support efforts to increase the capacity of all development actors—parliaments, central and local governments, CSOs, research institutes, media and the private sector—to take an active role in dialogue on development policy and on the role of aid in contributing to countries' development objectives.
- c) Developing countries and donors will ensure that their respective development policies and programmes are designed and implemented in ways consistent with their agreed international commitments on gender equality, human rights, disability and environmental sustainability.

Developing countries will strengthen their capacity to lead and manage development

14. Without robust capacity—strong institutions, systems, and local expertise—developing countries cannot fully own and manage their development processes. We agreed in the Paris Declaration that capacity development is the

responsibility of developing countries, with donors playing a supportive role, and that technical co-operation is one means among others to develop capacity. Together, developing countries and donors will take the following actions to strengthen capacity development:

- a) Developing countries will systematically identify areas where there is a need to strengthen the capacity to perform and deliver services at all levels—national, sub-national, sectoral, and thematic—and design strategies to address them. Donors will strengthen their own capacity and skills to be more responsive to developing countries' needs.
- b) Donors' support for capacity development will be demand-driven and designed to support country ownership. To this end, developing countries and donors will i) jointly select and manage technical co-operation, and ii) promote the provision of technical co-operation by local and regional resources, including through South-South co-operation.
- c) Developing countries and donors will work together at all levels to promote operational changes that make capacity development support more effective.

We will strengthen and use developing country systems to the maximum extent possible

15. Successful development depends to a large extent on a government's capacity to implement its policies and manage public resources through its own institutions and systems. In the Paris Declaration, developing countries committed to strengthen their systems² and donors committed to use those systems to the maximum extent possible. Evidence shows, however, that developing countries and donors are not on track to meet these commitments. Progress in improving the quality of country systems varies considerably among countries; and even when there are good-quality country systems, donors often do not use them. Yet it is recognised that using country systems promotes their development. To strengthen and increase the use of country systems, we will take the following actions:

- a) Donors agree to use country systems as the first option for aid programmes in support of activities managed by the public sector.
- b) Should donors choose to use another option and rely on aid delivery mechanisms outside country systems (including parallel project implementation units), they will transparently state the rationale for this and will review their positions at regular intervals. Where use of country systems is not feasible, donors will establish additional safeguards and measures in ways that strengthen rather than undermine country systems and procedures.
- c) Developing countries and donors will jointly assess the quality of country systems in a country-led process using mutually agreed diagnostic tools. Where country systems require further strengthening, developing countries will lead in defining reform programmes and priorities. Donors will support these reforms and provide capacity development assistance.
- d) Donors will immediately start working on and sharing transparent plans for undertaking their Paris commitments on using country systems in all forms of development assistance; provide staff guidance on how these systems can be used; and ensure that internal incentives encourage their use. They will finalise these plans as a matter of urgency.
- e) Donors recollect and reaffirm their Paris Declaration commitment to provide 66% of aid as programme-based approaches. In addition, donors will aim to channel 50% or more of government-to-government assistance through country fiduciary systems, including by increasing the percentage of assistance provided through programme based approaches.

Building More Effective and Inclusive Partnerships for Development

16. Aid is about building partnerships for development. Such partnerships are most effective when they fully harness the energy, skills and experience of all development actors—bilateral and multilateral donors, global funds, CSOs, and the private sector. To support developing countries' efforts to build for the future, we resolve to create partnerships that will include all these actors.

We will reduce costly fragmentation of aid

17. The effectiveness of aid is reduced when there are too many duplicating initiatives, especially at country and sector levels. We will reduce the fragmentation of aid by improving the complementarity of donors' efforts and the division of labour among donors, including through improved allocation of resources within sectors, within countries, and across countries. To this end:

- a) Developing countries will lead in determining the optimal roles of donors in supporting their development efforts at national, regional and sectoral levels. Donors will respect developing countries' priorities, ensuring that new arrangements on the division of labour will not result in individual developing countries receiving less aid.
- b) Donors and developing countries will work together with the Working Party on Aid Effectiveness to complete good practice principles on country-led division of labour. To that end, they will elaborate plans to ensure the maximum coordination of development co-operation. We will evaluate progress in implementation starting in 2009.
- c) We will start dialogue on international division of labour across countries by June 2009.
- d) We will work to address the issue of countries that receive insufficient aid.

² These include, but are not limited to, systems for public financial management, procurement, audit, monitoring and evaluation, and social and environmental assessment.

We will increase aid's value for money

18. Since the Paris Declaration was agreed in 2005, OECD-DAC donors have made progress in untying their aid. A number of donors have already fully untied their aid, and we encourage others to do so. We will pursue, and accelerate, these efforts by taking the following actions:

- a) OECD-DAC donors will extend coverage of the 2001 DAC Recommendation on Untying Aid to non-LDC HIPC³ and will improve their reporting on the 2001 DAC Recommendation.
- b) Donors will elaborate individual plans to further untie their aid to the maximum extent.
- c) Donors will promote the use of local and regional procurement by ensuring that their procurement procedures are transparent and allow local and regional firms to compete. We will build on examples of good practice to help improve local firms' capacity to compete successfully for aid-funded procurement.
- d) We will respect our international agreements on corporate social responsibility.

We welcome and will work with all development actors

19. The contributions of all development actors are more effective when developing countries are in a position to manage and co-ordinate them. We welcome the role of new contributors and will improve the way all development actors work together by taking the following actions:

- a) We encourage all development actors, including those engaged in South-South co-operation, to use the Paris Declaration principles as a point of reference in providing development co-operation.
- b) We acknowledge the contributions made by all development actors, and in particular the role of middle-income countries as both providers and recipients of aid. We recognise the importance and particularities of South-South cooperation and acknowledge that we can learn from the experience of developing countries. We encourage further development of triangular co-operation.
- c) Global funds and programmes make an important contribution to development. The programmes they fund are most effective in conjunction with complementary efforts to improve the policy environment and to strengthen the institutions in the sectors in which they operate. We call upon all global funds to support country ownership, to align and harmonise their assistance proactively, and to make good use of mutual accountability frameworks, while continuing their emphasis on achieving results. As new global challenges emerge, donors will ensure that existing channels for aid delivery are used and, if necessary, strengthened before creating separate new channels that risk further fragmentation and complicate co-ordination at country level.
- d) We encourage developing countries to mobilise, manage and evaluate their international cooperation initiatives for the benefit of other developing countries.
- e) South-South co-operation on development aims to observe the principle of non-interference in internal affairs, equality among developing partners and respect for their independence, national sovereignty, cultural diversity and identity and local content. It plays an important role in international development co-operation and is a valuable complement to North-South co-operation.

We will deepen our engagement with civil society organisations

20. We will deepen our engagement with CSOs as independent development actors in their own right whose efforts complement those of governments and the private sector. We share an interest in ensuring that CSO contributions to development reach their full potential. To this end:

- a) We invite CSOs to reflect on how they can apply the Paris principles of aid effectiveness from a CSO perspective.
- b) We welcome the CSOs' proposal to engage with them in a CSO-led multistakeholder process to promote CSO development effectiveness. As part of that process, we will seek to i) improve co-ordination of CSO efforts with government programmes, ii) enhance CSO accountability for results, and iii) improve information on CSO activities.
- c) We will work with CSOs to provide an enabling environment that maximises their contributions to development.

³ The 2001 DAC recommendation on Untying ODA to the Least Developed Countries (LDCs) covers 31 so-called Heavily Indebted Poor Countries (HIPC). The OECD Development Assistance Committee (DAC) at its 2008 High Level Meeting agreed to extend the 2001 Recommendation to cover the remaining eight countries that are part of the HIPC initiative: Bolivia, Cameroon, Côte d'Ivoire, Ghana, Guyana, Honduras, Nicaragua and Republic of Congo.

We will adapt aid policies for countries in fragile situations

21. In the Paris Declaration, we agreed that aid effectiveness principles apply equally to development co-operation in situations of fragility, including countries emerging from conflict, but that these principles need to be adapted to environments of weak ownership or capacity. Since then, Principles for Good International Engagement in Fragile States and Situations have been agreed. To further improve aid effectiveness in these environments, we will take the following actions:

- a) Donors will conduct joint assessments of governance and capacity and examine the causes of conflict, fragility and insecurity, engaging developing country authorities and other relevant stakeholders to the maximum extent possible.
- b) At country level, donors and developing countries will work and agree on a set of realistic peace- and state-building objectives that address the root causes of conflict and fragility and help ensure the protection and participation of women. This process will be informed by international dialogue between partners and donors on these objectives as prerequisites for development.
- c) Donors will provide demand-driven, tailored and co-ordinated capacity-development support for core state functions and for early and sustained recovery. They will work with developing countries to design interim measures that are appropriately sequenced and that lead to sustainable local institutions.
- d) Donors will work on flexible, rapid and long-term funding modalities, on a pooled basis where appropriate, to i) bridge humanitarian, recovery and longer-term development phases, and ii) support stabilisation, inclusive peace building, and the building of capable, accountable and responsive states. In collaboration with developing countries, donors will foster partnerships with the UN System, international financial institutions and other donors.
- e) At country level and on a voluntary basis, donors and developing countries will monitor implementation of the Principles for Good International Engagement in Fragile States and Situations, and will share results as part of progress reports on implementing the Paris Declaration.

Delivering and Accounting for Development Results

22. We will be judged by the impacts that our collective efforts have on the lives of poor people. We recognise that greater transparency and accountability for the use of development resources – domestic as well as external – are powerful drivers of progress.

We will focus on delivering results

23. We will improve our management for results by taking the following actions:
- a) Developing countries will strengthen the quality of policy design, implementation and assessment by improving information systems, including, as appropriate, disaggregating data by sex, region and socioeconomic status.
 - b) Developing countries and donors will work to develop cost-effective results management instruments to assess the impact of development policies and adjust them as necessary. We will better co-ordinate and link the various sources of information, including national statistical systems, budgeting, planning, monitoring and country-led evaluations of policy performance.
 - c) Donors will align their monitoring with country information systems. They will support, and invest in strengthening, developing countries' national statistical capacity and information systems, including those for managing aid.
 - d) We will strengthen incentives to improve aid effectiveness. We will systematically review and address legal or administrative impediments to implementing international commitments on aid effectiveness. Donors will pay more attention to delegating sufficient authority to country offices and to changing organisational and staff incentives to promote behaviour in line with aid effectiveness principles.

We will be more accountable and transparent to our publics for results

24. Transparency and accountability are essential elements for development results. They lie at the heart of the Paris Declaration, in which we agreed that countries and donors would become more accountable to each other and to their citizens. We will pursue these efforts by taking the following actions:

- a) We will make aid more transparent. Developing countries will facilitate parliamentary oversight by implementing greater transparency in public financial management, including public disclosure of revenues, budgets, expenditures, procurement and audits. Donors will publicly disclose regular, detailed and timely information on volume, allocation and, when available, results of development expenditure to enable more accurate budget, accounting and audit by developing countries.
- b) We will step up our efforts to ensure that as agreed in the Paris Declaration mutual assessment reviews are in place by 2010 in all countries that have endorsed the Declaration. These reviews will be based on country results reporting and information systems complemented with available donor data and credible independent evidence. They will draw on emerging good practice with stronger parliamentary scrutiny and citizen engagement. With them we will hold each other accountable for mutually agreed results in keeping with country development and aid policies.
- c) To complement mutual assessment reviews at country level and drive better performance, developing countries and donors will jointly review and strengthen existing international accountability mechanisms, including peer review with participation of developing countries. We will review proposals for strengthening the mechanisms by end 2009.
- d) Effective and efficient use of development financing requires both donors and partner countries to do their utmost to fight corruption. Donors and developing countries will respect the principles to which they have agreed, including those under the UN Convention against Corruption. Developing countries will address corruption by improving systems of investigation, legal redress, accountability and transparency in the use of public funds. Donors will take steps in their own countries to combat corruption by individuals or corporations and to track, freeze, and recover illegally acquired assets.

We will continue to change the nature of conditionality to support ownership

25. To strengthen country ownership and improve the predictability of aid flows, donors agreed in the Paris Declaration

that, whenever possible, they would draw their conditions from developing countries' own development policies. We reaffirm our commitment to this principle and will continue to change the nature of conditionality by taking the following actions:

- a) Donors will work with developing countries to agree on a limited set of mutually agreed conditions based on national development strategies. We will jointly assess donor and developing country performance in meeting commitments.
- b) Beginning now, donors and developing countries will regularly make public all conditions linked to disbursements.
- c) Developing countries and donors will work together at the international level to review, document and disseminate good practices on conditionality with a view to reinforcing country ownership and other Paris Declaration Principles by increasing emphasis on harmonised, results-based conditionality. They will be receptive to contributions from civil society.

We will increase the medium-term predictability of aid

26. In the Paris Declaration, we agreed that greater predictability in the provision of aid flows is needed to enable developing countries to effectively plan and manage their development programmes over the short and medium term. As a matter of priority, we will take the following actions to improve the predictability of aid:

- a) Developing countries will strengthen budget planning processes for managing domestic and external resources and will improve the linkages between expenditures and results over the medium term.
- b) Beginning now, donors will provide full and timely information on annual commitments and actual disbursements so that developing countries are in a position to accurately record all aid flows in their budget estimates and their accounting systems.
- c) Beginning now, donors will provide developing countries with regular and timely information on their rolling three- to five-year forward expenditure and/or implementation plans, with at least indicative resource allocations that developing countries can integrate in their medium-term planning and macroeconomic frameworks. Donors will address any constraints to providing such information.
- d) Developing countries and donors will work together at the international level on ways of further improving the medium-term predictability of aid, including by developing tools to measure it.

Looking Forward

27. The reforms we agree on today in Accra will require continued high level political support, peer pressure, and co-ordinated action at global, regional, and country levels. To achieve these reforms, we renew our commitment to the principles and targets established in the Paris Declaration, and will continue to assess progress in implementing them.

28. The commitments we agree today will need to be adapted to different country circumstances including in middle-income countries, small states and countries in situations of fragility. To this end, we encourage developing countries to design with active support from donors country-based action plans that set out time-bound and monitorable proposals to implement the Paris Declaration and the Accra Agenda for Action.

29. We agree that, by 2010, each of us should meet the commitments we made on aid effectiveness in Paris and today in Accra, and to reach beyond these commitments where we can. We agree to reflect and draw upon the many valuable ideas and initiatives that have been presented at this High Level Forum. We agree that challenges such as climate change and rising food and fuel prices underline the importance of applying aid effectiveness principles. In response to the food crisis, we will develop and implement the global partnership on agriculture and food swiftly, efficiently and flexibly.

30. We ask the Working Party on Aid Effectiveness to continue monitoring progress on implementing the Paris Declaration and the Accra Agenda for Action and to report back to the Fourth High Level Forum on Aid Effectiveness in 2011. We recognise that additional work will be required to improve the methodology and indicators of progress of aid effectiveness. In 2011, we will undertake the third round of monitoring that will tell us whether we have achieved the targets for 2010 agreed in Paris in 2005.⁴ To carry forward this work, we will need to develop institutionalised processes for the joint and equal partnership of developing countries and the engagement of stakeholders.

31. We recognise that aid effectiveness is an integral part of the broader financing for development agenda. To achieve development outcomes and the MDGs we need to meet our commitments on both aid quality and aid volumes. We ask the Secretary General of the United Nations to transmit the conclusions of the Third High Level Forum on Aid Effectiveness to the High Level Event on the MDGs in New York later this month and the Financing for Development Review meeting in Doha in November 2008. We welcome the contribution that the ECOSOC Development Co-operation Forum is making to the international dialogue and to mutual accountability on aid issues. We call upon the UN development system to further support the capacities of developing countries for effective management of development assistance.

32. Today, more than ever, we resolve to work together to help countries across the world build the successful future all of us want to see a future based on a shared commitment to overcome poverty, a future in which no countries will depend on aid.

⁴ We will have that information available for the Fourth High Level Forum on Aid Effectiveness in 2011, along with comprehensive second phase evaluations of the implementation of the Paris Declaration and the Accra Agenda for Action as of 2010. Attention will also be paid to improving and developing communications on aid effectiveness for long-term development success and broad-based public support.

Annex 3

Terms of Reference for Bangladesh Country Level Evaluation

Appendix 1 Description of the Services

1. Background and Rationale:

1. The Paris Declaration expresses a broad international consensus developed in the 15 years up to 2005, stipulating that new partnership relationships and ways of working between developed countries and partner countries are essential if development results are to be assured, aid well spent and aid volumes maintained.

2. The Paris Declaration¹⁹ was endorsed at the 2nd High Level Forum held in Paris in 2005 by 52 Development Partners (DPs)/agencies and partner countries and 30 other actors in the development cooperation field (United Nations and other multilateral agencies and non-governmental organizations). The Declaration consists of 56 Partnership Commitments, and aims to strengthen partnerships between countries providing aid and countries receiving aid in order to make aid more effective and to maximize development results.

3. Bangladesh is one such country, which has been committed to the 2005 Paris Declaration on Aid Effectiveness, and reaffirmed its commitment to the Accra Agenda for Action (AAA) in 2008. In pursuit of better aid coordination and the aid effectiveness, Bangladesh has taken commendable actions until now. First of all, Bangladesh in close partnership with its Development Partners (DPs) conducted the 2006 OECD-DAC baseline survey and 2008 Survey on monitoring of the Paris Declaration²⁰. In addition, Bangladesh took part in the country level evaluation of the Paris Declaration (Phase 1) in 2008 with an aim to deliver practical lessons and taking stock of implementation performance at the 3rd High Level Forum on Aid Effectiveness in Accra.

4. In August 2008, Bangladesh and its DPs²¹ signed a Statement of Intent (Sol) to develop a Joint Cooperation Strategy (JCS) in support of the country's national development plans and strategies²².

5. To make progress on the aid and development effectiveness agenda, Bangladesh and DPs have decided to participate in the second phase of the country level evaluation of Paris Declaration.

6. The requirement for independent evaluation was built into the original Declaration and re-confirmed in the Accra Agenda for Action in 2008.²³ The first phase of the Evaluation²⁴ ran from March 2007 to September 2008 and aimed at providing information on the HOWs and WHYs of the early implementation process of the Paris Declaration, looking at **inputs and early outputs**. It was designed and used to deliver practical lessons and help take stock of implementation performance at the 3rd High Level Forum on Aid Effectiveness held in Accra, Ghana in September 2008.

7. The second phase of the Evaluation will run from the 3rd High Level Forum in 2008 up to the 4th High Level Forum in Korea in 2011. This phase will emphasize **outcomes and results** and offer answers to the critical policy question of whether the intended long-term effects of the Paris Declaration are being achieved or advanced. The evaluation is expected to analyze results in context,

¹⁹ The full Declaration can be found at: <http://www.oecd.org/dataoecd/11/41/34428351.pdf> and the Accra Agenda for Action at <http://www.oecd.org/dataoecd/58/16/41202012.pdf>

²⁰ <http://www.lcgbangladesh.org/aidgov/AEdocs/2006-Survey%20on%20MPD-BGD.pdf>
<http://www.lcgbangladesh.org/aidgov/WorkShop/2008%20OECD%20DAC%20Survey-Qualitative%20Assessment%20Report.pdf>

²¹ ADB, Australia, Canada, Denmark, European Commission, Germany, Italy, Japan, Korea (Republic of), Netherlands, Sweden, Switzerland, United Kingdom, United Nations, United States and World Bank.

²² <http://www.lcgbangladesh.org/aidgov/JCS/Sol-JCS.pdf>

²³ The Evaluations complement the monitoring of the implementation of the Paris Declaration, undertaken through the Cluster D of the Organization for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) Working Party on Aid Effectiveness "Assessing Progress on Implementing the Paris Declaration and the AAA."

²⁴ Wood, B; D. Kabell; F. Sagasti; N. Muwanga; Synthesis Report on the First Phase of the Evaluation of the Implementation of the Paris Declaration, Copenhagen, July 2008. The report can be found at:

http://www.diiis.dk/graphics/Subweb/paris_evaluation_web/index.htm

taking into account preconditions or enabling conditions that may lead to or inhibit positive development results supported by aid.

2. Purpose, Objectives, Uses and Approach

8. **Purpose:** The country evaluations will be the main vehicles for answering the core evaluation questions on the effects of the Paris Declaration on aid effectiveness and development results, including poverty reduction. These country evaluations will assess the effectiveness in this regard of DPs/agencies in the country, alongside that of the country stakeholders, and of the partnerships between them.

9. **Objectives:** The aim of the evaluation is to document, analyze and assess the relevance and effectiveness of the Paris Declaration in the country and its contribution to aid effectiveness and ultimately to development results, including poverty reduction.

10. Specific objectives include:

- To document the results achieved in the country through implementing the Paris Declaration.
- To enable the partner countries and DPs/agencies active in the country to clarify, improve and strengthen policies and practice consistent with the Paris Declaration in pursuit of aid effectiveness and development effectiveness.²⁵
- To highlight barriers and difficulties that may have limited the effectiveness of the Paris Declaration and its effects and impacts . and ways that these barriers and difficulties may be overcome.
- To enable sharing and exchange of experience among stakeholders, countries and partnerships so as to facilitate reflection, lesson-learning and policy improvement.

11. The Accra Agenda for Action further specified some of the Paris Declaration's commitments with the aim in particular of strengthening country ownership; building more inclusive partnerships; and sharpening the focus on development results. The Phase 2 evaluation will therefore pay particular attention to assessing implementation of these Accra commitments, which address the current concerns of many stakeholders. These Accra commitments are reflected in these ToR.

12. **Usefulness of the Evaluation:** The focus of Phase 2 is on a results oriented evaluation, with the synthesis and component evaluation reports to be presented to the 4th High Level Forum in 2011. It is equally intended that the evaluation process will spur interest and improvement efforts in the participating countries and agencies.

13. Key constituencies include the executive and legislative branches of government in the country, those of its bilateral development partners, and governing authorities and senior managements of development agencies. Also crucial are those tasked with implementing the Paris Declaration: government, DPs, civil society and private sector stakeholders in the partner countries as well as DPs. The findings are also expected to be of direct interest to many citizens of both the host countries and of countries providing international development assistance.

14. The goal of ensuring wide dissemination and use of the evaluation by its intended audiences should influence the process and products at every stage of the evaluation, by:

- a. Keeping the central questions and key audiences constantly in sight;
- b. Using straightforward language: minimizing acronyms, jargon and unnecessary technical language in all products;
- c. Open internal communications . as in the planned knowledge-sharing system within and among teams;

²⁵ In a number of participating countries, clear links are already being forged between this evaluation and other, related monitoring and evaluation activities in order to maximise the synergies, guard against duplicative work, and strengthen the usefulness of the evaluation in the country.

- d. Building in the time required for peer exchanges, edits, strong summaries;
- e. Critically, meeting the required deadlines for progress steps and the submission of draft and final reports and dissemination summaries.

15. National communications plans should be directly linked to key points in the national and international dialogue on aid effectiveness and Millennium Development Goal (MDG) trends over the coming two years to build policy engagement with the study and ensure its timely contribution to the debates.

16. **Approach for the Bangladesh Country Evaluations:** An approach for the overall Evaluation has been set out in the Evaluation Framework and Work-plan for Phase 2. It takes account of the distinctive methodological challenges of evaluating the Paris Declaration. The Phase 2 evaluation will focus on effects at the level of partner countries and their partnerships, i.e. the joint arrangements between DPs and the recipients of aid that have been put in place to support the implementation of the Declaration.

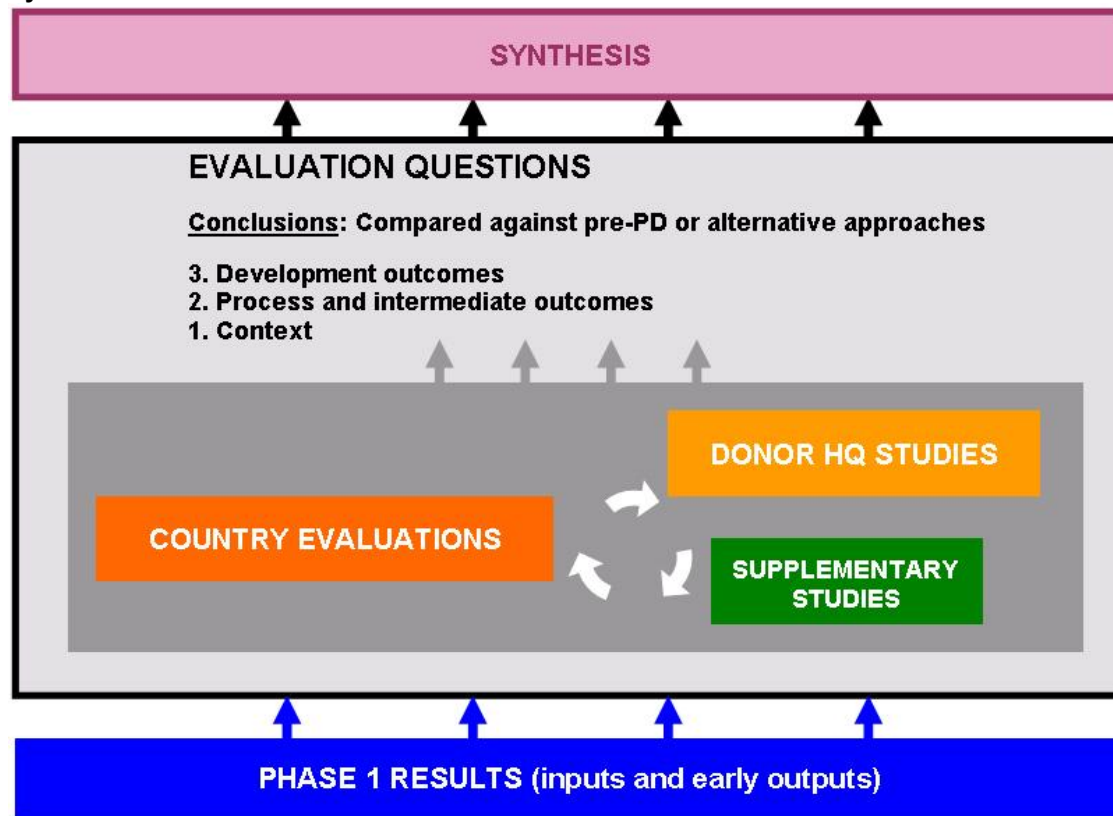
17. As the main foundation for the overall evaluation, well-grounded comparisons between experiences (within and across countries) will be important to test claims for the effects of the Paris Declaration.

18. There will be country evaluation teams in each participating partner country, responsible for undertaking independent evaluations of aid effectiveness and development results. These teams will address both:

- Implementation or process+. assessing changes of behaviour of countries and DPs around aid and development and within the aid partnership itself. A strong focus on the context for implementation in each country (including one major block of evaluation questions) is designed to ensure that the evaluation remains realistic and relevant in individual country situations; and
- Results or outcomes in terms of aid effectiveness and development results, with rather precise minimum common core+ questions, scope and methodologies for all country evaluations, to allow meaningful aggregation and synthesis. This will not limit the ability of country evaluations to supplement the Common Evaluation Template/Matrix with questions of special relevance or interest to their particular situations.

19. Whilst most evaluative activity for the overall Evaluation will be undertaken by country teams, their evidence will be complemented by a number of headquarters-level DP/agency studies, together with the eleven conducted in Phase 1; and a small number of supplementary studies+ where essential to provide adequate coverage of important issues. Specific opportunities for complementary coverage will be sought out and together these elements are intended to ensure adequate depth and breadth of the evaluation. The building blocks for the Phase 2 Evaluation (and the central role of the country evaluations) are illustrated in the Figure below.

Building blocks of the Paris Declaration Evaluation Synthesis



3. Evaluation Methodology and Scope of Services

20. **Evaluation Questions:** The evaluation draws on a good deal of preparatory work which took into account the many complex factors and relationships at work in the implementation of the Paris Declaration and the special challenges involved for evaluation methodology²⁶.

21. The Evaluation Matrix for Country Evaluations set out in [Appendix B](#) will be the principal instrument for guiding and conducting these evaluations and the preparation of their products. It is constructed around a set of core evaluation questions and sub-questions which will serve as the minimum common structure for all individual country evaluations and for the final comparative synthesis report (which will also integrate the results of DP HQ studies, the Phase 1 evaluation, and other inputs).

22. The evaluation will: a) evaluate to what extent the Paris Declaration has been implemented, and b) insofar as it has been implemented, evaluate what the results have been in terms of aid effectiveness and development. The core questions (as refined through the regional workshops and inputs from the International Reference Group members) are set out below and then in the Matrix in [Appendix B](#), where they are backed with the sub-questions, together with indications of the common types, indicators, and sources of evidence, to be used, as well as initial directions on common techniques and methods. Once the core questions and sub-questions are confirmed, additional guidance will be developed to flesh out the Matrix, particularly the methods and tools in Column 4, with a more precise identification of the analytical methods for each study element. This will ensure

²⁶ This work, summarized in the 'Approach Paper for the Phase 2 Evaluation' (May 2009) included a major workshop of the International Reference Group in Auckland, New Zealand in February 2009 and a commissioned study on 'The Paris Declaration, Aid Effectiveness and Development Effectiveness' in November, 2008 (the 'Linkages Study').

clear understanding of all the steps involved to support standard approaches, e.g. on data handling and analytical steps for each stage.

23. The logic chain of the questions is illustrated in three different diagrams in the Evaluation Framework, and it should be noted that the order and content of the three main evaluation questions, and the framework for conclusions, successively emphasize the accepted guiding evaluation criteria of relevance, efficiency, effectiveness and sustainability.

The Core Questions

1. "What are the important factors that have affected the relevance and implementation of the Paris Declaration and its potential effects on aid effectiveness and development results?" (The Paris Declaration in context)
2. "To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships?" (Process and intermediate outcomes)
3. "Has the implementation of the Paris Declaration strengthened the contribution of aid to sustainable development results? How?" (Development outcomes)

The Framework for Conclusions

- i. What has been the relevance of the Paris Declaration and the ways it has been implemented to the challenges of aid effectiveness?
- ii. To what extent has each of the five principles of the Paris Declaration been observed and implemented, and the Accra Agenda priorities reflected? Why? Have there been conflicts or trade-offs between them?
- iii. What has the Paris Declaration achieved for aid effectiveness and development results? How significant are these contributions? How sustainable? Is there evidence of better ways to make aid more effective and contribute more to development results?
- iv. What effects has the implementation of the Declaration had on the respective burdens of aid management falling on partner countries and donors, relative to the changing volume and quality of aid and of the aid relationship itself? Are these effects likely to be transitional or long term?
- v. What has been the added value of Paris Declaration-style development cooperation compared with the pre-Paris Declaration situation, and seen alongside other drivers of development in the country, other sources of development finance and development cooperation partners beyond those so far endorsing the Declaration?
- vi. What are the key messages for a) national stakeholders, and b) donor countries and agencies?
- vii. What are the key implications for aid effectiveness in the future taking account of new challenges and opportunities (e.g. climate change) and new actors and relationships?

24. **Special Challenges:** In addressing these core evaluation questions it is clear that the challenges of attributing results to a set of commitments like the Paris Declaration are especially complex. **One vital starting point is to recognize that the 2005 Declaration itself brought together a variety of reform efforts and initiatives that had been underway in different settings for some years before. Thus each evaluation should explicitly include assessment of these "upstream" or precursor steps as an integral part of its scope.**

25. Paris Declaration implementation is a multidimensional, multi-level process, affected by many factors, which can change its direction, emphasis, and pace at different times and in response to different influences. One way of making these factors more explicit and prominent throughout the

evaluation is the emphasis placed through the first question on a far more in-depth and dynamic analysis than would be usual of the **context** for the implementation of the Paris Declaration and Accra Agenda in each country where an evaluation is undertaken.

26. The main evaluation questions will be operationalised through a set of sub-questions including descriptive, analytical, normative and evaluative questions. These will be supported wherever possible by common specifications and suggestions of:

- i. the types of evidence and, where applicable, indicators to be used;
- ii. the anticipated availability and (probable) reliability of data sources; and
- iii. Proposed sources, methods and techniques for data collection, analysis, triangulation and validation.

27. **Key elements:** As ready guidance for the Country Level Evaluations, the key elements of the overall evaluation methodology set out in the Evaluation Framework can be summarized as follows:

- a. A *theory based* approach . which recognizes that outcomes/results from Paris Declaration implementation may not be fully visible by the time of the Evaluation . so focuses instead on identifying the chains, directions, causes and trends of causality and the linkages involved (see points below);
- b. A *theory of change* which anticipates and explores *complexity* rather than expecting to apply simple or one-dimensional models of attribution;
- c. Seeking out and exploring the *causal mechanisms and key actors* driving or inhibiting change, their roles, inter-relations, and relative weightings in influencing outcomes (especially through Core question 1);
- d. Focused on *causality in context*: searching for common trends rather than (necessarily) generalized truths, but recognizing that the shape, nature and pace of change is heavily determined by locally specific factors and influences;
- e. Focused on *comparability*, ensuring robust analysis at aggregate level (through e.g. the development of common standards for analytical frameworks and data collection) while giving full weight to contextual factors;
- f. A *summative and formative* model . allowing judgments around outcomes and results whilst supporting forward-looking policy development and improvement.

28. **Specific methods** for pursuing the evaluations include:

- a. *Literature and documentation review*
- b. The analysis of *the most relevant existing statistical data* such as human development and poverty indicators, Poverty Reduction Strategy Paper (PRSP) reports, sector reports, MDG reports etc.;
- c. *Syntheses and meta-analyses* of existing evidence (i.e. secondary sources such as policy, evaluations and research). Common specified parameters will be proposed and agreed for data identification, inclusion and structured assessment;
- d. *Structured surveys and questionnaires* (key informant groups) deepened by *semi-structured interviews* and *focus groups* (key stakeholders including government (different branches and levels) donor agencies, civil society and the private sector). Any possibilities for drawing on participative approaches will be pursued;
- e. To help ground the evaluations, a *common template for analysis by all or almost all country evaluations of one important "tracer sector" (health) and for comparable analysis of the other sectors of priority chosen within each country*. Following broad agreement in the regional workshop process to a special focus on two sectors per evaluation, an agreed template and

guidance will be developed for the identification, design and implementation of these analyses;

- f. *Backward tracking*, retrospective or inductive studies of sector, site or theme; using methodologies such as the analysis of time-series data; statistical trends; synthesis studies to assess %distance travelled+etc.;
- g. *Forward looking* analysis; which anticipates development results that are in formation but have not become fully evident, and *backward-tracking* studies as a basis for seeking plausible links in the causal chain - from Paris Declaration-style aid inputs to development results - to assess and predict the likely direction of further travel.

29. Rigour and Comparability: In addition to the use of the agreed minimum common questions, sub-questions and methods, the robustness of the approach and methodology for the evaluation and its results will be further ensured by:

- a. A consistent stance in the evaluation that does not assume attribution of results to the Paris Declaration, but rather takes a critical approach and examines alternative explanations;
- b. A set of support mechanisms available to individual evaluation coordinators, reference groups and teams, particularly from the Core Evaluation Team, both directly and through research resources and interactive internet facilities [see Section %Support Arrangements for Country Evaluations+for detail];
- c. Verification of evidence emerging through ongoing triangulation between the multiple data sources and methods employed;
- d. Step-by-step validation of evaluation results by national core teams (with peer review among them encouraged) by the core team, country reference groups, the Evaluation Secretariat and Management Group, possibly high level external reviewers, and the International Reference Group;
- e. Quality assurance processes that are built in to each component evaluation (as well as the preparation of the final synthesis report) . all are required to meet the Development Assistance Committee (DAC) Evaluation Quality Standards, United Nations Evaluation Group (UNEG) Standards, or the comparable national or regional standards where these have been adopted;
- f. Selection and contracting of appropriately-skilled evaluation teams by established procedures, with protection for the independence and professional integrity of their work;
- g. Forming country teams using national expertise to the maximum extent possible but also including regional and international experts where appropriate, assuring that all are free of potential conflicts of interest;
- h. Prioritizing the use of country systems to capitalize on existing data/literature including academia, universities, and civil society;
- i. Wherever possible, seeking the engagement and coverage of providers of development resources not yet formally endorsing the Paris Declaration in the capacity of donors; and
- j. Using a set of agreed working definitions for key terms²⁷ and a common style guide to avoid confusion and inconsistent treatment.

4. Supplementary Study:

30. In addition to the core evaluation questions above (also see Appendix B: Draft Evaluation Matrix for Country Evaluations), the following four sectors/cross-cutting issues will be selected to examine in detail as supplementary study.

Sectors/Cross-Cutting Issues:

- Social Sector: Health
- Economic Growth Sectors: Transport and Energy/Power
- Cross-Cutting Issue: Climate Change

²⁷ A Glossary has been prepared as part of the guidance to the Phase 2 Evaluation.

5. Management of the Evaluation:

31. **In-country management arrangements:** The **National Evaluation Coordinator**, appointed by the Government, is responsible for managing all aspects of the Country Evaluation process including, most importantly:

- a. Selecting, setting up and then scheduling and convening meetings of the in-country National Reference/ Advisory Group, expected to include major stakeholders from governments, donors, civil society and possibly academia;
- b. Developing final ToR for the Country Evaluation in consultation with the National Reference/ Advisory Group; incorporating the common evaluation matrix for Country Evaluations and (if required) a module with country-specific evaluation questions;
- c. The recruitment and contracting of the consultants for the Country Evaluation (with selection where possible by the National Reference/ Advisory Group);
- d. At least bi-monthly reporting on the progress of the evaluation in line with a manageable agreed common format;
- e. Quality control; assuring that the evaluation is of acceptable quality in reference to identified relevant national, regional and/or international (DAC) standards and drawing on the pro-active and responsive services of the Core Evaluation Team and the Evaluation Secretariat.

32. This management role will require significant inputs of dedicated management time over the whole evaluation process, with concentrated effort anticipated during the start-up period, inception, first draft report and final reporting milestones.

33. The **National Reference/ Advisory Group** will normally be responsible for the following important functions:

- a. Approving the design of the pertinent evaluation that comprises a common set of evaluation questions applicable to all country evaluations and where desired a module with supplementary, country-specific evaluation questions;
- b. Deciding on selection criteria for the country teams;
- c. Selecting the members of country evaluation teams, consistent with the selection criteria and national competitive procurement or tender rules;
- d. Serving as a resource and to provide advice and feedback to the National Coordinator and Team;
- e. Helping to ensure the independence, integrity and quality of the evaluation;
- f. Reviewing and commenting on (but not approving) the draft products of the respective country evaluation.

34. National Reference/ Advisory Groups should also have important roles to play in accessing information, exerting quality control, linking to government and engaging civil society, facilitating the necessary wider consultation, and encouraging the use and usefulness of the evaluations findings.

35. These roles will require a Group with sufficient representation from key stakeholders, good credibility and access, together with the necessary measure of independence. The tasks will imply the need for a series of dedicated inputs of time from the individual members of the National Reference/ Advisory Group.

36. Management in-country will be supported by self-monitoring of progress with the evaluation, and reflection at periodic National Reference/ Advisory Group meetings on the extent to which the Country evaluation remains on track and actions to be taken if and when gaps appear.

37. **Clarity on roles, responsibilities and accountabilities.** The success of this collaborative exercise in-country will be heavily influenced by initial clarity and ongoing discipline on who is expected to deliver on what and by when, and who is accountable. Key accountabilities in the process are:

- i. **Competent independent Country Evaluation Team selected, contracted and resourced**
The National Evaluation Coordinator is accountable for this milestone being reached with the support of the National Reference/ Advisory Group, and for the independence of the evaluation being maintained throughout the process.
- ii. **Country Evaluation Report delivered in-country on time:** The Team Leader [and/or the contracted firm or institution] of the Country Evaluation Team is accountable for the organization and co-ordination of the work of the evaluation team (and through this ensuring the quality and relevance of team member contributions) and assuring the delivery of emerging findings and a comprehensive final report which meets evaluation standards, within the contracted timeframe/ TOR (A draft outline for Country Evaluation Report is in Appendix-A).
- iii. **Country Evaluation Report of an acceptable quality submitted to the Core Evaluation Team for use in preparing the synthesis report and publishing:** The National Evaluation Coordinator, through successive processes of quality control, is accountable for delivery of a report of acceptable quality for the Synthesis stage.

38. **Communication with stakeholders:** The Country Evaluation is expected to develop and implement a Communication Plan through which stakeholders for the evaluation within the country will be kept informed and engaged. A variety of channels and activities should be used and opportunities maximized to link to key points in national strategic and decision-making cycles (already planned in several countries). Links should also be forged with key milestones in the international dialogue on aid effectiveness and MDG trends over the coming two years to build policy engagement with the study and ensure its timely contribution to the debates.

39. Ensuring this communication and engagement takes place and in a form that fosters stakeholder interest, civil society involvement, and buy-in to the evaluation process would be a responsibility of the National Reference/ Advisory Group.

40. **Progress reporting:** The National Evaluation Coordinator, in his/her role as in-country focal point for the Phase 2 Evaluation will provide the Secretariat with bi-monthly updates (copied to the Core Evaluation Team) . starting end of December 2009 . on the status of the Country Evaluation process. This will use a simple proforma to be developed by the Evaluation Secretariat in consultation with the Core Evaluation Team which will facilitate the updating by the Core Team of the master sheet on progress across the 20+ country Evaluations.

41. **Country Evaluation Timeline:** The overall Evaluation Work-plan and Schedule below incorporates the sequence of key milestones for the Country evaluations, alongside other elements and processes.

Evaluation of the Paris Declaration Phase 2		
Critical Milestones		
Period/Date	In country and donor/agency HQ	Core Evaluation Team
1 Dec 2009	IRG endorsement of Evaluation Framework and Generic Terms of Reference	
2010		
Dec 2009/ Jan 2010	Establish National Reference Groups and approve Terms of Reference for Country Evaluation/Donor HQ Studies	Core Evaluation Team support to National Evaluation Coordinators as required
Dec 2009/March 2010	Select and contract Evaluation Teams	

Feb-Mar 2010	Core Team mission to coordinate with advanced Cambodian evaluation and early South Pacific workshop for Team Leaders and National Coordinators with Core Team/EMG	
26 th March 2010	Core Evaluation Team circulates Draft operational matrix methodology paper/package to work shop participants and to International Reference Group (IRG) and Executive Management Group (EMG) for comments by 9 th April (Participants in the sub-regional workshop will, of course have the opportunity to comment and discuss this at the workshops).	
April 2010	Sub-regional/national workshop for Team Leaders and National Coordinators with Core Team/EMG	
30 April 2010	Core Team submits Inception Report including revised operational matrix in methodology paper/package to IRG for comments by 10 th May (noting that input from the delayed SEA workshop will still need to be taken into account)	
11-13 May 2010	Core Team and EMG meet to finalize Inception Report and operation Matrix including methodology paper/package	
31 May 2010	Country and donor Agency HQ Teams submit inception report	Core Evaluation Team support to National Evaluation Coordinators as required
April . Oct 2010	Conducting Country and donor agency HQ Level evaluations	
15 Oct 2010	Submission of First Draft Report including summary of finding by each country team and donor agency HQ level team to EMG & CET	Core team prepares consolidated emerging finding by 15 Nov
Oct-Dec 2010	Consultation, validation and finalisation of report in countries and donor agency HQ	
7-9 Dec 2010	Meeting workshop of country and donor agency HQ study team leaders, Core Team and IRG to discuss emerging findings and the plan for the synthesis Drafting Synthesis Report	
31 Dec 2010	Submission of county and donor/agency-level reports	
Apr-May 2011	Dissemination of evaluation results in countries	Finalization of Synthesis Report
2011		
Jan-April 2011	Dissemination of evaluation results in countries	Drafting Synthesis Report
April 2011	Meeting of the IRG to comment on the Draft Synthesis Report	
April-May 2011	Dissemination of evaluation results in countries	Finalization of Synthesis Report
May-Sept 2011	Dissemination activities/inputs to preparations for High Level Forum	
29 Nov-01 Dec 2011	4 th High Level Forum in Busan, South Korea	

6. Institutional Support Arrangements

42. **The Core Evaluation Team:** The Core Evaluation Team contributes to the Phase 2 evaluation across all components at all stages: at planning and set-up; on an ongoing basis to ensure consistency and solve problems that may arise; and in the final stages when it will be expected to bring together all evaluation findings in a free-standing Synthesis Report. The Core Evaluation Team is responsible and reports to the Evaluation Management Group through the Evaluation Secretariat.

43. **Services to Country Evaluations.** The Core Evaluation Team has been in place since September 2009 (need to be revised). With a view to ensuring the quality and integrity of the Country Evaluations within the overall Phase 2 Evaluation it is charged with providing the following set of support services to Country Evaluation processes:

- After intensive regional consultations, design for the approval of the Evaluation Management Group and the International Reference Group a **Generic Terms of Reference** for Country Evaluations that will guide data gathering and fieldwork in a way that will ensure quality and enable comparison and the synthesis of findings.
- Provide professional advice on request to the National Evaluation Coordinator and members of the National Reference/ Advisory Group on the basis for selection, contracting and briefing of Country Evaluation Teams
- Review and collate relevant existing research and evaluations, including through a series of initial **Country Dossiers** providing Country Evaluation Teams with some key references relevant to the common methodology and core questions. The Country Evaluation Teams themselves will then add further secondary information to the Dossier and to the wider literature review being conducted for the Phase 2 Evaluation.
- Provide ongoing advice and support to Country Evaluation Teams to ensure the coherence of the evaluation and the comparability of its different elements.

44. To make best use of the support resources of the Core Evaluation Team, it will work both proactively and responsively to engage with and support the Country evaluations. In addition to important arrangements for indirect support, planned face-to-face opportunities have been identified (see Table below) to help lay solid foundations and clear directions for Country Evaluations to follow, support continuing adherence to evaluation standards, provide guidance if/ where evaluation teams run into problems, and facilitate sharing and learning among country teams.

45. The Core Evaluation Team is developing a web-based knowledge management system . an **extranet** . for the Phase 2 Evaluation. The National Evaluation Coordinator, Country Evaluation Teams and National Reference/ Advisory Group members will have access to this facility and it will provide the channel for the sharing of guidance and progress updates between the Core Team and the country processes. The structure of the extranet provides a shared space and also a part of the site that can be dedicated to a particular country process.

Table: Planned face-to-face meetings by members of the Core Evaluation Team with Country Evaluation Processes

Activity/ Event	Persons involved (from countries undertaking evaluation)	Face to face (with country processes)
Regional Workshops I (Oct/ Nov 2009) (need to be revised)	National Evaluation Coordinators, or representatives, and major stakeholders or National Reference Group members if named.	All countries
Regional Workshop II (March/April 2010)	Team Leaders of Country Evaluation Teams, National Evaluation Coordinators . and possibly other team members	All countries
Evaluation Work-plan presentation (event)	Country Evaluation Team presentation to National Reference Group	Mission option for a limited number of countries
Inception Report Presentation (event) . 1 month in	Country Evaluation Team presentation to NEC and the National Reference Group	Mission option for a limited number of countries
Team analysis staged . August	Country Evaluation Team	Mission option for the majority of countries
Draft report to National Reference/ Advisory Group (event)	Country Evaluation Team presentation to National Evaluation Coordinator and the National Reference/ Advisory Group	Mission option for a limited number of countries
International Emerging Findings+ workshop	Country Evaluation Team and National Evaluation Coordinators	All countries
Final Report to CRG	Country Evaluation Team presentation to National Evaluation Coordinator and the National Reference/ Advisory Group	Remote . all countries

Appendix A

Draft Outline for Country Evaluation Reports

(Note: The Synthesis report for the whole comparative evaluation will closely follow a similar outline, with some additional elements to capture relevant Phase I results and the results of donor headquarters studies, and selective reference to evaluation results on country-specific questions, outside the common template.)

Preface**Acknowledgement****Acronyms****Executive Summary** (Max. 5 pp.)

Purpose and background

Overall conclusions (on common and country-specific questions)

Key lessons (on common and country-specific questions)

Key recommendations if applicable (on common and country-specific questions)

A. Introduction (Max. 4 pp.)

The Paris Declaration and Accra Agenda for Action: Engagement of country X

Purpose and scope of the Phase Two Evaluation

Approach, methodology and limitations

B. Country Findings on the Common Evaluation Questions

1. What are the important factors that have affected the relevance and implementation of the Paris Declaration and its potential effects on aid effectiveness and development results? (The Paris Declaration in context) (Max. 10 pp.)

2. To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships? (Process and intermediate outcomes) (Max. 10 pp.)

3. Has the implementation of Paris Declaration strengthened the contribution of aid to sustainable development results? How? (Development outcomes) (Max. 10 pp.)

4. Framework for Conclusions (Max. 10 pp.)

i. What has been the relevance of the Paris Declaration and the ways it has been implemented to the challenges of aid effectiveness?

ii. To what extent has each of the five principles of the Paris Declaration been observed and implemented, and the Accra Agenda priorities reflected? Why? Have there been conflicts or trade-offs between them?

iii. What has the Paris Declaration achieved for aid effectiveness and development results? How significant are these contributions? How sustainable? Is there evidence of better ways to make aid more effective and contribute more to development results?

iv. What effects has the implementation of the Declaration had on the respective burdens of aid management falling on partner countries and donors, relative to the changing volumes and quality of aid and of the aid partnership itself? Are these effects likely to be transitional or long term?

v. What has been the added value of Paris Declaration-style development cooperation compared with the pre-Paris Declaration situation, and seen alongside other drivers of development in the country, other sources of development finance and development cooperation partners beyond those so far endorsing the Declaration?

vi. What are the key messages for a) national stakeholders, and b) donor countries and agencies?

vii. What are the key implications for aid effectiveness in the future taking account of new challenges and opportunities (e.g. climate change) and new actors and relationships?

C. Country Findings on Theme/Sector Studies

1. Health
2. Power/Energy
3. Transport
4. Climate Change

D. Key Lessons and Recommendations (if applicable) around the Common Evaluation Questions (Max. 5 pp.)

E. Findings on the Country-Specific Evaluation Questions (if adopted) (Max. 15 pp.)
[Possible sub-headings]

F. Key Conclusions, Lessons and Recommendations (if applicable) around the Country-Specific Evaluation Questions (if adopted) (Breaking out conclusions, lessons and recommendations) (Max. 5 pp.)

G. Possible Key Implications beyond the Planned Term of the Paris Declaration. (Max. 3 pp.)

Annex 1: Paris Declaration on Aid Effectiveness

Annex 2: The Accra Agenda for Action

Annex 3: Generic Terms of Reference for Country Level Evaluations

Annex 4: Specific Terms of Reference for Bangladesh Country Level Evaluation

Annex 5: Selected Additional References

Appendix B

Draft Evaluation Matrix for Country Evaluations

Proposed Core Evaluation Questions & Sub-questions	Suggested types of evidence & where possible, indicators	Likely sources of data	Methods & techniques for data collection, analysis and validation
<p>1. “What are the important factors that have affected the relevance and implementation of the Paris Declaration (PD) and its potential effects on aid effectiveness and development results?” (The Paris Declaration in context)</p>			
<p>a) What are the key characteristics of the country that have been most relevant to the implementation of the PD? (Ensuring analytical not descriptive treatment)</p>	<p>e.g. As most relevant:</p> <ul style="list-style-type: none"> i. Human development, social and poverty indicators ii. Key economic features, issues and trends iii. External and domestic resource mobilization patterns, place of aid iv. Indicators of governance and fragility. (The rule of law and a functioning legislature, and respect of human rights are likely to be key conditions) v. Social indicators (health, education, gender, vulnerability) vi. National development 	<p>Wide-ranging, likely to be country and international data</p>	<p>Review, compilation and processing of statistical data</p> <p>Review, analysis and summary of documents, including policies, strategies and plans, reviews, evaluations and other reports (national, international)</p> <p>Preparation of focused briefing reviews</p>

Proposed Core Evaluation Questions & Sub-questions	Suggested types of evidence & where possible, indicators	Likely sources of data	Methods & techniques for data collection, analysis and validation
	<p>strategies and national development cooperation strategy, outcome based monitoring and evaluation</p> <p>vii. Recent political factors, changes and developments that affect the aid arena</p> <p>viii. Capacity development needs/priorities</p>		
<p>b) What is the place of aid subject to PD principles among all sources of development finance and resources? What have been the trends from early roots to 2005 and since?+</p>	<p>i. Pre and post-PD trends in Official Development Assistance shares and components of external and overall development finance and national resource mobilization, (inc. private investment trade receipts, remittances, etc.) Scale and importance of relationships with different donors.</p> <p>ii. What shares and types of official development assistance (ODA) flows in turn are in practice subject to PD principles? Why?</p> <p>iii. Ensure appropriate coverage of technical cooperation, South-South and triangular cooperation, and sources of development cooperation</p>	<p>Public accounts, Foreign Aid & Budget monitoring divisions docs</p> <p>Existing external resources dept. and country/donor shared tracking, docs and national and international stats.</p>	<p>What have been the trends from early roots to 2005 and since?</p> <p>Review, compilation and processing of statistical data, evaluative and monitoring materials.</p> <p>Review and summary of documents (national, international, independent).</p> <p>Preparation of tables, briefing notes.</p> <p>Survey of the economic activities, sectors, regions, programmes, projects, issues and drivers that fall outside the purview of the Paris Declaration.</p> <p>Semi structured interviews & focus groups with informed respondents.</p> <p>Possible use of adapted sphere of influence(outcome mapping) model</p>

Proposed Core Evaluation Questions & Sub-questions	Suggested types of evidence & where possible, indicators	Likely sources of data	Methods & techniques for data collection, analysis and validation
	not covered by the PD.		for analysis.
<p>c) Which are the key actors, in the country and among its development partners, who can take major decisions on aid? What influence do the Paris Declaration and Accra Agenda for Action (AAA) commitments have on them, in relation to their other priorities and incentives?</p>	<p>i. Maps of the relevant major decisions (annually, over the period since 2005)?</p> <p>ii. Identification of the relevant key decision-makers. Maps of the key objectives, interests, capacities, priorities and motivations of key actors on both sides of the aid relationships in this country, relative to the commitments of the PD and AAA. (This evidence is related to, but goes beyond, the %commitment, capacities and incentives+surveyed in Phase 1.) Taking account of changing relations with key donors, parliament, local government, civil society, private sector and media actors.</p> <p>iii. Coherence between donor/agency HQs and field actors should be assessed.</p> <p>iv. Possible supplementary study</p>	<p>Official documents and statements, relevant independent research. E.g. national and donor strategies, policies and plans, institutional structures and decision-making processes, statistics and informed assessments.</p> <p>Official statements and documents, international conventions and commitments, parliamentary reports,</p> <p>Independent studies and reports on donor motivations and their evolution over time, civil society reports.</p> <p>Targeted grey literature (internal reports, working documents, electronic newsletters, blogs)</p>	<p>Document analysis, decision mapping, stats., meta-analysis & semi structured interviews & focus groups with a wide range of informed respondents e.g. including current and former officials, at different levels of government, donor representatives and observers, legislators, civil society, media, scholars</p>
<p>e. What are the most important national and international events that have affected the implementation of the Paris Declaration and Accra priorities, and how?</p>	<p>I. Identification of key issues affecting the aid arena in country: e.g. Changing political priorities, governance reforms, economic conditions, civil unrest, natural & man-made disasters, new resources (internal or external), decentralization,</p>	<p>Existing evaluations and official and independent literature including government, donor and civil society reports, parliamentary decisions and reports, informed assessments</p>	<p>Literature and document review, meta analysis, semi structured interviews, focus groups with key stakeholders to include government, civil society and parliamentarians, or possibly surveys with informed respondents</p>

Proposed Core Evaluation Questions & Sub-questions	Suggested types of evidence & where possible, indicators	Likely sources of data	Methods & techniques for data collection, analysis and validation
	<p>changing relations with key donors, new entrants.</p> <p>ii. Assessments of PD influence on them, if any?</p>		
<p>f. To what extent and where have the PD principles been implemented? Why and how?</p>	<p>i. Evidence (documentary, institutional, and other) of how the different PD principles have been interpreted, weighted and implemented in the country? Why?</p> <p>ii. Since when? (e.g., pre-2005, later?)</p> <p>ii. Evidence of any tensions or tradeoffs emerging between the different principles.</p>	<p>Existing evaluations and official and independent literature, including existing national, donor and civil society progress reports, evaluations, policies, strategies and plans, informed assessments.</p> <p>Monitoring survey provides some data and background on some commitments.</p>	<p>Document & literature review, meta analysis, questionnaires & semi structured interviews & focus groups with informed respondents. Phase 1 type analysis needed to supplement Monitoring Survey results on other commitments.</p>
<p>2. “To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships?” (Process and intermediate outcomes)</p> <p>(Note: It is proposed that the interest in assessing progress related to inefficiencies in aid processes, the weight of the resulting burdens, and who bears them, will mainly be treated under the respective intended outcomes below (e.g.</p>			

Proposed Core Evaluation Questions & Sub-questions	Suggested types of evidence & where possible, indicators	Likely sources of data	Methods & techniques for data collection, analysis and validation
<p>numbers ii., iv., v., and viii.) as well as in a summative question (see %framework for Conclusions+).</p>			
<p>Sub-questions: The main means to provide answers to Core question 2 will be to assess the progress achieved in realizing each of the 11 following intended outcomes that were <u>directly specified</u> in the opening Paragraphs 3 and 4 of the Declaration itself, reflecting as well the further political emphases and priorities brought out in the AAA.</p> <p>Note 1: While there are serious challenges in assessing and measuring achievement in some of these areas, this list, if taken as a whole, has an incontestable standing as the principal base for evaluation the effects of the Declaration.</p> <p>Note 2: The 11 intended outcomes are clustered below under the main action headings of the AAA, and the Accra emphases can be drawn out further in pursuing individual</p>	<p>Assessments against each of these intended outcomes could be focused on changed activities, behaviour, and relationships.</p> <p>In providing answers to these sub-questions, the only feasible across-the-board source is likely to be a standard survey of informed respondents as a key element in each country evaluation. (Finding a good, balanced, and adequately informed range of respondents will be a challenge in most cases.)</p> <p>Since in Phase 2 the country evaluations are designed to provide the most important means of assessing donor implementation of the PD commitments, it will be important to get beyond aggregate assessments of implementation by %the donors+as an undifferentiated group. Responses may also be quite different on different commitments by</p>	<p>Other:</p> <p>Existing evaluations and monitoring reports.</p> <p>Administration and Progress</p> <p>Reports of Country Ministries of Finance and Plan Implementation</p> <p>Special study reports</p> <p>Donor reports on delegation of responsibility and resulting status of performance.</p> <p>Documentation by partner country and donors on progress and decisions taken as a result of alignment/coordination processes:</p>	<p>Other:</p> <p>Monitoring Survey sheds some light on some expected outcomes, but unevenly. Qualitative analysis of consultation and decisions taken in Dialogues/ Coordination Processes.</p> <p>Analysis of information from country reports and donor reports with specific reference to policy changes and decisions making processes arising out of PD. Quantitative analysis of changes in Budget allocations over the years with plausible links to harmonization and alignment moves.</p> <p>Evidence of trends in the span and distribution of national management/ donor management of aid.</p> <p>Key informant interviews on inputs into policy and supporting structures</p> <p>Focus group discussions on supporting structures that allows civil society and the private sector a voice in policy making and a %watchdog+role.</p>

Proposed Core Evaluation Questions & Sub-questions	Suggested types of evidence & where possible, indicators	Likely sources of data	Methods & techniques for data collection, analysis and validation
questions.	<p>the same donor/agency. Thus it will be important to design ways of assessing at least the range of different donor records of implementation and examples of greater and lesser advances, if not actual ratings or rankings.</p> <p>It is very likely that some issues will be found more applicable than others, depending on different country situations. If so, this too will be a finding.</p> <p>Survey responses would then be elaborated through structured and semi-structured interviews, analyses of context under Question 1, and findings triangulated against the most recent monitoring survey results and trends where relevant (see individual points below), and other monitoring, evaluative and research findings (e.g. the EU Code of Conduct on Division of Labour and Complementarity or the Monterrey Consensus.)</p>	<p>Evidence from documentation on parliamentary scrutiny, policy dialogues, donor coordination groups, joint reviews and problem solving meetings.</p> <p>Evidence of trends in the span and distribution of national management/ donor management of aid.</p>	
A. Country ownership over development	In addition to assessing progress against the sub-questions below, with their specific and sometimes technical aspects, a broader assessment of progress is needed against this central principle, highlighted again at Accra, with its		

Proposed Core Evaluation Questions & Sub-questions	Suggested types of evidence & where possible, indicators	Likely sources of data	Methods & techniques for data collection, analysis and validation
	critical political and behavioural dimensions. The proposed survey instruments and related methods should seek specific assessments of progress against this overarching objective - specifically focused on changed activities, behaviour, and relationships. The Accra commitments may point to some further sub-questions. All this will contribute to the aggregate assessment against the principles in the Conclusions.		
i. <u>Stronger</u> national strategies and frameworks?	e.g. Monitoring survey results on Indicator 1 provide a partial source and cross-check. Phase 1 reports relevant		
ii. <u>Increased</u> alignment of aid with partner countries priorities, systems and procedures, help to strengthen capacities?	e.g. Monitoring survey results on Indicator 3, 5a, 5b and 6 provide a partial source and cross-check. Phase 1 and donor/agency HQ reports relevant. Note: Need to test against AAA priority on increased and appropriate support for capacity development.		

Proposed Core Evaluation Questions & Sub-questions	Suggested types of evidence & where possible, indicators	Likely sources of data	Methods & techniques for data collection, analysis and validation
iii. <u>Defined</u> measures and standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary standards and environmental assessments, in line with broadly accepted good practices and their quick and widespread application?	e.g. Monitoring survey results on Indicator 2 provide a partial source and cross-check. Phase 1 and donor/agency HQ reports relevant		
B. Building more inclusive and effective partnerships for development	In addition to assessing progress against the sub-questions below, with their specific and sometimes technical aspects, a broader assessment of progress is needed against this central political objective, highlighted again at Accra. The proposed survey instruments and related methods should seek assessments on this - specifically focused on changed activities, behaviour, and relationships. The Accra commitments may point to some further sub-questions.		
iv. <u>Less</u> duplication of efforts and rationalized, more cost-effective donor activities	e.g. Monitoring survey results on Indicators 4, 9, and 10 provide a partial source and cross-check. Phase 1 reports relevant. Phase 1 and donor/agency HQ reports relevant		
v. <u>Reformed</u> and <u>simplified</u> donor policies and procedures, more collaborative behaviour	Phase 1 and donor/agency HQ reports relevant		
vi. <u>More</u> predictable and multi-year	e.g. Monitoring survey results on		

Proposed Core Evaluation Questions & Sub-questions	Suggested types of evidence & where possible, indicators	Likely sources of data	Methods & techniques for data collection, analysis and validation
commitments on aid flows to committed partner countries. [Has the nature of conditionalities been changed to support ownership in line with the AAA commitment (para. 25)]	Indicator 7 provide a partial source and cross-check. Progress on untying, an Accra Agenda priority, could be treated here, with reference to Monitoring Survey Indicator 8. Phase 1 and donor/agency HQ reports relevant		
vii. <u>Sufficient</u> delegation of authority to donors field staff, and adequate attention to incentives for effective partnerships between donors and partner countries	Phase 1 and donor/agency HQ reports relevant		
viii. <u>Sufficient</u> integration of global programmes and initiatives into partner countries broader development agendas.	Note: This question has taken on more precise elements since this phrasing in 2005. Evidence existing evaluations: e.g. Monitoring survey results on Indicators 3, 6, and 9 provide a partial source and cross-check. Possible supplementary study		
C. Delivering and accounting for development results	In addition to assessing progress against the sub-questions below, with their specific and sometimes technical aspects, a broader assessment of progress is needed against this central principle, highlighted again at Accra in its political context. The proposed survey instruments and related methods should seek assessments on this - specifically focused on changed activities, behaviour, and		

Proposed Core Evaluation Questions & Sub-questions	Suggested types of evidence & where possible, indicators	Likely sources of data	Methods & techniques for data collection, analysis and validation
	relationships . and contribute to the aggregate assessments under question 3 and in the Conclusions. The Accra commitments may point to some further sub-questions.		
ix. <u>Stronger</u> partner countriesq capacities to develop and implement results-driven national strategies	e.g. Monitoring survey results on Indicator 11 provide a partial source and cross-check. Phase 1 and donor/agency HQ reports relevant		
x. <u>Enhanced</u> respective accountability of countries and donors to citizens and parliaments	<p>Phase 1 suggested that achieving this original expected outcome of the Declaration appeared to be the most important concrete way of advancing the central principle of mutual accountability, highlighted again at Accra. The proposed survey instruments and related methods should seek assessments on this - specifically focused on changed activities, behaviour, and relationships.</p> <p>e.g. Monitoring survey results on Indicator 12 provide a (very) partial additional source and cross-check. Phase 1 and donor/agency HQ reports will be relevant. The Accra commitment on access to the requisite information is key.</p>		
x. (Supplement) Implementation of the general commitment in para. 50 of the Declaration and the specific mutual commitments in the Accra	Many of these AAA commitments are specific and time-bound enough to be directly assessed in individual country evaluations, and thus contribute to		

Proposed Core Evaluation Questions & Sub-questions	Suggested types of evidence & where possible, indicators	Likely sources of data	Methods & techniques for data collection, analysis and validation
Agenda for Action (Para. 24) on transparency and accountability for development results, including its detailed points on transparency, mutual assessment reviews, strengthening international accountability mechanisms, and measures to fight corruption on both sides.	the Synthesis, alongside the general results on Monitoring Survey Indicator 12.		
xi. <u>Less</u> corruption and more transparency, strengthening public support and supporting effective resource mobilization and allocation.	e.g. Monitoring survey results on Indicator 2 provide a (very) partial source and cross-check		
D. Have there been unintended consequences of the Paris Declaration for aid effectiveness? Is there evidence of better ways to make aid more effective?			
<p>3. “Has the implementation of Paris Declaration strengthened the contribution of aid to sustainable development results? How?” (Development outcomes)</p> <p>[Note: the Declaration’s own statement of intended effects, to:</p> <p>%to increase the impact of aid in:</p> <p>1. Reducing poverty</p>			

Proposed Core Evaluation Questions & Sub-questions	Suggested types of evidence & where possible, indicators	Likely sources of data	Methods & techniques for data collection, analysis and validation
2. Reducing inequality 3. Increasing growth 4. Building capacity 5. Accelerating achievement of MDGs+ (Paragraph. 2)]			
a) Were results in specific sectors enhanced through the application of the PD principles?+ (Health to be used as a tracer sector across all country evaluations, and one other, non-social+sector (possibly infrastructure) to be selected by each country) (Note: One or two countries were noted where the health sector has little aid involvement. Briefly documenting this can contribute to overall results.)	i. Evidence of distance and trajectories of change in relation to PD principles. ii. Sectoral performance pre and post PD type actions. Categorization of PD-type influence (see context sections above). iii. Evidence of prevalence of PD type approaches by sector. Relevant evidence of results and performance by sector and plausible contributions.	Existing official and independent literature including government, donor and civil society reports, existing evaluations and monitoring reports, annual reports of line ministries & sector reports parliamentary decisions and reports, informed assessments Existing evaluations and monitoring reports, annual reports of line ministries & sector reports. Parliamentary Reports. Independent studies Grey literature (internal reports, working documents, electronic newsletters, blogs)	Existing evaluations and monitoring reports, annual reports of line ministries & sector reports. Parliamentary Reports. Independent studies Grey literature (internal reports, working documents, electronic newsletters, blogs) Mapping and weighting of possible contributory factors; Meta analyses; Comparative study of sectors; possible surveys.
b) Did the implementation of the PD help countries to improve the	i. Evidence of: explicit exclusion analysis and policy / strategy /		Mapping and weighting of possible contributory factors. Document

Proposed Core Evaluation Questions & Sub-questions	Suggested types of evidence & where possible, indicators	Likely sources of data	Methods & techniques for data collection, analysis and validation
prioritization of the needs of the poorest people, including women and girls, and reduce social exclusion?+	<p>programmatic & and sector responses; relevant institutional mechanisms; gender and exclusion-related budgetary allocations and expenditure flows; pro-poor, gender responsive priorities in national strategies, budgets; expenditure flows and other measures to/for social inclusion.</p> <p>ii. National data disaggregation by region, sex, excluded group etc. iii. Evidence on distance and trajectories of change.</p>		<p>&budget analyses;</p> <p>Correlations, historical & statistical analyses & select case studies where preliminary data/information show powerful correlations;</p> <p>Meta analysis of national development outcomes, strategies and budgets</p> <p>[Note: possible supplementary study required]</p>
c) How and why has the mix of aid modalities (including general or sector-specific budget support) evolved, what effect has the Paris Declaration had on different modalities, and what have been the development results?+			
d) Has PD implementation led to sustainable increases in institutional capacities and social capital at all levels to deliver services and to respond to development challenges? Why, how and where, and what are the effects?	<p>Check against 3 commitments in AAA on capacity development and 5 on use of country systems:</p> <p>i. Evidence of changes in: administrative capacities among all</p>	Existing evaluations, assessments on technical cooperation. Relevant Progress	<p>Trends/assessments of PD-driven capacity development support.</p> <p>Major assessments on technical cooperation.</p>

Proposed Core Evaluation Questions & Sub-questions	Suggested types of evidence & where possible, indicators	Likely sources of data	Methods & techniques for data collection, analysis and validation
	development actors, including CSOs; ii. ability to consult with and account to stakeholders; iii. partnership working and network formation; iv. learning by doing; v. decentralization; vi. effective regulation; vii. policy and strategic monitoring; viii. evaluation and reporting.	Reports of Country Implementation Agencies Minutes of meetings of the Co-ordination Mechanisms. Informed assessments survey data	Survey, appreciative inquiry, Most significant change. Key informant interviews.
e) Has the implementation of the PD had unintended consequences for development results, negative or positive? Is there evidence of better ways to make aid contribute more to development results?			
f) Has the PD enhanced ODA's impact on achieving the goals of the national development strategy and the MDGs?+	i. Distance and trajectories of change, pre-and post PD-type changes. ii. Mapping and weighting of possible contributory factors.	Existing evaluations and monitoring reports. National reports on development strategies Annual reports of National Cooperation Agencies.	Correlations, historical & statistical analyses & possibly select case studies where preliminary data/information suggest correlations

Proposed Core Evaluation Questions & Sub-questions	Suggested types of evidence & where possible, indicators	Likely sources of data	Methods & techniques for data collection, analysis and validation
		<p>MDG reports and statistics (on-track / off-track)</p> <p>Statistical data (World Bank (WB) indicators, WB Development Finance report, International Monetary Fund (IMF), OECD Secretariat, national statistical offices, ministries of finance, WB governance indicators, African Development Bank (AfDB) governance data base, United Nations Development Programme (UNDP) etc.)</p> <p>Economist Intelligence Unit, UNDP reports, press reports, etc.</p>	
<p>4. Framework for Conclusions:</p> <p>i. What has been the relevance of the Paris Declaration and the ways it has been implemented to the challenges of aid effectiveness?</p>			

Proposed Core Evaluation Questions & Sub-questions	Suggested types of evidence & where possible, indicators	Likely sources of data	Methods & techniques for data collection, analysis and validation
<p>ii. To what extent has each of the five principles of the Paris Declaration been observed and implemented, and the Accra Agenda priorities reflected? Why? Have there been conflicts or trade-offs between them?</p> <p>iii. What has the Paris Declaration achieved for aid effectiveness and development results? How significant are these contributions? How sustainable? Is there evidence of better ways to make aid more effective and contribute more to development results?</p> <p>iv. What effects has the implementation of the Declaration had on the respective burdens of aid management falling on partner countries and donors, relative to the changing volumes and quality of aid and of the aid partnership itself? Are these effects likely to be transitional or long term?</p>			

Proposed Core Evaluation Questions & Sub-questions	Suggested types of evidence & where possible, indicators	Likely sources of data	Methods & techniques for data collection, analysis and validation
<p>v. What has been the added value of Paris Declaration-style development cooperation compared with the pre-PD situation, and seen alongside other drivers of development in the country, other sources of development finance and development cooperation partners beyond those so far endorsing the Declaration?</p> <p>vi. What are the key messages for a) national stakeholders, and b) donor countries and agencies?</p> <p>vii. What are the key implications for aid effectiveness in the future taking account of new challenges and opportunities (e.g. climate change) and new actors and relationships?</p>	<p>The burdens and benefits involved might be analyzed in relation to the transactional functions of %search+, %bargaining and decision+and %policing and enforcement+following the suggestions of the commissioned concept paper by A. Lawson on %Transaction Costs.+The metaphor from Economics needs to be adapted in light of the distinctive stakes in aid relationships, and the aspiration for %partnership.+</p>		

Appendix 2 Reporting Requirements

The evaluation team will prepare reports and submit them as per indicative timelines described in the following table.

Sl. No.	Name of the Reports	Indicative submission timelines	Remarks, if any
1.	Inception Report (including detailed guidance on methodology and methods (100 copies)	June 15, 2010	May require 2-3 presentation for National Reference Group (NRG)/ Steering Committee (SC), Core Evaluation Team (CET), Local Consultative Group (LCG) and Working Group (WG).
2.	Interim Report (150 copies)	30 September, 2010	To be presented in 1-2 meeting/workshop(s) participated by the members of all the Stakeholders from GoB, DPs, Development Agencies and Private Sectors.
3.	Draft Final Report (150 copies)	30 November, 2010	To be presented in 1-2 Workshop(s) participated by members of all the Stakeholders from GoB, DPs, Development Agencies and Private Sectors.
4.	Final Report (1000 copies)	31 December, 2010	

Appendix 3 Key Personnel and Sub Consultants

Titles (and names), details job descriptions and minimum qualifications of key personnel, and staff-months for each.

Key Personnel

<i>Position</i>	<i>Name</i>	<i>Staff-months</i>
Team Leader	Mr. Suddiqur Rahman Choudhury	7
Consultant (Health)	Mr. M. A. Muktadir	4
Consultant (Energy or Power)	Mr. A. K. M. Shamsuddin	4
Consultant (Transport)	Mr. Muhammed Ali	4
Consultant (Environment)	Dr. Zahurul Karim	4
International/Regional Consultant	Dr. A. B. Mirza Md. Azizul Islam	1.5

The key personnel will work full-time exclusively for this assignment to fulfill the Service and will not concurrently hold other posts/jobs. The key personnel who concurrently hold other post/job submits the letter from the respective authority declaring that he/she will be released from the job during the period of assignment under this Contract. The key personnel who currently hold post of Government service submits the copy of admission letter from the Government.

The minimum required qualification and experience of professional staff are as follows:

- 1 **Team Leader:** Master Degree in Social Sciences like, Political Science, International Relations, Economics, Public Administration or related fields with at least 20 years advance knowledge and experience of working in the development sector.
- 2 **Consultant (Health):** Master Degree in Social Sciences, or Master/ Bachelor Degree in Medical Science /Public Health or related fields with at least 5 years relevant experiences.
- 3 **Consultant (Energy/ Power):** Master Degree in Social Sciences or Master Degree in Natural Sciences or Master/ Bachelor Degree in Engineering or related fields with at least 5 years relevant experiences.
- 4 **Consultant (Transport):** Master Degree in Social Science or Master Degree in Natural Science or Master/ Bachelor Degree in Engineering or related fields with at least 5 years relevant experience.
- 5 **Consultant (Climate Change):** Master Degree in Social Science or Master Degree in Natural Science or Master Degree in Agriculture or Master/Bachelor Degree in Engineering or related fields with at least 5 years relevant experience.
- 6 **International Consultant/National Consultant with International exposure :** Master Degree in Social Science or Master Degree in Natural Science or related fields with advance knowledge and experience of working as International/Regional consultant on similar assignment(s).

Appendix 4 Services and Facilities provided by the Client

4A Services, facilities and property to be made available to the Consultant by the Client

- National Evaluation Coordinator, on behalf of the Client, Working Group and Steering Committee, will provide the Consultant with documents and advices as shall be necessary to enable the Consultant to perform the services.
- National Evaluation Coordinator, on behalf of the Client, Working Group and Steering Committee, issue to officials, agents and representatives of the Government and Development Partners all such instructions/notification as may be necessary of appropriate for the prompt and effective implementation of the Services.
- The Consultant will prepare facilities and property necessary to carry out Services. Facilities and property will not be made available to the consultant neither by the Client nor the National Evaluation Coordinator under this contract.

4B Professional and support counterpart personnel to be made available to the Consultant by the Client

- Professional and support counterpart personnel who shall work under the direction of the Consultant will not be provided neither by the Client nor National Evaluation Coordinator. However, the Client and National Evaluation Coordinator shall make liaison personnel available for the advice and consultation to the Consultant.

Annex 4**List of persons consulted/interviewed**

Sl. No.	Organization (GoB)	Name	Title
1	Bangladesh Energy Regulatory Commission	Mr. Md. Emdadul Haque	
2	Bangladesh Road Transport Authority (BRTA)	Mr. Iftekhar Hossain	Director (Operations)
3	Bangladesh Road Transport Authority (BRTA)	Mr. Tapan Kumar Sarkar	Director (Enforcement)
4	Bangladesh Agriculture Research Council (BARC)	Dr. W. Kabir	Executive Chairman
5	Bangladesh Agriculture Research Council (BARC)	Dr. Sheikh Golam Hossain	Member Director
6	Bangladesh Agriculture Research Institute (BARI)	Dr. M. A. Yusuf	Director General
7	Bangladesh Rice Research Institute (BRRI)	Dr. M.A. Mannan	Director General
8	Climate Change Unit, MOEF	Mr. Md. Shaheduzzaman	Additional Secretary
9	Department of Environment	Mr. Monowar Islam	Director General
10	DGFP	Ms. Begum Dilruba	Director General
11	DGFP	Mr. Mohd. Waliur Rahman	Director Planning
12	DGFP	Mr. H. Kabir	Senior Assistant Chief
13	DGFP	Mr. P.K.Datta	Assistant Chief
14	DGHS	Dr. Abul Mansur Khan	Director Planning
15	Dhaka Transport Coordination Board(DTCB)	Mr. G. M. Jainal Abedin Bhuiya	Executive Director
16	Dhaka Transport Coordination Board(DTCB)	Mr. Md. Anisur Rahman P. Eng	Traffic Engineer
17	Economic Relations Division	Mr. M Musharraf Hossain Bhuyian	Secretary
18	Economic Relations Division	Mr. Bijon Kumar Baishya	Joint Secretary (National Coordinator, PDE-II)
19	Economic Relations Division	Mr. Monowar Ahmed	Joint Secretary and JCS Coordination Officer, AEU
20	Economic Relations Division	Mr. Mohammad Shamsul Alam	Deputy Secretary and Liaison Officer, AEU
21	Economic Relations Division	Mr. Rafique Ahmed Siddique	Deputy Chief and JCS Monitoring and Evaluation Officer, AEU
22	Economic Relations Division	Dr. Jiban R. Mojumdar	Joint Chief, (WB)
23	Economic Relations Division	Mr. A. K. M. Dinarul Islam	Deputy Secretary (ADB)
24	Economic Relations Division	Ms. Nasreen Sultana	Joint Chief (Europe)
25	Economic Relations Division	Mr. Al- Mamun	Deputy Secretary (Cord)
26	Economic Relations Division	Mr. M.Saiful Haque Chowdhury	Senior Assistant Chief
27	Energy and Mineral Resources Division	Mr. Anwar Hossain Khan	Director General, Hydrocarbon Unit
28	IMED	Mr. Amulya Kumar Debnath	Director General , CPTU
29	IMED	Mr. Abdul Karim	Procurement Reform Imp. Adviser, CPTU

30	IMED	Mr. Abul Kalam Azad	Director, Social Sector
31	IMED	Mr. Nazrul Islam Sarker	Director, Coordination
32	Local Govt. Engineering Department	Mr. Md. Wahidur Rahman	Chief Engineer
33	Local Govt. Engineering Department	Mr. Md. Abdus Shaheed	Superintending Engineer
34	Ministry of Communication	Mr. Md. Mosharraf Hossain Bhuiyan ndc	Secretary, Bridge Division
35	Ministry of Communication	Mr. Panna Lal Chowdhury	Joint Secretary, Bridges Division
36	Ministry of Communication	Md. Rafiqul Islam	Project Director, Padma Bridge Project
37	Ministry of Communication	Mr. S. K. Chakravarty	Chief Planning Officer, Railway Division
38	Ministry of Communication	Mrs. Nazmun Ara Keya	Sr. Planning Officer, Railway Division
39	Ministry of Finance	Mr. Ranjit K Chakrabarty	Additional Secretary, Finance Division
40	Ministry of Finance	Mr. Muhiuddin Ahmed	Joint Secretary (Budget)
41	Ministry of Finance	Mr. Muslim Chowdhury	Joint Secretary, Finance Division
42	Ministry of Health & Family Welfare	Mr. Md. Humayun Kabir	Secretary
43	Ministry of Health & Family Welfare	Mr. Md. Abdul Mannan	Joint Chief, Planning Wing
44	Ministry of Health & Family Welfare	Mr. Md. Helaluddin	Deputy Chief, Planning Wing
45	Ministry of Health & Family Welfare	Mr. Mahmud Reza Khan	Deputy Secretary(WHO)
46	Ministry of Health & Family Welfare	Dr. M. Sabur	Team Leader, PSA
47	Ministry of Health & Family Welfare	Dr. M. Zakir Hossain	Team Leader, PCC (Program Preparation Cell of the next HNPSP)
48	Ministry of Local Govt., Rural Development & Corporations	Mr. Monzur Hossain	Secretary, Local Govt. Division
49	Ministry of Local Govt., Rural Development & Corporations	Mr. Md. Shamsul Karim Bhuiya	Joint Chief, Local Govt. Division
50	Ministry of Power, Energy and Mineral Resources	Mr. Abul Kalam Azad	Secretary, Power Division
51	Ministry of Power, Energy and Mineral Resources	Mr. Mejbahuddin	Secretary, Energy and Mineral Resources Division
52	Ministry of Power, Energy and Mineral Resources	Mr. Md. Mofazzel Hossain	Joint Secretary, Power Division
53	Ministry of Power, Energy and Mineral Resources	Mr. Mohammed Hossain	Director Power Cell
54	Ministry of Shipping	Mr. Sahjahan Khan MP	Honourable Minister
55	Ministry of Shipping	Md. Abdul Mannan Howlader	Secretary
56	Ministry of Environment and	Dr. Mihir Kante Majumdar	Secretary

	Forest		
57	Ministry of Environment and Forest	Dr. Manzur Hannan Khan	Deputy Secretary
58	Ministry of Environment and Forest	Mr. Nasir Uddin	Joint Secretary
59	Petrobangla	Mr. Muktadir Ali	Head LNG
60	Planning Commission	Prof. Dr. Shamsul ALam Mohan	Member, General Economics Division
61	Planning Commission	Mr. Md. Sarwar Alam	Sr. Assistant Chief, Planning Cell
62	Planning Commission	Mr. Habibullah Mazumder	Secretary, Ministry of Planning and Member Programming
63	Planning Commission	Mr. Fakrul Ahsan	Division Chief, GED
64	Planning Commission	Dr. MG Sarwar	Division Chief, Programming Division
65	Planning Commission	Mr. Md. Yakub Ali	Joint Chief, General Economics Division
66	Planning Commission	Ms. Niru Shamsun Nahar	Joint Chief, Health Wing, SEI Division
67	Planning Commission	Mr. Balai Krishna Hazra	Deputy Chief, Programming Division
68	Planning Commission	Mr. Enayet Hossain	Deputy Chief, SEI Division
69	Planning Commission	Mr. Prohash Chandra Roy	Senior Assistant Chief, Health Wing, SEI Division
70	Power Development Board	Mr. A.S.M. Alamgir Kabir	Chairman
71	Roads & Highways Department, Ministry of Communication	Mr. Aminur Rahman Laskar	Project Director, Aided Projects
72	Roads & Highways Department, Ministry of Communication	Engr. Md. Ali Masud Haider	Additional Project Director, Aided Projects/ PD, Priority Road Project
73	Roads & Railways Division, Ministry of Communication	Mr. Muzammel Huq	Secretary
74	Roads & Railways Division, Ministry of Communication	Mr. Khandker Md. Iftekhar Haider	Additional Secretary
75	Roads & Railways Division, Ministry of Communication	Mr. Liakat Ali	Deputy Chief, Planning Cell
76	Statistics Division	Ms. Riti Ibrahim	Secretary
77	UPHCP	Mr. Waliul Islam	Team Leader, Training Support Unit, UPHC-II and Ex-Team Leader, PCC
Sl. No.	Organization (DP)	Name	Title
1	ADB, Dhaka	Mr. Theva Kumar Kandiah	Country Director
2	ADB, Dhaka	Mr. Meriaty Subroto	Senior Country Specialist
3	ADB, Dhaka	Mr. Arif Mohammad Faisal	Project Implementation Officer (Environment)

4	ADB, Dhaka	Mr. Rahman Murshed,	Head ,Energy Bangladesh Resident Mission
5	ADB, Dhaka	Mr. Nazrul Islam,	Project Implementation Officer
6	ADB, Dhaka	Mr. Stefan Ekeluand,	Head, Portfolio Management Unit
7	ADB, Dhaka	Mr. Jamal Mahmood	Head, Social Sector
8	ADB, Dhaka	Mr. Dhiraj Kumar Nath	Urban Health Specialist
9	AusAID	Ms. Rachel Payne	First Secretary, Development Cooperation
10	CIDA/High Commission of Canada	Ms. Linda Cloutier	Deputy Director, Planning (Development)
11	CIDA/High Commission of Canada	Mr. Patrick Lemieux,	Senior Analyst, Aid Effectiveness and Public Financial Management Support Team
12	CIDA/High Commission of Canada	Ms. Hilary Syme	First Secretary (Development)
13	CIDA/High Commission of Canada	Mr. Omar Farooq Khan	Senior Development Advisor
14	CIDA/High Commission of Canada	Dr. Momena Khatun	Health Advisor (Programme Support Unit)
15	DFID	Mr. Chris Austin	Country Representative
16	DFID	Mr. Bo Sundstorm	Aid Effectiveness Adviser
17	DFID	Mr. Jim McAlpine	Senior Programme Manager
18	DFID	Ms. Joanne Manda	
19	DFID	Ms. Shehlina Ahmed	Health and Population Adviser
20	Embassy of Japan	H. E. Mr. Tomotsu Shinotsuka	Ambassador
21	Embassy of Japan	Ms. Miki Yamamoto	Economic Researcher
22	EU Delegation	Mr. Alexander FRIKE	Second Secretary
23	EU Delegation	Ms. Nadia Rashid	Programme Officer Health
24	European Union (EU)	H. E. Dr. Stefan Frowein	Ambassador
25	European Union (EU)	Mr. Milko Van Gool	Counselor (Head of Cooperation)
26	European Union (EU)	Mr. Jorge Nieto Rey	First secretary
27	European Union (EU)	Ms. Julia Jacoby	Attaché, (Coordination & Aid Effectiveness)
28	European Union (EU)	Ms. Rubayat Jesmin	Economic Affairs Officer
29	FAO	Prof. S.M. Fakhru Islam	
30	GTZ	Mr. Peter Palesch	Country Director
31	GTZ	Mr. Erich Otto Gomm	Programme Coordinator (Sustainable Energy for Development)
32	GTZ	Mr. Hynek Kruzik	MIS Expert
33	IDB	Mr. Farook uz Zaman	Country Representative
34	IMF	Ms. Eteri Kvintradze	Resident Representative

35	JICA	Ms. Saeda Makimoto	Senior Representative
36	JICA	Mr. Tatsuhiko Sunouchi	Representative
37	JICA	Mr. Ryuji Kasahara	Adviser Governance/Aid Coordination
38	JICA	Mr. Ahmad Mukammeluddin	Sr. Program Manager (Power and Energy)
39	JICA	Mr. Zafar Iqbal	Sr. Program Manager (Power and Energy)
40	JICA	Mr. Suman Das gupta	Senior Program Manager (Transport)
41	JICA	Mr. Tamaoki WATANABE	Sr. Transport Adviser
42	JICA	Mr. Shigeki Furuta	Sr. Representative
43	Kfw/ German Agency	Mr. Christoph Isenmann	Director
44	Kfw/ German Agency	Mr. Dirk Gehl	Senior Project Manager
45	Royal Danish Embassy	H.E. Mr. Einar H. Jensen	Ambassador
46	Royal Danish Embassy	Mr. Jan Moller Hansen	Deputy Head of Mission
47	Royal Danish Embassy	Ms. Wahida Mussarat Anita	Programme Officer
48	SIDA/Embassy of Sweden	Mr. Tomas Bergenholtz	First secretary (Development Cooperation)
49	SIDA/Embassy of Sweden	Dr.Mohammad Zahirul Islam	Health Adviser
50	Swiss Agency for Development and Cooperation (SDC)	Mr. Joseph Guntern	Head of Cooperation
51	The World Bank (WB)	Ms. Ellen Goldstein	Country Director
52	The World Bank (WB)	Mr. Zafrul Islam	Lead Procurement Specialist
53	The World Bank (WB)	Ms. Surriyah Zannat	Sr. Financial Analyst
54	The World Bank (WB)	Mr. Diepak Elmer	Economist
55	The World Bank (WB)	Ms. Sayeeda Salim Tauhid	
56	The World Bank (WB)	Mr. Khawaja M. Minnatullah	Senior Specialist (Environment)
57	The World Bank (WB)	Ms. Dora Nsuwa Cudjoe	
58	The World Bank (WB)	Mr. Md. Iqbal	Sr. Energy Specialist
59	The World Bank (WB)	Ms. Reefat	Transport Specialist
60	The World Bank (WB)	Mr. Ishtiaque Ahmed, Ph.D	Transport Specialist
61	The World Bank (WB)	Mr. Rajib Ahmed Chowdhury	Operations Specialist, Country Management Unit
62	The World Bank (WB)	Dr. Bushra Binte Alam	Health Advisor
63	The World Bank (WB)	Mr. Lisandro Martin	Result Specialist/Operation Officer
64	UNFPA	Mr. Arthur Erken	Country Representative
65	UNFPA	Ms. Yuki Suehiro	Deputy Representative
66	UNFPA	Mr. Tauhid Alam	NPO, Strategic Development
67	UNFPA	Mr. Jawaharlal Das	Senior Supply and Procurement Officer
68	UNICEF	Dr. Birthe Locattalli- Rossi	Head Health & Nutrition

69	United Nations (UN)	Mr. Halfdan Lynge Ottosen	Special Assistant to UN Resident Coordinator
70	United Nations Development Programme (UNDP)	Mr. Stefan Priesner	Country Director
71	United Nations Development Programme (UNDP)	Mr. Mamunul H. Khan	
72	United Nations Development Programme (UNDP)	Mr. M. Aminul Islam	Assistant Country Director
73	USAID	Ms. Denise Rollins	Mission Director
74	USAID	Mr. Dennis Sharma	Deputy Mission Director
75	USAID	Ms. Farheen L. Khurum	Monitoring & Evaluation Specialist
76	USAID	Ms. Mahmuda Rahman Khan	Senior Program Development Specialist Gender & Donor Co-coordinating Program Officer
77	USAID	Mr. Alamgir Hossain	Environment & Climate Change Specialist
78	USAID	Mr. A.K.D. Sher Mohammmat Khan	Senior Energy Advisor & Country Coordinator
79	USAID	Dr. Azhar Mazumdar	
80	USAID	Ms. Khadijat Mojidi	Office Director, Office of Population, Health, Nutrition and Education
81	WHO	Dr. Ranjit Kumar Dey	National Professional Officer (Planning and Management)
82	World Resources Institute	Mr. Clifford Polycarp	Senior Associate, International Climate Finance Institutions and Governance Program
Sl no.	Organization (Resource Persons/Others)	Name	Title
83	Bangladesh Power Development Board	Mr. K.G. Ahmed	Former Chairman
84	Bangladesh Sangbad Shangstha (BSS)	Ms. Shahnewaz Begum	Sr. Reporter, Energy
85	Bangladesh University of Engineering and Technology	Dr. M. Nurul Islam	Professor, Institute of Appropriate Technology
86	BRAC University International Panel of Experts Padma Bridge Project.	Prof. Jamilur Reza Chowdhury	Former Vice-Chancellor, Chairman
87	Dhaka University	Dr. Barkat-e-Khuda	Professor, Department of Economics
88	Monthly Magazine: Energy and Power	Mr. Mollah Amzad Hossain	Editor
89	IUB	Mr. Harun-or Rashid	Professor
90	NSU	Dr. Mizan Khan	Professor

91	PKSF	Dr. Quazi Khaliqzaman Ahmed	Chairman
92	PKSF	Dr. Mesbah Uddin Khan	Managing Director
93	Resource Person	Dr. Akber Ali Khan	Former Finance Advisor, Care Taker Government
94	Resource Person	Dr. Wahiduddin Mahmood	Former Finance Advisor, Care Taker Government
95	Transparency International Bangladesh	Mr. M. Hafizuddin Khan	Chairman
96	Transparency International Bangladesh	Mr. Iftekharuzzaman	Executive Director
97	UN ESCAP Transport Division	Dr. M. Rahmatullah	Former Director
98	Voices of Interactive Choice & Empowerment	Mr. Ahmed Swapan Mahmud	Executive Director
Sl no.	Organization (CSOs/NGOs)	Name	Title
99	BICAS	Dr. Atique Rahman	
100	BRAC	Mr. Faroque Ahmed	Director, BRAC Health Programme
101	BRAC	Mr. Mahabub Hossain	Executive Director
102	Center for Policy Dialogue (CPD)	Dr. Mustafizur Rahman	Executive Director
103	Center for Policy Dialogue (CPD)	Ms. Fahmida Khatun	Additional Director
104	Policy Research Institute	Dr. Sadeque Ahmed	Vice-Chairman

Annex 5

Documents/Publications Consulted

Documents/Publications of the Government of Bangladesh

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Ownership, Alignment, Harmonisation, Results and Accountability



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