

**INDEPENDENT EVALUATION GROUP**  
**Bangladesh Country Assistance Evaluation**  
**Approach Paper**

**Introduction**

1. This is the approach paper for a proposed Country Assistance Evaluation (CAE) for Bangladesh. The Bank is the leading donor for this country, which is a major recipient for Bank lending, policy advice, and technical assistance. During fiscal 2001-07, Bangladesh received 5 percent of overall International Development Association (IDA) commitments, 17 percent of IDA commitments in the South Asia Region (SAR). There is now a large evaluative gap for the country program, since the Independent Evaluation Group's (IEG) previous CAE<sup>1</sup> covers only the period through fiscal 1996. In addition, as explained later, the CAE will also be combined with significant joint evaluative work with the three other major donors for the country that participated with the Bank in the joint CAS framework (JCASF) during 2006-09 (para. 24). The field work for this CAE and the joint evaluative work will be undertaken in 2008, and the CAE will be delivered in fiscal 2009, so that the results of the CAE will be available to the expected new government in mid-2009. The CAE will also provide timely input for the next country assistance strategy (CAS), now planned for the first half of fiscal 2010, and for the new JCASF, being prepared for mid-2009.

**Country Background**

2. Bangladesh became independent in 1971 following a bloody civil war. It has frequently faced famine and natural disasters, as well as internal violence and political instability. Despite these and other challenges to its survival and development, quite considerable progress has been achieved in a number of areas.

3. After decades of successive military dictatorships and unstable civilian regimes, the 1990s saw a political framework emerge which, despite shortcomings, allowed a resurgence of economic development. The pro-market Bangladesh Nationalist Party (BNP) and the socialist Awami League alternated in governing the country. However, corruption and poor governance remained widespread. Following a period of unrest, in January 2007 the scheduled parliamentary election was cancelled and a military-backed government was installed. This interim government launched a reform program including a strong anti-corruption campaign, and promised to clean up the political system and restore representative democracy through a set of electoral reforms before the next election (currently scheduled for October-December 2008).

4. GDP growth has been strong, averaging over 5 percent per annum since 1990, and, since 2001, 5.7 percent, with per capita growth at 4.4 percent. Increases in manufacturing (especially the garment sector) and buoyant foreign remittances have been significant factors. This growth record was achieved even while aid per capita decreased from US\$20 in 1990 to an average of US\$9 per capita since 1997. Progress in achieving

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<sup>1</sup> Bangladesh Country Assistance Review, Report No. 17455-BD, March 6, 1998.

Millennium Development Goals (MDGs) has been uneven but with some indicators showing substantial improvement. For example, malnutrition of children under 5 has declined by one-third compared to 1990, and child mortality has been cut in half. Poverty has been reduced, with the proportion of people below the poverty line falling from 51 percent in 1995-96 to 48 percent in 2000 and to 41 percent in 2005.<sup>2</sup>

5. Despite this progress, Bangladesh remains one of the world's poorest and least developed countries. It ranked 140th out of 177 countries in the 2007/2008 Human Development Index (similar to the ratings for the Congo, Lesotho, Nepal, and Swaziland), and had a per capita gross national income of about US\$480 in 2006 (similar to Cambodia, Haiti, Kyrgyz, and Lao PDR, and slightly below Ghana). In addition, the recent trend in the world prices of food staples is bound to have a major impact on Bangladesh and its poor, particularly taking into account that Bangladesh imported an average of over US\$400 million in food grains during 2001 to 2005.

### **The World Bank's Program**

6. Since independence, Bank lending has totaled US\$12.7 billion, and loans outstanding and disbursed (all IDA) amounted to US\$10.4 billion at the end of February 2008. In addition, the Bank has carried out a very large number of analytic and advisory activities. The International Finance Corporation's (IFC) committed portfolio is now US\$288 million. The Multilateral Investment Guarantee Agency's (MIGA) outstanding portfolio is one contract of guarantee in infrastructure with a gross exposure of US\$78.3 million and, with a small amount of re-insurance, a net exposure of US\$70.4 million.

7. This evaluation will cover the period 2001-2007.<sup>3</sup> During this time, Bank assistance was guided by a 2001 CAS for fiscal 2001-04, a 2003 CAS Progress Report for fiscal 2004-05, and a 2006 CAS for fiscal 2006-09. The latter was a JCASF, formulated together with the Asian Development Bank (ADB), Japan's aid agencies, including the Japan Bank for International Cooperation (JBIC), the Japan Agency for International Cooperation (JICA) and the Ministry of Foreign Affairs (MOFA), and the United Kingdom's Department for International Development (DfID).

8. The three CASs have maintained many of the same objectives, but with some variations including in program components. The **2001 CAS** defined governance as an overriding objective, with the following supporting aspects:

- Help build stronger institutions for better governance;
- Consolidate gains in human development to address the next generation of challenges in education, health, and nutrition;
- Implement an integrated approach to rural development;

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<sup>2</sup> The recent rise in food prices and related food shortages will have an important impact on Bangladesh's poverty statistics. However, data is not yet available to show this impact.

<sup>3</sup> For completeness, the period 1997-2000 will be covered in a descriptive annex.

- Accelerate and broaden private sector-led growth by helping to (i) remove structural impediments and establish an environment conducive to private investment, (ii) strengthen the financial sector, and (iii) support private investment in energy, infrastructure, manufacturing, and services. All of these reforms were seen as essential to reverse the deteriorating macroeconomic performance.

9. The **2003 CAS Progress Report** proposed an interim program for fiscal 2004-05 so that a new CAS could be finalized in tandem with Bangladesh's Poverty Reduction Strategy Paper (PRSP) in early 2005. It maintained the same four objectives as the 2001 CAS but proposed a shift to Poverty Reduction Support Credits (PRSCs) to support the program.

10. The **2006 CAS** for fiscal 2006-09 was aligned with the JCASF, which in turn was aligned with the country's 2005 PRSP. The JCASF was a joint product insofar as it established a common approach to the key issues. In addition, the four donors engaged in intensive exchanges of information about proposed lending and other assistance programs to address these issues, and there was a mutual understanding as to which donors would take the lead in the major sectors. However, each donor retained its own business practices, its own strategy documentation, and its own programs, which include two sector-wide approaches (SWAs), led by ADB and the Bank.

11. Within the 2006 CAS, governance, which was at the core of the PRSP, was mainstreamed across two pillars:

- Improving the investment climate, which would in turn involve ensuring a stable macroeconomic framework and enabling business environment by:
  - Improving trade policies
  - Enhancing the legal and regulatory environment for the private sector
  - Developing an effective competition policy
  - Establishing policies friendly to foreign direct investment
  - Deepening financial sector reforms, and, finally
  - Having a special focus on improving governance and efficiency in infrastructure by reducing opportunities for corruption and nontransparent procurement practices.
- Empowering the poor by:
  - Strengthening sector governance and accountability and enhancing voice and participation, and
  - Improving local governance—enhance accountability by helping citizens participate in decision-making and holding service providers accountable.

12. For the core governance objective, the principal focus was to increase transparency and accountability to reduce the opportunities for corruption. Within this effort, improving financial management and procurement were seen as essential components.

13. IEG (then OED) completed earlier a Country Assistance Review (CAR) that covered the period 1981-1996. More recently, in the desk-based internal review for the 2003 CAS Progress Report, IEG found some progress in the outcome of Bank support

under four of the five objectives but very little under the governance objective. To improve effectiveness, the review called for realistic lending objectives and a stronger strategic program of non-lending activities well-integrated with lending. The review highlighted the need to move forward on health, infrastructure (particularly electricity), trade, and environmental management, and expressed concern with the continuing politicization of the bureaucracy and the short tenure of most senior officials. The review also found that the major donors (ADB, JBIC and IDA are mentioned specifically) tried, with mixed success, to coordinate their programs, and took note of their resolve to work even more closely in the future through the joint CAS.

14. An important operational aspect of the Bank's programs from 2001 to the present was the large disparity between planned and actual activities for these three CASs, particularly as regards the lending program. Of the 46 projects proposed in the three CASs to be evaluated for this CAE, only 28 were approved and 18 were dropped, while 11 new projects were prepared and approved (through fiscal 2007).

### **General Approach to the Evaluation**

15. The present evaluation will focus on World Bank Group (WBG) assistance to Bangladesh over the period fiscal 2001-07, a period that is highly relevant for the Bank's program going forward, and that is covered by two CASs and one CAS Progress Report (para. 7). The evaluation will take into account developments in fiscal 2008 to the extent that information is available. The evaluation will also focus on the work undertaken jointly by the four major donors—ADB, DfID, IDA, and JBIC, with special emphasis on the aspects related to alignment and harmonization (A&H). The timing of this evaluation presents a key opportunity to assess Bank assistance and provide a platform for the next CAS and JCASF, and also for the expected new government. The assessment will draw heavily on the feedback from the Government on the performance of the Bank and the three other partners in the JCASF as partners in supporting the 2005 PRSP. It will also draw on the feedback from other donors on their role as development partners of the Bank and the three other partners in formulating and carrying out the jointly agreed strategic framework.

16. A special feature of this CAE is that it will be accompanied by a self-standing below the line<sup>4</sup> joint evaluation paper (JEP) that will evaluate the A&H performance of the four partners of the JCASF in the planning and implementation aspects of their assistance programs for Bangladesh between 2001 and 2007. The JEP and the CAE are separate tasks carried out at the same time which will result in separate documents, feeding into each other as much as possible, but with distinct purposes, processes, and accountabilities. The CAE will be prepared regardless of progress on the JEP, and will be delivered within fiscal 2009 to CODE following the standard IEG methodology and approach to CAEs, and with the usual independence. This will minimize the risk to IEG of embarking on this evaluation. The JEP will be prepared together with the evaluation units of the three JCASF partners (ADB, DfID, and JBIC), and working together with

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<sup>4</sup> Below the line papers draw lessons but do not make recommendations. They are circulated to CODE for information only, and not for discussion.

them in coordinating evaluation activities, developing evaluative approaches, and analyzing results. The joint evaluative work will place a special focus on how the partners have carried out their joint work, including the coordination of programs, the two SWAps and the cofinancing, where the partnerships have gone beyond the shared strategy all the way to financing and assisting in implementation. The JEP will serve as an umbrella, under which each unit will carry out its specific evaluations in accordance with its own institutional priorities and established evaluation modalities.<sup>5</sup> However, to the extent possible, the JEP will follow IEG's methodology for CAEs and draw on evaluative material accumulated in IEG and in evaluation units of the other three partners. The emphasis of the JEP will be to draw lessons both about the joint work of these four donors in Bangladesh and about the process of carrying out joint evaluations.

17. The IEG evaluation will also seek feedback from the Government and local stakeholders, three partners, and other donors on their perceptions of the Bank as a development partner. The feedback from other donors will be sought through a special consultation, which will take place at the time of the CAE mission to Dhaka.

18. The nature of WBG assistance under the CASs is provided in Annex 1. The retrofitted logic model (Annex 2) and the design matrix (Annex 3) highlight the methodological framework for the evaluation. The logic model outlines the linkages between inputs and activities (in the form of lending programs, analytical and advisory activities - AAA, and policy dialogue) and the defined outputs (in the CASs) which contribute to the expected outcomes and impact. The design matrix highlights the key themes of the country assistance program (governance, growth, human development, rural development, environmental management, and gender) and the choice of instruments of support (PRSCs and other development policy lending - DPL [formerly adjustment lending], investment projects, and other budget support instruments) as well as dealing with aid A&H issues with development partners. The following paragraphs spell out the key evaluative questions associated with these themes and issues. Poverty reduction is directly related to progress on the issues identified in the following paragraphs concerning governance, growth, human development, rural development, and environmental management and gender. Thus, in addition to evaluating these issues separately, the CAE will also look at their cumulative impact on poverty reduction.

19. **Governance:** Governance in Bangladesh has been reasonably effective in some areas, such as macroeconomic discipline and capacity to manage natural disasters. However, it is widely recognized that weak governance in a number of other key areas has been a severe constraint on development, including weak public financial management, persistently low levels of revenue collection, weak financial accountability and procurement, and inadequate financial controls.<sup>6</sup> Because of the governance

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<sup>5</sup> The 2006 Survey on Monitoring the Paris Declaration gave benchmark ratings of "Moderate" for both Alignment (noting a need to improve country systems) and Harmonization (noting the continued predominance of uncoordinated project approaches).

<sup>6</sup> In 2006, the latest years for which Country Policy and Institutional Assessment (CPIA) data is publicly available, Bangladesh scored lowest (2.5 out of 6) on "Property Rights and Rule-Based Government" and "Transparency, Accountability, and Corruption in the Public Sector." The overall CPIA score for Bangladesh was 3.4 ranking 36<sup>th</sup> out of 77 countries.

weaknesses, nongovernmental organizations (NGOs) play a larger role than in most comparable countries in the delivery of services, particularly in the rural sector. The Bank and other donors have tried various approaches over the years to address governance issues, but overall ratings of governance remain stubbornly low. IEG's Public Sector Reform (PSR) Evaluation had a Country Case Note for Bangladesh which concluded that some progress had been made on civil service reform, but that only limited progress had been made on procurement which was still corrupt, that there was no evidence that discretionary tax exemptions were reduced, and no evidence of reduced corruption in Bank projects. Specific questions would include:

- Governance is often seen as an important constraint to development. Yet, there are differing views on the degree to which governance constraints are binding, differing hypothesis about their basis in government and society in general, and, therefore, the extent to which Bank and other donor assistance can address them. How appropriate have been the Bank's objectives to improve governance.
- Improved political institutions are seen to be key to any progress in governance. In this regard, how have political institutions (at the national or local level) changed? What has been the role of the Bank and the donor community more broadly in supporting any such changes?
- Has transparency and accountability improved, and have the opportunities for corruption been reduced?<sup>7</sup> If so, what role did the Bank's program play in these changes? In particular, did the Bank's engagement reflect an adequate understanding of the country's political economy?
- The Bank has specifically sought to address corruption through reform of tax collections by supporting a strategic development plan aimed at modernizing and reengineering the National Board of Revenue. Given the PSR conclusions noted above, why was more not achieved? Another Bank objective was to help the Government develop and implement a comprehensive, time-bound public financial management plan, including deepening initial reforms in public procurement. The PSR noted some early successes in this area. What is the current status of this objective? Were the instruments used by the Bank in these efforts appropriate?
- What effect did public sector reforms supported by the Bank have in facilitating decentralization and other objectives?
- How was the Bank's program coordinated with those of other donors to achieve better governance, especially DfID with its broad experience in working on institutional reform?

20. **Growth Constraints:** Bangladesh, as a low-income country, needs to address many growth constraints if it is to alleviate poverty and substantially increase its very low GDP per capita. While income poverty has declined by one percentage point a year in the recent past, the absolute number of people below the poverty line has not changed. And most poverty gains have been in the Dhaka division. Adult literacy is persistent and falling only slowly, especially among women. Labor productivity and skill levels are low in

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<sup>7</sup> Bangladesh has ranked very low in the Transparency International ratings, and in general between the 10<sup>th</sup> and the 30<sup>th</sup> percentile for the WBI Governance Indicators.

comparison to other countries at similar levels of income; worker training and educational quality are poor and not adequately related to market needs. State-owned enterprises still play a large role in the economy, and Bangladesh lags behind important comparator countries in privatization. The business climate constrains growth, and, for example, the Bank's Investment Climate Survey found that unofficial payments, tax administration irregularities, customs and trade regulations, and corruption were all important realities faced by businesses. The financial sector is small, constituting only about 2 percent of GDP. The banking sector is fragile, with very large debts related to state-owned enterprise (SOE) operations. Non-performing loans are an important problem. The public role in the banking sector remains very large. Specific questions would include:

- The PRSP encompasses a number of reforms to improve the investment climate, including improving trade policies, enhancing the legal and regulatory environment for private sector development, establishing policies friendly to foreign investment, and deepening financial sector reforms. Has the Bank appropriately sought to support these reforms with its lending and AAA?
- How can state enterprise reform be more effectively supported?
- Has the Bank had an appropriate focus on improving the skill mix of the labor force?
- Bangladesh's financial sector is relatively weak with high real interest rates. The Bank has often taken a lead role within the donor community in this sector. Has the Bank utilized its position to effectively address constraints? Have the vehicles chosen been effective? What is needed for a more productive approach?
- Since deficient infrastructure (transport, power, and electricity) has been a major obstacle to more rapid economic development, is the Bank appropriately focused (in the context of other donor assistance) on supporting the country's program for infrastructure development?
- How can the Bank and other donors work with the Government to improve planning and implementation?
- How much of an impact on growth and poverty reduction can be expected from these kinds of reforms?

21. **Human Development:** Bangladesh's low ranking in the Human Development Index<sup>8</sup> summarizes a number of problems in health and education which are major constraints to development. Low levels of expenditure on health and education,<sup>9</sup> and questions about efficiency and poor service delivery point toward significant problems, which seem related in important ways to the governance issues noted above. In the health sector there is an increasing emphasis on stimulating demand, especially among the poor, and creating incentives for improved service quality among public and NGO providers. Key challenges facing the education sector are the low quality and internal

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<sup>8</sup> United National Development Program, 2007, *Human Development Report 2007/8*. New York: UNDP.

<sup>9</sup> Public spending on health in 2003 was 1.1 percent of GDP and less than 5 percent of the combined national and development budget. Of the per capita health spending of US\$12, US\$3.2 comes from the government and US\$1 from donors, with the remainder coming from household out-of-pocket spending (US\$8). Public education spending is 2.3 percent of GDP, of which 45 percent is on primary education (World Bank. 2003. Public Expenditure Review).

inefficiency that coincided with the significant success in expanding enrollment rates over the past decade.

- Has the Bank's support to the health and education sectors been leveraged effectively with other donor support?
- In particular, have the SWAp for Health and Education been effective in mobilizing resources and supporting efficient improvements in these sectors?
- How can the Bank through its lending and non-lending operations be more effective in assisting Bangladesh to raise the very low levels of government support for human development?
- What lessons can the Bank learn from the intensive use of NGOs and the private sector in the provision of social services to the different strata of the population? What are the governance arrangements for the human services provided through these channels, and how do these arrangements compare with the country's systems and the Bank's safeguards?

22. **Rural Development:** Rural areas contain 75 percent of the population and 85 percent of the poor. The 2005 PRSP highlighted pro-poor agriculture growth as the country's highest priority. A Rural Development Strategy was finalized in 2001, but apparently has not had a strong impact in terms of providing a framework for investments and specific policies and programs. The Bank has also produced a significant amount of AAA in this sector, but there have been apparent gaps in lending—thus out of 25 ongoing projects (2006), only one is rural; only one rural project was approved in fiscal 2001-05; and the 2006 CAS had only one rural development project among 24 listed in its proposed 2006-09 lending program. Despite what appears to be a fairly loose connection with AAA, the outcomes of many investment projects have been rated satisfactory.

- Does the success of specific investments amount to a satisfactory program in rural development, or is more needed to generate the kind of rural sector development Bangladesh will need if it is to substantially improve the livelihood of its rural population, perhaps including longer-term approaches with more follow-up operations?
- Access to rural infrastructure appears to be improving, especially concerning electricity. Is there planning to maximize the impact of such improvements on production and incomes in rural areas?
- The Bank has had a stop-start role in improving water management and it even ceased providing financial support to the sector in fiscal 2002 because of concerns about governance, although subsequently progress was made in building capacity in the Water Resource Planning Organization and in restructuring the Bangladesh Water Development Board. Has progress in the sector been enhanced because of the Bank's approach to governance issues?

23. **Environmental Management and Gender:** Bangladesh ranks very low in a number of measures of environmental quality, and it will need to improve environmental quality to meet MDG targets for environmental sustainability. A fiscal 2007 Country Environmental Analysis found that environmental damage accounts for a loss of about



2.7 percent of GDP and that poor management of resources, especially water resources, was a continuing problem. The Bank has had a stop/start program in environment because of concerns over governance issues in the sector, but, despite these efforts, the Bank's internal review in 2006 for the 2003 CAS Progress Report notes that environmental management capacity did not improve. Concerning gender, Bangladesh has made important strides in improving girls' education and made some efforts to improve microfinance and income generation opportunities for women.

- Given the governance constraints assessed by the Bank in environment, has its approach been effective? Has the role of other donors (CIDA, UNDP) been productively enhanced by the Bank? Would a more direct active role have been appropriate?
- Has the Country Environmental Analysis been put to good use? Has it enabled the Government and donors to play a more productive role in building institutional and implementation capacity?
- Concerning gender, has the Bank assisted adequately in the consolidation of gains in reducing gender gaps in primary and secondary school enrollment and in promoting income-generating opportunities.

24. **Donor Alignment and Harmonization:** Donors play an important role, even though aid has been declining on a per capita basis. The donor community has sought to develop institutions to promote effective donor A&H. The Government itself now plays a major role, as it chairs the Development Forum. There is also a Local Consultative Group (LCG), where donors meet monthly. The LCG is supported by sector working groups, which facilitate exchanges of information and ideas and help minimize inefficiencies. Topping off the effort, the four partners of the JCASF—ADB, DfID, IDA, and JBIC, meet at least monthly and coordinate closely their efforts.

- Are the current donor coordination mechanisms working well? Are there improvements to be pursued in terms of mechanisms, terms of reference, etc.?
- Has the joint approach to the last CAS been effective? Are more intensive collaborative efforts warranted?
- How do other donors see the Bank as a development partner and what lessons may be drawn from those perceptions?

25. **Lending Vehicles:** Project outcomes have been good;<sup>10</sup> outcomes for 81.5 percent of all projects (by commitment) were rated satisfactory, compared to 78.7 percent Bankwide, 74.9 percent for South Asia Region, 76.2 percent for India, and 69.1 percent for Pakistan. The outcomes for the three recent projects in Economic Policy sector were all rated satisfactory, as were the outcomes for the two projects in public sector governance. At the same time, many aspects of economic policy are relatively weak, and public sector governance is seen as a major weakness. Also, the Bank has been very careful in pursuing operations based on budget support, because of concerns about financial controls and similar issues. There have been, however, two SWAPs.

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<sup>10</sup>These refer to projects exiting the portfolio from FY1995-2007.

- Why have not the 50 projects, of which 36 had satisfactory outcomes, translated into a better sectoral performance? For example, the outcomes of all three of the financial sector projects were rated satisfactory, yet financial sector performance is still poor. How can good project results be leveraged better into more satisfactory sector-wide and economy-wide results. Should the Bank have pursued more SWaps with its aid partners?
- The Bank has implemented three Development Support Credits (DSCs) and is processing the fourth, but nevertheless the Bank has used the DPL instrument less than in many comparable countries. Has the Bank's relative reluctance until recently to engage in DPLs and budget support operations been appropriate? Are there ways to keep risks to an acceptable level while pursuing DPLs?

### **Approach and Evaluation Methodology**

26. The main objectives of this CAE are three. First, to evaluate the outcome of the Bank's assistance program. In so doing, the CAE will review the extent to which activities funded by the WBG, solely or jointly with other partners, have contributed to progress in development goals as set by Bangladesh in collaboration with the donors and other actors. Second, to distill lessons and recommendations for improving design, implementation, and management of the Bangladesh country assistance program. And third, to carry out joint evaluation activities with the evaluation units of the three partners of the JCASF to draw lessons from experience and develop a better understanding of some A&H issues.

27. This assessment, based on IEG country assistance methodology, will apply the standard evaluation criteria of relevance, efficacy, efficiency, and sustainability. In each of the focus areas described above, the CAE will review the relevance of World Bank strategies and interventions in dealing with Bangladesh's problems, given the limited capacity of the Government. The CAE will also discuss the degree to which the assistance objectives have been achieved or expected to be achieved (effectiveness); how well, or economically, they were achieved (efficiency); and the role played by the Bank in achieving the results (contribution/attribution) in the context of the Government's development goals (expected outcome). The CAE will also assess the probability of continued long-term benefits or the resilience to risk of the next benefit flow over time (risk to development outcome).

28. The preparation of the CAE will go through four interrelated stages:

- Desk review of relevant and available documentations: A review of published and unpublished literature on development activities in Bangladesh as they relate to World Bank assistance would be undertaken, concerning impacts, outcomes, sustainability, and risks. The proposed CAE will coordinate with IEG-IFC's Country Evaluation Note which is under preparation, as well as with the partners in the JEP. It will also draw on Quality Assurance Group (QAG) assessments, Project Performance Assessment Reports (PPARs), Implementation Completion

Report (ICR) Reviews, and Project Completion Reports (PCRs), as well as on the material shared by the JEP partners. The status of progress made on results and outcomes specified in the results matrices for the CASs and the Progress Report would be examined at this stage. PRSCs and AAA played a major role in World Bank Group program of assistance. As a result, the contribution of the World Bank Group support would be assessed on the basis of how AAA guided the formulation and decision-making of Bangladesh's development policies. This will be done by looking at the Bank's influence on national, sector, and local policies.

- Discussions with the Government and stakeholder interviews (relevant WBG staff; in-country stakeholders): A set of stakeholder interviews would be conducted, along with the collection of data, to obtain information and, to the extent necessary, substantiate conclusions coming from the literature review.
- Consultation with the partners of the joint evaluation and with other donors active in Bangladesh: The team will work jointly with the evaluation units of ADB, DfID, and JBIC in assessing developments in the key areas identified in the joint strategy, paying special attention to health and education where the four institutions are working together in SWAs. The joint work will inform the analysis of the CAE in the relevant sections, as well as provide the basis for the JEP. The team will also hold a consultation with all the donors active in Bangladesh to receive feedback on the Bank's performance as a development partner. The outcome of this consultation will be reported in the CAE.
- Assessment of WBG contributions: The CAE will assess the relative contribution of WBG support, taking into account the interventions of other donors and exogenous factors. The main conclusions and lessons learned would be derived at this stage.
- Finally, the CAE will benefit from preparation of a country note by IEG-IFC which will evaluate IFC's assistance program to Bangladesh. Since MIGA has played only a small role in Bangladesh, inputs from IEG-MIGA will be sought in terms of consultations and desk reviews.

### **CAE Team, Outputs and Timetable**

29. The CAE Team will be led by Jaime Jaramillo-Vallejo, Lead Economist, IEGCR, under the overall guidance of Ali Khadr, Senior Manager for IEGCR. Internal peer reviewers are Martha Ainsworth and James Sackey. David Goldsborough will be engaged as an external peer reviewer.

30. A mission to Bangladesh is planned for September 2008. Discussion has been initiated with the other key development partners in Bangladesh (ADB, DfID, and JBIC) on their participation in the in-country mission. The CAE will be issued to CODE in June 2009, well before the delivery of the next CAS scheduled for fiscal 2010. The JEP is expected to be available between mid-2009 and early 2010 and will, for practical reasons, be circulated for information to CODE separately.



## **Annex 1**

### **Bangladesh: Nature of World Bank Support**

(Fiscal 2001-08)

**Focus:** During the period for the proposed CAE (fiscal 2001-08), the World Bank (WB) provided support for Bangladesh under three country assistance frameworks which were guided by an Interim Poverty Reduction Strategy Paper (IPRSP) completed in 2003 and a PRSP (“Unlocking the Potential”) completed in 2005. The first CAS was the 2001 CAS, the second was the 2003 CAS Progress Report, designed to bridge the gap until the full PRSP could be completed. The last was the 2006 CAS. The table below outlines the main pillars of the three assistance strategies under the six key themes:

#### **Combined CAS pillars**

##### Governance Agenda:

- Strengthen institutions including revenue administration and key institutions of accountability and public expenditure.
- Financial management, procurement, legal, and judicial reforms.
- Strengthen demand for reform and enhance access to information.
- Tackle corruption.
- Increase access to justice, especially for women and the poor.
- Empower local governments through decentralization.
- Strengthen local urban governments.

##### Growth Agenda:

- Accelerate and broaden private sector-led growth.
- Improve the environment for investment.
- Strengthen the financial sector.
- Support private investment in energy, infrastructure, manufacturing, and services.
- Diversify the export base and promote trade integration.

##### Human Development Agenda:

- Consolidate gains in human development to address the next generation of challenges in education, health, and nutrition.
- Seek progress in health, education, and nutrition through SWAps.
- Upgrade business related skills.
- Address emerging health issues, especially HIV/AIDS and arsenic poisoning.

##### Rural Development:

- Integrated approach to help increase rural employment and incomes by making opportunities and assets available and improving access to infrastructure and social services.
- Community driven development.

- Increased access to basic infrastructure for the poor.
- Access to electricity, roads, and markets.

#### Environment and Gender:

- Empower women through education and income-generating activities.
- Improve social protection.
- Improve environmental management capacity.
- Conduct a country environmental assessment to provide a foundation for PRSP implementation and Bank assistance.

#### Aid Effectiveness:

- Continue to work with development partners to ensure coordination.
- Support the LCG.

**The Governance Agenda:** Bank support for governance was targeted to strengthen key institutions and improve implementation capacity; strengthen accountability, legal, and judicial reform; and strengthen participation and access. Selected key Bank assistance included: (1) concerning AAA: the FY01 Financial Accountability Assessment, FY01 National Institutional Review, FY03 Report on the Observance of Standards and Codes (ROSC)—Accounting and Auditing Assessment, an FY07 Public Expenditure and Implementation Review, FY06 Public Administration Policy Note, FY06 and FY07 Local Governance Notes, FY07 Legal and Judicial Review; and (2) concerning lending: the FY02 Public Procurement Reform Project, FY03 Development Support Project, FY08 Tax and Customs Administration, the Development Support Credit IV which addressed corruption, FY07 Legal and Judicial Capacity Building, FY06 Public Procurement Reform Project, and the FY07 Municipal Services and FY07 Social Investment Program project to strengthen participation.

**The Growth Agenda:** Bank support for growth was targeted to strengthen macroeconomic stability and competitiveness, and to remove constraints on policy, institutional, and structural so as to improve the environment for investment and improve stability. Key Bank assistance included: (1) concerning AAA: the FY03 Development Policy Review, FY02 Review of Public Enterprise Performance, FY02 Strategy for Privatization, FY02 Energy Pricing Study, FY03 and FY06 Investment Climate Assessments, FY03 FSAP Report, FY03 Report on Private Provision of Infrastructure, FY06 Strategy for Growth and Employment, FY08 Employment Generation and Role of Migration, and the Economic Management Technical Assistance Program; and (2) concerning lending: the FY03 Development Support Credit, FY02 Central Bank TA project, and the FY08 PRSC I.

**The Human Development Agenda:** World Bank assistance to support the human development agenda included the following key assistance: (1) concerning AAA: the FY01 study on public health impacts of Arsenic Contamination, FY02 study on Improving Textbook Quality, FY02 Study on Access of the Poor to Education, FY03 Private Sector Assessment of Health, Nutrition, and Population; and (2) concerning lending: the FY08 Technical, Vocational, Higher Education, the FY01 Post Literacy and

Continuing Education Project, and the FY02 Female Secondary School Assistance Project II.

**The Rural Development Agenda:** World Bank assistance to support the rural development agenda included the following key assistance: (1) concerning AAA: the FY03 Report on Agricultural Growth and Rural Poverty, FY03 Social Investment Program; and (2) concerning lending: the Agricultural Research Management Program, FY03 Development Support Credit, FY02 Financial Services for the Poorest, FY01 Micro-Finance II project, FY03 Rural Electrification Project, FY03 Rural transport improvement project.

**The Environment and Gender Agenda:** World Bank assistance to support the environment and the gender agenda included the following key assistance: (1) concerning AAA: the FY01 Climate Change Study, FY01 study on the public health impacts of Arsenic Contamination; and (2) concerning lending: the FY01 Air Quality Management Project, FY04 Water Supply Program, FY02 Female Secondary School Assistance.

**Evaluative Questions:** In each of the focal areas described above, the CAE will review the relevance of World Bank assistance in terms of both the strategies and actual interventions in the context of the development constraints facing Bangladesh at the time of the CAS, and the realism of World Bank assistance objectives in view of the capacity of the Government. The CAE will examine the degree to which the assistance objectives have been achieved (efficacy) and the role played by the World Bank in achieving the results (contribution). In addition to these, three key generic questions will guide the process:

**1. To what extent were the World Bank country assistance strategies relevant?**

- To what extent were the strategic objectives, scope, and implementation plans clear and realistic?
- To what extent were the strategies consistent with the priorities and needs of Bangladesh as defined by the IPRSP and the PRSP and ongoing analytic work?
- To what extent were the strategies responsive to the World Bank overall mandate of growth and poverty reduction?
- To what extent were the strategies consistent with the priorities of other development partners? If not, were there good reasons for this?

**2. To what extent were the World Bank strategies effectively implemented?**

- To what extent did the World Bank use instruments appropriate for the conditions in Bangladesh and the challenges faced by the country?
- To what extent did the World Bank foster country ownership and commitment? Where this was not possible, did the World Bank pursue a reasonable course such as involving the donor community and NGOs?
- To what extent was the World Bank internally committed to support program implementation?

- To what extent did the World Bank help deal with capacity limitations in program development and implementation?
- To what extent was World Bank assistance provided in collaboration with other development partners?

**3. To what extent did World Bank assistance contribute in the relevant areas of intervention?**

- For each area of intervention, to what extent to World Bank support lead to success?
- What aspect of World Bank assistance (AAA, lending, policy dialogue, other) contributed to success?
- In what areas were outcomes below expectation and what did the World Bank do to resolve issues?
- To what extent were programs supported by other donors supportive of or limiting to achieving the objectives supported by the World Bank?



## Annex 2

### Logic Model

Inputs	Activities	Outputs	Outcomes	Impact
<p>1. Lending Program (list of projects approved for FY01-08)</p> <p>2. Analytic and Advisory Activities (AAA) List of ESW for FY01-08</p> <p>3. Policy Dialogue</p>	<p>1. DSC, PRSC, budget support</p> <p>2. Investment activities in governance, human development, growth, rural development, infrastructure.</p> <p>3. Donor "A&amp;H" through LCG meeting, joint projects, conduct of AAA</p>	<p><u>Growth:</u></p> <p>1. Macro management,</p> <p>2. financial sector,</p> <p>3. trade liberalization,</p> <p>4. infrastructure</p> <p><u>Governance</u></p> <p>1. Public sector management (anti-corruption, procurement)</p> <p>2. Legal and Judicial Reform</p> <p>3. Local Institutions and decentralization</p> <p><u>Human Development</u></p> <p>1. Health, Population, and Nutrition</p> <p>2. Education</p> <p><u>Rural Development</u></p> <p>1. Agriculture and rural non-farm growth</p> <p>2. Opportunities/Assets to Poor Households</p> <p>3. Rural Infrastructure</p> <p><u>Gender and Environment</u></p> <p>1. Air pollution in Dhaka</p> <p>2. Improved assessment procedures in government line agencies</p> <p>3. Female Education</p>	<p>For example: improved environment for growth, investment</p> <p>Remainder to be completed as part of CAE work program</p>	<p>For example: sustained and more rapid economic growth</p> <p>Remainder to be completed as part of CAE work program</p>

## Annex 3

**Design Matrix**

	<b>Questions</b>	<b>Sub-Questions</b>	<b>Data Sources</b>
<b>INPUTS</b>	What was the level of WBG financial contribution during FY01-08?	How many credits were approved?	Data and documents will be derived from Bank sources of Operations.
	Were the project resources spent as planned?	How much was committed / disbursed for each of the five key output categories?  How much was GOB's counterpart contribution? Was counterpart contribution provided as scheduled?  How much external assistance did the country receive?	Government data will be derived from Government budget sources.  Data will be obtained from other partners and accessible sources.
	What was the level of the Analytic and Advisory Activities undertaken?	Was the AAA done jointly with GOB and other development partners?	Data from Bank sources.
<b>ACTIVITIES</b>	Were the investment activities (including Development Support Credits (DSCs) and other budget support instruments) undertaken as initially planned?	To what extent were DSCs appropriate and timely for dealing with the objectives outlined in the CASs?  Did the DSCs and other activities build the capacity in Bangladesh necessary to guarantee fiduciary compliance?	Data from Bank sources.  Government of Bangladesh reports.  Interviews with relevant government officials.
	What was the nature of donor "A&H" including that which led to the joint CAS?	Were activities under donor "A&H" led by GOB or the donors?  What analytic support did the Bank provide to support donor "A&H"?	GOB reports and data sources.  Reports of key donors on evaluation of their programs.  Interview with GOB and donor officials.

OUTPUTS	<p><b>Growth:</b></p> <p>To what extent were the macroeconomic and structural reforms undertaken by the Government?</p> <p>To what extent were the infrastructure constraints in the power, transport, water and financial sectors resolved?</p> <p>To what extent were the constraints to agricultural and private sector development resolved?</p> <p>What was the role of other development partners in supporting policy reforms and facility expansion in infrastructure?</p>	<p>What was the response of the Bank to the crises in infrastructure (e.g. power)?</p> <p>Did the focus on budget support and public finance management mean less attention to other areas, such as infrastructure?</p>	<p>GOB economic development reports.</p> <p>IMF/ EIU economic reports.</p> <p>Bank economic reports.</p>
	<p><b>Human Development:</b></p> <p>To what extent were WBG interventions in education and health effective?</p> <p>Did WBG support for health and education assist in raising the quantity and quality of health and education in the country?</p>	<p>Were SWAp appropriate instruments?</p> <p>Did the focus meet the requirement for the MDGs?</p>	<p>Government of Bangladesh, Bank, other reports for the social sectors.</p> <p>UN and other donor reports</p> <p>Bank internal reports on Bangladesh social sectors.</p>
	<p><b>Rural Development</b></p> <p>Was the Rural Development Strategy finalized in 2001 an appropriate basis for organizing development efforts?</p> <p>Has AAA (FY03 agriculture sector, FY04 rural non-farm growth, etc.) been effectively utilized?</p>	<p>Did Donors use this as a basis for organizing assistance?</p> <p>Did the Bank use its AAA effectively?</p>	<p>GOB, donor reports</p> <p>Bank reports</p>

<p><b>Governance:</b></p> <p>To what extent did the WBG appropriately focus its interventions for governance?</p> <p>To what extent has the strengthening of public finance management helped reduce opportunities for corruption?</p> <p>Has the division of areas of concentration among the donors been appropriate?</p>	<p>Was the choice of instruments relevant to the objectives pursued by the Bank?</p> <p>Has the Bank's AAA and other instruments been appropriate in improving transparent expenditure management?</p> <p>Have the donors effectively used the comparative advantage of agencies such as DfID appropriately?</p>	<p>Focus Group Discussion.</p> <p>Government and International surveys on Governance, WB governance indicators</p> <p>Bank reports</p> <p>Bank, other donor reports and interviews</p>
<p><b>Environment Management and Gender:</b></p> <p>Has the focus on inefficient water resource uses been appropriate?</p> <p>Has the focus on containing arsenic contamination been appropriate?</p> <p>Has progress in girls' education, microfinance, and income generation opportunities for women been adequate?</p>	<p>Have water resource management capacities including flood control been improved?</p> <p>Has the Bank's focus on gender produced expected results? How can further needed gains be supported?</p> <p>Is the Bank coordinating effectively with other donors in this sector?</p>	<p>Bank Reports, GOB, other donor reports</p> <p>Bank, GOB, other donor reports</p>

<p><b>OUTCOMES / IMPACT</b></p>	<p>Did the macroeconomic and structural reforms undertaken by the Government have a positive impact on growth and productivity performance? As a result of WBG interventions, did the growth of GDP enhance the quality of life of the poor through increased ability of the poor to raise their incomes?</p> <p>Did the WBG assistance contribute to enhanced environment for good governance, growth and disaster management?</p>		<p>Poverty survey, Bank reports.</p> <p>Focus Group and individual interviews.</p>
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## **Annex 4**

### **Joint Evaluation Paper (JEP) with the Evaluation Units of ADB, DfID, and JBIC**

The JEP will focus on the A&H aspects of the joint work undertaken by the four partners of the JCASF, namely ADB, DfID, IDA, and JBIC. The JEP will be jointly funded by the four evaluation units, and will draw heavily on evaluative work undertaken by OED of ADB in the Education and Water and Sanitation sectors, the evaluation unit of JBIC on the Transport sector, and the combined teams of DfID and IEG on the remaining sectors. These evaluative pieces will be prepared jointly to the extent that it is practical, and will focus on the aid efforts of the four partners.

Among the evaluative questions to be addressed by the JEP are:

- Was the assistance program of the four partners aligned with the country priorities, as defined by Government's planning documents, the PRSP, and the Caretaker Government's policy intentions?
- Was the coverage of the key priorities adequate or are there gaps in areas where joint efforts would have been warranted? In particular, did the four partners address adequately the issues of agriculture and regional cooperation with India?
- Did the four partners take advantage of the potential synergies of their joint effort, by structuring their aid in a cooperative and non-competitive way?
- Was the mix of instruments and delivery efforts used by the four partners appropriate and conducive to greater efficacy? In particular, did cofinancing go beyond financial support and did the SWAs provide an adequate vehicle for the joint effort?
- Did the four partners coordinate their efforts in developing country systems and in reducing the resort to project implementation units (PIUs)? Was budget support effective and did the recourse to NGOs in aid delivery yield the expected results?
- Did the four partners do what they set out to do as a group?
- Has the joint work between the four partners been perceived as delivering more than business as usual by the Government, other donors, and the NGOs?
- What is the available evidence of impact of the efforts of the four partners in policy dialogue, institution and capacity building, and sector indicators? What is the evidence available from impact evaluations by the four partners or third parties?
- How have the four partners worked together, as well as in partnership with the Government, the LCG, the NGOs, and the private sector?
- What has the joint work between the four partners led to in terms of analytical and advisory work, financial aid, and technical assistance?
- Have the four partners addressed in an effective and efficient way the risks stemming from the political economy, the operational aspects and the system of monitoring and evaluation?

In addition the four evaluation units will prepare a joint note on the lessons stemming from the preparation of a joint evaluative work, such as this one.