

INDEPENDENT EVALUATION GROUP

Donor Coordination and Harmonization in Bangladesh

A Joint Evaluation Paper

IEG Working Paper 2010/4



Paul Thornton, Walter Kolkma, and Nils Fostvedt

IEG WORKING PAPER SERIES



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January 28, 2010

2010
The World Bank
Washington, DC



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ISBN: 978-1-60244-135-4

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Abbreviations and Acronyms

A&H	Alignment and Harmonisation
AAA	Analytic and Advisory Activities
ADB	Asian Development Bank
AIDS	Acquired Immune Deficiency Syndrome
ARD	Agriculture and Rural Development
C&AG	Comptroller & Auditor General
CAE	Country Assistance Evaluation
CAP	Country Assistance Programme
CAS	Country Assistance Strategy
CIDA	Canadian International Development Agency
CPE	Country Programme Evaluation
CSP	Country Strategy and Programme
DAC	Development Assistance Committee
DANIDA	Danish International Development Agency
DFID	Department for International Development
DSC	Development Support Credit
DWASA	Dhaka Water Supply and Sewerage Authority
OECD	Organisation for Economic Cooperation and Development
ERD	Economic Relations Division
EvD	Evaluation Department
FMRP	Financial Management Reform Programme
GAVI	Global Alliance for Vaccines and Immunization
GDP	Gross Domestic Product
GFATM	Global Fund to Fight HIV/AIDS, TB, and Malaria
GoB	Government of Bangladesh
GoJ	Government of Japan
GoT	Government of the United Republic of Tanzania
GoU	Government of Uganda
GTZ	German Agency for Technical Cooperation
HIV	Human Immunodeficiency Virus
HPSP	Health and Population Sector Programme
HNPSP	Health, Nutrition and Population Sector Programme
iBAS	integrated Budgeting and Accounting System
IDA	International Development Association
IEG	Independent Evaluation Group
IMR	Infant Mortality Rate
JAS	Joint Assistance Strategy
JBIC/JICA	Japan International Cooperation Agency
JEP	Joint Evaluation Paper
JSF	Joint Strategic Framework
KFW	Kreditanstalt für Wiederaufbau
LCG	Local Consultative Group
MTBF	Medium Term Budget Framework

MTEF	Medium Term Expenditure Framework
MoU	Memorandum of Understanding
MoF	Ministry of Finance
MoHFW	Ministry of Health and Family Welfare
MoPME	Ministry of Primary and Mass Education
NGO	Non Government Organization
NSPR	National Strategy for Poverty Reduction
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OED	Operations Evaluation Department
PEAP	Poverty Eradication Action Plan
PEDP	Primary Education Development Programme
PFM	Public Financial Management
PIU	Project Implementation Unit
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
RIBEC	Reforms in Budgeting and Expenditure Control
SPEM	Strengthening Public Expenditure Management
SWAp	Sector-Wide Approach
TA	Technical Assistance
UNICEF	United Nations Children's Fund
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
WB	World Bank
WHO	World Health Organisation
WSS	Water Supply and Sanitation

Acknowledgments

This Joint Evaluation Paper (JEP) is the product of a joint exercise by the evaluation units of the Asian Development Bank (ADB) Operations Evaluation Department (OED),¹ the Government of Japan's (GoJ) Japan Bank for International Cooperation (JBIC) and the Japan International Cooperation Agency (JICA),² the United Kingdom's Department for International Development (DFID) Evaluation Department (EvD), and the World Bank (WB) Independent Evaluation Group (IEG).

This JEP has been prepared by Paul Thornton (consultant to DFID Evaluation Department), Walter Kolkma (at the time of the mission on the staff of the OED of ADB), and Nils Fostvedt (consultant to IEG). The paper is an independent responsibility of the three authors, but it has benefited from suggestions and comments from the four evaluation entities and has been informed by all their other evaluative country programme and sector work. The three JEP authors presented their preliminary findings at the conclusion of the joint mission to government officers and to heads and senior staff of the four country offices.

The evaluation teams for the joint exercise were headed by Walter Kolkma for OED, Asa Takashima for JBIC/ JICA, Paul Thornton for DFID with support from Lynne Henderson of DFID's Evaluation Department, and Jaime Jaramillo-Vallejo for IEG. OED's team also included Suganya Hutaserani, Sarwar Jahan, Alex Jorgensen, David Parish, and Md. Mujibur Rahman. The JBIC/ JICA mission member was Nobuyuki Kobayashi. The DFID team also included Omar Chowdhury, Joe Martin, and Maheen Sultan. The IEG team also included Nils Fostvedt, Michael R. Lav, Prem C. Garg, Gayle Martin, Yadviga V. Semikolenova, Claudia M. von Monbart, and Carla L. Pazce. William Hurlbut of IEG edited the paper and Corky de Asis provided administrative support.

¹ In 2009, OED became the Independent Evaluation Group.

² By October 2008, these two agencies merged and were called Japan International Cooperation Agency.

Preface

This Joint Evaluation Paper (JEP) is the product of a joint exercise by the evaluation units of the Asian Development Bank (ADB) the Operations Evaluation Department (OED),³ the Government of Japan's (GoJ) Japan Bank for International Cooperation (JBIC) and the Japan International Cooperation Agency (JICA),⁴ the United Kingdom's Department for International Development (DFID) Evaluation Department (EvD), and the World Bank (WB) Independent Evaluation Group (IEG). A joint mission visited the People's Republic of Bangladesh in September 2008 and met with senior officials of the Government, representatives of the private sector and civil society, development partners, and staff from the organizations participating in the joint evaluation. In addition, the joint mission had special consultations with a large group of senior civil servants, with civil society, and with bilateral and multilateral development partners in Bangladesh. The mission held sector and project-level discussions and included a series of short field visits. All cooperation and assistance received is gratefully acknowledged.

This JEP focuses on alignment and harmonisation under the joint country assistance strategy framework agreed between ADB, DFID, GoJ, and WB in 2005, within the broader context of aid alignment and harmonisation in Bangladesh. Other reports under the joint evaluation exercise include: (i) an IEG Country Assistance Evaluation of the WB programme, which has been circulated to the Board of the World Bank; (ii) two joint sector assistance evaluations — on the urban sector and on education — by ADB's OED; (iii) a joint sector assistance evaluation of road corridors by JICA's evaluation department; and (iv) an assessment of civil society role and voice in service delivery by DFID's consultant team. All of these reports have been very useful to the JEP authors in providing context and general background and also to help triangulate the JEP findings. However, they have been drawn upon explicitly to various degrees given the nature of the JEP.

The mission in September 2008 was staffed around the IEG mission for its Country Assistance Evaluation (CAE). In addition to the IEG team, the mission was joined by staff and consultants from OED covering an evaluation of the four partners' work in education, urban development, and water supply and sanitation, and consultants from JICA undertaking an evaluation of the four partners' work in the transport sector. Given that a Country Programme Evaluation (CPE) of DFID's Bangladesh Programme had already been conducted in 2006, DFID's Evaluation Department provided a team of consultants to complement the IEG team with a focus on health, governance, and civil society. The three authors of the JEP were members of the IEG, OED, and DFID teams. The intention was that all this evaluative work would feed into this JEP, which the JEP authors would complete after IEG's CAE had been finalised.

³ In 2009, OED became the Independent Evaluation Group.

⁴ By October 2008, these two agencies merged and were called Japan International Cooperation Agency.

Summary

About This Paper

In recent years, issues of aid effectiveness have come centre stage, motivated amongst other factors by the increased emphasis on impact evidenced in particular by the UN Millennium Development Goals. Improved aid alignment and harmonisation (A&H) is seen as vital for enhanced aid effectiveness, as reflected most prominently in the 2005 Paris Declaration.

In this context, this Joint Evaluation Paper (JEP) addresses key aspects of donor coordination and harmonisation in Bangladesh. The subject of the JEP is the Joint Strategic Framework (JSF) of the four largest aid donors in Bangladesh — the World Bank (WB), Asian Development Bank (ADB), Department for International Development (DFID), and Japan. At the time it was started around 2005, the JSF was considered a major step forward in aid A&H, and as such merits serious joint evaluation.

Aid Alignment and Harmonisation

Official Development Assistance. Through its first two decades of independence, Bangladesh was heavily dependent on donor financing. Foreign official development assistance (ODA) inflows averaged about \$1.5 billion per year through the 1980s and increased to about \$2.5 billion in 1990, equivalent to around 10 percent of Gross Domestic Product (GDP). ODA flows have since declined and remained in the range of \$1.0-1.5 billion. With sustained GDP growth, Bangladesh's aid dependence has dropped sharply and ODA is now only about 2 percent of GDP. While financial assistance is clearly beneficial and still needed, appropriate policy reforms now dominate the development agenda.

The JSF partners have long accounted for more than half of the ODA flows to Bangladesh. Their assistance amounted to \$5.6 billion or 56.2 percent of total aid for the period 2000-07. A considerable number of other donors are of modest size (each around or below \$50 million per year, around or below 3 percent of ODA).

Alignment and Harmonisation. The Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) undertook surveys in 2006 and 2008 on trends in aid coordination in Bangladesh, concluding that there had been limited alignment of development partner systems and procedures with those of Bangladesh until 2008, while there had been more alignment of development partner strategies with those of the country through the Poverty Reduction Strategy Paper (PRSP) process. In relative terms, the JSF partners have aligned more of their systems and procedures to those of Bangladesh than most other development partners have done.

There is a general impression among donors that the government of Bangladesh (GoB) has not given high priority to A&H except in some specific projects and sectors. Divergent views on the nature of alignment, for instance in procurement systems and the use of consultants, may have been one reason for this. As a result, A&H has been and continues to be largely a matter between the donors themselves. The lack of strong GoB engagement

also places the responsibility for effective and efficient A&H on the shoulders of the donors, particularly the larger donors.

Up to about 2005 the level of A&H was limited, and marked by episodes of discord within the donor community with some donors having considered disengagement with GoB, on grounds of governance issues. However, at that time ADB, DFID, the Japanese government and the World Bank converged in their view that a unified approach and constructive engagement with the government was the best way forward, and entered into extensive collaborative work that led to the JSF. Currently, a wider partnership among a larger number of donors is developing. However, the exact modalities and prospects for an effective and efficient framework were unclear at the time of the joint mission.

The Joint Strategic Framework

In 2005, the four JSF donors engaged in intensive preparations and consultations that led to a joint framework designed to facilitate closer harmonisation and programme coherence. The main components were a Statement of Partnership Principles, a Joint Outcome Matrix, agreement on Joint Sector Coverage reflected in a common matrix, and Terms of Reference for the lead and support roles. The core of the process was a joint analytical exercise which developed a common country diagnosis and set of strategic objectives, formulated as the outcomes matrix. Subsequently, each of the partners produced its own country strategy drawing on the framework to varying degrees.

The large initial exercise that started the JSF involved virtually all Dhaka-based staff and headquarters colleagues from the four partners. The initiative was driven by the four Country Directors. However, the four staff teams did not share the same depth of commitment and understanding. Hence, while a presumption of joint work was adopted, no deeper sense of joint collaboration was engrained. In particular there was no continued development of the joint framework through shared analysis or common implementation beyond the shared diagnosis at the outset, and the strong stated emphasis on governance as both the defining organising principle for the analysis and the fundamental problem to be addressed is not evident in the current programmes of the partners.

The four country strategies all identified the government's Poverty Reduction Strategy (PRS) and the joint framework as the guiding frameworks. However, they differed according to the time of finalisation, the requirements of the respective agencies, and their approaches to country planning and implementation. Two of the strategies included the joint outcome matrix, and all referred to the division of labour as set out in the sector coverage matrix. The division of labour was widely applied and led to a narrowing of focus for the four partners as well as building some stronger continuity of leadership at sector level and in a few cases the effective management of transition from one to the other.

At the same time, the joint framework lacked a shared monitoring framework. Monitorable objectives and intermediate/leading indicators were absent, and a common approach to evaluation was not articulated — whether in terms of programme/sectoral objectives or for the process of aid harmonisation itself. There were no agreed practical next

steps in collaboration. Though the framework voiced high ideals for alignment, it did not lead to significant changes in practice.

Modes of Collaboration

The joint evaluation identified several approaches to collaboration that have had an impact at the sector level and can be plausibly associated with the joint framework, including in:

- **Railways** where an umbrella agreement with the active involvement of GoB has resulted in a division of labour involving areas of support and policy dialogue.
- **Water and sanitation** where, for the urban areas of Dhaka and Chittagong, three of the four JSF partners, together with other development partners and with GoB involvement, have agreed on a division of labour within an overall policy agreement for the sector.
- **Public financial management**, for which long-term technical support had been provided by DFID with support from another bilateral donor and parallel inputs from the World Bank and ADB, has been handed over to a Multi-Donor Trust Fund managed by the World Bank.
- **Transport, energy, and disaster rehabilitation activities**, particularly among ADB, Japan and the World Bank.

A second set of examples relate to the continued collaboration in sector programmes building on earlier agreements to work together and to strengthen these in light of the JSF commitments. These examples come from the still-developing sectorwide programme support in health and education, amongst the first done in Asia. (In the health and primary education programmes JSF partners are in the lead — the World Bank and ADB, respectively — and in key supporting roles.)

- The **health, nutrition, and population sector programme** has increased the number of partners providing sector-based support so that 42 percent of the budget is covered. Government systems are being used for management, monitoring, and procurement. A robust process for policy dialogue has been established and overall collaboration is increasing. Nevertheless, parallel donor activity alongside the sector programme continues, including projects supported by both pool donors and JSF partners.
- In the **primary education sub-sector** there is a larger pool of development partner engagement but a weaker boundary in both fiscal and policy terms. Policy dialogue is limited and there remains extensive project-based technical assistance. With a similar history of uncoordinated support through multiple projects, the first steps have been taken with a different culture and different experiences of partner relationships.

Experience in both health and primary education has been uneven and sometimes faltering. Both GoB and development partners have faced difficulties in communicating, honouring agreements, and following through on decisions. Nevertheless, the programmes have broken through longstanding difficulties. Progress is being achieved, though slowly. Accordingly, the sector programmes present a model that could be applicable in other

sectors, permitting a large number of donors to participate in an increasingly streamlined and delegated manner.

What Donors Think

An IEG survey in mid-2008 showed that members of the donor community consider the volume of aid flow to the country about right. The survey also showed that the members of the donor community:

- Are critical about the way aid flows are spent;
- See country governance and the quality of country systems as the main impediments to realizing Bangladesh's development potential;
- View overall performance of the donor community as satisfactory in addressing key economic issues for the development of Bangladesh;
- Are somewhat less satisfied with how the donor community supports the GoB in designing and adopting its own development strategy;
- Rate the donor community low in implementing a performance assessment framework;
- Are somewhat negative about the performance of the JSF partners in cooperating and working together with other donors in helping Bangladesh;
- Indicate little preference for the four partners to continue with their partnership under a revised framework;
- But are favourably disposed to the four partners engaging in further partnerships with many development partners.

What Executing Agencies Think

An OED survey of all ongoing projects supported by the four development partners in mid 2008 showed that experiences of local project managers were similar in many respects, irrespective of which development partners were supporting their projects:

- The **advantages of development partner involvement** were seen to lie primarily in a more certain/steady supply of funds. In addition, DFID was noted for funding of project staff, the World Bank's International Development Association (IDA) and DFID for good project design and intellectual leadership, and ADB, JBIC, and the World Bank for good and transparent procurement processes.
- The executing agencies saw as their **principal development partner-related problems** enforcement of the development partner agenda (JBIC most, DFID least), development partner delays (IDA most, DFID least), and difficult forms and procedures and paperwork (least for DFID).
- **GoB-related problems** were however reported more frequently than development partner-related problems. They included delays, policies or decisions delaying or obstructing the projects, difficult government systems and procedures, lack of coordination with other agencies, and lack of (qualified) government staff.
- The effects of the predominant type of **Project Implementation Units (PIUs)** on capacity development and capacity erosion were viewed as varied, and not all

negative. Project managers reported a considerable amount of capacity developed in a variety of areas. Survey respondents were most ambivalent about the use and effects of local consultants.

Conclusions

The JSF was a major effort and a turning point for aid A&H in Bangladesh. However, progress following the significant contributions of the JSF partners in 2005 was disappointing. Despite the large initial exercise involving all four partners, the JSF approach was not institutionalised. In particular, there were no clearly identified next steps and no shared monitoring framework. The indicators in the outcome matrix were often general or single on/off indicators of success rather than specific, measureable, time-bound indicators of progress towards the identified outcome. The institution of a military-backed Caretaker Government one year after the signing of the JSF, and uncertainty regarding the date of the general election until the end of 2008 did not help continuity and stability of development partner support and cooperation.

The JSF did influence the collaborative environment in Bangladesh — both between development partners and with government. Despite the recent unsettled period in the country there seems to be more confidence and more commitment to the principles of A&H than was the case in the period before the JSF. Beyond the immediate context of development partner/government discourse there was little knowledge of the JSF. Civil society and private sector informants were unaware of the JSF and even amongst the four partners funding and policy dialogue with non state actors was not significantly informed by it.

A larger group of development partners continued to engage each other and GoB through the instrument of the Local Consultative Group (LCG). These efforts have learned from the JSF experience and a number of development partners have sought to formalize a common approach and framework jointly with GoB. At the time of the joint mission it was not clear whether this approach – named the Joint Cooperation Strategy (JCS) will have more success than the JSF has had, or will be more sustainable.

Lessons and Recommendations

Key lessons from this evaluation are:

- ***The experience with the JSF demonstrated the value of the Paris Principles as the basis for partnership working.***

1.1 All the Paris Principles – Alignment, Harmonisation, Mutual Accountability and Managing for Development results – are important. The JSF focused on the first two. Partnership working is a means to an end and not an end in itself.

- ***Endorsing government leadership and respecting a PRSP does not imply uncritical acceptance.***

1.2 Robust relationships based on mutual accountability can sustain honest challenge and constructive criticism. There is room for development partners to interpret the PRSP, especially when its prioritization and target setting remains a work in progress.

- ***Division of labour among development partners can be a practical way to harmonise.***

Division of labour can build on specialisation, limit duplicative engagements, and reduce transaction costs for both development partners and government.

- ***Building on bottom-up collaboration provides a good foundation for joint working.***

The JSF was driven from the top down; strong leadership was essential to change the prevailing culture of separate programmes. However at project and programme level there were some examples of good practice that could have complemented these efforts from below.

- ***Established project level partnerships can be the basis for more programmatic approaches and deeper policy dialogue; including sector-wide working (SWAp)s.***

There is opportunity and a clear need for further experimentation with sector-wide (SWAp-type) arrangements where appropriate.

- ***Institutional engagement and head office support is essential for sustainable partnerships.***

Personal relationships are critical to catalysing change but unless the “rules of the game” change, then the change never moves beyond those people.

- ***Joint working is not necessarily cost effective – it requires time and energy – the benefits are in improved development outcomes.***

1.3 The JSF partners devoted considerable resources at the outset and the failure of the partnership to be sustainable was to a large degree due to the loss of energy and commitment. The cost of all such endeavours needs to be recognised and assessments made over the cost effectiveness and value added.

- ***The ideal of a broad-based partnership involving all development partners does not preclude smaller groups working together to further specific priorities.***

While the lessons have wider application and the widest group of partners should be involved, there is space for small groups of key actors to work together more intensively.

- ***Partnerships require all parties to share in effective formal and informal communication.***

The JSF partners failed to communicate their specific agreements and roles to government, to the development partner community, and to Bangladesh civil society.

The evaluation recommends that:

- ***The government of Bangladesh should take a firm interest in, and a stronger lead on, A&H issues in the context of their relation with development partners.***
- ***The government of Bangladesh should set policies (e.g. PRSPs) that are prioritised, costed in line with national budgets, and have clear operational targets, so that development partners can align with these.***
- ***All joint work — partnerships, strategies programmes — should incorporate effective monitoring and evaluation frameworks with objectives, measurable indicators, budgets, roles and responsibilities established from the outset.***
- ***Those involved in the JCS in Bangladesh and similar strategic partnerships should ensure that priority is given to communicate effectively. Resources and time should be allocated for an explicit communications strategy that addresses both internal and external requirements.***
- ***Whether as part of overarching commitments to the ideals of Paris and Accra or for specific country/programme reasons, all those engaging in joint working should give priority to improving the quality and quantity of formal collaboration.***

1. Introduction

1.1 In 2005 the four largest development partners to Bangladesh — the Asian Development Bank (ADB), the UK Department for International Development (DFID), the government of Japan (GoJ), and the World Bank (WB) developed a Joint Strategic Framework (JSF). This was considered a major step forward in alignment and harmonisation (A&H) in the country. Its intensive preparations and consultations led to a framework designed to facilitate closer harmonisation and programme coherence among the partners, including a Statement of Partnership Principles, a Joint Outcome Matrix, a division of labour for sector coverage, and terms of reference for the lead and support roles in each sector. Each of the partners subsequently produced its own country strategy which drew on the framework. As a major initiative in aid A&H the JSF merits serious joint evaluation.

1.2 This Joint Evaluation Paper (JEP) examines key aspects of aid A&H in Bangladesh, focusing on the JSF within the broader context of development partner coordination, aid alignment, and harmonisation in the country. The paper first reviews aid trends in Bangladesh and discusses the status of A&H in Bangladesh — overall and at the sector level — and A&H developments since the original agreements on the JSF. The paper then reports views concerning A&H from representatives of development partner agencies as well as project directors in executing agencies working with the four partners. It also analyzes the level of alignment reached by current project approaches. Throughout the report takes account of views expressed by civil society and government of Bangladesh (GoB) officials in interviews and group discussions. The report concludes with an assessment of the impact of the JSF on A&H in Bangladesh, reflections on recent developments in A&H in the country, and the authors' recommendations.

1.3 This paper has taken as a starting assumption that increased A&H in Bangladesh was advantageous as against the quite low level before the initiation of the JSF process. The analyses provided in this paper confirm that assumption. However, this is not to say that increased A&H should under all circumstances always be called for. Conceptually, there will be an optimum level and composition of aid A&H depending on benefits, costs and risks. This optimum level could also depend on the vantage points of the different interested parties; thus the sector programmes discussed in this paper have helped reduce the cost for the government, but not yet for the development partners. Also, it is likely that A&H efforts by some partners may also benefit others, so that an individual optimisation may at times "under-produce" A&H relative to the systemic optimum. The efforts to prepare the JSF can from this perspective be seen as a means to help approaching such a systemic A&H optimum.

2. Aid Alignment and Harmonisation in Bangladesh⁵

Dependence on Foreign Aid Has Declined

2.1 Through its first two decades of independence, Bangladesh depended heavily on donor financing. Foreign Official Development Assistance (ODA)⁶ inflows reached 5-10 percent of Gross Domestic Product (GDP), averaging \$1.5 billion per year through the 1980s and increasing towards the end of that decade to around \$2.5 billion in 1990, about 10 percent of GDP. ODA flows have since declined and remained in the \$1.0-1.5 billion range. With sustained GDP growth, Bangladesh's aid dependence has dropped sharply and ODA is now only about 2 percent of GDP. While financial assistance is beneficial and still wanted by the government, most development partners would agree that the current need is for appropriate policy reforms. How to support such reforms effectively and efficiently is a key consideration for all development partners, including for aid A&H.

2.2 Table 1 (and details in Annex 1) shows that the JSF partners have accounted for well over half of the ODA flows to Bangladesh. Their assistance amounted to \$5.6 billion or 56.2 percent of total aid for the period 2000-07.⁷ Total aid flows to Bangladesh have diminished slightly from \$10.8 billion in 1992-99 to \$9.9 billion in 2000-07; similarly, the JSF contribution has decreased slightly from \$6.3 to \$5.6 billion. Among the JSF partners, WB International Development Association (IDA) provided most funds to Bangladesh in the period 2000-07 (26.1 percent of total net aid flows), followed by the UK (14.3 percent). Compared to the earlier period, IDA remained the largest development partner in Bangladesh; however, there was a shift in the contributions of other JSF partners. The UK, which accounted for 6.2 percent of net ODA flows in Bangladesh in 1992-99, raised its contribution to 14.3 percent in 2000-07 while ADB and Japan reduced their shares from 18 percent to 9.8 percent for ADB (though this ignores a shift of some concessional aid to non-concessional), and from 13.4 percent to 5.9 percent for Japan.

⁵ The Paris Declaration means by alignment that “Donors base their overall support on partner countries’ national development strategies, institutions and procedures”, and by harmonisation that “Donors’ actions are more harmonised, transparent and collectively effective”.

⁶ Official development assistance (ODA) is defined as those financial flows to developing countries and multilateral institutions provided by official agencies, including state and local governments, or by their executive agencies, each transaction of which meets the following tests: (i) it is administered with the promotion of the economic development and welfare of developing countries as its main objective; and (ii) it is concessional in character and conveys a grant element of at least 25 percent.

⁷ The 2008 DAC survey showed numbers for aid flows giving the JSF partners 82 percent of total aid, with the UN accounting in the aggregate for 6 percent, and 13 other donors for the remainder (table 3.1 OECD 2008b).

Table 1: JSF Partners’ Total Net Disbursements of Official Development Assistance and Official Aid to Bangladesh, 1992-2007

<i>Donor</i>	<i>1992-99</i>		<i>2000-07</i>	
	<i>US\$ m</i>	<i>%</i>	<i>US\$ m</i>	<i>%</i>
JSF partners	6,297	58.1	5,606	56.2
IDA (World Bank)	2,224	20.5	2,609	26.1
United Kingdom (DFID)	671	6.2	1,431	14.3
AsDF (ADB)	1,954	18.0	978	9.8
Government of Japan	1,448	13.4	588	5.9
All donors	10,831	100.0	9,983	100.0

Source: OECD DAC Online database, table 2a. Destination of Official Development Assistance and Official Aid — Disbursements, as of 02/19/09.

Note: ADB disbursed an additional \$470 million in non-concessional lending from 1999 to 2007 which is not reflected in the table.

2.3 The detailed numbers in Annex 1 show that after ADB, DFID, GoJ, and WB, the most important donors in the current decade have been the European Commission and United Nations organizations with shares of 5.6 percent and 5.4 percent respectively, followed by the United States and the Netherlands. A significant number of other donors are of modest size (around or below \$50 million per year, around or below 3 percent of overall ODA).

2.4 There is a general impression among development partners that GoB, though it has an interest in A&H, has not consistently acted on that interest, except in some specific projects and in the education and health sectors. There are also a number of differences in view between GoB and development partners. For instance, there are highly diverging views on the need for consultants in projects and on the use of procurement rules and other policies (particularly safeguard policies) driven by development partners. Perhaps as a result, both development partners and GoB largely have pursued their own agendas. Up to about 2005, development partners had made limited progress in alignment with government priorities and systems, in part due to the perception that Bangladesh had high levels of corruption and that alignment would therefore be difficult. Many development partners perceived governance as the central problem in Bangladesh, but views differed on the implications for development partner engagement. Some development partners wanted to reduce aid to Bangladesh and impose numerous conditions on each type of aid to be provided. Based on a shared view that continued engagement with the government was the best way forward, the four largest development partners began the extensive work that would lead to the JSF in 2005/2006.

Recent Trends in Aid Coordination — The DAC Surveys

2.5 The Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), as part of its monitoring of the Paris Declaration on Aid Effectiveness, undertook surveys in 2006 and 2008 on trends in aid coordination in Bangladesh.⁸ The surveys, discussed in detail in Annex 2, give a sense of the progress (or

⁸ See OECD 2006 and 2008a.

lack of progress) concerning important aspects of A&H. The surveys also indicate that there is clearly substantial scope for improvement.

2.6 Some key findings from the surveys are:

- On a scale from A (top) to E (bottom) the surveys give Bangladesh a C on the extent to which the country has an operational development strategy with which development partners can align their development assistance.
- The surveys find that Bangladesh needs to strengthen significantly its Public Financial Management (PFM) systems, based on assessment of aid alignment with national development strategies and plans and the use of national systems for public financial management.
- Procurement is noted as a major source of corruption in Bangladesh.
- Most of the development partners have aligned their assistance with the country's 2005 National Strategy for Accelerated Poverty Reduction (NSPR), and development partner technical cooperation has increasingly moved towards a country-led model, measuring the degree of alignment of development partner technical cooperation with the country's capacity development objectives and strategies.
- Development partners' use of the country's PFM systems (measuring average use across budget execution systems, financial reporting systems, and auditing systems) substantially increased overall, but only three development partners reported an increase and more than half reported a decrease. Overall, development partners seem more willing to use budget and auditing systems than financial reporting systems. There was also an increase in the use of the country's systems of procurement.
- The number of "parallel" project implementation units dropped from 38 in 2006 to 24 in 2008. In the latter year the UN entities were responsible for the most PIUs; no PIUs were recorded for any of the four JSF partners.⁹
- Untied aid improved from 82 percent to 94 percent for members of OECD-DAC.
- Finally, the surveys record whether or not there is a country-level mechanism permitting joint assessment of progress in implementing agreed commitments on aid effectiveness, and specifically whether such an assessment has taken place. In 2006 no such assessment had taken place, and for 2007 three things are noted: (i) there was no mechanism for a formal mutual assessment; (ii) attempts at joint assessment varied between development partners; and (iii) some joint assessment was occurring at the level of the sectoral mechanisms for pooling funding. However, since then there has been significant activity — not yet reflected in the surveys — among development partner representatives to strengthen various mechanisms for A&H.

2.7 The conclusion from these surveys is that there had been limited alignment of development partner systems and procedures with those of Bangladesh by 2008, while there had been more alignment of development partner strategies with those of the country through the Poverty Reduction Strategy Paper (PRSP) process. In relative terms, the surveys and the country strategies suggest that the JSF partners have aligned more of their systems and procedures to those of Bangladesh than most other development partners have done.

⁹ This self-reporting may be open to significant definitional issues.

2.8 The DAC surveys are not reported in a way that would facilitate comparison between countries, nor would such comparisons be all that meaningful. However, DAC reports that overall there is clear evidence that progress is already being made in most countries and most areas, a statement that would also be applicable to Bangladesh. For one indicator (5a, measuring aid that uses the country's PFM systems), Bangladesh was rated highest among the surveyed countries.

The Poverty Reduction Strategy Papers

2.9 Annex 3 summarizes the history of the PRSPs in Bangladesh, from the Interim PRSP in 2003 through the 2005 NSPR to the 2008 PRSP approved by the Caretaker Government in November 2008, just before completing its term. The three PRSPs were considered important instruments for aligning external aid with the plans and programmes of the government. However, government ownership of the PRSPs can be questioned. All three documents were prepared by Bangladeshi consultants, though the 2005 NSPR also included significant wider consultations. Furthermore, many ministries saw the 2005 NSPR as an "academic exercise" driven by development partners, and, though the Caretaker Government formally accepted the 2008 PRSP towards the end of its term, the new government installed in January 2009 decided to revisit the strategy. All three PRSPs have been weak on prioritisation and have lacked a hard budget framework and an implementable monitoring framework. Accordingly, development partners have found it relatively easy to find support in the documents for whatever their own priorities for Bangladesh might be, while the documents have played only a modest role in actual budget choices.

2.10 Differences in view between the Planning Commission and the Ministry of Finance, and changes in key ministries may also have reduced the government's ownership of the NSPR. Some development partners saw the monitoring framework that was developed through ADB-supported technical assistance as a surrogate for the government's own monitoring of the NSPR. However, although the NSPR had a huge results framework with hundreds of targets, it lacked monitorable indicators.

2.11 The first draft of the PRSP for 2009-11 was published for comments in May 2008 and was criticised by the development partners especially for its lack of priorities and costing. However, it has served as a focus for development partner support and engagement, due to their strong support for the monitoring of the Paris Declaration and their commitment to alignment. The development partners also want to hold on to the concept of an overall poverty reduction approach and to work towards stronger linkages with the budget process and line department planning. These considerations may have given the PRSP an importance beyond the value of its content or domestic ownership.

3. The Joint Strategic Framework

Context

3.1 The JSF grew out of conditions and issues in Bangladesh and became the cooperating framework for the major development partners in the country. At a Local Consultative Group¹⁰ (LCG) meeting in October 2004, senior representatives of the World Bank, ADB, and government of Japan announced that their agencies were about to embark on developing new country strategies. Following the meeting, DFID approached the three other development partners and suggested that it might be appropriate to combine the processes, as there would be considerable overlap in consultation. DFID offered to bring forward its own planning process to coincide with the other three, enabling the largest four development partners in Bangladesh to develop coordinated country strategies for the first time.

3.2 The JSF partners recognised a number of advantages to a joint planning process. Most obviously, combining processes would reduce the burden on GoB and help to develop a common view of the development challenges facing Bangladesh and the objectives of external assistance. The development of a common view was also timely, since the 2005 NSPR had created an opportunity for the partners to improve their alignment with the government's strategic objectives. Coordination among the JSF partners was already growing in some sectors (as were programme overlaps), which was not the case for most of the other development partners. The preceding period had been one of significant discord within the development partner community regarding a joint approach. The four JSF partners came together in part because they shared the view that constructive engagement with GoB was preferable to threats of disengagement. The four also had a similar approach to country priorities. A joint process would allow a dialogue with GoB across a broader range of sectors, and better division of responsibilities would allow more selectivity in sector and thematic work. This was thought to be beneficial to all four agencies at a time when they were facing internal and external pressure to engage in further specialization. By forging a joint strategic framework, each development partner also would find it easier to get headquarters support for its plans. Lastly, consultation and dialogue around development of a common strategy was thought to provide the best chance of conveying strong messages that would compel government attention to key development challenges.

The Joint Strategic Framework

3.3 By mid-2005, the four partners were engaged in intensive preparations and consultations that led to the JSF. The main components of the JSF were a Statement of Partnership Principles dated 21 March 2005 and signed by the four heads of office; a Joint Outcome Matrix dated 13 July 2005; a Joint Sector Coverage Matrix dated 22 February 2006, which designates sector lead and support roles across 24 outcomes identified in the Joint Outcome Matrix; and Terms of Reference for these lead and support roles. A set of policy notes were intended to cover each sector, but this review could find only one — for

¹⁰ The Local Consultative Group is the established forum for donor coordination and harmonisation in Bangladesh.

the Agriculture and Rural Development (ARD) sector. A newsletter also was proposed, but only one, dated April 2005, could be found.

3.4 The core of the JSF process was a joint analytical exercise which developed a common country diagnosis and set of strategic objectives, formulated as the outcomes matrix. Agency staff did the analytical work, working through joint sectoral teams (e.g. Private Sector Development, Power, Transport, Health, and Governance). Each was led by the partner seen as having the comparative advantage technically in that area within its country team. Each group summarised the challenges in its sector and proposed a list of development outcomes for inclusion in the outcome matrix.

3.5 **Framework for Country Strategies.** Each partner subsequently produced its own country strategy drawing on the JSF to significant though varying degrees. ADB was the first to publish its new strategy, in October 2005. **The ADB Country Strategy and Programme, 2006–2010** (Bangladesh CSP2006), referred to the joint analysis and the JSF, but was framed as a new ADB result based planning document rather than a fully joint results planning document. The strategic framework emphasised ADB's contributions and linked to the NSPR rather than to the joint approach. ADB implementation is largely sector-based and the CSP included sector plans and proposed sector-based lending. CSP2006 had a results framework, linked closely to the NSPR, and a separate matrix indicating results to be achieved jointly with the three partner organizations. The second matrix was offered as a draft at that stage, intended to map out the field of issues, challenges, outcomes, and milestones that development partners expected to influence and contribute to over the next 4-5 years. The linkage between the two frameworks was indirect, in that the development outcomes of both were to be drawn from the NSPR. The focus of ADB monitoring would be also the NSPR rather than the JSF as such.

3.6 **The World Bank Country Assistance Strategy (CAS) 2006-2009 (CAS2006)** was published in April 2006. It included the most complete version of the joint analytic work. CAS2006 was billed as a Joint CAS and incorporated the analysis and strategic framework that had been jointly developed. It adopted the Results Matrix as the CAS matrix, and presented annexes on the Joint CAS Process and the JSF Principles. CAS2006 was significantly different from earlier Bangladesh CASs and took fully on board the emphasis of all four partners on governance.

3.7 **Japan's Country Assistance Programme (CAP) for Bangladesh (CAP2006)**, published in May 2006, is the shortest of the four and has less supporting material. Japan also took a sectoral approach and its results matrix — diagram of programme goal — was sector-based under the three main heads of economics, social development, and governance, which were linked to the NSPR. The CAP2006 referred to the JSF but did not draw on the joint analysis as extensively as either the CAS2006 or CSP2006.

3.8 **DFID's Country Assistance Plan** for 2003-2006 (DFID CAP2003) was still current at the time of the JSF development. Thus, while DFID had played a key role in the JSF, it was the last to develop a country strategy based on it. During 2006 DFID began drafting a CAP intended to cover a five to seven year period (2007-13). The CAP was grounded in stakeholder consultations held early in 2006 and based on the UK's third White Paper on

International Development, the PRSP/NSPR, and the JSF. The draft of this interim CAP followed the required DFID format and identified four objectives linked to but not identical to the JSF outcomes. Events overtook the draft with the installation of the Caretaker Government in late 2006 and the imposition of the state of emergency in early 2007. There was also a lengthy break between heads of office at DFID Bangladesh. As a consequence, the draft CAP was not published and an interim CAP (DFID CAP2007), produced in mid-2007, covered the period July 2007-March 2009. This CAP had the same four objectives but a more restrained programme. DFID CAP2007 again referred to the JSF and the PRSP/NSPR and was more overt in setting out the nature of the JSF partnership. However, the results matrix related to the DFID objectives and the joint outcome matrix was not included.

Assessment of the JSF

3.9 The JSF was the result of a large exercise involving virtually all Dhaka-based staff of the four partners and colleagues from the respective headquarters. The energy and enthusiasm of this effort broke down barriers and created an assumption of joint working that became a guiding principle and was sustained beyond the JSF process. Although this was a collective effort the initiative (and its early continuation) was driven by the partners' four Country Directors and was partly directed to arrive at individual country strategies. The energy and authority of the four Country Directors established the local ownership and brought endorsement from the four head offices. The mutual support, regular meetings (including monthly breakfast meetings of the four JSF agency heads) and frequent informal contact assured the position of the JSF and was indicative of its value to them individually. However, the four staff teams did not share the same depth of commitment and understanding and as a consequence the JSF was not institutionalised. There were also practical issues. For example, ADB found it difficult to coordinate and monitor on a day-to-day basis in Bangladesh because some of the responsibility for country programming and administration rested with staff based in Manila. Hence, while joint work in-country was presumed, a deeper sense of joint collaboration was not engrained in the agency.

3.10 In particular development of the joint framework through shared analysis or common implementation did not continue beyond the shared diagnosis at the outset. The strongly stated emphasis on governance as both the organising principle for the analysis and the fundamental problem to be addressed is not evident in the current programmes. Apart from some studies and the multi-donor trust fund for Public Financial Management (discussed elsewhere in this report) few joint assistance projects were initiated around this theme, and existing sector emphases continued. Thus, the current review did not find much evidence of wider staff endorsement and programme impact.

3.11 The four country strategies all identified the PRSP/NSPR and the JSF as the guiding frameworks, although they differed according to the time of publication, the requirements of the respective agencies, and their approaches to country planning and implementation. Two of the strategies included the joint outcome matrix and all referred to the division of labour as set out in the sector coverage matrix. The heads of office continued to meet and collaboration at sector level became more normalized and established new ways of working (e.g. formal partnership agreements in the water supply and sanitation sector and railway

sector) or deepened existing ones (e.g. the sector programmes for health and primary education) — these are discussed later in this paper. The division of labour was widely applied and led to a narrowing of individual focus for the four partners as well as building some stronger continuity of leadership at sector level though the transition from one to the other was not always managed effectively (for example the transfer of leadership for PFM from DFID to the World Bank — see paragraph. 4.6 and annex 7).

3.12 **Strengths.** The joint evaluation identified the following distinctive features of the JSF:

- A shared commitment to put the PRSP/NSPR at the centre of development support.
- Clear links with and support for the PRSP in the JSF's three objectives¹¹ though they retain a distinctive development partner character.
- A single analytic country diagnosis that informed all four country strategies.
- A common outcome matrix that linked to the PRSP.
- A division of labour at the sector level with some changes from past practice; in particular, increased sector focus and reduction in sector fragmentation.
- A stronger common voice of the four in engagement with GoB, although this became less pronounced over time (there were more varied alliances between one or more of the four partners and other development partners).
- Increased collaboration around sector programme delivery.

3.13 **Weaknesses.** At the same time, the JSF lacked a shared monitoring framework. It had no monitorable objectives or intermediate/leading indicators and no common approach to evaluation — for programme/sectoral objectives or for the process of aid harmonisation itself. There were no agreed next steps beyond ADB financing a technical assistance project to help the government in monitoring the NSPR. The outcome matrix did contain many indicators, but these were a general nature or single on/off indicators of success rather than specific, measureable, time-bound indicators of progress towards the identified outcome. More work on these indicators and the inclusion of more process indicators for the major change initiatives would have been a logical next step, followed by shared monitoring using a common data set. The work was left to the ADB technical assistance consultants, but they lacked support from many line ministries, and top level support dwindled after certain secretaries in key ministries were replaced, and especially after the Caretaker Government was installed, for which the main agenda was pursuit of corrupt politicians and government officials, rather than the implementation of the NSPR.

3.14 While the PRSP/NSPR was seen as the guide, there were differing views as to its robustness and application. The differing traditions — sector-based work as opposed to outcome-based engagement — and the strong influence of head office policies remained. The fact that the four country strategies differed and followed individual agency practice suggests that the artefacts of the JSF — the outcome matrix, principles, and division of labour — were only partly embraced as the basis of a new common culture. But this was

¹¹ Pillar 1: Creating a Conducive Investment Climate for Sustained High Growth and Employment Generation; Pillar 2: Empowering the Poor; and Pillar 3: Governance at Centre Stage.

perhaps never the intention either. The JSF was in part a response to the crisis in donor relationships with GoB, and when the crisis passed, it became less crucial. As a result, over time joint working beyond the sector programme level declined, and by the time of the joint evaluation few development partners saw the JSF as defining current programmes and the level of joint work. Despite all this, work at sector level did intensify in some sectors.

3.15 The JSF has not developed into a tool for closer harmonisation among the four partners over the longer term. The increased pressure for harmonisation now involves a larger group of development partners and thus the context has changed. In this regard, some general lessons that should be applicable to Bangladesh going forward are summarised in Box 1, drawing in part on some examples of A&H in other countries in Asia (Annex 4) and Africa (Annex 5), based on the respective PRSPs.

Box 1: Joint Development Partner Strategies

- A joint strategy is a process that can take significant time and perhaps several planning periods to evolve.
- It requires strong involvement of both the government and development partners.
- Producing a joint strategy takes much more time than for a single agency.
- Sufficient resources (including people) need to be allocated to the process,
- For each step of the way it is important to identify the next steps.
- The process will take time and persistence.

3.16 More practically, the benefit of a common strategy and greater sector coherence is often presented in terms of reduced transaction costs. In practice, and as indicated in the Paris Declaration Monitoring Reports and in GoB's own views, transaction costs have not decreased for the government since the JSF — except for the sector programmes that are discussed later. Indeed, some perceive duplication of effort among development partners, with increased numbers of missions and demands for senior level engagement. This is the case even among the JSF partners and within the sectors where collaboration is closest.

3.17 Some of the apparent high transaction costs derive from a continued lack of confidence in government reporting and, by implication, capacity to monitor and report. This emphasizes the failure so far to strengthen sufficiently GoB and national capacity to manage aid programmes. If the impact of the JSF is most obvious at sector level, one could expect the benefits for alignment to be at the operational interface with the respective ministries and departments. However, this is where GoB's aid programme management may be weakest. This weakness has to be set alongside the widespread GoB concern at the extent and quality of external technical assistance. The message seems to be that the JSF heralded government leadership and support for the PRSP, but that practice, by the four JSF partners as much as other development partners — and not discouraged by GoB — has been the continued use of external technical assistance to compensate for weak capacity.

3.18 In conclusion, the JSF did influence the environment of collaboration in Bangladesh — both between development partners and with government. Despite the recent unsettled period there seems to be more confidence and more commitment to the principles of

alignment and harmonisation than was the case earlier and the level of discord that existed between many development partners before the JSF has not reappeared.

3.19 However, the JSF was to a large degree a one-time effort between the four partners rather than the beginning of a systematic longer-term process among them. The JSF was conceived as a joint response to issues on the ground and within the development partner community, but as the latter declined significantly in importance the four felt less need to build on the JSF. Nevertheless, the constructive experience with the collective approach provided an incentive for others to join and as such it became the basis for a subsequent wider joint strategic approach. Therefore, the lessons are valuable for Bangladesh and for informing approaches to harmonisation and alignment elsewhere.¹²

¹² A JSF country director has emphasized that in his view the current wider cooperation efforts under the JCS heading can be traced back directly to the experience of the JSF. This director also links two multi-donor trust funds to the JSF experiences – for PFM (discussed in this paper) and climate change, respectively.

4. Development Partner Alignment and Harmonisation at the Sector Level

Sector Activities

4.1 At its core the JSF was an exercise in harmonisation — four development partners agreeing to work more closely to a shared agenda and with clear decisions on a division of labour that could reduce transaction costs at the sector level and enhance policy engagement in support of the PRSP. This section describes some examples identified during the joint evaluation.

4.2 Overall **staff interaction increased**, although not necessarily because of the JSF document. This more productive engagement between development partners to address their overlaps and conflicts has been useful in raising the efficiency of engagements and reducing the burden on government officials.

4.3 The joint evaluation identified several **approaches to collaboration that have had impact at the sector level** and can be plausibly associated with the JSF (although some of these efforts began before the work on the JSF). Sectoral A&H is discussed in Annex 6. Among these efforts are the approaches in railways, water supply and sanitation, and PFM. They demonstrate different approaches to effective collaboration — in two cases through agreements on division of labour to which GoB is also a party and in the third through an agreement to transfer responsibility for the lead development partner role in a sector. (A separate category discussed later in this section involves the two major sector programmes — in health and in primary education.)

4.4 In **the railways sector**, where three of the four JSF partners were involved, an agreement reached with the active involvement of GoB has resulted in a division of labour involving areas of support and policy dialogue. This has already led to improved targeting of resources and a higher quality of policy discourse. For GoB the impact has been increased resources to the sector and a stronger sense of policy endorsement.

4.5 Another effective division of labour has been agreed in **water supply and sanitation specific to Dhaka and Chittagong**. Here the government and the JSF partners, together with other development partners, signed in November 2007 a division of labour within an overall policy agreement for the sector. (DFID, which had been involved in its preparation, ultimately did not sign the agreement for reasons of reprioritization to support new initiatives, such as climate change mitigation and adaptation.) The division of labour and the policy umbrella are set out in a signed agreement called the Partnership Framework.

4.6 In **public financial management** the roles of development partners have changed over time with consecutive leadership for the support. Previously, long-term technical support had been provided by DFID with support from another bilateral partner and parallel inputs from the World Bank and ADB. In the future, the World Bank will lead the

implementation with support through a Multi-Donor Trust Fund. Two of the four JSF partners will be involved with two other development partners that have joined the consortium. This is discussed in Annex 7.

Sector Programmes

4.7 A second set of examples relate to situations where continued collaboration in sector programmes builds upon earlier agreements to work together and to strengthen these in light of the JSF commitments. These examples come from the still developing sector-wide programme support in health and education — discussed in Annex 8. Under the programme approach, multiple separate development partner-funded projects are replaced by a sector programme in which pooled and non-pooled funds from development partners finance sector activities as articulated in an agreed plan by the line department.

4.8 The case for a programme approach was particularly compelling in Bangladesh given the large number of development partners in the health and education sectors. In fact, globally Bangladesh has among the largest number of development partners in these sectors. On average, over the past decade about 15 development partners have been involved, heightening the need for coordination and alignment of development partner priorities and systems with those of the GoB. While the programme approach in the two sectors has had some success at improving ownership, harmonisation, and alignment, there has been less success with the other tenet of the Paris Declaration — managing for results — as discussed in paragraphs 28-34 of Annex 8.

4.9 **Human development** in Bangladesh has come a long way. After independence in 1971 the country had some of the world's worst human development indicators: its fertility rate, at 6.4 per woman, was among the highest globally, infant mortality rate (IMR) was at 145 per 1,000, child immunization coverage was only 10 percent, and only a quarter of the population was literate. In 2008 the picture is dramatically different. Since the 1970s IMR has decreased by 70 percent, immunization coverage has increased to 70 percent, and the fertility rate has been reduced by more than half. Primary school net enrolment rates have increased to 89 percent in 2006; since the 1980s, secondary education enrolment has increased threefold, and sevenfold among girls; and gender parity in primary and lower secondary education access has been achieved. However, these improvements have not been accompanied by commensurate improvements in quality of education and education outcomes.

4.10 Despite the very strong achievements, significant challenges remain, many of which depend fundamentally on what happens in the service delivery units of the two sectors — schools and health facilities — determined by (i) the quality and efficacy of the sectoral interventions, and (ii) the effective functioning of the institutions of the human development sectors. Improvements in both these areas are undermined by governance weaknesses.

4.11 In the **health sector**, after years of multiple project support, the second phase of a more consolidated approach is drawing to a close. The first phase saw a small group of key development partners supporting the government Health and Population Sector Programme. Subsequently, the Health, Nutrition, and Population Sector Programme increased the number of partners providing sector-based support, so that 42 percent of the budget is now covered.

Government systems are being used for management, monitoring, and procurement. A robust process for policy dialogue has been established, and overall collaboration is increasing. Nevertheless, parallel activity alongside the sector programme continues, including projects supported by both pool and JSF partners. This is still not a fully-fledged sector-wide programme as most of the recurrent GoB budget is excluded, but progress has been maintained despite changes in government and development partner commitments. A broader consortium of partners and increased sector discipline are developing with JSF partners in the lead (WB) and key support roles.

4.12 In education collaboration is in the **primary education sub-sector**. Here there is a larger pool of development partner engagement but a weaker boundary in both fiscal and policy terms. Until recently, policy dialogue has been limited and there remains extensive project-based technical assistance. With a similar prior history of uncoordinated support through multiple projects, the first steps are being taken though here with a different culture and different experiences of partner relationships in the sector. Again one of the four JSF partners is in the lead (ADB) and the others have key supporting roles.

4.13 **Degree of Progress.** In both the health and primary education sub-sectors experience has been uneven and sometimes faltering. Both GoB and development partners have faced difficulties in communicating, honouring agreements, and following through on decisions. These are not among the cutting edge examples of good practice internationally, but they have broken through longstanding difficulties in Bangladesh. Progress is being made, but it is slow, sometimes painfully so. The sector programmes present a model that could also be applicable in other sectors, permitting a large number of development partners to participate in an increasingly streamlined and delegated manner.

4.14 **Ownership.** When implementation started on the sector programmes in both sectors GoB ownership and leadership were relatively weak. Over time, the relationships between government and development partners have evolved and stronger leadership has emerged. However, the increasingly experienced leadership in both sectors are threatened by the frequent change in sectoral leadership, a feature of the Bangladeshi civil service that is unlikely to change for the time being.

4.15 **Harmonisation and Alignment.** One of the main benefits from the sector-wide programmes has been improvement in coherence in the support development partners provide to GoB. Each of the sector programmes was preceded by joint development partner and government consultative and planning processes to arrive at a common set of priorities and implementing arrangements for the sector. While these had shortcomings, they resulted in less duplication, greater complementarity, and a steady increase in use of government systems. It appears that even parallel funders (who are not formally part of the sector programme) have found ways to complement what the pooled and non-pooled support financed through the sector programme. Also, under sector programmes the funding for a significant share of sectoral resources has formally been committed 3–5 years in advance. The sector approach has therefore been highly successful at improving the predictability of development assistance.

4.16 A key advantage of pooled funding is that it strengthens government systems (such as those for procurement, disbursement, and financial management). For this reason the

majority of the financing should be pooled. However, the Bangladesh experience has also demonstrated that the availability of some non-pooled and parallel funding has allowed for flexibility and responsiveness while still being within the overall framework on the sector programme's agreed priorities, so parallel funding is unlikely to go away. But these mechanisms should be the minority share of total development partner assistance to a sector, and all efforts should be made to reduce their distortions (i.e. they should be consistent with the overall priorities of the sector programme), and to reduce the additional transaction costs they pose for government (numbers of missions and reporting requirements).

4.17 Transaction Costs. Under the sector programmes, transaction costs have been reduced to GoB, but not necessarily to the development partners. The move to sector programmes in the two sectors saw a shift from more than 120 projects in the health sector and more than 20 in the education sector, to a single programme developed through a joint planning process and supervised through a joint review mechanism. While the transaction costs have not been quantified, by all accounts this shift was associated with a reduction in such costs, especially to GoB because of fewer missions, simpler reporting mechanisms, and more efficient lines of accountability. However, the sector programme represented a new way of doing business, and therefore additional resources and time (especially on the side of development partners) were devoted to reforming mechanisms and structures. To the extent that the resources improved the functioning of the system in the long run, these investments were well spent and are perhaps characteristic of the first phase of a sector program.

4.18 Harmonisation. There have been strong efforts and success in harmonising project preparation steps and finding common ground between various development partners' institutional requirements. Another area of harmonisation has been in agreement on the supervision process and common performance indicators and (usually but not in all instances) targets at end of programme set for these indicators. The Bangladesh experience in the education sector suggests that while there is agreement on programme content, there has been less agreement on how programme performance will be assessed during implementation and how differences among development partners will be resolved.

4.19 Complexity of Sector Programmes. While the programmes have been highly relevant, the reforms were extremely ambitious given the institutional capacity. It can be argued that the design of a sector programme is necessarily complex because of its sector-wide focus and the desire to respond comprehensively to the sector's needs. The challenge is to balance comprehensiveness with institutional capacity, to manage the risk posed by the complex design, and to allow time for deepening of reforms. Also, the sector programmes represented a new way of doing business, and some considered the preparation for the sector programmes insufficient and thought there should have been greater building of human and institutional capacity in anticipation of the health sector programme. While it is true that some capacity could have been built ahead of initiation of a sector programme and that there were shortcomings in this area, it is also true that some capacity could only be developed through implementation.

4.20 This JEP is not the place to identify where a programme approach may or may not be appropriate. However the experiences from the health and education programmes indicate that the programme approach could be useful in other sectors where many development partners are

active and where the emphasis of assistance is on budget support. A programme approach is less relevant in sectors with only a few development partners and/or with an emphasis on physical investment.

Global Programmes

4.21 Global programmes have the potential to undermine the agreed priorities of a sector programme, detracting from overall programme relevance. There have been both positive and negative experiences with the two most prominent global programmes in Bangladesh — the Global Fund to Fight HIV/AIDS, TB, and Malaria (GFATM) and the Global Alliance for Vaccines and Immunization (GAVI). On the one hand, these programmes have been able to mobilize resources for priorities identified in the sector planning process (e.g. the use of GFATM funding for malaria and TB control interventions under the Essential Services Package; and the use of GAVI funding for vaccines under the Expanded Programme on Immunization, also part of the Essential Services Package). On the other hand, local priorities may have been distorted; for example, GFATM was criticized for its drive to prioritize some diseases that are of less importance (HIV/AIDS), given the overall burden of disease in-country.

4.22 The international community increasingly has criticized global programmes for their failure to invest in health systems. In attempting to respond to this challenge and direct resources to health systems, the lack of synchrony with sectoral planning processes becomes more problematic. The lack of participation in the overall planning process for the sector programme creates more acute problems when the global programme's funding is a narrowly defined intervention (vaccines or HIV/AIDS) than when the funding is for health system investment.

5. Aid Alignment and Harmonisation Bangladesh — Views and Experiences of Development Partners and Executing Agencies

A Survey of the Development Partners

5.1 Before the September 2008 mission, IEG surveyed the development partner community in Bangladesh to solicit views on aid alignment and harmonisation among the partners in Bangladesh and between the wider partner community and the JSF partners. Representatives of 23 partners responded. Annex 9 discusses the survey and its results in detail.¹³ Key findings were as follows:

- *The main limitations on Bangladesh's development potential are country governance and the quality of country systems.* Other important limitations mentioned were scope for private sector, policy formulation and implementation, and specific government policies.
- *The resource flows from the diaspora and macroeconomic management are important strengths* helping the country's development.
- *The performance of the development partner community has been satisfactory in addressing key economic issues* for the development of Bangladesh.
- *The performance of the development partner community in supporting the design and adoption of Bangladesh's own development strategy was less satisfactory* as was its assistance to help the government lead development. Respondents rated the *development partner community low in implementing a performance assessment framework.*
- *The performance of the JSF partners in aligning their activities to Bangladesh's development strategy was moderately satisfactory.*
- Development partner respondents held a *somewhat mixed view of the performance of the JSF partners* in cooperating and working together with other development partners and promoting a harmonised approach, especially in public financial management and procurement.
- *The performance of both the donor community and the JSF partners was moderately unsatisfactory in being a mutually accountable partner* with Bangladesh including having predictable aid flows.
- Survey respondents indicated little preference for the JSF partners to continue their partnership under a revised framework, and were *favourable to having the JSF partners engage in further partnerships with many development partners.*

5.2 In follow-up discussions, development partners presented more differentiated views regarding Bangladesh's ownership of the aid agenda and about the performance of the development partner community as a whole in supporting the country to design and adopt its own development strategy and policies. While there was a shared understanding around the

¹³ The results were shared with and discussed with the donors during the mission.

Paris Agenda, there did not appear to be any concrete results-based framework. Development partners acknowledged that they often continued to follow their own strategies, not working on common results or within a common results framework, and that they tended to work primarily within their own incentive systems.

5.3 There were also doubts as to whether the development partner community is helping GoB to take the lead. Some development partners were sceptical of GoB's capacity to assume leadership, with the frequent changes in senior government positions and at the political level cited as a factor making it difficult to sustain partnerships and strategies over sufficiently long periods. It was also stated that development partner coordination had been rather dysfunctional, so that the more recent efforts to come together, driven in part by size, had led to a more rational allocation of resources.

5.4 Development partners were unclear about the objectives, content, and modalities of the JSF. Some had heard about it, but had not been directly involved, did not clearly understand it, and wondered about milestones and achievements and what they should measure. Several had not seen clear evidence of the framework or of its expected or actual results. There were also doubts about the extent to which the JSF partners were relying on the institutions and procedures of Bangladesh, with some taking the view that there had been a coming together at a higher level around the CAS Framework and a joint approach, but that in reality resources were still coordinated by sector, where there have been cases of close collaboration, and by individual development partners.

5.5 This contributed to general scepticism regarding the performance of the JSF partners in cooperating and working with other development partners. While some had observed efforts to rely more on country systems and to monitor and evaluate together, after the long process to agree on the JSF, the efforts then seemed to have come to a halt with no real efforts to bring in other partners. The development partner community had not really moved in the direction of country systems (except for the public procurement act, which was not used for donors' own procurement systems).

5.6 Overall, development partners believed this evaluation could contribute to better understanding of the JSF and its more concrete functioning. The lessons learned could provide the basis for more openness from the JSF partners and more proactive communications with the wider donor community.

A Survey of the Executing Agencies

5.7 **Survey Objective.** ADB's OED carried out a survey of the local managers of all ongoing projects supported by ADB, DFID, the GoJ, and the World Bank. The 96 responses obtained covered about 60 percent of all ongoing projects and programmes of the four JSF partners. The survey results are presented in Annex 10. Of primary interest here are data and views on the extent of alignment and potential for further alignment of existing approaches to development partner-supported project and programme management. Ninety-three percent of interventions included in the survey were project interventions.

5.8 The survey corroborated the widespread use of PIUs or equivalent in Bangladesh. While some 96 percent of project directors identified a project office of some kind, half of these stated it was created especially for the project, while the other half stated it existed before the project (and worked on a prior or other project). The effects of the predominant type of PIU on capacity development and capacity erosion were viewed as varied, though not all negative. Project directors reported a considerable amount of capacity developed in a variety of areas through their projects. They also reported that in their view international consultants in PIUs had not gravitated to regular operational tasks that were beyond their terms of reference and that should normally be done by regular agency staff; therefore, they did not substitute for regular agency staff. Survey respondents were more ambivalent about the use of local consultants, especially contractual staff. Project directors reported that such staff was often used to substitute for government staff.

5.9 **Similarities and Differences between the Four Partners.** Although approaches and problems reported were similar among the four JSF partners in many essential respects, several variations are worth noting:

- **Project aid versus program aid** — The World Bank had 15 percent of its interventions set up as programmes, ADB 8 percent (in value the proportions may be different). Project directors of DFID and JBIC/JICA-supported interventions reported no use of the programme approach, at least not in the sense of the release of the financing in tranches to Bangladesh's national exchequer.
- The **use of direct cofinancing** of projects varied among the JSF partners, from a high of 36 percent for DFID to a low of zero for Japan. (However, Japan sometimes finances projects in parallel and in close coordination with other development partners).
- **Implementing agencies** — For WB, ADB and GoJ most projects were implemented by government agencies, whereas DFID used many non-governmental organizations (foundations), consulting firms, and other development partners, e.g. United Nations agencies, ADB, WB.
- **Infrastructure development** was an important focus for all four partners — JBIC and ADB had over two-thirds of their projects marked for infrastructure development, DFID and IDA between 35 and 40 percent.
- All four partners focused on **policy/institutional or capacity development** as one of their project purposes — 85 percent for IDA and about 60 percent for the three other partners.
- For the executing agencies, the **advantages of development partner involvement** (apart from funding) lie primarily in a more certain/steady supply of funds. In addition, good and transparent procurement processes were viewed as important advantages, as were access to technical advice, persuasion powers of donors and the catalytic effects of their projects. DFID was noted for funding of project staff, IDA and DFID for somewhat better design of project/programme and intellectual leadership.
- The executing agencies saw as their **principal development partner-related problems** (i) enforcement of the development partner agenda (JBIC most, DFID

least), development partner delays (IDA most, DFID least), and difficult forms and procedures and paperwork (IDA most, DFID least).

- The executing agencies saw as their principal **GoB-related problems** (i) delays, policies or decisions delaying or obstructing the projects, (ii) difficult government systems and procedures, (iii) lack of coordination with other agencies, and (iv) lack of (qualified) government staff. GoB related problems were reported more frequently than development partner-related problems.
- Only a quarter of the agencies said that they will **achieve their objectives on time** — with ADB and DFID—supported project directors relatively more confident.
- There is a noticeable difference in views regarding **whether the projects were introducing new approaches** to Bangladesh — 72 percent of DFID and 63 percent of IDA project directors said yes, much more than ADB (28 percent) and JBIC (none). On the other hand, project design problems were most frequently reported for interventions funded by the World Bank and DFID.
- Over 80 percent of project directors thought there was sufficient donor involvement in project implementation. One third thought more GoJ involvement would be useful.
- No project director thought his or her project was more a target of corruption attempts than locally funded projects. Conversely, 42 percent (and more for DFID, which had more projects implemented outside government control) thought the projects were designed in such a way as to protect better against corruption.

6. Conclusions, Lessons and Recommendations

6.1 The JSF set in motion a process for more comprehensive A&H, although its confinement to four development partners was controversial for several other partners. Current harmonisation work is more broad-based and attempts to include many more development partners. There is growing interest in internalizing the Paris Declaration principles with bilateral country policies and multilateral operational policies that emphasize not only harmonisation but also encourage the alignment with country systems, mutual accountability and managing for development results. In this regard the evaluation notes:

- ADB’s Strategy 2020, approved in 2008, gives high priority to cofinancing of its projects and programmes with other development partners.
- DFID’s policy to work jointly, especially with multilaterals, is gaining traction.
- The EU Code of Conduct — to reduce sectors, specialise, nominate leads, and promote joint discipline — has gained broad support from member states and may well set the challenge to others.

6.2 The JSF moved development partner collaboration beyond information exchange with an increase in joint work through formal arrangements. While formally a partnership between four participants, others were drawn in at sector level or became engaged as co-financiers. It is disappointing that progress was limited, although the loss of the early image of an “exclusive club” has enabled the lessons to be shared more widely. With a larger group of development partners now seeking to develop a common strategic approach under the heading Joint Cooperation Strategy (JCS), the test will be whether they can find ways to draw on the lessons of the JSF. (Annex 11 summarizes these developments.)

6.3 However, the notion that the JSF represented new ways of working and was not supposed to be just a specific strategic initiative was never appreciated beyond the immediate development partner community. Interviews and discussions with civil society indicated that they were largely unaware of the JSF. More specifically the relationships between civil society and JSF partners did not change substantially in terms of financing or policy discourse. Civil society consultation in the PRSP process was limited though debate and discussion was more significant; yet here too opportunities to link civil society and JSF policy engagement around the PRSP has not been evident.

6.4 The absence of an elected government for over two years limited interaction and led to loss of political ownership not only of the PRSP but also of sector and broader planning and financial policy. Politicians have to learn how to re-engage with a development partner community that is still learning but has possibly made a tacit commitment to operate under different “rules of the game”. The JSF demonstrated that close partnerships between development partners could work in Bangladesh — however briefly — and may have thus helped modify the institutional context by creating space for development partners in the country to think about different ways of approaching aid harmonisation and development partner relations.

6.5 This paper has been discussing efforts by development partners concerning aid A&H. It has not explicitly addressed government issues and preferences or those of civil society. However, it is the sense of the JEP that further progress in aid A&H would be beneficial to Bangladesh and should thus be in the government's interest and those of wider society. If the GoB should wish to influence the speed and direction of aid A&H, it could do so through a higher and more systematic profile to its development partners. It could also continue to address the governance and public financial management issues raised by partners and highlighted in the DAC surveys.

Lessons

6.6 *The experience with the JSF demonstrated the value of the Paris Principles as the basis for partnership working.*

- The JSF partners gave priority to Alignment and Harmonisation and established a common approach that informed their respective country strategies as well as their joint working.
- The JSF was weaker in terms of Mutual Accountability and Managing for Development Results. Partnership working is a means to an end and not an end in itself. All four Paris Principles are important.

6.7 *Endorsing government leadership and respecting a PRSP does not imply uncritical acceptance.*

- Robust relationships based on mutual accountability can sustain honest challenge and constructive criticism. The JSF was based on the PRSP, but it focused on the partners' objectives and processes. There will always be tension between alignment with government policies and robustly challenging the gaps in its policies. There will also always be tension between what the government policies demand and what development partners can deliver given their interests and strengths. Government and its development partners need to find processes through which the tensions between such considerations can be addressed.
- PRSPs should no longer be policy shopping lists from which donors can pick and choose. Hard linkages to budget discipline result in PRSPs that can be delivered. The PRSP should be directly linked to a Medium Term Budget Framework (MTBF).

6.8 *Division of labour among development partners can be a practical way to harmonise.*

- Division of labour can build on specialisation, limit duplicative engagements, and reduce transaction costs for both development partners and GoB. Such a division of labour can be organised under a broadly agreed policy umbrella, requiring all involved parties to share in a single policy discussion for a sector, and with GoB to negotiate roles and responsibilities at sector level. This can provide the hard boundary within which more detailed negotiations can be managed. The guiding principle (from a very different context) of "march separately, fight together" may thus be applicable also for development harmonisation.

6.9 ***Building on bottom-up collaboration provides a good foundation for joint working.***

- The JSF was driven from the top down, strong leadership was essential to change the prevailing culture of separate programmes. However at project and programme level there were some examples of good practice that could have complemented these efforts and informed the framework from below.

6.10 ***Established project level partnerships can be the basis for more programmatic approaches and deeper policy dialogue, including sector wide working (SWAps).***

- This evaluation has identified some advantages with the current project approach, but there is opportunity and a clear need for further experimentation with sector wide (SWAp-type) arrangements where appropriate.
- The examples of sector-based partnerships and agreements need to be built on. Developing such agreements and division of labour can itself be labour intensive. Partnership may save effort in the long term, but it can be expensive in the short term — that is where leadership and support become critical.

6.11 ***Institutional engagement and head office support is essential for sustainable partnerships.***

- The JSF was driven by individuals on the ground in Bangladesh and failed to build sustainable institutional buy-in between the four partners and also with the wider development partner community. Personal relationships are critical to catalysing change but unless the “rules of the game” change, then the change will not move beyond those people.
- The JSF heads failed to communicate to their staff — and sometimes to their headquarters — the need for the four partners to continue to sit together regularly at sector and thematic levels.

6.12 ***Joint working is not necessarily cost effective — it requires time and energy — the benefits are in improved development outcomes.***

- The JSF partners devoted considerable resources at the outset and the failure of the partnership to be sustainable was to a large degree due to the loss of energy and commitment. Even the smaller project level examples of collaboration described in this evaluation have taken time to establish and maintain. The cost of all such endeavours needs to be recognised and assessments made over the cost effectiveness and value added.

6.13 ***The ideal of a broad based partnership involving all development partners does not preclude smaller groups working together to further specific priorities.***

- The JSF could have been the beginning of a process. While the lessons have wider application and the widest group of partners should be involved, there is space for small groups of key actors to work more intensively. The JSF showed the benefits, and the four heads of office should be encouraged to build on that experience within the context of the larger efforts made at A&H.

6.14 *Partnerships require all parties to share in effective formal and informal communication.*

- The JSF partners failed to communicate their specific agreements and roles to government, to the development partner community, and to Bangladesh civil society.
- The government failed to communicate its commitment to the PRSP, and development partners failed to communicate their respect for (together with constructive criticism of the planning process and the PRSP as the lead planning document).

Recommendations

6.15 *The government of Bangladesh should take a firm interest in, and a stronger lead on, A&H issues in the context of their relation with development partners.*

- The government has not always been able to fully participate in local consultative group processes. It should.

6.16 *The government of Bangladesh should set policies (e.g. PRSPs) that are prioritised, costed in line with national budgets, and have clear operational targets, so that development partners can align with these.*

- PRSPs have often given licence and legitimacy beyond the capacity of government and budgets. Similarly, PRSPs have often failed when it comes to monitoring performance and impact. No PRSP is complete without a monitoring framework that includes clear timebound targets and is costed with assigned responsibilities for monitoring, and those arrangements need to be implemented.

6.17 *All joint working — partnerships, strategies, programmes — should incorporate effective monitoring and evaluation frameworks with objectives, measurable indicators, budgets, roles and responsibilities established from the outset.*

- The challenge in joint enterprises is to build in monitoring and evaluation that meets the individual and collective requirements of all partners. Agreements need to include monitoring mechanisms and approaches to evaluation as well as clarity on objectives and processes.

6.18 *Those involved in the JCS in Bangladesh and similar strategic partnerships should ensure that priority is given to communicate effectively, with resources and time allocated for an explicit communications strategy that addresses both internal and external requirements.*

- For strategic partnerships to work it is important to communicate within the partnership (at all levels) as well as to those outside — both government and other development partners. Communication with civil society, the private sector, and other stakeholders of the common goals and work of the partnership is also important.

6.19 *Whether as part of overarching commitments to the ideals of Paris and Accra or for specific country/programme reasons all those engaging in joint working should give priority to improving the quality and quantity of formal collaboration.*

- The JSF was a time consuming and demanding exercise. Many of the benefits have been indirect and are difficult to attribute. This evaluation has identified some examples of good practice, but there is always room for improvement and learning. Whether it is division of labour, co-financing, sector wide working, or thematic engagement, each has room to improve. Commitments made by development partners need to be honoured in the interest of mutual accountability and predictability. Similarly the commitment of the government is essential.

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Annex 1: Total Net Disbursements of Official Development Assistance and Official Aid to Bangladesh, 1992-2007

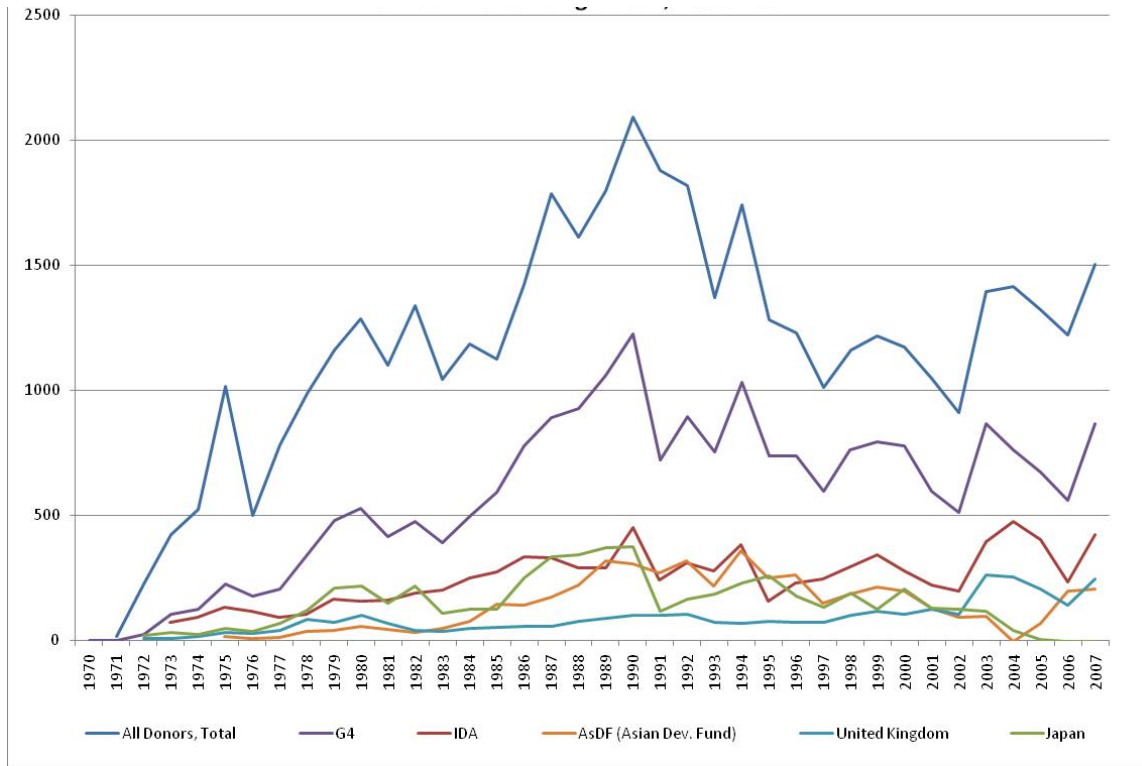
Table A1.1

<i>Development partner</i>	<i>1992-99</i>		<i>2000-07</i>	
	<i>US\$ m</i>	<i>%</i>	<i>US\$ m</i>	<i>%</i>
IDA	2,224	20.5	2,609	26.1
United Kingdom	671	6.2	1,431	14.3
AsDF (ADB)	1,954	18.0	978	9.8
Japan	1,448	13.4	588	5.9
European Commission	635	5.9	558	5.6
United Nations ¹	830	7.7	544	5.4
United States	621	5.7	481	4.8
Netherlands	462	4.3	470	4.7
Canada	450	4.2	355	3.6
Denmark	296	2.7	340	3.4
IMF	-397	-3.7	290	2.9
Germany	564	5.2	273	2.7
Sweden	233	2.1	211	2.1
Norway	285	2.6	186	1.9
Australia	108	1.0	154	1.5
Switzerland	128	1.2	107	1.1
Korea	28	0.3	107	1.1
Other development partners	292	2.7	301	3.0
<i>All development partners</i>	<i>10,831</i>	<i>100.0</i>	<i>9,983</i>	<i>100.0</i>

Source: OECD DAC Online database, table 2a. Destination of Official Development Assistance and Official Aid — Disbursements, as of 02/19/09.

1/ Includes IFAD, UNAIDS, UNDP, UNFPA, UNHCR, UNICEF, UNTA, WFP.

Figure A1.1: Total Net Disbursements of ODA and Official Aid to Bangladesh, 1970-2007



Annex 2: Bangladesh — The DAC Surveys

1. DAC has undertaken two surveys of Bangladesh for the purpose of monitoring the Paris Declaration (PD) — in 2006 and 2008. These surveys rely heavily on self-reporting, and the measurements rely in some areas on quite crude proxies. Definitional and/or data quality changes may explain some of the differences between the results of the two surveys. However, since the same indicators are tracked in a similar manner they do give a sense of progress (or lack of progress) over time concerning important aspects of aid A&H.

2. The trend in the Bangladesh indicators is summarized below. Overall, some progress is discernible. Nevertheless, there is clearly substantial scope for further improvement.

3. The indicators are discussed briefly below.

Ownership

4. Indicator 1: Assessment from WB Aid Effectiveness Review (AER): The extent to which a country has an operational development strategy with which donors can align their development assistance: The C rating in 2006 (on a scale from A to E) remained unchanged in 2008.

Alignment

5. Indicators 2 to 8 assess various dimensions of the alignment of aid with the national development strategies and plans and their use of/building capacity of national systems for public financial management. Overall, DAC finds that Bangladesh needs to strengthen significantly its public financial management (PFM) systems.

Building Reliable Country Systems:

6. Indicator 2A: An assessment of the degree to which countries either have PFM systems that are aligned with broadly accepted good practice, or have reform systems in place to establish reliable such systems. This is based on the WB CPIA score for PFM, on a scale from 6 to 1. Bangladesh's rating in 2006 of 3.0 was unchanged in 2008.

7. Indicator 2B: Reliability of country procurement systems. This indicator was not assessed in 2006 and not rated in 2008. While some progress is noted, procurement remains a major source of corruption in Bangladesh.

Aligning Aid Flows on National Priorities:

8. Indicator 3 measures the proportion of aid to the government sector that is recorded in the budget, as a proxy for alignment. In the 2006 survey, 88 percent of aid disbursed was estimated accurately in the budget. This must be a weighted average, since for the average donor the proportion was 47 percent. For 2008 the numbers increased to

92 percent (aggregate) and 50 percent (average donor). Most of the donors have aligned their assistance with the PRSP, but there were also some poor performers. The numbers are up for three of the four partners: ADB from 81 percent to 96 percent; Japan from 72 percent to 94 percent; and UK from 61 percent to 87 percent. WB, however, went down slightly, from 100 percent to 94 percent.

Coordinating Support to Strengthen Activity:

9. Indicator 4 focuses on the extent to which donor technical cooperation is moving towards a country-led model, measuring the degree of alignment of donor technical cooperation with the country's capacity development objectives and strategies. In 2006 Bangladesh had 31 percent of its technical cooperation provided in a coordinated manner, and in 2008 69 percent.

10. The DAC survey comments that this suggests that BD has met already the target for 2010 (50 percent), despite the fact that a comprehensive capacity development strategy has yet to be developed — and that GoB needs to focus on this in the next PRSP. For three of the JSF partners the results are positive: Japan was up from 11 percent to 100 percent; UK from 0 to 100 percent, and the WB from 6 percent to 100 percent. ADB, however, went down from 69 percent to 48 percent.

Using Country Systems:

11. Indicator 5a measures the extent to which aid for government makes use of the country's PFM systems, measuring average use across budget execution systems, financial reporting systems and auditing systems. In Bangladesh, 53 percent were using country PFM systems, a large proportion of which was accounted for by budget support. In 2008, the percentage had increased to 77, although only three donors reported an increase and more than half of the donors reported a decrease. Overall, donors seem to be more willing to use budget and auditing systems than financial reporting systems.

12. Indicator 5b measures the extent to which aid for government makes use of the country's systems of procurement. 56 percent of aid was using country procurement systems in 2006, increasing to 66 percent in 2008 (particularly in health and education).

13. For the four partners, the percentages were more up than down: ADB 100 percent in both years for PFM, and up from 62 percent to 76 percent for procurement; Japan down from 59 percent to 49 percent for PFM, but up from 29 percent to 49 percent for procurement. WB went up from 33 percent to 82 percent for PFM, and from 56 percent to 78 percent for procurement. DFID went down sharply from 100 percent to 15 percent for PFM, and from 100 percent to 17 percent for procurement (reasons not explained).

Avoiding Parallel Implementation Structures:

14. Indicator 6 measures progress by counting the stock of "Parallel PIUs". Result: In 2006 the survey reported 38 parallel PIUs in Bangladesh, in 2008 the number went

down to 24. This number would have dropped to six if the UN had not introduced 19 more. For 2008 no parallel PIUs were recorded for any of the four partners.

Providing More Predictable Aid:

15. Indicator 7 looks at in-year predictability of aid to the government sector, measuring the proportion of planned disbursements (as reported by donors) recorded by government in the national accounting system as having been disbursed. In 2006, GoB recorded 91 percent of scheduled disbursements as disbursed, rising to 100 percent in 2008. However, since some donors disburse more and some less, the average donor disbursement ratio (a more useful indicator) went up from 40 percent to 61 percent.

16. Among the four partners, ADB increased its ratio from 84 percent to 94 percent, Japan's ratio declined from 72 percent to 60 percent, UK improved it from 34 percent to 95 percent, and the WB dropped its ratio a bit from 100 percent to 94 percent.

Untying Aid:

17. Indicator 8 on untying aid improved for Bangladesh from 82 percent to 94 percent for members of OECD-DAC.

Harmonisation:

18. Indicator 9 measures the proportion of total aid that is provided in support of programme-based approaches (PBAs). In Bangladesh, it was 41 percent in 2006, a percentage that went up to 50 percent in 2008. This is in spite of the DAC survey noting that there has been a reduction in the overall proportion of aid using PBAs.

19. For ADB, the percentage is up from 7 to 46, for Japan down from 7 to 4, for the UK 0 in both years, and for WB down from 80 to 73.

Conducting Joint Missions and Sharing Analysis:

20. Indicator 10a tracks the proportion of donor missions conducted jointly while also tracking the total number of missions. In 2006, 19 percent of missions were joint, and in 2008 24 percent. However, the number of missions also increased, from 286 to 362.

21. 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. The DAC survey picks up on the increase for the two multilaterals, speculating that the rise "may in part be because these donors have seen a rise in the awarding of contracts and disbursement". However, another explanation might be a change in mission definitions or just better data, or a combination of the two.¹

¹ There is, for example, nothing in the pattern of WB's work in these two years that could explain such a major increase in mission activity.

22. Indicator 10b measures the proportion of country analytical work that is undertaken jointly. The volume in Bangladesh increased from 70 units in 2006 to 128 units in 2008, and the proportion undertaken jointly increased from 38 percent to 42 percent.

23. Among the four partners ADB went down from 38 percent in 2006 to 33 percent in 2008, Japan went down sharply from 60 percent to 11 percent, UK was at 0 in 2006 and remained at 0 percent, and the WB went up from 29 percent to 60 percent. In the view of the authors of this paper, there could be some inconsistencies between the two surveys. WB as probably the single most provider of analytical work is listed with 5 units, ADB with 18, Japan with 9 and UK with only one. This seems low, and compares to 64 for the UN system, 7 for Denmark, and 6 for Canada. The survey suggests that one improvement would be for donors and GoB to make common arrangements to share analytical work more openly to allow easier access to end users.

Managing for Results:

24. Indicator 11 utilizes data drawn from the WB AER, focusing on the establishment of a cost-effective results-oriented reporting and assessment system by the country, grading from A to E. Bangladesh was rated a D in 2006 and a C in 2008. The survey comments that one challenge for BD is in coordinating the data collection efforts of various ministries and agencies, and that capacity issues are still a challenge.

Mutual Accountability:

25. Indicator 12 records whether or not there is a country-level mechanism permitting joint assessment of progress in implementing agreed commitments on aid effectiveness, and specifically whether such an assessment has taken place. In 2006 no such assessment had taken place, and for 2008 it is noted that there is no mechanism for a formal mutual assessment. It is also noted that attempts at joint assessment vary from donor to donor, and that some joint assessment is occurring at the level of the sectoral mechanisms for pooling donor funding.

Annex 3: Bangladesh PRSPs

1. There have been three PRSPs: (i) The Interim PRSP (I-PRSP) in 2003; (ii) the 2005 National Strategy for Poverty Reduction¹ (NSPR) also known as PRSP; and (iii) the one drafted in 2008 Moving Ahead: National Strategy for Accelerated Poverty Reduction.² The I-PRSP was accepted by IDA and the IMF and was taken into account by some other development partners. The first PRSP proper was the basis for the JSF and the four 2006 CAS/CAPs all referenced it extensively, and essentially while expressing some reservations endorsed it. The JSF Joint Outcome Matrix identifies the relevant PRSP objectives against which the JSF partners set their own priorities. The 2008 draft, while being criticised by many development partners, was gaining even stronger endorsement and was being seen as the basis for the wider joint country strategy.

I-PRSP

2. The I-PRSP was prepared by consultants from the Bangladesh Institute for Development Studies (BIDS) which built national ownership. It was heavy on description and was a GoB attempt to put its own mark on the PRSP process. The document was formally published in 2003 with three pillars: Acceleration of Pro-Poor Growth, Promoting Good Governance, and Investing in Human Development. All in all a good start in mapping out the territory for the first time and beginning to identify common strategic emphases. The I-PRSP was presented to the Boards of the IDA and the IMF in May 2003 who considered it as a de facto PRSP.

First PRSP Proper — NSPR

3. The first full PRSP — the NSPR — was also produced by Bangladeshi consultants. In formulating the PRSP, GoB took a participatory approach with extensive consultations. The draft document that was published in January 2005 consisted of four strategic blocks including strengthening the important sectors that contribute to economic growth for the poor, and four assistance strategies such as promotion of good governance.

4. The NSPR was overseen by the National Executive Committee led by the Prime Minister's office. It was jointly managed by the Planning Division, which is responsible for the Development Budget (non-revenue expenditure, including most ODA), and the Economic Relations Division (ERD) in the Ministry of Finance (MoF), which manages the Revenue Budget. The MoF coordinated the monitoring of 11 action points agreed at the PRSP Implementation Forum (PIFM). These agencies place strong emphasis on the importance of the NSPR as a framework for aligning external assistance.

5. However, ownership of the NSPR was not uniform across the administration. In fact, the NSPR was not accepted by many of the line ministries, some of which saw it as an “academic exercise”. With the development of the MTBF linked to the NSPR (a condition of the World Bank Development Support Credit - DSC), and the coordinated efforts by Planning Division and

¹ Government of Bangladesh. 2005.

² Government of Bangladesh. 2008.

the MoF to monitor and implement the NSPR, there was some expectation of increasing alignment between the NSPR priorities and those of the line ministries in the coming period.

6. At the time of the JSF, however, the NSPR had been only partially successful as an instrument for coordinating external assistance. In line with the roadmap set out in the NSPR, the Joint Partners focused much of their efforts on building state capacity to enable effective implementation of the NSPR. These efforts aimed to support improving the country systems, including public financial management and procurement, through lending operations, and with varying types of requirements. However, processes were not always country-led, mainly because there was no national overall capacity building strategy in place, and donors used conditionality in association with their lending.

7. ADB provided extensive TA assistance for monitoring the PRSP; this work had initially some traction but GoB interest waned. Also, the linkage between the MTBF and ministry level budgeting had not been effectively established, and the PRSP contained little in the form of effective prioritisation. For these reasons departmental independence continued and in some respects increased, and the PRSP had less emphasis. As a result, monitoring of the PRSP and attention to its budget discipline never moved beyond ERD use to respond to donors and overall MoF interest.

Second PRSP

8. This document (for 2009-2011) was developed quickly during the final year of the Caretaker Government, was published as a draft in May 2008, and criticised significantly by the development partners. The document was prepared by an expert committee with little in the form of public consultation, and with at best modest GoB ownership. However, it has been taken by the donors as a key focus of support and development partner engagement, due to their strong support for the monitoring of the Paris Principles and their commitment to alignment. Alongside this the desire of the development partners to hold onto the key concept of an overall poverty reduction approach and to work towards stronger linkages with the budget process and line department planning may have given the PRSP an emphasis beyond the value of its content or domestic ownership.

9. The MoF through ERD, encouraged by donor interest, has given more emphasis to the Poverty Reduction Strategy (PRS) approach especially post Paris. The creation of a PRS-HAP Cell (Poverty Reduction Strategy — Harmonisation Action Plan) to monitor Paris implementation and make the links across to GoB policy has not yet made any impact at line department level other than rudimentary reporting. However, the basic tools are now in place for the ministries to drive a more integrated approach.

10. A challenge will be whether the 2008 PRSP is strong enough to support any such moves. Current development partner attitudes seem to be based on the assumption that they should respect PRSPs and therefore not rewrite them. Meanwhile it is unclear whether the new government will endorse the PRSP and/or take a more holistic approach to policy and budgeting.

Conclusions

11. The Bangladesh PRSP story has strengths and weaknesses:

Strengths:

- A series of PRSPs owned by government and largely developed by government.
- Drafting by Bangladeshi consultants reinforcing the home-grown element but was less sensitive to donor requirements.
- A strong policy orientation that has increasingly stressed the governance agenda and kept a poverty focus.
- Growing donor buy-in such that they now see the PRSP as the policy keystone for Bangladesh and for adherence to Paris Principles.
- Continuity over changes of government and changes between elected and Caretaker regimes.
- Some (albeit slow) buy-in at sector/government department level.

Weaknesses:

- PRSP is weak on prioritisation and still lacks a hard budget framework.
- PRSP still lacks an implementable monitoring framework.
- Still heavy on analysis and prescription but light on policy adherence.
- Little real acceptance of a coordinated policy and budget approach among the bureaucracy.
- A sceptical attitude among civil society so that the PRSP is still viewed by some as donor driven and by most as irrelevant to real policy change.

Overall:

- The PRSP has fallen well short of potential.
- However, it has the potential to support improvement in budget policy and practice and also to ensure donor consensus and cohesion.

Annex 4: Aid Harmonisation and PRSPs

Examples from Asian Countries	
Cambodia	<p>Since the mid-1990s the Cambodian government has produced numerous strategy documents, each of which focused on the key development issues — economic and social development, with emphasis on the rural areas, employment, poverty reduction, and governance reforms. However, these strategies generally lacked clear priorities or effective means of monitoring implementation or outcomes. Furthermore, in many cases donors took a leading role which reduced the government’s commitment and sense of ownership. In one case the World Bank and IMF were supporting a PRSP titled the National Poverty Reduction Strategy (NPRS), in direct competition with the ADB supported Socio-Economic Development Plan (SEDP).</p> <p>Fortunately, there is now only one government strategy document, the 2006-2010 National Strategic Development Plan (NSDP), which is endorsed by all donors. The goals of the NSDP include eradicating poverty, enhancing agricultural productivity, achieving improvements in health and education, environmental sustainability, gender equity, sustained economic growth and improved fiscal performance. It also incorporates Cambodia’s millennium development goal (MDG) targets. The NSDP was prepared in a less participatory manner than earlier strategy documents but was also less donor-driven.</p>
Maldives	<p>The World Bank’s support was to be provided through a PER and a series of policy notes, as well as support for preparation of a PRSP. The planned series of policy notes were not completed. The PRSP support activity was dropped once the government decided to embark on the preparation of its 7th National Development Plan, using TA from the ADB.</p>
Nepal	<p>The World Bank CAS sought greater coordination with other development partners through stronger government ownership and leadership and better alignment of development partners’ programmes with the government’s PRSP and Medium-Term Expenditure Framework (MTEF). The World Bank programme reflected the efforts to improve aid effectiveness with technical assistance for the formulation and implementation of the MTEF, the development of sector-wide approaches (SWAs) in education and health, and joint supervision work with other development partners. Since 2000, together with the government, the Asian Development Bank (ADB), and the Japan Bank for International Cooperation (JBIC), the Bank has been carrying out Joint Country Portfolio Performance Reviews.</p> <p>It was in this context that IDA successfully took the lead on development assistance alignment and harmonisation in 2001-02. Its input to this effort included support to the formulation, implementation, and monitoring of the PRSP, and to the MTEF, all of which were core to IDA’s assistance strategy over the FY03-07 period. Despite its shortcomings, the PRSP has created consensus on the agenda among Nepal’s development partners, who largely agreed to align their assistance with the PRSP framework. The seven largest development partners — DFID, Japan, Germany, United States, ADB, and IDA, which account for about 80 percent of ODA over 2003-07 — pledged to support the PRSP.</p>
Vietnam	<p>The World Bank’s assistance strategy was clearly aligned with the country’s needs and was linked closely to its PRSP-which itself had strong country ownership. The World Bank’s collaboration with other donors appears to have been strong, with numerous cases where the Bank cofinanced operations with other donors, or collaborated in other ways. Perhaps most notably, the Bank obtained cofinancing from four donors for PRSC I, from seven other donors for PRSC III, and is expecting 17 donors to participate in PRSC V.</p>

Source: IEG files.

Annex 5: Examples of Harmonisation Processes

A: Uganda — Joint Assistance Strategy

- The Joint Assistance Strategy in Uganda was prepared by seven donors for the period 2005-09: the African Development Bank, Germany, the Netherlands, Norway, Sweden, the UK (DFID), and the World Bank Group — including the International Development Association (IDA), International Finance Corporation and the Multilateral Investment Guarantee Agency.
- The strategy document benefited from inputs from the Government of Uganda (GoU) and from consultations with civil society.
- The Joint Assistance Strategy (JAS) came at the end of a lengthy process of coordination that brought those participating closer together. It was spurred by GoU's recognition of high transaction costs from aid, including from (a) a multitude of missions; (b) the creation of systems that paralleled government systems; and (c) different procedures and requirements between donors.
- The closer harmonisation process had thus been promoted by the government, and had taken place through the establishment of joint sector working groups, the development of SWAps and pooled funding mechanisms, joint missions, silent partnerships, and joint analytical work and advisory services by development partners.
- Subsequently, the annual Poverty Reduction Support Credit (PRSC) process played a role in strengthening donor harmonisation, serving as a focus for donors that provide budget support to participate in joint discussions with GoU and to link their disbursements to the fulfilment of agreed prior actions that themselves derived from Uganda's PRSP — the Poverty Eradication Action Plan (PEAP).
- The length and the nature of the process leading up to the preparation of the JAS in 2005 shows some interesting differences with the Bangladesh case, in which intensified collaboration among some major donors sprang as a response to discord within the donor community. Already in 2000, a government document, the PEAP, had laid out the intent for its relationship with donors and GoU and key donors signed a set of partnership principles in 2003, including commitments:
 - By GoU to continue focus on poverty eradication; assume full leadership in the donor coordination process; discourage any stand-alone donor projects; strengthen monitoring and accountability; develop comprehensive, costed, and prioritized sector-wide programmes eventually covering the whole budgets; further develop participation and coordination of all stakeholders; and strengthen capacity to coordinate across government;
 - By donors to jointly undertake analytical work; jointly set output/outcome targets; develop uniform disbursement rules; develop uniform and stronger fiduciary assurance and accountability rules; ensure integration of support in sector-wide programmes; continue to increase untied budget support; increasingly delegate responsibilities to country offices; reduce the tying of procurement; abolish topping up of individual project staff salaries; and end individual, parallel country programmes and stand-alone projects.

- The partnership was strengthened in 2004 when the PEAP included a detailed results and policy matrix.
- The preparation of the 2005 JAS was initiated by a joint country integrated fiduciary assessment, and a joint workshop.
- When the JAS was finalized, the participating donors concluded that there had been several useful preconditions for this process: The existence of a comprehensive PEAP behind which development partners could align their support; the possibility for the partners to rely on the PEAP results matrix and monitoring framework; recognition of the need to harmonise had been well established; the existence of the PRSCs as well as matured SWApS in several sectors; and that the abovementioned partnership principles had been in place for more than two years.
- Nevertheless there had been several important challenges, including that disengaging from sectors proved difficult for many partners; the issue of who decides who has the comparative advantage in any given area had been difficult to address, and also how to accommodate shifts in such advantages over time; the need for development partners in Kampala to consult with their respective headquarters and reflect their requirements; and different assessments of the risks posed by corruption and political transition.
- The key lessons learned included that a joint strategy is a process, and that progress will need to continue to be made during implementation; producing a joint strategy takes much more time than for a single agency, and sufficient resources (including people) need to be allocated to the process; a clear management arrangement needs to be put in place; key issues include identifying a leader or readers and clarifying the expectations of the partners involved; and the importance of flexibility and innovation.
- In the view of the donors, the JAS committed the partners to important changes in behaviour; aligned their support with the PEAP; presented the strategic direction and how this fit together; presented a common assessment framework for determining levels of finance; and harmonised their monitoring and evaluation requirements in line with the review of the implementation of the PEAP.
- Finally, the JAS identified next steps that included increasing selectivity by partners in their programming and policy dialogues; more partners would join the JAS group; and partners would help GoU to strengthen its capacity to monitor the implementation and evaluate the impact of the PEAP.
- Under the JAS, partners would support the implementation of PEP in general, but would focus on some areas judged to be especially important for achieving the PEAP's overarching strategic results. There were four main financing channels: direct budget and project support to GoU; support to the programmes of civil society organizations; assistance to the private sector; and support through UN agencies. While budget support was expected to account for an increasing share, all partners would continue to provide some project support as well. There were three scenarios (base, high, low) with somewhat general criteria and associated different aid levels.
- The JAS partners would rely on GoU's own assessment of the results of the PEAP in judging the development effectiveness of the JAS. Partners would assess their

contributions of their specific interventions to outcomes, using the JAS results matrix as the framework. This matrix was seen to be fully consistent with the PEAP results matrix, but also contained milestones specific to partners' interventions. Annual reviews linked to PEAP reviews would provide early feedback on both JAS implementation progress and impact. There would be an in-depth mid-term review and a final self-evaluation of the strategy and its implementation. JAS partners and GoU would support an annual independent assessment of progress of partners in organizational effectiveness, using the indicators agreed in the Paris Declaration.

- The JAS document contained a useful matrix of current and planned partnerships in implementing the PEAP, showing both JAS partners and non-JAS partners.
- There was also a table on risks and mitigation measures, which appears quite open and honest, although the mitigation measures were mostly formulated in quite general terms.
- There was a JAS financing scenario assessment framework and a related discussion of the base, low and high case scenarios, and a table of indicative average annual financing for PEAP implementation per JAS partner. There was also a table for harmonisation targets (2010), including baseline numbers, in ten different areas.
- The detailed results matrix went over 11 pages, with columns (left to right) for Outcome Indicators (many numerical), Issues and Obstacles; Intermediate Results; Strategies/Actions; and JAS Partner Programmes.
- The version submitted to the WB Board included an annex on the WB Group assistance programme, with the WB group specific programme. At least some other participating donors had similar institution-specific texts/matrices.

Source: World Bank 2005b.

B: Tanzania — Joint Assistance Strategy

The experiences with donor coordination and aid alignment in Tanzania lead to the same conclusion reached for Uganda: A&H takes considerable time to build up. The A&H process culminated in the Government of Tanzania's (GoT) 2006 Joint Assistance Strategy for Tanzania (JAST), as the national medium-term framework for managing development cooperation between GoT and the development partners. Institutions like the WB with their own programmes are fully geared to supporting the implementation of the JAST. In the case of the World Bank Group the link is ensured through their country assistance results matrix, in which activities with milestones and outcomes are directly related to the JAST goals and targets.

Tanzania had spent more than ten years getting to the JAST:

- In 1994, a group of independent advisers was commissioned with Danish funding to evaluate development cooperation and come up with proposals on how to improve it.
- In 1997, GoT and its development partners jointly accepted the recommendations through the "Agreed Notes" of 18 actions to improve the relationship and the

- management of aid on the basis of principles of national ownership, government leadership, harmonisation and alignment.
- The process was supported by further independent assessments, and followed since 2002 by an institutionalized Independent Monitoring Group.
 - One intermediate outcome of this process was the Tanzania Assistance Strategy (TAS) that was launched in 2002 and that served for a few years as the medium-term framework for development cooperation. A TAS action plan had set out practical steps that included priority actions in four areas: increasing the predictability of aid flows; integrating external resources into the government budget and Exchequer system; harmonising and rationalizing processes; and improving national capacities for aid coordination and external resource management.
 - One major activity was a joint GoT/partner study on the rationalisation/harmonisation of existing government and partner processes, and overlapping and duplicative processes have been reorganized to be more in line with the national budget and the PRS processes.
 - The JAST has aimed to be more comprehensive than the TAS, and was meant to bring together all development partners under a single strategic framework.

Source: Government of the United Republic of Tanzania 2006.

Annex 6: Bangladesh — Alignment and Harmonisation in Sectoral Activities

Energy

1. The Bangladesh energy sector has come a long way since 1990s. A lot of structural reforms have been implemented, electricity production increased and system losses reduced. However, despite improvements, the energy sector is in crisis. Production of natural gas, the most important source of commercial energy, has not been able to meet demand. Shortages of natural gas, together with not enough generation capacity, affect power generation. Electricity shortages create unpredictable power shedding and negatively affect industry, private sector development as well as electrification of rural areas. Slowing down of rural electrification may affect Bangladesh's goal of providing universal access to electricity by year 2020. On top of gas and electricity shortages, energy infrastructure still mostly remains poor: despite recent institutional reforms and significant improvements, gas distribution and also electricity distribution losses are still considerable; the only network that operates with standard losses is the electricity transmission network.

2. There is no formal agreement between the donors in this sector, and the Local Consulting Group (LCG) on energy does not play much of a role in the country. There have apparently been times when ADB was perceived to ignore LCG meetings if they were initiated by the WB and vice versa. There has also at times been a sense of the two institutions competing, whereas energy is now a critical sector that needs both large investments and significant reforms — so a coherent joint approach would serve the country better.

3. On the other hand, there is now some kind of unofficial division of labour. Thus support for the corporatization of power distribution companies has been divided between the donors: The process of corporatization of North West Zone Power Distribution Company was supported by ADB; the corporatization of the last two distribution zones under Bangladesh Power Development Board (BPDB) the South Zone and Central Zone, is under way (the South Zone is supported by the World Bank,¹ and the Central Zone is supported by the Japanese donors).

4. As of FY2007, GoB had failed to align domestic energy prices with international prices and tariffs still did not cover costs. More consistent commitment and ownership of the GoB to sector policy objectives would have contributed to more successful project outcomes, and the donors (such as the World Bank) might have had more impact had they cooperated more closely and consistently with each other concerning policy objectives. Overall there could be more transparency and “togetherness” between the donors in the energy sector.

Agriculture and Rural Development

5. With over three-quarter of the population and close to 85 percent of the poor living in rural areas, the performance of the rural economy is a critical determinant of the overall trends in

¹ The World Bank has been re-engaging in the energy sector after a period of disengagement, while ADB has been more of a constant presence in the sector.

growth and poverty reduction in Bangladesh. Performance of the rural economy is, in turn, intimately linked to developments in the agriculture sector — directly, because it accounts for over a fifth of the GDP, and indirectly, because of its strong linkages with the rural non-farm economy, and because of its role in assuring food security for the country.

6. Four themes appear to be of paramount importance for assessing the relevance and effectiveness of any strategy for supporting the rural economy in Bangladesh:

- Because of the severe natural resource constraints, there is little scope for agricultural growth through horizontal expansion. Sectoral growth must come from productivity gains linked to more intensive land use and from diversification into high value crops. Similarly, given the limited water resource availability during the dry season, improved water use efficiency is essential for expansion of irrigated agriculture.
- Because of the small holding size (the average holding size is less than one hectare) and because over half of the rural households are functionally landless, to be relevant the rural development strategy must go beyond crop production. The role of rural non-farm enterprises is important to provide productive employment for the growing labour pool in the rural areas.
- Bangladesh is highly vulnerable to natural disasters. Encroachment of human settlements into increasingly risky areas due to population pressure is exacerbating the potential impacts of such shocks. Impacts from global climatic changes are likely to further exacerbate this problem.
- Food security ranks very high on GoB's list of priorities, both because of its importance for poverty reduction and for the upheavals that accompany food shortages.

7. Over the past three decades, Bangladesh has made commendable progress towards strengthening its rural economy. Most noteworthy in this respect are:

- A tripling of the cereal production from 9.9 m tons in 1971-72 to an estimated 29.8 m tons in 2007-08. Even allowing for doubling of the population over the same period (from 72.6 m to 144 m), the per capita availability of food grains increased by 50 percent making the country essentially self-sufficient in terms of staple foods.
- Yield increases accounted for much of the increased production with more intensive cropping accounting for the rest. In contrast, the net cultivable area decreased by a million ha (almost 10 percent) over the past quarter century reflecting steady conversion of agricultural land into non-agricultural uses. The increased productivity was accompanied by a 40 percent increase in real wage rate for on-farm work.
- Significant diversification within agriculture with a more than five-fold increase in vegetable production over the past three decades. Fish production also more than doubled during the 1990s making fish exports an important foreign exchange earner (almost at par with export earnings from jute products).
- Rapid expansion of rural non-farm enterprises. The number of non-farm enterprises doubled from about 2 million in 1990 to about 4 million in 2003. These enterprises are now generating a third of GDP and providing close to half of the total rural employment.
- Visible improvement in many of the social indicators for the rural population particularly as regards health and education.

- Improved ability to cope with natural disasters and reduce their adverse impacts.
- Perhaps most importantly, a noticeable decrease in the share of the population in extreme poverty (from about 67 percent in the early 1970s to about 40 percent now).

8. The sectoral performance could, however, have been even better were it not for the pervasive governance problems as well as weaknesses in sectoral institutions. A worrisome aspect is also the slowdown this decade in cereal production growth. Between 2001 and 2008, cereal production grew by only about 1.5 percent a year (below the population growth rate of 1.8 percent), putting at risk the past gains in food security. Most importantly, institutional capacity for sectoral planning, monitoring, and implementation remains fragmented and weak.

9. Until the late 1990s, the World Bank was a major source for technical assistance and for financing the investments in rural infrastructure, in flood control and drainage, and in agricultural research and extension. The deterioration in the Bank/GoB relations in the late 1990s linked to the issues of governance and institutional reform meant contraction of the overall Bank assistance to Bangladesh with the Bank programme reverting to *low case* scenario. Within that generally strained relationship, the ARD development programme seems to have suffered disproportionately. The World Bank approach contrasted sharply with that taken by ADB and DANIDA. Both maintained steady, effective and cordial relationships with key agricultural counterparts through investment support for areas such as livestock, fisheries, area development and water resource management *albeit* with modest objectives. There is no evidence of any serious effort by the World Bank to coordinate its approach with that by ADB and DANIDA. In retrospect, it is also unclear whether such efforts at alignment would have led to different stances by any of the parties.

10. The JSF outcome matrix built on GoB's PRS. Being a shared view of the four key donors, it can be presumed that the JSF also carried more weight with GoB. Agriculture and Rural Development enjoyed high priority in the JSF *albeit* indirectly as part of the two pillars — *improving the investment climate* and *empowering the poor*. With the enhanced sectoral knowledge to back it up, the JSF was able to articulate more coherently the approach to promoting growth in the sector as well as a more focused programme of support. In support of the JSF outcomes, the proposed World Bank assistance included four lending operations and six Analytic and Advisory Activities (AAA) tasks; this was to be complemented by support for 31 Lending/TA activities by the other three partners (10 by Japan, 9 each by ADB and DFID and three jointly between Japan, DFID, and ADB).

11. The specific activities proposed under the donor assistance appear generally in line with the sectoral opportunities and constraints identified in the PRSP. A closer scrutiny of the overall programme suggests, however, several possible gaps and imbalances. First, there does not appear to be adequate emphasis in the donor programmes on agricultural diversification; in particular, the proposed support for fisheries, forestry, and livestock may not be commensurate with the future prospects of these subsectors. Second, more attention would have been appropriate for water resource development through stepped-up investments in irrigation, drainage and flood control (e.g. through a Water Sector SWAp to support the agreed National Water Management Plan). Third, more support was needed for rationalizing the responsibilities of the key sectoral institutions and strengthening them where appropriate. The JSF thus only partially addressed the past neglect of the ARD sectors. The gaps underscore the need for partners to fully engage the sectoral units especially when the joint approach is designed along thematic lines.

12. The Results Matrix could also have been refined further. Most intermediate indicators and milestones proposed in the CAS lack specificity to be meaningful benchmarks for monitoring results over the CAS period.

13. Despite the stated emphasis on harmonisation and alignment as part of the JSF, it is difficult to discern many synergies and complementarities among the ARD programmes of the four donors. Only three of the 40 odd interventions proposed by the four partners were planned as joint activities. In most cases, the proposed interventions appear to be simply an enumeration of what each of the partners had already in place or intended to do without much regard for the programmes of the others.² Absence of some of the other key donors to ARD (e.g. DANIDA, FAO, and IFAD) may have also limited the usefulness of the joint programming for the sector.

14. Beyond endorsing the overall directions and priorities outlined in the PRSP, it appears that no effort was made to integrate and/or coordinate the assistance programmes of the four partners,³ with no apparent efforts to ensure that the proposed assistance provided a coherent and cost-effective response. There is no evidence, in particular, of any efforts to agree on a division of labour (either for lending or for AAA) among the four partners consistent with their interests and comparative advantages. The JSF also gives no indication that the donors considered leveraging their efforts through a sectoral and/or sub-sectoral SWAp in support of the priorities outlined in the PRSP (e.g. for water resource development). It is doubtful, therefore, if this JSF led to any significant cost savings either for the donors or for the counterparts in the GoB.

15. A bright spot in terms of donor coordination is the ARD subgroup of the Local Consultative Group. Led by FAO, the Group has provided a useful forum for information sharing among the various donors as well as discussion of emerging issues and challenges bearing on the Bangladesh Agriculture. Despite effective secretarial assistance by the FAO, the impact of the Group has however remained limited due to uneven interest and attendance by the main donors.⁴ Exclusion of GoB counterparts from the Group also needs reconsideration.

16. Discussions during the CAE field visits suggest scope for much greater cooperation among the four partners in organizing implementation support and oversight, to learn from each others' efforts and to promote synergies. Particularly striking was the lack of awareness and communications among the field staff of several rural development projects (e.g. SIPP and Local Governance Improvement Projects funded by the WB and the *Chars* Livelihoods Programme funded by DFID) even though these projects had quite similar focus and approach and were operating in the same geographical area.

² It is unclear, for example, how the Japanese-supported Rural Development in Char and Haor areas was to be different from the Chars Livelihood Project supported by the DFID and whether consolidation of these individual activities would have allowed greater impact or at least more efficient aid administration and program implementation. Equally unclear is the rationale for parallel support for National Agricultural Technology Project by the Bank and for the Agricultural Technology Transfer Project by Japan.

³ It appears that in Nov. 2005, a working group of the four donors did put together a draft Sector Strategy Note outlining the key sectoral constraints and challenges. The Note also included a results matrix to guide the efforts of the four donors. The Note did not seem to have much impact on the final CAS, perhaps a casualty of the thematic approach of the Joint CAS.

⁴ Minutes of the last eight meetings of the Group (at the time of the mission) indicate that DFID was absent in four of them and the World Bank in two.

17. Although the JSF partners noted the generally high quality of the analytical work done by the World Bank, it is unclear if it was having any impact on either their lending decisions or their policy dialogue with the GoB. Also, in the absence of an established mechanism for progress monitoring under the JSF, it is difficult to say much about the delivery status of the overall programme. Fragmentary information would suggest that while ADB and DFID programmes may be largely on track, the Japanese programme is lagging behind. A recent initiative by DANIDA, under the guidance of the ARD Subgroup of the LCG, to prepare and maintain a Donor Mapping for the ARD sector could be of great help in this respect.

Telecom

18. Bangladesh was the first country in South Asia to allow private sector participation in the telecommunications sector (1989). However, due to policy and other institutional barriers the country still has poor coverage and quality of service. Bangladesh has performed poorly in terms of landline communications: in 2006, there was 1 fixed line per 100 people compared to 2 in Nepal, 3 in Pakistan, 4 in India and 10 in Sri Lanka. Only 2 percent of enterprises report owning fixed-line phones. Low landline density has slowed down ICT and internet penetration. Virtually none of the non-metropolitan enterprises report using faxes, email, or internet. In general, internet use is quite limited. According to World Development Indicators, there are only 500,000 internet users in the country of 158.6 million people. By 2006, private cellular operators started taking over landlines. However, this has not affected landline connectivity much so far.

19. The mobile market is the only subsector that has been developing rapidly. There are six mobile operators in the country, including a public-owned mobile company. Over the last three years, the number of mobile subscribers has grown at an annual rate in excess of 50 percent. In 2007, the subscriber base reached 31.8 million. Grameen Telecom started the Village Phone programme where villagers purchase a mobile phone and become the Village Phone operator. As a result, telecommunications coverage of rural areas has increased drastically. In 2006, 90 percent of population was reported to be covered by mobile telephones. Aggregate private investments in the sector grew from \$330 million in 2002 to \$3.8 billion in 2008. Increased competition at the mobile market segment is responsible for significant sector growth. The initial cost of mobile handsets still remains high in relation to local incomes, in the range of \$30-50,⁵ reflecting duties, fees, royalties and VAT. This excludes many potential customers. However, the average monthly cost for mobile use declined from \$4 in 2004 to \$3 in 2006.⁶

20. The World Bank is the major donor in the sector. It has been supporting capacity building of the Bangladesh Telecommunication Regulatory Commission (BTRC) and corporatization of the Bangladesh Telegraph and Telephone Board (BTTB). There have been some other projects supported by other donors (e.g. UNDP, Islamic Development Bank). The donors are involved in different segments of the sector and there is no formal coordination between them. The JSF, when describing donor coordination and harmonisation, did not cover the telecommunications sector; in the JSF outcome matrix the World Bank is listed as the only donor supporting outcomes in the telecommunications sector.

⁵ A drop from \$80 in 2004 (DSC II PAD, June, 2004).

⁶ World Development Indicators, 2008.

Water Supply and Sanitation

21. Overall, working in the Water Supply and Sanitation (WSS) sector requires a long term dialogue and presence, and the ability to be flexible to adjust in the light of the ongoing implementation experience. Various development partners have over the years been providing non-lending, policy advisory and analytical support to the government for the WSS sector. For example, the initiative of the government to develop a sector-wide development plan i.e. the Sector Development Programme — Water and Sanitation Sector in Bangladesh (SDP-WSSB) was supported under Danish financing. In recent years, various pieces of analytical work done by development partners have informed the evolution of the World Bank's sector support strategy as well as the design of its projects. Analysis on Dhaka slums funded by DFID informed the development of the low income component of the World Bank Dhaka Water Supply and Sanitation Project. Collaboration with ADB who shared their analytical work on the Dhaka Water Supply and Sewerage Authority (DWASA) informed the design of the same project. To further enhance the chances of success on institutional reform issues, a partnership framework has been signed November 2007 between development partners, the government, DWASA, and Chittagong WASA to leverage common approaches and coordinate activities in water supply and sanitation in Dhaka and Chittagong.

22. Many development partners and Non Government Organisations (NGOs) have become active in supporting rural arsenic mitigation (e.g. JICA, DANIDA, UNICEF, and WaterAid) after the World Bank's first intervention in 1999. Several Memorandums of Understanding (MoUs) have been signed for DWASA to supply water services to selected slums through private NGOs. These slum WSS initiatives have been supported by other international NGOs and development partners, e.g. DFID through Water Aid. The World Bank Dhaka Water Supply and Sanitation Project was approved in December 2008. The delays and long preparation time for this project were partly a consequence of the Bank exiting the urban WSS sector earlier. Preparation also took extra time due to efforts to align with development partners — in Dhaka these include ADB and DANIDA with whom there is now a formal Partnership Framework MoU.

23. The JSF is largely silent on the WSS sector. Also, the WB Dhaka Water Supply and Sanitation project (approved November 2008) has no cofinancing, but the appraisal document has a specific chapter on coordination that explains that a number of development partners are currently supporting or are planning to support DWASA through projects and other activities. These include projects and technical assistance involving different aspects of water, sewerage, and drainage, reflecting the interests and comparative advantages of each development partner. Various development partner activities are planned under a coordinated support approach with ADB is supporting the water supply improvements in Dhaka, while the WB project will assist sewerage and drainage improvements. The WB project will scale up successful water supply and sanitation service provision models in low income communities and slums of Dhaka. The Bank and ADB will also assist to improve the performance and management efficiency of DWASA. DANIDA is extending a credit to GoB to construct a new water treatment plant (Saidabad 11) to enhance supply. Additionally, DFID has plans to provide assistance to the GoB on achieving governance reforms which ensure that planned investments benefit the poorest segments of the population. This may include further scale up of service provision to low income communities.

Transport

24. In the early 1990s, IDA completed Bangladesh: Transport Sector Review that provided the analytic and strategic framework for a wide range of future operations for funding by IDA and other donors. IDA also was the executing agency for the United Nations Development Programme (UNDP) funded preparation of the Jamuna Multi-Purpose Bridge Project and Bangladesh Transport Sector Study. In 2006 IDA, ADB, and JBIC signed an MoU for the Bangladesh Railway Sector Programme. In general there is an informal division of labour between the donors. For example, WB is more involved with the construction and rehabilitation of roads west of Jamuna and ADB is involved in the roads subsector east of Jamuna.

25. The railway MoU states that the development partners agree to a Unified Policy Matrix; will jointly support the implementation of the matrix; and will link their investment programmes for Bangladesh Railways to ensure progress of the reform programme outlined in the Unified Policy Matrix. ADB will provide funding to finance consultancy services and equipment required for the implementation of the reform programme from its ADF loan. All the reform consultant's reports and outputs, financed under the ADB loan, will be reviewed by all Development Partners and Bangladesh Railways, and their comments will be reflected prior to the finalization of the consultant's reports and outputs. Comments from Development Partners will be provided either in a workshop and/or meeting format or through email exchange. The Development Partners will give notice to each other if material and significant changes are to be made to their project design and their respective legal agreement with GoB. The Development Partners will inform each other of any event which interferes or threatens to interfere with the successful implementation of the Reform Programme. Each Development Partner will retain its independent right of making actions and decisions under its respective Framework Financing Credit Agreements with GoB.

26. ADB and WB are named in the JSF as thematic leaders in transport (including railroads and ports) and urban infrastructure (WSS and roads); Japan and WB are named the leaders in rural infrastructure (WB is involved in rural roads). However, there is little or nothing in the matrix on how/what exactly each partner would be doing.

Annex 7: Support for Public Finance Management

Introduction

1. There have been three generations of Public Financial Management (PFM) support in Bangladesh. The first (1992–2002) was largely based on a DFID technical assistance programme focusing on budget processes within the Ministry of Finance (MoF) and in practice limited to accounting practices. The second (2003–2009) was again led by DFID with support from the Netherlands. It was built on the earlier phase and achieved considerable improvement in budgeting systems at the centre with an extension to some 16 line departments. This phase saw supportive interventions by the World Bank (including the DSCs, Economic Management Technical Assistance Programme, and Procurement Projects), and ADB (Support for Financial Management and Monitoring Project) among others, together with complementary work supported by DFID in developing the capacity for revenue collection through VAT and income tax systems.

2. The third phase is about to be initiated and sees a shift of lead role to the World Bank with an ambitious and comprehensive approach that includes further technical improvements in budget systems, initiatives in enhancing the audit process and strengthening public oversight at the political level. It is the planned focus on Public Expenditure Management (PEM) through the budget system with parliamentary and public accountability that marks out this new phase from the earlier focus on technical financial management systems within the MoF and subsequently across line ministries.

3. DFID's leadership of the technical support was long term and substantial. Inputs were focused through consultant support with continuity ensured with key elements of the core consultant team coming from the same company. The cofinancing by the Netherlands gave a message of broader bilateral support and the World Bank and ADB projects extended this message and gave specific parallel support. The policy conditionality in the World Bank DSCs reinforced this support and raised the profile at the political level. However the specific focus remained on ensuring policy support for the technical aspects.

4. The broad base of support is now to be continued under World Bank leadership and with financing through a Multi-donor Trust Fund supported by DFID, the EC, Canadian International Development Agency (CIDA), and Denmark. Consultant-led TA will remain but the focus will shift to accountable budgeting based on the established technical competencies and financial management systems. The transition to World Bank leadership reflects the decision in the Joint Strategic Framework (JSF) that the World Bank lead on PFM.

5. In terms of joint working this is an interesting example of “trapeze” behaviour — one donor passing responsibility to another. As the trapeze swings the Netherlands step out; DFID passes responsibility to the World Bank while the EC and the Danes join DFID in support. From a two-handed bilateral TA programme there is transition to a multi-donor trust fund managed by the World Bank. Parallel to the change-over of donor support there is a change in focus from PFM to PEM, from financial systems to budget accountability, and from MoF leadership to government-wide political engagement. Will the momentum be maintained? Will anyone

(donors, ministries, government) slip and fall into the safety net? Will the changes of direction de-stabilise what has been achieved?

Phases 1 and 2

6. Public financial management reform commenced in Bangladesh in 1992 and has continued ever since. The first phase of reform comprised the various Reforms in Budgeting and Expenditure Control (RIBEC) projects, set out in Box A7.1.

Box A7.1: The DFID-Led RIBEC Experience

RIBEC Phase 1, October 1992 to June 1993 — the initial planning phase resulting in the detailed approach that emerged as Phase 2;

RIBEC Phase 2, January 1995 to January 1996 — the start of a large, multi-component, programme that failed to make progress. After a joint GoB/DFID review, the project was scaled down significantly;

RIBEC 2A, March 1996 to March 1997 — a small project with limited ambitions to try and establish the level of GoB commitment and engagement;

RIBEC 2B, April 1997 to December 1998 — a wider more challenging project which sought to improve the budget preparation process through introducing a new chart of accounts;

RIBEC 2000, January 1999 to June 2002 — continuation of existing initiatives with a more pro-active engagement in selected line ministries through the creation of Financial Management Units.

7. The second main phase of PFM reform has been the Financial Management Reform Programme (FMRP). Scheduled to run from July 2002 to June 2007 it began in 2003 and was subsequently extended to September 2009. The overarching purpose of the FMRP has been to “*develop accountable and transparent institutional management and operational arrangements for aggregate fiscal discipline, strategic priorities for expenditure and improved performance during budget execution*”. The main activities have been:

- developing the capacity of the Ministry of Finance to manage aggregate expenditure and resource allocation, including strategic prioritisation of expenditure including gender and poverty budgeting and improved performance of budget execution;
- assisting the Ministry of Finance to improve financial management, information systems and performance frameworks within line ministries;
- assisting the C&AG in increasing scrutiny of public accounts;
- further strengthening the management capacity of the Financial Management Authority (FIMA).

Moving to Phase 3 — Strengthening PFM

8. A DFID commissioned independent report, finalised in June 2007, concluded that “sustainable, fundamental and transformational reform, required to achieve the intended outcomes and impact of the programme, remains an aspiration rather than a likelihood”. This desired transformation was at the budget level. For too long budget processes in Bangladesh have been internal exercises not open to public scrutiny. Further given the weak financial

management systems even approved budgets were often disconnected from the de facto financial management decisions. While the accounting skills had been improved and sound financial management processes established the higher order budget reforms were yet to take place. There had been technical change but not transformational reform and certainly not at the level of transparent and accountable budget formulation and decision making.

9. Despite this overall assessment, FMRP had secured incremental improvements in budgeting, accounting, and auditing. It had introduced a medium term budget framework process at the Ministry of Finance and at 16 line ministries (covering 59 percent of annual expenditure); set up structural processes for macroeconomic forecasting and debt management; and seen investment in the integrated Budgeting and Accounting System (iBAS).

Box A7.2: DFID Programme Document for the Next Generation of PFM Reform 2008

Financial management reforms in Bangladesh have progressed over a decade and half. A number of factors have contributed to that, including (i) strong ownership at the technical level during project planning and preparation; (ii) the creation during that process of a group/network of civil servants that become advocates for change, (iii) ensuring that the project management structure was constituted of high level stakeholders: (iv) selecting the appropriate project team.

Despite these positive features of the implementation process, a recent impact assessment of the PFM reform programme¹ carried out by DFID highlights the following key conclusions:

- the reform process is not yet complete and the progress to date remains fragile if the initiated reforms are not deepened;
- progress has been achieved in a wide range of technical areas; this progress is necessary and essential but not sufficient to achieve the transformational changes that are required to meet Bangladesh's upcoming development challenges;
- financial management reform dialogue needs to be part of a wider public service reform dialogue for which there is greater political commitment. The ultimate success of the programme in terms of outcomes and impact, and its sustainability, is linked to a range of wider political and institutional constraints which the programme on its own is unable to address;
- the ownership of the programme has remained narrowly focused within the Ministry of Finance and particularly within the Finance Division. While the Finance Divisions leadership role in this process is key and needs to be sustained, ownership of the PFM reforms needs to be broadened to ensure their sustainability in the future.

10. The World Bank study that reviewed the public financial management policies and institutions, the Public Expenditure and Institutional Review,² presented similar findings. It highlighted, in particular, the need to look at PFM systems and institutions not in isolation but in the context of the broader political economy environment and public service management issues. In that context it recommended linking the debate about PFM reforms as much as possible to service delivery by strengthening the performance focus of public financial management and the demand side for better budget management outcomes.

¹ DFID 2009b.

² World Bank 2005a.

11. Recognising that there is no single solution to these issues, the proposed programme argues that a multi-faceted approach is needed to resolve the diverse range of challenges over the short, medium, and long term. **Strengthening Public Expenditure Management (SPEM)** is therefore designed to proceed through three parallel processes:

- *Continue to support the priority reform activities* such as improving and deepening reforms for a more strategic budget planning and iBAS implementation, but anchor this part of the programme (the supply side) in the MTBF approach as a way of influencing the incentive structure within the executive to improve budget and financial management (i.e. influencing demand within the executive for better budgeting).
- *Adopt new activities to help widen the constituency for change* and to demonstrate success, including: (i) broader consultations at the planning stage of the project; (ii) new approach to human resource development; (iii) increased transparency of government operations; and (iv) demonstrate as much as possible budget links to service delivery.
- *Gradually increase political level engagement in PFM.* If political capital can be built on successes with those initiatives proposed above, especially in strategically significant sectors, holders of public office may start to place a greater emphasis on achieving policies as a route to legitimate governance. In parallel, by helping to strengthen the analytical and advocacy capabilities of a few, select civil society organizations engaged in public financial management issues, both the transparency and accountability of the government's actions will be enhanced. However, these are long term processes with results emerging, hopefully, over several years.

12. The design of the programme follows closely the government's Vision and Medium Term Rolling Action Plan on PFM, produced in 2006, and the donors' review of these proposals set out in the Programme Identification Mission report of July 2007.³ The strategy presented in that report recognises the need to widen the constituency for change and move forward by addressing both supply side issues (improving budget and financial management systems within the executive) and demand side elements such as C&AG and civil society in order to make progress in all areas of financial management reform.

The New Programme — Strengthening Public Expenditure Management

13. The new programme has three core objectives, each of which corresponds to a specific project within the overall programme.

³ Cited in World Bank 2008.

Box A7.3: Strengthening Public Expenditure Management Programme

Project A: Deepening MTBF and strengthening financial accountability

Objective: To deepen and institutionalise the MTBF and build a more strategic and performance oriented budget management process, while strengthening financial accountability at the centre and line ministries.

Project B: Strengthening the Office of the Comptroller & Auditor General

Objective: To strengthen the performance of the C&AG in conjunction with parallel activities under the CIDA-supported SCOPE programme. These include improving audit quality and conduct of risk-based audits conforming to ISA/INTOSAI auditing standards, timely submission of audit reports, and follow-up to audit reports.

Project C: Strengthening Legislative and Public Oversight

Objective: To strengthen the Parliamentary Secretariat through capacity building; support key committees of Parliament and their underlying research and learning objectives; and to enhance civil society engagement in public dialogue and oversight of public resource management and utilisation — an element that will improve public participation and oversight of key elements of PFM.

14. Given the size of the proposed SPEM programme, in terms of activities and financing, there has to be a question as to how realistic the programme is as currently designed. Project A in itself has 23 separate “activity” sub-components, and there is a risk that this element in itself is over-ambitious and goes well beyond what the Ministry of Finance and line ministries can handle and absorb. It is unlikely that all the different component activities can be implemented effectively within the programme’s five year time horizon.

15. Within Project A (SCOPE), which accounts for 70 percent of the Trust Fund allocation, Components 1 and 2, which are specific to the Ministry of Finance, have a strong chance of success — there is evidence that “long entrenched” problems, such as inability to reconcile bank and government records, quality of debt management, and recording of contingent liabilities, are at last being understood and resolved. However, this next stage of PFM reform is about driving the process down to a lower level in line ministries. Success will depend on local capacity and there are real doubts as to whether existing staff, even supported and trained, can “raise their game”.

16. Project B (SPEMP), Component 1 represents further technical strengthening at the C&AG’s Office. The content of the component, with its twin focus of “improving quality, timeliness and impact of audit reports” and “automation of audit process and management” would appear to be feasible, but much will depend on the willingness of the C&AG’s staff to embrace further change.

17. Project B, Component 2 aims to “transform FIMA from a training centre that provides short courses in various accounting and auditing topics to an educational institute that supplies comprehensive accreditation courses”. This could be a significant undertaking and it is not clear whether the proposed component activities are sufficient to achieve this “transformation”. It will be important to learn from the experience of other countries in this area.

18. Project C builds on the World Bank and UNDP support to the Public Accounts Committees and DFIDs work in strengthening political participation. However this will introduce a new

approach to accountability there is uncertainty as to how this will be received. However, establishing some form of effective Parliamentary oversight is crucial to the long term improvement of PFM and the various Parliamentary mechanisms are probably much in need of support.

Box A7.4: Monitoring SPEM

Monitoring and evaluation arrangements for each specific project envisage the provision of monthly, quarterly, half-yearly and annual progress reports on project performance, including bottlenecks, to the Secretary Finance, Project Steering Committee, the World Bank, and Lead Donor.

Implementation reviews of each of the projects in the programme, and the programme as a whole, will be conducted by a multi-donor team, twice annually, under the task leadership of the World Bank. The reviews will include the evaluation of the achievements of the projects and programme against set milestones and performance criteria established under the agreed monitoring and evaluation framework, as well as the expectations set out in the previous year's annual work programme. The reviews will diagnose implementation issues and recommend actions for modifying work programmes/plans, regulations and policy (in exceptional cases) or implementation arrangements and financing reallocations. The semi-annual review will essentially be a "stock taking exercise" of the projects and the programme as a whole. To ensure objective assessment of the project performance, an independent consultant will be appointed by the World Bank, each year, to support the Administrator in reviewing project and programme performance.

19. To ensure the shift from the more technical approach taken by the DFID support to the broader approach of SPEM, DFID and all the other partners worked together with the World Bank on the design processes which drew on the work of both. Specifically within SPEM which was due to commence in April 2009, project A, which will continue the work done under FMRP, will start in October 2009; but project B (focusing on the C&AG's office) and C (strengthening public oversight mechanisms) will take more time to develop and agree. DFID agreed to extend FMRP to "bridge" until SPEM is established and the intention is that SPEM will build on and improve the credible programme that FMRP has supported. From a GoB perspective the issue is whether there is a credible programme that is broadly owned at political levels. The question of credibility is forward looking, and will need to be met by GoB and the new donor trustees as SPEM commences.

The Transition

20. While there was joint work on the design and conceptual development of SPEM it was essentially a World Bank process intended to be supported by a Trust Fund. The links between the PFM support and PEM programme were developed collaboratively by World Bank and DFID staff in Dhaka. The transition was complicated by the change of funding instrument from a DFID managed TA programme to a Multi-Donor Trust Fund. Experience in trust fund management, changes in the administration of such funds and the recruitment of a Fund Manager and Technical Team Leader as opposed to the earlier World Bank Task Team Leader for their PFM projects took time and with respect to the Trust Fund needed to be negotiated at head office level for some of the partners. Overall the design and development process took over eighteen months and was delayed beyond the expected 2008 start — this start would have allowed an overlap with the 2nd phase of DFID support — FMRP 2003-2008. In the event SPEM was delayed into 2009 with the final critical issue being the recruitment of the Fund Manager/Team

Leader. To cover this delay DFID extended FMRP with a bridge extension to June and finally September 2009.

21. However FMPR had achieved as much as it could. There were concerns over sustainability with the Project Completion Report in March 2009⁴ stating:

“Sustainability remains a major issue for almost all stakeholders. The absence of any attempt to re-engineer financial management systems, the lack of an effective and properly resourced training strategy, and continuing problems with management capacity and staff transfers in line ministries all undermine the credibility of the outputs. This means that without substantial further external support not only will the breakthrough to strategic level not occur but many of the new procedures may quickly lapse into disuse.”

22. Staff turnover in DFID and pressure on their advisers was reducing the technical oversight. In addition after such a long period of engagement by some of the consultants there was concern over the inevitable risk of undue proximity to the key GoB managers.

23. By March 2009 the World Bank had appointed an experienced Team Leader and SPEM was due to become operational with project A likely to have consultants contracted by October — with a 1-2 month gap after FMRP finally ends. Also, DFID is still custodian of the institutional memory and yet further staffing changes may disrupt continuity there. A long planned transition will have many new actors on all sides and lots of new learning required as SPEM takes over. While continuity is important there is also a value in a new “team” taking a fresh perspective.

The “Trapeze” Analogy

24. First let us review the changing actors:

- The Netherlands had supported DFID during the 2nd phase of support. Their strong position on transparency and accountability reinforced the desire to lift attention to the level of the budget process. The Netherlands decided to withdraw for two related reasons. First, their experience of providing budget support (directed through the Local Government Engineering Department so effectively sub-sector budget support at department level) had not been positive and they had become sceptical about broader PFM. Second, beyond the PFM sector this experience had influenced a higher level decision to scale down engagement in Bangladesh in the light of budget constraints and the level of overall donor support. Will the loss of this key partner be disruptive?
- As the Netherlands withdrew Denmark and the EC were keen to increase their active support. For both donors it was attractive to be associated with the major PFM/PEM reforms. The expectation is that they will be funding partners leaving DFID and the World Bank to contribute the technical experience. Will the new supporters add to the momentum or slow the process as they build up experience?
- CIDA is already supporting the CAG through its own project and this input is in the lead with SPEMP is trailing behind. The World Bank leadership in design of SPEM interventions for C+AG’s office needs to ensure continuity and integration with SPEM.

⁴ DFID 2009b.

- The technical transfer from DFID to the World Bank has been a lengthy, drawn-out process. It was facilitated by strong in-country governance expertise on both sides. However tensions within the World Bank at senior levels over responsibility for PFM and the need to recruit a team leader for the Trust Fund caused discontinuities on their part. At the same time staff changes and the absence of a specific PFM adviser in the DFID team in Dhaka resulted in technical uncertainties for them. Added to this the separation of the Planning Commission and the MoF with the possible return to more traditional Five Year Planning and the implied move away from a MTBF approach together with the new rules for management of the Trust Fund introduce new uncertainties just as responsibility is passing from one lead actor to another.

25. Second the process:

- The break of continuity of consultants, though intentional, may unsettle the ownership of the GoB. Can they be encouraged to keep the momentum of change or will SPEM revert to more of the same?
- While the intention is to address the policy level transformation more funding and more attention is being given to Project A — the continuation of the PFM technical support. Will SPEM default to phase 3 of technical support or can it make the transformation? Will the new team manage in the ways expected?

Box A7.5: An Evaluation of PFM/SPEM

Achievements

- The JSF decision on sector leadership has been honoured and changing priorities of partners taken into account without the programme suffering.
- Technical continuity in the design of SPEM has been maintained.
- The confidence of the “support team” has been maintained and the withdrawal of the Netherlands and strengthened role of the EC and Denmark managed well.
- GoB has remained confident and seems to be committed.

Concerns

- The change of lead from DFID to World Bank has not been smooth during the design period. Now that there is a strong in-country lead, will the process go as planned? Will DFID let go too soon, or hang on too long? Will the World Bank lead the team or try to go on its own?
- Will the quality of technical content be maintained? Will there be sufficient technical expertise to supervise and will DFID continue to contribute as its role shifts to M&E and oversight or opt out of that process?
- Will the transformation be achieved? Will the old PFM technical approach continue or will the new team get renewed attention from GoB and raise the game of all the partners?

Conclusion

26. Ultimately the budget process is the swing and the politicians and senior bureaucrats the real gymnasts. The audience are the Bangladesh public, the electorate and civil society, who need to be confident that the trapeze is a real event and not just an act.

27. By dominating the stage donors can distract attention even when their intention is to support. In many cases the confusion as roles are changed disrupts and in extreme cases can destroy the impact. Here the collaboration between World Bank and DFID grounded in part in the JSF but developed through the working relationships of governance and PFM experts in the respective Dhaka teams has built confidence and mutual respect. Distractions from head office and from outside events have not destabilised the process. The long period of preparation has embedded skills even if it has failed to transform and so technical confidence is assured.

Annex 8: The Human Development Sector Programmes: Health and Primary Education

Human Development in Bangladesh

1. Human development in Bangladesh has made good progress over the years. After independence in 1971 the country had some of the worst human development indicators: fertility rate at 6.4 per 1,000 women was among the highest globally, infant mortality rate (IMR) was at 145 per 1,000, child immunization coverage was only 10 percent and only a quarter of the population was literate. In 2008 the picture is very different. Since the 1970s IMR has decreased by 70 percent, immunization coverage increased to 70 percent, fertility rate has reduced by more than half progressing steadily toward the much heralded replacement fertility rate of 2.2. Primary school net enrolment rates increased to 89 percent in 2006; since the 1980s secondary education enrolment increased 3-fold, and 7-fold among girls; and gender parity in primary and lower secondary education access has been achieved. These improvements have however not been accompanied by commensurate improvements in quality of education and education outcomes. Since 1995 the country's human development index (HDI) increased at an average annual rate of 10 percent, outpacing all countries in South and East Asia regions.¹

2. In spite of these very strong achievements many challenges remain. They are related to what happens in the service delivery units of the education and health sectors — schools and clinics — and are determined by the (i) quality and efficacy of the sectoral interventions, and (ii) the effective functioning of the institutions of the human development sectors. Improvements in both these areas are undermined by governance weaknesses.

3. Through a variety of supply- and demand-side investments the donors — particularly the World Bank, ADB and DFID — have contributed to expanding access to primary and secondary education. The Primary Education Stipend Programme was one of these demand-side initiatives, and accounts for the largest share of the Primary Education Development Programme (PEDP) Phase II (\$864 million out of \$1.8 billion over 6 years).² This stipend programme is reported to have been catalytic in increasing primary school enrolment among the poor.

4. Some of the issues facing the Primary Education Stipend Programme were highlighted in the results of the 2006 Social Service Performance Survey:

- In areas where there is high concentration of child labour the stipend of 100 taka per month (\$1.50) is inadequate because the child labourers can earn up to 50–60 taka daily.

¹ Second to Rwanda, Bangladesh has shown the greatest increase in HDI between 1990 and 2005 (UNDP 2008).

² The Primary Education Stipend Program replaced the Food for Education Initiative. A stipend of 100 taka per pupil per month is paid. The program covers all 469 upazilas; but is rural focused. Eligibility criteria for individual pupil: 85 percent monthly attendance; at least 50 percent pass rate in annual exam administered in each grade. Household eligibility criteria: pupil must be from female headed household; a household of day labourers; or a household with less than 0.5 acres of land. Additional criteria: 40 percent pass rate in previous year's exam and attendance above 95 percent in previous month.

- Twenty percent of stipends were going to ineligible pupils who fail to meet the attendance or examination criteria.
- A tenth of Primary Education Stipend Programme beneficiary households had paid on average 46 taka for the stipend programme cards. One in 6 beneficiaries had to make a payment to receive the stipend. Some officials claim that this cost is a “service charge”.
- A fifth of beneficiaries were in the richest quintile of the community, slightly less than the 22 percent of beneficiaries that are from the poorest quintile.³

5. Managing population growth has been a major policy objective of the GoB since independence. Thanks to strong country-wide commitment and substantial support from donors, the country has established an extensive family planning programme that by the 1980s started to show results: between 1979 and 1988 the fertility rate declined from 6.8 to 4.6 per 1000 women. In terms of per capita income, Bangladesh was the poorest country to have achieved a fertility rate of below five births per woman.

6. These impressive gains have not been mirrored in the area of nutrition, and malnutrition where the negatives for Bangladesh continue to be among the highest globally. In 1985 69 percent of children under-5 years were underweight, with the rate declining at less than 1 percent annually to just 66 percent in 1990, and at an even slower pace among the poor. Communicable, maternal, perinatal, and nutritional conditions account for just under half of the country’s burden of disease and have been the main emphasis of programmatic efforts in the health sector. The country’s burden of AIDS is low — HIV prevalence has consistently remained below 1 percent, although prevalence among the highest risk groups is higher (e.g. 7.1 percent among injecting drug users). Non-communicable diseases are an emerging cause of mortality.

7. While the level of funding allocated to the health sector is relatively low, financial resource availability is not the most important constraint facing the system. The absolute level of health spending is low by regional standards, but as a share of GDP health spending compares more favourably. There are, however, non-trivial levels of under-expenditure of available resources — in FY04/05 and FY05/06 24 percent and 13 percent, respectively, of the total budget (revenue budget and development budget) were unspent.

Experience with Sector Programmes

8. The health and education sectors have experimented with a particular mechanism of harmonisation and alignment, namely sector programmes or Sector-wide Approaches (SWAs).⁴ Under the programme approach multiple, separate donor-funded projects are replaced by a sector programme where pooled and non-pooled funds from development partners finance sector activities as articulated in an agreed plan by the line department.

9. The case for a programme approach was particularly compelling in Bangladesh given the large number of donors in the health and education sectors. In fact, globally Bangladesh has

³ Commonwealth Education Fund 2008.

⁴ The definition of a SWAp has specific criteria, and rarely do sector programmes meet all of these criteria. For this reason the paper refers to sector programmes, and not SWAs.

among the largest number of development partners in the health and education sectors. On average, over the past decade there have been about fifteen donors⁵ involved in the health and education sectors, heightening the need for donor coordination and alignment of donor priorities and systems with that of the GoB. While the programme approach in the two sectors has had some success at improving ownership, harmonisation, and alignment, there has been less success with the other tenet of the Paris Declaration — managing for development results and mutual accountability

10. The idea of a programme approach was initiated by the development partners although the approach was in response to issues that were felt by the relevant ministries and donors alike. These were usually expressed as: concerns about policy coherence across projects within the sector, high transaction costs to GoB (Ministry of Health and Family Welfare (MoHFW), Ministry of Primary and Mass Education (MoPME), Ministry of Finance, Ministry of Planning⁶) and donors associated with the myriad of projects,⁷ and the opportunity costs to GoB of administering and managing projects.⁸ These issues were particularly acute in Bangladesh health and education sectors because of the larger numbers of development partners in these sectors in particular.

Box A8.1: Sector Programmes in the Health Sector

Two sector programmes have been implemented in the health sector: the Health and Population Sector Programme (HPSP) between 1998 and 2005 and the Health, Nutrition and Population Sector Programme (HNPSPP) starting 2005. In the first sector programme six development partners were involved and under the second programme this increased to 13 participating development partners. The pooled funds are administered by the World Bank. The cofinanciers include pooled and non-pooled donors. Some cofinanciers are also parallel donors (i.e. they finance projects in the sector that are not covered by the project implementation plan of the sector programme).

The expenditure data in Figure A8.1a and A8.1b present the most recent expenditure data for the sector. In 2005/06 77 roughly \$550 million was spent in the health sector from public sources (i.e. from GoB and development partners), of which more than three quarters (77 percent) came from GoB and 23 percent from development partners. Spending under the HNPSPP accounted for a third (\$181 million) of the public spending in the sector. The HNPSPP was financed by GoB (47 percent), pooled donors (53 percent) and non-pooled donors (0.02 percent; this share has apparently increased since then). The GoB's contribution to the HNPSPP accounted for 61 percent of the MoHFW development budget. As illustrated in Figure A8.1a, parallel donors accounted for 5 percent of the funding to the sector in 2005/06.

⁵ This includes the following donors: Australia, Canada, Denmark, the European Union, Germany (KfW, GTZ), Japan, Sweden, the Netherlands, Norway, the United Kingdom, USAID, as well as UN agencies (WHO, UNICEF, UNFPA etc.) and the Asian Development Bank.

⁶ The support by the MOP for the program approach is coloured by the fact that it has lost influence as well as opportunities for rent-seeking.

⁷ Examples include the costs of: multiple donor missions; numerous reporting requirements by various donors; costs of project preparation processes for the multitude of projects.

⁸ That is, time and effort that could better be devoted to implementation and improving development outcomes as opposed to managing relationships with each of the multitude of donors in the sector.

Figure A8.1: MoHFW and HNPSP Expenditure Data, 2005/06 (current US\$)

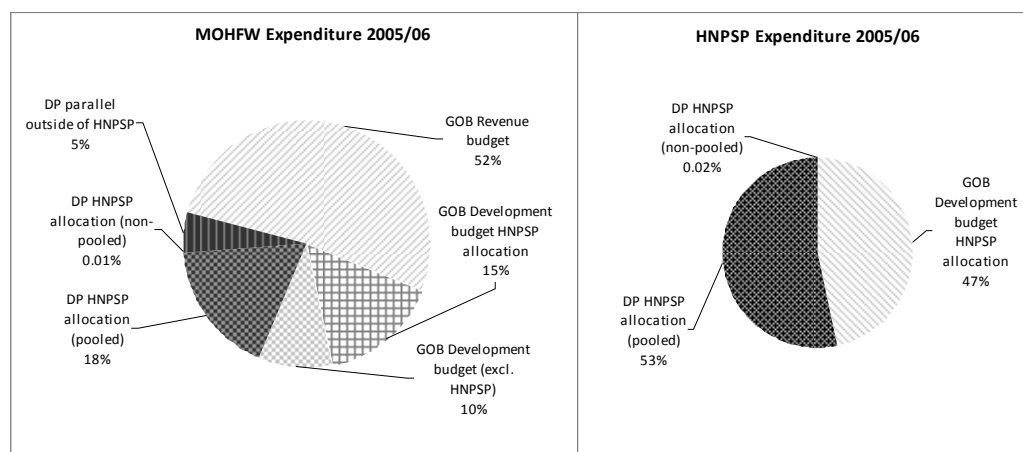


Table A8.1: Cofinanciers in the Health Sector

<i>Project</i>	<i>Years</i>	<i>Project costs</i>	<i>Cofinanciers (pooled and non-pooled)</i>
Health and Population Sector Programme (HPSP)	1998-2005	\$2,816 million	Canada, EC, Netherlands, Sweden, United Kingdom, World Bank (6).
Health, Nutrition and Population Sector Programme (HNPSP)	2005-	\$4,306 million	ADB, Canada, EC, Germany, Japan, Netherlands, Sweden, UNFPA, UNICEF, United Kingdom, USA, WHO, World Bank (13).

Source: World Bank 2005, World Bank 2006.

Box A8.2: Sector Programmes in the Education Sector

The PEDP was initially conceived as a conventional investment project, and during preparation the development partners recommended a programme approach. GoB did not agree (because the programme approach was perceived as a loss of power) and the operation was implemented as a multi-donor funded project. Some principles of a sector programme were adopted, for example, multiple donors supporting a comprehensive expenditure programme based explicitly on government policy and objectives for the sub-sector. The PEDP laid the ground for the sector programme that followed. The permission of the Prime Minister was sought before the GoB agreed to the programme approach under PEDP-II. PEDP-II was financed by 12 development partners, with the ADB being the lead agency.

The programme management structure is as follows: the programme director is the Director-General DPE, and the Joint Programme Director heads the Programme Coordination Unit which coordinates the day-to-day implementation by the Line Directors with the support of technical support teams. The Programme Liaison Unit, located within the ADB manages the project, coordinates donor-related processes.

Total financing for the PEDP-II was \$1.8 billion over 6 years, with the GoB providing two thirds of project costs, and the development partners financing the remaining third. Pooled funding procured goods, services, and civil works followed GoB procurement rules, and accounted for about 85 percent of the procurement under the PEDP-II. For procurement based on ICB, the non-pooled account was used following the procurement rules of the ABD or World Bank, depending on the source of the funding.

Figure A8.2: Financing of the PEDP-II, 2003-2009 (current US\$ million)

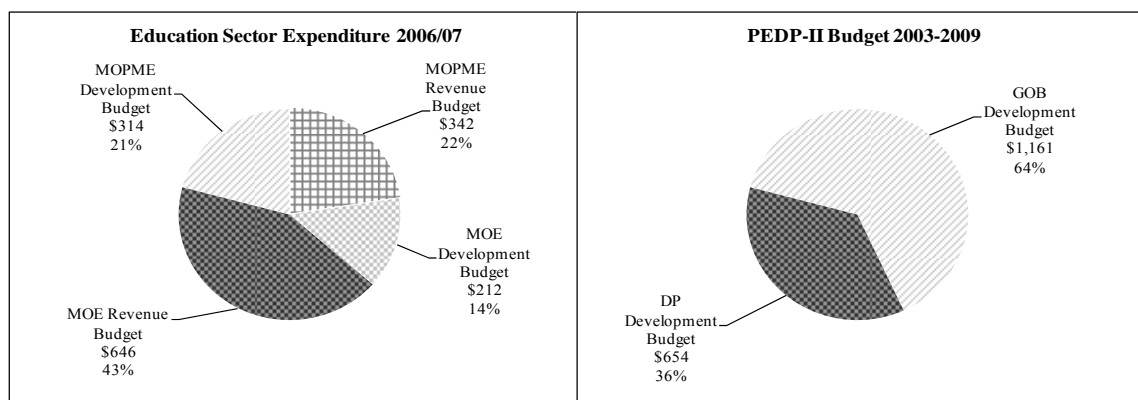


Table A8.2: Cofinanciers in the Education Sector

<i>Project</i>	<i>Years</i>	<i>Project costs</i>	<i>Cofinanciers (pooled and non-pooled)</i>
Primary Education Development Programme (PEDP-I)	1998-2003	\$2,039 million	ADB, Islamic Development Bank, Germany, Norway, Sweden, United Kingdom, UNFPA, UNICEF, World Bank (9).
Primary Education Development Programme (PEDP-II)	2003-on-going	\$1,815 million	ADB, Australia, Canada, EC, Japan, Netherlands, Norway, Sweden, UNICEF, United Kingdom, World Bank (11).

Source: World Bank 2005, World Bank 2006.

11. Internationally, the sector programme approach was increasingly viewed as best practice in the health and education sectors, yet there was little experience and knowledge on the part of its proponents. The result was that in the late 1990s donors strongly encouraged GoB to engage in sector programmes with only limited appreciation of what a sector programme is, what needs to be in place for a sector programme to work, under what conditions does a sector programme works best etc.⁹

12. In 1998 the **health sector** implemented the Health and Population Sector Programme (HPSP: 1998–2005), followed by the HNP Sector Programme (HNPS: 2005–ongoing). In the **education sector** the suggestion in 1997 that the World Bank’s proposed operation be a sector programme, was met with resistance (reportedly, because the Ministry felt that the programme approach meant a loss of power). Nonetheless, there was an appreciation of the problems associated with numerous individual projects. Consequently, under PEDP I (1998–2003) small steps were taken to address the problems. These efforts laid the foundation for the sector programme that followed PEDP-II (2003–ongoing).

⁹ In retrospect, the experiences with sector programmes in the health sector were over-sold to MoHFW; for example, citing country experiences in countries where in 1997–98 (when the first program was prepared) the sector programmes were either in their infancy or never formally adopted. The experience was mainly based on implementing sector investment loans, and in 1995 the WB Africa region published a discussion paper summarizing experiences with this funding instrument. It was only in 1997 that WHO convened a forum of bilateral donors and multilateral agencies to explore the concept of a sector program, where the term “sector-wide approach” was coined and where an Inter-agency Group was created to foster learning and the “promotion” of sector-wide approaches.

Ownership

13. At the start of the implementation of the sector programmes in both sectors GoB ownership and leadership was relatively weak. Some commentators claim that harmonisation and alignment merely meant that the development partners were getting together to carve up the sector between themselves, thereby ensuring that their individual interests were catered for first, and only then consulting with government to sell them something that had already been pre-determined. The spirit (and letter) of the Paris Declaration is of course the opposite in that the government is very much in the driving seat and that not only are development partner efforts aligned with government cycles but that the nature of the relationship is one that is open to discussions, information sharing, cooperation and coordination.

14. Over time, the nature of the relationships between government and development partners has evolved with stronger leadership emerging. This is evidenced by the leadership exercised by the MoHFW during the HNPSF mid-term review in June 2008. Similarly, ownership and leadership has evolved in the education sector, as demonstrated by the leadership by MoPME and DPE in the 2008 Joint Annual Review — informed by a strong evidence-base¹⁰ and active participation by DPE staff.¹¹ However, the increasingly experienced leadership in both sectors is continuously threatened by the frequency of position changes and transfers, a feature of the Bangladeshi civil service that is unlikely to change for the time being.

Harmonisation and Alignment

COHERENT SECTOR PLANNING AND IMPROVED LINES OF ACCOUNTABILITY

15. One of the main benefits from the sector-wide programmes has been improvements in coherence in the support provided by development partners to GoB. Each of the sector programmes was preceded by joint donor and government consultative and planning processes to arrive at a common set of priorities and implementing arrangements for the sector. While these were not without shortcomings, there is less duplication, greater complementarity, and a steady increase in use of government systems. It appears that even parallel donors (who are not formally part of the sector programme) have found ways to complement what the pooled and non-pooled donors financed through the sector programme.

16. The sector programmes have contributed to improved lines of accountability which facilitate rational planning within both the health and education sectors. Under the HPSP the positions of Project Director (for each individual project) were replaced with that of Line Director. There were two major implications that were also key achievements of the programme approach. Project Directors reported directly to the Minister but as Line Directors they were made to report to their relevant Director General, thereby no longer undermining lines of accountability within MoHFW. The Line Directors prepare Annual Operational Plans which, in turn, were more or less aligned with GoB health policy (however imperfect). The Annual Operational Plans and proposed

¹⁰ The DPE released the 2006 and 2007 School Survey reports, together with data on the Key Performance Indicators and Primary School Quality Level standards, providing a strong empirical basis to assess PEDP-II progress.

¹¹ Progress reports were presented by the DPE Line Divisions on the program components, and presentations were made by the respective Division heads at the plenary sessions of the Joint Annual Review.

budgets are approved within MoHFW, replacing a system where project plans were individually approved by the Ministry of Planning. The result is that MoHFW now had discretion over the use of donor assistance without further recourse to the Ministry of Planning.¹² The experience in the education sector was similar with the implementation of the PEDP-II.

17. Under sector programmes the funding for a significant share of sector resources was formally committed 3–5 years in advance. The sector approach has therefore been highly successful at improving the predictability of development assistance, thereby also supporting the government-wide MTEF/MTBF process.

18. Should all donors be urged more to join pools, or should one be indifferent as long as the pools have a minimum size? A key advantage of pooled funding is that it uses, strengthens and reinforces government systems e.g. procurement, disbursement, financial management systems, recurrent budgets for operations and maintenance. For this reason the majority of the financing should be pooled. However, the Bangladesh experience has also demonstrated that the availability of non-pooled and parallel funding has allowed for flexibility and responsiveness while still remaining within the overall framework on the sector programme's agreed priorities, so parallel funding is unlikely to go away. But these mechanisms should involve a minority share of total donor assistance to a sector, and all efforts should be made to reduce their distortions (i.e. they should be consistent with the overall priorities of the sector programme), and the additional transaction costs they pose to government (numbers of missions and reporting requirements).

IMPLEMENTATION ARRANGEMENTS

19. Project implementation units have been phased out, and the programme management structures have progressively been integrated into the sub-sector's management structure. Although the first health sector programme did not have a PIU, the Health Programme Support Office performed many of the same functions. Under the second sector programme this office was replaced by structures within the MoHFW that serve broader sectoral functions beyond administering the HNPS (e.g. the Programme Management Office, Management Support Agency). Under the sector programme the government's own fiduciary systems are increasingly being used and strengthened. Similarly, under the PEDP-II the programme management structure was integrated into the sub-sector's management structure and the implementation of all components was through the Line Directors.

20. The development partners generally have a strong country presence with significant levels of decentralization of responsibility for programme management, as well as senior technical and fiduciary staff to the agencies' Dhaka offices. However, for the Health programme there is still the perception that many transactions need sign-off or final approval from headquarter staff causing delays especially in procurements processes, in spite of significant decentralization of authority to the World Bank's country office as lead donor.

¹² While the revenue and the development budgets are not merged, there is greater likelihood for coherent planning within the sector when both the revenue and development budgets under the full control of the MoHFW, rather than having project budgets and plans (i.e. a substantial part of the development budget) approved by another ministry.

21. Procurement issues featured prominently in discussions with the implication that using pooled funds and following e.g. the World Bank procurement rules was cumbersome and has resulted in many implementation delays.¹³ The challenge is then to ascertain the benchmark that officials are using when making these criticisms. If the benchmark being used is accessing funds from parallel donors, then government systems are more cumbersome. But it can be argued that this is the wrong benchmark because the relatively simpler procurement practices when using parallel donors funds moves away from the use of government systems instead of moving closer to them. Some officials directly involved with accessing pooled funds and the government development budget suggest that the differences are not dramatic. Nevertheless, accessing these pooled funds is still associated with significant procurement delays (particularly when using World Bank procurement) that, many feel, slow down implementation.

TRANSACTION COSTS

22. Under the sector programmes transaction costs to GoB have been reduced, but not necessarily to the development partners. The move to sector programmes in the two sectors saw a shift from over 120 individual projects in the health sector and more than 20 projects in the education sector, to a single programme developed through a joint planning process and supervised through a joint review mechanism. While the actual transaction costs have not been quantified, by all accounts this shift was associated with a reduction in transaction costs especially to GoB (notably, the MoHFW and MoF) because of fewer missions, simpler reporting mechanisms, and more efficient lines of accountability.

23. The sector programme represented a new way of doing business and therefore additional resources and time (especially on the side of development partners) were devoted to reforming mechanisms and structures. To the extent that the resources improved the functioning of the system in the long run, these investments were well spent and are perhaps characteristic of the first phase of a sector programme. Under the HNPS, the time spent on process issues appears to be less than under HPSP although, as discussed later, this level is viewed by some donors as still being too high. The health sector experience seems to suggest that the first sector programme requires a higher time investment in process issues than compared to the second sector programme. In the discussions at the various high-level forums following the Paris Declaration there appears to be general willingness by donors to bear some increased level of transaction costs, although this clearly cannot be an open-ended commitment.

HARMONISATION OF PROJECT SUPERVISION AND EVALUATION

24. There have been strong efforts and success in harmonising project preparation steps and finding synchrony between various donors' institutional requirements. Another area of harmonisation has been in agreement on process of supervision and common performance

¹³ Generally, goods and services procured through national competitive bidding follow GoB procurement rules which are consistent with the Bank's rules and can be subjected to post review by the Bank. For goods and services procured through international competitive bidding the World Bank's rules are followed in the case of the health sector program, or the ADB's rules are following in the case of the education sector program. More generally, on the WB's side the experience with the recent Detailed Implementation Review in India has heightened the level of risk aversion in the entire region and some WB staff members feel it impedes implementation. The threshold for prior review was set quite low given the low procurement capacity at the start of the project.

indicators and (usually but not in all instances) targets at end of programme set for these indicators. The Bangladesh experience suggests that while there is agreement on programme content, there has been less agreement on how programme performance will be assessed during programme implementation and how differences among development partners will be resolved, as experience in the education sector has demonstrated. Codes of conduct have been drafted in both sectors, but these do not offer many solutions when there are differences: for example, on which issues all development partners should come to agreement and on which issues there is agreement to disagree: and on what are the agreed conflict resolution mechanisms.

GLOBAL PROGRAMMES

25. Global Programmes offer obvious advantages in terms of the mobilisation of finance and consistency of approach worldwide, but, in terms of national A&H goals, also easily run a risk that they undermine the agreed priorities of national sector programmes. There have been positive and negative experiences with the two most prominent global programmes in Bangladesh — the Global Fund to fight HIV/AIDS, TB and Malaria (GFATM) and the Global Alliance for Vaccines and Immunization (GAVI). On the one hand these programmes have been able to mobilize resources for priorities already identified in the sector planning process. Examples include: (i) the use of GFATM funding for malaria and TB control interventions under the Essential Services Package; and (ii) the use of GAVI funding for vaccines under the Expanded Programme on Immunization (EPI), also part of the Essential Services Package. On the other hand it was felt that local priorities are distorted, for example the GFATM was criticized for its drive to prioritize some diseases that are of less importance, given the overall burden of disease in-country (e.g. HIV/AIDS). This is in part because the timing of Global Programmes is generally not in synchrony with the planning cycle of the health sector programmes.

26. The international community is increasingly criticising Global Programmes for their failure to invest in health systems. In an effort to respond to this challenge by directing resources at health systems, alignment with sectoral planning processes is essential. The lack of participation in the overall planning process for the sector programme yields more acute problems when the global programmes funding is a narrowly defined interventions (vaccines or HIV/AIDS) than when the funding is health system investment.

NGOs IN A SECTOR PROGRAMME

27. NGOs play an important role in service delivery and health promotion activities. It is often stated that NGOs are losers in a sector programme because of the shift towards government systems and the reluctance of governments (including GoB) to contract directly with NGOs. Detailed analysis of donor and GoB resources going to NGOs is not available although figures included in DFID's Country Programme Evaluation¹⁴ indicate that the proportion of DFID's funding going to NGOs rose from 30 percent in 2000 to 40 percent in 2005. The DFID CPE does, however, go on to indicate that, in certain sectors, including health, the balance has shifted towards increasing support to and through government (including local government) and less direct funding through NGOs. It explains this as a change intended to provide funding for

¹⁴ Chapman and others 2006.

services through government mechanisms or in a donor basket arrangement where NGOs can compete with other public and private sector agencies.

Managing for Development Results and Mutual Accountability

28. Concerning the specific results (in terms of health and education outcomes and impacts) three main themes that have emerged are discussed below: (i) the balance between governance and systems improvement versus programme quality and effectiveness; (ii) the complexity of sector programmes; and (iii) implementation capacity and readiness for implementing sector programmes.

BALANCE BETWEEN GOVERNANCE AND SYSTEMS IMPROVEMENT VERSUS PROGRAMME QUALITY AND EFFECTIVENESS

29. Governance issues are closely related to reduced effectiveness and efficiency, and corruption — a subset of the governance challenges facing the health and education sectors — continues to pose a significant challenge to sectoral performance.

- Examples cited in a report on “Strengthening the Management and Governance of in the HNP sector in Bangladesh” (2007) include: private practice by public sector doctors during office hours; high rates of staff absenteeism; and drugs pilfered and sold by employees. Household surveys suggest that government health services account for only a tenth of all health services provided and, curiously, the most important reasons cited for not using public services are directly related to these governance weaknesses: the lack of drugs in public health facilities and absenteeism among health professionals.
- In the education sector there are several examples of governance weakness that result in rent-seeking such as in the appointment of primary and secondary education teachers, and leakage of public resources, for example in the implementation of the Primary Education Stipend Programme (such as stipends going to ineligible pupils who fail to meet the attendance or examination criteria; beneficiary households being required to pay to obtain stipend programme cards or stipend payments).

30. There have, however, been some important improvements in governance, notably improvements in sector planning, improved lines of accountability, some improvements in financial management and procurement in the health sector. In the education sector there have also been improvements in the transparency of school registration and the allocation of performance-based subventions linked to explicit performance-based criteria for schools, and there was greater transparency and performance-based subvention allocation.

31. It has been asserted that in the health sector development partners spend more oversight time on governance issues rather than addressing the programmatic causes of reduced effectiveness and efficiency.¹⁵ Donor actions seem to be dominated by coordination and national

¹⁵ One hypothesis is that because of the pooling arrangement under sector programmes governance issues and fiduciary mechanisms receive much greater emphasis than would be the case under an alternate funding arrangement, against the background of the Detailed Implementation Review of World Bank-financed Health sector projects that was implemented by the Bank’s Integrity Vice Presidency in India in 2006/07.

level policy debates, and on the implementation of higher level institutional reforms, while implementation issues at the programme and service delivery-level appear to receive less attention. This is reflected in some of the dialogue structures that have been set up: for example, the HNP Forum meets with relative frequency, but the working groups that deal with specific issues that can be more directly linked to programme outcomes and impacts receive less attention. Working groups for example to improve the specific programmes such as maternal mortality have only in the past year started to function. The bias toward higher level institutional reforms is also reflected in the expenditure trends in recent years. The share of total health spending on central administration has progressively increased over the past 3 years (by 27 percent), whereas the allocations to *upazila*-level and lower levels have consistently decreased (by 8 percent between 2003/04 and 2005/06).¹⁶

32. In the education sector there appeared to be better balance between fiduciary concerns and efforts focusing on programme effectiveness. But it may be unwise to draw more general conclusion given a variety of confounding factors (e.g. the fiduciary issues in the two sectors and the lead agencies in the two sector programmes were different).

COMPLEXITY OF SECTOR PROGRAMMES

33. While programmes have been highly relevant in that they sought to address the key challenges facing the sector, the reforms were extremely ambitious given the institutional capacity. The health sector programme undertook some reforms that in any country context would be hugely challenging, if not controversial — namely unification of large parts of the ministry and at multiple levels, decentralization (in one of the world's most centralized countries), and introduction of a new tier of service delivery at community level. This was accompanied by other reforms that are also known to be challenging to implement, for example, increasing hospital autonomy. The second health sector programme was more focused, aiming to consolidate the successful reforms while adding selected new initiatives, such as demand-side initiatives to increase demand for antenatal and maternal health services. It can be argued that the design of a SWAp is of necessity complex because of its sector-wide focus and the desire to comprehensively respond to the sector's needs. The challenge is to balance comprehensiveness with institutional capacity, to implement risk mitigation measures to manage the risk posed by the complex design, and to allow time for deepening of reforms.

IMPLEMENTATION CAPACITY AND READINESS FOR IMPLEMENTING SECTOR PROGRAMMES

34. The sector programmes represented a new way of doing business. In the health sector many interviewees expressed the view that there was insufficient preparation for the sector programme and that there should have been greater building of human and institutional capacity in anticipation of the health sector programme. In the education sector the development partners pushed for the first PEDP to be implemented as a sector programme, but the government did not agree. In fact, some of the peer reviewers during project preparation also felt that the capacity in the education sector was too weak to successfully implement a sector programme. During implementation of the PEDP, systems were strengthened (procurement, financial management)

¹⁶ It has, however, to be acknowledged that while the share to upazila-level has decreased the actual amount spent has increased by a tenth.

that laid a foundation for the PEDP-II. While it is true that some capacity could have been built ahead of initiation of a sector programme and that there were shortcomings in this area, it is also true that some capacity could only be developed through implementation.¹⁷

Looking to the Future

35. The country's human development agenda is still unfinished despite substantial progress. Important education sector challenges remain as the country prepares itself for full participation in the global economy. The highly competitive garment industry and the growth in remittances in recent years are significant achievements in this regard. However successes have relied largely on unskilled labour. As the country's economy orients itself to meet the demands of the global market, improved quantity and quality of investment in human capital is needed to ensure the availability of a literate and numerate labour force, and to ensure that the next round of economic successes is because of the education system, not in spite of it. Equally important are the current inequities in education outcomes that prevent many of the poorest Bangladeshis from fully benefiting from the country's strong economic performance and development progress.

36. Thanks in part to the involvement and convening power of the lead donors substantial resources have been mobilized for the HNP sector — totalling \$2.9 billion and \$3.7 billion under the first and second sector programmes, respectively. As a result of this resource mobilization financial resource constraints are not the most important constraint facing the health sector.

37. The development partners have embraced an ambitious agenda as they have tried to respond to the challenges facing the human development sectors. Sector programmes have been an important vehicle to improve coherence and effectiveness of the development assistance. The results have been mixed, although important gains have been made. The experience has suggested that sector-wide programmes have contributed to improving the relevance of donors' respective programmes of support. But while programmes have been highly relevant in that they sought to address the key challenges facing the sector, the reforms were extremely complex given the existing institutional capacity. The experience with the health sector programmes has demonstrated that while efficiency is enhanced to some extent (by reducing transaction costs to the GoB), the first phase of a sector programme imposes additional costs primarily because it represents a fundamental change in doing business and there is unavoidable additional process costs. There is, however, some evidence that the time spent on process issues of the sector programme came at the expense of improving programme effectiveness and impact on development outcomes.

38. The future gains will depend on functioning of institutions. The governance challenges and the quality improvements mentioned throughout this report require strong and committed leadership, greater appreciation of the implementation requirements and selectivity in the choice of institutional improvements being addressed. In both sectors the weak implementation

¹⁷ The example was cited of the World Bank's health financing flagship course which some officials attended during the implementation of the first health sector program. The respondent felt that earlier participation (i.e. before the implementation of the sector program) would have allowed him to have greater appreciation for what the reforms were intending to achieve and might have enlisted him as a stronger supporter of the proposed reforms than had been the case.

capacity at the national as well as field-level seriously hampered the progress — particularly of the *software* investments into improved intermediate outcomes such as improved service delivery or programme effectiveness. Sequencing of reforms may offer a possible solution given the country's capacity constrained environment.

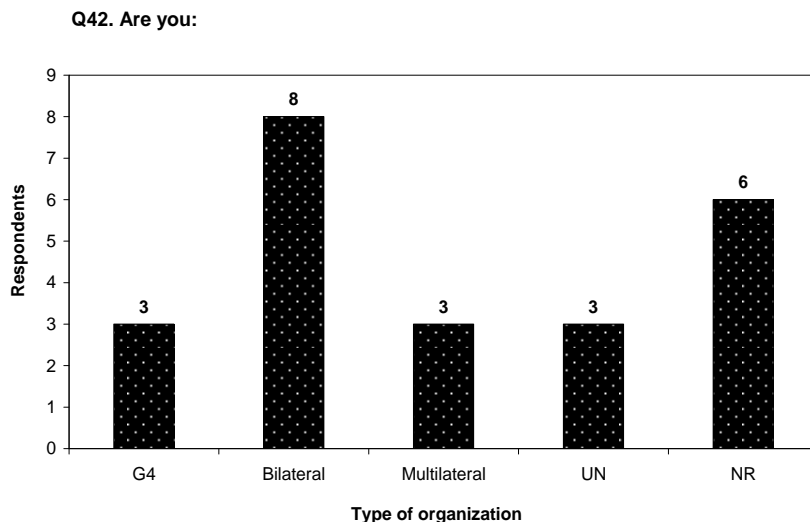
39. Another weakness is the absence of evaluation of the effectiveness of quality investments as they are implemented to ensure that the investments are having their desired impact. This would also ensure learning and inform appropriate course correction as necessary. This approach, however, requires the government as well as development partners to give real meaning to their commitment to results. Although there is a high level of rhetoric regarding results-orientation, development partners in both sectors appear much more successful at holding government accountable for delivering on inputs and much less successful at ensuring that the inputs translate into improved outcomes.

Annex 9: Bangladesh: Survey of Donor Views on Aid Harmonisation — Summary of Findings

Introduction

1. The survey was constructed to solicit the views of the Donor Community on (i) the performance of the World Bank in providing assistance to Bangladesh, and on (ii) aid alignment and harmonisation among the Donor Community in Bangladesh and between the Donor Community and the G4 (the four JSF partners).¹ The survey was sent to key staff from 28 development partner institutions, mainly Bangladesh-based representatives of bilateral and multilateral donors. The survey was anonymous and administered via an online survey tool between August and September 2008. As of the closing date of September 19, 2008, 23 responses had been received.

2. Respondents classified themselves by type of organization; 3 respondents were members of the JSF partners; 8, of bilateral institutions, 3 of multilateral institutions, 3, of institutions part of the UN system, and 6 didn't specify the type of organisation.



3. In the first section of the survey, representatives of the donor community were asked to rate the performance of the World Bank as a development partner in Bangladesh in a series of dimensions like relevance, ownership, use of country systems and others. ***This is not included here.*** The second section of the survey asked members of the Donor Community to rate the performance of the four JSF partners and the community as a whole in their aid alignment and harmonisation efforts. In all cases respondents were

¹ The term G4 that was used for this survey refers to the World Bank, the Asian Development Bank (ADB), Department for International Development of the United Kingdom (DFID) and the Government of Japan (JBIC/JICA).

invited to give a rating on a scale from 1 “highly unsatisfactory” to 6 “highly satisfactory”².

4. Survey respondents were asked to focus on the period from 2001 onwards for their responses. The following sections describe and present the main findings of the survey and therefore they show only a subset of the tables generated from the data.

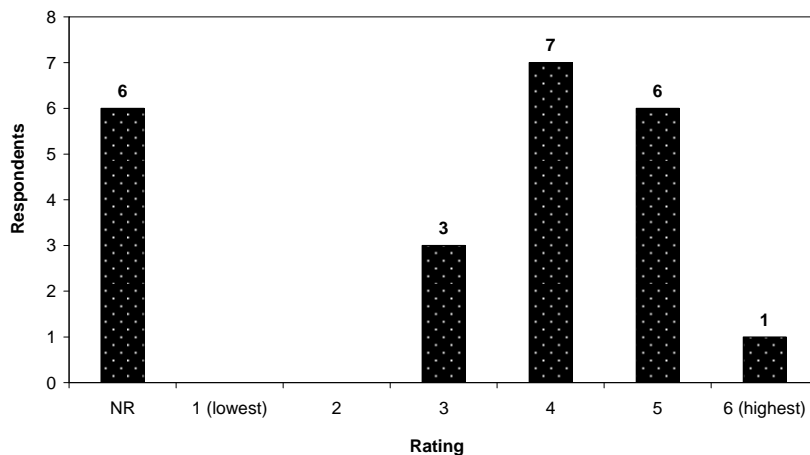
Aid Alignment and Harmonisation in Bangladesh

5. This section of the survey looks for respondents’ views on the performance of the JSF partners and of the Donor community as a whole. Given that three survey respondents identified themselves as representing a member of the JSF partners, their responses have been omitted from the results for questions that asked for the performance of this group, leaving 20 responses in these questions. A number of respondents typically six, did not answer some of the questions relating to the performance of the donor community.

RELEVANCE

6. Survey respondents viewed as satisfactory the performance of the donor community in addressing key economic issues for the development of Bangladesh, with a similar number of respondents rating this moderately satisfactory and satisfactory.

Q21. The performance of the donor community as a whole in addressing issues of key importance for the economic development of Bangladesh.

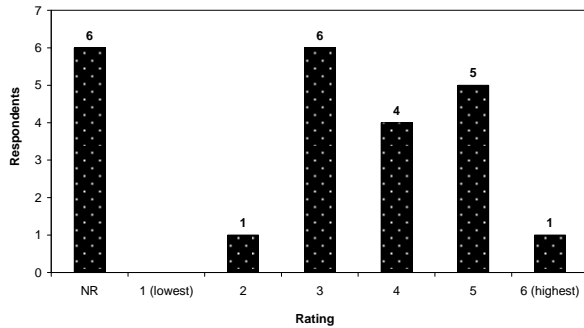


² The scale used in the survey coincides with the 6-point scale used by IEG in its evaluations, where 6 corresponds to a highly satisfactory performance; 5, satisfactory; 4, moderately satisfactory; 3, moderately unsatisfactory; 2, unsatisfactory; and 1, highly unsatisfactory. The 6-point scale doesn’t have a middle point and for that reason, respondents had to tilt their ratings towards the satisfactory or the unsatisfactory spectrum.

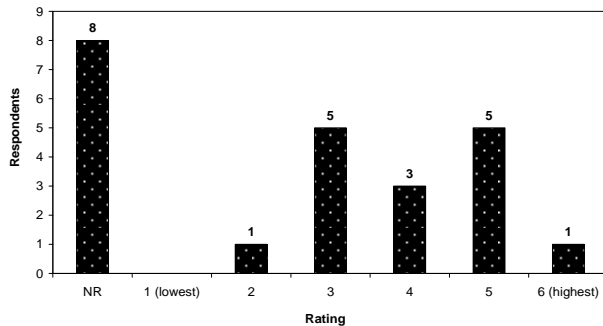
OWNERSHIP

7. Survey respondents were asked to rate (i) how the donor community supported the government of Bangladesh in designing and adopting its own development strategy; and (ii) how the donor community helped the government play a leading role in the country's development efforts. In both cases, respondents' views on their own performance — of the donor community as a whole- were divided between satisfactory and moderately unsatisfactory, with an inclination to the satisfactory side.

Q22. The performance of the donor community as a whole in: Supporting and enabling Bangladesh in designing and adopting its own development strategy and policies.



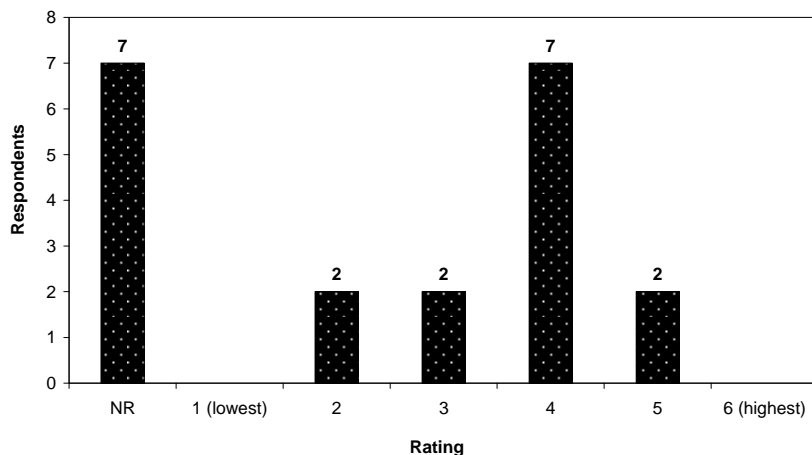
Q23. The performance of the donor community as a whole in: Helping the Government of Bangladesh to play a leading role on its development policies, strategies and development efforts in relation to the country's development partners.



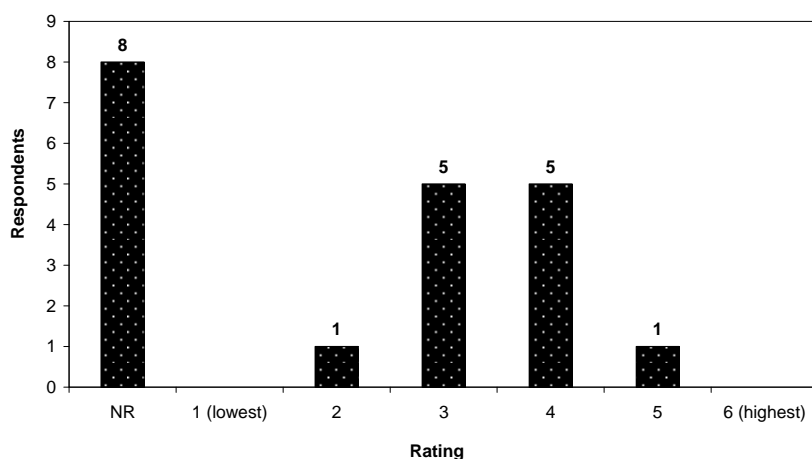
ALIGNMENT

8. The questions referring to aid alignment focused on the performance of the JSF partners. When asked about the performance of the JSF partners in aligning their activities to Bangladesh's development strategy, 7 out of 20 respondents rated their performance as moderately satisfactory. Regarding the performance of the JSF partners in relying in Bangladesh's institutions and procedures, there was a split between those who thought the JSF partners' performance was moderately satisfactory and those who thought it was unsatisfactory.

**Q24. The performance of the G4 through their Joint CAS Framework in:
Alignment of their lending and work programs with Bangladesh's national
development strategy.**



**Q25. The performance of the G4 through their Joint CAS Framework in:
Reliance in their programs on the institutions and procedures of Bangladesh in
their support for the country.**



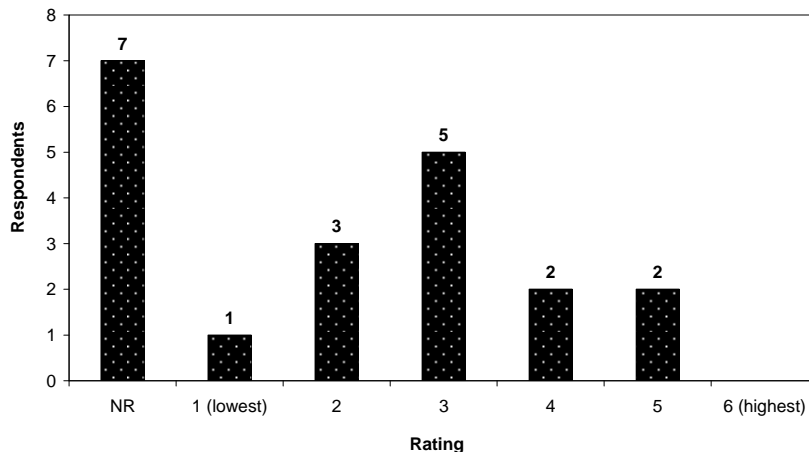
Q25. The performance of the JSF partners through their Joint CAS Framework in: Reliance in their programmes on the institutions and procedures of Bangladesh in their support for the country.					
Rating	Current number of projects/programmes with JSF partners				Total
	NR	None	< 5	≥ 5	
NR	5		2	1	8
1 (lowest)				1	1
2				1	1
3			2	3	5
4		1	2	2	5
5		1			1
6 (highest)					
Total	5	2	6	7	20

HARMONISATION

9. Representatives of the Donor Community were asked to rate the performance of the JSF partners in cooperating and working together with other donors in helping

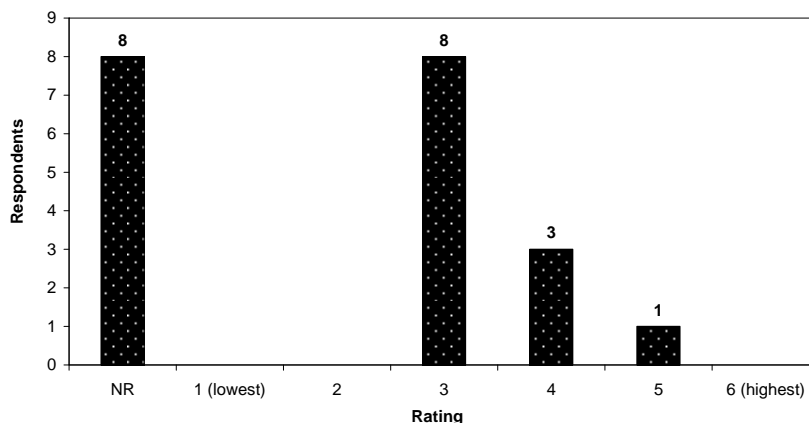
Bangladesh. More than half of the respondents who answered this question (9 of 13) rated the JSF partners' performance as unsatisfactory.

Q26. The performance of the G4 – seen for this purpose as a group - in: Cooperating and working together with other donors in helping Bangladesh, seeking to be more effective and less burdensome partners.



10. The survey also asked donor representatives for their views on the JSF partners' performance in the use of a harmonised approach with other donors, especially in public financial management and procurement. Eight out of twenty respondents rated the JSF partners as moderately unsatisfactory; only 4 rated them on the satisfactory side. In this case, a majority of respondents appear to see more limitations in the coordinated work with other donors than among the JSF partners in providing support using Bangladesh's country systems (compare with question 25 of the survey).

Q27. The performance of the G4 – seen for this purpose as a group - in: Seeking a harmonized approach with other donors around Bangladesh's country systems (especially in public financial management and procurement) in the design and execution of development support, including by helping improve their reliability.

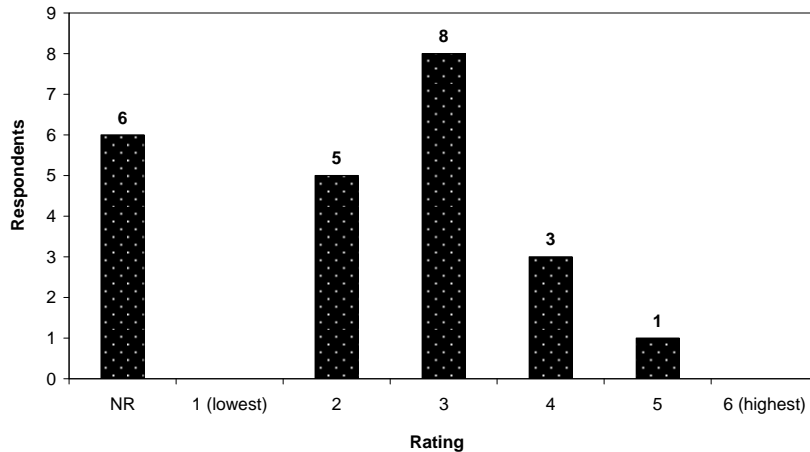


MANAGING FOR DEVELOPMENT RESULTS

11. The majority of respondents, 13 out of 23, rated the work of the donor community as a whole on the unsatisfactory side in implementing a performance assessment

framework, this points to management for results being one of the lowest performing areas for the donor community.

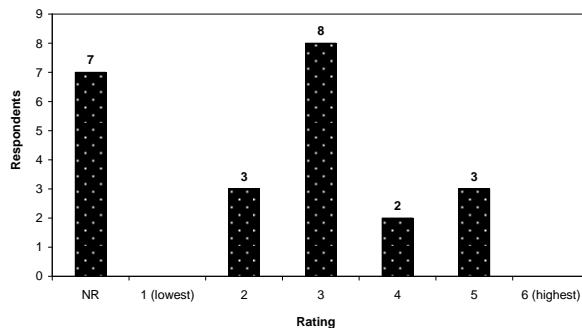
Q28. The performance of the donor community as a whole in: Working with Bangladesh in implementing a performance assessment framework to measure progress against key elements of the development strategy.



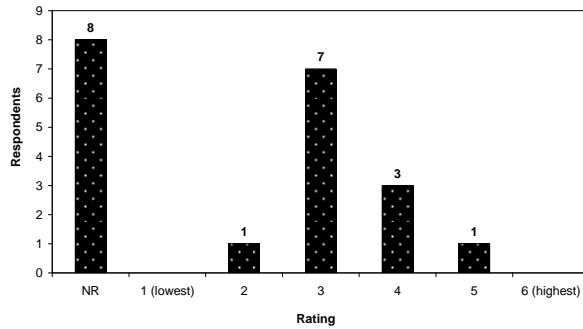
MUTUAL ACCOUNTABILITY

12. Respondents shared their views on the performance of the donor community as a whole and the JSF partners in particular in being a mutually accountable partner with Bangladesh, including having predictable aid flows. Approximately two-thirds of those who answered these questions viewed the performance of both the donor community and the JSF partners as unsatisfactory in these respects.

Q29a. The performance in being a mutually accountable partner with Bangladesh in its endeavor to carry out its development strategy, including having predictable aid flows, by: The donor community as a whole.



Q29b. The performance in being a mutually accountable partner with Bangladesh in its endeavor to carry out its development strategy, including having predictable aid flows, by: The G4.

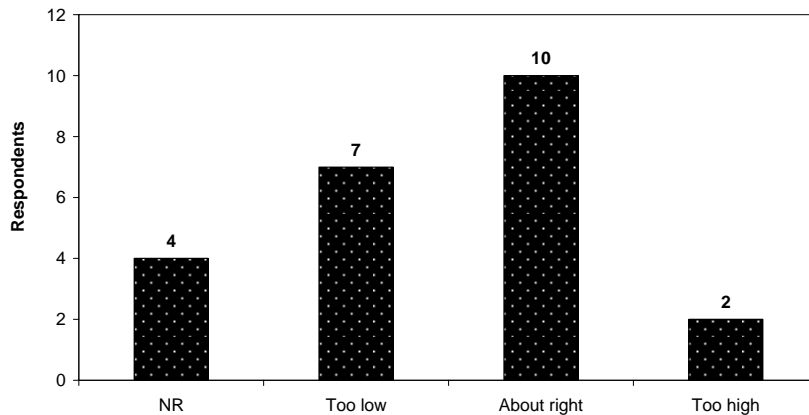


AID BOTTLENECKS AND AID FLOWS

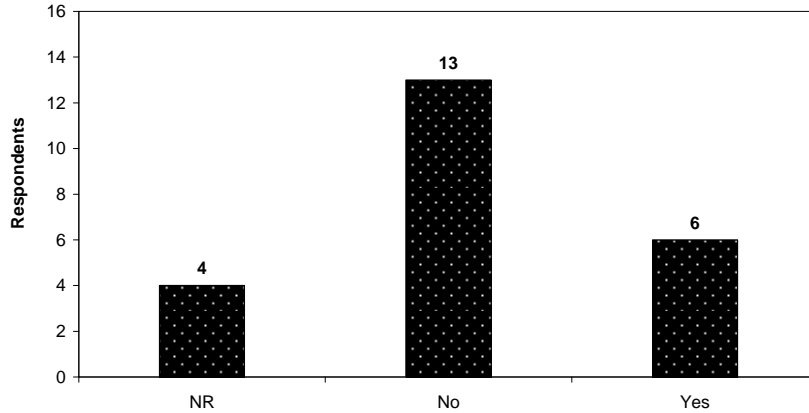
13. Members of the donor community were asked whether they considered the level of development assistance to Bangladesh too high, too low or about right. Ten out of twenty-three respondents indicated that the aid flow is about right and 7 indicated that it is too low.

14. More strikingly, representatives of the donor community who answered the survey were mostly critical about the way aid flows were spent. 13 out of 23 respondents think that aid flows are not spent effectively and efficiently while only 6 respondents thought aid flows to Bangladesh were spent effectively and efficiently.

Q30. Do you believe that overall and in relation to Bangladesh meeting its maximum development potential, the flow of development assistance to Bangladesh is:



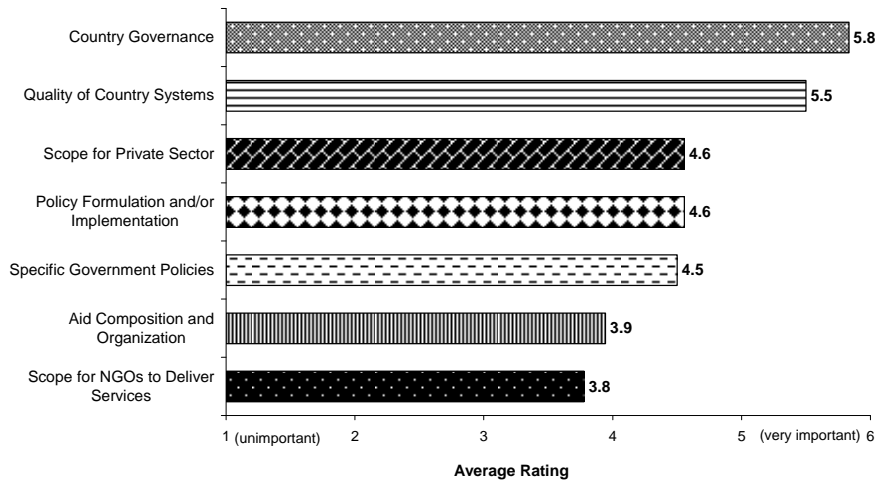
Q31. Do you believe that overall and in relation to Bangladesh meeting its maximum development potential, the current flow of development assistance to Bangladesh is spent effectively and efficiently?



15. Respondents also indicated the main bottlenecks and strengths that they thought affect Bangladesh’s development potential. Country governance and the quality of country systems were very important bottlenecks hampering Bangladesh’s development potential. Other important bottlenecks were scope for private sector, policy formulation and implementation and specific government policies. In contrast, the resource flows from the diaspora and macroeconomic management were identified as important strengths helping the country’s development.

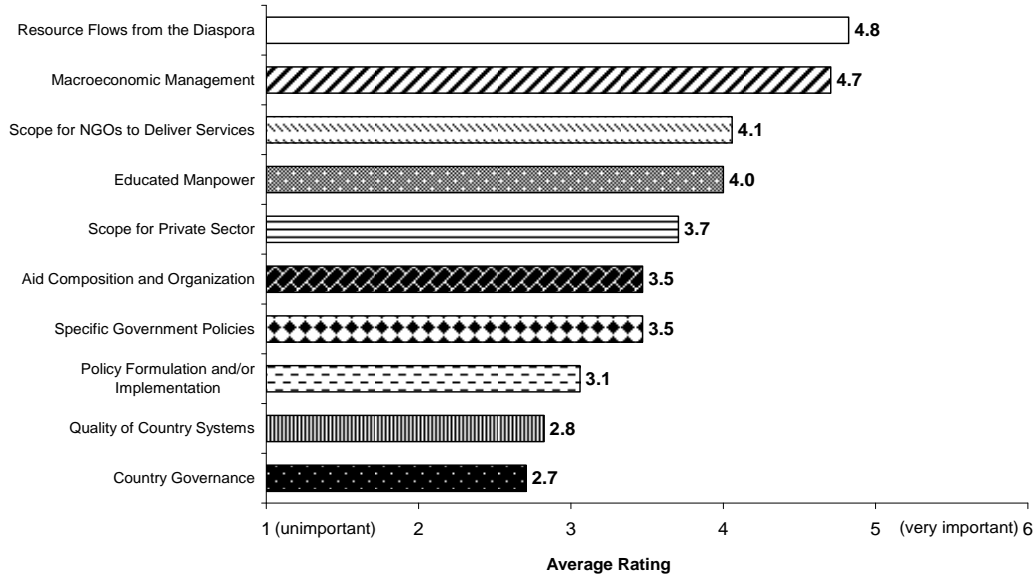
Bottlenecks and problems

Q32. Apart from aid amounts, please rate the following as bottlenecks and problems holding back Bangladesh’s development potential, in the order of 1 (unimportant) to 6 (very important):



Areas of strength

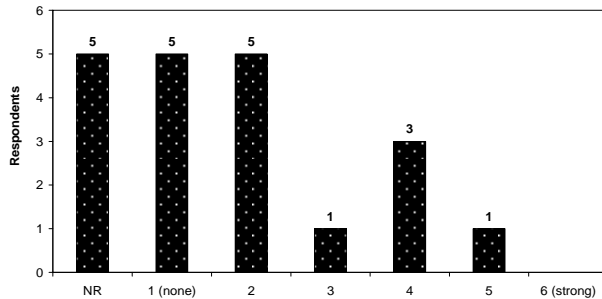
Q33. Apart from aid amounts, please rate the following as areas of strength that are facilitating the development of Bangladesh, in the order of 1 (unimportant) to 6 (very important):



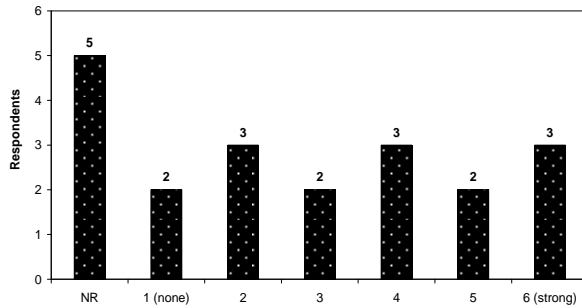
AID ORGANIZATION GOING FORWARD

16. Survey respondents indicated little preference for the JSF partners to continue with their partnership under a revised framework. When asked about broadening the partnership with some donors, there is no overriding opinion expressed. However, when asked about preferences for the JSF partners to engage in further partnerships with many development partners, respondents were favourable to that possibility.

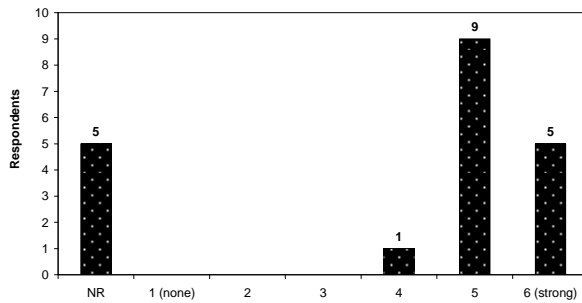
Q34. Please rate your preference in a scale of 1 (none) to 6 (strong) that thereafter the four partners: Continue with the partnership of the four, under a revised framework document.



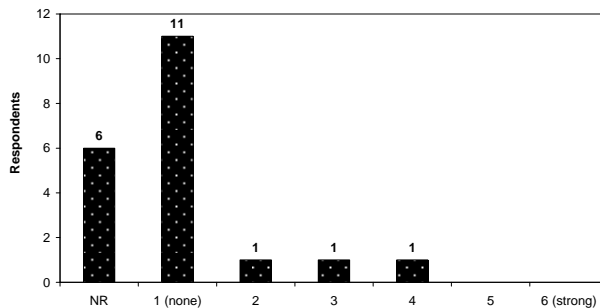
Q35. Please rate your preference in a scale of 1 (none) to 6 (strong) that thereafter the four partners: Broaden the partnership document to one or a few other development partners.



Q36. Please rate your preference in a scale of 1 (none) to 6 (strong) that thereafter the four partners: Broaden the partnership document to many development partners.



Q37. Please rate your preference in a scale of 1 (none) to 6 (strong) that thereafter the four partners: Do not engage in any further joint frameworks.



17. For the JSF partners as a whole, the best performing area was alignment and the least performing one was harmonisation. Despite the fact that the JSF partners weren't evaluated in all the dimensions, the average ratings that respondents gave them as a group are all in the moderately unsatisfactory range.

Conclusions

JSF partners

- Survey respondents rated somewhat positively the performance of the JSF partners in aligning their work programme to Bangladesh's development strategy, with 7 out of 20 respondents giving a moderately satisfactory rating. When asked

- about the reliance of the JSF partners on country systems, the assessments were split between unsatisfactory and satisfactory (6 respondents in each side of the rating scale), a more critical view than that of strategy alignment.
- According to the survey, donor representatives think that the JSF partners performs unsatisfactorily in their efforts to coordinate with other donors on their development assistance to Bangladesh and therefore fail to become less burdensome partners for the government: 9 out of 16 donors surveyed (7 didn't respond) rated JSF partners performance as moderately unsatisfactory or lower.
 - Despite the fact that the group of the four wasn't evaluated in all dimensions, donors surveyed gave the JSF partners a moderately unsatisfactory average rating.

Donor Community

- Survey respondents had an overall positive view on the extent to which donor activities target issues of key importance to Bangladesh's development; 17 out of 23 respondents gave at least a moderately satisfactory rating.
- Representatives of the donor community were not as positive when assessing how they have been supporting the government in leading the development efforts. Overall survey results indicate that the donor community performance in promoting government ownership was fairly moderate.
- On mutual accountability and predictability of aid flows, survey respondents view the performance of the donor community as a whole as moderately unsatisfactory. 8 respondents gave a moderately unsatisfactory rating and other 3 rated it unsatisfactory.
- The performance of the donor community as a whole in managing for results was criticized by survey respondents. The majority of them thought donors' performance was moderately unsatisfactory (8 respondents) to unsatisfactory (5 respondents).
- According to survey results, the work of donor community in Bangladesh rates fairly moderately.

Assistance to Bangladesh

- Regarding the adequacy of aid flows to Bangladesh, the majority of survey respondents think that they are about right. In contrast, the majority of donors surveyed thought the current flow of development assistance to Bangladesh is not spent effectively or efficiently.
- Survey respondents had a strong disagreement with continuing the partnership of the four under a revised framework and they strongly agree with the JSF partners engaging in further joint frameworks but engaging many other development partners.
- Main bottlenecks and strengths hampering and facilitating the development of Bangladesh were country governance and quality of country systems on one side; and resource flows from the diaspora and macroeconomic management, from the other side.

Annex 10: Survey Results of Questionnaire for Executing Agencies, 2008

1. **Survey Objective.** The purpose was to get relevant data and the views of project directors/administrators in executing agencies regarding various aspects of the project/programme that they managed. The questionnaire was divided into three parts: (i) basic questions about the project/programme, (ii) questions about the project/programme office (in the main text indicated as project implementation unit), and (iii) questions about capacity development.

2. **Survey Respondents.** In July 2008, 161 questionnaires were dispatched. They were addressed to all project/programme directors/managers of ongoing projects / programmes of the four JSF partners. Some projects had components managed by different executing agencies. In such cases, the project director in each of these agencies was requested a response. The number of projects covered is somewhat unclear for this reason but can be estimated at around 100. Table A10.1 shows the number of questionnaires sent by each of the four development partners, the number returned and the response rate. The questionnaire responses by development partner are provided in Table A10.2 for all questions asked.

Table A10.1: Survey Response Rates

<i>Partner</i>	<i>Total Sent</i>	<i>Total Responses</i>	<i>% Response</i>	<i>Total Projects with Response</i>
ADB	48	36	75	21
DFID	50	25	50	19
World Bank	54	26	48	15
JBIC	9	9	100	9
Overall Total	161	96	60	64

Table A10.2 Questionnaire Responses by Development Partner

Bangladesh Joint Country Assistance Evaluation Survey, July-Sept 2008
Responses disaggregated by main donor of the respondent's project

A. Reported Intended Project Duration in Months

	ADB	DFID	WB	JBIC	Total
Mean	65	53	69	79	65
N (number of questionnaire responses)	36	25	25	9	95

B. Period of approval of projects, in year and percentage of sector total

	ADB	DFID	WB	JBIC	Total
1990-1995	0	0	0	11	1
1996-2000	3	0	8	22	5
2001-2002	25	4	8	11	14
2003-2004	14	12	19	0	14
2005-2006	36	40	23	33	33
2007-2008	22	44	42	22	33
Total	100	100	100	100	100
N	36	25	26	9	96

C. Nature of the project (in percent of N)

	ADB	DFID	WB	JBIC	Total
Project	86	92	81	100	88
Program	8	0	15	0	7
TA	6	8	4	0	5
Total	100	100	100	100	100
N	36	25	26	9	96

D. Average amount of assistance per project in Million Takas

	ADB	DFID	WB	JBIC	Total
Total Project Cost	5,149	2,863	5,217	8,058	4,825
Loan Amount	2,556	0	3,205	5,136	2,266
Grant Amount	392	788	350	0	452
Government Contribution	1,732	51	854	2,625	1,146
NGO Contribution	76	32	11	0	41
Beneficiaries Contribution	8	1	443	10	111
N	35	25	22	9	91

E. Percent of total project cost contributed by category

	ADB	DFID	WB	JBIC	Total
Total Project Cost	100	100	100	100	100
Loan Amount	50	0	61	64	47
Grant Amount	8	28	7	0	9
Government Contribution	34	2	16	33	24
NGO Contribution	1	1	0	0	1
Beneficiaries Contribution	0	0	8	0	2
N	35	25	22	9	91

F. Percent of projects based on loans and on other assistance

	ADB	DFID	WB	JBIC	Total
No loans included	6	100	35	0	38
Only loans included	3	0	0	0	1
Only loans and Government contribution	51	0	30	78	35
Loans and/or Government contributions and Other sources	40	0	35	22	26
Total	100	100	100	100	100
N	35	25	23	9	92

G. Percentage of projects cofinanced with other donors

	ADB	DFID	WB	JBIC	Total
Not cofinanced with other donor	67	64	77	100	72
Cofinanced with 1 other donor	17	16	15	0	15
Cofinanced with 2 other donors	14	8	4	0	8
Cofinanced with 3 other donors	0	4	0	0	1
Cofinanced with 4 or more other donors	3	8	4	0	4
Total	100	100	100	100	100
N	36	25	26	9	96

H. Type of Executing Agency (Percent of Total)

	ADB	DFID	WB	JBIC	Total
Government Agency	92	12	92	100	72
Consultancy	0	28	0	0	7
Foundation	3	40	8	0	14
Cooperative/Corporation	6	4	0	0	3
Development Institutions	0	16	0	0	4
Total	100	100	100	100	100
N	36	25	26	9	96

1a. What do you see as the main purpose(s) of the project or program? (Percent of affirmative responses, sorted from high to low)

	ADB	DFID	WB	JBIC	Total
Number of Responses Given (average)	2	2	2	2	2
Response to an emergency	19	16	12	0	15
Infrastructure creation	69	40	35	100	55
Financing of development	11	24	23	0	17
Operation and maintenance	31	4	15	0	17
Policy/insti/capacity development	58	60	85	67	67
Public service delivery	36	36	46	44	40
Human rights development	11	24	12	0	14
Others	0	20	12	0	8
N	36	25	26	9	96

1b. Number of purposes by project or program (percentage of total responses by sector)

Number of Responses Given	ADB	DFID	WB	JBIC	Total
1 purpose marked	31	36	35	33	33
2 purposes marked	36	28	31	22	31
3 purposes marked	14	24	15	44	20
4 purposes marked	8	4	12	0	7
5 purposes marked	8	4	0	0	4
6 purposes marked	3	4	4	0	3
7 purposes marked	0	0	4	0	1
Total	100	100	100	100	100
N	36	25	26	9	96

2. What do you see as advantages of involvement of the donor in the Project/Program (apart from funding)?

(Average of Major = 100, Minor = 50, and None/NA = 0 points; responses sorted from high to low)

	ADB	DFID	WB	JBIC	Total
More certain/steady supply of funds	86	74	81	83	81
Good and transparent procurement/ recruitment process	76	50	77	83	70
Access to technical advice or op. support by donor-funded cons	64	64	71	44	64
Donor can persuade government decision makers	61	58	65	61	61
Catalytic effect of the Project/Program	56	66	62	72	61
Better design of the project/program	56	64	63	50	59
Intellectual or technical leadership	46	72	65	50	58
External quality control/ supervision by Donor project	49	52	60	61	54
Donor can leverage additional financial resources	53	56	52	56	54
Project administration/ salaries funded thru Donor	25	44	37	0	31
Other advantage	8	12	23	33	16
Average	53	56	60	54	55
N	36	25	26	9	96

3. What are some of the donor-related problems of the Project/Program at this stage?

(Average of Major = 100, Minor = 50, and None/NA = 0 points; responses sorted from high to low)

	ADB	DFID	WB	JBIC	Total
Enforcement of Donor agenda	43	28	48	56	42
Delays in donor responses/ decisions/ approvals	35	24	56	44	39
Difficult Donor forms and procedures and excessive paper work	35	12	42	44	32
Delays in donor disbursements	26	14	31	28	24
Improper staffing by consultants/ NGOs recruited for the Project/Program	17	14	23	17	18
Lack of suitability of Donor project officers for task at hand	11	20	17	11	15
Lack of staff continuity in Donor	7	20	23	6	15
Confusing relations between country office and donor headquarter	7	2	15	0	7
Others	4	8	0	0	4
Average	21	16	28	23	22
N	36	25	26	9	96

4. What are some of the Government-related problems of the Project/Program at this stage?

(Average of Major = 100, Minor = 50, and None/NA = 0 points; responses sorted from high to low)

	ADB	DFID	WB	JBIC	Total
Delays in Government responses/ decisions/ approvals	54	54	52	56	54
Government policies or decisions obstruct/ delay Project/Program activities	44	54	38	50	46
Difficult/unwieldy Government systems and procedures	46	54	37	44	45
Lack of (qualified and capable) staff to implement the proj/prog	39	38	46	44	41
Lack of effective coordination, or opposition from other agencies/parties	36	46	38	44	40
Lack of effective(ly enforced) legal framework in the sector	26	40	27	33	31
Problematic division of responsibilities between project office and other agencies	32	20	31	44	30
Involvement of politicians in the administrative domain	28	26	21	50	28
Insufficient Government budget made available to Project/Program	25	10	21	44	22
Other	4	16	10	0	8
Average	33	36	32	41	34
N	36	25	26	9	96

5. What are some other related problems of the Project/Program at this stage?

(Average of Major = 100, Minor = 50, and None/NA = 0 points; responses sorted from high to low)

	ADB	DFID	WB	JBIC	Total
Project has design problems, e.g. too many components and IAs	22	30	37	11	27
High and rising cost of land or other issues with land acquisition/right of way	35	14	17	50	26
Project lacks effective monitoring system/ lack of data	26	22	19	17	22
Opposition to project activities from civil society or private sector parties	21	12	17	28	18
Project has more than one donor and this demands time	21	12	8	22	15
Lack of demand for project (components) from intended beneficiaries	13	8	13	6	11
Other	3	8	12	0	6
<i>Average</i>	<i>20</i>	<i>15</i>	<i>18</i>	<i>19</i>	<i>18</i>
N	36	25	26	9	96

6. Is there sufficient involvement of the Donor in Project/Program implementation? (Percent of N)

	ADB	DFID	WB	JBIC	Total
Less will do	8	0	8	0	5
Sufficient	72	83	81	67	77
More is useful	19	17	12	33	18
Total	100	100	100	100	100
N	36	24	26	9	95

7. Will your Project/Program achieve the intended outputs in time or before time? (Percent of N)

	ADB	DFID	WB	JBIC	Total
None	6	4	4	11	5
Not sure	0	8	8	0	4
Some	64	52	68	78	63
All	31	36	20	11	27
Total	100	100	100	100	100
N	36	25	25	9	95

8. Will your Project/Program achieve the intended outputs against the originally allocated budget? (Percent of N)

	ADB	DFID	WB	JBIC	Total
Yes	67	58	48	67	60
No, we stay below budget	25	13	28	11	21
No, we go over budget	8	21	16	0	13
Less outputs/other	0	8	8	22	6
Total	100	100	100	100	100
N	36	24	25	9	94

9. Will your Project/Program: (Percent of affirmative responses)

	ADB	DFID	WB	JBIC	Total
Have a direct effect especially on the poorest	47	72	29	75	52
Have an indirect effect on the poorest	58	48	46	75	54
Introduce in Bangladesh a new approach	28	72	63	0	46
N	36	25	24	8	93

10a. Project beneficiaries are: (Percent of N)

	ADB	DFID	WB	JBIC	Total
Confined to a special group or area	31	52	44	38	41
The whole nation	69	48	56	63	59
Total	100	100	100	100	100
N	32	23	25	8	88

10b. Statements that hold true: (Percent of N)

	ADB	DFID	WB	JBIC	Total
There was enough input from our agency into Project/Program design	52	74	79	100	69
There were no complaints whatsoever from other stakeholders about proj/prog setup	39	37	21	33	34
Covenants are helping/have helped significantly to achieve reforms	61	16	57	50	45
This Project is confronted with more attempts at corruption than fully Gov-funded projects	0	0	0	0	0
This Project is better able to guard against corruption than fully Gov-funded projects	39	58	36	17	42
The parent agency can also do the project without a specially designated unit, if given incentives	26	0	43	17	21
Total Respondents	23	19	14	6	62

11. Do you feel that the sector in which the Project/ Program operates gets sufficient donor support? (Percent of N)

	ADB	DFID	WB	JBIC	Total
Yes	58	44	56	67	55
No, absorptive capacity is good	33	32	40	33	35
No, absorptive capacity is not good	8	12	4	0	7
No, there are corruption risks	0	12	0	0	3
Total	100	100	100	100	100
N	36	25	25	9	95

12. What is the nature of your Project Office? (Percent of N)

	ADB	DFID	WB	JBIC	Total
Only office managing the project	44	38	32	22	37
Central coordinating office of project	47	33	36	78	44
Another type of temporary project office	6	0	0	0	2
Project/Program is managed by one or more divisions of agency	3	17	14	0	9
Other type of project office	0	13	18	0	8
Total	100	100	100	100	100
N	36	24	22	9	91

13a. If your office coordinates the project/ program, number of specially dedicated project offices (Percent of N):

	ADB	DFID	WB	JBIC	Total
1 project office	25	38	60	0	32
2 project offices	15	13	0	14	11
3 project offices	5	13	0	0	6
4 project offices	5	0	0	0	2
5 project offices	5	6	0	14	6
6-10 project offices	5	13	0	0	6
11-20 project offices	15	13	10	57	19
21 above project offices	25	6	30	14	19
Total	100	100	100	100	100
Average	21	8	14	26	16
N	20	16	10	7	53

13b. If your office coordinates the project/ program, number of project components (excluding project management) (Percent of N):

	ADB	DFID	WB	JBIC	Total
1 project component	0	11	7	0	6
2 project components	14	11	13	0	12
3 project components	21	42	13	0	25
4 project components	36	5	27	0	20
5 project components	7	0	13	33	8
6-10 project components	0	26	27	33	20
11-20 project components	14	5	0	33	8
21 above project components	7	0	0	0	2
Total	100	100	100	100	100
Average	12	4	5	8	7
N	14	19	15	3	51

14. (If applicable) Your Project/Program Office (max 2 answers): (Percent of affirmative responses)

	ADB	DFID	WB	JBIC	Total
Was created specially for the Project/Program, or dedicated to it	50	44	46	56	48
Already existed before the project	42	64	42	44	48
Has plans to continue after the project/prog as a PO for other projects	31	28	13	11	23
Has plans to merge with the agency after the project (for service delivery/O&M)	25	12	21	44	22
Has plans to close after project completion: all staff will be dismissed	3	24	4	0	9
Has plans to close after project completion: some staff will be dismissed, others to parent agency	25	4	21	44	20
Has no clear plans for continuation or dissolution after the project	3	4	4	0	3
N	36	25	24	9	94

15. (If applicable) Your Project/Program Office handles: (Percent of affirmative responses)

	ADB	DFID	WB	JBIC	Total
More than one project/program	40	55	33	83	46
One donor fund, not the entire project/program or all donor funds for the project/program	37	30	61	33	41
Funds of other donors for the same project/program	33	40	11	17	28
N	30	20	18	6	74

16. Which types of staff are working in the Project Office and in the Project/Program at the moment: (Percent of affirmative responses)

	ADB	DFID	WB	JBIC	Total
Staff of the agency, assigned to this PO	86	50	69	100	74
Government staff on deputation from other agencies	22	13	35	0	21
Staff contracted by agency in PO	33	38	35	67	38
Foreign management consultants in PO	28	29	8	0	20
Local management consultants in PO	19	38	31	0	25
Other foreign consultants in Project	14	21	15	0	15
Other local consultants in Project	17	29	27	33	24
NGO staff in Project	6	25	8	0	11
Others	0	4	15	0	5
N	36	24	26	9	95

17. How are Government officers funded in your Project/Program office? (Percent of N)

	ADB	DFID	WB	JBIC	Total
All are funded by a component of the donor fund	6	14	9	0	8
Some are funded by a component of the donor fund	6	0	9	11	6
All or some are funded by regular budget of the agency	31	64	48	0	38
All or some are funded by the government's annual development budget	53	21	22	89	42
Combinations of donor funds and other sources	0	0	4	0	1
Other sources	3	0	9	0	4
Total	100	100	100	100	100
N	32	14	23	9	78

18a. Do Government officers get special incentives? (Percent of N)

	ADB	DFID	WB	JBIC	Total
No	36	12	50	67	36
Yes, funded by donor fund	3	0	15	0	5
Yes, not funded by donor fund	17	0	23	33	16
No answer	44	88	12	0	43
Total	100	100	100	100	100
N	36	25	26	9	96

18b. Do other staff employed by Government get special incentives? (Percent of N)

	ADB	DFID	WB	JBIC	Total
No	39	12	50	78	39
Yes, funded by donor fund	3	0	12	0	4
Yes, not funded by donor fund	8	0	12	0	6
No answer	50	88	27	22	51
Total	100	100	100	100	100
N	36	25	26	9	96

19. (If applicable) How is external staff in your Project funded and selected? (Percent of affirmative responses)

	ADB	DFID	WB	JBIC	Total
Terms of reference are determined by the donor exclusively or mostly	100	31	57	100	62
Staff is selected by the donor exclusively or mostly	9	15	0	0	8
Staff is paid for by the donor exclusively or mostly	9	85	50	0	49
N	11	13	14	1	39

20. Check the validity of the following statements: (Percent of affirmative responses)

	ADB	DFID	WB	JBIC	Total
Regular agency staff outside PO will do more proj work if the Proj gives special incentives	62	56	94	86	71
Agency has a performance incentive system to stimulate and reward productive staff	35	22	0	14	20
Project consultants in the PO have done more operational work than as per TOR	12	44	11	0	19
N	26	18	18	7	69

21a. What has been the main role of foreign consultants in the Project/ Program? (Percent of affirmative responses)

	ADB	DFID	WB	JBIC	Total
Fill gaps in agency staffing due to the extra work created by the project	6	30	17	33	17
Fill gaps in agency staffing mainly due to the need for high quality work	57	30	35	56	45
Provide on-the-job training or advice or do studies	34	35	9	22	26
Combination of filling gaps and substitution	3	10	0	0	3
Substitute for agency staff but who are not sufficiently qualified	0	0	0	0	0
Combination of filling gaps and substitution and advice/studies	6	10	4	0	6
Substitute for agency staff but who are not sufficiently motivated/ paid	0	5	0	0	1
Substitute for agency staff but who are not trusted by Donor	0	5	4	0	2
N	35	20	23	9	87

21b. What has been the main role of local consultants in the Project/ Program? (Percent of affirmative responses)

	ADB	DFID	WB	JBIC	Total
Fill gaps in agency staffing due to the extra work created by the project	26	30	43	33	32
Fill gaps in agency staffing mainly due to the need for high quality work	54	35	43	56	47
Provide on-the-job training or advice or do studies	46	55	35	56	46
Combination of filling gaps and substitution	11	20	4	0	10
Substitute for agency staff but who are not sufficiently qualified	6	0	9	0	5
Combination of filling gaps and substitution and advice/studies	14	15	22	0	15
Substitute for agency staff but who are not sufficiently motivated/ paid	0	5	4	0	2
Substitute for agency staff but who are not trusted by Donor	3	10	4	0	5
N	35	20	23	9	87

21c. What has been the main role of contractuels in the Project/ Program? (Percent of affirmative responses)

	ADB	DFID	WB	JBIC	Total
Fill gaps in agency staffing due to the extra work created by the project	17	35	39	56	31
Fill gaps in agency staffing mainly due to the need for high quality work	14	25	17	56	22
Provide on-the-job training or advice or do studies	6	30	13	11	14
Combination of filling gaps and substitution	11	15	26	33	18
Substitute for agency staff but who are not sufficiently qualified	3	0	13	0	5
Combination of filling gaps and substitution and advice/studies	6	10	0	0	5
Substitute for agency staff but who are not sufficiently motivated/ paid	11	15	9	33	14
Substitute for agency staff but who are not trusted by Donor	0	0	4	0	1
N	35	20	23	9	87

**22. Which types of capacity development are pursued by the Project/ Program?
(Average of Major = 100, Minor = 50, and None/NA = 0 points, sorted from high to low)**

	ADB	DFID	WB	JBIC	Total
Project implementation capacity development	75	62	60	83	68
Project management capacity development	68	60	54	72	63
Organization development	61	52	73	56	61
Individual skills development	44	74	73	50	60
Service delivery capacity development	56	54	44	56	52
Community/beneficiary group capacity development	49	60	48	50	52
Operation and maintenance of infrastructure capacity development	61	38	31	67	47
Strategy/policy/legal development	35	52	40	22	40
Construction of offices/training centers or other facilities	26	20	17	67	26
<i>Average</i>	<i>53</i>	<i>52</i>	<i>49</i>	<i>58</i>	<i>52</i>
N	36	25	26	9	96

23. What are in your view main staff capacity problems in your agency? (Percent of affirmative responses, from high to low)

	ADB	DFID	WB	JBIC	Total
Lack of staff in agency (lack of positions or filled positions)	61	53	52	63	57
Available staff is underpaid and does not perform well for this reason	52	35	60	63	52
Lack of interest/ incentive to move to project area or field in general	45	12	32	38	33
Available staff is demoralized due to political decision-making, corruption, stagnation, threats	23	47	16	63	30
Tenure of senior staff in Project is too short (due to transfers, etc.)	29	18	44	0	28
Available staff have insufficient capacity, qualifications or experience	26	29	20	0	22
Staff turnover is high	10	24	20	38	19
Tenure of senior staff in agency is too short (due to transfers, etc.)	10	24	12	0	12
<i>Average</i>	<i>32</i>	<i>30</i>	<i>32</i>	<i>33</i>	<i>32</i>
N	31	17	25	8	81

24. Are there experiences with irregularities or corruption in the context of your Project/Program? (Percent of N)

	ADB	DFID	WB	JBIC	Total
None	92	60	92	100	84
Project staff have suspected irregularities or witnessed attempts at corrupt practices	0	8	0	0	2
Written allegations of irregularities or corruption have been made	0	16	0	0	4
Irregularities and/or written allegations of corruption have been satisfactorily dealt with	8	16	8	0	9
Total	100	100	100	100	100
N	36	25	25	9	95

Annex 11: Notes on Current Harmonisation Efforts

Since the four partners embarked on the JSF several key changes have occurred:

- International work on aid effectiveness, through the Paris Declaration and the Accra Agenda for Action, has created incentives for development partners in Bangladesh to demonstrate commitments to more effective ways of working with GoB and others.
- Staff changes within the donor community have shifted attitudes away from a fragmented understanding towards a common view of a government-owned PRSP as the key to a new relationship.
- The experience of the JSF demonstrated what was possible.
- While no one admits to “jealousy” and the four are no longer viewed as an “elite club” the divisions of labour and sector agreements have begun to include others and all have seen the benefit.

As examples:

- The Japanese and ADB presentations of lessons learnt to the LCG Retreat in November 2008 used sector examples that had been highlighted by the Joint Evaluation — railways and urban water and sanitation.
- The Japanese presentation stressed the process model and identified the Joint Outcome Matrix and Sector Level Coordination as the key aspects.
- More significantly at the same event the Danish presentation on the approach for the expanded Joint Cooperation Strategy (JCS) as opposed to Joint Country Strategy (JCS) used the same language as the JSF of the original four partners.
 - PRSP/MDG model owned by GoB as entry point for addressing governance and aid delivery difficulties;
 - Results/Outcome Matrix, donor mapping and division of labour as key elements;
- The JSF has come to an end but the new JCS partnership is building on its foundations.

Key milestones in new era of harmonisation:

- EU Code of Conduct establishes requirement on EU member states to have division of labour and reduce sector spread — brings all EU member states together.
- ERD driving PRS-HAP process provides a focus for donor support around Paris as a neutral issue but in practice supporting budget and planning connectivity.
- PRSP still survives despite changes of government.
- Old JSF/JCS treated as something to learn from rather than criticise with the Joint Evaluation providing a symbolic transition point.
- In August 2008 15 Donors Sign Statement of Intent with GoB to Develop a Joint Cooperation Strategy, which was presented by GoB at the High Level Forum on Aid Effectiveness in Accra.
- 16th November 2008 LCG Retreat agrees:
 - Approach to JCS
 - Lessons learnt from earlier JSF/JSP/JCS

- New LCG configuration with an executive committee comprising UN, World Bank, ADB and 4 rotating bilateral initially Denmark, UK, US and Canada.
- Process and timeline to develop JCS by Dec 2009 and sign by May 2010.

Other significant events:

- Donor endorsement of PRS-HAP Cell, now renamed ERD Aid Effectiveness Unit, and funding of key consultant posts (Small group of donors including DFID, Sweden, Denmark, UNDP).
- GoB (ERD lead) reviewing and drafting first Aid Management Policy in Bangladesh,
- Consultations on the JCS within GoB for around 200 civil servants.
- ADB 2020 and other longer term donor views suggesting collaboration has a wider pay-off in constrained times.
- Accra reinforces Paris in a new light. Post Accra language adopted by Heads of Mission in support of JCS process.

More recently

- Bangladesh Elections return Awami League with strong majority.
- Local elections also put Upazila Councils in place with defined policy mandates and budgets for first time shifting balance away from centralised control by line departments.
- LCG Executive Committee presents joint position to new government with sector notes prepared in advance by respective sector leads.
- ERD plan internal and donor workshops in February to maintain momentum.

Process comments

- Again the strength of leadership from key Heads of Office (in this case World Bank and DFID) seems critical. Strong united voice and emphasis on process rather than power.
- Personalities within EU group another benefit with incentives and people aligned for a collaborative approach.

Risks

- Again person centred can be a problem as people change — need to institutionalise the process.
- The emphasis on unity and “doing together” can result in dumbing-down difference. In PRSP terms unless there is a hard budget framework then alignment cannot deliver real pro-poor policy change.
- End result could be a weak policy compact which some donors will find does not produce results.
- Still no monitoring framework or mention of joint monitoring.
- Will this be as limited in impact as the first JSF? What is the real impact of collaboration beyond collaboration in Paris-speak?
- Big challenge of international fiscal crisis will cause change for donors and Bangladesh — are the donors ready to respond individually and collectively?