

EVALUATION OF THE IMPLEMENTATION OF THE PARIS DECLARATION  
COUNTRY LEVEL - BANGLADESH

PRELIMINARY FINDINGS

ECONOMIC RELATIONS DIVISION (ERD)  
MINISTRY OF FINANCE, GOVERNMENT OF BANGLADESH  
IN COOPERATION WITH DEVELOPMENT PARTNERS IN BANGLADESH

JANUARY 20, 2008

Prepared and Submitted By:

Natural Resources Planners Ltd.  
Dhaka, Bangladesh

## 1. Acronyms and Abbreviations

Acronyms & Abbreviations	Elaboration
ADB	Asian Development Bank
ADP	Annual Development Programme
Aus AID	Australian Agency for International Development
BUET	Bangladesh University of Engineering and Technology
BPC	Bangladesh Petroleum Corporation
BRAC	Bangladesh Rural Advancement Committee
BBS	Bangladesh Bureau of Statistics
CARE	Cooperative Assistance and Relief Everywhere
CAMPE	Campaign for Popular Education
CBO	Community Based Organization
CIDA	Canadian International Development Agency
CPD	Centre for Policy Dialogue
CSO	Civil Society Organization
DAC	Development Assistance Committee
DESA	Dhaka Electric Supply Authority
DFID	Department For International Development
DFR	Draft Final Report
DP	Development Partner
DRGA	Debt Relief Grant Assistance
Edn	Education
EIA	Environmental Impact Assessment
ERC	Energy Regulatory Commission
ERD	Economic Relations Division
EU	European Union
FABA	Foreign Aid Budget and Accounts
FAPAD	Foreign Aid Project Audit Directorate
FBCCI	Federation of Bangladesh Chambers of Commerce and Industries
FGD	Focus Group Discussion
GOB	Government of Bangladesh
HNPSP	Health Nutrition Population Sector Programme
HQ	Head Quarter
HAP	Harmonization Action Plan
ICB	International Competitive Bidding

IDA	International Development Agency
IMED	Implementation Monitoring and Evaluation Division
IUCN	International Union for the Conservation of Nature and Natural Resources
JBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency
KW	Kilowatt
LCB	Local Competitive bidding
LCG	Local Consultative Group
MDG	Millennium Development Goals
MIS	Management Information System
MT	Metric Ton
MW	Megawatt
NBR	National Board of Revenue
NORAD	Norwegian Agency for Development
NGO	Non-Governmental Organization
NRP	Natural Resources Planners Ltd.
OECD	Organization for Economic Cooperation and Development
PD	Paris Declaration
PDB	Power Development Board
PEDP-II	Primary Education Development Programme - II
PFMS	Public Financial Management System
PIU	Parallel Implementation Unit
PPR	Public Procurement Regulations
PRS	Poverty Reduction Strategy
PSQL	Primary School Quality Level
REB	Rural Electrification Board
RFP	Request for Proposal
RPA	Reimbursable Project Aid
SEI	Socio Economic Infrastructure
SIDA	Swedish International Development Agency
SPSS	Statistical package for Social Science
SWAP	Sector Wide Approach
TCF	Trillion Cubic Feet
TOR	Terms of Reference
UNDP	United Nations Development Programme
UNDAF	United Nations Development Assistance Framework
UNFPA	United Nations Fund for Population Activities

UNICEF	United Nations Children's Emergency Fund
USAID	United States Agency for International Development
WB	World Bank
WFP	World Food Programme

# Preliminary Findings Summary

## 2. Introduction

Bangladesh along with ninety other countries and forty-one international development institutions endorsed the commitments of the Paris Declaration (PD) in March 2005. The signatories to the declaration resolved to take far reaching and monitorable actions to reform the way aid is delivered and managed. It Provides a practical action oriented road map with specific targets to be met by 2010. The Paris Declaration highlights the importance of an independent cross-country evaluation to compliment the monitoring of its implementation. To fulfil this commitment, the Government of Bangladesh, in collaboration with Development Partners, have taken the initiative to conduct a country level evaluation of the implementation of the commitments of the Paris Declaration. The main purpose of the evaluation is to strengthen aid effectiveness by assessing what constitutes better practices for partner and donor behaviour in regard to implementation of the Paris Declaration.

Natural Resources Planners Limited, a local consulting firm has been assigned to conduct the country level evaluation.

The study is in progress. This report mainly presents the summary preliminary findings of the evaluation on the basis of data collected during the period between 23 December 2007 and 17 January 2008. The following assessments constitute the main scope of the evaluation:

- § Assessment of the Paris Declaration as a tool for increased aid effectiveness;
- § Assessment of Development Partners' behaviour;
- § Assessment of Partner (Bangladesh) behaviour;
- § Assessment of effects of the aid effectiveness initiatives set against the five axes of the PD and effects in terms of transaction cost;

Three sample sectors namely (a) Primary Education (b) Energy and Power and (c) Environment as crosscutting issue have been selected for a detailed study.

The summary preliminary findings and recommendations are given below:

## 3. Findings:

### 2.1 Assessment of the Paris Declaration as a tool for aid effectiveness:

#### 2.1.1 Clarity

- A general awareness on the PD exists amongst all DP staff interviewed during the study. However, except officials assigned specifically to deal with the PD matters, level of familiarity is not so high. DP staff during interview expressed no discomfort on the clarity of the PD. However, some DP staff feels that indicator no. 4 "Strengthen capacity by coordinated support" lacks clarity and requires a clear definition.
- In GOB side, sufficient dissemination of the PD commitments has not taken place. Except key officials dealing with aid policies and coordination, most of the officials of the line Ministries/Divisions /Agencies dealing with aid are not well conversant with the commitments and indicators of the PD.
- Some of the officials of GOB and resource persons have questions on the clarity of the definition of ownership and also the adequacy of indicator no. 1 measuring ownership. Insufficient dissemination of the PD commitments and indicators and lack of urgency to seek clarification are perhaps the major causes for continuity of the

lack of clarity. In the absence of adequate monitoring on the progress of the implementation of the PD there is hardly any driving force to motivate both DPs and GOB to take any initiative to improve clarity.

### 2.1.2 Relevance

- In general, the commitments of the PD are relevant to Bangladesh aid architecture and have captured major aid effectiveness issues of the country. However, some respondents have mentioned that sustainability of the outputs of aided projects, an important aid effectiveness issue in Bangladesh has not been adequately addressed by the PD principles.
- Twelve indicators identified in the PD do not capture critical aid effectiveness measures such as commitments of the politicians and senior civil servants in setting the development agenda, civil service reforms, sustainable development in harmony with global environmental sustainability and biodiversity, harmonization of salary supplements and allowances and donor to donor delegation.
- In the context of ownership or leadership the respondents consider the existence of national EIA can be used as one of the proxy indicators in environment cross cutting issue.

### 2.1.3 Coherence

Respondents to the study have not expressed any concern in respect of coherence of the commitments of the PD. However, some respondents think that alignment of donors' procedures to GOB procedures in respect of procurement and financial management are at times difficult and complicated to implement.

## 2.2 Assessment of the Development Partners' behaviour.

### 2.2.1 Commitment

The evidences of the commitments of the DPs in Bangladesh to implement the PD are visible in case of most of the DPs while not so pronounced in case of a few. The following actions of DPs demonstrate evidences of their commitments.

- Some DPs have developed a monitorable action plan to implement the PD Commitments. The country assistance strategies of many DPs emphasize the need for implementing the commitments of the PD.
- DPs in Bangladesh in principle support the PRS of the GOB. The aid agenda of most of them are centered around the priorities and goals of the PRS and in general they act coherently to attain the goals of the PRS.
- DPs have participated in the DAC survey 2006, collaborated with the GOB to formulate the Bangladesh Harmonization Action Plan and participate in the LCG meetings. The participation in the ongoing DAC survey 2008 and in this evaluation also demonstrates the commitments of the DPs in Bangladesh.
- Four major DPs in Bangladesh namely WB, ADB, DFID and Japan have jointly formulated their country assistance strategies in an effort to harmonize their country assistance programmes. UN system members in Bangladesh have also harmonized their assistance programmes through UNDAF. UN system members in Bangladesh have also harmonized their assistance programmes through UNDAF. The UN reform strategy in Bangladesh prepared in 2006 is in essence a strong move by the UN system to align behind the Paris Declaration. A step further toward harmonization, the introduction of Joint annual UNDAF review is a milestone. The first Review held in 2006 is reported to have saved approximately 1,440 man-hours of civil service time and brought UN Heads of Agency and staff together for the first time to review collective development results. In addition, a

harmonized approach to transfer cash (HACT), to implementing partners has been rolled out. By using single assessments, and a reporting format, it is expected to decrease transaction costs for Government.

- There are evidence of a greater degree of harmonization initiatives in the form of SWAPs and other jointly financed aid modalities through division of labour amongst participatory partners and complementarities with each other.
- There are evidence of a greater degree of harmonization initiatives in the form of SWAPs and other jointly financed aid modalities through division of labour amongst participatory partners and complementarities with each other.
- Alignment of DPs' procedures to GOB systems are increasing specially in respect of procurement after GOB has enacted the PPR.

Degree of commitment of the DPs has a relationship with the emphasis they get from their HQs to implement the PD. DPs having more pronounced emphasis from their HQ specially in the form of written instruments like action plan or guidelines have demonstrated more commitment than those who did not receive such motivation from the HQ.

### 2.2.2 Capacity

- Capacities of DPs vary. Turnover of staff is a problem with some DPs. Shortage of staff has been reported by some bilateral DPs. The major capacity constraint of some DPs is the lack of sufficient delegation of authority from the HQ to take decision at the field level on many issues.

### 2.2.3 Incentives

- Only few DPs in Bangladesh have dedicated unit or staff to implement the commitments of the PD.
- There is no evidence of special incentive initiative to motivate the DP staffs to implement the commitments of the PD.

## 2.3 Assessment of Partner Country (Bangladesh) Behaviour:

### 2.3.1 Commitment

GOB has demonstrated its commitments in clear terms to implement the PD. Some of the evidences are:

- I. Formulation of the PRS and linking its goals to a medium term budgetary framework and reflecting in the annual budgets.
- II. Formulation of the Bangladesh Harmonization Action Plan, conducting DAC survey 2006, holding of workshops to disseminate the PD commitments, the ongoing initiatives for country level evaluation and DAC survey 2008.
- III. Establishment of PRS-HAP Cell in ERD, steering committee for Paris Declaration Evaluation and restructuring Local Consultative Group by bringing the provision of co-chairing by the ERD Secretary along with the DPs' nominated chairman.
- IV. Reforming the procurement system leading to enactment of the PPR and on going efforts to reform the PFM system.

Commitments of GOB would have been more pronounced if the pace of implementation of HAP have been faster and PRS -HAP cell of ERD have been more effective.

### 2.3.2 Capacity

A big challenge to aid effectiveness is the capacity limitations of the GOB officials in managing aid and other developmental resources. Some of the limitations are:

- Capacity to articulate aid policies and formulate aid worthy projects;
- Capacity to process and approve projects timely.
- Capacity limitation to manage and implement projects, particularly in the areas of procurement and financial management
- Limitations in monitoring and aid co-ordination

Despite some initiatives to strengthen GOB capacity, due to the slow pace of civil service reforms desired capacity is yet to be developed. Donor led initiatives to enhance GOB capacities also did not help much as they were often designed without due regard to actual needs, sustainability and other local conditions. Frequent turnover of staffs in ministries, departments, and agencies projects dealing with aid management is another constraint that creates bottlenecks and hampers aid effectiveness. Continuity of parallel PIUs is also not conducive to capacity building as it prolongs the dependency of GOB officials in those units.

### 2.3.3 Incentives

Another critical area of aid effectiveness is the absence of appropriate incentive system of GOB staff to motivate implementation of development projects. In the absence of any special incentive in terms of emoluments and with very limited promotion and career prospect, there is very little motivation for the GOB officials engaged in aid management and project implementation. Although there are many pronouncements to reform the incentive systems, there is no concrete progress in this direction.

## 2.4 Emerging Results:

### 2.4.1 Process results:

- **Ownership:** The formulation of PRS, its implementation and subsequent endorsement by DPs carries a landmark in attaining ownership commitment of the PD in Bangladesh. It has also demonstrated the qualitative and inclusive character of ownership as PRS was prepared solely by Bangladesh's own input and through a consultative process involving government officials (both central and local), politicians, parliamentarians and civil society representatives. The PRS have clear strategic priorities linked to a medium term budgetary framework and reflected in annual budgets. GOB is introducing MTBF in phases. So far MTBF has been implemented in 16 major development expenditure spending ministries. Implementation of MTBF is facing difficulties due to capacity constraints of ministries. The PD principles have provided incentive to GOB to take leadership in aid coordination forum, like, PRS implementation forum, LCG and other working groups. Establishment of PRS-HAP cell in the ERD has further demonstrated GOB's ownership and leadership role to monitor and coordinate implementation of the PD. The main constraints for GOB to take leadership are the capacity limitations of GOB officials, rigid procedures of some DPs and reluctance on the part of some of them to change the mindset.
- **Alignment:** -The issue of alignment is increasingly highlighted in Bangladesh both by DPs and GOB. Some progress has been made with the enactment of GOB's PPR in 2006. Use of GOB procurements procedures has increased. While almost in all cases of LCBs, GOB procedure is followed but in case of ICBs, some major DPs are yet to align their procedures. Use of country Public Financial Management System (PFMS) has also increased with the reforms in PFMS. However, lack of mutually

agreed standards and process and capacity limitation of GOB staff particularly in respect of procurement and financial management are barrier to alignment.

- Harmonization- There has been a substantial progress in aid harmonization in Bangladesh since the commencement of the PD. Four major donors namely WB, ADB, DIFD and Japan have harmonized their Country Assistance Programmes by jointly formulating their assistance strategies. Ten organizations of the UN system have also harmonized their country assistance programmes through UN Development Assistance Framework (UNDAF). SWAPS in PEDP -II, HNPSP and other joint financing efforts on partnership basis having complementarities are other examples. Improved harmonization increased aid effectiveness in terms of fewer overlaps of assistance, implementation of common arrangements at country level for planning, funding (joint financial arrangements), disbursement, monitoring, evaluation and reporting to government on DP's activities. Harmonization efforts are sometimes constrained by the multiplicity of donor procedures.
- Managing For Results: The PRS provides managing for results by linking national development strategies to an annual budget process. MTBF produced in line with PRS goals have also clearly linked allocations with the development goals. GOB is also endeavoring to establish results-oriented reporting and assessment frameworks that monitor progress against key dimensions of the national and sector development strategy.
- Mutual Accountability: Both GOB and DPs share financial statement/information on aid flows and aid utilization. Statement on aid flows and aid utilization are also presented in the respective parliaments of GOB & DPs in the form of budgets/other reports. This has improved mutual accountability. However, there is a room for sharing of further information on aid flow. DAC survey 2006 reveals that there is a big gap between aid disbursement recorded by the GOB and disbursement figure recorded by each DP. Establishment of PRS implementation forum led by GOB with representation from DPs to monitor implementation of the PRS and GOB-DP harmonization implementation task force to monitor the implementation of the HAP are other examples of mutual accountability process. The current initiative of DPs and GOB to launch country level evaluation of the implementation of the PD is another demonstration towards mutual accountability.

#### 2.4.2 Outputs

Harmonization efforts mentioned above are expected to contribute to fewer overlaps of assistance and eventually to reduction of transaction cost, as it is evident from PEDP -II. However, no significant reduction in fielding of individual missions and parallel PIUs has restrained desired reduction of transaction cost.

### 4. Recommendations

The PD certainly has the potential to be used as a tool to foster aid effectiveness. However, in order to utilize its full potential the gap/inadequacies mentioned above need to be addressed. Following are the recommendations for addressing these gaps.

- I. In order to improve the clarity, the process for implementation of the commitments of the PD needs to be institutionalized or brought to the mainstream of the aid architecture of DPs and GOB. All aid manuals may

include the PD commitments for dissemination. BPATC and other relevant GOB training institutes may include a module on the PD and Bangladesh Harmonization Action Plan in some of their training curriculum.

- II. In order to enhance the awareness on the commitments of the PD, GOB in collaboration with DPs may hold more dissemination workshops similar to HAP workshop organized by the ERD in August 2007. To start with, a high profile workshop with representation of all stakeholders, high GOB officials, DPs, politicians, civil society organizations, NGOs etc. may be held. This may be followed by a series of training workshops for concerned officials at operational level.
- III. All DP Headquarters should develop a monitorable action plan or an equivalent instrument and a mechanism to monitor its implementation should be in place. To follow up the monitoring of the HAP implementation the joint review mechanism as outlined in the HAP (Action 5.3) should be pursued and if necessary the HAP may be updated.
- IV. ERD should strengthen its co-ordination and monitoring role by upgrading its present PRS-HAP cell to a full-fledged outfit. The reorganized outfit should be integrated to the mainstream administration of the ERD headed by a senior official, preferably an Additional Secretary and manned by a blend of career civil servants, professionals hired on permanent basis and supplemented by the services of experts/consultants on short term basis. Any DP may provide a technical assistance to set up the outfit and finance some of its capacity building activities.
- V. A mechanism for reporting to ERD by all aid using GOB agencies on the progress on implementation of the PD commitments should be established. All major aid utilizing ministries should have a dedicated unit to coordinate and monitor the implementation of the PD.
- VI. The PD should address the issue of sustainability of the outputs of the aided projects/ programmes along with the global environmental sustainability.
- VII. The indicators identified in the PD may be revisited so that indicators are adequate and appropriate to measure ownership and environmental sustainability.
- VIII. Capacity of local DP officials should be enhanced by delegating more authority from the HQ to enable them to take decisions quickly. Turnover of the relevant DP staff in the middle of an ongoing programme should be minimized.
- IX. To foster aid effectiveness and a more efficient use of developmental resources. GOB may take initiative with the support of DPs to develop a government-wide comprehensive need based capacity development programme. This programme should address all capacity deficiencies -- institutional, managerial and technical. To complement this government-wide programme, the ongoing capacity development programmes may be integrated with it. In future the major portion of the TA flows may go to this programme.
- X. The compensation and other service prospects of GOB project staff may be reviewed realistically so that they are sufficiently motivated to contribute to the efficient implementation of the projects and thereby to aid effectiveness.
- XI. GOB procedures may be further standardised and made mutually agreeable to enhance alignment.

- XII. Harmonization efforts may be further enhanced by the DPs who are yet to form partnership arrangement with other DPs. The issues of multiplicity of donor procedures in SWAPS need to be addressed and further minimized.
- XIII. Managing for results needs to be strengthened by joint initiatives of DPs and GOB. DPs may assist GOB to enhance its capacity in this respect.
- XIV. The number of parallel PIUs and visits of various missions from the Head Quarters of DPs should be reduced.

Conclusion:

The Paris Declaration has certainly brought many important aid -effectiveness issues into focus and has generated a demand for reforms in the way aid is delivered and managed. However, the pace of implementation has not matched the resolution of the commitments of the PD. This is where lies the challenge. The partner countries and the global aid community should sharpen their initiatives to address this challenge.