

Economic Relations Division (ERD)  
Paris Declaration Evaluation  
Ministry of Finance

# Evaluation of the Implementation of the Paris Declaration: Case Study of Bangladesh

## Executive Summary

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## Executive Summary

### 1. Introduction

In line with the resolution of the Paris Declaration (PD), the Government of Bangladesh (GOB) commissioned a country level evaluation on the implementation of the commitments of the Paris Declaration. The evaluation mainly made assessments of (I) The utility of the Paris Declaration as a tool for increased aid effectiveness, (II) Development Partners' behaviour and Country partner (Bangladesh) behaviour in terms of their commitments, capacity, and incentives and (III) Impacts of the aid effectiveness initiatives set against the five axes of the Paris Declaration – ownership, harmonisation, alignment, managing for results and mutual accountability.

Three sample sectors, namely (a) Primary Education (b) Energy and Power and (c) Environment as a cross-cutting issue were selected for a detailed study.

The summary findings and recommendations are given below:

### 2. Findings

#### 2.1 Paris Declaration as a Tool for Aid Effectiveness

##### 2.1.1 Clarity

In general, awareness of the Paris Declaration exists among all development partners staff. However, with the exception of officials dealing with Paris Declaration matters, level of familiar-

ity is not high. With regard to the Government of Bangladesh, sufficient dissemination of the Paris Declaration commitments has not taken place. Further, few GOB officials dealing with aid policies and coordination are well conversant with the commitments and indicators of the Paris Declaration, while most officials are not. Many respondents to the study feel that definition of ownership needs further clarification. For example, several respondents enquired as to whose ownership is it?

##### 2.1.2 Relevance

In general, the commitments of the Paris Declaration are relevant to Bangladesh aid architecture and have captured major aid effectiveness issues of the country. However, project sustainability, an important aid effectiveness issue, has not been adequately addressed. Indicator 1 is too narrow to measure all aspects of ownership, and measurement of many important aid effectiveness issues (see section 3.2 of the report) could not be captured by other indicators.

##### 2.1.3 Coherence

Respondents to the study did not express any major concern in respect of coherence of the commitments of the Paris Declaration.

## 2.2 Development Partners' Behaviour

### 2.2.1 Commitment

Development Partners having more pronounced emphasis from their headquarters to implement the Paris Declaration demonstrate more commitments than those who do not. Some of the findings on commitment include: (I) support from the Development Partners to the Government of Bangladesh's Poverty Reduction Strategy and alignment of their aid agenda to the goals of the Poverty Reduction Strategy, (II) development of a monitorable action plan to implement Paris Declaration commitment, (III) collaboration with GOB in the formulation and implementation of Bangladesh Harmonisation Action Plan, Participation in the OECD/DAC 2006 and 2008 surveys, and present country level evaluation, (IV) formulation of Country Assistance strategies jointly by four major Development Partners (representing more than 80% of overseas development assistance) namely Japan, the UK, the WB and the Asian Development Bank, (V) harmonisation of country assistance programmes of ten United Nations (UN) system members through United Nations Development Assistance Framework (UNDAF), and (VI) increasing alignment by some Development Partners to Government of Bangladesh procedures and country systems.

Despite the demonstration of commitments mentioned above, evidence such as the continuation of parallel implementation units with very few reductions in recent years, involvement of donors in the micro management of projects, increasing number of missions (250 in 2006, increased to 402 in 2007), lack of initiative by some Development Partners to align to country systems and procedures, unilateral decommitment of projects aid by some donors and the failure to untie aid completely – indicate non-fulfilment of some of the commitments of the Paris Declaration.

### 2.2.2 Capacity

Capacities of Development Partners vary. Turnover of staff is a problem with some Development Partners, while other report staff shortages. However, the major capacity constraint for several Development Partners is the lack of sufficient delegation of authority from the headquarters office to take decision at the field level on many issues.

### 2.2.3 Incentives

Only a few Development Partners in Bangladesh have dedicated staff to implement the commitments of the Paris Declaration. However, no evidence was found of any special incentive to motivate the Development Partner's staff to implement the commitments.

## 2.3 Partner country (Bangladesh) Behaviour

### 2.3.1 Commitment

The GOB has demonstrated in clear terms its commitment to implementing the Paris Declaration. Some of the evidence includes: (I) formulation of the Poverty Reduction Strategy and linking its goals to a Medium Term Budgetary Framework, reflected in the annual budgets, (II) establishment of a

Poverty Reduction Strategy-Harmonisation Action Plan Cell in the Economic Relations Division and steering committee for Paris Declaration Evaluation, (III) restructuring the local consultative group by bringing the provision of co-chairing by the Economic Relations Division Secretary along with the Development Partners' nominated chairman, (iv) formulation of the Bangladesh Harmonisation Action Plan, (v) conducting a 2006 Development Assistance Committee (OECD/DAC) survey, (vi) holding of workshops to disseminate the Paris Declaration commitments, (vii) the ongoing initiatives for country level evaluation and DAC survey 2008, (viii) reforming the procurement system leading to enactment of the Public Procurement Act 2006, and (ix) ongoing efforts to reform the Public Financial Management System.

Commitments of the GOB would have been more pronounced if the pace of implementation of the Harmonisation Action Plan had been faster and the Poverty Reduction Strategy-Harmonisation Action Plan cell of Economic Relations Division had been made more effective.

### 2.3.2 Capacity

An important challenge to aid effectiveness is the capacity limitations of the GOB officials in managing aid and other development resources. Some of the limitations are: (I) capacity to articulate aid policies and formulate aid worthy projects, (II) capacity to process and approve projects timely, (III) capacity limitations to implement and manage projects, particularly in the areas of procurement and financial management, and (IV) limitations in monitoring and aid co-ordination.

Due to the slow pace of civil service reform, desired capacity is yet to be developed, despite the fact that some initiatives to strengthen the GOB's capacity have been made. Donor-led initiatives to enhance the GOB's capacities also did not help much as they were often designed without due regard to actual needs, sustainability, and other local conditions. Misplacement of trained staff and frequent staff turnover are other constraints that create bottlenecks and hamper aid effectiveness.

### 2.3.3 Incentives

Another obstacle to aid effectiveness is the absence of an appropriate incentive system to motivate GOB staff to implement development projects. In the absence of any special incentive, in terms of emoluments, and with very limited promotion and career prospects, there is very little motivation for the GOB officials engaged in aid management and project implementation. While there have been many pronouncements to reform the GOB incentive system, no concrete progress has occurred.

## 2.4 Emerging Results

### 2.4.1 Process Results

- **Ownership:** The formulation of a Poverty Reduction Strategy by the GOB through a participatory process, its implementation and subsequent endorsement by Development Partners carries a landmark in attaining owner-

ship commitment of the Paris Declaration in Bangladesh. The Poverty Reduction Strategy generally has clear strategic priorities linked to a Medium Term Budgetary Framework, which are reflected in annual budgets. The GOB is introducing Medium Term Budgetary Framework in phases. So far, Medium Term Budgetary Framework has been implemented in sixteen major development fund spending ministries. Further implementation of Medium Term Budgetary Framework is facing difficulties due to capacity constraints of line ministries.

- Alignment:** Use of GOB procurement procedures has increased. In almost all cases of local competitive bids, GOB procedures are being followed. However, in the case of international competitive bids, some major Development Partners are yet to align their procedures. Use of Bangladesh's Public Financial Management System (PFMS) has also increased with the reforms in PFMS. Some donors, however, still do not like to rely on country PFMS which led one of them to stop going for further budget support. While capacity limitations of GOB staff, particularly in respect to procurement and financial management, are barriers to alignment, the rigidity of the procedures of some multilateral Development Partners and the lack of initiatives on their part to align to Bangladesh's system are equally responsible for not achieving full alignment.
- Harmonisation:** There is substantial progress in aid harmonisation in Bangladesh since the commencement of the Paris Declaration. Four major donors, namely the WB, Asian Development Bank, DIFD and Japan have harmonised their country assistance programmes by jointly formulating their assistance strategies. Ten organisations of the UN system have also harmonised their country assistance programs through UNDAF, which has also seen the introduction of a joint UNDAF review. In addition, a harmonised approach to transferring cash to implementing partners has been rolled out. Sector Wide Programmes like Primary Education Development Program-II, Health, Nutrition and Population Sector Program and other joint financing efforts run on a partnership basis having donor complementarities are other examples of harmonisation. Harmonisation efforts are sometimes constrained by the multiplicity of donor procedures.
- Managing for Results:** The Poverty Reduction Strategy provides managing for results by linking national development strategies to annual budget process. Medium Term Budgetary Framework produced in line with Poverty Reduction Strategy goals has also clearly linked allocations with the development goals.
- Mutual accountability:** Establishment of Poverty Reduction Strategy implementation forum led by the GOB with representation from Development Partners to monitor implementation of the Poverty Reduction Strategy and the GOB – Development Partners' harmonisation imple-

mentation task force to monitor the implementation of the Harmonisation Action Plan is an example of progress towards a mutual accountability process.

## 3. Sector Studies

### 3.1 Primary Education (Primary Education Development Program-II)

#### 3.1.1

The evaluation study noted same progress in Primary Education Development Program-II in meeting the commitments of the Paris Declaration. These include: (I) deepening of ownership of the programmes, (II) use of standardised fund withdrawal application and financial monitoring report, (III) change of UNICEF budgeting calendar to align with the GOB, and (IV) better performance of Primary Education Development Program-II against twelve indicators of the Paris Declaration compared to national average.

#### 3.1.2

The issues that need special attention for further improvement are: (I) harmonisation of different types of financing and streamlining complicated fund management system, (II) further alignment to the GOB's procurement system, and (III) capacity development to institutionalise the achievements of Primary Education Development Program-II.

### 3.2 Energy and Power

#### 3.2.1

The GOB's ownership has increased in the energy and power sector. Programmes and projects in the energy and power sector are formulated in line with Poverty Reduction Strategy and in light of energy policy. Donors have aligned their country assistance strategies to GOB policies, master plans and strategies.

#### 3.2.2

The sector study on energy and power noted improvement on aid harmonisation and coordination and limited progress toward alignment to country procurement and Public Financial Management systems. Like other sectors, alignment to procurement procedures in the event of local competitive biddings increased significantly, but progress in case of international competitive biddings is limited. The study also reported positive movements in respect to sector reform programmes and in the reduction of system loss. Major concerns on aid effectiveness identified in the study are delays (I) in the tendering process from the GOB's side, (II) clearing of procurement proposals by Development Partners, and (III) recruitment of consultants/owners engineers. Other concerns are unmanageable cross conditionality, no reduction in transaction cost and no reduction of individual missions.

### 3.3 Environment

#### 3.3.1

Over the past few years, ownership of Bangladesh in developing national strategies for environment has deepened. Significant progress has been achieved in establishing a policy,

institutional and legal framework necessary to strengthen environmental management in Bangladesh. The environment as a cross-cutting issue has been included in the Poverty Reduction Strategy with linkage to the national development strategies and annual budget. The study reveals that the GOB's institutional capacity and the existing assessment system to address potential negative environmental impact of the development projects/programmes are inadequate. There are no specific guidelines for conducting and reviewing the environmental assessment of non-industrial projects. The donors in Bangladesh are not satisfied with the quality of environmental impact assessments, particularly in the requirements for public consultation and information disclosure. Donors are playing a supportive role in strengthening the capacity of the GOB for environmental management and enforcement. Almost all the respondents feel that it is important to continue developing common environmental impact assessment procedures for the development projects and establishing guidelines for environmental impact assessments of non-industrial projects.

- XI. Donors should provide grant assistance to support the GOB in its efforts to protect the environment.

## Recommendations

- I. The process for implementation of the commitments of the Paris Declaration should be integrated with the aid architecture of Development Partners and the GOB.
- II. The GOB, in collaboration with Development Partners, should hold more dissemination workshops.
- III. Economic Relations Division should strengthen its co-ordination and monitoring role by upgrading its present Poverty Reduction Strategy – Harmonisation Action Plan cell to a fully-fledged outfit and enhance the pace of implementation of the Harmonisation Action Plan.
- IV. All major aid utilising ministries should create a dedicated unit to coordinate and monitor the implementation of the Harmonisation Action Plan.
- V. The Paris Declaration should address the issue of sustainability of the outputs of the aided projects and programmes.
- VI. The indicators identified in the Paris Declaration may be revisited so that indicators are adequate and appropriate to measure ownership and environmental sustainability.
- VII. The capacity of local Development Partners' officials should be enhanced by delegating more authority from headquarters to enable them to take decisions quickly.
- VIII. The GOB may take the initiative with the support of Development Partners to develop a government-wide comprehensive needs-based capacity development programme.
- IX. Initiatives should be taken by Development Partners to dismantle the parallel implementation units as early as possible. Development Partners should also avoid micro management of aided projects. The number of missions from the headquarters of Development Partners should be reduced by having joint missions instead of single missions.
- X. The tying of aid should be removed and the conditionality attached to the disbursement of aid should be realistic and within the capacity of the GOB to comply.