

**2006 ASIAN REGIONAL FORUM ON AID EFFECTIVENESS:
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**Are donor harmonisation initiatives a good investment
in improved aid effectiveness?**

The Bangladesh Joint Country Strategy

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The opinions expressed in this case study are the author's alone,
and do not represent the official views of the organisers of
the Asian Regional Forum on Aid Effectiveness

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1. Introduction

1. This report is a component of a thematic case study considering how different donor harmonisation initiatives have helped to promote the Paris Declaration principles and commitments.
2. This country study assesses the Joint Country Strategy (JCS) process launched by a group of four donors in Bangladesh. The Asian Development Bank (ADB), the UK's Department for International Development (DFID), the Japanese Government and the World Bank are the four largest donors to Bangladesh, together providing 80 % of the external assistance to the country. In 2004, they determined that each agency was about to launch the preparation of a new country assistance strategy. They decided to conduct elements of the planning process jointly, in order to avoid duplication and exploit opportunities for coordinated programming. The product was a unified programming framework for the four agencies, to guide their individual country strategies and move towards the harmonisation of implementation.
3. This case study is based on a review of existing literature and interviews with key donors, government and civil society stakeholders. A draft of the case study has been reviewed by government and donor stakeholders, and every effort has been made to reflect their views in the case study. However, the opinions expressed in this case study are the author's alone, and do not reflect the views of the organisers of or participants at the Manila Forum.
4. This case study will be combined with a study of a similar joint planning process in Cambodia, and of a Multi-Donor Trust Fund in Indonesia.

2. Context

5. Since independence in 1971, Bangladesh has made considerable strides in reducing poverty and lifting its Human Development Indicators from extremely low levels. During the 1990s, the overall poverty rate declined by 10 percentage points to 50%, despite annual population growth of 2.3%. Bangladesh has a unique history of uninterrupted economic growth since its birth, currently running at around 6%. However, Bangladesh remains a low-income country, with weak social indicators and pockets of extreme poverty. The country is also acutely vulnerable to natural disasters (flood, cyclone and earthquake).
6. Over its 35-year history, Bangladesh has received US\$15 billion in Overseas Development Assistance (ODA), compared to US\$30 billion in commitments.¹ It ranks 38th of 76 countries under the International Development Association (IDA) Resource Allocation Index.² The country has been eligible for a Poverty Reduction and Growth Facility (PRGF) from the IMF since 2003, and has also benefited in the same period from three policy-linked Development Support Credits (DSC) from the World Bank. Current annual commitments are at US\$1.4 billion.

¹ US State Department, 2006

² Also known as the Country Policy and Institutional Assessment See <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,,contentMDK:20941028~pagePK:51236175~piPK:437394~theSitePK:73154,00.html>

ODA Contributions to Bangladesh
(Largest 20 annual commitments ranked by 2004 totals)

	US\$ Million			
	2002	2003	2004	2005
WORLD BANK	195.05	554	827	597
ADB	440.00	405.00	463.70	484.8
JAPAN	122.72	115.27	285.00	N/A
UK (DFID)	101.82	260.47	252.72	236.00
USA (USAID)	72.14	97.17	92.12	77.03
NETHERLANDS	44.31	57.45	65.23	60.68
EC	24.74	52.33	58.19	N/A
CANADA (CIDA)	30.87	38.42	48.92	N/A
DENMARK	37.33	45.27	45.67	N/A
SWEDEN (SIDA)	14.95	35.06	26.63	24.81
GERMANY	30.04	32.37	25.20	N/A
AUSTRALIA	22.89	11.95	24.60	24.55
NORWAY	16.61	12.15	23.94	N/A
UNDP	14.39	15.89	19.59	N/A
KOREA	2.08	10.07	18.41	N/A
SWITZERLAND	13.59	10.87	11.83	N/A
UNICEF	11.28	10.86	10.95	11.55
WFP	25.41	16.12	9.94	N/A
UNFPA	10.33	22.31	6.77	N/A
FRANCE	7.33	7.16	0.87	N/A

Sources include ADB: 'Strategy and Programme Support, 2005' 'Bangladesh Annual Report, 2004' ADB 'Country Evaluation Report, 2003' 'Country Strategy and Programme update 2002-2004'; AusAid: 'Aid Budget Report'; DFID Bangladesh; OECD DAC: International Development Statistics; IDA; USAID: 'Bangladesh Financial Year 2003-2007 Assistance' ;WHO: 'Country Cooperation Strategy, 2003' ;World Bank: 'Bangladesh Country Assistance Strategy, 2006-2009'

7. However, Bangladesh is by no means aid dependent. ODA flows account for only 1.5% of GDP.³ High levels of migrant labour and the wealth of disbursements of the diaspora provides annual remittances well in excess of ODA (put at 5% of GDP by the late 1990s, and rising to estimates of up to US\$6 billion). Net Foreign Direct Investments in 2004 totalled US\$456 billion (72% up on the previous year).⁴

8. Since 2006, development planning in Bangladesh is in principle governed by the National Strategy for Accelerated Poverty Reduction (NSPR).⁵ The NSPR is overseen by the National Executive Committee led by the Prime Minister's office. It is jointly managed by the Planning Division, which is responsible for the Development Budget (non-revenue expenditure, including most ODA), and the ERD in the Ministry of Finance (MoF), which manages the Revenue Budget. The MoF is co-ordinating 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.

³ Secretary, ERD

⁴ UNCTAD, *World Investment Report*, 2005

⁵ Government of Bangladesh, "Unlocking the Potential –National Strategy for Accelerated Poverty Reduction", 2005

9. However, ownership of the NSPR is not uniform across the administration. The NSPR is only just being taken by many of the line ministries, some of which (in the words of one senior civil servant) still see it as an “academic exercise”. However, with the development of Medium Term Budgeting Frameworks linked to the NSPR (a condition of the last DSC), and the coordinated efforts by Planning Division and the MoF to monitor and implement the NSPR, there is expected to be increasing alignment between the NSPR priorities and those of the line ministries in the coming period.

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

11. Partners observe the need for donors to pay close attention to the political economy of reforms and country specific circumstances to support the design of more effective interventions. For its part GoB has called for a more mature partnership with development partners. The Joint Strategy Partners recognize the need for this, as well as the necessity to develop realistic expectations about the scope and pace of reforms. There are different opinions on the record of conditionality. There is some resistance from Bangladeshi officials to attempts to impose donor policy prescriptions, causing tensions in the relationship. A recent editorial in the *Daily Star* questioned the practice of donors attempting to dictate the development policy agenda, and called for a more mature development partnership.

12. Government is concerned about the burden of managing the large numbers of multilateral and bilateral donors operating in Bangladesh. The External Relations Division of the Ministry of Finance, which is responsible for donor relations, has dealings with 74 different partners (countries, bilateral and multilateral agencies and international NGOs – see Annex A). Officials report that there are as many as 250 donor missions each year. The country has been in the forefront of developing Sector Wide Approaches (SWAPs) and programme-based assistance. However, while these reflected a desire of donors and Government to increase harmonisation and alignment, views vary considerably whether they have reduced aggregate transaction costs. Some of the coordination mechanisms have become very large and cumbersome. In April 2006, Joint Annual Review for the multi-donor Primary Education Development Programme (\$1.8 billion, 36% from its 11 donors), there were 110 participants, half of whom were from the overseas agencies. In previous years, the Sector Wide Approaches in health also saw annual review delegations of over 100 people, with more than 60 external participants.

13. The mechanism in use for in-country donor coordination is the Local Consultancy Group (LCG), composed of 32 bilateral and multilateral donors and, since June 2006, the External Relations of the MoF, representing the Government. It is led by an Executive Committee of 6 donor representatives, selected on a rotating basis. The LCG is intended to meet every 4-6 weeks. Originally it was focused on preparing for and following up on the annual meetings of the Bangladesh Development Forum, the high-level pledging conference. Over time, however, it has evolved to become a standing structure for

continuous dialogue and information sharing. It is reported that LCG partners now recognise the need for further reform.

14. To facilitate dialogue and coordination in particular sectors and thematic groups, 21 LCG Sub-Groups have been created.⁶ There is considerable variation in the intensity of these groups. Some meet at regular intervals, and others convene meetings only when required. Some focus on technical or working-level collaboration, while others are oriented at the policy or strategic level. It is left to the members to determine the focus and method of operation of each group. The degree of Government participation also varies. One group is jointly chaired by Government officials; in some cases Government and other stakeholders are invited by donors to participate on specific issues; in other cases Government is not represented. Although the Sub-Groups have been set up to facilitate coordination, it is felt by some participants that there is a disconnect between the LCG Plenary and the Sub-Groups. This is reportedly due to a lack of overall guidance by the LCG Plenary, on the one hand, and inadequate reporting mechanisms by the LCG Sub-Groups on the other.

15. In recent years, donors have become increasingly concerned about political governance and human rights issues in Bangladesh. Donors have taken different views on how to engage with GoB on these issues, and on how they should affect aid delivery. This has tended to undermine both the cohesion of the donor community and its relations with Government. By 2003, respondents reflect that there was a lack of common vision among the donors, and that the relationship between partners and Government was only “critical and confrontational”. The larger donors (including the four donors in the Joint Country Strategy process) followed a path of ‘constructive engagement’ with the Government around these sensitive issues. Some of the smaller donors were inclined to be more vocal. Although the Joint Country Strategy initiative was not a response to these events, they form a key part of the political context, affecting the way the initiative was initially perceived by other donors.

3. The Joint Country Strategy initiative

3.1 *Why did the JCS emerge?*

16. The decision among the four partners to pursue a Joint Country Strategy planning exercise was largely fortuitous in nature. At an LCG meeting in October 2004, senior representatives from the WB, ADB and Japan each made announcements that their agencies were about to embark on developing new country strategies. Following this, DFID approached the three other donors and the DFID Head of Office 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 donors in Bangladesh to develop coordinated country strategies for the first time.

⁶ Currently there are 10 sectoral sub-groups addressing agriculture & rural development, water management, water supply and sanitation, education, health and population, energy, transport, urban sector, rural infrastructure, and finance. There are nine thematic sub-groups addressing poverty, women's advancement and gender equality, governance, NGOs, private sector development, environment, project implementation issues, macroeconomic developments and technical assistance, and disasters and emergency response. There is also one region-specific sub-group for addressing development issues in the Chittagong Hill Tracts.

17. The participants recognised a number of advantages to a joint planning process. Combining the processes would reduce the burden on government. It would help to develop a common view among the participants on the development challenges facing Bangladesh and the objectives of external assistance. The new NSPR created an opportunity for the partners to improve their alignment with the Government's strategic objectives. One partner identified that the main reasons for the joint process were: (1) the fact that the JCS partners had a bilateral dialogue with GoB across a range of sectors; and (2) that the 4 partners had a programme overlaps in many sectors, which was not the case with smaller donors. The joint strategy process presented an opportunity to rationalise their programmes. Given that between them, they provided 80% of ODA, it would also make a major contribution to overall harmonisation and alignment. Furthermore, the process of consultation and dialogue around a common strategy would provide an opportunity to give joint messages to government on the development challenges facing the country.

18. Some partners also had additional motivations of their own. One was under pressure from HQ to rationalise its country programme, and saw the joint strategy as an opportunity to accomplish this. Another was being encouraged to demonstrate effective partnership with other agencies. In one of the agencies, country staff interviewed for this review reported that there was reluctance initially from the country office to the proposal, which was only overcome by the intervention of HQ staff.

19. From the outset, there were concerns among some non-participating donors that the four large donors had created an exclusive 'club', and were attempting to monopolise the policy dialogue with Government⁷. The smaller bilateral donors in particular felt they were excluded from the group because of their more critical approach on governance issues.

20. However, all four JCS partners are at pains to point out this was never their objective. They simply saw this as an opportunity to streamline the delivery of assistance to Bangladesh. Heads of two of the country offices interviewed for this review noted that they may have naïve in failing to anticipate the reaction from non-participating donors. However, once the issue was identified, efforts were made to mitigate it, through invitations to other donors to participate in the shared analysis and consultation process.

3.2 *The scope of the JCS*

21. Though it is commonly referred to as the Joint Country Strategy, the JCS is not a common strategy, but rather a common strategic framework designed to facilitate closer harmonisation and program coherence among the four partners. Each partner has produced its own country strategy (DFID's is still in the pipeline), which in the case of the World Bank and ADB are mandated documents.

22. The core of the JCS initiative was a joint analytical exercise, which developed a common country diagnosis and set of strategic objectives, formulated as an outcomes matrix. (These are in fact a mixture of policy actions and development outcomes.) The analytical work was done by agency staff, working through joint sectoral teams (for instance, Private Sector Development, the Power Sector, Transport, Health, Governance

⁷ The JCS members became known informally as a 'Gang of Four'.

and so on). These were led by whichever partner was 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 matrix.

23. These inputs were refined at a joint retreat of the four partners in March 2005 and during a month-long consultation process. On the basis of these discussions, a single country diagnostic report was prepared. Each of the partners used this report as its analytical base when drafting its individual country strategy. No additional diagnostic work was commissioned.

24. The partners note the analytical process proved easier than anticipated. No significant differences of opinion emerged between the partners. The partners valued the opportunity to pool expertise and build a common knowledge base. The work put into the sectoral analysis also helped to build relationships at a technical level across the agencies, which continues to be valuable.

25. During the analytical phase, the partners held a number of joint consultations with Government at senior level, to present the process and discuss the diagnostic work. They also held a series of events with civil society, including NGOs, the private sector and academics, to gather feedback. These joint consultations saved transaction costs for Government and other stakeholders. Some of the partners did, however, conduct additional consultations around their individual strategy.

26. So far, the joint working under the JCS initiative has not extended to fully integrated programming decisions. Each partner formulated its own country strategy separately. In the case of the ADB, programming missions have been conducted with participation of the three joint partners since 2005. Sectoral co-ordination is increasing. However the weight of existing commitments has meant that the country programmes have not changed much in substance. There are also institutional rigidities that make it difficult for each agency to adapt its programme in accordance with a country-level process. Some senior in-country observers commented that there was not sufficient commitment to the process at HQ level in all the agencies to achieve a higher level of harmonisation. One partner has reflected that in order to deepen harmonisation of implementation of JS partners programmes, sufficient institutional mechanisms and structures must still be developed (including common goals and targets and monitoring mechanisms).

27. It is therefore difficult at this stage to point to any significant improvements in complementarity among the four country programmes. However, the partners hope that, as a result of the JCS process, more collaborative programming will emerge in the future. Some moves have already been made towards joint programming in a few areas, such as telecommunications, Dhaka water supply and sanitation (ADB & World Bank), railways, Padma bridge, etc. However, there is no joint programming yet in other areas such as urban projects, SME support, power, secondary and higher education.

28. In the outcomes matrix, the four partners nominated a lead agency for each outcome and sub-area. The criteria for selecting the lead agency included:

- established strategic leadership with GoB and partners;
- proven capacity to lead the policy dialogue;

Sector Coverage of Joint Strategy Outcomes by Partners (as of February 22, 2006)			
Joint Strategy Outcomes	Sub-areas	Lead partner	Supporting
Remove trade restrictions		WB	
Improve fiscal sustainability and poverty monitoring.	Fiscal	WB	
	Poverty monitoring	ADB/DFID	WB/Japan
Reduce cost of doing business	(PSD)	WB/DFID	ADB, Japan
Strengthen compliance with business regulations, social and environmental standards		DFID	WB, ADB, Japan
Improve skills of the labour force to match market demands		WB	DFID, ADB, Japan
Improve sector performance and governance in energy, transport and port services	Power	ADB	WB, Japan
	Oil, gas & coal	ADB	WB
	Urban infrastructure	ADB/WB	Japan, DFID
	Rural infrastructure	Japan	ADB, WB, DFID
	Ports	ADB	WB, Japan,
	Roads and railways	ADB/WB	Japan, DFID
Strengthen pricing policies and the regulatory framework		(same as above)	DFID, ADB, Japan
Strengthen governance in the banking sector		WB	
Strengthen institutions of microfinance		WB	DFID, ADB, Japan
Improve availability and access to long term finance in financial markets and rural areas	Long term finance in financial markets	ADB/WB	DFID, , Japan
	Finance in rural areas	WB	DFID/Japan
Strengthen macro policies for agricultural growth	Agricultural Growth	WB	ADB, Japan
	Land administration	WB	
	Non farm	WB	ADB, Japan
Improve the environment		WB	ADB, Japan, DFID
Improve the service delivery that meets the needs of poor people, especially women	Primary education	ADB	WB, Japan, DFID
	Health	WB	DFID, Japan, ADB
	Safe Drinking water	WB	DFID, Japan, ADB
Improve capacities and incentives for better local governance		WB/Japan	ADB/DFID
Improve access to justice for the poor	Justice system	WB	
	NGO	DFID	WB
Strengthen Human Security	Police reform	DFID/Japan	
	Social protection and livelihoods of the poor	WB/DFID	Japan, ADB, WB
Improve Public Financial Management	Tax	WB/DFID	ADB
	Procurement	WB	ADB, Japan
	PEFM	DFID	ADB, WB, Japan
Take strategic steps to reform public administration	(Civil Service Reform)	WB	ADB, DFID, Japan
Operationalize Anti-Corruption Commission		ADB	DFID, Japan, WB
Strengthen the guardians of accountability	C&AG	WB	
	PAC	WB	
	Media		DFID
	Election Commission		
Develop consensus on reform priorities and initiate key reforms	(legal and judicial)		
Improve access to information		WB	ADB
Strengthen participation		DFID	WB, ADB, Japan
Improve Sectoral governance	(same as above)		

- track record at implementation level, and significant future pipeline;
- capacity to monitor progress against indicators.

In addition, the Joint Partners have been sensitive to the roles played by other donors. The partners have undertaken that, in sectors where a non-JCS donor is the most appropriate lead, the partners will harmonise behind them. Where there is already a functioning coordination mechanism (such as in health and education, where there are SWAPs led by the World Bank and ADB respectively), the JCS partners will not establish new mechanisms. In addition, in response to requests from the JCS partners for other donors to link to the strategy, several donors (including Australia, EC, Netherlands, Sweden and Norway) have associated with specific sectors where their involvement is significant.

29. The lead agency will provide strategic leadership in the sector, and in particular lead on the policy dialogue for the JCS with Government. Government informants report that in certain areas they now have a single channel of communication to the four largest donors, which is welcomed. However, partners are at pains to point out that, with the exception of the SWAPs where leadership is officially delegated, each partner continues for the time being to have its own project-related dialogue in the sector concerned.

30. The four partners consider the JCS to be an on-going process, which is still an early stage of its evolution. Some informants see a natural progression from a joint outcomes matrix through joint programming decisions to increased harmonisation of programme delivery (a specific aim of the Joint Partnership). Recently plans have been made to pilot improved coordination and harmonisation of programme implementation, including setting preliminary progress targets. The World Bank and the ADB both make references to joint monitoring in their country strategies. However, there is no agreement as to how this might work, or how it would relate to the development of a national NPRS monitoring system, which is being led by UNDP.

4. The process of change

31. After the proposal for a JCS had been raised, discussions were held between the various country heads and with their respective headquarters in the final quarter of 2004. Discussions were also held with the MoF ERD and other senior officials in Government, who were encouraging. Approvals were therefore obtained to begin work on the joint strategy.

32. The heads of office all note the importance of solid inter-personal relations in bringing the process into being. As one senior donor representative put it, “it’s not just a technical issue, it’s about trust.”

33. As the process developed, it was felt necessary to structure the relationship through a set of principles, or “rules of the game”, to facilitate communication between the agencies and avoid misunderstandings. A set of “partnership principles” was developed, based on those developed in Cambodia. However, the JCS is still at risk from changes in country office leadership, as strong institutional mechanisms for implementing coordination are reportedly still lacking. Participants also note that turnover in the composition of HQ teams, and possible disconnect with country offices make the process vulnerable.

34. A number of tensions emerged during the process, and had to be managed. There were differences in opinion between agency headquarters and country office staff. One partner noted that even small changes in priorities agreed among the partners were difficult to sell to headquarters, and required lengthy discussions. On occasions, HQ staff pushed for changes to the outcomes matrix after it had been agreed among the partners, which was resisted by country staff.

35. Some partners note that the JCS process is still not fully internalised by the institutions. As one respondent put it, “the person in Dhaka may have the buy in, but the 6 or 7 people in HQ need to come on board.” The process highlighted the difference in levels of delegation to country offices among the agencies, and the importance of effective field-HQ communications. In the case of Japan, additional changes were involved in coordinating in-country between the Embassy, JICA and JBIC.

36. The Government was supportive of the JCS initiative from the outset, which was an important factor. Nonetheless, the partners observe that the scope of the initiative to evolve towards closer harmonisation through joint programming depends in large part on the willingness and capacity of government to lead the process. In formulating the sectoral objectives, the partners felt that the process would have been easier if Government had been more explicit in its own priorities. As one senior donor respondent noted:

“We can’t come together into a single plan without the guidance of the government. For instance on SMEs each of us have different approaches, but we don’t know which the government prefers. We think we are doing things that government wants, but we don’t know without leadership of government. We’ve been pushing three ministries very hard to choose what approaches to take.”

37. The common view is that, until the relationship with Government matures further, there are limits to the level of harmonisation that can be achieved. However, partners are at pains to point out that this should not reduce working jointly rather than in parallel. The partners note that ownership of the development agenda from Government is improving, and that Government preferences are increasingly shaping their assistance strategies. Leadership is stronger than in other countries and the GOB has engaged strongly with the DAC Paris Declaration. However, partners would welcome a more assertive role from Government.

38. Maintaining the relationship between the JCS partners now the initial process is complete, is also a challenge. Given the sensitivities around the perceived exclusivity of the JCS, the partners have chosen not to establish standing institutional structures that might be perceived as rival to the LCG. Although the four agencies meet on a regular basis, there is no process in place for managing or further developing the partnership. As a result, turnover of staff has already begun to dissipate some of the benefits.

5. Costs, benefits and impact assessment

39. The partners have different perceptions of the costs, benefits and impact of the JCS process. A selection of these are reflected here.

40. Staff spent a considerable amount of time doing an old task (preparing a country strategy) in a new way. None of them were able to quantify the additional time involved. One partner considered that the process had been very labour intensive, reducing the time available for programme management. Another reflected that the process has become more efficient as it went along, as the prioritisation and division of labour was resolved. A third partner considered that the transaction costs had been less than expected. A fourth agency reflected that, while there had been a substantial investment of time, it should not be viewed as a transaction cost at all. The time invested in learning about the partner institutions and developing a common knowledge base was simply part of the process of delivering aid well. The investments made by the partners were offset by the benefits each obtained from the others.

41. There is little doubt that the JCS process strained relations with non-participating donors. The partners made considerable efforts to reassure other donors that the process was not intended to be exclusive, and that all aspects would be fully transparent. However, the partners were unable to overcome the perception that the largest donors were ‘ganging up’, and seeking to monopolise access and influence with Government.

42. With time, these negative effects on external relationships have declined. The JCS partners believe that it has had little practical impact on their ability to work with other donors. They have now learned to ensure that future JCS processes are open to the participation of other donors.

43. One of the most important benefits identified by the partners is reducing transaction costs for Government. Senior Government officials confirm that they find it easier on certain issues to deal with the four partners as a group. They also see the benefits of greater collaboration at the strategic level, citing recent examples of good cooperation among the partners in the power and water sectors. One of the donors cited an example of effective problem solving among the partners.

“At the last round table meeting with Government, we discussed the Padma Bridge issue. The problem was, who will provide the money for the detailed design (\$30m). Before the meeting there had been a G4 [JCS] meeting, when Japan had said that they couldn’t provide the grant money for the design. The Government wanted to start in 2008, so ADB came up with a process for a concessional TA loan for the design. The prior meeting helped us to have the same view, and the Government was happy.”

44. Partners also reflect that the quality of dialogue with government has increased as a result of the JCS. Since the four partners have agreed joint positions in key policy areas, their policy advice is less easily identified with an given institutional (or personal) set of priorities. This makes it easier to discuss them from a technical viewpoint. Government also notes that the quality of the dialogue has improved, with the partners having developed the habit of debating their common position in advance.

45. Partners cite the considerable benefits of working from a common analytical base. The ADB and the World Bank are for the first time using the same data and models for

measuring poverty in Bangladesh. The creation of a common analytical framework is rated as an extremely important step in building coherence between the different organisations.

46. There has been improvement in harmonisation of assistance in Bangladesh as a result of the JCS, but the impact remains fairly modest at this stage. All partners agreed that the relationships among the four agencies had been strengthened. In addition, some respondents take the view that it is now easier to co-ordinate with other donors, since the JCS agencies are able to speak with one voice. However, whilst interpersonal relations have improved, the partnership remains vulnerable as long as these relations are not backed by full institutional commitments.

47. Informants noted a number of risks to the future development of the JCS initiative. One was its lack of institutional foundation. While the partners have been understandably cautious about formalising their relationship, given the concerns of other donors, this has contributed to an erosion of the partnership. While the heads of offices and other staffs meet each other regularly in the course of their work, this remains *ad hoc* and dependent on the quality of interpersonal relationships. A more structured relationship is more likely to last over time.

48. Other informants were concerned about the level of time input required from the partners to maintain this level of partnership working, and whether the institutions were flexible enough to accommodate it. Although staff acknowledge that there will be increasing demands on them to “do aid in a harmonised way”, they are also being asked to “do more with less”. If partnership working is to be sustained, it will have to be factored into the resource needs of country offices.

6. Lessons learned

49. The JCS is a product of the particular context of Bangladesh, and not all of the experience gained is of general application. However, some lessons have emerged which may have wider relevance.

50. The JCS was initiated rapidly, in response to an opportunity which emerged in the field, sufficient mitigation of its impact on relations with other donors. While pursuing harmonisation initiatives within small groups of donors is a pragmatic way of moving forward with the Paris agenda, it also carries relationship costs which should be assessed and managed.

51. Institutional flexibility is needed in order to accommodate harmonisation initiatives. Joint working may require institutions to compromise on procedures and technical standards, in order to achieve agreement. The Joint Partners have sought to use common arrangements, e.g. in the areas of account pooling, procurement procedures, performance-based financing, and common audit and reporting requirements, however, there have been some difficulties, mainly because of rigidities at headquarters level.

52. The incentives facing donor staff still do not systematically support joint working. Those donor staff who have been through the JCS process have acquired good habits of cooperation with their colleagues in other agencies. However, new staff arriving in

country tend to lapse back into old patterns of institutional rivalry. More work is required to cement the habit of collaborative working within each organisational culture.

53. Good relations among the Heads of Mission and staff are clearly a condition of effective institutional collaboration. However, the relationship among the partners also needs to be further institutionalised, if it is to be sustained over time.

54. It proved useful to have an agreed set of “rules of the game” to manage relations among the partners. This helped to ensure effective communication and avoid misunderstandings. These rules, however, need to be continuously reinforced, as there have been lapses from time to time.

55. Implementing the Paris Declaration is as much a diplomatic challenge, as a technical one. This has implications for the skills needed by staff in country, and in particular the heads of office.

56. Achieving agreement among the agencies is made more difficult when country offices, who wish to lead the processes in country, need to secure approval from their headquarters. Delegation of authority to country offices is an important ingredient of effective partnership.

57. It will take considerable time to realise the benefits of the JCS. The extent of existing commitments means that it will take some years before the partners are in a position to achieve greater harmonisation in their programmes. The efforts therefore need to be sustained over time, if they are to deliver results. Partners reflect that real co-ordination takes place at sector level, and effort is needed to ensure this takes place.

58. The agencies that have committed most strongly to the Paris Agenda do not see the efforts required for effective partnership working as transaction costs, but as part of the core business of aid delivery. Where agencies are more focused on the delivery of their own programmes, aid effectiveness initiatives are seen as a cost to be minimised. Donors should be putting more effort into promoting and rewarding joint work as a valuable use of staff time.

59. Nonetheless, harmonisation activities are very time consuming. As partnership working becomes more common, donors will need to increase the level of selectivity in their programming in order to manage the burden. Nominating lead agencies to manage the policy dialogue on behalf of the group is another useful strategy.

60. Partners believe that the full benefits of the Joint Strategy will only be realised once the Government provides stronger leadership on development policy. Both Government and donors agree that Government should be in the driving seat. However, capacity constraints in central Government agencies are inhibiting the development of the policy agenda. The JCS partners see a need for considerable capacity building in Bangladesh, before the Paris Declaration commitments can be met and the NSPR can be fully implemented.

61. The process of developing a common analytical base is regarded as very useful and potentially transformative for the partners. The partners will need to develop systems and processes for maintaining and updating this knowledge and common understanding.

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Annex: Agencies with whom GoB has a relationship

Abu-Dhabi Fund for Development (AFD)	International Labour Organization (ILO)	South Korea
Asian Development Bank (ADB) *	International Monetary Fund (IMF) *	Spain
Australia - High Commission *	Iran	Sweden
Belgium	Islamic Development Bank (IDB)	Swedish International Development Agency (SIDA)
Bhutan	Italy *	Swiss Development Co-operation (SDC) *
Canada *	Japan *	Switzerland *
Canadian International Development Agency (CIDA) *	Japan Bank for International Cooperation (JBIC) *	Thailand
Centre on Integrated Rural Development For Asia & Pacific (CIRDAP)	Japanese International Cooperation Agency (JICA) *	The Asia Foundation (TAF)
China *	Kuwait	The World Bank Group (WB)
Czech Republic	Kuwait Fund for Arab Economic Development (KFAED)	U.A.E.
Danish International Development Agency (DANIDA) *	Luxemburg	U.K. *
Denmark *	Nepal	U.S.A. *
Department for International Development (DFID) *	Netherlands *	United Nations Development Fund for Women (UNIFEM)
European Union (EU) *	New Zealand	United Nations Development Programme (UNDP) *
Finland	Nordic Development Fund (NDF)	United Nations Educational, Scientific and Cultural Organization (UNESCO)
Food and Agricultural Organization (FAO) *	Norway *	United Nations Educational, Scientific and Cultural Organization (UNESCO)
Ford Foundation	Norwegian Agency for International Development (NORAD) *	United Nations High Commissioner for Refugees (UNHCR)
France *	Organization of Petroleum Exporting Countries (OPEC)	United Nations Industrial Development Organization (UNIDO)
German Technical Cooperation (GTZ)	Pakistan	United Nations International Children's Fund (UNICEF) *
Germany *	Peace Corp. Bangladesh(USA)	United Nations Population Fund (UNFPA) *
Greece	Romania	United Nations Volunteers (UNV)
Hungary	Russia *	United States Agency for International Development (USAID) *
India	Saudi Arabia	World Food Programme (WFP) *
International Centre for Diarrhoeal Disease Research, Bangladesh (ICDDR'B)	Saudi Fund for Development (SFD)	World Health Organization (WHO) *
International Development Association (IDA) / World Bank		

Notes; Country names only denote formal country representation (Embassies, High Commissions and Consulates).

* LCG members