

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division: SAGF

<b>Technical Assistance (TA) No. and Name</b> TA 4140-BAN: Supporting Good Governance Initiatives			<b>Amount Approved:</b> \$950,000	
			<b>Revised Amount:</b> \$1,100,000	
<b>Executing Agency:</b> Ministry of Finance	<b>Source of Funding:</b> TASF and Governance Cooperation Fund (GCF)		<b>TA Amount Undisbursed</b> \$242,555	<b>TA Amount Utilized</b> \$857,545
<b>Date</b>			<b>Completion Date</b>	
<b>Approval</b>	<b>Signing</b>	<b>Fielding of Consultants</b>	<b>Original</b> 31 May 2004	<b>Actual</b> 31 December 2006
4 July 2003	6 November 2003	January 2004	<b>Closing Date</b>	
			<b>Original</b> 31 May 2004	<b>Actual</b> 27 October 2008
<p><b>Description.</b> The technical assistance (TA) was designed keeping in view of the adverse impact of corruption on poverty reduction and economic growth in Bangladesh. Promoting anticorruption as part of good governance has remained an important element of the Government's reform agenda. To support the growing recognition of the significance of anticorruption in Bangladesh into a credible strategy requires initiatives that provide for (i) economic and poverty impact, by being undertaken in a potentially dynamic segment of the economy where anti corruption initiatives could materially benefit economic growth and reduce poverty; (ii) systemic impact, by replacing the troubling nexus between public and private sector corruption through a private-public partnership on anticorruption; (iii) an effective institutional focus to anticorruption efforts; and (iv) a collective, balanced, and sectorally implementable focus on corruption prevention. Such a strategy is designed to overcome the limitations of a fragmented, piecemeal approach and the lack of sector leverage for a governance program in a challenging governance climate like Bangladesh.</p> <p><b>Expected Impact, Outcome and Outputs.</b> The impact of the TA was to effect Improvements in private credit markets through legal and institutional reforms; and to address public sector anticorruption through a well coordinated and effective institutional focus in laws and regulations in the line ministries with an emphasis on prevention of corruption efforts. The purpose of the TA was to support an integrated anticorruption strategy in Bangladesh through a combination of legal, registry, and public sector institutional anticorruption initiatives.</p> <p>Initially, the TA comprised two parts denoting the broad outcomes. Part A was designed to support governance initiatives in the secured financing market in the private sector and Part B was designed to support public sector anticorruption initiatives. The outputs of Part A were legal reforms, registry reforms, and institutional governance reforms in the secured financing sector through (i) consensus building for a modern legal framework for secured transactions, a new draft secured transactions law for Bangladesh, and harmonization of a modern secured transactions regime with other laws in Bangladesh; (ii) development of an overall architecture for a transparent and electronic registration, and evaluation of a reformed secured transactions registry; and (iii) development of tailored governance indicators in core governance competencies (including integrity and accountability) for self-regulatory certification of secured financing institutions. Part B was to achieve the (i) establishment of anticorruption commission (ACC) and associated legislation, (ii) formulation of a national anticorruption strategy, (iii) institutional coordination in line ministries through public expenditure tracking surveys and governance audits; (iii) training and capacity development on anticorruption. Part C added to the TA was to achieve an (i) assessment of particular operational needs related to the newly formed Judicial Service Commission (JSC), (ii) assessment of the institutional and infrastructural needs of the public prosecution system, and (iii) assessment of the current curricular offerings and needed changes thereto at the leading legal education centers in Bangladesh.</p> <p><b>Delivery of Inputs and Conduct of Activities.</b> The TA had planned for the following inputs: 29 person-months of international and 31 person-months of domestic consulting services. Additional consulting services for Parts B and C were financed by supplementary TA financing of \$100,000 from ADB's TA Special Funds resources. All consulting services for Part B were provided by a firm. Based on the client needs, additional inputs (1.5 person-months) were agreed between the Government of Bangladesh (GOB) and ADB to undertake the detailed work on the ACC implementation plan, in-depth governance reviews, and development of performance expenditure tracking survey methodology. To support the work for the later addition of Part C of the TA, an additional 1.5 person-months of international judicial independence and legal education experts and an additional 2 person-months of domestic consultant time were provided from the supplementary TA financing. The consultants employed the following diagnostic methods to achieve the outputs on (i) primary document research, (ii) original statistical analysis, interviews with experts and officials; and (iii) facilitated group sessions, surveys, and task groups. A majority of the consultant's time was used to conduct interviews for primary data collection. The methodology used by the consulting team proved to be effective in the conduct of TA activities, a combination of both national and international consultants focused on specific parts of the TA's overall terms of references (TORs). There were issues of coordination with the GOB but that had to do with the frequent transfers of key officials. On balance, the TORs for the TA parts could have been more focused. Overall, the inputs led to the achievement of outputs and no significant</p>				

problems in the delivery of inputs or in the conduct of activities were encountered. The EA and ADB remained alert to the implementation issues and thus enabled a flexible implementation modality to provide timely and demand-led inputs.

#### **Evaluation of Outputs and Achievement of Outcome.**

**Part A:** Advice on legal and institutional reforms was furnished to GOB. A study tour to Vietnam was also organized under the TA to sensitize the Ministry of Finance officials. However, legal reforms were delayed due to lack of consensus. The executing agency was satisfied with the quality of outputs provided. Eventually, the finalization of reforms was left to the new government that was to take charge in early 2007.

**Part B:** The TA inception report advised on the development of ACC implementation and sectoral line ministry corruption prevention actions. The interim report (i) refined the ACC implementation plan; and (ii) prepared an outline on national integrity strategy, corruption prevention strategy, governance reviews, and training plans. Subsequent to the extension of TA activities for Part B and **Part C**, the second interim report provided (i) governance review of Ministry of Communications (roads and highways department) and Ministry of Education; (ii) enhanced training plan and public accounting advice; and (iii) review of tax law. Extensive work on the ACC was carried out under the TA but not all the recommendations were implemented, though at the end of the TA implementation a well-staffed ACC was functional. Advice and technical support were also provided to the government for strengthening of the Judicial Service Commission (JSC) and introducing legal education reforms. However, the outcome was not fully achieved due to changed political priorities during the second half of 2006 when the government was preparing for the next election. At the end of 2006, the country faced a political crisis that brought decision making to a halt and things returned to normalcy after the TA closing date of December 31, 2006. Therefore, some of the planned activities and outputs under Parts A and C were not fully completed. However the new Government implemented several reforms after January 2007 that were initially designed and proposed under the captioned TA. The project also faced operational difficulties due to its complex design being managed from the headquarters. The political situation remained fluid due to the polarization and wavering of the political will on the ACC operations. As per the specifications of the TA, the consultants managed to provide conclusions and recommendations that were relevant, practical and, for most part, implementable.

**Overall Assessment and Rating.** Overall, the TA can be rated as successful in terms of achieving the intended outcomes and laying the basis for a comprehensive reform agenda. In technical terms, the TA delivered most of the outputs and also provided a basis for extensive policy dialogue. The technical advice under Part A and Part C was not fully implemented by the previous government due to a shift in the top-level political priorities. Nevertheless, the TA laid the basis for a wide-ranging governance reform menu that was adopted by the new government in January 2007. TA activities were carried out with maximum possible regard to client demand and through engagement with the stakeholders including the development partners and the civil society.

**Major Lessons.** Three specific lessons can be gleaned from the implementation of this TA: (i) flagship projects, such as these, are highly transaction-intensive. In this context, requisite skill-sets within ADB and its resident missions (RMs) are not always available. Therefore, complex TA interventions should be supported by a team of experts ideally located at the RM level; (ii) reform champions and sufficient political will are essential for governance improvements. Whilst the TA provided a good technical and knowledge-based support to the government, several of its recommendations were not fully implemented. Partial reform syndrome is a result when there is insufficient ownership. The engagement of government since January 2007 is a case in point. Most of the TA recommendations were essentially carried forward by the government caretaker that had the political commitment to reform; and (iii) continuous policy dialogue is vital for governance TA and reform projects. The TA's success was a result of intensive dialogue with the government. Hands-on advice by ADB HQ and Resident Mission, as and when needed, laid the basis for post-2007 ownership that was a direct result of policy engagement under this TA.

**Recommendations and Follow-Up Actions.** The logical follow-up assistance to the TA under review was provided by the subsequent approvals of (i) TA 4744-BAN: Preparing the Good Governance Project, (ii) TA 4743-BAN: Supporting Good Governance Initiatives II, and (iii) Loan 2362-BAN: Good Governance Program. Therefore, extensive follow-up to this TA has already taken place. Recommendations based on this technical assistance completion report (TCR) are as follows:

Clarity in outputs, and design and monitoring framework (DMF) are essential for effective implementation. Therefore, the DMF needs to be carefully designed and preferably with the inputs from the government. Related to above, the TA scope and extent needs to be realistic and 'policy over-reach' should to be avoided. In this case, the TA was perhaps too ambitious and strained the thin capacities within the Government. Thus the do-ability of activities and full ownership of the Government have to be kept in view before setting an ambitious agenda.

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**Designation**

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