



Progress Report on Tranche Release

Program Number: 37017
Loan Number: 2362
November 2008

People's Republic of Bangladesh: Good Governance Program

CURRENCY EQUIVALENTS

(as of 24 October 2008)

Currency Unit	–	Taka (Tk)
Tk1.00	–	\$0.014594
\$1.00	–	Tk68.52000

For the purpose of calculations in this report, the rate of \$1.00 = Tk68.5 has been used.

ABBREVIATIONS

ACC	–	Anticorruption Commission
CPA	–	Chittagong Port Authority
CTG	–	caretaker government
EA	–	executing agency
GGP	–	Good Governance Program
IA	–	implementing agency
JSC	–	Judicial Service Commission
MLJPA	–	Ministry of Law, Justice, and Parliamentary Affairs
MOF	–	Ministry of Finance
M&E	–	monitoring and evaluation
NIS	–	national integrity strategy
PMU	–	program management unit
PSC	–	Public Service Commission
RTI	–	right to information
TA	–	technical assistance
TIB	–	Transparency International–Bangladesh
UNCAC	–	United Nations Convention Against Corruption
VCA	–	vulnerability to corruption assessment

NOTES

- (i) The fiscal year (FY) of the Government ends on 30 June. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2007 ends on 30 June 2007.
- (ii) In this report, "\$" refers to US dollars, unless otherwise stated.

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I. INTRODUCTION

1. This progress report outlines progress achieved under the Good Governance Program (GGP).¹ The report reflects the program performance reviews undertaken during April and May 2008 (and agreements reached at high-level meetings chaired by the Law Adviser, Secretary to the Chief Adviser, and Cabinet Secretary during May 2008) and once again in September 2008. This report requests approval, on a no-objection basis, of the release of the second tranche of the GGP Loan, based on full compliance with 16 policy actions and partial compliance with one.

2. The GGP aims to (i) strengthen the ongoing consensus-building on good governance, integrity, and anticorruption reforms; (ii) support judicial reforms, with a focus on the performance, transparency, and accountability of the judiciary, and particularly on its role with respect to anticorruption; (iii) strengthen the Anticorruption Commission (ACC) so that it can better fight corruption; and (iv) bring good governance and anticorruption initiatives into the mainstream within selected sectoral-level agencies to enhance their effectiveness.

3. There are two executing agencies (EAs) for the program: the Supreme Court for that portion of the program that focuses on strengthening of the judiciary, and the Cabinet Division for all other activities. The judicial and executive branches of government are separate, and several policy reforms are to be undertaken by the judiciary; it was deemed necessary to establish two EAs so that responsibilities for attaining outcomes respective to the two branches of government are kept separate. Implementing agencies include the ACC; Ministry of Law, Justice, and Parliamentary Affairs (MLJPA); Ministry of Shipping; Ministry of Establishment; Ministry of Foreign Affairs; and other sectoral agencies.

4. The GGP is a four-year program loan (2007-2011), and is designed to be released in three tranches, subsequent to the Government of Bangladesh meeting the corresponding tranche release conditions. The first tranche (\$50 million) was disbursed upon loan effectiveness in November 2007 as the government fulfilled all policy actions required under the program. The second tranche (\$55 million) is due to be disbursed within 12 months of loan effectiveness and upon satisfactory fulfillment of the corresponding tranche release conditions. The third tranche (\$45 million) will be disbursed within 24 months after the release of the second tranche, subject to satisfactory fulfillment of the corresponding tranche release conditions.

5. To enhance the capability of relevant agencies to implement the policy reforms, and to more effectively manage the program, piggybacked technical assistance (TA) of \$3 million was also approved (Supporting the Good Governance Program).² The TA focuses on the following areas: (i) legal, judicial, and institutional development work; (ii) automation; (iii) program management; (iv) staff capacity enhancement; (v) organizational performance; and (vi) strengthening aid governance management in the central government.

II. DEVELOPMENTS IN BANGLADESH AND PROGRAM IMPLICATIONS

6. The GGP was designed following the national policies and priorities set by the caretaker government (CTG) after it took office in January 2007. The program focuses on key reform

¹ ADB. 2007. *Report and Recommendation of the President to the Board of Directors on Proposed Program Loan and Technical Assistance Grant to the People's Republic of Bangladesh for the Good Governance Program*. Manila. Loan 2362-BAN for \$150 million, and TA 4983-BAN for \$3 million.

² The TA (footnote 1) is being financed by ADB (\$1.5 million as a grant from its TA funding program), the Government of Denmark (\$1.0 million from its Human Rights and Good Governance Program, Phase II), and the Government of Bangladesh (\$0.5 million in cash and kind).

initiatives and institutional realignment initiated by the CTG in three broad areas: transparency and anticorruption, judicial independence, and undertaking a broad set of reforms for democratic governance. The design of the GGP anticipates that key features of the program will be reviewed and revalidated in accordance with the priorities of leaders chosen in the planned December 2008 elections.

7. **Sound Economic Performance.** The Bangladesh economy has proved resilient in the face of multiple economic shocks, such as floods and a cyclone in 2007; an outbreak of avian influenza; and rising prices of petroleum products, food, and other essential commodities. Despite inflationary pressures, sound economic management has enabled the economy to maintain broad macroeconomic stability with strong economic growth; healthy external position; adequate reserves; well coordinated fiscal, monetary, and exchange rate policies; and improvement in business confidence. The gross domestic product grew by 6.2% in FY2008 (this is forecasted to be 6.5% in FY2009). The FY2009 budget earmarks 58.9% of resources for direct and indirect poverty reduction activities. The budget expanded by 17% for allocation to social empowerment and social safety net programs and introduced new programs with large allocations for job creation for the poor. The Government has reemphasized its commitment to implement the national poverty reduction strategy and has adopted the second poverty reduction strategy paper from July 2008.

8. **Ambitious Political and Electoral Reforms.** While a caretaker arrangement cannot substitute for the legitimate exercise of power, Bangladesh finds itself in a unique position, whereby a reform-oriented interim government with popular backing has undertaken a series of unprecedented reforms to improve political governance. The CTG, with the support of a reconstituted Election Commission, is prepared for general elections at the end of 2008 through creation of a new photo attached voter list and implementation of key reforms to the electoral process.³ As of October 2008, a total of 107 political parties, including the major ones, have submitted their applications for registration with the Election Commission. The provision for registration was introduced to bring the political parties under a legal framework to ensure accountability, and the registration was made mandatory for political parties for joining the December 2008 polls. The Government also held municipal polls in August 2008, and has promulgated the National Human Rights Commission Ordinance (which will help establish the first ever human rights commission in Bangladesh).

9. **Privatization Efforts.** Since release of the first tranche of the loan, the Government has initiated major reforms to improve the country's overall governance climate. Privatization of port operations at the Chittagong container terminal and related measures have substantially eased container congestion by reducing the vessel turnaround time from 12.0 to 2.4 days, and the port dwell time for containers from 25.0 to 16.5 days, thereby reducing the cost of container handling by 30%. The revenues of the Chittagong Port Authority (CPA) increased from \$105 million in FY2006 to \$119 million in FY2007. The Government has transformed the Bangladesh Bridge Authority into a Bridge Division, vesting it with greater autonomy in decision making, especially ahead of the construction of the Padma multipurpose bridge project. It has also made the Public Procurement Act (PPA) 2006 and Public Procurement Rules (PPR) 2008 effective from 31 January 2008. Finally, it is considering an integrated multimodal transport policy, which is likely to enhance private sector participation and confidence.

³ For example, the CTG promulgated the Representation of the People (Amendment) Ordinance in August 2008, which makes it mandatory for a political party to register with the Election Commission if it wishes to participate in parliamentary polls. The amended RPO also seeks to ensure financial transparency in election expenses. All major political parties will have to amend their constitutions to fulfill the criteria laid down for registration.

10. The Government has also transformed the state-owned telecom giant—Bangladesh Telegraph and Telephone Board—into a public limited company (and renamed it Bangladesh Telecommunications Company Limited (BTCL)). The aviation industry, which was once dominated by a state-owned monopoly, has had participation and investment from private sector operators. Finally, the Government restructured Biman Bangladesh Airlines into a public limited company by selling shares through the capital market, which eases a significant portion of the Government's budgetary burden.

11. **Regulatory Reforms.** The government has, in a short time, improved the regulatory environment for various sectors, including transforming three nationalized commercial banks into public limited companies and listing four state-owned power and oil companies with the stock exchanges. To streamline and upgrade the business regulatory framework, the government constituted a regulatory reforms commission and created a better business forum. The government also streamlined procedures for land registration and labor export and set up the Small and Medium Enterprise Foundation to pay greater attention to the needs of small and medium-sized enterprises. In the energy sector, reforms include reconstituting the Bangladesh Energy Regulatory Commission, incorporating new power generation and distribution companies, reconstituting the boards of directors of all power sector entities, and approving, in principle, recommendations in the power sector restructuring plan. The World Bank's Doing Business Survey 2009 survey finds that Bangladesh has halved the time it takes to register property (from 425 days to 245) through reforms at the Municipal Deed Registry Office, and has simplified business start-up processes.

12. **Wide-ranging Governance Reforms.** Governance reforms in Bangladesh under the CTG have been significant. Some of the major ones include:

- (i) In line with the declared objectives of the CTG, a national integrity strategy (NIS) framework has been prepared after wide public consultations. The NIS framework details the work that is needed on adopting and implementing integrity standards by all state agencies and institutions. In approving the NIS framework, the Government has committed to providing adequate resources to disseminate and implement the NIS in the short and medium term.
- (ii) The separation of the judiciary from the executive was completed in November 2007. In a related move, the government promulgated a law establishing a neutral Supreme Judicial Commission to recommend judicial appointments to the Supreme Court.
- (iii) The Public Service Commission (PSC) was reconstituted and its selection and recruitment processes improved and made transparent, tackling longstanding corruption and patronage in the PSC process (see also para 26 (xv)).
- (iv) A Local Government Commission Ordinance was promulgated in 2008, and the Commission itself has now been established. All the local government bodies across the country will come under the supervision of the commission and among its authorities it can investigate alleged financial and administrative irregularities in the local government bodies, thus complementing the work of the ACC at the local level.

- (v) Other reforms include: (i) establishment of the Truth and Accountability Commission,⁴ (ii) promulgation of a Right to Information Ordinance, (iii) and promulgation of the National Human Rights Commission Ordinance in 2007, which was made effective from September 2008.

13. **High Profile Anticorruption Drive.** There has also been a sustained anticorruption drive through a reconstituted, well-resourced, and autonomous ACC, with its independence guaranteed through an amendment in the ACC Act, 2004 that declares the ACC to be an “independent, self-governed and neutral commission”.⁵ The ACC has been strengthened through unprecedented budgetary allocations and political support, and its regional offices reorganized. A total of 148 old staff members of Bureau of Anti-Corruption (BAC) have been screened out and sent back to the Government. The organizational structure of ACC has been revamped and provided with a total size of 1,264 staff members. The 53 district offices have been reorganized into 6 Regional and 22 District offices. A total of 537 staff members been reassigned to the regional and district offices, which have also been further strengthened with improved communication and transport facilities. Training efforts by the government in concert with its development partners have enhanced investigation and case management capacity.⁶ Most notably, a high level public awareness campaign facilitated by Transparency International—Bangladesh (TIB) has been launched to complement the high profile prosecution of former prime ministers, politicians, and bureaucrats. The private sector has not been excluded, given its history of colluding with the political executive. Since late 2007, private firms that have colluded with corrupt members of the executive have also been investigated and prosecuted. According to the TIB’s National Household Survey 2007 on Corruption in Bangladesh, corruption had decreased in some sectors, while it had shown a rise in others.⁷

14. Across the country 114 people, including 70 politicians, have so far been convicted of corruption by the special judges’ court under the anticorruption drive of the CTG. As of October 15 2008, the ACC has lodged 710 cases; 495 of those cases are under investigation, and charge sheets in 84 cases await the commission’s approval. The High Court has so far stayed the proceedings of 632 cases. The charge sheets of 262 cases have been submitted to the Dhaka special judges’ court for trial. Trials of 37 cases have been halted following stay orders issued by the High Court. Meanwhile, the ACC has started discussions with the ministries to contain sector-level corruption by drafting lists of tasks for immediate action.

15. **Improved Executive and Judicial Accountability.** For the first time, civil servants and judges have been directed to fulfill the statutory requirements of submitting declarations of wealth and assets. This has helped promote a culture of transparency and internal accountability within the executive and judicial branches. Furthermore, pre-existing (but unused) mechanisms for handling complaints have been revived in most ministries. This process will be

⁴ The Truth and Accountability Commission provides corruption suspects with an avenue to avoid imprisonment in exchange for confessions and surrender to the state of their illegally earned wealth, or the equivalent amount in cash. The commission has been created to relieve the state and the judiciary from the overwhelming burden of adjudicating a large number of graft cases. People convicted by the commission will be barred for 5 years from contesting in elections to any public office. As of 25 September 2008, the commission had heard 103 graft-accused, while a further 252 (including 218 government officials and 8 businessmen) have applied for disclosure. The level of self-reporting could be higher, but it is a solid start.

⁵ Amendment of sub-clause (2) of clause 3 of Act 5 of 2004 vide Ordinance No. XXXIV, 2007, Government of Bangladesh, dated 21 November, 2007.

⁶ For instance, since 2007, the Government of the United Kingdom and Transparency International have collaborated with ACC to provide intensive training to enhance the investigative skills of ACC staff.

⁷ National Household Survey 2007, Transparency International Bangladesh (published in Dhaka, June 2008). On the whole, however, the TIB report says both these movements had “hardly any statistically significant implication” on the level of corruption existing in society.

implemented by local governments in the future. To improve sector governance, vulnerability to corruption assessment (VCA) exercises were completed for the CPA and Bangladesh Railway, and the Government is currently engaging in similar exercises in the health, education, and power sectors.

16. **Engaged Civil Society and Media.** In addition to the Government's actions, the vibrant civil society and a relatively free and robust media have continued to highlight cases of corruption and mismanagement across the country, and there are already mechanisms in place at the local level that should give an impetus to demands to address corruption. The work of the TIB-supported Committees of Concerned Citizens is a key example of this process. Overall, civil society and media have played a major role in providing policy inputs and steering the domestic post-2006 reform agenda.

III. PROGRAM PERFORMANCE AND STATUS OF POLICY ACTIONS

A. Summary of Progress

17. Since 2007, a high level of Government ownership has enabled the GGP to become an umbrella framework for governance reforms in Bangladesh. The GGP EAs and implementing agencies (IAs) have carried the agenda forward with the active support of the country's development partners, notably the Danish International Development Agency, United Nations Development Programme, and the Department for International Development of the United Kingdom. Given decades of entrenched governance patterns, the program has made commendable achievements within a short time span, especially with respect to the core reforms of (i) improving the ACC, (ii) setting up of the independent attorney service, (iii) promoting transparency, and (iv) providing a policy and legal basis for the reforms, with substantial increases in budgetary allocations slated for the next few years. In addition, reforms within sectors and in the manner in which the executive functions have led to a high degree of compliance with the second tranche policy actions noted in this report.

18. Overall, progress is marked by five features: (i) government ownership; (ii) formulation of a national integrity framework; (iii) promising signs of deepening judicial reforms; (iv) positive trends in underlying budgetary reforms in support of the judicial sector; and (v) impressive, albeit recent, progress in establishing new institutions for administrative justice. All five features are summarized below.

19. **Increased Ownership of Reforms.** When the GGP commenced, ownership of the reforms was not widely shared within executive agencies, notwithstanding commitment to reforms at high levels of the government. Because of the transient nature of the CTG, there was resistance from various quarters to advancing the national agenda on anticorruption, transparency, and integrity systems. The program has helped foster debate on key governance issues, and will increase its profile by providing technical and policy support to the future elected leadership and by continuing a dialogue with the various levels of government. The CTG advisers and senior policymakers within the civil service have taken an increased interest in progress on governance reforms; more recently, the high profile workshops on the NIS attended by senior government officials testify to increased ownership of GGP reforms.

20. **Formulation of National Integrity Strategy.** The GGP design noted that a first step in ensuring a strong governance reform regime involved formulating and implementing the national integrity strategy (NIS), which is at the core of the good-governance agenda. Articulation of the NIS under the GGP has been based on the premise that good governance is fostered by

encouraging and facilitating a dialogue among key participants—including civil society, academia, government, and politicians—to build a broad national consensus on how to deal with corruption and poor governance. The GGP has enabled the Government to prepare the framework of a nationally owned and well-resourced NIS. The GGP provided technical support to the Government in the preparation of a policy framework for a broad-based NIS, and will help steer its implementation across different sectors and levels of government in the next 3 years. The NIS framework that has been designed has been extensively debated in the national media and given considerable coverage. This is good for the strategy design process as it brings the process into the public eye.

21. Strengthening of the Justice System. In a relatively short span of time, the Government has implemented several rulings by the Supreme Court demanding that the judiciary (primarily at the local level) be independent of the executive. Concurrently, the Supreme Court has increased the transparency and accountability of the judiciary itself. Furthermore, the Judicial Service Commission has worked efficiently to recruit the judicial officers needed to implement the separation policy. Since November 2007, the Supreme Court has assumed administrative functions, including direct supervision and control of the subordinate judiciary, judicial magistrates, and administration of the criminal justice system. The Judicial Service Pay Commission has also reviewed judicial remuneration and sent proposals to the executive for endorsement, and the Ministry of Finance (MOF) has allocated additional funding for the same.

22. To improve the process of how Supreme Court judges are appointed, the government has enacted special legislation as mandated by the Constitution that ensures a merit-based and consultative recruitment process. To further bolster accountability, in May 2008 the Contempt of Court Law was amended to provide for fair comment on Supreme Court rulings that would formerly have been covered by the stringent provisions of the Contempt Law.⁸ Finally, the legal basis for a permanent attorney service is now in place, addressing a major bottleneck to adjudication of cases.⁹

23. Improved Resource Allocations for Reform Implementation. Overall budget outlays on the judiciary—sessions courts and civil courts—have improved significantly since the GGP commenced. Revised estimates indicate that the total budget outlay for the judiciary¹⁰ increased from Tk2,400 million in FY2007 to Tk2,980 million in FY2008. Since the GGP began, impressive allocations have been made for the ACC. The original budgetary allocation for ACC for FY2008 was Tk152.7 million, which increased 73% (to Tk263 million) after the inception of the GGP.¹¹ This enabled the ACC to strengthen facilities in its local offices. Similarly, a substantial block allocation of Tk500 million is being made available for all development schemes for FY2009, including infrastructure development for the subordinate judiciary. The Development Project Pro-forma of the concerned project titled Construction of Chief Judicial Magistrate Court Building of 64 Districts Headquarters in Bangladesh has been submitted to the Planning Commission and the meeting held on 6 July 2008 revised the cost estimate of the project at Tk14,608.40 million for the 6-year period (October 2008 to September 2014). The GGP has enabled the government to implement its policy and legal commitments by making additional resources available to relevant agencies.

⁸ Contempt of Court Ordinance (Ordinance XXI of 2008).

⁹ Government Attorney Service Ordinance 2008 (Ordinance XIX of 2008).

¹⁰ This includes the allocations for the MLJPA and the Supreme Court, because the expenditure commitments for subordinate judiciary are reflected under the MLJPA budget.

¹¹ The total budget for ACC in FY 2007 was nearly Tk89.8 million. Resources for ACC have almost trebled, indicating the government's commitment to making ACC an effective institution.

24. **Stronger Focus on Administrative Justice.** In Bangladesh administrative justice has historically been constrained by the ability of the executive to resist basic reforms. The GGP has facilitated the establishment of grievance-handling mechanisms in line ministries, and initiated corruption vulnerability assessments in key areas. Time and again the Government has publicly expressed its commitment to establish the Office of Ombudsman (this commitment is also reflected in the NIS framework document already approved by the Government). The GGP will initiate dialogue with the incoming elected government to ensure that the office is finally established. Overall, this progress in a key element of the GGP reform agenda demonstrates that a comprehensive legal and institutional framework to increase access to administrative justice is being established.

25. Since early 2007, the pace of reforms has been unprecedented, whereby a homegrown comprehensive reform program has been devised and implemented with strong public support in Bangladesh. Building on domestic momentum, the GGP attempts to promote partnerships and appropriate sequencing of the reforms. Therefore, this progress report details both the governance achievements against the tranche conditions, and measures that were not included in the GGP policy matrix (see Section II). The GGP design allowed for compliance with second tranche policy reforms within 12 months of first tranche release (November 2007). However, even by mid-2008, it had already complied with almost all policy conditions. At this moment, the Government's full compliance with 16 of 17 tranche actions, and partial compliance with the remaining one, merits recognition through provision of additional assistance. This will help with compliance of third tranche actions by the incoming elected government to sustain and institutionalize the reforms.

B. Second Tranche Policy Actions

26. **Tranche 2 Policy Actions.** Appendix 1 contains the policy matrix for the program, and Appendix 3 summarizes the status of the policy actions under the GGP. As mentioned earlier, of the 17 policy actions, 16 have been fully complied with and one (on the approval of a detailed NIS) has been partially complied with. Work on this one policy action is ongoing in earnest, and the incoming elected government in January 2009 will be able to build on the framework document that has now been approved by Government.

- (i) **Condition 1. Cabinet to approve and publish the NIS, including a detailed time-bound action plan, with resource allocation, for both central and local governments, to implement the NIS. (Partially complied with.)** The Government has approved a vision and policy framework guiding the NIS, which was prepared with the assistance of Bangladesh's leading governance think tank (the Institute of Governance Studies) in association with the largest civil society network (the Bangladesh Rural Advancement Committee). The NIS framework lays down the parameters of an integrity strategy that specifies broad, institution-specific measures to achieve the NIS goals. This policy action is only partially complied with since it currently lacks a detailed action plan, and the detailed strategy and its implementation arrangements are being discussed.¹² One of the realities of the political situation at the moment in Bangladesh is that the CTG cannot tie the hands of the incoming government with such a resource-intensive

¹² The NIS Framework document is available for public review in the website of the Cabinet Division (Available: <http://www.cabinet.gov.bd/index.php?lang=en>).

and complex strategy which needs to be implemented.¹³ Extensive public consultations have been held across the country during formulation of the NIS framework in an effort to build broad-based support, and this is expected to continue in the months to come as the NIS itself is being finalized. This is strongly required in order to ensure that this is not a typical executive decree; as such, the NIS will seek to build support from political parties, academia, civil society, local groups, and other stakeholders in Bangladesh. A two-stage process has been adopted whereby government approval of a national vision and policy framework will be followed by approval of institutional and sector-specific integrity systems. The approval of the NIS framework was preceded by extensive coverage in the national media.

The NIS policy framework focuses on key areas such as: (a) approving a vision on integrity in the public sector in Bangladesh; (b) making effective use of nongovernment organizations and the media to generate demand for integrity in government operations; (c) strengthening current internal accountability measures in public sector agencies; (d) assigning a role for an ombudsman's office; (e) ensuring that government improves the right to information framework to encourage the private sector, the media, and others to scrutinize every aspect of government decision-making; and (f) determining strategic measures against all forms of corruption at all levels (i.e., ensuring that, to the extent practical, all types of corruption are addressed).

- (ii) **Condition 2. Ministry of Law or Parliament Secretariat to gazette the amended Anticorruption Commission Act, aligned to the United Nations Convention Against Corruption (UNCAC). (Fully complied with.)** In line with the action in condition 3 (see para. iii below), the government amended the ACC Act on 27 November 2007 to make the ACC an independent and self-governing body. The ACC has also been given control over its own budget and expenditures. The government now transfers resources through single line budgets, allowing the ACC autonomy in setting priorities and making plans.
- (iii) **Condition 3. Ministry of Law to finalize gaps analysis of Bangladesh legal framework vis-à-vis the UNCAC. (Fully complied with.)** In line with its commitments after signing UNCAC, the Government conducted an analysis to assess the gaps that existed between Bangladeshi national laws and procedures and UNCAC requirements. The gaps analysis was completed under the supervision of the MLJPA with active participation of the ACC, ministries of foreign affairs, finance, planning, and home affairs, as well as the Cabinet Division, Bangladesh Bank, the Office of the Attorney General, and the Law Commission. The report has highlighted where action is required.

¹³ This is similar to the policy argument that all ordinances have a shelf life of 30 days from the first session of Parliament, by which time they have to be reviewed by Parliament for formalization as an Act. Given that the legislative reforms that the CTG has made in its tenure of 2 years will be reviewed by the incoming Parliament, it is also acceptable to give the incoming government an opportunity to help direct the actual specification of the NIS. As it is, the framework document does lay the parameters within which the broad-based NIS will be specified. Finally, a detailed NIS is currently being disseminated to the bureaucracy so that there may be broad debate and internal discussion on the NIS in time for the bureaucracy to respond properly to the incoming government's approach to the NIS.

- (iv) **Condition 4. Cabinet Division, through Ministry of Law, to gazette all revised ACC rules of procedure incorporating the amendments to the 2004 ACC Act. (Fully complied with.)** During 2007, the ACC rules were revised twice (29 March and 26 November) to ensure that the ACC has substantial autonomy and independence in its operations. Since December 2007, executive decisions and administrative arrangements have propelled the ACC towards being an independent, self-governing, and impartial entity. This has allowed the ACC to take actions such as appoint needed staff and formulate service rules, although it must still consult the PSC regarding salaries and other benefits, including pensions. Under the new law and rules, the ACC has reassigned staff across its various field offices, determined promotion criteria, and set incentive awards for good performance. In September 2008, the ACC, for the first time since its inception in 2004, submitted its Annual Report to the President.
- (v) **Condition 5. Ministry of Finance to increase allocation for development budget of ACC with sufficient funds to allow it to implement its decentralized set-up and its community outreach program. (Fully complied with.)** In response to ACC's request, a total of Tk69 million was allocated by the Ministry of Finance (MOF) in the revised FY2008 budget to provide the resources to strengthen ACC's field office operations. Vehicles have been provided to these offices for the first time for effective local level follow-up, investigation, and prevention work. Overall, the total budget for ACC in FY2007 was approximately Tk90 million, which increased to Tk263 million during FY2008. The GGP provided the requisite policy support to increase ACC allocations to enable it to carry out its field operations. Since the release of the first tranche, ACC has revitalized its local offices across Bangladesh, and has improved mandates, transport facilities and resources, and streamlined working processes. To increase operational efficiency, ACC has reorganized its field operations by realigning its 53 district offices into 6 regional hubs managing and monitoring 22 district cluster offices. Manpower planning has meant that 537 staff members have been reassigned to regional and district offices.
- (vi) **Condition 6. Judicial Service Commission to complete entry examinations for 100 assistant judges. (Fully complied with.)** Contrary to earlier fears, the independence of the judiciary has been quickly institutionalized with the requisite political will. The Judicial Service Commission (JSC) has exceeded the expectations set out at the program design stage by recruiting 394 (compared to the tranche 2 condition of 100) judges to meet the demand of the subordinate courts that are now under the full control of the Supreme Court. The commission has also started a process of selecting an additional 207 candidates for appointment as Assistant Judge/Judicial Magistrate; preliminary testing for candidate selection will be held in December 2008.
- (vii) **Condition 7. All judges of subordinate courts to submit a declaration of assets and wealth statement to the Office of the Registrar. (Fully complied with.)** Under GGP-led reforms, the Supreme Court urged all judges to submit declarations of wealth and assets under the existing law. This essential internal accountability mechanism had gone into disuse over the course of many

decades, thwarting judicial accountability. As of October 2008, 913 out of 927¹⁴ subordinate court judges had submitted their declarations, thus reviving a fundamental feature of the existing accountability process. The challenge for the next phase of the GGP is to continue this practice and provide necessary technical assistance to maintain an easily accessible database and management information system for regular tracking and supervision.

- (viii) **Condition 8. Ministry of Law or Parliament Secretariat to gazette legislation prescribing specific qualifications for the recruitment of Supreme Court judges. (Fully complied with.)** In compliance with an agreed policy action, the government on 13 March 2008 promulgated a landmark ordinance with advanced scope and features. It provides for a Supreme Judicial Commission with detailed criteria¹⁵ for the recruitment of Supreme Court judges based on merit, competence, and education through a broad-based nine-member commission, which represents different stakeholders representing the executive and judiciary. By enacting this law, Bangladesh has established a new precedent in South Asia, where judicial appointments take place with limited stakeholder input.¹⁶ This is a noteworthy achievement. A Supreme Court judgment dated August 2008 declared the Ordinance as lawful, adding that it was binding upon the President to accept the recommendation of the Supreme Judicial Commission relating to appointment of judges in the Supreme Court.
- (ix) **Condition 9. Ministry of Finance to allocate sufficient budget to meet the increases in special allowances that may be recommended by the Judicial Service Pay Commission and approved by Government. (Fully complied with.)** The new Judicial Service Pay Commission was established by the CTG to implement independent reform of the judiciary. The Commission finalized its report in the first quarter of 2008 and submitted the recommendations to the executive. While Government has yet to formally accept the recommendations of the Commission, the revised budget estimates for FY2008 reflect additional expenditures required for the judiciary. A separate allocation of Tk370 million for judicial salaries was made in the revised budget for FY2008 in response to the requirements of the judiciary, after the latter became independent from the executive. In the forthcoming FY2009 budget, Tk950.3 million will be allocated for district and subdistrict judicial officers. Overall, and as part of the recommendations of the Judicial Service Pay Commission, the government has increased the “dearness allowance” in the FY2009 budget by 20% across-the-

¹⁴ In mid-May 2008, there was a 93% compliance (or 859 submissions) to this requirement of asset declaration. By the end of the month, 44 more submissions had been made, and by mid-June, the number had gone up to 913. It should be added that 3 judges have resigned since the inception of GGP; 6 have inquiries pending against them; and 5 are outside the country (for studies and/or training) and will submit the forms when they return.

¹⁵ Section 5 of the new law states that before recommending a candidate for appointment the commission shall discuss in detail the eligibility of concerned candidates in respect of their educational qualifications, professional skills, judicial skills, seniority, honesty, integrity, and other relevant qualifications. Furthermore, in order to select a competent person, the commission may take a *viva voce* of the concerned candidate, and may invite any person concerned for opinion and advice.

¹⁶ The Supreme Judicial Commission will have 9 members and will be chaired by the Chief Justice. Other members include: law minister, law secretary, attorney general, two senior most judges of the Appellate Division, two lawmakers—one to be nominated by parliament and the other by the opposition leader—and president of the Supreme Court Bar Association. The composition shows: (i) membership from the executive, (ii) a role for Parliament, as well as (iii) a role for the Opposition Leader.

board for all civil servants, including those from the judiciary, and has increased the robe allowance for judges by 43% from this fiscal year onwards.

- (x) **Condition 10. Ministry of Finance to allocate sufficient budget to meet the approved development expenditures for district courts to implement the policy of separation of the judiciary from the executive. (Fully complied with.)** To ensure independence of the judiciary from the executive requires the provision of additional facilities. Facility needs have been reviewed by the Supreme Court, which worked in tandem with the executive departments in determining needed additions to courtrooms and other facilities. Through the active support of various agencies, architectural plans have been prepared for additional local-level judicial facilities. The relevant project has been included in the Annual Development Plan of 2008–2009 and the Government has reserved a block allocation of Tk500 million for development schemes including the construction of 64 Chief Judicial Magistrate Court Buildings. The Development Project Pro-forma (an internal government document) of the concerned project for the full six years is currently being reviewed by the Executive Committee of the National Economic Council. The revised cost of construction over six years has been determined to be Tk14,605 million. In the following years, new courtrooms in all the 64 districts are expected to be constructed, thereby empowering the subordinate courts and improving local dispensation of justice. It should be noted that the senior judiciary (the Appellate Division of the Supreme Court) in July 2008 issued a directive that all agencies of the Government should take immediate steps to complete this project at the earliest.¹⁷ In the meantime, to ensure that courts are not hampered by resource constraints in their operations, the Government has more than doubled the allocation for administrative expenses for judicial magistrate courts at the metropolitan as well as district and upazilla levels (from Tk418.6 million to Tk950.3 million).
- (xi) **Condition 11. Supreme Court to publish 2007 *State of the Judiciary* report, including results of annual random inspection and monitoring activities of district courts. (Fully complied with.)** Under the GGP policy framework, following the high level commitment within the Supreme Court, the first ever Annual Report of the Supreme Court¹⁸ with relevant data on judicial performance, was prepared in early 2008 and published in May 2008 with a high profile launch. This groundbreaking report includes details on the monitoring of the subordinate courts by Supreme Court judges. The report also highlights landmark judgments issued by the Supreme Court during the last year. Work on the 2008 annual report is ongoing, and subsequent phases of the GGP will help the Supreme Court improve the content, make it widely available via the Internet, and institutionalize it within the court's administration.
- (xii) **Condition 12. Ministry of Law or Parliament Secretariat to gazette legislation for the creation of an independent and competent prosecution (or attorney) service. (Fully complied with.)** In the past, an ad hoc approach to prosecution marred the system of justice in Bangladesh as there was no provision for attorneys and prosecutors that were permanent in their positions

¹⁷ According to the Constitution of Bangladesh, this order of the Court is binding upon all authorities and its violation can result in contempt of court proceedings.

¹⁸ Annual Report on the Judiciary, 2007, published by the Supreme Court of Bangladesh on 31 May 2008.

and that were neutral, thus delaying and distorting adjudication of cases. Further, the appointment of attorneys was heavily politicized, rendering this executive function a means of patronage for political ends. The Government on 15 May 2008 promulgated the Government Attorney Service Ordinance, 2008, that allows for recruitment of professional government attorneys on a permanent basis on the recommendation of the Bangladesh Public Service Commission. A new office called the Department of Attorney Service, headed by a Director General, has been established. In combination, these improvements have the potential to significantly improve the justice system. Future assistance by the GGP will focus on ensuring the new attorney service is fully functional, as envisaged in the third tranche condition.

- (xiii) **Condition 13. Shipping Ministry to approve a strategic plan for action on reforms at the Chittagong Port Authority. (Fully complied with.)** Given the importance of the Chittagong Port Authority (CPA) to the economy of Bangladesh, efficient and corruption-free trade facilitation has emerged as a major priority for the CTG. Operation of the Chittagong container terminal was taken over by the private sector during 2007; in combination with other policy measures this reduced vessel turnaround times from 12.0 to 2.4 days, and reduced the cost of container handling by 30%. Under the GGP, the CPA's anticorruption strategy was refined and finalized. A VCA corroborated the various components of the anticorruption strategy. The Ministry of Shipping on 10 June 2008 approved a comprehensive plan for strategic reforms at the CPA, which will provide a legal and policy basis for CPA's staged evolution from a terminal operator to a landlord and a regulator that will sustain recent successes in engaging the private sector in port operations. Furthermore, CPA will be reorganized for efficiency and improved accounting and auditing systems, and with high-level commitment to improve its internal governance, it will help immeasurably in lowering the cost of doing business in the country.
- (xiv) **Condition 14. At least 50% of line ministries to establish easily accessible grievance handling mechanisms. (Fully complied with.)** During GGP design, the government noted that executive agencies, especially line ministries, needed to revive and strengthen their procedures for handling complaints. Since the release of the first tranche in November 2007, the Cabinet Division has taken the lead in implementing this important policy reform. All line ministries now have specially designated focal persons to handle public grievances; process improvements (such as monthly monitoring meetings, regular reporting to the Cabinet Division, and posting of the name of focal persons on ministry websites) are being initiated. The program review in May (with updates provided in October 2008) showed that while the dataset is patchy, roughly 50% of grievances have not been disposed of in government agencies.¹⁹ Modifications to official procedures require time to be institutionalized, which is why support will be provided through GGP TA resources for public awareness campaigns and establishment of tracking systems to ensure that agency grievance handling mechanisms are fully utilized.

¹⁹ The program review found that, in general, the number of complaints varies widely in line ministries. At the Chief Adviser's Office, e.g., 2,329 complaints were received by the middle of 2008; of these, 42% were resolved. Over time, capacity development initiatives and the changes in institutional culture will lead to greater public trust in executive agencies. Establishment of the institutional framework sought in the GGP is a first step.

- (xv) **Condition 15. Public Service Commission to approve revised exams for civil servants to make their entry and promotion more transparent and merit-based. (Fully complied with.)** The examination process and methodology have been made more transparent and merit-oriented through revision of the examination rules in early 2008. The government has reconstituted the PSC and introduced technical panels to select suitable candidates for government jobs, especially when recruiting sector specialists in technical ministries. In addition, the Bangladesh civil service (cadre) recruitment rules have been revised to ensure transparency and merit-based selection to a greater extent. For instance, the pass mark for written examinations has been raised from 45% to 50%, while to reduce discretion on the part of interviewers the *viva voce* rating has been halved from its original value. Among other concrete steps to find better candidates, the commission has introduced a system of deducting 50% of the marks for wrong answers in the multiple choice questions (MCQ) objective-type part. Civil service candidates can now review the marked examination papers and seek a recount of their scores, while in an effort to minimize interference in the selection process interviewers can no longer take mobile phones into the examination hall. Proposals to review the recruitment quota system have been studied although it will require substantial political commitment to get this reform through. This matter is to be covered in Tranche 3 in the GGP.
- (xvi) **Condition 16. Government to publicly announce its decision to establish a national Office of the Ombudsman. (Fully complied with.)** Bangladesh is the only South Asian country not to have an office of the ombudsman. Article 77 of the Bangladesh Constitution provides for such an office, and the government passed the act needed to establish the office in 1980, but the office has yet to be established. Under the GGP reform drive, the government has publicly reiterated a strong role for an Ombudsman's Office to improve citizens' access to grievance redress mechanisms (including through its inclusion in the NIS Framework document which the Government has approved). The creation of this office will provide an additional check on mal-administration and corrupt practices. The GGP will enable the government to finance and fully establish the office in the foreseeable future. Technical support is also envisaged under the GGP to help create the systems needed for the effective operation of the office.
- (xvii) **Condition 17. Ministry of Law or Parliament Secretariat to gazette the Right to Information Act. (Fully complied with.)** To enhance transparency and good governance, the CTG announced its strong commitment to initiate a right to information (RTI) regime that would undo the long-standing culture of secrecy and public decision making by narrow, elite interests. Bangladesh's vibrant civil society assisted by presenting proposals on the RTI law. The CTG held wide consultations with citizens and various interest groups and also posted the draft RTI law on the Government website. Notwithstanding various internal pressures, the Government on 20 October 2008 gazetted the RTI Ordinance.²⁰ This is a significant achievement, as for the first time in Bangladesh there is scope to exponentially increase the level of transparency in Government operations.

²⁰ In tandem with the RTI, the CTG has also drafted laws on different local government bodies, incorporating provisions for people's access to information, and punishment for refusal to give the information.

- (xviii) **Non-tranche release condition. Power Division, Ministry of Communications, Ministry of Education, and Ministry of Health to complete VCAs in their respective sectors. (Work currently ongoing.)** Drawing from the utility of the VCAs prepared for the CPA and Bangladesh Railway, work on the VCA exercise has commenced for the Power Division, Ministry of Communications, Ministry of Education, and Ministry of Health. In order to maximize acceptance of the results of the exercise, the Asian Development Bank has continued to engage these ministries, and developed appropriate terms of reference, taking into the account the opinion of various stakeholders; this explains the partial compliance for this non-tranche release condition. The work is expected to be complete by early 2009.

27. Finally, as per Attachment 3 to Schedule 3 of the loan agreement, the Government also confirms that conditions satisfied under the first tranche are being maintained.

IV. PROGRAM IMPLEMENTATION

28. **Performance of Program Management Units.** Program implementation arrangements have facilitated flexible process- and demand-driven approaches to policy dialogue, overall work planning, and determination of TA grant investments. The program has influenced other programs supported by funding agencies—in particular those receiving assistance related to anticorruption activities—to adopt design and implementation methods consistent with the GGP. Dedicated PMUs with staff in the Cabinet Division and the Supreme Court are leading coordination related to reform implementation. The Program Steering Committee (chaired by the cabinet secretary) has guided the process and laid out the program's priorities and sequencing. In addition, the highest officers of the country—the secretary to the chief adviser and the cabinet secretary— have played a vital role in meeting various targets under the GGP. Similarly, the registrar of the Supreme Court, with the full support of the chief justice, has provided the impetus needed for timely implementation of GGP priorities through the PMU. Unlike their counterparts for other externally assisted programs, the program management units (PMUs) are incorporated into the existing government units within the organizational structure of both the Cabinet Division and the Supreme Court, and are not temporary, project-specific arrangements. Intensive capacity development of the EA staff will be a goal for the next phase of GGP reforms, to ensure they can provide direction and leadership beyond the end of the program. The PMUs are being supported by one long-term Program Manager each.

29. **Multi-stakeholder Performance Review.** A program review led by the Bangladesh Resident Mission was undertaken in May 2008 that involved government stakeholders, civil society representatives, and selected members of academia. The program review coincided with the country programming mission for Bangladesh, allowing for high-profile, intense rounds of policy dialogue and joint assessment sessions on the reforms initiated by the government, including the second tranche policy actions specified in the GGP. The overall feedback of stakeholders was encouraging, especially from the Institute of Governance Studies, TIB, and those outside government. However, concerns were expressed regarding the sustainability of reforms in the absence of continued capacity augmentation in the agencies and continued engagement with the government. These consultations also indicated that dialogue on GGP reforms would need to be intensified through public consultations and with the forthcoming political executive after the December 2008 elections.

30. **Capacity Development under the Good Governance Program.** Since the launch of the GGP, various capacity development initiatives have been supported by ADB's TA projects.

To maximize TA effectiveness, ADB's ongoing governance-related TA projects were realigned to support the policy and institutional reforms under the GGP.²¹ Coincident with approval of the GGP, the representatives of the Supreme Court and the JSC undertook a study tour to various South Asian countries to examine pay structure and judicial administration systems, as the government intended to bring new reforms under the GGP. GGP TA has also supported the skills enhancement at JSC by providing TA for English language phased training courses conducted by the British Council. Furthermore, the ACC public awareness and outreach campaigns and ACC automation have also been assisted under the ongoing program and related TA. In particular, the ACC has received assistance to create an automated networking environment with its regional and local offices. Under GGP, a comprehensive training program for ACC has also been approved and will be implemented from November 2008 onwards. The PSC has also been assisted to review the state of civil service reform and recruitment procedures in Australia and Malaysia. The program review and meetings of the steering committee have also been useful venues for initiating capacity-oriented dialogue with the multiple agencies involved in GGP implementation. The second tranche policy actions set the policy framework for future capacity-development initiatives for the sustainability and workability of the reforms carried out so far. After the release of the second tranche, program implementation will enter into a more robust capacity-development phase.

31. **Program Monitoring.** The agency-specific monitoring and evaluation (M&E) framework and systems have been prepared only recently, but active monitoring of policy reforms has enabled the program to anticipate key issues and respond through technical advice on the GGP reform agenda. Feedback on the progress and need for realignment of recent reforms has also been received during stakeholder consultations on formulation of the NIS. The iterative M&E system is being developed based on existing monitoring indicators and approaches to verification used by the IAs. Bi-annual monitoring of GGP outputs will culminate in an annual evaluation (December 2009). In addition, a biennial survey will assess trends across GGP outcomes. Thus far, monitoring data has been used to prepare the report of the Supreme Court as well as inform the Program Steering Committee on implementation issues, including progress in implementing the TA project. The recent high level political interest in judicial reforms has illustrated to the Supreme Court how an effective M&E system can influence decision makers, as well as support management decisions, resulting in a more favorable response from the executive. The engagement of full-time, long-term program managers for the two GGP EAs will contribute to active program monitoring.

32. **Budgetary Tracking.** Through its regular internal reporting MOF is tracking the disbursement and utilization of funds by specific IAs under the GGP. In this instance a separate tracking mechanism would have burdened and/or distorted the existing budget management process. MOF provided for increased allocations to relevant agencies in March 2008 through the revised FY2008 budget. These revisions were made in response to demand from, and based on, the priorities of the IAs, and were needed to cover costs related to specific reforms (e.g., establishment of an independent judiciary, strengthening of ACC local offices, public awareness campaigns, and upgrading of the PSC's systems and offices). During the program review, extensive discussions were held with MOF regarding budgetary tracking, and the GGP also provided inputs on allocations related to governance reforms for the FY2009 budget.

²¹ ADB's South Asia Governance, Finance and Trade Division realigned the ongoing governance TA projects with the requirements of the GGP. The scope and sequencing of TA for Supporting Good Governance Initiatives II (4743-BAN) and TA for Preparing the Good Governance Project (4744-BAN) have been revised subsequent to the inception of the GGP to effectively support the latter's objectives and outcomes.

33. **Donors' Support.** BRM has been actively seeking donor cooperation and coordination on governance-related activities. A governance group, chaired by the Department for International Development of the United Kingdom, meets on a bi-monthly basis to discuss governance developments and enable inter-donor cooperation. The GGP was designed through a process of extensive consultations, and development partners in Bangladesh have been kept informed regarding implementation progress. The Danish International Development Agency is cofinancing the piggy-backed TA to the GGP, and participates in program review activities.

V. CONCLUSION

34. The GGP is a unique government program. Since its design and inception one year ago, it has already influenced governance reforms in many areas by contributing to (i) policy and promotion of a dialogue on long-term national integrity, (ii) improvements in the justice system, (iii) legal frameworks for transparency and openness, and (iv) a revival of public sector internal accountability systems. In each instance, the legal and institutional arrangements have been backed with resources due to the fiscal space created by the GGP. Thus far, the GGP remains a well-managed program under the joint leadership of the Cabinet Division and Supreme Court (and their committed teams), along with full-time, long-term national consultants.

35. The program's success in generating demand for reform-centered capacity development across a very diverse range of IAs has been an achievement. The GGP also provides a useful framework for other development partners who can design their interventions around its core themes and outcome areas. The succeeding phases of GGP are likely to deepen the reforms through institutional strengthening and sustained policy dialogue with the government.

36. Given the notable progress against the second tranche policy actions, and the imperative of incentivizing the incoming government to continue with reforms and to meet the costs for the third tranche policy actions, the release of second tranche is crucial. In the succeeding phase of the GGP, the government will fund (i) an independent and full time attorney service; (ii) establishment of an ombudsman's office; (iii) strengthening of the human resources and infrastructure of an independent judiciary; and (iv) improving sector governance, especially that of the CPA. In addition, meeting the specific capacity development needs of the IAs is critical, and will require timely provision of resources and incentives to the lead agencies, particularly the ACC and the judiciary, in order to deepen the reform process.

37. The GGP design and loan agreement have identified the reform costs during the second phase of the program and the need to provide resources to the neglected agencies tasked with public sector accountability and oversight. In addition to assisting the government meet the resource and capacity gaps, releasing the second tranche would be a decisive step that would serve to (i) provide an incentive to the incoming elected government to continue the reform process; (ii) send a message to other development partners in Bangladesh of continued ADB commitment to governance reforms; and (iii) allow for institutional strengthening, without which policy reforms can be easily reversed.

VI. RECOMMENDATION

38. In view of the substantial progress made in the implementation of the Good Governance Program, as evidenced by the compliance with 16 tranche release conditions, and partial compliance with one tranche release condition, the President recommends that the Board approve, on a no-objection basis:

- (i) the waiver of full compliance with one tranche release condition, which has been partially complied with and which shall be fully complied with by the last tranche release; and
- (ii) the release of the second tranche in the amount of SDR35,900,000 (US\$55 million) for the Good Governance Program. Release of the second tranche will be effective not less than 10 working days from date of circulation to the Board of the progress report.

GOOD GOVERNANCE PROGRAM–POLICY MATRIX

Output	First Tranche (upon loan effectiveness)	Second Tranche (within 12 months of first tranche)	Third Tranche (within 24 months of second tranche)
(1) Vision, Strategy, and Procedures			
(i) National integrity strategy (NIS)	Cabinet Division to approve a detailed consultation plan to seek feedback on the design of the NIS from all stakeholders across the country (Approved consultation plan on NIS–Cabinet Division)	Cabinet to approve and publish the NIS, including a detailed timebound action plan, with resource allocation, for both central and local level Government, to implement the NIS (Approved NIS and action plan–Cabinet)	Cabinet Division to publish outcomes of an independent review of NIS implementation at all levels of Government (Evaluation report by independent source–Cabinet Division)
(ii) United Nations Convention Against Corruption (UNCAC), Anticorruption Commission (ACC) Act and rules of procedures; strengthened ACC	<p>Ministry of Foreign Affairs to constitute inter-ministerial committee with terms of reference (TOR) to prepare action plan for the implementation of UNCAC (Memorandum and TOR of Committee–Ministry of Foreign Affairs)</p> <p>Government to reconstitute the ACC (Gazetted notification–Cabinet Division)</p> <p>Cabinet Division to approve the ACC proposed decentralized set-up as reflected in the revised organogram (Copy of approved revised organogram–Cabinet Division)</p> <p>Ministry of Law to gazette amendments to ACC Act 2004, Anticorruption Act and Rules 1957, and the amendments to the Criminal Law Amendment Act 1958 (Gazette notification–Ministry of Law)</p>	<p>Ministry of Law or Parliament Secretariat^a to gazette amended ACC Act, aligned to the UN Convention Against Corruption (Gazette notification–Ministry of Law)</p> <p>Ministry of Law to finalize gaps analysis of Bangladesh legal framework vis-à-vis UNCAC (Report on gaps analysis–Ministry of Law)</p> <p>Cabinet Division, through Ministry of Law to gazette all revised ACC rules of procedure incorporating the amendments to the 2004 ACC Act (Gazette notification–Ministry of Law)</p> <p>Ministry of Finance to increase allocation for development budget of ACC with sufficient funds to allow it to implement its decentralized set-up and its community outreach program (Budget statement–Finance Division)</p>	<p>Cabinet Division to publish results of independent expert survey and national perception survey on progress in (i) anticorruption work, and (ii) UNCAC implementation (Evaluation report–Cabinet Division)</p> <p>Cabinet Division to publish results of assessment of community outreach and corruption prevention activities, including partnership modalities of anticorruption agencies with civil society (Evaluation report–Cabinet Division)</p> <p>Ministry of Finance to allocate sufficient funds to allow ACC to implement its approved performance management scheme (Budget statement – Finance Division)</p>
(2) Enforcement and Sanction Mechanisms			
(i) Strengthened Judiciary	<p>Ministry of Law to gazette April 2007 amendments to the rules of the Code of Criminal Procedure 1898 which are related to the separation of the judiciary (Gazette notification–Ministry of Law)</p> <p>Supreme Court to issue directive to all judges of subordinate courts on the strict implementation of the rules on submission of declaration of assets and wealth statements to</p>	<p>Judicial Service Commission to complete entry examinations for 100 assistant judges (Progress report–JSC)</p> <p>All judges of subordinate courts to submit a declaration of assets and wealth statement to the Office of the Registrar (Report on submission–Office of the Registrar)</p> <p>Ministry of Law or Parliament Secretariat to</p>	<p>Ministry of Finance to allocate sufficient budget to meet the approved capital and operational expenditures for the full operation of the Judicial Service Commission (Budget statement–Ministry of Finance)</p> <p>Judicial Service Commission to complete entry examinations for all approved positions for assistant judges (Progress</p>

Output	First Tranche (upon loan effectiveness)	Second Tranche (within 12 months of first tranche)	Third Tranche (within 24 months of second tranche)
	<p>the Office of the Registrar (Directive–Supreme Court)</p> <p>Ministry of Law to notify the approved organogram of the judicial service (Notification–Ministry of Law)</p> <p>Judicial Service Commission (JSC) to complete first departmental examination to confirm those assistant judges on probation (Published examination results–JSC)</p>	<p>gazette legislation prescribing specific qualifications for the recruitment of Supreme Court judges (Gazette notification–Ministry of Law)</p> <p>Ministry of Finance to allocate sufficient budget to meet the increases in special allowances that may be recommended by the Judicial Service Pay Commission and approved by Government (Budget statement–Ministry of Finance)</p> <p>Ministry of Finance to allocate sufficient budget to meet the approved development expenditures for district courts to implement the policy of separation of the judiciary from the executive (Budget statement–Ministry of Finance)</p> <p>Supreme Court to publish 2007 <i>State of the Judiciary</i> report, including results of annual random inspection and monitoring activities of district courts (State of the Judiciary report–Supreme Court)</p>	<p>report–JSC</p>
(ii) Improved prosecution service		<p>Ministry of Law or Parliament Secretariat to gazette legislation for the creation of an independent and competent prosecution (or attorney) service (Gazette notification–Ministry of Law)</p>	
(3) Prevention Mechanisms			
(i) Focused Anticorruption Interventions	<p>Chittagong Port Authority (CPA) to complete a Vulnerability to Corruption Assessment (VCA) for the Chittagong Port (VCA–Chittagong Port Authority (CPA))</p> <p>CPA to establish a committee with TOR to develop a strategic plan for reforms at CPA (Memorandum and TOR of Committee–CPA)</p>	<p>Shipping Ministry to approve a strategic plan for action on reforms at the CPA (Action plan – Ministry of Shipping)</p>	<p>Power Division, Ministry of Communications, Ministry of Education, Ministry of Health, and Ministry of Shipping to approve corruption risk mitigation strategies in line with the NIS (Corruption risk mitigation strategies–Relevant Ministries)</p> <p>Ministry of Shipping, through MLJPA, to gazette, as required, (1) any amendments to existing rules and regulations, or (2) new rules and regulations, to reflect the</p>

Output	First Tranche (upon loan effectiveness)	Second Tranche (within 12 months of first tranche)	Third Tranche (within 24 months of second tranche)
			approved changes in management resulting from a computerized terminal management system at Chittagong Port (Gazette notification–Ministry of Shipping)
(ii) Accountability Mechanisms in Line Ministries	<p>Government to reconstitute the Public Service Commission (Gazette notification – Ministry of Establishment)</p> <p>Ministry of Establishment to issue a circular to all public servants on the strict implementation of the rules on the submission of declaration of assets and wealth statements to their respective line agencies (Circular–Cabinet Division)</p> <p>Ministry of Finance to issue guidelines on, and provide resources for, strengthening internal audit in MTBF ministries (Guidelines and budget allocation–Ministry of Finance)</p>	<p>At least 50% of line ministries to establish easily accessible grievance handling mechanisms (Departmental reports–line Ministries)</p> <p>Public Service Commission (PSC) to approve revised exams for civil servants to make their entry and promotion more transparent and merit-based (Approved revised exam–PSC)</p>	<p>All public sector training institutes to incorporate, and use, integrity and anticorruption training modules in their curricula (Revised curricula– Ministry of Establishment)</p> <p>Cabinet Division to collate and publish departmental information on grievances and public complaints (Published information–Cabinet Division)</p> <p>Ministry of Establishment to review the existing quota system for entry into the civil service (Review of quota system–Ministry of Establishment)</p> <p>All line ministries to establish easily accessible grievance handling mechanisms (Departmental reports–line Ministries)</p> <p>Line ministries that provide utilities and basic services to institute and publicize citizen report cards as a way of addressing grievances at the local level (Publicly announced Ministry directive–Relevant ministries)</p>
(iii) Grievance Redress Mechanisms	Cabinet Division to issue directive to all line ministries to designate an officer as focal point for initiating grievance handling mechanism in all government offices, for both internal and external purposes (Directive–Cabinet Division)	<p>Government to publicly announce its decision to establish a national Office of the Ombudsman (Public announcement–Ministry of Law)</p> <p>Ministry of Law or Parliament Secretariat to gazette the Right to Information Act (Gazette notification–Ministry of Law)</p>	<p>Ministry of Law or Parliament Secretariat to gazette the Whistleblower Protection Act (Gazetted notification–Ministry of Law)</p> <p>Government to establish a well-resourced Office of the Ombudsman in line with Art. 77 of the Bangladesh Constitution and</p>

Output	First Tranche (upon loan effectiveness)	Second Tranche (within 12 months of first tranche)	Third Tranche (within 24 months of second tranche)
			with provisions for regional outreach and access (Cabinet decision–Cabinet)

ACC = Anticorruption Commission, CPA = Chittagong Port Authority, CTMS = computerized terminal management systems, JSC = Judicial Service Commission, MTBF = medium-term budgetary framework, NIS = National Integrity Strategy, TOR = terms of reference, UNCAC = United Nations Convention Against Corruption, VCA = vulnerability to corruption assessment.

^a The Ministry of Law can issue a gazette notification when Parliament is not in place; otherwise, it is the Parliament Secretariat that does so.

Sources: Government of Bangladesh and Asian Development Bank.

Policy Actions not Related to Tranche Release

Tranche	Policy Action	Product/Responsible Agency
Second	Power Division, Ministry of Communications, Ministry of Education, and Ministry of Health to complete VCAs in their respective sectors	VCAs–relevant ministries
Third	Government to complete a study on restructuring of CPA operations	Study report–Ministry of Shipping

CPA = Chittagong Port Authority, VCA = vulnerability to corruption assessment.

Sources: Government of Bangladesh and Asian Development Bank.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms ^a	Assumptions and Risks
<p>Impact</p> <p>Economic growth and enhanced public access to effective public services</p>	<p>Measures of satisfaction of public access to services show yearly increase.</p> <p>Sectors most vulnerable to corruption show yearly increases in their contribution to economic growth .</p> <p>Public perception of good governance in relevant sectors of operations improves in all surveys.</p> <p>Improved Transparency International ranking on corruption (from current CPI score of 2.0 to 2.5 by 2011).</p>	<p>Relevant national surveys on public service delivery</p> <p>Government's periodic economic reports and budgets</p> <p>Evaluation reports; surveys by Transparency International, etc.</p> <p>Transparency International surveys</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • Political conditions remain stable • External factors do not negatively impact anticorruption and good governance efforts. • Progress in achieving good governance continues to stimulate economic growth <p>Risk</p> <ul style="list-style-type: none"> • Government focus on good governance and anticorruption diminishes over time
<p>Outcome</p> <p>Improved governance and lower incidence of corruption in the public sector in Bangladesh</p>	<p>Demonstrated government commitment to implementation of the NIS and UNCAC provisions through increased budgetary allocations.</p> <p>Cabinet Division and office of the registrar (Supreme Court) better able to manage good governance projects throughout the public sector</p> <p>NIS is adopted by departments, resulting in better management of grievance processes and use of resources, as verified by auditor general's report.</p> <p>Anticorruption Commission Act of 2004 amended to give ACC clearer powers and greater independence.</p> <p>Yearly increase in number of corruption cases investigated and prosecuted by ACC.</p> <p>All judicial sector appointments and personnel matters unbundled from the PSC.</p> <p>Yearly reduction in time taken to resolve corruption cases.</p> <p>Code of conduct adhered to and monitored at both the Supreme Court and district courts.</p> <p>All departments have fully operational accountability mechanisms or units.</p>	<p>Cabinet documents; budget statements</p> <p>UN reports on UNCAC program implementation status</p> <p>Reports of the auditor general, program steering committee reports</p> <p>Reports of auditor general</p> <p>Official gazette; Review mission reports</p> <p>ACC documents</p> <p>JSC documents and review mission reports</p> <p>Supreme Court's annual reports</p> <p>Supreme Court's annual reports</p> <p>Community reports on incidence of corruption and mismanagement</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • Continued government commitment to the program as reflected in support for the NIAC; the Anticorruption Commission (ACC); JSC; NIS and UNCAC implementation; and independence of the judiciary • Capability is suitably increased in these two agencies • The agencies have adequate resources to cope with the added workload • Civil society organizations continue to demand transparency and accountability in government, including the judiciary • Anticorruption Commission Act amendments are clear and adhere to due process standards • Capacity of ACC is built in relevant and needed areas • JSC capacity to recruit and manage human resource processes is enhanced • Anticorruption courts are established as scheduled • The commitment of senior judiciary remains strong • Commitment to good governance and anticorruption from sectoral agency heads

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms ^a	Assumptions and Risks
	A functional ombudsman's office handles maladministration and petty corruption cases.	Ombudsman's report; budget documents	<ul style="list-style-type: none"> • Ombudsman's office receives political support in the short to medium term <p>Risks</p> <ul style="list-style-type: none"> • UNCAC provisions are not suitably translated in local laws and institutions (due to their broad nature) • Misalignment of NIS stipulations and departmental work • Cost of bringing good governance into the mainstream considered high by sectoral agencies
<p>Outputs</p> <p>1. Vision, Strategy, and Procedures, including NIS, UNCAC, amended Anticorruption Commission Act, and strengthened ACC</p>	<p>Approved NIS with detailed action plan (including targets for UNCAC implementation). Gazetted, amended Anticorruption Commission Act in line with UNCAC, and gazetted rules of procedures for Anticorruption Commission Act. Performance indicators on vulnerabilities to corruption in departmental work are approved. NIAC established and holds regular meetings. NIS implementation reports are published regularly.</p> <p>ACC performance (as measured by case disposal time or other indicators) shows yearly increase. Effective, decentralized system of anticorruption operations ACC complaint disposals increase yearly. Realistic performance management schemes (at ACC, JSC)</p>	<p>Cabinet directives and decisions</p> <p>UN reports on UNCAC implementation in Bangladesh; official gazette</p> <p>Gazetted notices</p> <p>Cabinet directives and decisions NIS reports; reports of review missions</p> <p>ACC reports and records</p> <p>ACC reports</p> <p>ACC reports and records Records of ACC, JSC, and Ministry of Finance</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • Continued political will is demonstrated • Ordinances on all legal changes will be accepted by Parliament when it is eventually reconvened <p>• NIS and its targets are fully owned by various agencies within the government</p> <ul style="list-style-type: none"> • Buy-in of NIAC work throughout government • NIS is of good quality and has a clear implementation framework and indicators • Substantive increase in resources for ACC's case management and operational capability • ACC is resourced adequately <p>• Annual reports provide relevant information in a timely manner</p> <ul style="list-style-type: none"> • Government has adequate resources to sustain the schemes • Continued government commitment to strengthen relevant agencies <p>Risks</p> <ul style="list-style-type: none"> • Case for reforms becomes weaker if immediate gains in corruption control and good governance enhancement are not evident

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms ^a	Assumptions and Risks
<p>2. Enforcement and Sanction Mechanisms, including strengthened judiciary, and improved prosecution services</p> <p>3. Prevention Mechanisms, including focused anticorruption interventions, accountability mechanisms in line ministries, and grievance redress mechanisms</p>	<p>Gazetted amendments to Code of Criminal Procedure to make judiciary independent.</p> <p>Staffing and human resource development plans for JSC, judiciary, and prosecution service that can be implemented.</p> <p>Performance indicators for judiciary are revised and implemented.</p> <p>Published annual reports indicating performance (e.g., disposal of corruption cases).</p> <p>Practical and realistic monitoring and reporting protocols at the Supreme Court</p> <p>Submitted declarations of asset statements by members of the judiciary.</p> <p>Improvements in judicial facilities, and sufficient resources for operations.</p> <p>JSC fills judicial vacancies in a timely manner.</p> <p>A separate prosecution service is established with adequate budget.</p> <p>Strategic plan for CPA reforms.</p> <p>VCA in selected agencies.</p> <p>Corruption risk mitigation strategies in place in at least half of government agencies.</p> <p>Gazetted right to information; whistleblower protection legislation.</p> <p>Sector plans to deal with vulnerability to corruption are in place and budgeted.</p> <p>Complaint-handling mechanisms established at all levels of government.</p>	<p>Official gazette</p> <p>Annual performance reviews</p> <p>Supreme Court reports</p> <p>Supreme Court documents</p> <p>Program Steering Committee records, and Supreme Court records</p> <p>Supreme Court and National Board of Revenue records</p> <p>Supreme Court records; budget statements</p> <p>JSC records</p> <p>Law ministry records; budget statements</p> <p>Ministry of Shipping and CPA records</p> <p>Agency reports</p> <p>Agency reports</p> <p>Official gazette</p> <p>Relevant legislative hearings on sector agency work; sectoral budget allocations</p> <p>Community reports on cases or incidence of corruption and mismanagement; agency reports; submissions at www.ekhoni-shomoy.net</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • Government is able to meet the schedule set by the Supreme Court • All court bodies are resourced adequately by the government • Performance indicators are rigorously framed • Annual reports provide relevant information in a timely manner • Supreme Court able to convince district courts of benefits from use of such protocols • Supreme Court actively follows up on submission of statements by members of the judiciary • Government continues to stay committed to strengthening the judiciary <p>Risks</p> <ul style="list-style-type: none"> ▪ The judiciary's independence is not accompanied by adequate transparency ▪ Agencies (such as JSC) may be insulated from good governance policies internally <p>Assumptions</p> <ul style="list-style-type: none"> • Strategic plan is realistic and practical • VCAs are done rigorously • Agency commitment to produce and adhere to the strategies is strong • The law is comprehensive in scope and has a clear implementation framework • Political commitment is intact • Commitment to good governance and anticorruption from sectoral agency heads; effective legislative oversight in work of sectoral agencies • Complaint mechanisms are used widely by service users and citizens

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms ^a	Assumptions and Risks
	Transparent and merit-based examination and quota system in the Bangladesh Civil Service Office of Ombudsman adequately resourced	PSC reports, records from the Ministry of Establishment Budget statement	<ul style="list-style-type: none"> • Government is able to get buy-in from different stakeholders on the revised quota system • Political commitment to strengthen ombudsman's office is intact <p>Risk</p> <ul style="list-style-type: none"> • Weak institutional capacities of sector agencies impede bringing good governance and anticorruption into the mainstream
<p>Activities with Milestones</p> <ol style="list-style-type: none"> 1.1 Conduct stakeholder consultations and approval of NIS (October 2007–July 2008) 1.2 Establish NIAC on NIS (by mid-2008) 1.3 Prepare action plans associated with NIS and UNCAC at departmental level (by 3rd quarter [Q3] 2008) 1.4 Monitor work of departments in line with NIS and UNCAC action plan (continuous from Q3 2008) 1.5 Put into action partnership plan on anticorruption work with civil society (from October 2008) 1.6 Develop decentralized set-up for Anticorruption Commission work (by October 2008) 1.7 Gazette amended Anticorruption Commission Act aligned to UNCAC (by October 2008) 1.8 Conduct independent review of NIS and UNCAC implementation (Oct 2010) 1.9 Conduct independent survey on anticorruption work (by October 2010) 1.10 Conduct assessments of community outreach activities (by October 2010) 1.11 Put in place a performance management scheme at Anticorruption Commission (by October 2010) 2.1 Gradually move recruitment function from PSC to JSC for judges (Oct 2007–Sept 2008) 2.2 Follow-up on the directive to all district judges to submit declarations of asset and wealth (from October 2007, and periodically thereafter) 2.3 Engage in active monitoring of district courts and make broad results publicly available (from October 2007 onwards) 2.4 Conduct a detailed needs analysis of the prosecution service (Oct 2007–March 2008) 2.5 Develop capability development plans in the judiciary (by May 2008, and implemented thereafter) 2.6 Finalize performance indicators for judiciary (October 2007–September 2008) 2.7 Gazette legislation for an independent prosecution service (by October 2008) 2.8 Gazette legislation prescribing specific qualifications for the recruitment of High Court judges (by October 2008) 2.9 Publish annual state of the judiciary report (first report for 2007 to be published in February 2008; annually thereafter) 3.1 Conduct VCAs in selected agencies and help develop anticorruption strategies as needed (from October 2007 onwards) 3.2 Support CPA and other agencies in implementing their anticorruption strategy (from October 2007 onwards) 3.3 Strengthen and institute inspectorates in key sectoral agencies (Oct 2007–Sept 2008) 3.4 Issue, and follow up on, directive to all civil servants to submit declarations of assets and wealth according to Section 13 of the Government Servants Conduct Rules 1979 (from Oct 2007, and updated every 2 years) 			<p>Inputs</p> <p>Program Loan: ADB: \$150m Technical Assistance Program: \$2.85m</p> <p>ADB Grant: \$1.50 million, including:</p> <p>Consultants: International (8 person-months), \$160,000 National (184 person-months), \$768,400 International \$ local travel: \$55,000 Reports & communications: \$10,000 Equipment: \$100,000 Workshops, training: \$260,000 Miscellaneous administration and support costs: \$10,000 Contingencies: \$136,600</p> <p>Government of Denmark: \$1.0 million cofinancing, including:</p> <p>Consultants: International (3 person-months): \$60,000 National (43 person-months): \$263,600 International \$ local travel: \$25,000 Reports & communications: \$30,000 Equipment: \$180,000 Workshops, training: \$270,000 Miscellaneous administration and support costs: \$15,000 Contingencies: \$156,400</p> <p>Government: \$0.5 million in-kind and cash, including:</p> <p>Office accommodation and transport: \$60,000 Remuneration and per diem of counterpart staff: \$220,000 Administrative support: \$150,000 Others (including communications, etc.): \$30,000</p>

<p>Activities with Milestones</p> <p>3.5 Gazette legislation for a Right to Information Act (by October 2008)</p> <p>3.6 Develop proposals for revised entry and promotion procedures in Bangladesh civil service (by October 2008)</p> <p>3.7 Review the Official Secrecy Act 1923 and Government Services (Conduct) Rules 1979 (October 2007–Sept 2009)</p> <p>3.8 Gazette amendments to the 1976 Port Ordinance (by October 2010)</p> <p>3.9 Use and publicize citizen report cards in selected sectors to address grievances at the local level (by October 2010)</p> <p>3.10 Review the existing civil service quota system (by October 2010)</p> <p>3.11 Publish departmental information on grievances and public complaints (from October 2010 onwards)</p> <p>3.12 Develop integrity and anticorruption modules and incorporate them in public sector training institutes (by October 2010)</p> <p>3.13 Gazette legislation for a Whistleblower Protection Act (by October 2010)</p> <p>3.14 Establish well-resourced office of the ombudsman (by October 2010)</p> <p>Program Supervision and Management</p> <p>3.15 Establish Program Steering Committee (by October 2007)</p> <p>3.16 Engage first consultants for program activities (by October 2007)</p> <p>3.17 Conduct reviews:</p> <ul style="list-style-type: none"> • Program Steering Committee review (quarterly) • Review missions (annually) • Tranche condition reviews (before release of second and third tranche funds) <p>3.18 Prepare and submit:</p> <ul style="list-style-type: none"> • Program inception report (Q4 2007) • First program interim report (Q2 2008) • Semi-annual program interim reports (from Q4 2008) • Draft program final report (mid-2011) <p>Program tripartite and final report (Q3 2011)</p>	
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ADB = Asian Development Bank, CPA = Chittagong Port Authority, CPI = corruption perceptions index, JSC = Judicial Service Commission, MTBF = medium-term budgetary framework, NBR = National Board of Revenue, NIAC = National Integrity Advisory Committee, NIS = national integrity strategy, PSC = Public Service Commission, TIB = Transparency International Bangladesh, UN = United Nations, UNCAC = United Nations Convention Against Corruption, VCA = vulnerability to corruption assessment.

^a Data sources listed here will indicate performance of more than one target. Existing reporting mechanisms will guide the program performance review missions.

STATUS OF SECOND TRANCHE POLICY ACTIONS

	Policy Action	Compliance Status
1	Cabinet to approve and publish the National integrity Strategy (NIS), including a detailed timebound action plan, with resource allocation, for both central and local level governments, to implement the NIS.	Partial compliance
2	Ministry of Law or Parliament Secretariat to gazette the amended Anticorruption Commission (ACC) Act, aligned to the UN Convention Against Corruption.	Full compliance
3	Ministry of Law to finalize gaps analysis of Bangladesh legal framework vis-à-vis the United Nations Convention Against Corruption (UNCAC).	Full compliance
4	Cabinet Division, through Ministry of Law to gazette all revised ACC rules of procedure incorporating the amendments to the 2004 ACC Act.	Full compliance
5	Ministry of Finance to increase allocation for development budget of ACC with sufficient funds to allow it to implement its decentralized set-up and its community outreach program.	Full compliance
6	Judicial Service Commission to complete entry examinations for 100 assistant judges.	Full compliance
7	All judges of subordinate courts to submit a declaration of assets and wealth statement to the Office of the Registrar.	Full compliance
8	Ministry of Law or Parliament Secretariat to gazette legislation prescribing specific qualifications for the recruitment of Supreme Court judges.	Full compliance
9	Ministry of Finance to allocate sufficient budget to meet the increases in special allowances that may be recommended by the Judicial Service Pay Commission and approved by Government	Full compliance
10	Ministry of Finance to allocate sufficient budget to meet the approved development expenditures for district courts to implement the policy of separation of the judiciary from the executive.	Full compliance
11	Supreme Court to publish 2007 <i>State of the Judiciary</i> report, including results of annual random inspection and monitoring activities of district courts.	Full compliance
12	Ministry of Law or Parliament Secretariat to gazette legislation for the creation of an independent and competent prosecution (or attorney) service.	Full compliance
13	Shipping Ministry to approve a strategic plan for action on reforms at the Chittagong Port Authority.	Full compliance
14	At least 50% of line ministries to establish easily accessible grievance handling mechanisms.	Full compliance
15	Public Service Commission to approve revised exams for civil servants to make their entry and promotion more transparent and merit-based.	Full compliance
16	Government to publicly announce its decision to establish a national Office of the Ombudsman.	Full compliance
17	Ministry of Law or Parliament Secretariat to gazette the Right to Information Act.	Full compliance

Source: ADB. 2007. Report and Recommendation of the President to the Board of Directors on Proposed Program Loan and Technical Assistance to the People's Republic of Bangladesh for the Good Governance Program. Manila (Appendix 1).

Policy Action not Related to Tranche Release

Tranche	Policy Action	Compliance Status
Second	Power Division, Ministry of Communications, Ministry of Education, and Ministry of Health to complete VCAs in their respective sectors	Work currently ongoing

STATUS OF PROGRAM ASSURANCES

Program Assurance	Status (as of May 2008)
Policies adopted and actions taken prior to the date of the Loan Agreement, as described in the Development Policy Letter, will continue in effect for the duration of the program period and subsequently.	Being complied with. .
The proceeds of the loan will be made available to meet the financial requirements associated with the implementation of the program; throughout program implementation, adequate allocation of the required counterpart funds are made, approved, and released in a timely manner to ensure proper implementation of the program.	Being complied with. As indicated in the progress report, the EAs and IAs have been provided with additional resources for the implementation of the reforms.
The government will keep ADB informed of policy discussions with other multilateral and bilateral aid agencies that may have implications for the implementation of the program, and will provide ADB with an opportunity to comment on any resulting policy proposals. The government will take into account ADB's views before finalizing and implementing any such proposals.	Being complied with. The government has been in close liaison with ADB's BRM on the policy discussions. Furthermore, ADB provides a leading role in governance-related programming for the country and also regularly participates in the multi-donor forums.
The government will ensure that all implementing agencies are adequately staffed and provided with the necessary financial, technical, and other resources, including equipment, to perform their functions under the program.	Being complied with. All IAs have focal persons for GGP implementation and are staffed for purposes of reform implementation and official business.
Within two months of the approval of the NIS, the government will establish a broad-based and independent high level National Integrity Advisory Committee with a mandate to guide NIS implementation.	This will be done after the approval of the full NIS by the incoming elected government.
Within 6 months of the approval of the NIS, and every 6 months thereafter, the Cabinet Division will submit reports on the progress of NIS implementation at all levels.	Same as above.
The government will ensure that in developing any automation networks, all measures will be taken to guarantee full respect of privacy of information.	The government stands by its commitment. Under the GGP, automation efforts are in the inception stage and BRM, along with the TA consultants, regularly follow up on this.
The government will not intervene, directly or indirectly, in the conduct of policies or actions of the courts, particularly regarding their organizational structure, recruitment of personnel, or actions regarding their management, operational, and financial activities. The government will refrain from taking any action, directly or indirectly, that inhibits, curbs, or otherwise limits the independence of the judiciary.	Being complied with. The judiciary has been declared to be separate and the necessary legal and administrative measures have been completed as of December 2007.
The government will establish a budget tracking system to track the use of the counterpart funds generated by the loan on a quarterly basis.	Being complied with. The MOF prepares regular internal reports which are available for review by ADB.
Funds for performance management schemes will only be allocated if such a scheme is part of a wider human resources development plan that includes: (a) key job descriptions with performance targets; and (b) provisions for career development.	Such schemes are being prepared but have not yet been approved for CPA and the Supreme Court. ACC has a provision for incentive rewards but that is mandated by relevant laws and rules and is separate from this program assurance.

Program Assurance	Status (as of May 2008)
For the recruitment of new staff as a result of the Program, including judges, investigators and prosecutors, all measures will be taken to attract female candidates. Equally qualified women will be given preference.	Being complied with. Of the 394 candidates selected by the Judicial Service Commission for appointment in the Bangladesh Judicial Service Examinations, 2007, 25% (or 100 candidates) were female. Judges have been recruited according to an equal opportunity policy.
The government will ensure that for any physical infrastructure built as a result of the program, the relevant EAs and IAs will comply with: (a) Bangladesh's laws and regulations governing land acquisition; (b) Bangladesh's laws and regulations regarding environment; (c) ADB's Policy on Involuntary Resettlement (1995); and (d) ADB's Environment Policy (2002). Prior to any construction, the relevant permits and licenses will be obtained.	The government stands by its commitment to this. New infrastructure under the GGP has not yet been developed because the first phase of the program focuses on improvements to policies and laws.
The government will ensure that all action plans to be prepared as part of the program will be fully implemented before the end of the program, and that all legislation that is gazetted will have become fully effective.	Being complied with. In the discussions held during the program review in May 2008, and again in September 2008, this has been reiterated to the government, which is aware of this assurance.
The government will ensure that all legislation passed as part of the program as well as all public awareness campaigns and action plans will be widely published in a way that ensures access by all segments of the population.	Being complied with. The Right to Information Ordinance has been widely debated and the draft was placed on the government's website for many months.

ACC = Anticorruption Commission, ADB = Asian Development Bank, BRM = Bangladesh Resident Mission, CPA = Chittagong Port Authority, EA = executing agency, GGP = Good Governance Program, IA = implementing agency, MOF = Ministry of Finance, NIS = National Integrity Strategy.

Source: Asian Development Bank.

PROGRESS UNDER PROGRAM FRAMEWORK

Design Summary	Performance Targets/Indicators	Progress as of October 2008
Impact Economic growth and enhanced public access to effective public services	Measures of satisfaction regarding public access to services increases yearly.	To be done towards the end of the program
	Contribution to economic growth by sectors most vulnerable to corruption increases yearly.	To be done towards the end of the program
	Public perception of good governance in relevant sectors of operations improves in all surveys.	To be done towards the end of the program
	Improved Transparency International (TI) ranking on corruption (from current CPI score of 2.0 to 2.5 by 2011).	The TI report for 2007 shows the CPI score as 2.1
Outcome Improved governance and lower incidence of corruption in the public sector in Bangladesh	Demonstrated government commitment to implementation of the NIS and UNCAC provisions through increased budgetary allocations.	To be reviewed once the NIS is in place
	Cabinet Division and office of the registrar (Supreme Court) better able to manage good governance projects throughout the public sector	As of September 2008, they had demonstrated this; TA-funded consultants are currently supporting the agencies
	NIS is adopted by departments, resulting in better management of grievance processes and use of resources, as verified by auditor general's report.	To be reviewed once the NIS is in place
	Anticorruption Commission Act of 2004 amended to give Anticorruption Commission clearer powers and greater independence.	Already achieved as documented in the progress report
	Yearly increase in corruption cases investigated and prosecuted by Anticorruption Commission.	To be reviewed on an annual basis from the end of 2008
	All judicial sector appointments and personnel matters unbundled from the PSC.	Achieved
	Yearly reduction in time taken to resolve corruption cases.	To be reviewed on an annual basis from the end of 2008
	Code of conduct adhered to, and monitored, at the Supreme Court and in district courts.	To be reviewed on an annual basis from the end of 2008
	All departments have fully operational accountability mechanisms or units.	Financial accountability mechanisms and audit requirements in place but need to be strengthened. Annual evaluations will indicate the progress achieved on institutional strengthening.
	A functional ombudsman's office handles maladministration and petty corruption cases.	To be reviewed towards the end of the program
Outputs 1. Vision, Strategy, and Procedures, including NIS, UNCAC, amended Anticorruption	Approved NIS with detailed action plan (including targets for UNCAC implementation).	To be reviewed once the NIS is in place
	Gazetted amended Anticorruption Commission Act in line with UNCAC, and gazetted rules of procedures for Anticorruption Commission Act.	Achieved
	Performance indicators on vulnerabilities to corruption in departmental work are approved.	To be reviewed towards the end of the program

Design Summary	Performance Targets/Indicators	Progress as of October 2008
Commission Act, and strengthened Anticorruption Commission	NIAC established and holds regular meetings.	To be reviewed after the NIS has been adopted
	NIS implementation reports are published regularly.	To be reviewed towards the end of the Program
	Anticorruption Commission (ACC) performance (as measured by indicators such as case disposal time) shows yearly increase.	To be reviewed on an annual basis from the end of 2008
	Effective decentralized system of operations in anticorruption	Work continuing; to be reviewed on an annual basis from the end of 2008
	Yearly increase in the number of complaints handled by the ACC.	To be reviewed on an annual basis from the end of 2008
	Realistic performance management schemes (at ACC, JSC)	To be reviewed towards the end of the program
2. Enforcement and Sanction Mechanisms, including strengthened judiciary, and improved prosecution services	Gazetted amendments to Code of Criminal Procedure to make judiciary independent.	Already done
	Implementable staffing and human resource development plans for JSC, judiciary, and prosecution service.	To be reviewed on an annual basis from the end of 2008
	Performance indicators for judiciary are revised and implemented.	To be reviewed on an annual basis from the end of 2008
	Published annual reports indicating performance (such as disposal of corruption cases).	To be reviewed on an annual basis from the end of 2008
	Practical and realistic monitoring and reporting protocols at the Supreme Court	Basic monitoring protocols in place; they will be strengthened and reviewed regularly
	Submitted declarations of asset statements by those in the judiciary.	First submissions for all subordinate court judges completed; annual follow-ups will take place
	Improvements in judicial facilities, and sufficient resources for operations.	Allocations for the budget for FY2009 have been made. To be reviewed towards the end of the program.
	JSC fills judicial vacancies in a timely manner.	All vacancies have been filled to date. Progress on the next batch of vacancies to be reviewed at the end of 2008.
3. Prevention Mechanisms, including focused anticorruption interventions, accountability mechanisms in line ministries, and grievance	Strategic plan for CPA reforms.	Completed
	VCAs in selected agencies.	Done in two places; currently ongoing in three agencies; more to be initiated in 2009 and 2010.
	Corruption risk mitigation strategies in place in at least half the government agencies.	The 2008-end review will assess the systems in place under the GGP.
	Gazetted right to information, and whistleblower protection legislation.	RTI done; presence of whistleblower legislation to be

Design Summary	Performance Targets/Indicators	Progress as of October 2008
redress mechanisms		assessed during the 2008-end review.
	Sector plans to deal with vulnerabilities to corruption are in place and budgeted.	To be reviewed during the 2008-end review, and towards the end of the program.
	Complaint-handling mechanisms established at all levels of government.	Mechanisms in place in the central line ministries. Annual evaluations to show the progress at the local level.
	Transparent and merit-based examination and quota system in the Bangladesh Civil Service	In place; further strengthening to be done not only through GGP but also in coordination with other donors (such as the World Bank and others), that are supporting this reform.
	Office of the ombudsman adequately resourced	To be reviewed when the office is established by the incoming elected government.

CPI = Corruption Perceptions Index, JSC = Judicial Service Commission, NIAC = National Integrity Advisory Committee, NIS = National Integrity Strategy, PSC = Public Service Commission, RTI = Right to Information, TA = technical assistance, UNCAC = United Nations Convention Against Corruption.

Source: Asian Development Bank.