

CPS Final
Review
Validation

Bangladesh

Validation of the Country Partnership
Strategy Final Review, 2011–2015



Independent
Evaluation



Validation Report
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**Bangladesh: Validation of the Country
Partnership Strategy Final Review, 2011–2015**

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NOTES

- (i) The fiscal year (FY) of the Government of Bangladesh ends on 30 June. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2015 ends on 30 June 2015.
- (ii) In this report, "\$" refers to US dollars.
- (iii) For an explanation of rating descriptions used in ADB evaluation reports, see: ADB. 2006. *Guidelines for Preparing Performance Evaluation Reports for Public Sector Operations*. Manila.

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Abbreviations

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
ANR	–	agriculture and natural resources
BRM	–	Bangladesh Resident Mission
CAPE	–	country assistance program evaluation
CDTA	–	capacity development technical assistance
CMDP	–	capital market development program
COBP	–	country operations business plan
CPS	–	country partnership strategy
CPSFR	–	country partnership strategy final review
DMF	–	design and monitoring framework
DPP	–	development project proposal
EIRR	–	economic internal rate of return
FY	–	fiscal year
GACAP	–	Governance and Anticorruption Action Plan
GDP	–	gross domestic product
GGP	–	Good Governance Program
IED	–	Independent Evaluation Department
IEM	–	independent evaluation mission
Km	–	kilometer
MDG	–	Millennium Development Goal
MFF	–	multitranchise financing facility
NGO	–	nongovernment organization
O&M	–	operation and maintenance
OAI	–	Office of Anticorruption and Integrity
OCR	–	ordinary capital resources
OPPP	–	Office of Public–Private Partnership
PATA	–	policy advisory technical assistance
PBM	–	performance-based maintenance
PCR	–	project completion report
PDA	–	project design advance
PEDP	–	Primary Education Development Program
PPIDF	–	Public–Private Infrastructure Development Facility
PPP	–	public–private partnership
PSOD	–	Private Sector Operations Department
PSM	–	public sector management
PVR	–	project validation report
RAMP	–	risk assessment and management plan
RCI	–	regional cooperation and integration
RHD	–	Roads and Highways Department
RNIMP	–	Road Network Improvement and Maintenance Project
SARD	–	South Asia Department
SASEC	–	South Asia Subregional Economic Cooperation
SME	–	small- and medium-sized enterprise
SWAp	–	sector-wide approach
TA	–	technical assistance
TCR	–	technical assistance completion report

UGIIP	–	Urban Governance and Infrastructure Improvement (Sector) Project
UN	–	United Nations
WSS	–	water supply and sanitation
WMA	–	Water Management Association

Contents

Acknowledgments	vii
Executive Summary	ix
Chapter 1: Background Information	1
A. Validation Purposes and Procedures	1
B. Country Context Development Plans	1
Chapter 2: Sector Overview	7
A. Energy	7
B. Transport	8
C. Urban	8
D. Education	9
E. Agriculture and Natural Resources	10
F. Finance	11
G. Public Sector Management	11
Chapter 3: Validation of the Country Partnership Strategy Final Review	13
A. Strategic Positioning	13
B. Program Relevance	15
C. Effectiveness	19
D. Efficiency	25
E. Sustainability	26
F. Development Impacts	28
G. ADB and Borrower Performance	32
H. Assessment of the Quality of the Final Review	33
I. Overall Assessment	34
Chapter 4: Issues and Lessons	36
A. Issues	36
B. Lessons	37
APPENDIXES	
1. Tables	
1.1. Project Ratings for Loan Projects Closed from 2011 to 2014	40
1.2. Project Ratings for Technical Assistance Projects Closed from 2011 to 2014	41
1.3. Active Unrated Loan Projects during 2011–2014	42
1.4. Technical Assistance Approvals	46
1.5. Planned Versus Approved Sovereign Loans, 2011–2014	48
1.6. Delays and Cost Overruns from the Project Completion Report	53
2. Assessment of Sample of Sector Results Chain (Design and Monitoring Framework, Sector Assessment Results Framework, Country Partnership Strategy Results Framework)	54

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Executive Summary

The Independent Evaluation Department (IED) of the Asian Development Bank (ADB) has validated a final review of Bangladesh's country partnership strategy (CPS) 2011–2015 prepared by the South Asia Department (SARD). This validation reviews the performance of the CPS and provides lessons and recommendations that will contribute to the development of ADB's CPS 2016–2020 for Bangladesh.

Country Context

Despite political turmoil and natural disasters, Bangladesh has achieved persistent economic growth and poverty reduction over the last two decades. Growth was inclusive and broad based, as indicated by the relative stability of the Gini coefficient (around 0.31). Gross domestic product (GDP) growth rates have remained fairly high, averaging 6.3% per year during 2011–2013, although they decelerated during this period and growth for 2014 was forecasted at 5.6%. The private sector has grown rapidly, supporting economic growth and poverty reduction. The economic and political participation of women has also increased significantly, bolstered by female participation in the garment industry, labor migration, and microfinance programs. Gender disparity has been eliminated in primary and secondary enrollment, and fertility rates nearly halved from 1990 to 2009. Despite these achievements, Bangladesh is still ranked 115th out of 149 countries surveyed in the Gender Inequality Index.

The national poverty headcount rate declined from 57.0% in the early 1990s to 31.5% in 2010, keeping the country on track to reach the Millennium Development Goal (MDG) 1 to halve the proportion of people living below the poverty line by 2015. The United Nations (UN) review of Bangladesh's achievements found good performance on child mortality (MDG 4) and on disease control (MDG 6). The review also found moderate achievement on environmental sustainability (MDG 7), but noted serious lags on maternal mortality (MDG 5). The UN also noted variations in performance across groups and regions, and raised a concern about growing inequalities among MDG outcomes.

The steep decline in world oil prices in 2014–2015 offered potential import development gains and export opportunities for Bangladesh. Taking advantage of this and other development opportunities will require political stability, which deteriorated at certain points during the CPS period. Since 5 January 2015, Bangladesh has been subject to heightened political unrest that could easily lower the confidence of potential investors. This economic disruption threatens to dampen growth in 2015 and delay the implementation of certain ADB infrastructure projects.

ADB Support

ADB intended to implement a program totaling \$4.5 billion allocated as follows: 27.9% to energy; 24.6% to transport; 21.8% to urban; 15.5% to education; 6.4% to agriculture, natural resources, and rural development (ANR); and 3.9% to finance. Of the total CPS envelope, \$2.4 billion was to be financed from the Asian Development Fund (ADF) and \$2.1 billion from ordinary capital resources. During 2011–2014, ADB approved loans totaling \$3.7 billion, with an annual average of \$933 million. A similar

amount of \$925 million is planned for 2015. The CPS final review (CPSFR) rated the implementation performance of the CPS 2011–2015 *successful*. This result was based on the six criteria ratings of *highly satisfactory* for strategic positioning, *highly relevant*, *effective*, *less than efficient*, *likely sustainable*, and *satisfactory* for development impacts.

Scope of the Validation and its Limitations

In keeping with the IED guidelines, the validation covers the CPS 2011–2015, the country operations business plans (COBPs) (especially the COBP 2012–2014), and the ADB program provided between 2011 and 2014. It also encompasses projects or programs approved prior to the CPS period but implemented during the CPS period. The validation reviewed 75 projects or programs with an aggregate value of \$6.4 billion, and 65 technical assistance (TA) projects. The data used in the validation was derived from various sources including the CPS 2011–2015, the COBPs, the sector assessments prepared as part of the CPS 2011–2015, project completion reports (PCRs), project validation reports (PVRs), review mission reports, and consultations with stakeholders and ADB staff.

Of the 75 projects or programs covered by this validation, only 13 were self-assessed by a PCR or rated by a PVR. Thus, rated projects represent only 14.5% of the total loan portfolio by value (\$924 million). Therefore, for the remaining 85.5% of the CPS portfolio, the validation relied heavily on review mission reports, and information obtained by the independent evaluation mission (IEM) to Bangladesh in January 2015. Further, the validation found that the information in the key documents provided as the basis for the validation—the approved CPS 2011–2015, the sector assessments and the COBPs, the final two of which formed an integral part of the CPS 2011–2015—was inconsistent or disjointed both in terms of sector aggregates and sector-specific programs. This lack of clarity made it difficult to review the CPS implementation adequately. To seek clarifications on inconsistent information contained in SARD's documents, IED informally shared its draft validation report with SARD in August 2015. SARD provided IED with additional information in October 2015. Due to time constraints, most of the additional information received in the last moment was largely accepted at face value. These difficulties precluded a more comprehensive evaluation of ADB project performance, and are a limitation of this validation.

Assessment

Strategic positioning. In general, the strategic positioning of the program was relevant to Bangladesh's development needs and priorities throughout the CPS design and implementation stages. The Government of Bangladesh's 6th Five-Year Plan 2011–2015 focused on accelerating the average growth rate to 7.3% during the plan period and reducing poverty by (i) substantially boosting private investment, (ii) developing infrastructure, (iii) improving the quality of social services, (iv) supporting family planning, (v) fostering gender equity, (vi) strengthening social protection, and (vii) enhancing the productive resources of the rural poor. It also aimed to increase the rate of infrastructure investment from 24.4% of GDP to 32.5%. Much of this investment was designed to address growth constraints in energy and transport. ADB's CPS objectives were consistent with the government's objectives as well as Strategy 2020. The CPS aimed to provide assistance within the framework of Strategy 2020's development agenda of promoting inclusive economic growth, environmental sustainability, and regional cooperation and integration (RCI). The CPS highlighted the following Strategy 2020 themes: (i) good governance and capacity development, (ii)

environmental sustainability and climate resilience, (iii) regional cooperation, (iv) private sector development, (v) gender equity, (vi) knowledge solutions, and (vii) partnerships. The CPS flagged private sector development as a priority and stated its intention to tighten the sector focus. ADB coordinated its operations with other development partners.

Nevertheless, the rationale provided in the CPS and the CPSFR for ADB's support for inclusive growth was not complete, lacking an explicit treatment of all three pillars of inclusive growth (high and sustained economic growth, broadening access to opportunities, and strengthening social protection). They also lacked a meaningful discussion of the financing modalities relevant to Bangladesh and ADB's role in providing these instruments. The CPS results framework was poorly designed and no plausible link existed between the objectives stated in the different levels of the results framework—the CPS, sector, and projects. In light of these factors, the strategic positioning of the CPS 2011–2015 is rated *satisfactory*.

Relevance. Most loans and TA projects were responsive to the government's sector priorities and Bangladesh sector issues. During implementation, planned and actual operations were not always consistent in terms of both specific activities and the magnitude of sector aggregate value amounts. The CPSFR did not explain why these deviations occurred at the operations level, or how the actual portfolio supported the country's sector issues or priorities. The CPSFR simply reported the current status of the actual program, and summarized these results as aggregate amounts at the sector level. The design and monitoring frameworks (DMFs) for key projects or programs did not connect well with either their corresponding sector results frameworks or the CPS results framework. The design of the projects' DMFs was of mixed quality. However, despite the weaknesses of the portfolio design, ADB assistance program was responsive to the country's development needs and the government priorities. Thus, the validation rates the ADB program *relevant*.

Effectiveness. Of the 14 assessed projects, 13 were rated *effective*. The four validated projects were rated *effective* and, of the nine self-assessed projects, one was rated *highly effective*, seven *effective*, and one *less than effective*. With regard to the ongoing projects, some progress delivering outputs was achieved, particularly in energy, urban, and finance. In other sectors, progress was undermined by such factors as the cancellation of parts of loans (e.g., education), or weak designs leading to reductions in scope. In some cases, limited information was available on outcomes, baselines, targets, or their likely attainment. The energy sector has already achieved an electricity access rate of 72%, exceeding its target of 65%, and has made some progress toward institutional development.

With regard to transport, progress was made on institutional outcomes in the railway subsector. The results for roads were mixed; although some progress was achieved, substantial delays made it difficult in many cases to discern if the intended outputs and outcomes in the road subsector will be realized. In the urban sector, intended outputs and outcomes were mainly achieved and some progress was made on institutional reform. Regular water tariff adjustments were made and initial steps taken to promote private participation in water meter reading, billing, and bill collection. Despite a lengthy policy dialogue with the government, a national urban sector policy has not yet been approved. For education, the results were generally positive.

In the finance sector, progress was made on institutional outcomes in capital market development. ADB programs supported legislative policy actions and institutional reforms in the capital market, contributing to transparency and improved compliance. While efforts regarding governance, public sector management (PSM), and private sector development were limited, efforts relating to public–private partnerships (PPPs) achieved some success. The validation rates the program *effective*.

Efficiency. The primary cause of inefficiency was delays, particularly in the area of procurement and safeguards implementation. On average, it took 9 years to implement infrastructure projects in Bangladesh, which was 50% longer than planned. Many delays occurred in the design and implementation phases of a large number of ADB-supported projects during the CPS period. Delays during implementation were primarily caused by issues associated with land acquisition and resettlement, environmental safeguards, and the unavailability of counterpart funds. The validation rates the ADB program *less than efficient*.

Sustainability. ADB fostered government ownership and commitment, and paid attention to tariff rationalization and cost recovery in sectors such as energy, transport, and urban services. Capacity development and policy reforms accompanying ADB-supported investments contributed to sustainability. Efforts relating to railways began to show results after several CPS periods, while, in the energy sector, some progress was made on cost recovery during the CPS period, which will improve sustainability. In the urban sector, ADB made efforts to adjust the policies and legal frameworks relevant to the intended outcomes of the projects it supported (e.g., ADB helped adjust water tariffs regularly). For education, the sector-wide approach (SWAp) facility is expected to result in sustainable outcomes, and the government has shown firm commitment to the program. For ANR, institutions made efforts to optimize the allocation of available resources through performance-based assessments, and introduced a management information system in operation and maintenance (O&M) and asset management to enhance their use. Income-generating activities have also made water management associations functional and self-sustainable. For finance, institutional targets and several policy actions have been achieved for two capital market projects, which are likely to support outcome sustainability. Of the 13 projects with either PCRs or PVRs, the validation found that 11 were rated *likely sustainable* and two *most likely sustainable*. On the basis of these findings, the validation rated the ADB program *likely sustainable*.

Impact. Overall, Bangladesh made progress toward the CPS's development goals. It achieved key macroeconomic targets and selected MDGs, and realized economic growth, poverty reduction, inflation, and management of fiscal revenues and expenditure during the CPS period. With regard to development impact, ADB contributed by mobilizing a substantial amount of cofinancing from development partners to implement projects. However, the project results and their impact contributions were not tracked effectively. This was due in part to a lack of information regarding the specific goals of the programs proposed in the CPS. Furthermore, the project DMFs were not well connected to sector assessments and CPS indicators, obscuring ADB's contribution to sector and country outcomes. Similarly, the lengthy project implementation periods made it difficult to link CPS objectives with the projects implemented under it. Strong performance was seen in energy and finance, while thematic achievements demonstrated partial success. In light of these factors, the validation rated the impact of the CPS *less than satisfactory*.

ADB's performance. By offering support for government policies and plans, ADB helped the government refine its policies and legal frameworks in several sectors. This improved government capacity in spite of uneven progress across the executing and implementing agencies. ADB worked well with the government and other development partners, co-chairing the energy forum to help the government coordinate activities across the sector. ADB also significantly leveraged other development partners' financing for both lending and non-lending operations, and worked to make the implementation process more efficient. ADB's performance could be improved by the preparation of a CPS and sector and project documents that establish clear linkages between the program and project objectives and define targets that can be used to measure performance. Better data collection systems are needed to monitor and evaluate ADB operations against these targets, and provide management reports to facilitate corrective action. The validation found ADB's performance *satisfactory*.

Borrower performance. The country has made good progress on economic growth and improving the welfare of its population. The government made efforts to expedite the project design and implementation process, particularly by improving the quality of the development project proposal (DPP) and hastening its approval. The government also demonstrated consistent leadership in joint portfolio review meetings. There was room for improvement in the application of good governance standards and the safeguarding of ADB's financing requirements. The validation found the government's performance *satisfactory*.

Overall, the validation assesses the CPS 2011–2015 program *successful*.

Issues, Lessons, and Recommendations

Issues

How to position the ADB program in a period of heightened political volatility. Due to the intensifying political conflict in Bangladesh, ADB faces the following challenges: (i) how to safeguard the implementation and sustainability of its projects, particularly for infrastructure investments; and (ii) how to encourage key institutions to apply better governance standards. Governance risks also affect the management of key institutions, which are meant to uphold the rule of law and economic development. This has undermined the public accountability of these institutions. Possible ways to minimize the impact of political conflict on ADB projects could have been discussed to some extent in the CPSFR, and must be considered in the next CPS. The CPS 2016–2020 should include a thorough governance assessment that both focuses on the longer term and identifies ways to build good governance and effective municipal institutions.

Weak results frameworks. The CPS 2011–2015 presented an extremely broad strategic framework encompassing three high-level objectives and seven thematic drivers. The project's targets did not clearly link higher-level sector and country objectives with actual ADB projects, and no targets other than a list of stated intentions were provided for the CPS's thematic objectives. Furthermore, the CPSFR's discussion of the attainment of performance targets was weak, consisting of a list of achievements independent of targets. Consequently, it was difficult to discern meaningful connections between the results and the performance of the CPS program. The lack of information regarding targets and expected performance at the country level creates

significant risks for the program, which are amplified by institutional weaknesses in the areas of project implementation.

Lack of country partnership strategy guidance. During the CPS period, a substantial number of projects included in the planned program were retitled or re-scoped. Some of these changes included a different loan modality, project site, and/or loan amount. In many cases, the CPSFR, and the COBPs offered no explanation for these changes or adjustments. The validation recognizes that country operations must remain flexible and responsive to government requests; however, the deviations from the approved CPS should have been documented. Since major adjustments to project titles, scopes, and financing modes and amounts in Bangladesh program during 2011–2015 were not adequately explained, the ADB’s actual program during the period appears to have evolved in a very ad hoc fashion, while the value of these changes remains unclear. Such changes also introduced the threat of program drift, which could add risk to and reduce the performance of ADB’s program.

Lack of support for municipal empowerment. Despite a constitutional commitment to support local government, Bangladesh remains highly centralized. ADB provided a great deal of infrastructure and capacity development support to local governments, particularly the *pourashava* (municipal corporations). Important innovations, such as performance-based grants, were introduced or reinforced. However, for ADB support to be sustainable, the government must be willing to institutionalize these innovations through genuine devolution. More investment, particularly performance based, at the municipal level is desirable, and a more conducive national framework for local government must be developed to maximize these investment returns. To this end, ADB and other development partners must remain engaged in an intensive dialogue with the government.

Lessons

Establish a framework that links country results, project performance, and finance availability. The lack of targets and of a clear linkage between sector/CPS indicators and project outputs severely undermines the ability of ADB and the government to assess the program’s success. The availability of project funding should be linked to the achievement of clearly defined targets, and instruments such as results-based loans should be used to help improve transparency and demonstrate results.

Review governance and public sector management periodically. The flagship Good Governance Program (GGP) was very successful, implementing 44 out of 47 reform actions, including major governance reforms. The remaining three reforms, which are highly complex and political in nature, will require more time, as well as fundamental changes to the current system of appointing Supreme Court judges and public prosecutors. Using the GGP as a foundation to implement the remaining reforms, the government and ADB must endeavor to progress further on governance and PSM. The GGP has implications for ADB’s governance focus, as well as the nature of its dialogue with the government, the modalities it seeks to employ, and how it positions these efforts in relation to the sector focus of operations. The preparation process of the next CPS must involve detailed analysis, reflection, and dialogue to refine ADB’s approach to governance and PSM.

Recommendations

In the light of these findings, the validation makes the following recommendations to the South Asia Department for framing the next CPS:

- (i) **Explore the potential for greater use of innovative financial instruments such as results-based lending modalities.** The increased use of this instrument has the potential to improve performance by clearly linking funding availability with results, and increasing incentives for the government to follow through with agreed reforms.
- (ii) **Prepare a governance assessment and include actions to increase institutional capacity in the new country partnership strategy.** Inadequate diagnostic work in governance and PSM during preparation of the CPS resulted in ADB paying insufficient attention to governance. A governance assessment that includes a management component to address institutional risks would help ADB and the government overcome the impasse faced by the GGP. This document would help ADB understand how to better position itself when providing future governance support.
- (iii) **Increase the capacity development support offered to executing and implementing agencies.** ADB must provide more extensive capacity development support to executing and implementing agencies to improve the integrity and efficiency of implementation, while focusing on procurement, project administration, DPP preparation, safeguards, and the financial sustainability of projects.

Background Information

A. Validation Purposes and Procedures

1. Bangladesh has partnered with the Asian Development Bank (ADB) since 1973. ADB has been a strong contributor to Bangladesh's development efforts, and has reviewed the performance of its support periodically to improve its country strategy. In a recent assessment, ADB's South Asia Department (SARD) prepared a final review of the Bangladesh country partnership strategy (CPS) 2011–2015.¹ ADB is currently preparing the next CPS for Bangladesh covering 2016–2020. The Country Partnership Strategy final review (CPSFR)² for 2011–2015 rated the program *successful*, based on the six criteria ratings of *highly satisfactory* for strategic positioning, *highly relevant*, *effective*, *less than efficient*, *likely sustainable*, and *satisfactory* for development impacts.

2. The Independent Evaluation Department (IED) prepared this evaluation to (i) validate the CPSFR's findings, (ii) assess the quality of self-evaluation, and (iii) provide inputs that will contribute to the preparation of ADB's CPS 2016–2020 for Bangladesh. This validation report is based on (i) the findings of the CPSFR; (ii) a desk review of relevant documents and reports; and (iii) consultations with Government of Bangladesh agencies and a nongovernment organization (NGO), as well as meetings with ADB staff based at the Bangladesh Resident Mission (BRM) during an independent evaluation mission (IEM) in January 2015.³

B. Country Context Development Plans

1. Country Context

3. Bangladesh has achieved persistent economic growth and poverty reduction over the last two decades, despite political turmoil and natural disasters. Growth was inclusive and broad based, as indicated by the relative stability of the Gini coefficient (0.33 in 2005, 0.32 in 2010, and 0.31 in 2013), reflecting a moderate rate of inequality.⁴ Recently, gross domestic product (GDP) grew at a rate of 6% in Fiscal Year (FY) FY2013, slightly lower than the FY2012 rate of 6.2%, and the growth rate was expected to decline further to 5.6% in FY2014.⁵ The private sector has grown rapidly, supporting economic growth and poverty reduction.

¹ ADB. 2011. *Country Partnership Strategy: Bangladesh, 2011–2015*. Manila.

² ADB. 2014. *Country Partnership Strategy Final Review: Bangladesh, 2011–2015*. Manila.

³ The IEM was conducted in Dhaka, Bangladesh, from 20 to 30 January 2015.

⁴ See Quandt. 2015. *Bangladesh Statistical Data*. <https://www.quandl.com/c/bangladesh>; Bdnews24.com. 2014. *Bangladesh Doing Well in Tackling Inequality: WB*. Chief Economics Correspondent, December 9. <http://bdnews24.com/economy/2014/12/09/bangladesh-doing-well-in-tackling-inequality-wb>

⁵ This slowdown is forecasted due to an expected decline in remittances and tapering off of export growth in the coming months. ADB. 2014. *Asian Development Outlook. 2014: Fiscal Policy for Inclusive Growth*. Manila.

4. The national poverty headcount rate declined from 57% in the early 1990s to 31.5% in 2010, keeping the country on track to reach the Millennium Development Goal (MDG) 1 to halve the proportion of people living below the poverty line by 2015. The United Nations (UN) review of Bangladesh's achievements found good performance for child mortality (MDG 4) and disease control (MDG 6). The review also found moderate achievement on environmental sustainability (MDG 7), but noted serious lags on maternal mortality (MDG 5). It noted variations in performance across groups and regions, and expressed its concern about these growing inequalities.⁶

5. The economic and political participation of women increased sharply, bolstered by female employment in the garment industry, labor migration, and microfinance programs. More women are employed in government institutions and represented in the legislature and local councils. Gender disparity was eliminated in primary and secondary enrollment, and fertility rates were nearly halved from 1990 to 2009. Despite these achievements, in 2013, Bangladesh still ranked low on gender equity indices: 142 out of 187 countries surveyed on the Human Development Index and 111 out of 149 countries on the Gender Inequality Index.⁷

6. The CPS and CPSFR were unable to foresee the steep decline in world oil prices that occurred in mid-2014. This change offers potential import development gains and export opportunities for Bangladesh. Taking advantage of this and other development opportunities will require political stability, which has been lacking at various points in the CPS period. Since 5 January 2015, Bangladesh has experienced heightened political instability that has reduced the confidence of potential investors.⁸ Opposition parties called strikes and blockades in rotation across major urban centers, resulting in the loss of life due to attacks on vehicles breaking the blockades, as well as slowed growth in commerce and production. This economic disruption threatens to dampen economic growth in 2015 and delay the implementation of certain ADB infrastructure projects.

7. Bangladesh has managed to achieve high growth and fairly good performance in health, education, and poverty reduction despite weak governance and high levels of corruption.⁹ Bangladesh is often offered as a positive development example; however, it is unclear whether its liberal economic policies can continue to offset the negative effects of poor political and administrative governance. Good macroeconomic policies have helped conditions, but certain vulnerabilities and risks remain.

8. Bangladesh's heavy reliance on the garment industry and remittances suggests that its favorable economic performance is vulnerable to reversals. Foreign investment in Bangladesh is low in comparison to developing countries of a similar size. For instance, during 2012–2013 Indonesia attracted more than \$18 billion per year, while Bangladesh attracted less than \$2 billion per year.¹⁰ A large part of this difference is likely due to the poor state of governance, which may also account for other indicators. For example, the banking sector's disappointing growth has been attributed to the

⁶ United Nations. 2012. *Bangladesh United Nations Development Assistance Framework 2012–2016*. New York and Geneva. p.6.

⁷ United Nations Development Programme. <http://hdr.undp.org/en/content/human-development-index-hdi>. The latest Gender Inequality Index rating was provided by the Ministry of Water Resources on 17 Jan 2016.

⁸ *Bdnews24.com*. 2015. Governor Calls for Peace to Lure in Investment in Bangladesh. January 6. <http://bdnews24.com/economy/2015/01/06/governor-calls-for-peace-to-lure-in-investment-in-bangladesh>

⁹ C. Wescott and M. Breeding. 2011. Bangladesh–World Bank Country-level Engagement on Governance and Anticorruption. *Independent Evaluation Group Working Paper Series*. No. 2011/7. Washington, DC: World Bank. <http://documents.worldbank.org/curated/en/2011/01/15797458/bangladesh-world-bank-country-level-engagement-governance-anticorruption>

¹⁰ United Nations. 2014. *Investing in the SDGs: An Action Plan. World Investment Report*. New York and Geneva.

political instability that has afflicted Bangladesh since 2013.¹¹ This state of affairs may worsen in 2015.

2. Government Development Plans

9. The government's 6th Five-Year Plan 2011–2015 focused on increasing the average growth rate to 7.3% during the plan period and reducing poverty by (i) substantially boosting private sector investment, (ii) developing infrastructure, (iii) improving the quality of social services to build human resources, (iv) supporting family planning, (v) fostering gender equity, (vi) strengthening social protection, and (vii) enhancing the productive resources of the rural poor. It aimed to increase the rate of infrastructure investment from 24.4% of GDP to 32.5%. Much of this investment was designed to address growth constraints in energy and transport. In anticipation of the private sector playing a larger role, the government committed to strong efforts to enter into public–private partnerships (PPPs).¹²

10. The 7th Five-Year Plan is expected to span 2016–2020, but its directions are already being defined, and it will influence the final year of the CPS 2011–2015. The current government, which began its term in early 2014, announced its intention to continue ongoing development programs during the plan, emphasizing economic stability. Attention will be paid to social safety net programs, labor market policies, and self-employment programs. The government's long-term goal, as expressed by the Prime Minister, is to make Bangladesh a developed country by 2041, and reduce the proportion of persons living in extreme poverty to 13% of the population.¹³

3. Country Partnership Strategy Coverage and the Roles of Major Development Partners

11. In response to the 6th Five-Year Plan, the CPS 2011–2015 focused on six sectors: (i) energy, (ii) transport, (iii) education (including skills), (iv) urban (water supply and other municipal infrastructure and services), (v) agriculture and natural resources (ANR), and (vi) finance. The CPS also outlined strategies and approaches to address governance challenges and help mitigate vulnerability to external economic shocks and natural disasters. The CPS sought to integrate climate change adaptation and mitigation in its operations, support green growth, and seize emerging opportunities for regional cooperation and integration (RCI). To deliver high-impact results and better address growth constraints, ADB intended to support larger strategic programs and projects, including those requiring advanced technology.

12. Following the principles of aid effectiveness, the CPS 2011–2015 called for effective collaboration with development partners including (i) joint consultations during CPS preparation, (ii) coordinated support for sectors and the key drivers of change, and (iii) leveraging cofinancing for projects. This robust engagement would occur in several sectors. In the energy sector (gas), ADB's support was complemented by support from the World Bank, Norway, and the United States Agency of International Development.¹⁴ A similar situation occurred in other sectors and

¹¹ A. Faruk. 2014. Political Stability a Must for Banking Growth: MTBL Chief. *The Daily Observer*, Tuesday, October 14. <http://www.observerbd.com/2014/10/14/48664.php#sthash.iB8KCqUw.dpuf>

¹² Government of the People's Republic of Bangladesh, Planning Commission. 2011. *Sixth Five Year Plan FY2011–FY2015: Accelerating Growth and Reducing Poverty*. Part 1. Strategic Directions and Policy Framework. Dhaka.

¹³ Dhaka Tribune. 2014. PM: 7th Five Year Plan is in Offing. 5 March. <http://www.dhakatribune.com/bangladesh/2014/mar/05/pm-7th-five-year-plan-offing#sthash.VGvhN1DT.dpuf>

¹⁴ ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Loans to the People's Republic of Bangladesh for the Natural Gas Access Improvement Project*. Manila. All ADB-

subsectors, such as in trade facilitation, education, and health. Sectors heavily populated by development partners provided opportunities for cooperation and maximized opportunities for reform, as in the education sector-wide approach (SWAp) that ADB implemented during the CPS 2011–2015 with 10 other development partners.

4. Previous ADB Country Assistance Program Evaluation

13. An independent country assistance program evaluation (CAPE) of ADB's strategies and assistance programs in Bangladesh was prepared for 1999–2008. This document rated ADB's performance *satisfactory*, noting that its program in Bangladesh was generally consistent with the government's priorities and country strategies. ADB's strongest contributions were made in energy and education. ADB was able to (i) foster energy reforms, improving the electrification rate and cutting system losses; (ii) initiate railway reforms; (iii) improve the quality of and access to education; and (iv) introduce better urban governance.¹⁵ The CAPE noted ADB's longstanding effort to reduce the number of subsectors, while safeguarding its previous contributions therein. It added that, in the latter part of the CAPE period, ADB had been unsuccessful in this regard apparently because other development partners were not prepared to step in to replace ADB's support. The CAPE noted that ADB's intention to increase sector selectivity was countered by the need to respond to the government's requests for governance support and disaster management.

14. The CAPE also raised concerns about the low rate of achievement against the original development impact indicators, of which only 26% had met their targets by 2009. Most progress was achieved in governance, energy, and transport. In conclusion, the CAPE recommended pursuing implementation efficiency, and maintaining the rather broad sector coverage, arguing that it was responsive and in line with other development partners. It suggested that (i) transport be expanded, (ii) private sector operations be given more attention, and (iii) urban development and water and sanitation be continued in light of increasing urban settlement. The CAPE encouraged further sector reforms, especially in energy, and the continuation of support for governance and anticorruption efforts, urging ADB to take a patient, gradual approach guided by realistic expectations of the rate of progress.

5. ADB's Proposed Country Program and Portfolio Approved during the Country Partnership Strategy Period

15. The CPS 2011–2015 reflected the main recommendations of the 2009 CAPE. Although the CAPE encouraged flexibility, ADB endeavored to be more selective. It committed to develop private sector operations more intensively, and maintained some governance support despite partially withdrawing. The CPS proposed an overall lending envelope of \$4.5 billion for 2011–2015, of which \$2.4 billion would be sourced from the Asian Development Fund (ADF) and \$2.1 billion from ordinary capital resources (OCR). The CPS also planned an average of \$9.6 million per year in technical assistance (TA). By loan value, the country operations business plan (COBP) 2012–2014 allocated the largest amount to energy, followed by transport (Table 1).

16. The CPS 2011–2015 and COBP 2012–2014 strongly indicate the intention to attract cofinancing. Because cofinancing was generally confirmed during project preparation, the COBP project lists did not provide estimates for the desired cofinancing for most planned projects, but used "tbd" (to-be-determined) as a

supported projects and TA projects discussed in this report are listed with their full titles, amounts, and dates in Appendix 1.

¹⁵ IED. 2009. *Country Assistance Program Evaluation: Bangladesh*. Manila (Loan 2666).

placeholder instead. Similarly, it indicated the availability of grant finance for only a few projects. As a result, the validation was unable to establish planned figures to be compared with approved figures later.

17. ADB repositioned its public sector program away from a number of areas addressed in the previous CPS, such as participatory livestock enhancement, crop diversification, small and medium-sized enterprise (SME), agribusiness, civil service management, and judicial reform. During the CPS period, ADB's planned and actual funding allocation focused on energy, transport, and urban services.

Table 1: Planned and Actual Portfolio by Sector
(\$ million, %)

Sector	Planned Loans (2011–2015)				Actual Loans (2011–2014)				
	CPS 2011–2015		Sector Results Frameworks						
	Million	%	Million	%	Million	%	Grants	TA	Cofinancing
Energy	1,259	28%	1,435	29%	917	25%	7.00	3.70	1,463.50
Transport	1,112	25%	946	19%	1,123	30%	4.60	6.60	334.60
Urban	985	22%	985	20%	556	14%	35.02	7.36	632.70
Education	700	16%	700	14%	580	16%	10.00	5.93	924.50
ANR	290	6%	290	6%	186	5%	17.30	3.73	17.30
Finance	175	4%	585	12%	371	10%	3.32	7.96	199.50
Total	4,521	100.0%	4,941	100%	3,733	100%	77.24	35.28	3,572.10

ANR = agriculture, natural resources, and rural development; CPS = country partnership strategy; TA = technical assistance.

Notes: 1. Numbers may not sum precisely or percentages appear exact because of rounding.

2. Urban covers water supply and other municipal infrastructure and services.

3. Two multisector operations have been included under their key sector (energy and ANR) to remain in alignment with the country partnership strategy, which did not have a multisector designation.

4. Although grants and TA projects are partly cofinanced as well, this table only refers to loan cofinancing.

5. Actual cofinancing represents a sum of loans and grants.

6. TA related to public sector management governance is included under Finance (to remain consistent with the country partnership strategy and its final review).

7. Finance covers two industry and trade projects.

Sources: Planned loans are from the Country Operations Business Plan 2012–2014; actual approved loans are from ADB records (as of November 2014); and cofinancing data is from the Country Partnership Strategy Final Review Appendix 3.

6. Programs and Projects Covered by the Validation

18. The scope of this validation follows IED guidelines for CPSFR validation.¹⁶ It covers the CPS, the COBPs (especially the COBP 2012–2014), and the 2011–2014 ADB assistance program. The validation also encompasses the programs and projects approved prior to the CPS and implemented during the CPS period. The validation reviewed a total of 75 projects or programs (51 active and 24 closed) amounting to \$6.4 billion and 65 TA projects.¹⁷ Of the 24 closed projects or programs, 13 were accompanied by self-assessed project completion reports (PCRs), while the remaining 11 had not yet been assessed.

19. Table A1.1 (Appendix 1) shows the 13 rated loans—either self-assessed in the PCR or evaluated by the IED's project validation report (PVR)—that fell within 2011–2014.¹⁸ Within this total, one PCR was prepared for a project in the energy sector, three

¹⁶ ADB. 2011. *Guidelines for the Preparation of Country Partnership Strategy Final Review Validation Report*. Manila.

¹⁷ Of these 65 TA projects, 45 are active or closed but unrated, and 20 are closed and rated.

¹⁸ Table A1.2 lists the TA projects closed in the same period that were accompanied by a TA completion report (TCR). Tables A1.3 lists the relevant active loans, and A1.4 the relevant TA projects.

in transport, one in the urban sector, two in education, four in ANR, and two in finance. The IED validated four of the 13 PCRs: producing three PVRs in the ANR sector and one in transport. Of the 13 rated projects, 11 projects were rated *successful*, one *highly successful*, and one *less than successful*.¹⁹

20. The sector breakdown in Table 2 shows the loan values of the projects reviewed by the validation. About 65% of the value of the active loans was tied to operations approved during the CPS period. The remaining 35% was approved prior to the CPS period. Of this latter group, only 33% by value was rated, meaning that rated projects composed only about 14.5% by value (\$924 million) of the total portfolio covered by this validation. For the remaining 85% by value of the projects, the validation had to rely on a review of mission reports (back-to-office reports, aide memoires, or memoranda of understanding), or information in the CPSFR as well as that obtained from key stakeholders during the IEM. Gaps in the documentation of the progress of unrated and ongoing projects hindered a more comprehensive review of ADB's project performance, which is a limitation of this validation.

Table 2: Portfolio Covered by this Validation by Value (as of November 2014)
(\$ million, %)

(\$ million, %)

	Total Portfolio Reviewed	Closed and Rated during CPS	Active	Active		Total
				Approved Prior to CPS	Approved in CPS	
	6,387.1	923.7	5,463.4	1,913.9	3,549.5	5,463.4
	100.0%	14.5%	85.5%	35.0%	65.0%	100.0%
(Sector)						
Energy	25.6%	20.1%	26.5%	590.2	856.9	1,447.1
Transport	23.5%	3.3%	23.1%	155.6	1,103.6	1,259.2
Urban	15.7%	26.4%	17.8%	439.3	530.6	969.9
Education	14.9%	19.7%	14.1%	212.8	554.6	767.4
Finance	10.8%	5.3%	11.8%	332.6	309.4	642.0
ANR	9.1%	25.2%	6.3%	171.9	173.9	345.8
Other	0.5%		0.6%	11.4	20.2	31.6
Total	6,387.1	923.7	5,463.4	1,913.9	3,549.5	5,463.4

ANR = agriculture, natural resources, and rural development; CPS = country partnership strategy.

Notes: 1. Urban includes water supply and other municipal infrastructure and services.

2. Two projects categorized as other are not included in this table.

Source: Independent Evaluation Department.

21. The validation found that the information in the key documents provided as the basis for the validation—the approved CPS 2011–2015, the sector assessments and the COBPs, the final two of which formed an integral part of the CPS 2011–2015—was inconsistent or disjointed both in terms of sector aggregates and sector-specific programs. This lack of clarity made it difficult to review the CPS implementation adequately. To seek clarifications on inconsistent information contained in SARD's documents, IED informally shared its draft validation report with SARD in August 2015. SARD provided IED with additional information in October 2015. Due to time constraints, most of the additional information received in the last moment was largely accepted at face value. These difficulties precluded a more comprehensive evaluation of ADB project performance, and are a limitation of this validation.

¹⁹ Five projects were rated *highly relevant* and nine *relevant*; 11 were rated *effective*, one *highly effective*, and one *less than effective*; 10 were *efficient*, two *less than efficient*, and one *highly efficient*; and 11 were rated *sustainable* and two most likely *sustainable*.

CHAPTER 2

Sector Overview

A. Energy

22. Energy received the largest proportion of assistance, accounting for 29% of the planned CPS portfolio, and 25% of the actual portfolio. Bangladesh has a long history of poor power performance, resulting in chronic power shortages and frequent outages. Chronic power interruptions have caused substantial economic losses, equaling more than 0.5% of GDP per year. Industrial and commercial establishments rely on expensive and inefficient captive power generation during power interruptions. At the beginning of the CPS period, only 47% of the population had access to electricity. Power-generating capacity in Bangladesh has not kept pace with rising demand, and existing generating stations do not operate at the desired efficiency.

23. **Government priorities, policies, and plans.** The energy development strategy aimed to strengthen capacity for power supply and demand management. Adequate pricing was also emphasized. In power, the government focused on institutional reforms such as establishing corporate entities, introducing adequate processes to solicit private generation investments, and expanding franchise areas for rural electricity. In gas, the government focused on private investment in gas field development, network coverage, and the efficiency of national gas companies. The priority sector outcome was increased access to power supply by 2015, with the following targets: 65% of households having access to electricity, and an electricity consumption rate of 390 kWh per capita. Sector outputs for 2015 are power and gas infrastructure expanded, improved, and well managed, as measured by the following indicators: (i) gas transmission company operational with gas compressor stations, (ii) power generation companies handling PPP contracting in-house, (iii) 300 million cubic feet of daily gas supplies provided by existing Petrobangla-operated fields, (iv) a power-generating capacity of 8,506 megawatts (MW), (v) power imports of 500 MW, and (vi) an additional 500 kilometers (km) of power-transmission lines.

24. **ADB's program.** ADB's program in this sector covered by the validation (i.e., projects active or completed as of November 2014) comprised 10 loans in eight projects worth \$1,583.1 million. Power received the biggest allocation (\$1,092.3 million or 69.0% of ADB's energy financing), followed by gas (\$490.8 million or 31.0%). Of the eight projects, four active power projects worth \$806.9 million were approved during the CPS period, three active projects (two gas and one power) worth \$590.2 million were approved before 2011, and one power project was completed in 2013. ADB also approved four capacity development technical assistance (CDTA) projects, worth \$2.35 million, to support climate change adaptation and mitigation, climate change strategy (e.g., disaster risk management and enhanced climate resilience), renewable energy, and energy security.

B. Transport

25. Transport was the second most important sector for ADB, accounting for 19% of the planned CPS portfolio, and 30% of the actual portfolio. Bangladesh has a variety of transport options, including roads, railways, sea, and inland waterways. Bangladesh has been characterized as having an inadequate national and regional transport network and poor-quality transport services. Despite decades of government efforts, the transport system has been slow to improve, as the capacity of transport agencies is weak, and the country still suffers from high logistics costs and inefficient movement of passengers and freight.

26. **Government priorities, policies, and plans.** The transport sector figures prominently in the government's 6th Five-Year Plan 2011–2015. The government focused on expanding strategic corridors and improving existing roads; strengthening the capacity, efficiency, and governance of transport agencies; and increasing private participation in transport. One of the major sector policies, the Draft Integrated Multimodal Transport Policy 2011, aimed to develop an efficient transport system that provided better services at fair prices. A Road Master Plan is the guiding document under which road investment programs are systematically planned and implemented. Sector outcomes included increased, more efficient, and safer movement of people and goods, by developing a balanced and integrated transport network along five main transport corridors. Sector outputs are the development of road and rail transport systems, the restructuring of Bangladesh Railway, and the achievement of international standards of seaport efficiency and productivity.

27. **ADB's program.** ADB's program in this sector covered by the validation (i.e., projects that were active or completed as of November 2014) consisted of 17 loans in 12 projects worth \$1,503.4 million. Railways received the largest allocation (\$879.9 million or 58.5% of ADB's transport financing), followed by roads (\$410.4 million or 27.3%), urban transport (\$157.6 million or 10.5%), Chittagong Port trade facilitation (\$30.6 million), and a project preparatory facility (22.4 million). Of the 12 projects, six active projects (three railways, two roads, and one urban transport worth \$1,103.6 million in total), were approved during the CPS period; three active projects (railways, roads, and a project preparatory facility worth \$155.6 million in total) were approved before 2011; and three projects (two roads and one port worth \$244.2 million) were completed during the CPS period. ADB also approved two policy advisory technical assistance (PATAs) and three CDTA projects worth \$5.1 million to support road safety and produce a master plan for Chittagong Port, traffic management, and institutional development for the Roads and Highways Department (RHD) and Bangladesh Railway.

C. Urban

28. The urban sector was the third most important for ADB, accounting for 20% of the planned CPS portfolio and 14% of the actual portfolio. In 2010, an estimated 38 million people, 25% of Bangladesh's population, lived in urban areas. Although this percentage is still relatively low, Bangladesh is urbanizing rapidly, and its urban population has been growing at more than double the national rate of 1.2%. If this trend continues, half of the country's population will live in urban areas by 2030. Dhaka is one of the fastest growing megacities in the world. Rapid urbanization has led to shortages of basic infrastructure and housing. Over six million urban inhabitants have no access to safe drinking water, while other problems include poor sanitation and drainage, garbage, and air pollution.

29. **Government priorities, policies, and plans.** Although the government does not have a formal urban development policy, strengthening local governments is one of the priorities of the 6th Five-Year Plan. The Pourashava Act 2009 and City Corporations Act 2009 reflect improvements in the legal framework for local governments. The priority sector outcome was increased access to an improved water supply, sanitation services, and health care. The targets for 2015 were (i) 100% of the urban population having access to sanitation and drinking water; (ii) 96.5% of the rural population having access to drinking water, (iii) 90% of the rural population having access to sanitation, and (iv) about 50% of all births attended by skilled health personnel.

30. To meet these targets, the government stressed sector reform supporting the financial sustainability and autonomy of urban water entities. Sector outputs were an expanded, improved, and well-managed water supply and sanitation (WSS) system and other urban infrastructure in Dhaka, Khulna, and other municipalities. The 2015 output targets were (i) WSS coverage increased in Dhaka by 5% and in Khulna by 9%, (ii) infrastructure improved in 20 municipalities under the Secondary Towns Water Supply and Sanitation Project, (iii) urban infrastructure improved in 50 more municipalities with better planning under the Second Urban Governance and Infrastructure Improvement (Sector) Project (UGIIP II), (iv) governance improved in 50 more municipalities under UGIIP II, and (v) one model corridor structured and equipped with a mass-transit system.

31. **ADB's program.** The validation period for ADB's urban sector program covered 15 loans in 12 projects worth \$1,000.4 million. WSS received the largest allocation (\$609 million or 60.9% of ADB's urban financing), followed by urban governance (\$202.7 million or 20.3%), and health (\$135.5 million or 13.5%). Of the 12 projects, six active projects (two in WSS, two in coastal town improvement, one in health, and one in urban governance) worth \$530.6 million were approved during the CPS period; five active projects (two WSS, one health, one urban governance, and one urban development) worth \$439.3 million were approved before 2011; and one project (health) was completed in 2014. ADB also approved one PATA and 4 CDTA projects worth \$3.55 million, which aimed to support (i) the Khulna water supply; (ii) WSS, drainage, and sanitation in coastal towns; (iii) a regulatory framework for urban WSS; (iv) monitoring and enforcement along the Meghna River to ensure Dhaka's sustainable water supply; and (v) primary health care service delivery in urban areas.

D. Education

32. Education accounted for 14% of ADB's planned portfolio and 16% of the actual portfolio. Bangladesh has made considerable progress in improving access to education at all levels; however, it is still lagging on primary cycle completion (MDG 2). In 2010, only a little over 50% of those entering grade 1 completed the primary cycle, although this increased to 79% in 2013. In secondary schools, cycle completion has increased from 20% in 2005 to 38.6% in 2008 and 58% in 2014. The poor quality of education services remains the biggest sector challenge, as this causes high dropout and repetition rates at both the primary and secondary levels.

33. **Government priorities, policies, and plans.** Education is one of the government's top development priorities. The National Education Policy 2010 supports restructuring education to ensure that all children complete the primary cycle. Under the 6th Five-Year Plan, the government aimed to raise completion rates at all levels and improve education quality, particularly in secondary school. The priority sector outcome was increased access to high-quality education and higher educational attainment for

all, with the following targets for 2015: (i) Grade 5 completion rate increased to 75%, (ii) net secondary education enrollment rate increased to 75%, and (iii) annual dropout rate lowered to 2% (all with gender parity). For primary education, the sector outputs were (i) a human resources development plan and institutional analysis, (ii) a school-level improvement plan, and (iii) higher attendance rates for children with special needs. For secondary education, the sector output was continuous professional development training for teachers, at least 20% of whom should be women.

34. **ADB's program.** The validation covered nine ADB projects (one in post-literacy and two apiece in primary education, secondary education, teaching quality, and technical skills development) worth a total of \$949.3 million. Of these nine projects, four active projects (two in secondary education, one in primary education, and one in skills development) worth \$554.6 million were approved during the CPS period; three active projects (post-literacy and continuing education, secondary education, and skills development) worth \$212.8 million were approved before 2011; and two more were completed in 2012 and 2013. ADB also approved six CDTA projects worth \$4.075 million, which aim to support PPP in higher education, primary education, and skills development.

E. Agriculture and Natural Resources

35. ANR accounted for 6% of ADB's planned portfolio and 5% of the actual portfolio. Agricultural development and sustainable rural natural resource management are critical for poverty reduction as the vast majority of Bangladesh's poor live in rural areas and depend on agriculture for their livelihoods. Some 75% of the population and 85% of the poor live in rural areas. Agriculture employs half of the workforce, contributes 20% of the GDP, and provides a secure supply of food for the entire population. The importance of fostering agricultural development and sustainable natural resource management has been highlighted in recent years as policymakers grappled with climate change and sudden spikes in global and domestic food prices. The delivery of high-quality services is hampered by the division of authority across agencies, capacity constraints, and a lack of coordination.

36. **Government priorities, policies, and plans.** The government's development plans, which aimed to reduce poverty, placed a high priority on agriculture. Similarly, the 6th Five-Year Plan prioritizes agricultural productivity and sustainable water resource management for food security. The sector outcome was sustained high growth in agriculture, with a target growth rate of 4.5% throughout the CPS period. The sector outputs were expanded and agricultural infrastructure and systems improved, with the following targets for 2015: (i) 2,000 km of rural roads upgraded, (ii) another 158 km of riverbank protected, and (iii) 142 km of existing riverbank protection upgraded.

37. **ADB's program.** The validation covered 12 ADB projects worth \$578.4 million. Water resources and management projects received the largest allocation (\$345 million or 59.6% of ADB's financing), followed by rural infrastructure (\$126.5 million or 21.9%), and agricultural production (\$106.9 million or 18.5%). Of these 12 projects, four active projects (two in rural infrastructure and two in water resources) worth \$173.9 million were approved during the CPS period, and eight active projects worth \$404.5 million were approved before 2011.

F. Finance

38. Finance accounted for 12% of ADB's planned portfolio and 9% of the actual portfolio. Bangladesh's finance sector is diverse, dominated by banks, and oriented towards short-term finance. In 1990, the government developed a finance reform program that made some progress toward deregulating interest rates, strengthening prudential regulations, and enhancing the capacity of the central bank, while making less progress in reforming state-owned commercial banks. The capital market is in an early stage of development and lacks a well-articulated regulatory framework as well as strong market players. Little transparency and frequent changes to regulatory policies have added uncertainty to the market. Debt markets for long-term capital investments are underdeveloped as seen in the bond market, which is still in its infancy. The undeveloped long-term credit market hampers small and medium-sized enterprise (SME) development, which accounts for 40% of gross manufacturing outputs.

39. **Government priorities, policies, and plans.** The 6th Five-Year Plan stresses (i) strengthening prudential regulations, (ii) improving the central bank's supervision and oversight capacity, (iii) developing the capital market, and (iv) preparing a strategy to expand credit access to the poor and vulnerable groups, as well as special groups such as farmers, SMEs, and women entrepreneurs. The sector outcome was an efficient capital market for private sector enterprises, having as its target a 20%–30% increase in equity market capitalization by 2015 from a 2010 baseline of 36% of GDP. The sector outputs were (i) better-governed and stable capital and bond markets; and (ii) increased availability of financing for small, medium, and large infrastructure projects and renewable energy programs.

40. **ADB's program.** The validation covered 17 ADB loans in 10 projects worth \$740.5 million. Capital market projects received the largest allocation (\$205.9 million or 27.8% of ADB's sector financing), followed by PPP (\$191.7 million or 25.9%), governance (\$172.6 million or 23.3%), and SME (\$125 million or 16.9%). Of these 10 projects, three active projects (in capital market, PPP, and SME, worth \$359.4 million) were approved during the CPS period; seven active projects (worth \$381.1 million) were approved before 2011; and three projects were completed in 2011 or 2013. ADB also approved seven CDTA projects (worth \$1.885 million) to support governance, capacity development, anticorruption, and PPP.

G. Public Sector Management

41. Public sector management (PSM) was not included in the CPS, although ADB has ongoing legacy projects in this sector. Bangladesh continues to face major governance challenges. Corruption and weak government effectiveness reduce the development impact of government investments and increase investors' cost of doing business. A stronger commitment to transparency and accountability in governance, and the enhanced rule of law are crucial for continued economic prosperity and social inclusion.

42. **Government priorities, policies, and plans.** Establishing good governance was identified as a priority area in the 6th Five-Year Plan. The government aimed to ensure an effective parliamentary process, sound law and order, pro-people public services, an improved legal and judicial system, strengthened local governance, and a corruption-free society with robust social justice. The government has recently implemented several key governance reforms, including (i) establishing independent information and election commissions; (ii) enacting a public money and budget management law; (iii)

setting up energy and telecommunications regulatory commissions; (iv) enacting a uniform public procurement law; (v) introducing an annual performance agreement, grievance redress system, and citizen's charter; (vi) adopting a national integrity strategy; and (vii) expanding e-governance in the public sector.

43. **ADB's program.** While PSM was not a priority sector in the CPS and was not discussed as a cross-sector theme, ADB has supported governance and capacity development through loans, TA projects, and knowledge activities. ADB helped government agencies improve auditing, project accounting, and public financial management functions, and increase transparency in procurement. For example, the Strengthening Governance Management Project aims to improve governance by enhancing transparency in tax administration and land records management.

Validation of the Country Partnership Strategy Final Review

44. This section reviews the findings of the CPSFR and validates its overall assessment of the CPS's performance against the following eight criteria: (i) strategic positioning, (ii) program relevance, (iii) effectiveness, (iv) efficiency, (v) sustainability, (vi) development impacts, (vii) the performance of ADB, and (viii) borrower performance. The validation assesses the CPS's overall performance based on the first six of these criteria. The CPSFR rated the CPS 2011–2015 *highly satisfactory* for strategic positioning, *highly relevant*, *effective*, *less than efficient*, *likely sustainable*, and *satisfactory* for development impacts, with an overall rating of *successful*.

A. Strategic Positioning

45. Strategic positioning assesses whether the CPS was consistent with the country development priorities as well as ADB's country and sector strategies at both appraisal and evaluation. The CPS 2011–2015 aimed to provide ADB assistance in alignment with the Strategy 2020 development agenda of promoting inclusive economic growth, environmental sustainability, and regional cooperation and integration (RCI). The CPS highlighted the Strategy 2020 thematic drivers of (i) good governance and capacity development, (ii) environmental sustainability and climate resilience, (iii) regional cooperation, (iv) private sector development, (v) gender equity, (vi) knowledge solutions, and (vii) partnerships. The CPS flagged private sector development as a priority and stated its intention to tighten the sector focus.

46. The CPSFR rated the CPS's strategic positioning as *highly satisfactory* based on a review of the macroeconomic background, and emphasized the overall need for more investment in infrastructure, skills enhancement, and a strengthened financial sector. It noted that the CPS's focus on six sectors was responsive and in line with development needs and government priorities as defined in the 6th Five-Year Plan. The CPSFR noted that the program's strategic nature was enhanced by a results-oriented approach, an underlying risk assessment, and coordination with and cofinancing from other development partners. The program's strategic positioning was further enhanced by the application of the Strategy 2020 drivers of change. The CPSFR followed these statements with a detailed sector-by-sector discussion of strategic positioning to demonstrate how ADB support paralleled key government policies and plans. The CPSFR concluded (i) that the CPS was highly relevant to Bangladesh's strategic, sector, and thematic priorities; and (ii) that ADB maintained an optimal balance within and across sectors, and effectively mainstreamed the drivers of change.

47. **Alignment with ADB's corporate strategy.** The CPS presented a plan for ADB assistance in line with the Strategy 2020 development agenda of promoting inclusive economic growth, environmental sustainability, and RCI. While the CPSFR confirmed this alignment, neither document thoroughly explained how ADB would achieve these objectives, particularly with

regard to the three pillars underpinning inclusive growth.²⁰ In the context of Bangladesh, where ADB has been trying to tighten its program focus, it might have been sufficient for the CPS and CPSFR to explain how the government and other development partners would address the third pillar (social protection), while emphasizing ADB's contribution to growth (e.g., the improved business climate in the finance sector) and the promotion of equal opportunity (e.g., broadened access to skills enhancement).

48. **Coordination with development partners.** There are many development partners active in Bangladesh, and ADB engaged with them extensively during the implementation of the CPS 2011–2015.²¹ ADB participated in several government-development partner forums and working groups with the Local Consultative Group, co-chairing the energy working group based on its leading support role in that sector. ADB also successfully attracted \$2.8 billion in cofinancing (a 74% increase on ADB financing from 2011 to 2014). This success undoubtedly boosted the impact of ADB operations.²²

49. **Institutional development.** The CPS and CPSFR included little discussion on governance and PSM. This is surprising given the high level of political instability and lack of capacity among the executing and implementing agencies, which has negatively impacted project performance. In the CPS, this weakness can be partially attributed to the insufficient diagnostic work in this area during the preparation stage. Even the required Governance and Anticorruption Action Plan (GACAP) II risk assessment lacked a detailed “management” component, which would have provided full-fledged risk assessment and management plans (RAMPs). In certain countries, particularly where severe public sector challenges are found, ADB has chosen to undertake a PSM assessment; yet, although Bangladesh appears to fall within this category, no such assessment was prepared to guide the CPS. Other development partners possessed a certain amount of analysis information, but the CPSFR did not indicate whether or how this was used.

50. **Alternative financing instruments.** Neither the CPS nor the CPSFR discussed the various financing modalities (multitranches financing facilities, policy- and results-based loans, program loans, project loans, and TA) that could have been used to support proposed reforms in areas such as budget support, infrastructure development, and capacity development for institutions. Consequently, the choice and proportions of ADB modalities that would be applied were not adequately considered. The CPS may have been prepared too early to address the emerging discussion regarding alternative sources and types of financing that can be used to support development. However, the more recent CPSFR should have noted the wider developments relating to the use of various financing modalities and positioned ADB more clearly within this shifting context. Some of these developments include (i) ADB's recent involvement in the education SWAp based on the World Bank's model of disbursement-linked indicators, (ii) the government's expectation to tap into the Asian Infrastructure Investment Bank by 2017, and (iii) the potential to help city governments issue bonds or access special financing schemes.

²⁰ ADB's inclusive growth concept is based on three pillars: (i) high and sustained economic growth, (ii) broadened access to opportunities, and (iii) strengthened social protection.

²¹ For ANR projects, ADB has worked with the Organization of the Petroleum Exporting Countries Fund for International Development, the Government of the Netherlands, the International Fund for Agricultural Development, and KfW; for transport and education, with the World Bank and the Korea International Cooperation Agency; and for energy, with the World Bank, Japan International Cooperation Agency, KfW, European Investment Bank, Islamic Development Bank, Agence Française de Développement, the Government of Norway (\$5 million grant), etc.

²² Due to restrictions on movement imposed on the independent evaluation mission (IEM) when it was in Dhaka in mid-January 2015, it was unable to meet with many development partners directly to obtain their views on the level of coordination and collaboration. However, it discussed these topics with the World Bank and Japan International Cooperation Agency via a conference call on 16 April 2015. Along with ADB, these two agencies were the largest external financial contributors to infrastructure in Bangladesh during the evaluation period. They provided examples of productive coordination and cooperation with ADB, and noted areas where engagement can be improved.

51. **Quality of the country results framework.** The CPS results framework identified five indicators and targets to track performance at the national level and 14 indicators to track performance in the six core sectors. However, the latter indicators were scaled at the national level and were not closely connected to the ADB program in these sectors. Consequently, key stakeholders from the government and Bangladesh Resident Mission (BRM) expressed concern regarding the appropriateness of the sector indicators to assess ADB's performance. The results chain suffered from the following deficiencies in particular:

- (i) There was a tendency to present national outcomes that were global in scope and far downstream in the results chain (e.g., "agricultural growth remaining at 4.5% on average" in ANR).
- (ii) Sector outcomes in the CPS results framework were not consistent with the sector results frameworks (e.g., the important dropout rate indicator in the education sector results framework did not appear in the CPS results framework; and urban sector outcomes used in the CPS inexplicably used an earlier date [2008] for the baseline).
- (iii) The validity of certain indicators was poor (e.g., the sector outcome for finance—equity market capitalization growth—should have been contextualized).
- (iv) Few institutional indicators and targets were presented as sector outcomes or identified in the CPS.

52. Despite the CPSRF's deficiencies, the validation acknowledges that the program's strategic positioning was generally aligned with Bangladesh's needs and governmental policies and plans, and rates the CPS positioning *satisfactory*.

B. Program Relevance

53. Program relevance concerns the adequacy of the actual programs and projects approved during the CPS period to meet the CPS objectives and sector strategic priorities. The CPSFR assessed the CPS program as highly relevant on the basis of the following factors: (i) most loans and TA projects were responsive to the development needs and priorities of their various sectors; (ii) the country program was inclusive, consultative, and responsive to the country's needs; and (iii) the program promoted effective partnerships and harmonization with development partners. It provided evidence for these claims by theme and sector. Similarly, the validation condenses its analysis into the following categories stipulated by IED guidelines: (i) relevance of the actual assistance programs to the CPS sector and country strategies; (ii) relevance of key projects or programs' objectives to the country's sector issues and the government's sector priorities; (iii) design quality of key projects or programs in terms of sector-specific technical aspects; and (iv) design quality of key projects or programs' design and monitoring frameworks (DMFs) in key sectors.

54. **Relevance of actual programs to the country partnership strategy's sector and country strategies.** During implementation, the level of consistency between the planned and actual program varied considerably in terms of both specific operations and aggregate sector amounts. The CPSFR did not discuss the consistency of the actual program with the planned program at the operations level, nor how the deviations supported the country's sector priorities. The CPSFR simply reported the status of the program at the time of review, and summarized these results as aggregate amounts at the sector level.

55. Regarding the *planned* program for the CPS period, the validation reviewed three sources of information: (i) the approved CPS 2011–2015, (ii) sector assessments, and (iii) COBPs. However, the validation found that the information in the key documents provided as the basis for the validation—the approved CPS 2011–2015, the sector assessments and the COBPs, the final two of

which formed an integral part of the CPS 2011–2015—was inconsistent or disjointed both in terms of sector aggregates and sector-specific programs.

56. During the IEM in January 2015, the validation noted that the CPS 2011–2015 had planned 36 project loans to be implemented during 2011–2014. However, 33 loans were actually approved during this period, and nine more are due to be approved in 2015. A list of the planned versus actual loan approvals is presented by sector in Table A1.5 (Appendix 1—this appendix was prepared from data presented in the CPS results framework and COBPs). As the planned amounts in this table were prepared separately and compiled by the validation, they do not always correspond to the sector amounts shown in the CPS results framework or sector results frameworks. These discrepancies cannot be explained by considering non-lending operations.²³ BRM informed the IEM that the CPS results framework (which shows aggregate sector amounts) presents data on specific projects in the COBP 2012–2014. As the COBP 2012–2014 was attached to the CPS 2011–2015 submitted to the ADB Board in October 2011, the year 2011 was included as “planned” in the COBP document, even though this program was mostly approved.²⁴ Thus, BRM noted that the CPS covered the first 4 years in the COBP 2012–2014, but did not detail operations planned for 2015. Conversely, the CPS aggregate sector amounts covered the entire CPS period from 2011 to 2015.

57. To seek clarifications on inconsistent information contained in SARD’s documents, IED informally shared its draft validation report with SARD in August 2015. SARD provided IED with additional information in October 2015. It explained that the discrepancies between the planned and actual programs are mostly due to either retitling or re-scoping of the planned projects, while the project and sector objectives remain unchanged. The actual amounts of the approved programs were also changed. SARD indicated that these program modifications were necessary to respond to the government’s requests and needs in a timely fashion. Table A1.5 shows the new information provided by SARD to the IEM.²⁵

58. The sector summary in Table 3 compares planned and actual programs from 2011 to 2014, and for the entire CPS period (2011–2015) (planned versus expected actual). The validation notes that the overall approved amount for 2011–2014 (\$3.733 billion) was similar to the planned amount (\$3.541 billion), exceeding it by about 5.4%. The expected actual amount for 2015 (\$4.908 billion) also exceeded the planned amount (\$4.521 billion), by about 8.6%. For 2011–2015, at the sector level, Table 3 shows lower approval amounts than planned in urban (9.8%) and energy (2.6%), while approval amounts exceeded planned accounts in finance (12.8%) and education (3.6%).²⁶

²³ When the IEM provided BRM with the Table 2 template asking for the details to be filled out, BRM responded by merely providing the COBP 2012–2014 document.

²⁴ While the two documents formed one submission to the ADB Board, the COBP 2012–2014 contained more sectors than the CPS (health and social protection, public sector management, and multisector). This makes it difficult to compare the documents by sector, which is perhaps why the CPSFR did not attempt to do so.

²⁵ Due to time constraints, most of the additional information received in the last moment in October 2015 was largely accepted at face value. These difficulties precluded a more comprehensive evaluation of ADB project performance, and are a limitation of this validation.

²⁶ This inconsistent pattern is also observable between the planned and actual portfolios from the sector results frameworks: approval amounts were lower than planned in urban (8.0%) and energy (3.7%), while they exceeded planned amounts in finance (1.4%), education (5.0%), and transport (6.2%). In transport, the actual amount is very close to that planned; however, this comparison is undermined by the uncertainty surrounding the planned amount. Only half of the \$1.1 billion allocated to transport by the CPS was linked to specific projects from 2011 to 2015, leaving the allocation of \$556 million unspecified.

Table 3: Planned Versus Approved Loans by Sector
(\$ million, %)

(\$ million, %)

	Planned Loans					Actual Loans					
	CPS		COBP ^a		Sector RF						
	2011–2015		(2011–2014)		(2011–2015)	2011–2014		2015 ^b	2011–2015 ^b		Difference
	\$	% (A)	\$		\$	% (B)	\$	\$	\$	% (C)	(A-C)
Energy	1,259	27.9%	1,055	1,435	29%	917	325	1,242	25.3%	2.6	3.7
Transport	1,112	24.6%	556	946	19%	1,123	50	1173	23.9%	-0.6	-6.2
Urban ^c	985	21.8%	835	985	20%	556	0	556	11.3%	9.8	8.0
Education	700	15.5%	700	700	14%	580	305	885	18.0%	-3.6	-5.0
ANR	290	6.4%	185	290	6%	186	45	231	4.7%	1.3	0.9
Finance	175	3.9%	210	585	12%	371	450	821	16.7%	-12.8	-4.7
Total	4,521	100.0%	3,541	4,941	100%	3,733	915	4,908	100.0%		

ANR = agriculture, natural resources and rural development; CPS = country partnership strategy, COBP = country operations business plan, RF = results framework.

^a At the CPS approval in 2011. The COBP 2012–2014 actually covered the program from 2011 to 2014.

^b From the COBP 2015–2017 (expected actual).

^c Urban covers water supply and other municipal infrastructure and services (including health).

Notes: 1. Numbers may not sum precisely or percentages appear exact because of rounding.

2. Two multisector operations (energy and ANR) have been placed in their key sector.

Sources: Planned loans are derived from the CPS and the COBP 2012–2014; actual approved loans are derived from the Asian Development Bank records (as of November 2014); Planned 2015 is derived from CPS and COBP difference; and Actual 2011–2015 comprises Approved 2011–2014 plus Planned 2015.

59. Table 4 presents data on sector operations to gain some insights into the deviations, and summarizes SARD's explanation of the discrepancies provided to the IEM in October 2015. For example, the higher approval amounts for transport are related to ADB's decisions to (i) be active in industry and trade, (ii) place the South Asia Subregional Economic Cooperation (SASEC) initiative under transport, and (iii) shift the Greater Dhaka Sustainable Urban Transport project to transport from urban after its approval. Similarly, a larger program in finance was approved due to the increase in value of the flagship Second Capital Market Development Program (CMDP II) to three times the original amount, in response to a request from the government.

Table 4: Analysis of Variations by Sector, 2011–2014

Sector	Variations
	(Relating to the planned versus actual amounts in Table 3, and the associated sector share in Table A1.5)
Energy	<ul style="list-style-type: none"> The Regional Power Generation and Transmission Project was processed as Tranche 2 under the Power System Efficiency Improvement Program (MFF), and its value was increased from \$260 million to \$310 million. The Bangladesh–India Electrical Grid Interconnection Project (additional financing) was retitled the SASEC Bangladesh–India Electrical Grid Interconnection Project–Additional Financing, and its value was reduced from \$20 million to \$12 million. The Clean Energy Project was processed as the Financing Brick Kiln Efficiency Improvement Project under the finance sector (2012, \$50 million). The Second Energy Sector Improvement was not processed during the CPS period. It is now planned as a standby for 2016 processing (\$150 million), and has been retitled the Natural Gas Development and Distribution Project (Tranche 1 under a new MFF).
Transport	<ul style="list-style-type: none"> The Southwest Road Network was processed with a new title and scope as the SASEC Road Connectivity Project to respond to the government priority of increasing the capacity of the Dhaka–Northwest corridor, and its value was increased from \$146 million to \$198 million. The PDA and subsequent Chittagong Urban Transport Improvement Project were dropped in consultation with the government to avoid duplicating efforts with JICA since JICA took over comprehensive support to the transport system in Chittagong. The Subregional Railway Investment Program MFF (PFR 1) was processed as the standalone SASEC Railway Connectivity: Akhaura–Laksam Double Track Project for a total amount of \$505 million. The Greater Dhaka Sustainable Urban Transport Corridor, which was processed under the urban sector, was moved to transport under the BRM's administration for more effective implementation, and its value was increased from \$145 million to \$160 million.

Sector	Variations (Relating to the planned versus actual amounts in Table 3, and the associated sector share in Table A1.5)
Urban (Water Supply and Other Municipal Infrastructure and Services)	<ul style="list-style-type: none"> • The Khilkhet Water Supply Project was processed as the Dhaka Environmentally Sustainable Water Supply Project (value increased from \$185 million to \$250 million) to provide a safe surface water supply to Dhaka, as the current groundwater supply source is rapidly being depleted. • The Second Secondary Town Water Supply and Sanitation Project (\$50 million) was merged with the UGIIP III, and the amount for the UGIIP III was reduced from \$200 million to \$125 million. The PDA for the UGIIP III was not processed as all preparations were done under a PPTA. • The Coastal Towns Infrastructure Improvement Project was processed with a new title, the Coastal Towns Environmental Infrastructure Project, and the amount reduced from \$93.6 million to \$48.5 million.
Education	<ul style="list-style-type: none"> • Five operations were planned, of which four were approved while the fifth, Public–Private Partnership in Higher Education, was dropped. The actual approved amount of \$580 million was short of the planned amount of \$700 million.
Finance	<ul style="list-style-type: none"> • The planned Second Capital Market Development Program was implemented with four times the planned amount (\$300 million versus \$75 million). This substantially larger amount responded to the country's needs and the government's request following the 2011 stock market crash that revealed the urgent need to strengthen the capital market, especially at the institutional and regulatory level, which required more and deeper policy actions than initially anticipated. • The Clean Energy Project (initially planned in the energy sector) was processed as the Financing Brick Kiln Efficiency Improvement Project under finance (for \$50 million) in line with the financing mechanism for the private sector employed under the project. • The SASEC Trade Facilitation Program, unplanned in the CPS, was processed in response to an urgent government priority and aligned with the CPS focus on private sector development and regional cooperation and integration (particularly improving ease of doing business and regional trade).
Agriculture and Natural Resources	<ul style="list-style-type: none"> • Climate Resilient Rural Infrastructure Improvement was retitled the Coastal Climate-Resilient Infrastructure Project. • Piloting Improved Management of Muhuri Irrigation was retitled the Irrigation Management Improvement Project, and the amount was increased from \$30 million to \$46 million. • The Major River Flood and Bank Erosion Risk Management Program (Tranche 1) was retitled the Flood and Riverbank Erosion Risk Management Investment Program and the amount increased from \$60 million to \$65 million. Related PDA was not processed as project preparation was fully covered under the PPTA. • Southwest Integrated Water Resource Management (Supplementary) was approved in 2015 as the Southwest Area Integrated Water Resource Planning and Management Project (Supplementary), and the amount was increased from \$20 million to \$45 million.
Health and Social Protection	<ul style="list-style-type: none"> • One project (Sustainable Urban Primary Health Care Project, \$40 million) was planned and implemented with a slight title change (Urban Primary Health Care Services Delivery, \$50 million).

BRM = Bangladesh Resident Mission; CPS = country partnership strategy; JICA = Japan International Cooperation Agency; MFF = multitranchise financing facility; PFR = periodic financing request; PDA = project design advance; PPIDF = Public–Private Infrastructure Development Facility; SASEC = South Asia Subregional Economic Cooperation; SME = small and medium-sized enterprise; UGIIP III = Third Urban Governance Infrastructure Improvement Project.

Source: South Asia Department.

60. The validation recognizes that it is important for country operations to remain flexible and responsive. However, the fact that neither the COBP nor the CPSFR provided any justification for these modifications to the CPS program raises the question of how closely the programs correspond to the CPS objectives. Since these adjustments to project titles, scopes, and financing amounts were not adequately justified, the 2011–2015 Bangladesh program appears to have evolved spontaneously, while the value of the changes remains unclear. These changes also created the opportunity for program drift, which could add risk to and reduce the performance of ADB's program.

61. **Quality of program design and monitoring frameworks.** The validation reviewed the DMFs of approved projects in the six focus sectors to assess how they related to sector results frameworks and the CPS results framework. While design quality of some projects' DMFs was

sound, the validation also noted that the quality of other key projects' DMFs was poor (Appendix 2). Most problematically, the project DMFs were not consistently connected to the sector assessments and CPS targets.

62. There is a clear disconnect between the CPS results framework, COBPs, and sector results frameworks. As presented, the CPS was of little value as a document to guide operations and measure ADB's performance. It is necessary to revisit the sector assessments, and their results frameworks in particular, and select indicators and targets that accurately reflect the subsector, scope, and scale of ADB's program and their contribution to country objectives. While there were weaknesses in the portfolio design, there is evidence that the actual portfolio reflected government priorities. Thus, the validation rated ADB's program *relevant*.

C. Effectiveness

63. Effectiveness is concerned with determining the extent to which target outcomes and outputs were actually achieved. In the event of a shortfall, it is necessary to refer to a baseline to assess the degree of effectiveness. The CPSFR rated the program *effective* after examining (i) the achievement of outcomes in the CPS results framework, (ii) the achievement of outcomes for targeted sectors and thematic areas, and (iii) the achievement of completed project outcomes. The CPSFR noted that the broad CPS and sector outcomes were largely achieved, or were on track to be achieved, except for the targets in transport (railway) and finance (the market capitalization rate).

64. The validation reviewed the PCRs and PVRs for the projects completed during the CPS period. Of the 13 rated projects or programs, nine were self-assessed by a PCR, and four were independently evaluated by a PVR.²⁷ Of the nine self-assessed projects, one was rated *highly effective*, seven *effective*, and one *less than effective*. All four independently evaluated projects were rated *effective*.²⁸ As noted above, the rated projects comprised only 14.5% by value (\$924 million) of the total portfolio covered by this validation. There was one rated project in the dominant energy sector and three in transport. This result is due in part to the long timelines (9 years on average) of implementing ADB infrastructure projects in Bangladesh. For the remaining 85% of the projects, the IEM had to rely on a review of mission reports and information obtained during the field visit on rates of implementation progress.

65. Overall, this evidence indicates that some progress was made in delivering outputs, particularly in the energy and urban sectors. In other sectors, progress on outputs was undermined by factors such as the cancellation of portions of loans (e.g., education), or weak designs leading to reductions in scope. In many cases, limited information was available on outcomes, baselines, targets, or their likely attainment.

66. **Energy.** The government has been implementing a very large program in the energy sector. SARD provided information indicating that the country had more than doubled its generating capacity between 2010 and 2015, and made substantial progress on unbundling and corporatization. Energy accounted for 25% of ADB's actual portfolio. Three ongoing projects were approved prior to the CPS period: the Gas Transmission and Development Project, Natural Gas Access Improvement Project, and Bangladesh–India Electrical Grid Interconnection Project. One project, the Power Sector Development Program, was approved before the CPS period and completed during the evaluation period. The PCR rated this project effective. Major projects

²⁷ Some discrepancies in the number of projects with PCRs are noted (for example, the CPSFR [para. 61] states that "during 2011–2014, seven PCRs of projects implemented in part during the CPS period have been completed." This is due to the fact that four more PCRs have been completed after the CPSFR was completed in September 2014.

²⁸ Loan 2409: Emergency Disaster Damage Rehabilitation was closed in April 2011, and its physical work was completed in December 2010. Thus, the appropriateness of including the Loan 2409 PVR in this validation is questionable.

implemented during the evaluation period primarily related to the improvement of energy efficiency. Four ongoing projects were approved during the CPS period: (i) Power System Efficiency Improvement; (ii) Power System Expansion and Efficiency Improvement Investment Program, Projects 1 and 2; and (iii) Additional Financing for the SASEC Bangladesh-India Electrical Grid Interconnection Project. The assessment of these projects' effectiveness was hindered by the limited number of PCRs prepared during the CPS period, and by the mismatch between the objectives presented in the CPS and sector results frameworks and what actually happened at the project level.

67. The CPSFR stated that ADB operations improved the level of service delivery and increased the country's capacity for gas transmission and power generation and transmission. Furthermore, the sector target of a 65% access to electricity rate was likely to be achieved ahead of the CPS target date. Steps taken to support institutional development included (i) sector planning; (ii) policy development for funding renewable energy and gas; (iii) development of the Sustainable Energy Development Authority Act, 2012; (iv) initial financial restructuring of power sector entities; and (v) preparing long-term power-purchase agreements. Nonetheless, the CPSFR also noted that more work was needed, particularly in tariff setting, which would lead to improved efficiency in production, transmission, and distribution.²⁹ While progress was made on the delivery of outputs, the CPSFR acknowledged that significant delays had occurred. Nevertheless, the CPSFR claimed that these did not affect the achievement of the targeted energy outputs and outcomes.

68. **Transport.** The transport sector accounted for 30% of the actual CPS portfolio, and its allocation was divided between railways (70%) and roads (30%). Three projects were approved before the CPS period, completed during the evaluation period, and accompanied by PCRs and PVRs: the Road Network Improvement and Maintenance Project (RNIMP) I (rated *effective*), RNIMP II (*less likely effective*), and Chittagong Port Trade Facilitation (*effective*). Three projects were approved prior to the CPS period and have not yet closed: (i) the Bangladesh Railway Sector Investment Program, Project 1; (ii) SASEC Information Highway Project; and (iii) Subregional Transport Project Preparatory Facility. Six projects were approved during the CPS period and are still being implemented: (i) the Bangladesh Railway Sector Investment Program, Projects 2 and (ii) 3; (iii) Greater Dhaka Sustainable Urban Transport; (iv) SASEC Road Connectivity; (v) SASEC Railway Connectivity; and (vi) the Dhaka–Chittagong Expressway Public–Private Partnership Design Project.

69. With regard to railways, the subsector that received the most ADB support, the CPSFR acknowledged slow progress in implementation. Key stakeholder views and the findings of an ADB case study on governance indicated that support had been provided for policy and legal reforms, as well as the restructuring of the Bangladesh Railway into a market-oriented business organization.³⁰ Many of the reforms initiated in the previous CPS period only began to gain momentum toward the end of the CPS 2011–2015, and it is too early to determine if they will be effective.

70. With regard to road projects, the CPSFR noted steady progress towards the achievement of the CPS transport outcomes for the RNIMP I and RNIMP II. However, these projects did not fully achieve their outputs. Although the PCR rated the RNIMP I *effective*, this project experienced an outputs shortfall due to land acquisition difficulties and lower than expected traffic growth.³¹

²⁹ In October 2015, SARD supplied the IEM with the latest information that ADB has significantly supported sector reform and regulations resulting in the establishment of the Bangladesh Energy Regulatory Commission, a major milestone towards an effective tariff-setting mechanism. The Commission was able to increase its power bulk tariff by 100% and retail tariff by 69% in several stages since the start of its operations in 2004.

³⁰ IED. 2014. *Thematic Evaluation Study: ADB Support for Enhancing Governance in ADB's Public Sector Operations*. Bangladesh Case Study. Manila.

³¹ ADB. 2013. *Project Completion Report: Road Network Improvement and Maintenance Project I*. Manila (Loan 1920, approved October 2002).

In the RNIMP II, 48% of the loan was cancelled, affecting some road improvements and leading to the privatization of vehicle inspection centers. Consequently, the PCR rated the project *less than effective*.³² The PCR also noted that the district roads and national highways constructed were shorter than the targeted length at appraisal, which hindered the achievement of the project's intended outcome. While progress was made on several other road projects, substantial delays made it difficult to discern whether the outputs and outcomes will be realized as intended.

71. For instance, in 2010, the Subregional Transport Project Preparatory Facility prepared outputs—designs for roads and railways—that are only now being implemented with financing from the government and other development partners.³³ The Greater Dhaka Sustainable Urban Transport Project,³⁴ which was approved in 2012, was slow to start and has taken several years to develop a credible strategy to develop a new fleet, replace the old fleet, and initiate land acquisition. The Dhaka–Chittagong Expressway Public–Private Partnership Design Project only reached the design phase after a contractual misunderstanding regarding the scope of the work to be tendered was clarified, which delayed implementation by several years.³⁵ The design was recently completed and the project is now on track.

72. **Urban (water supply and other municipal infrastructure and services).** The urban sector accounted for 14% of the actual portfolio. Five ongoing projects were approved prior to the CPS period: (i) the Secondary Towns Water Supply and Sanitation Project, (ii) Dhaka Water Supply Sector Development Program, (iii) Second Urban Governance and Infrastructure Improvement (Sector) Project (UGIIP), (iv) Urban Public and Environmental Health Sector Development Program–Project Loan, and (v) City Region Development Project. A PCR was prepared for the Second Urban Primary Health Care Project, yielding a rating of *highly effective*. Six projects were approved during the CPS period: (i) the Khulna Water Supply Project, (ii) the Urban Primary Health Care Services Delivery Project, (iii) Dhaka Environmentally Sustainable Water Supply, (iv) Coastal Towns Environmental Infrastructure, (v) the Coastal Towns Infrastructure Improvement Project, and (vi) the Third Urban Governance Infrastructure Improvement Project (UGIIP).

73. As in other sectors, the CPSFR did not compare the results of the reviewed urban projects to the targets in the project documents. ADB's flagship effort to support urban services was the UGIIP cluster that began in 2002, followed by a second loan in 2008, and a third loan in 2014. Its outputs in terms of roads, water systems, and other municipal services were largely met. The CPSFR noted that ADB, along with several other development partners, engaged in a lengthy policy dialogue with the government to establish a National Urban Sector Policy; however, this policy has not yet been approved, although it was an intended outcome of the first and second projects of the cluster.

74. Reasonable progress was achieved on outputs and outcomes in the Secondary Towns Water Supply and Sanitation Sector Project. More than 73% of sampled households were connected to a water supply, compared with the 2009 baseline of 33.5%, and more than 69% of households were satisfied with the quality of water. People suffering from diarrhea and dysentery, the two major waterborne diseases, were 6.1% and 6.5% in the last years of each project, compared with the baseline levels of 17% and 15% in 2009.³⁶ In contrast to this success, the Khulna Water Supply Project faced serious difficulties with land acquisition.³⁷

³² ADB. 2014. *Project Completion Report: Road Network Improvement and Maintenance Project II*. Manila (Loan 2021, approved November 2003).

³³ ADB. 2014. *Subregional Transport Project Preparatory Facility Review Mission (3–4 December): Aide Memoire*. Manila (Loan 2688 (SF), approved on 21 September 2010).

³⁴ Information provided to the IEM by key informants from the Roads and Highways Department regarding Loans 2862/2863.

³⁵ Information provided to the IEM by key informants from the Roads and Highways Department regarding Loan 2856.

³⁶ Back-to-office report dated 21 September for Loan 2265 (Supplementary Financing).

³⁷ Back-to-office report of the Project Review Mission for Loan 2756 fielded from 25 June to July 2014.

75. Some progress was achieved on institutional reform in the water and sanitation sector, including the preparation of a draft bill for the proposed regulatory commission under an ADB TA. Other institutional achievements included (i) regular water tariff adjustments under the Dhaka Water Supply Sector Development Project; and (ii) initial steps taken to promote private sector participation under the Secondary Towns Water Supply and Sanitation Sector Project for water meter reading, billing, and bill collections. However, for the latter project, while the physical facilities were completed in 2014, there was a lack of progress operationalizing the facilities.³⁸ PPPs in primary health care service delivery were strengthened through the efforts of contracted NGOs in selected city corporations and municipalities under the Urban Primary Health Care Services Delivery Project.

76. **Education.** The education sector accounted for 16% of the actual portfolio during the validation period. Three ongoing projects were approved prior to the CPS period: Post-Literacy and Continuing Education, Secondary Education Sector Development, and Skills Development. Two projects were approved in the previous CPS period and rated: (i) Second Primary Education (Sector Loan), and (ii) Teaching Quality Improvement in Secondary Education. Four projects were approved during the CPS period and are currently being implemented: (i) Third Primary Education Development; (ii) Second Teaching Quality Improvement in Secondary Education; (iii) Secondary Education Sector Investment Program, Project 1; and (iv) Skills for Employment Investment Program, Project 1.

77. The CPSFR reported a PCR rating of *successful* for the Teaching Quality Improvement in Secondary Education Project,³⁹ which provided the government with support to establish the National Teacher Education Council and increase the capacity of 14 teacher training colleges. The Second Primary Education Development Program (PEDP II) was also self-assessed *successful*, and the PCR highlighted the transformational impact of the SWAp on government management of the development of the primary education sector.⁴⁰

78. For the Second Teaching Quality Improvement in Secondary Education Project, \$13.8 million (about 21% of the loan), was cancelled, which reduced training outputs.⁴¹ The loan for the Post-Literacy and Continuing Education Project was extended three times, and a total of \$33 million (about 43% of the loan) was cancelled.⁴² For the Skills Development Project, about \$31 million (about 66% of the loan) was cancelled.⁴³ The large loan cancellation rates indicate that the last two projects were unlikely to achieve their intended outputs and outcomes.

79. Achievements were also made in ADB's education program at the institutional level. The PEDP II strengthened the government's capacity, particularly in managing a SWAp supported by 11 development partners. The Teaching Quality Improvement in Secondary Education Project has the potential to improve the performance of head teachers, classroom teachers, and members of

³⁸ Back-to-office report dated 21 September 2014.

³⁹ ADB. 2014. *Project Completion Report: Teaching Quality Improvement in Secondary Education Project*. Manila (Loan 2101-BAN).

⁴⁰ These changes have not only had an impact on the education sector, but also provide a model that the government hopes to emulate in other sectors. The SWAp improved the way the development partners interacted with the government, as well as government efficiency and effectiveness. One example of this can be seen in teacher recruitment, whereby the program hired teachers under the development budget using transparent recruitment procedures. These teachers have now been absorbed and paid out of recurrent government spending, and teacher recruitment now follows the new model.

⁴¹ Back-to-office report of the Midterm Review Mission for Loan 2859 fielded from 8 to 19 September 2014. Further, In October 2015, SARD explained that this cancellation was made to enhance the efficiency of and harmonization with the Secondary Education Sector Investment Program Sector. Thus, SARD claims that this cancellation is expected not to affect sector outputs.

⁴² Back-to-office report of the Special Review Mission for Loan 1881 fielded on 11 August 2014.

⁴³ Back-to-office report of the Special Review Mission for Loan 2425 (Supplementary Financing) fielded from 16 to 25 November 2014.

school management councils.⁴⁴ Shortfalls on the institutional side offset this result. For example, in the PEDP II the teacher training (diplomas) output was not successful, and the PEDP III continued this component.⁴⁵

80. **Agriculture, natural resources, and rural development.** ANR accounted for 5% of the actual portfolio. Four projects approved prior to the CPS period are still active: (i) Second Crop Diversification, (ii) Sustainable Rural Infrastructure Improvement, (iii) Southwest Area Integrated Water Resources Planning and Management, and (iv) Participatory Small-Scale Water Resources (Sector). One project approved prior to the CPS period, Secondary Towns Integrated Flood Protection (Phase II), was closed in 2012, but a PCR was not yet available during this validation.⁴⁶ PCRs and PVRs were prepared during the CPS period for the following projects: (i) Jamuna-Meghna River Erosion Mitigation, (ii) Second Participatory Livestock Development, (iii) Agribusiness Development, and (iv) Emergency Disaster Damage Rehabilitation (Sector). These projects were all approved under the previous CPS and rated *effective*. Four ongoing projects were approved during the CPS: (i) Second Chittagong Hill Tracts Rural Development; (ii) Coastal Climate-Resilient Infrastructure; (iii) Irrigation Management Improvement; and (iv) Flood and Riverbank Erosion Risk Management Investment Program, Project 1.

81. The CPSFR noted progress achieving ANR outputs, but provided no baselines or targets. The four ANR projects approved prior to the CPS period⁴⁷ showed some progress in implementation. The most recent of the four projects, Sustainable Rural Infrastructure Improvement, was lagging (having only achieved about 29% of physical outputs by February 2014, 4 years after approval), but was reported⁴⁸ to be still on track to realize its DMF targets.⁴⁹ Similarly, the Participatory Small-Scale Water Resources Sector Project was more than halfway into its implementation period but was lagging in the achievement of its DMF targets (65% of overall progress against 74% of time elapsed).⁵⁰ While the Second Crop Diversification Project faced an initial delay in recruiting consultants, it was gaining momentum in establishing and training farmers, and achieving crop production and diversification. The nearly complete Southwest Area Integrated Water Resources Planning and Management Project had made satisfactory progress in disbursement and meeting DMF targets.

82. **Finance.** The financial sector accounted for 10.8% of the portfolio covered by the validation. Five projects were approved prior to the CPS period: (i) the Good Governance Program, (ii) Public-Private Infrastructure Development Facility (PPIDF), (iii) Strengthening Governance Management, (iv) Improvement of Capital Market and Insurance Governance, and (v) Small and Medium-Sized Enterprise Development. PCRs were prepared for the two latter projects, which were rated *effective*. Three ongoing projects were approved during the CPS period: (i) CMDP II, (ii) Financing Brick Kiln Efficiency Improvement, and (iii) the Second PPIDF.

⁴⁴ ADB. 2014. *Project Completion Report: Teaching Quality Improvement in Secondary Education Project*. Manila (Loan 2101-BAN, approved November 2004). p. 10.

⁴⁵ ADB. 2013. *Project Completion Report: Bangladesh: Second Primary Education Development Program*. Manila (Loan 2015-BAN (SF), approved November 2003). p. 12.

⁴⁶ The PCR completed in September 2015 rated the project less than successful, relevant, effective, less than efficient, and less than likely sustainable. This PCR was not included in this validation.

⁴⁷ Loans 2696 (Supplementary Financing), 2542 (Supplementary Financing), 2649 (Supplementary Financing), Loan 2200 (Supplementary Financing).

⁴⁸ Back-to-office report of the Project Review Mission for Loan 2696 fielded from 26 January to 10 February 2014.

⁴⁹ In October 2015, SARD provided IED with the latest information as of August 2015, placing the elapsed loan period at 78%, physical progress at 79%, and financial progress at 59%.

⁵⁰ This is based on the updated information SARD provided IED in October 2015.

83. The CPSFR noted that, while the first CMDP TA loan for \$3 million was extended four times before its closure in 2013, it played a major role in supporting policy and institutional reforms to improve governance of Bangladesh's capital market.⁵¹ The second CMDP led to greater transparency, improved compliance, and increasingly stronger enforcement, which in turn increased investor confidence in Bangladesh's capital markets.⁵² ADB programs supported a range of legislative policy actions including the Securities and Exchange Commission Act, Securities Exchange Ordinance, Demutualization Act, Bank Companies Act, and Insurance Policy. The PPIDF's performance was successful. The first PPIDF also had some success in financing home solar installations from about \$80 million of ADF resources. While the associated equivalent OCR loan was initially disbursed slowly, the PPIDF had disbursed its full fund to PPP projects 12 months after the planned closing date.⁵³

84. The ADB project to facilitate the use of financial credit was less successful. The Infrastructure Development Company established with ADB support experienced difficulties finding and developing infrastructure projects as PPPs.⁵⁴ The Small and Medium-Sized Enterprise Development Project (approved in 2009 for \$76 million) aimed to accelerate the development of SMEs by improving their access to medium- and long-term credit. Despite a change in implementation arrangements that delayed initial disbursements, the project advanced quickly under the new department and disbursed its full fund with a 9-month extension from the planned closing date. It also achieved its target of a 10% increase in women-led SMEs in pilot areas.⁵⁵

85. **Governance and public sector management.** PSM was not a priority sector in the CPS, nor was it discussed as a cross-sector theme. The CPS and CPSFR addressed governance by referring to the GACAP II categories, while these operations were only traceable through the diagnostic work of the CPS Risk Assessment, if at all. The CPS and CPSFR also discussed some governance and PSM operations under the finance category. ADB's primary support for strengthening governance and PSM was centered on the Good Governance Program, which has stalled due to an impasse faced in disbursement against the remaining targets for the program.

86. Three PSM-designated operations were approved or ongoing during the CPS period. However, because the CPS did not contain PSM in its results framework, the CPSFR was not able to assess the PSM operation's effectiveness, although the CAPE 2009 and the CPS Midterm Review 2006–2010 identified this as important.⁵⁶ The CPS acknowledged the governance challenges in Bangladesh, noting that the government's 6th Five-Year Plan emphasized good governance. However, it added that ADB would "reposition its public sector support away from...civil service and judicial reform." Nevertheless, ADB aimed to continue supporting the Anticorruption Commission to enhance its capacity and autonomy and increase the use of e-governance services. ADB provided support for public financial management (planning, policy, and procurement) in all operations sectors, including local government. For example, the Strengthening Governance Management Project aims to improve governance by increasing transparency in tax administration and land records management. Other efforts include assisting the commercialization of state enterprises, developing PPPs, improving the climate for direct

⁵¹ ADB. 2014. *Project Completion Report: Improvement of Capital Market and Insurance Governance Project*. Manila (Loan 2232-BAN).

⁵² ADB. 2014. *Progress Report on Second Tranche: Second Capital Market Development Program*. Manila.

⁵³ In October 2015, SARD explained that disbursements for privately sponsored projects normally take longer, especially in a volatile climate of political instability and disruptions to daily economic activity, making it difficult to safeguard investors' interests. While the ADF component project was disbursed quickly, the second component (private sector-sponsored infrastructure projects) could not start disbursing concurrently, as Infrastructure Development Company Limited required more time for building a pipeline of bankable PPP projects.

⁵⁴ Back-to-office report for Loans 3045/3046 (SF) dated on 14 May 2013.

⁵⁵ Back-to-office report of the Project Review Mission for Loan 2549 fielded from 10 to 17 May 2012.

⁵⁶ ADB. 2009. *Bangladesh: Country Partnership Strategy Midterm Review 2006–2010*. Manila.

foreign investment, and improving project readiness. These efforts were closely related to the need to streamline implementation and safeguard ADB operations. The CPS and CPSFR did not provide a broader view of PSM and governance.

87. In conclusion, while some progress appears to have been made in energy, the results in other sectors are mixed. Few sectors demonstrate clear links among outputs, outcomes, and CPS targets, which were largely superseded by the actual program. While only a small number of projects had PCRs and PVRs, in most cases, these rated the projects *effective*. On the basis of these findings, the validation rated the program *effective*.

D. Efficiency

88. Efficiency refers to the amount of resources expended to produce a defined set of outputs and outcomes. The CPSFR rated the program *less than efficient*; however, this evaluation did not follow IED guidelines and largely ignored the subcriteria of economic internal rates of return (EIRRs), and project cost effectiveness. Instead, the CPSFR focused on second tier measures such as the length of time required for project preparation and implementation issues that affected efficiency. The primary source of inefficiency was delays, particularly in the area of procurement, rather than cost overruns. As noted previously, implementing closed infrastructure projects in Bangladesh took an average of 9 years, 50% longer than planned in project documents.

89. Of the economic analyses available in the PCRs and PVRs, those sampled by the validation did not reveal significant declines from the EIRR estimates provided at appraisal. This result is surprising given the long and frequent delays that occurred between incurring costs and generating project benefits. The CPSFR failed to indicate where the project analyses were deficient. For example, in the PEDP II PCR in the education sector, an EIRR was not calculated “as public and private cost figures per primary education student are not available.” Despite the lack of data, the project was still rated *efficient*.⁵⁷

90. Delays in project design and implementation were numerous and sometimes lengthy. Of the 23 projects approved prior to the CPS, 16 required an extension of 6 months or more beyond the original closing date. Some of these delays were very long: the completion of the Post-Literacy and Continuing Education Project, which has been under implementation for 12 years, was delayed by 4.5 years,⁵⁸ and the Gas Transmission and Development Project, which has been under implementation for 10 years, is expected to be completed in December 2016, after a 6-year delay. Cost overruns also occurred in five projects, as shown in Table A1.6, although the total was insignificant.

91. The CPSFR identified the following main causes of design and implementation delays: (i) impediments to government approval of development project proposals (DPPs); (ii) slow approval or responses from ADB (e.g., the no-objection letters required for procurement procedures); (iii) difficulties procuring goods and services (e.g., problems recruiting suitable consultants); (iv) difficulties with land acquisition and resettlement; (v) delayed compliance with ADB safeguard requirements; (vi) capacity constraints in executing and implementing agencies; and (vii) nonperformance of contractors. Poor political governance also affected the economy, particularly with respect to ADB-supported projects. Several project progress reports and PCRs noted the impact of strikes and boycotts (*hartal*), which resulted in work interruptions, the postponement

⁵⁷ ADB. 2013. *Program Completion Report: Second Primary Education Development Program (Bangladesh)*. Manila (Loan 2015-BAN).

⁵⁸ This delay included 2 years of project suspension when the government abolished the implementing agency in 2002 after an internal reorganization. Once the government established a new implementing agency in 2004, ADB approved a major change of scope and withdrew the suspension.

of activities, loan and TA extensions, and, in some cases, reductions in project scope. This instability delayed both the physical progress of projects and capacity-building activities.⁵⁹

92. The CPSFR discussion highlighted the following important dimensions of capacity constraints in the counterpart agencies: (i) ministries' lack of familiarity with ADB modalities (e.g., the Ministry of Primary and Mass Education, which had to adjust its procedures to accommodate the linking of disbursements and indicators); (ii) lack of experience working with the private sector (e.g., ANR ministries and departments were more used to working on maintenance provision through NGOs); and (iii) limited ability to handle complex or innovative initiatives (e.g., the implementing agency for the Skills Development Project could not cope with the complexities of the project's innovative design).

93. Given these findings, the validation rated the program *less than efficient*.

E. Sustainability

94. The CPSFR rated the ADB program *likely sustainable*. It noted that the program's sustainability depended on the involvement of the private sector, NGOs, and local governments, particularly with respect to the operation and maintenance (O&M) of projects. The CPSFR concluded that ADB had fostered strong government ownership and commitment, and paid attention to tariff rationalization and cost recovery in sectors such as energy, transport, and urban services. The CPSFR presented additional sustainability indications sector by sector. These indications were often expressed in general, qualitative terms, although for certain projects the observations were tied to specific sustainability-related measures. In general, the capacity development and policy reforms that accompanied ADB-supported investments were seen as having contributed to sustainability. In some cases (e.g., railways), these efforts began to show some results over several CPS periods. In other cases (e.g., energy), progress made on cost recovery during the CPS period was expected to support sustainability.

95. Overall, the validation confirms the steps taken by ADB to improve sustainability, which were identified in the CPSFR. The validation reviewed the 13 projects with either PCRs or PVRs prepared by the IED, and found that 11 were rated *likely sustainable* and two *most likely sustainable* (Table A1.1).

96. **Energy.** ADB provided considerable support over the last two CPS periods to improve sustainability in energy. ADB programs contributed to the drafting of the Sustainable Energy Development Authority Act, 2012. ADB also supported sector reforms focused on unbundling institutions and roles and corporatizing the Bangladesh Power Development Board, the latter of which was unsuccessful. The PCR for the Power Sector Development Program noted "This failure was contrary to the government's previous efforts to reform the sector and may jeopardize the long-term financial sustainability of the sector."⁶⁰ In summary, despite evidence of substantial increases in tariffs and the likelihood of cost recovery in the sector, uncertainties remain.

97. **Transport.** ADB projects in the transport sector included several promising innovations to promote sustainability. With regard to railways, actions to improve sustainability are being taken, such as the restructuring of the Bangladesh Railway into market-oriented business organization

⁵⁹ See for example, ADB. 2011. *Technical Assistance Completion Report: Strengthening the Resilience of the Urban Water Supply, Drainage, and Sanitation to Climate Change in Coastal Towns*. Manila (TA 7890-BAN); ADB. 2010. *Technical Assistance Completion Report: Support for the Proposed Primary Education Sector Development Program*. Manila (TA 7714-BAN).

⁶⁰ ADB. 2014. *Project Completion Report: Power Sector Development Program*. Manila (Loan 2039, approved December 2003). p.6.

and developing an asset management system.⁶¹ However, the CPSFR did not discuss the profitability of Bangladesh Railway.⁶² With regard to roads, various sustainability initiatives were introduced, including new road designs (e.g., an asphalted shoulder) to extend road longevity in harsh weather conditions. Similarly, performance-based maintenance (PBM) contracts were introduced, which made the contractor responsible for maintenance for a given length of time post-construction. Some positive institutional outcomes were observed, such as the strengthened financial capacity of the Chittagong Port Authority under the Chittagong Port Trade Facilitation Project and the Roads and Highways Department's strengthened capacity for road construction and maintenance.

98. While these actions are promising, it is not yet certain that the government is internalizing these new approaches to asset management, or that they will be sufficient to achieve sustainability. The use of reinforced road shoulders will incur greater upfront costs, requiring a larger financial commitment from the government in the construction phase. A road asset management system has been prepared but funding for road maintenance is not yet in place. The government stated that the allocations fall short of what the models recommend,⁶³ a situation confirmed by the PCR for the RNIMP II.⁶⁴ The Roads Fund Board Bill approved in 2013 was expected to contribute to enhanced sustainability by mitigating the limitations of maintenance funding, but its sources of revenue have yet to be secured.

99. **Urban (water supply and other municipal infrastructure and services).** The projects implemented by ADB in the urban sector targeted improving services in large cities (Dhaka and Kulna) as well as smaller cities (*pourashava*). ADB made many efforts to adjust the policies and legal frameworks relevant to the intended outcomes of the projects it supported. For example, following the Water Supply and Sewage Authority Act, ADB helped the Dhaka Water Supply and Sewage Authority adjust water tariffs regularly under the Dhaka Water Supply Sector Development Project. The UGIIP cluster made several important advances in areas such as the use of performance-based grants and citizen participation. It is still uncertain whether the facilities developed under the Secondary Towns Water Supply and Sanitation Sector Project will become fully functional when operational responsibility is transferred to the *pourashavas*, which have no clear, sufficient source of funding for O&M.

100. **Education.** ADB project documents suggest that the SWAp facility is likely to result in sustainable outcomes. The long-term sustainability of education projects such as PEDP II and PEDP III will depend in part on whether the Ministry of Primary and Mass Education invests in accordance with the requirements to sustain these projects, and fills vacancies in headquarters and regional offices to ensure sufficient organizational capacity. The government has shown a high degree of commitment to the program, which was delivered through results-based lending. A large proportion of the funds were allocated to institutional building activities that are likely to be sustainable.

101. **Agriculture, natural resources, and rural development.** Sustainability in this sector is closely related to institutional capacity to conduct planning and the implementation and O&M of projects, areas in which institutional difficulties persist. Similarly, although the training and empowerment of water management associations (WMAs) went well under the Participatory Small-Scale Water Resources Project and Southwest Area Integrated Water Resources Planning and Management, this remains an ongoing challenge. In the case of the Jamuna-Meghna River

⁶¹ The implementation and nationwide roll-out of the asset management system is planned through October 2016 with financial support from ADB.

⁶² In October 2015, SARD informed IED that the asset management plan is being used effectively to support physical sustainability.

⁶³ M. M. Alam. 2013. *Bangladesh Rural Road Maintenance—A Challenge for Sustaining the Benefits of Improved Access*. Dhaka: Local Government Engineering Department.

⁶⁴ ADB. 2014. *Project Completion Report: Road Network Improvement and Maintenance Project II*. Manila.

Erosion Mitigation Project, the WMAs have not yet fully performed their anticipated role in maintaining associated assets due to regulations that prohibit the government from channeling maintenance funds to WMAs.⁶⁵ The CPSFR mentioned various sustainability actions, but none have yet been implemented.

102. **Finance.** Institutional targets were achieved for two capital market projects (CMDP II and Improvement of Capital Market and Insurance Governance Project) that are likely to support sustainable outcomes. Under these projects, several policy actions were implemented with strong ownership from the government: (i) a national insurance policy was adopted, (ii) progress was made on institutional restructuring of the stock exchanges, (iii) policies were coordinated amongst regulators, (iv) the Bangladesh Securities and Exchange Commission was promoted to Category A membership under the International Organization of Securities Commissions, (v) a capital market tribunal was established and operationalized, and (vi) the Financial Reporting Act was enacted.⁶⁶

103. On the basis of these findings, the validation rated the ADB portfolio *likely sustainable*.

F. Development Impacts

104. The CPSFR concluded that development impacts were *satisfactory*. It reviewed country-level progress toward achieving the CPS's overall development goals, and also treated each sector individually to demonstrate development impact. In almost all cases, this analysis was based on a list of ad hoc achievements, rather than referring to progress toward specific development objectives.

105. **Country-level objectives.** With regard to Bangladesh, the CPSFR observed a high level of performance in the achievement of key macroeconomic indicators and selected MDGs. It presented a favorable picture of economic growth, poverty reduction, reductions in inflation, and the management of fiscal revenues and expenditure. The CPSFR concluded that the country was on track to achieve most of the MDGs, including those relating to education (e.g., gender parity in primary and secondary education) and health (e.g., reduction of the under-5 mortality rate and containment of HIV infection). It noted that ADB and development partners played a significant role in financing overall development outcomes (about 40% of development expenditures). GDP growth rates were 6.7% in FY2011, 6.2% in FY2012, 6.0% in FY2013, and 5.6% FY2014 (estimated).

106. These MDG achievements are important for a low-income country, despite concerns that they are regionally inconsistent. It is unclear how ADB contributed to the achievement of the MDGs or economic growth in general. The CPSFR did not comment on the other country objectives of RCI and environmental sustainability under the heading of impact, but it did provide evidence confirming that large programs targeted these objectives. RCI was reported as accounting for 21.5% of the country program (proposed and approved). ADB was also closely involved in climate change, supporting the preparation of relevant country strategies, guidelines, and safeguards at the project level. While these activities were important, it is not possible to draw any conclusions regarding their impact on the CPS objectives.

107. **ADB's contribution to the country partnership strategy and sector goals.** The CPSFR provided a sector-by-sector account of ADB's contributions to development impacts. The discussion of indicators and targets provided evidence of progress on outputs and sometimes

⁶⁵ See, for instance, ADB. 2014. *Project Validation Report: Jamuna–Meghna River Erosion Mitigation Project (Bangladesh)*. Manila. The Government enacted Participatory Water Management Rules 2014, under which WMAs will be registered under the Bangladesh Water Development Board (Source: Ministry of Water Resources. January 2016).

⁶⁶ This is based on the updated information SARD provided IEM in October 2015.

outcomes, but it inconsistently demonstrated results against plans, or indications of ADB's contribution to overarching objectives (Table 5 and Appendix 2).

Table 5: Observations on the Country Partnership Strategy Final Review's Discussion on Development Impact

Sector	Observations on the CPSFR
Energy	<ul style="list-style-type: none"> The progress cited in the text and CPSFR results framework was consistent, and showed that Bangladesh's access to electricity and per capita consumption of electricity was on track to meet the 2015 national targets. The subsequent discussion plausibly asserted a significant ADB contribution to the national achievement based on project outputs.
Transport	<ul style="list-style-type: none"> None of the indicators cited in the text of the CPSFR corresponded to the indicators used in the sector assessment or CPS results framework. Achievements were cited only for railways, not roads (the CPS indicator for roads was referred to under the discussion on effectiveness)
Education	<ul style="list-style-type: none"> The main evidence provided related to the increase in net enrollment for secondary education, but the figures presented in the text (47.6% for 2012) did not accord with the update in the CPSFR results framework appendix, which cited 57.6% for 2012 (combining boys and girls). The statement that "1 out of 4 students do not complete primary education" cannot be compared with the closest indicator provided in the education sector assessment results framework, which reads "Dropout rate reduced by 2% yearly, with gender parity."
Urban ^a	<ul style="list-style-type: none"> Data was only supplied for 2011, and only for some of the indicators. The birth rate at home or in health centers exceeded the target, which, as SARD clarified in October 2015, is a national target. As a result, it is not clear if this achievement was solely attributable to ADB projects.
Agriculture and natural resources	<ul style="list-style-type: none"> The results discussed focused on project level outputs, which are best accounted for in the discussion of effectiveness, not development impact.

ADB = Asian Development Bank; ANR = agriculture and natural resources; CPS = country partnership strategy; CPSFR = country partnership strategy final review; SARD = South Asia Department.

^a Urban includes water supply, and other municipal infrastructure and services.

Source: Independent Evaluation Department.

108. These observations should be considered in tandem with the level of consistency between project DMFs, sector assessment results frameworks, and the CPS results framework (Appendix 2). Together, these observations underscore the lack of evidence and justification provided for the achievement of targeted development impacts. The indicators and discussion neither adequately reflected the results of the operations nor mapped onto the CPS objectives. Likewise, the CPSFR did not attempt to provide plausible arguments for the ADB program's contributions to sector outcomes or CPS objectives. Instead, it simply updated the achievements against the sector outcomes, noting that 90% of the sector outcomes and 95% of thematic outcomes were attained by 2013. Most of the indicators were limited to measurements of growth or accessibility to services, and ADB's contribution to poverty reduction, environmental sustainability, or RCI was not discussed.

109. **Partnerships.** As noted above, ADB achieved considerable success mobilizing cofinancing from development partners to implement projects, which would have contributed positively to development impact.

110. **Private sector development.** ADB made private sector development a thematic priority of the CPS to address major infrastructure constraints and skill gaps by improving the regulatory setting and enhancing capacity for PPP and private sector investments. Increased support in this area was anticipated (compared with the previous CPS), forging a strong link between ADB's Private Sector Operations Department (PSOD) and units concerned with public sector financing.

111. Support for PPPs was evident in the programs implemented during the CPS period, emerging in several sectors (e.g., ANR, education, urban health care, energy, and roads). The government requested ADB support to operationalize its PPP program to establish (i) a PPP Office under the Prime Minister's Office, and (ii) a PPP Unit under the Ministry of Finance. Although establishing these agencies took some time, a list of 35 potential PPPs was eventually prepared. However, the PPP office lacked skilled staff and guaranteed funding for its operations. To address this issue, ADB helped establish the PPIDF to develop PPPs, largely in the power sector. In addition, the ADB Office of PPP (OPPP) began to provide various assistance measures for PPP projects in January 2015, including transaction advisory services to developing member countries (DMCs). In June 2015, OPPP supported a meeting of SARD and BRM with the government to discuss PPP matters, including Bangladesh's PPP law.

112. ADB TA was instrumental in developing a draft bill regarding PPPs. Some of the ADB-supported projects established PPPs on a small scale, as in the case of the Urban Primary Health Care Service Delivery Project. This project supported a PPP model involving nonprofit private entities or NGOs to help address deficiencies in government primary health care service delivery in urban areas.⁶⁷ PPPs were also pursued in higher education, but this effort did not clarify the financing options for potential projects.⁶⁸ A TA loan was provided in 2013 to design the Dhaka–Chittagong Expressway as a PPP.⁶⁹

113. At the beginning of the CPS period, the OPPP office warned, “the current spread of numerous projects in a multitude of sectors involves a risk of diluting the scarce resources available.”⁷⁰ ADB found it difficult to plan adequate support for this activity. In 2013, a TA developing a communication strategy for PPPs was cancelled,⁷¹ and a follow-up TA to support OPPP was dropped.⁷² However, the government and ADB have recently made some progress producing bankable PPPs as well as concurrent building-related regulatory frameworks and institutional capacities. For example, the PPP law⁷³ was enacted on 16 September 2015, and the ongoing Dhaka–Chittagong Expressway Project is being executed as a PPP.

114. Nonsovereign lending was equally challenging. The CPSFR noted that a \$30 million OCR loan was approved in 2011 for the Industrial and Infrastructure Development Finance Company project. A \$25 million OCR loan was approved in 2012 for an agribusiness project,⁷⁴ and a TA project for the Industrial Energy Efficiency Finance Program was approved in 2011. Private sector operations have increased over the last 4 years. PSOD financed \$75 million in 2014 for the Summit Bibiyana II Power Project, \$25 million for Sylvan Agriculture in 2012, and \$30 million for the Industrial and Infrastructure Development Finance Company in 2011.⁷⁵ Despite these positive developments, at this rate, ADB's program for Bangladesh will fall far short of the Strategy 2020 objective of 25% of projects and 50% of lending volume occurring through PSOD. PSOD provided

⁶⁷ ADB. 2012. *Technical Assistance Completion Report: Supporting the Urban Primary Health Care Services Delivery Project*. Manila (TA 8118-BAN).

⁶⁸ ADB. 2011. *Technical Assistance Completion Report: Public–Private Partnership in Higher Education*. Manila (TA 7960-BAN).

⁶⁹ ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to Bangladesh for the Dhaka–Chittagong Expressway Public–Private Partnership Design Project*. Manila.

⁷⁰ ADB. 2012. *Public–Private Partnership Program Operationalization*. Manila (TA 7691-BAN).

⁷¹ ADB. 2013. *Communications Strategy for Public–Private Partnership Technical Assistance Cancellation*. Manila (TA 7770-BAN).

⁷² ADB. 2012. *Public–Private Partnership Program Implementation Support (formerly Supporting the Institutionalization of Public–Private Partnership in Bangladesh)*. Manila. (TA 7691_BAN) 45037-001.

⁷³ This was drafted under ADB TA 7691-BAN: Public–Private Partnership Program Operationalization.

⁷⁴ ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to Sylvan Agriculture Limited PRAN Agribusiness Project (Bangladesh)*. Manila (Loan 7358, approved on 08 August).

⁷⁵ SARD informed IEM in October 2015 that PSOD is also currently processing a \$50 million senior loan to BRAC Bank for on-lending to socially responsible projects, a \$97.5 million long-term loan for the Sirajganj Gas Fired Combined Cycle Power project, and a \$16 million risk participation limit for Standard Chartered Bank to share a 50% credit risk for its loan to microfinance institutions.

some support for private sector development in the form of short briefs, but there is little evidence of a close engagement between PSOD and other ADB units. PSOD reportedly viewed the lack of likely loan candidates as the major obstacle to increasing the scale of its operations, but ADB appears to have made little effort to address this issue.

115. **Knowledge management.** The CPSFR did not note whether a knowledge management plan was produced, nor whether the engagement with development partners and the government took place. No explanation was provided as to how the knowledge products supported ADB operations. Knowledge products could have been instrumental in addressing constraints and supporting policy and dialogue. This orientation would also have been in keeping with the recommendation of the ADB Board when it urged management to make better use of knowledge products at its meeting in 2011.

116. **Gender equity mainstreaming.** The CPS stated that ADB would make a concerted effort to mainstream gender equity in ADB's operations and increase the proportion of projects with specific gender-equity outcomes. Support was to be provided to develop government capacity in this area through policy development, project implementation, and results monitoring.

117. The CPSFR listed two capacity building events for project-based gender specialists and focal points on gender action plans (Table 2: Capacity Development Knowledge Events in 2012–2013). One additional listed event was prepared for executing and implementing agency officials. These initiatives appear insufficient to achieve the CPS's aims to improve gender equity. Nevertheless, it is acknowledged that measuring success in this area in the CPS results framework would be difficult, as only the education sector contained clear gender equity results. This reveals a need for disaggregated indicators and targets by gender in the CPS outcomes.

118. The CPSFR reported that 60% of projects approved during the CPS period supported "enhanced gender mainstreaming." This result appears to refer to projects having gender action plans that were implemented and monitored. The CPSFR provided no details regarding the extent to which these action plans were implemented, and the evidence found in project monitoring documents that showed progress was not satisfactory. For example, the Participatory Small-Scale Water Resources Sector Project gender action plan activities were on track, but "some of the more strategic goals of the project such as effectively involving women in the decision making...is falling short of the expected outcomes."⁷⁶

119. **Governance and capacity development.** Governance was not a major priority in the CPS, and most activity in this area occurred at the project administration level. A review of a sample of significant projects approved during the CPS period confirmed that project-level RAMPs were being prepared. The reviewed projects showed fairly robust RAMPs in terms of analysis and proposed risk-reducing actions. Overall, the RAMPS adequately covered the three areas specified by the GACAP II (procurement, anticorruption, and financial management). Some projects also encompassed implementation and sustainability risks in the RAMP format.⁷⁷

120. It is hard to discern whether these project-level safeguards were being implemented and were successful. The fiduciary issues involved in providing funds directly to the national treasury were significant, and even more difficult to assess. Data from the Office of Anticorruption and Integrity (OAI) for the CPS period (Table 6) suggests that ADB operations faced continued challenges of integrity given the number of cases brought to the OAI.

⁷⁶ Back-to-office report of the Joint Review Mission for Loan 2542 fielded from 7 to 18 December 2014.

⁷⁷ See, for example, the RAMPs for Loans 3142 and 3170 (Supplementary Financing).

Table 6: Project-Related Cases in Bangladesh handled by the Office of Anticorruption and Integrity, 2006–2014

Year	Closed with No Further Action	Closed with Action Taken	Still Open	Total
2006	10	8	0	18
2007	8	0	0	8
2008	20	8	0	28
2009	8	3	0	11
2010	19	3	0	22
2011	13	7	0	20
2012	20	5	1	26
2013	12	3	13	28
2014	12	0	18	30
Total	122	37	32	191

Source: Office of Anticorruption and Integrity.

121. Overall, the validation experienced severe challenges in tracking program and project results and their contribution to impacts. These challenges were due in part to the lack of information on what the specific programs proposed in the CPS were expected to achieve. Furthermore, the project DMFs were not adequately connected to sector assessments and CPS indicators, making it difficult to discern ADB's contribution to sector and country outcomes. The long implementation periods for projects compounds the difficulties of establishing linkages between CPS objectives and the projects implemented under those objectives. Strong performance was seen in some sectors, such as energy and finance. The evidence for thematic achievements (RCI, environmental sustainability, partnerships, private sector development, knowledge management, gender equality, good governance, and capacity development) demonstrated partial success. The validation rated impact *less than satisfactory*.

G. ADB and Borrower Performance

1. ADB's Performance

122. ADB's support was well regarded by the government, and was seen as having developed important capacities in counterpart agencies. ADB worked well with other development partners to facilitate coordination on a sector basis. It was able to leverage the financing of other development partners significantly, for both lending and non-lending operations, increasing the impact of its operations. ADB efforts to increase the efficiency of project designs and their implementation included (i) agreements with the government to obtain DPP approval for project design advances (including land acquisition and resettlement plans) before submitting them for Board consideration; and (ii) measures to increase the capacity of counterpart institutions in financial management, particularly for procurement and project administration.

123. Offsetting these results, ADB's performance could have been strengthened in the following areas: (i) linking country and sector results frameworks, (ii) establishing baselines and targets that reflect progress on the achievement of program and project outcomes and outputs, (iii) following through with the planned program, (iv) injecting sufficient rigor into the governance and PSM analysis underpinning the CPS, and (v) establishing adequate systems to monitor and evaluate ADB operations. More effort must be taken during the design phase to mitigate delay risks and develop reliable sources of funding to sustain O&M over the life of the facilities. When funding reliability is a concern, project designs should be revised to reflect this uncertainty. In many cases, support for areas such as PSM and institutional reform was weak, and greater efforts can be made to resolve institutional capacity issues before committing to financing large capital investments.

124. Overall, ADB's performance was *satisfactory*.

2. Borrower Performance

125. The government made efforts to speed up the process of project design and implementation, particularly by improving the quality and expediting the approval of the DPP, and addressing land acquisition and resettlement plans before submitting project proposals to ADB for Board consideration. The ongoing effort to improve the quality of the DPP has now been formalized and is led by the Joint Chief of the Executive Committee of National Economic Council. The government was able to lead the SWAp effort in the education sector, which involved ADB and 10 other development partners, and co-chaired several forums to coordinate the support of development partners across sectors.

126. Poor political governance and corruption continued to impact program performance and limit the potential impact of ADB investments. Efforts to increase government capacity to manage ADB-financed projects, as well as all of the development programs more broadly, varied widely among government counterpart agencies. The adequacy of safeguard arrangements for ADB support is concerning given the number of cases submitted to the ADB's OAI.

127. Overall, the government's performance in ADB operations was *satisfactory*.

H. Assessment of the Quality of the Final Review

128. The quality of the CPSFR is rated *less than satisfactory*. The report provided a systematic sector-by-sector account of all of the key evaluation criteria. The structure of the report was partly consistent with the IED guidelines and the content was written clearly.

129. However, the CPSFR lacked a section dealing with the country context and the rationale for providing ADB support. Important information was missing or scattered through the report, and would have been best consolidated at the front as a general overview.

130. Neither the CPSFR nor the identified document sources outlined the specific program planned in the CPS. The details found in the COBP 2012–2014 were of limited use as this document was based on sector aggregates, which did not correspond with the data presented in the CPS or CPSFR. The consequent lack of clarity regarding the planned program made it difficult to compare the approved program with the planned program in the CPS, or the Strategy 2020 objectives.

131. The CPSFR provided an inconsistent and generally insufficient treatment of governance and PSM, broadly defined. More specifically, it paid insufficient attention to the impact of political turmoil on ADB's strategy and operations. The lack of quantitative analysis of the projects' economic performance was a serious deficiency, and effectiveness, efficiency, and sustainability should have been analyzed more rigorously. The discussion of development impact did not adequately explain ADB's contribution to the CPS objectives. Furthermore, the analysis of development impact was based on inconsistent references to inadequate performance indicators and targets presented in the CPS and sector assessment results framework. Finally, the section on lessons and recommendations did not clearly analyze critical issues and the actions needed to address those issues in the next CPS.

I. Overall Assessment

132. The validation rated the program *successful* (score of 1.7)

Table 7: Rating Comparison between the Country Partnership Strategy Final Review and its Validation

Evaluation Criteria	CPSFR Ratings	Validation Ratings and Weighting (Scoring)	Main Reasons for Rating Deviations and/or Changes in Evaluation Nomenclature
Strategic Positioning	Highly Satisfactory	<i>Satisfactory</i> 10% (2) = 0.2	<ul style="list-style-type: none"> Insufficient adherence to criteria specifically outlined in the IED guidelines, and hence insufficient reference to Strategy 2020. Sector selectivity, a CPS goal, not actually pursued or achieved. An inadequate explanation of how ADB supports inclusive growth. Insufficient treatment of governance and/or PSM. Missing discussion on the choice or mix of modalities and ADB positioning in the range of financing alternatives relevant to Bangladesh. Inadequate link between project DMFs and sector outcomes as stated in the CPS. Insufficient attention to the positioning of ADB support in the context of poor political governance and political strife.
Program Relevance	Highly Relevant	<i>Relevant</i> 10% (2) = 0.2	<ul style="list-style-type: none"> A lack of clarity regarding the planned program undermining the analysis of relevance and alignment with Strategy 2020. A lack of coherence among the CPS 2011–2015, COBP 2012–2014, and sector assessments. Limited evidence on the CPS's critical role in guiding ADB assistance over the CPS period. A number of planned projects approved under new titles with revised scope, loan size, or project locations. The subsector, scope, and scale of ADB programs and their contribution to country objectives not adequately reflected in sector assessments and their selected indicators and targets. The goal of larger and fewer project approvals not meaningfully achieved.
Effectiveness	Effective	<i>Effective</i> 20% (2) = 0.4	<ul style="list-style-type: none"> Validated
Efficiency	Less Than Efficient	<i>Less Than Efficient</i> 20% (1) = 0.2	<ul style="list-style-type: none"> Validated
Sustainability	Likely Sustainable	<i>Likely Sustainable</i> 20% (2) = 0.4	<ul style="list-style-type: none"> Validated
Development Impacts	Satisfactory	<i>Less Than Satisfactory</i> 20% (1) = 0.2	<ul style="list-style-type: none"> Intended impacts reduced by long time delays. Insufficient explanation of the contribution of ADB outcomes to impacts. Weak linkages between project DMFs, sector results frameworks, and the CPS results framework
Overall Rating	Successful	<i>Successful</i>	<ul style="list-style-type: none"> The score is 1.6.

Evaluation Criteria	CPSFR Ratings	Validation Ratings and Weighting (Scoring)	Main Reasons for Rating Deviations and/or Changes in Evaluation Nomenclature
ADB's Performance	Satisfactory	<i>Satisfactory</i>	<ul style="list-style-type: none"> Validated, with the following notes: <ul style="list-style-type: none"> Significant inconsistencies appeared among the documents related to the CPS 2011-2015: the CPS, sector assessments, and COBPs. As a result, there was lack of clarity in the CPS in terms of both specific activities and the magnitude of sector aggregate value amounts. The CPSFR did not provide an adequate performance assessment.
Borrower Performance	Satisfactory	<i>Satisfactory</i>	<ul style="list-style-type: none"> Validated
CPSFR Quality		<i>Less Than Satisfactory</i>	<ul style="list-style-type: none"> Lack of a section dealing with the country context and ADB support. Lack of clarity on the specific program planned in the CPS, making it difficult to compare the approved program with actual results, or to situate either of these against the Strategy 2020 guidance. Inconsistent treatment of PSM and/or governance. Insufficient attention to the impact of political turmoil on ADB strategy and operations. Inadequate discussion of development impact. Lessons and recommendations section unclear as to what lessons had been learned and what actions should be taken in the context of the new CPS.

ADB =Asian Development Bank; COBP = country operations business plan; CPS = country partnership strategy; CPSFR = country partnership strategy final review; DMF = design and monitoring framework; IED = Independent Evaluation Department; PSM = public sector management.

Source: Independent Evaluation Department.

CHAPTER 4

Issues and Lessons

133. ADB's country program and assistance for Bangladesh under the CPS 2011–2015 sought to contribute to economic growth and poverty reduction. It also aimed to help the government foster environmental sustainability, reduce disaster risks, and respond to challenges posed by climate change and natural disasters. This chapter highlights the issues, lessons, and recommendations that emerged from the validation, which can provide insights for the preparation of the next CPS 2016–2020.

A. Issues

134. The following issues should be considered when preparing the next CPS:

135. **Weak results frameworks.** The strategic framework presented in the CPS 2011–2015 was extremely broad, encompassing three high-level objectives, and seven thematic drivers. The baseline targets at the project level did not clearly link actual ADB projects with higher level sector and country objectives. The CPS provided no targets for thematic objectives, just a list of stated intentions. Furthermore, the CPSFR provided a weak discussion on the attainment of performance targets, simply listing achievements independent of targets. As a result, it was difficult to establish meaningful connections between the results and the performance of the CPS program. This lack of information on targets and expected performance at the country level creates significant risks for the program, which are amplified by institutional weaknesses in the area of project implementation.

136. **The country partnership strategy did not guide the program.** During the CPS period, a substantial number of projects included in the planned program were retitled or re-scoped, and some changes were accompanied by a different loan modality, project sites, and/or loan amount. In many cases, neither the CPSFR nor the COBPs provided any explanation of these changes or adjustments. While the validation recognizes the importance of remaining flexible and responsive in country operations to government's requests, the deviations from the approved CPS should have been adequately documented. Since major adjustments to project titles, scopes, and financing modes and amounts were not adequately justified, the 2011–2015 Bangladesh program appears to have evolved spontaneously, while the value of these changes remains unclear. Such changes also introduced the threat of program drift, which could add risk to and reduce the performance of ADB's program.

137. **How to position the ADB program in a period of heightened political volatility.** The intensifying political conflict in Bangladesh presents the following challenges to ADB's program: (i) how to safeguard the projects' implementation, operation and maintenance, particularly for infrastructure investments; and (ii) how to encourage key institutions to adopt and apply better standards of governance.

138. ADB must recognize and identify ways to mitigate the risk of political instability when designing its projects, by minimizing economic risks from delays and cost increases, and helping to enact necessary laws and regulations, and build governance capacity in key sector institutions. At minimum, it may be possible to insulate ADB projects partially from the effects of political conflict. These risks merited some discussion in the CPSFR, and should be addressed in the next CPS. A thorough governance assessment must be prepared for the CPS 2016–2020.

139. ADB must take a long-term perspective when designing governance interventions, and apply them consistently across sectors in which it is engaged. While some progress has been made in certain sectors, such as energy and railways, more effort is necessary to build good governance capacity at the municipal level. It may be necessary to use a step-by-step approach, in which successes generated at the local level can be used as a basis to pursue reforms at the national level.

140. **Support for municipal empowerment.** Despite a constitutional commitment to local government, Bangladesh has retained a highly centralized government.⁷⁸ Any reforms to local government have been insufficient or inadequately applied to make a difference in the range of functions, resources, and accountability of these agencies. ADB financed a large amount of infrastructure and provided capacity development support for local government, particularly the *pourashavas*. Important innovations, such as performance-based grants, were introduced. However, the sustainability of ADB support requires the government's willingness to institutionalize these innovations in the context of genuine devolution. ADB sought to encourage the national government to empower local government further. The National Urban Policy supported by ADB and other development partners would be a positive step in this direction, but it the government has not yet approved it. This state of affairs creates a dilemma for ADB. More investment, particularly performance based, at the municipal level is desirable. However, maximizing the impact of these investments will depend in part on the establishment of a conducive national framework for local government, which will require ADB and other development partners to engage in a continued intensive dialogue with the government.

B. Lessons

141. The lessons and recommendations presented in the final section of the CPSFR are difficult to discern. The validation agrees with some important statements made in that section, particularly that (i) a focus on larger and fewer projects will likely help improve implementation, and (ii) reforms-oriented operations are slow to show results but are nonetheless an important part of the modality mix. In addition to these points, the validation identifies the following lessons:

142. **Establish a framework that provides a clear link between country results, project performance and availability of finance.** As shown in Appendix 2, in many cases, there was no clear link between the project objectives and scope, and the indicators and targets presented in the project DMFs, sector assessment results frameworks, and the CPS results framework. This weak framework severely undermines the ability of ADB and the government to assess the success of the program or address problems as they arise. The CPSFR provided little discussion of higher level results, in part because of the challenge posed by the poor selection of indicators and targets. More attention should

⁷⁸ P. K. Panday. 2011. Local Government System in Bangladesh: How Far is it Decentralised? *Lex Localis—Journal of Local Self-Government*. 9 (3). pp. 205–230.

be paid to identifying the results chain and making plausible arguments as to how project effectiveness will lead to development impact. More effort should be made to prepare a CPS results framework that is linked to the indicators and targets found in the sector assessments and strategies. This improvement will make it easier to discern the linkages between all the relevant scales from the approved DMFs to sector results frameworks and then to the CPS indicators and targets.

143. **Review governance and public sector management analysis periodically.** The flagship Good Governance Program (GGP) was very successful, implementing 44 out of 47 reform actions, including major governance reforms.⁷⁹ The remaining three reforms, which are highly complex and political in nature, will require more time, as well as fundamental changes to the current system of appointing Supreme Court judges and public prosecutors. Using the GGP as a foundation to implement the remaining reforms, the government and ADB must endeavor to progress further on governance and PSM. The next CPS should provide a detailed analysis of how it will approach governance and PSM.

⁷⁹ Some reforms include separation of the judiciary from the executive; approval of a national integrity strategy with time-bound specific remedial actions for all major public and private sector institutions; reconstitution of the Anticorruption Commission and Public Service Commission; ratification of United Nations Convention against Corruption; enactment of the Right to Information Law and Whistleblower Protection Act; and introduction of the Annual Performance Agreement, the Grievance Redress System, and Citizen's Charter.

Appendixes

APPENDIX 1: TABLES

Table A1.1: Project Ratings for Loan Projects Closed from 2011 to 2014

Project Title (Loan/Grant no.)	Amt (\$ million)	APPRV	CMP	Rating	RLV	FEC	EFN	SSB	Source
Agriculture and Natural Resources									
Jamuna-Meghna River Erosion Mitigation (1941)	48.5	Nov 2002	Oct 2011	S	R	FV	FC	LS	PVR Dec 2014
Second Participatory Livestock Development (2070)	21.3	Dec 2003	Sep 2012	S	R	FV	FC	LS	PVR Oct 2014
Agribusiness Development (2190)	44.6	Oct 2005	Nov 2012	S	R	FV	FC	MS	PCR Sep 2014
Emergency Disaster Damage Rehabilitation (Sector) (2409)	118.2	Jan 2008	Apr 2011	S	HR	FV	FC	LS	PVR Dec 2013
Education									
Second Primary Education (Sector Loan) (2015)	109.5	Nov 2003	Jul 2012	S	HR	FV	FC	MS	PCR Sep 2013
Teaching Quality Improvement in Secondary Education (2101)	72.4	Nov 2004	Jul 2013	S	R	FV	FC	LS	PCR Oct 2014
Energy									
Power Sector Development Program (Project Loan) (2039)	186.0	Dec 2003	Apr 2012	S	R	FV	FC	LS	PCR Sep 2013
Finance									
Improvement of Capital Market and Insurance Governance Project (2232)	3.2	Mar 2006	May 2013	S	R	FV	LeFC	LS	PCR Sep 2014
Public Expenditure Support Facility Program and Countercyclical Support Facility Support Program (2566/2567/2568/2569)	45.3	Oct 2009	Dec 2011	S	HR	FV	FC	LS	PCR Nov 2012
Transport									
Road Network Improvement and Maintenance Project (1920)	76.1	Oct 2002	Dec 2011	S	HR	FV	FC	LS	PCR Mar 2013
Road Network Improvement and Maintenance Project II (2021)	137.5	Nov 2003	Jan 2013	LeS	R	LeFV	LeFC	LS	PCR Aug 2014
Chittagong Port Trade Facilitation (2147)	30.6	Dec 2004	Aug 2013	S	R	FV	FC	LS	PVR Feb 2015
Urban									
Second Urban Primary Health Care (2172)	30.5	May 2005	Sep 2014	HS	HR	HFEV	HFC	LS	PCR Sep 2014

Amt = amount; APPRV = approval month and year; CMP = completion month and year; FEC = effectiveness; EFN = efficiency; FIC = efficient; FEV = effective; HFV = highly effective; HFC = highly efficient; HR = highly relevant; HS = highly successful; LeS = less than likely sustainable; LeFC = less than efficient; LeFV = less than effective; LeS = less than successful; LS = likely sustainable; MS = most likely sustainable; PCR = project completion report; PVR = project validation report; R = relevant; RLV = relevance; S = successful; SEC = sector; SSB = sustainability.

Source: Independent Evaluation Department.

Table A1.2: Project Ratings for Technical Assistance Projects Closed from 2011 to 2014

SEC	Project Name	Approved Amount (\$ million)	APPRV	Account Closed	Rating
EDU	TA 7960: Public–Private Partnership in Higher Education	0.600	06 Dec 2011	24 Sep 2014	S
HSP	TA 8118: Supporting the Urban Primary Health Care Services Delivery Project	0.400	18 Jul 2012	31 Aug 2014	S
PSM	TA 7691: Public–Private Partnership Program Operationalization (Supplementary)	1.225	06 Dec 2010	11 Jul 2014	S
PSM	TA 7928: Governance and Capacity Development	0.200	24 Nov 2011	24 Sep 2013	S
PSM	TA 8028: Capacity Building of the Anticorruption Commission	0.110	25 Dec 2011	31 Dec 2012	S
PSM	TA 8032: Consolidation of Knowledge on Governance Initiatives	0.225	21 Dec 2011	26 Sep 2013	PS
TRA/ICT	TA 7553: Rural ICT Connectivity Project	0.225	23 Jun 2010	20 Jan 2012	S
WMIS	TA 7890: Strengthening the Resilience of the Urban Water Supply, Drainage, and Sanitation to Climate Change in Coastal Towns	0.700	18 Oct 2011	10 Dec 2013	S
EDU	TA 7714: Support for the Proposed Primary Education Sector Development Program	0.225	16 Dec 2010	31 Jan 2014	S
EDU	TA 7719: Development of an Implementation Strategy of the National Education Policy for Secondary Education	0.600	10 Dec 2010	24 Jun 2013	S
ENE	TA 7758: Tariff Reform and Inter-sectoral Allocation of Natural Gas	0.225	8 Dec 2010	12 Jul 2013	S
PSM	TA 7614: Knowledge Management for Enhanced Operational Effectiveness	0.225	5 Oct 2010	13 Feb 2012	S
HSP	TA 7490: Second Urban Primary Health Care Project	0.225	21 Jan 2010	30 Jun 2012	S
ANR	TA 7481: Land Use Mapping of the Chittagong Hill Tracts Using Remote Sensing	0.075	23 Dec 2009	31 Dec 2011	S
FIN	TA No. 7369-BAN: Strengthening Macroeconomic and Fiscal Monitoring at the Ministry of Finance	0.225	29 Oct 2009	31 Aug 2011	S
TRA/ICT	TA 7388: Capacity Building and Support to the Transport Sector Coordination Wing of the Planning Commission	0.500	26 Nov 2009	11 Dec 2012	S
PSM	TA 7544-REG: Strengthening Public Financial Management Through Improved Fixed Asset Management	0.225	9 Jun 2010	13 Jan 2013	S
WMIS	TA 7197-BAN: Strengthening the Resilience of the Water Sector in Khulna to Climate Change	0.600	10 Dec 2008	31 Aug 2011	S
EDU	TA 7206-BAN: Capacity Development For Madrasah Education	1.000	12 Dec 2008	28 Dec 2011	S
ANR	TA 7260-BAN: Developing Innovative Approaches to Management of Major Irrigation Systems	0.750	30 Mar 2009	31 Aug 2011	S

ANR = agriculture, natural resources, and rural development; APPRV = approval month and year; EDU = education; ENE = energy; FIN = finance; HSP = health and social protection; ICT = information communication technology; PS = partly satisfactory; PSM = public sector management; S = satisfactory; SEC = sector, TA = technical assistance; TRA = transport; UR = urban sector; WMIS = water and other municipal infrastructure and services.

Source: Independent Evaluation Department.

Table A1.3: Active Unrated Loan Projects during 2011–2014

(\$'000)

Loan No.	Project Title	Approval	Effectivity	Loan Closing		Loan Amount			Source
				Original	Current	Approved	Cancelled	Net	
Agriculture and Natural Resources									
2177 (SF)	Secondary Towns Integrated Flood Protection (Phase II)	02 Dec 2004	12 Jun 2005	31 Dec 2009	12 Dec 2012	83,999	11,143,	72,856	BTOR Oct 2011, Feb 2012, Jun 2012, Nov 2013, May 2013, Apr 2014, Dec 2014
2200 (SF)	Southwest Area Integrated Water Resources	23 Nov 2005	23 Aug 2006	31 Dec 2013	31 Dec 2015	21,295	0	21,295	
2542 (SF)	Participatory Small-Scale Water Resources Sector Project	04 Sep 2009	12 Nov 2009	30 Jun 2018	30 Jun 2018	52,695	0	52,695	
2649 (SF)	Second Crop Diversification Project	30 Jun 2010	10 Jan 2011	31 Dec 2016	31 Dec 2016	41,050	0	41,050	BTOR Mar 2013, May 2014
2696 (SF)	Sustainable Rural Infrastructure Improvement Project	11 Nov 2010	10 May 2011	31 Dec 2016	31 Dec 2016	56,879	0	56,879	BTOR Feb 2012, Apr 2013, Feb 2014
2763 (SF)	Second Chittagong Hill Tracts Rural Development	14 Jul 2011	13 Dec 2011	30 Jun 2019	30 Jun 2019	50,346	0	50,346	BTOR Feb 2014, Jun 2014, Dec 2014
2913 (SF)	Coastal Climate-Resilient Infrastructure Project	28 Sep 2012	28 Feb 2013	30 Jun 2019	30 Jun 2019	19,299	0	19,299	BTOR Apr 2014
3135 (SF)	Irrigation Management Improvement	30 Jun 2014	16 Sep 2014	31 Dec 2020	31 Dec 2020	43,218	0	43,218	BTOR Dec 2014
3138 (SF)	MFF: Flood and Riverbank Erosion Risk Management Investment Program—Project 1	03 Jul 2014	17 Sep 2014	30 Jun 2019	30 Jun 2019	61,066	0	61,066	BTOR Nov 2014
Education									
1881 (SF)	Post-Literacy and Continuing Education Project	13 Dec 2001	28 Jun 2002	31 Dec 2008	30 Jun 2013	77,455	33,025	44,430	BTOR May 2013, Sep 2014
2266 (SF)	Secondary Education Sector Development Project	26 Oct 2006	04 Dec 2006	30 Jun 2013	31 Dec 2013	88,833	11,000	77,833	BTOR Mar 2012, Oct 2012
2425 (SF)	Skills Development Project	06 Jun 2008	20 Nov 2008	30 Nov 2013	30 June 2015	46,514	30,889	15,625	BTOR Mar 2014, Nov 2014
2761 (SF)	Third Primary Education Development	05 Jul 2011	05 Dec 2011	31 Dec 2016	31 Dec 2016	304,725	0	304,725	BTOR Jun 2014
2859 (SF)	Second Teaching Quality Improvement in Secondary Education Project	30 Mar 2012	02 Nov 2012	31 Dec 2017	31 Dec 2017	66,427	13,768	52,659	BTOR Mar 2014, Sep 2014
3047 (SF)	MFF: Secondary Education Sector Infrastructure Program—Tranche 1	21 Oct 2013	06 Dec 2013	31 Dec 2017	31 Dec 2017	88,903	0	88,903	BTOR Mar 2014
3131 (SF)	MFF: Skills for Employment Investment Program—Tranche 1	03 Jun 2014	24 Jul 2014	30 Jun 2018	30 Jun 2018	94,630	0	94,630	BTOR Aug 2014, Nov 2014

Loan No.	Project Title	Approval	Effectivity	Loan Closing		Loan Amount			Source	
				Original	Current	Approved	Cancelled	Net		
Energy										
2188	Gas Transmission and Development Project	27 Oct 2005	28 Nov 2006	31 Dec 2010	31 Dec 2016	225,000	26,802	198,198	BTOR Jun 2013	
2189		26 Mar 2010	16 Mar 2011	30 Sep 2015	30 Sep 2015	261,000	0	261,000	BTOR Mar 2011, Aug 2012, Sep 2013	
2622	Natural Gas Access Improvement Project	26 Mar 2010	16 Mar 2011	30 Sep 2015	30 Sep 2015	4,834	3,220	1,614		
2623 (SF)										
2661 (SF)	Bangladesh-India Electrical Grid Interconnection Project	31 Aug 2010	08 Mar 2011	30 Jun 2013	30 Jun 2014	99,399	0	99,399	BTOR Mar 2013, May 2014	
2769	Power System Efficiency Improvement	11 Aug 2011	03 Oct 2012	31 Dec 2017	31 Dec 2017	300,000	0	300,000	BTOR Oct 2014	
2966	MFF: Power System Expansion and Efficiency Improvement Investment Program—Tranche 1 and 2	12 Dec 2012	25 Jun 2013	31 Dec 2018	31 Dec 2018	185,000	0	185,000		
3087		09 Dec 2013	14 Mar 2014	30 Jun 2019	30 Jun 2019	310,000	0	310,000		
3031 (SF)	SASEC Bangladesh—India Electrical Grid Interconnection Project—Additional Financing	25 Sep 2013	09 Dec 2013	31 Dec 2014	31 Dec 2014	11,937	0	11,937		
Finance										
2232	Improvement of Capital Market and Insurance Governance Project	9 Mar 2006	23 May 2007	30 Jun 2008	19 May 2013	3,000	700	2,300	Presentation to development partners Jul 2014; TES Governance mission report Feb 2014; BTOR 2012	
2549	Small and Medium-Sized Enterprise Development Project	17 Sep 2009	3 May 2010	30 Mar 2013	22 Jul 2014	74,973	0	74,973		
2362 (SF)	Good Governance Program	30 Oct 2007	26 Nov 2007	31 Mar 2012	30 Sep 2014	148,464	0	148,464		
2865	Financing Brick Kiln Efficiency Improvement Project	10 May 2012	08 Nov 2012	31 Dec 2015	31 Mar 2017	30,000	0	30,000		
2866 (SF)		10 May 2012	08 Nov 2012	31 Dec 2015	31 Dec 2015	20,013	0	20,013		
2453	Public-Private Infrastructure Development Facility	02 Oct 2008	24 Feb 2009	31 Dec 2013	31 Dec 2014	82,000	0	82,000	BTOR March 2011, Oct 2011, Dec 2011, Nov 2012 Mar 2013, Jul 2013, Dec 2013	
2454										
2666 (SF)	Strengthening Governance Management Project	21 Sep 2010	20 Oct 2011	30 Jun 2014	31 Mar 2016	24,126	0	24,126	BTOR Feb 2014	
2951	Second Capital Market Development Program	28 Nov 2012	17 Dec 2012	30 Jun 2014	31 Mar 2015	150,162	0	150,162	Progress Report Nov 2014	
2952 (SF)		28 Nov 2012	17 Dec 2012	30 Jun 2014	31 Mar 2015	49,512	0	49,512		
2953 (SF)										

Loan No.	Project Title	Approval	Effectivity	Loan Closing		Loan Amount			Source
				Original	Current	Approved	Cancelled	Net	
3045	Second Public–Private	17 Oct	12 Aug	31 Jul					
3046 (SF)	Infrastructure Development Facility	2013	2014	2019	31 Jul 2019	100,000	0	100,000	BTOR May 2013, Jul 2013
		17 Oct	12 Aug	31 Jul					
		2013	2014	2019	31 Jul 2019	9,651	0	9,661	
Others									
2578-2579	South Asia Tourism Infrastructure	16 Nov		15 Mar					
2580 (SF)	Dev Project (BAN/NEP/IND)-Bangladesh	2009	21 Jan 2010	2015	31 Dec 2016	11,428	0	11,428	BTOR Apr 2013, Dec 2013, Jun 2014, Dec 2014
2954 (SF)	SASEC Trade Facilitation Program	29 Nov	19 Apr	31 Dec	31 Dec 2015	20,192	0	20,192	Progress Report Nov 2014
Transport									
2316	MFF: Bangladesh Railway Sector	13 Feb	24 Apr	30 Jun	09 Oct 2016	100,000	0	100,000	Report from project manager, and one BTOR on Tongi-B segment
2317 (SF)	Investment Program	2007	2007	2011					
		13 Feb	24 Apr	30 Jun	30 Jun 2015	30,171	0	30,171	
		2007	2007	2011					
2397 (SF)	SASEC Info Highway Project (BAN, BHU, IND, NEP)	17 Dec	02 Jul 2009	30 Jun	15 Feb 2015	2,965	227	2,738	BTOR May 2012, Apr 2013, Jun 2013, Sep 2013
2688 (SF)	Subregional Transport Project	03 Nov		31 Dec					
	Preparatory Facility	2010	21 Jul 2011	2013	31 Dec 2015	22,445	0	22,445	BTOR Dec 2014
2845	Railway Sector Investment	22 Dec	05 Nov	30 Jun					
	Program—Tranche 2	2011	2012	2016	30 Jun 2016	150,000	0	150,000	Report from project managers
2856 (SF)	Dhaka—Chittagong Expressway	30 Mar		31 Mar	31 Mar				
	Public–Private Partnership Design Project	2012	13 Jun 2013	2016	2016	9,435	0	9,435	
2862		17 Apr	15 Mar	31 Dec	31 Dec 2017	100,000	0	100,000	
2863 (SF)	Greater Dhaka Sustainable Urban	17 Apr	15 Mar	31 Dec	31 Dec 2017	14,283	0	14,283	
2864 (SF)	Transport Project	2012	2013	2017					
		17 Apr	15 Mar	31 Dec	31 Dec 2017	42,836	0	42,836	
		2012	2013	2017					
2949 (SF)	SASEC Road Connectivity Project	22 Nov	28 Feb 2014	30 Jun	30 Jun 2018	187,422	0	187,422	BTOR AM Mar 2012, Jun 2012, Jul 2012, Apr 2013
8263				2018					
3097	MFF: Railway Sector Investment	09 Dec	17 Sep	09 Oct	09 Oct 2016	100,000	0	100,000	Update from project manager
	Program—Tranche 3	2013	2014	2016					
		30 Sep	-	30 Jun	30 Jun 2023	400,000	0	400,000	Reports from project managers
3169	SASEC Railway Connectivity:	2014		2023					
3170 (SF)	Akhaura-Laksam Double Track	30 Sep	-	30 Jun	30 Jun 2023	99,651	0	99,651	
		2014		2023					
Urban									
2265 (SF)	Secondary Towns Water Supply and Sanitation Project	16 Oct	31 Jan 2007	30 Jun	30 Jun 2014	42,602	5,000	37,602	
		2006		2013					

Loan No.	Project Title	Approval	Effectivity	Loan Closing		Loan Amount			Source
				Original	Current	Approved	Cancelled	Net	
2382 (SF) 2383	Dhaka Water Supply Sector Development Program (Project Loan)	10 Dec 2007	14 Dec 2007	30 Jun 2014	30 Jun 2016	142,738	0	142,738	2nd tranche report; Environmental Monitoring Report (Semi-annual) Dec 2013; BTOR Nov 2014
2462 (SF)	Second Urban Governance & Infrastructure Improvement (Sector) Project	28 Oct 2008	19 Nov 2008	30 Jun 2015	30 Jun 2015	84,033	0	84,033	BTOR Jun 2013, Dec 2013
2554/ 2555 (SF)	Urban Public and Environmental Health Sector Devt. Program (Project Loan)	28 Sep 2009	06 May 2010	30 Jun 2017	30 Jun 2017	56,567	0	56,567	Third Tranche release progress report
2695 (SF)	City Region Development Project	10 Nov 2010	23 Sep 2011	30 Jun 2017	30 Jun 2017	113,433	0	113,433	TACRs; BTOR Sep 2011, Sep 2012, Dec 2012, Jul 2013, Sep 2013, Feb 2014, May 2014, Nov 2014, Jan 2015
2756 (SF)	Khulna Water Supply Project	14 Jun 2011	04 Jan 2012	30 Jun 2018	30 Jun 2018	68,994	0	68,994	BTOR Jul 2014
2878 (SF)	Urban Primary Health Care Services Delivery Project	18 Jul 2012	03 Dec 2012	31 Dec 2017	31 Dec 2017	48,452	0	48,452	Related TCR and TACRs BTOR Jul 2014
3051 (SF)	Dhaka Environmentally Sustainable Water Supply	22 Oct 2013	-	30 Jun 2020	30 Jun 2020	241,290	0	241,290	BTOR Mar 2014
3133 (SF) 8284	Coastal Towns Environmental Infrastructure	27 Jun 2014	19 Sep 2014	31 Dec 2020	31 Dec 2020	49,650	0	49,650	
6001 (SF)	Coastal Towns Infrastructure Improvement Project (PDA)	06 Aug 2012	29 Oct 2012	30 Jun 2014	31 Oct 2014	3,492	3,007	485	BTOR Oct 2012
3142 (SF)	Third Urban Governance and Infrastructure Improvement (Sector) Project	17 Jul 2014	04 Nov 2014	31 Dec 2020	31 Dec 2020	118,649	0	118,649	

AM = Aide Memoire; Amt = amount; BAN = Bangladesh; BHU = Bhutan; BTOR = back-to-office report; Devt. = development; IND = India; Info. = Information; MFF = multitranchise financing facility; NEP = Nepal; No. = number; PDA = project design advance; SASEC = South Asia Subregional Economic Cooperation; SF = supplementary financing; TACR = technical assistance consultant's report; TCR = technical assistance completion report; TES = Thematic Evaluation Study.

Source: Independent Evaluation Department.

Table A1.4: Technical Assistance Approvals
(as of 31 December 2014)
(\$'000)

(\$ 000)

TA No.	Project Title	Date Approved	TA Type	TASF	Others	Other Sources	Total
Agriculture and Natural Resources							
7902	Climate Resilient Infrastructure Improvement in Coastal Zone	Nov 2011	PP	-	600	SCF-PPCR	600
8054	Main River Flood and Bank Erosion Risk Management Program	Feb 2012	PP	-	1,200	JFPR	1,200
8154	Irrigation Management Improvement Investment Program	Sep 2012	PP	800	-	-	800
		Apr 2013	PP	-	275	MDTF-WFPF	275
Education							
7960	Public-Private Partnership in Higher Education	Dec 2011	CD	225	-	-	225
7989	Skills for Employment	Dec 2011	PP	-	700	JFPR	700
		May 2012	CD	500	-	-	500
8085	Support for the Third Primary Education Development Project	Dec 2012	CD	400	700	Sweden	1,100
		Dec 2013	CD	-	1,150	Canada	1,150
		Sep 2014	CD	-	100	Sweden	100
8145	Secondary Education Sector Investment Program	Aug 2012	PP	775	-	-	775
8523	Supporting Education and Skills Development Investment Programs	Dec 2013	CD	1,000	-	-	1,000
Energy							
7826	Support for Climate Change Mitigation and Renewable Energy Development	Jun 2011	CD	500	-	-	500
7889	Power System Efficiency Improvement II	Oct 2011	PP	700	-	-	700
8024	Industrial Energy Efficiency Finance Program	Dec 2011	PP	1,500	-	-	1,500
8084	Supporting Implementation of the Bangladesh Climate Change Strategy and Action Plan (Subproject 2)	May 2012	CD	-	850	JSF	850
8474	Natural Gas Transmission and Distribution Development Investment Program	Oct 2013	PP	1,000	-	-	1,000
8839	Study on Energy Security	Dec 2014	CD	1,000	-	-	1,000
8823	SASEC Bangladesh-India Electrical Grid Interconnection Project II	Dec 2014	PP	200	-	-	200
Finance							
7811	Capital Market Development Program	May 2011	PP	600	-	-	600
7841	Capacity Development for Bangladesh Bank	Jul 2011	CD	500	-	-	500
8144	Capacity Building for Disaster Risk Finance	Aug 2012	CD	-	500	JFPR	500
8197	Supporting Brick Sector Development Program	Oct 2012	CD	-	750	CEF	750
8228	Enhancing Efficiency of the Capital Market	Nov 2012	CD	-	750	JFPR	750
8512	Third Capital Market Development Program	Nov 2013	PP	500	-	-	500
Health							
8118	Supporting the Urban Primary Health Care Services Delivery Project	Jul 2012	CD	400	-	-	400
Industry and Trade							
8436	Supporting Participation in the SASEC Trade Facilitation Program	Aug 2013	CD	-	1,500	JFPR	1,500
Multisector							
7848	Climate Change Capacity Building and Knowledge Management	Aug 2011	CD	-	500	SCF-PPCR	500

TA No.	Project Title	Date Approved	TA Type	TASF	Others	Other Sources	Total
7691	Public-Private Partnership Program Operationalization (Supplementary)	Dec 2012	CD	225	-	-	225
8283	Improving Public Administration and Services Delivery through E-Solutions	Dec 2012	PA	700	500	EAKPF	1,200
Public Sector Management							
7928	Governance and Capacity Development	Nov 2011	CD	200	-	-	200
8028	Capacity Building of the Anticorruption Commission	Dec 2011	CD	-	110	Denmark	110
8032	Consolidation of Knowledge on Governance Initiatives	Dec 2011	CD	225	-	-	225
8426	Capacity Building for Portfolio Management	Aug 2013	CD	400	-	-	400
8553	Road Map to Good Governance	Dec 2013	CD	225	-	-	225
8840	Enhancing the Institutional Capacity of the Implementation Monitoring and Evaluation Division, Ministry of Planning	Dec 2014	CD	500	-	-	500
Transport							
7840	Road Safety Improvement Programs	Jul 2011	PA	600	-	-	600
7979	Strategic Master Plan for Chittagong Port	Dec 2011	PA	-	1,000	JFPR	1,000
8072	Improved Traffic Management in Gazipur City Corporation	Apr 2012	CD	-	1,000	JFPR	1,000
8221	Institutional Development of the Roads and Highways Department	Nov 2012	CD	-	1,500	JFPR	1,500
8597	SASEC Railway Connectivity Investment Program	Dec 2013	PP	1,500	-	-	1,500
8731	Capacity Development of Bangladesh Railway for Project Implementation	Sep 2014	CD	600	400	NDF	1,000
Water and Other Municipal Infrastructure and Services							
7820	Supporting the Khulna Water Supply Project	Jun 2011	CD	700	-	-	700
7890	Strengthening the Resilience of the Urban Water Supply, Drainage, and Sanitation to Climate Change in Coastal Towns	Oct 2011	CD	-	700	JFPR	700
8053	Khilkhet Water Treatment Plant	Feb 2012	PP	900	-	-	900
		Aug 2013	PP	-	500	MDTF-WFPF	500
8128	Coastal Towns Infrastructure Improvement	Aug 2012	PP	-	900	JFPR	900
		Mar 2013	PP	-	500	NET-WFPF	500
8320	Establishing a Regulatory Framework for Urban Water Supply and Sanitation	Jan 2013	PA	500	250	NET-WFPF	750
8339	Third Urban Governance and Infrastructure Improvement (Sector)	Mar 2013	PP	1,000	450	MDTF-WFPF	1,450
		Jul 2014	PP	-	560	SFPTF-WFPF	560
8803	Strengthening Monitoring and Enforcement in the Meghna River for Dhaka's Sustainable Water Supply	Dec 2014	CD	-	1,000	JFPR	1,000
Total				18,875	18,945		37,820

CD = capacity development; CEF = Clean Energy Fund; EAKPF = e-Asia and Knowledge Partnership Fund; JFPR = Japan Fund for Poverty Reduction; JSF = Japan Special Fund; MDTF = multidonor trust fund; NET = Netherlands; NDF = Nordic Development Fund; No. = number; PA = policy and advisory; PP = project preparatory; PPCR = Pilot Program for Climate Resilience; SASEC = South Asia Subregional Economic Cooperation; SCF = Strategic Climate Fund; SFPTF = Sanitation Financing Partnership Trust Fund; TA = technical assistance; TASF = Technical Assistance Special Fund; WFPF = Water Financing Partnership Facility.

Source: Asian Development Bank loan, grant, technical assistance, and equity approvals database.

Table A1.5: Planned Versus Approved Sovereign Loans, 2011–2014
(Information in red provided by SARD in October 2015)

Planned	Year	Amt (\$ million)	Actual	Year	Amt (\$ million)
ANR					
Climate Resilient Rural Infrastructure Improvement	2012	20	Second Chittagong Hill Tracts Rural Development (2763)	2011	55
retitled the Coastal Climate-Resilient Infrastructure Project					
Piloting Improved Management of Muhuri Irrigation	2013	30	Coastal Climate-Resilient Infrastructure (2913)	2012	20
retitled the Irrigation Management Improvement Project					
Major River Flood and Bank Erosion Risk Management Program (MFF 1) (PDA)	2013	0	Irrigation Management Improvement (3135)	2014	46
not processed as PP was fully covered under the PPTA			Flood and Riverbank Erosion Risk Management Investment Program-Project 1 (3138)	2014	65
Major River Flood and Bank Erosion Risk Management Program (MFF 1)	2014	60			
retitled the Flood and Riverbank Erosion Risk Management Investment Program.					
Southwest Integrated Water Resource Management (Supplementary)	2014	20			
Second Chittagong Hill Tracts Rural Development Project	2011	55			
ANR Total Planned	(5.22%)	185	ANR Total Actual	(4.98%)	186
Energy					
Power System Efficiency Improvement Project	2011	300	Power System Efficiency Improvement (2769)	2011	300
Energy Sector Improvement	2012	185	Power System Expansion and Efficiency Improvement Investment Program—Tranche 1 (2966)	2012	185
Clean Energy Project					
processed under Finance as the Financing Brick Kiln Efficiency Improvement Project in 2012 (\$50 million)	2012	30	SASEC Bangladesh—India Electrical Grid Interconnection Project—Additional Financing (3031)	2013	12
Regional Power Generation and Transmission Project					
renamed as a tranche under the Power System Efficiency Improvement Project (MFF), and the allocation raised to \$310 million	2013	260	Power System Expansion and Efficiency Improvement Investment Program—Tranche 2 (3087)	2013	310
Bangladesh–India Electrical Grid Interconnection Project (Additional Financing)					
retitled SASEC Bangladesh—India Electrical Grid Interconnection and the amount reduced from \$20 million to \$12 million	2013	20			

Planned	Year	Amt (\$ million)	Actual	Year	Amt (\$ million)
Second Energy Sector Improvement renamed as a tranche under the Gas Production and Transmission Development Program (MFF) with a revised allocation of \$210 million OCR, planned for processing in 2014. During the CPM 2014 it was again retitled the Natural Gas Development and Distribution Project (standalone) with an allocation of \$155 million. It is currently planned as a \$150 million tranche under an MFF for processing in 2016 (standby).	2014	260			
Energy Total Planned	(29.79%)	1,055	Energy Total Actual	(21.62%)	807
Education					
Primary Education Sector Development Program	2011	320	Third Primary Education Development (2761)	2011	320
Second Teaching Quality Improvement Project	2012	60	Second Teaching Quality Improvement in Secondary Education (2859)	2012	70
Secondary Education Sector Development Project MFF (PFR 1)	2013	90	Second Education Sector Development Program (3047)	2013	90
			Skills for Employment Investment Program—Tranche 1 (3131)	2014	100
Skills for Employment Project	2013	100			
Public–Private Partnership in Higher Education (dropped)	2014	130			
Education Total Planned	(19.77%)	700	Education Total Actual	(15.54%)	580
Transport					
Railway Sector Investment Program MFF (PFR 2)	2011	150	Railway Sector Investment Program—Tranche 2 (2845)	2011	150
Technical Assistance Loan for Dhaka–			Dhaka–Chittagong Expressway Public–Private Partnership Design (2856)	2012	10
Chittagong Expressway Public–Private Partnership			*Greater Dhaka Sustainable Urban Transport (2862)	2012	100
	2011	10	*Greater Dhaka Sustainable Urban Transport (2863)	2012	15
			*Greater Dhaka Sustainable Urban Transport (2864)		
South West Road Network renamed the SASEC Road Connectivity Project and the amount increased from \$146 million to \$198 million	2012	146	* These three (Greater Dhaka Sustainable Urban Transport) loans processed under Urban as the Greater Dhaka Sustainable Urban Transport Corridor transferred to Transport under the administration of the BRM (amount increased from \$145 million to \$160 million)	2012	45

Planned	Year	Amt (\$ million)	Actual	Year	Amt (\$ million)
Subregional Railway Investment Program MFF (PFR 1)					
Modified with a change in title and modality. Processed as the SASEC Railway Connectivity: Akhaura-Laksam Double Track Project (standalone) with the total amount of \$505 million	2013	150	SASEC Road Connectivity Project (2949)	2012	198
Chittagong Urban Transport Improvement (PDA) (dropped)	2013	0	Railway Sector Investment Program—Tranche 3 (3097)	2013	100
Railway Sector Investment Program MFF (PFR 3)	2014	100	SASEC Railway Connectivity: Akhaura-Laksam Double Track (3169)	2014	400
			SASEC Railway Connectivity: Akhaura-Laksam Double Track (3170)	2014	105
Transport Total Planned	(15.70%)	556	Transport Total Actual	(30.09%)	1,123
Finance					
Second Capital Market Development Program	2012	75	Financing Brick Kiln Efficiency Improvement Project (2865)	2012	30
			Financing Brick Kiln Efficiency Improvement Project (2866)		
Second Public–Private Infrastructure Development Facility	2012	135	initially planned under Energy as the Clean Energy Project but processed under Finance as the Financing Brick Kiln Efficiency Improvement Project with an allocation of \$50 million.	2012	20
			Second Capital Market Development Program (2951)	2012	95
			Second Capital Market Development Program (2952)	2012	155
			Second Capital Market Development Program (2953)	2012	50
			Second Public–Private Infrastructure Development Facility (3045)	2013	100
			Second Public–Private Infrastructure Development Facility (3046)	2013	10
Finance Total Planned	(5.93%)	210	Finance Total Actual	(12.32%)	460
Urban (Water and Other Municipal Infrastructure & Services)					
Khulna Water Supply Project	2011	75	Khulna Water Supply (2756)	2011	75
Greater Dhaka Sustainable Urban Transport			Coastal Towns Infrastructure Improvement (6001)	2012	3.5
Corridor (PDA)*	2011	0	Dhaka Environmentally Sustainable Water Supply (3051)	2013	250
Coastal Towns Infrastructure Improvement (PDA)***	2012	0	Coastal Towns Environmental Infrastructure (3133)	2014	48.5
Greater Dhaka Sustainable Urban Transport Corridor	2012	145	Third Urban Governance and Infrastructure Improvement (Sector) (3142)	2014	125

Planned	Year	Amt (\$ million)	Actual	Year	Amt (\$ million)
Coastal Towns Infrastructure Improvement Project <i>processed as Coastal Towns Environmental Infrastructure with an allocation of \$48.5 million</i>	2013	93.6			
Khilkhet Water Supply Project <i>retitled the Dhaka Environmentally Sustainable Water Supply Project, approved in 2013 and the amount increased from \$185 million to \$250 million). The water treatment plant was supposed to be constructed at Khilkhet under the project but the government later changed the site and the project was renamed.</i>	2013	185			
Urban Governance and Infrastructure Improvement Project III (PDA) <i>(not processed)</i>	2013	0			
Third Urban Governance and Infrastructure Improvement <i>(amount reduced from \$200 million to \$125 million)</i>	2014	200			
Second Secondary Town Water Supply and Sanitation merged with Third Urban Governance Infrastructure Improvement Project.	2014	50			
Chittagong Urban Transport Improvement	2014	50			
Urban Total Planned	(22.45%)	795	Urban Total Actual	(13.54%)	505.5
Health					
Sustainable Urban Primary Health Care Project	2012	40	Urban Primary Health Care Services Delivery Project (2878)	2012	50
Health Total Planned	(1.13%)	40	Health Total Actual	(1.34%)	50
Industry and Trade					
			SASEC Trade Facilitation Program (2954)	2012	21
Industry and Trade Total Planned	(0%)	0	Industry and Trade Total Actual	(0.56%)	21
None					
Total Loans Planned		3,541	Total Loans Actual (2011-2014)		3,733

2015 Pipeline (Information in red provided by SARD in October 2015)			
Agriculture and Natural Resources (ANR)	Amt (\$ million)	Transport	Amt (\$ million)
Southwest Area Integrated Water Resources Planning and Management Project (additional financing)	50	Additional Financing for Subregional Transport Project Preparatory Facility (TA Loan Railway Sector Investment program (Tranche 4) Railways Rolling Stock Project	30 20

	ANR Total	45		Transport Total	50
Energy			Finance		
Natural Gas Development and Distribution Project					
* evolved from the Second Energy Sector Improvement project		155	Third Capital Market Development Program		250
Power System Expansion and Efficiency Improvement Investment Program (Tranche 3)		205	Second Small and Medium-sized Enterprise Development Project		200
Second SASEC Bangladesh–India Electrical Grid Interconnection Project		120		Finance Total	450
	Energy Total	325	Urban (WMIS)		
Education					
Secondary Education Sector Investment Program (Tranche 2)		185	Dhaka Urban Environment Improvement Project (PDA)		5
Third Primary Education Development Program (additional financing)		120	Urban Environment in City Corporation Project (PDA)		5
	Education Total	305		WMIS Loans total	010
				Loans 2015 (Firm)	1,175

Amt = amount; ANR = agriculture and natural resources; BRM = Bangladesh Resident Mission; CPM = Country Programming Mission; m = million; MFF = multitranchise financing facility; OCR = ordinary capital resources; PFR = periodic financing request; PDA = project design advance; SARD = South Asia Department; SASEC = South Asia Subregional Economic Cooperation; TA = technical assistance; WMIS = water and other municipal infrastructure and services.

Source: Asian Development Bank database.

Table A1.6: Delays and Cost Overruns from the Project Completion Report

Loan	Title	Sector	Approval	Closing Date		Time Lag (Years)	No. of Extensions	Cost Estimates (\$ million)		
			Date	Agreed	Actual			At Appraisal	Actual	Over / (Under)
1941	Jamuna–Meghna River Erosion Mitigation Project	ANR	30 Nov 2002	30 Jun 2009	30 Jun 2011	2.03	2	61.30	60.33	(0.97)
2015	Second Primary Education Development Program	EDU	30 Nov 2003	30 Jun 2010	19 Jul 2012	2.08	2	1,815.00	1,845.70	30.7
2021	Road Network Improvement and Maintenance Project II	TRA	30 Oct 2002	30 Dec 2008	30 Jan 2013	4.14	3	187.10	127.14	(59.96)
2039	Power Sector Development Program	ENE	30 Dec 2003	30 Jun 2008	09 Apr 2012	3.83	4	328.50	258.38	(70.12)
2070	Second Participatory Livestock Development Project	ANR	30 Dec 2003	30 Jun 2010	30 Jun 2012	2.03	2	55.80	67.80	12.00
2101	Teaching Quality Improvement in Secondary Education Project	EDU	30 Nov 2004	30 Sep 2011	31 Jul 2013	1.86	2	108.70	83.22	(25.48)
2147	Chittagong Port Trade Facilitation Project	TRA	30 Dec 2004	01 Jan 2009	23 Aug 2013	4.71	4	41.30	27.84	(13.46)
2172	Second Urban Primary Health Care Project	UR	30 May 2005	30 Jun 2012	16 Sep 2014	2.24	2	90.00	68.88	(21.12)
2190	Agribusiness Development Project	ANR	30 Oct 2005	30 Jun 2011	28 Nov 2012	1.44	1	60.00	55.60	(4.40)
2232	Improvement of Capital Market and Insurance Governance Project	FIN	30 Mar 2006	30 Jun 2008	19 May 2013	4.96	4	4.00	3.11	(0.89)
2409	Emergency Disaster Damage Rehabilitation (Sector) Project	ANR	30 Jan 2008	31 Dec 2010	20 Apr 2011	0.31	0	220.00	280.75	60.75
2566	Public Expenditure Support Facility Program and Countercyclical Support Facility Support Program	FIN	30 Oct 2009	30 Jun 2011	28 Dec 2011	0.50	0	244.85	246.26	1.41
2567				31 Dec 2010	28 Dec 2011	1.01	0	2,347.38	2,381.17	33.79
2568										
2569	Facility Support Program									

ANR = agriculture and natural resources; EDU = education; ENE = energy; FIN = finance; No. = number; PCR = project completion report; TRA = transport; UR = urban.

Source: Basic data of PCRs.

APPENDIX 2: ASSESSMENT OF SAMPLE OF SECTOR RESULTS CHAIN (DESIGN AND MONITORING FRAMEWORK, SECTOR ASSESSMENT RESULTS FRAMEWORK, COUNTRY PARTNERSHIP STRATEGY RESULTS FRAMEWORK)

Project	Outcomes from the DMF of Selected Project	Country/Sector indicators/targets (from CPS 2011–2015 and linked sector assessments)	Comments
Agriculture and Natural Resources			
Irrigation Management Improvement Investment Program - Project 1 (2014)	<ul style="list-style-type: none"> • Dry season irrigation area in the MIP increased by 50% to 17,000 ha (2013 baseline: 11,300 ha) • O&M funding (from farmers and government) increased to 100% (2013 baseline: 84%) • Average yield of irrigated winter paddies (boro) increased to 4 tons/ha (2013 baseline: 3 tons/ha) 	<ul style="list-style-type: none"> • Agricultural growth remaining at 4.5% on average from 2011 to 2015 (CPS results framework outcome/sector outcome) • 2,000 kilometers of rural roads upgraded by 2015 (sector results framework output) • An additional 158 km of riverbank protected and 142 km of existing riverbank protection upgraded by 2015 (sector results framework output) 	<ul style="list-style-type: none"> • Outcomes in DMFs pertain sensibly to subproject areas. • DMF indicators largely align with the sector results framework outputs • CPS outcome indicator for agriculture is too national and downstream to connect meaningfully with ADB DMFs or sector outputs
Second Chittagong Hill Tracts Rural Development Project (2011)	<ul style="list-style-type: none"> • Increased household commercial agricultural production from Tk20,000 per year in 2010 to Tk40,000 per year at the 2010 price level • 50% of market space to be developed under the project allocated for women • Average time taken for women to fetch water is reduced from 1.5 hours to 30 minutes • Travel time to markets for women reduced by an average of 1 hour (2010 baseline: 4 hours) • Increased number of crops marketed from 2 to 10 in areas unconnected in 2010 		
Coastal Climate-Resilient Infrastructure Project (2012)	<ul style="list-style-type: none"> • Inundation of upgraded infrastructure reduced by 75% (2012 baseline: 20 days) • Average vehicle volume per day on subproject roads increased to 550 (2012 baseline: 200) • Average vehicle operating costs on subproject roads reduced to Tk10/km (2012 baseline: Tk15/km) • Throughput of agricultural commodities in subproject growth center markets increased to 42,000 kg/day (2012 baseline: 23,000 kg/day) • 10,200 person-years of employment created (target: 20% women) 		

Project	Outcomes from the DMF of Selected Project	Country/Sector indicators/targets (from CPS 2011–2015 and linked sector assessments)	Comments
Finance			
Financing Brick Kiln Efficiency Improvement Project (2012)	<ul style="list-style-type: none"> Financing approved to upgrade at least 200 FCKs to improved zigzag kilns by December 2015 Financing approved for at least 20 vertical shaft brick kilns and 5 hybrid Hoffman kilns and/or tunnel kilns by December 2015 FCKs reduced by 50% by December 2015 (2011 baseline: 4,490 FCKs) 	<ul style="list-style-type: none"> Equity market capitalization growing by 20%–30% of GDP by 2015 (2010 baseline of = 36%) (CPS outcome) More efficient capital market for private sector enterprises: equity market capitalization growing by 20%–30% of GDP by 2015 (2010 baseline: 36.2%) (sector outcome) 	<ul style="list-style-type: none"> Outcomes of DMF brick financing are not related to CPS/sector outcomes or sector outputs The CPS outcome is same as the sector outcomes Sector outputs are not measurable as they stand Sector outcomes and outputs are institutional—these are desirable to have, if framed well enough to be measurable The CPS/sector outcome is of dubious value because it requires context to judge whether an increase is a good thing or not (e.g., increase could reflect unjustified market “exuberance”)
Second Capital Market Development Program (2012)	<ul style="list-style-type: none"> Stock market capitalization increased to Tk3000 billion by FY2014 (baseline: Tk2347.8 billion in July 2012) Enlistment of new securities increased to 545 by FY2015 (baseline: 507 in FY2011) Number of outstanding corporate bonds increased to 12 by FY2015 (baseline: 3 in FY2011) 	Sector outputs: <ul style="list-style-type: none"> Reliable benchmarks established for government bond market Long-term government bonds issued Infrastructure projects financed under PPPs 	
Energy			
Gas Transmission and Development Project (2005)	<ul style="list-style-type: none"> Use of gas increased from 1,400 million ft³/day to an additional 360 million ft³/day at peak gas demand Percentage of population using gas as primary fuel increased from 6% to 10% by 2012 	<ul style="list-style-type: none"> Percentage of households with access to electricity increased to 65% in 2015 (2009 baseline: 47%) (CPS and sector outcome) Per capita consumption of electricity increased to 390 kWh in 2015 (2010 baseline: 170 kWh) (CPS and sector outcome) 	<ul style="list-style-type: none"> There is reasonable correspondence between the DMF and sector outcomes for the power sector, but the gas sector does not appear on the CPS or sector assessment results frameworks CPS could have picked up the SASEC feature, i.e., energy trading with neighbours as this is the thrust of two key projects
Natural Gas Access Improvement Project (2010)	<ul style="list-style-type: none"> Gas sector losses in non-bulk consumption reduced to 2.0% by 2011 (2009 baseline: 2.8%) Natural gas transmission and delivery capacity to 3,500 million ft³/day by 2015 (2008 baseline: 2,000 million ft³/day) Average cost recovery per unit of gas used in households supplied under the project increased by 20% as compared with the national average by 2015 		

Project	Outcomes from the DMF of Selected Project	Country/Sector indicators/targets (from CPS 2011–2015 and linked sector assessments)	Comments
Bangladesh–India Electrical Grid Interconnection Project (2010) Industrial and Infrastructure Development Finance Company and Other Financial Institutions Industrial Energy Efficiency Finance Program (2011) Power System Efficiency Improvement Project (2011)	<ul style="list-style-type: none"> • 500 MW of power (1,152–3,456 GWh) available over the interconnection to Bangladesh commencing in 2012 (2009 baseline: no transfer of power) • Energy savings equivalent to at least 350 GWh per year by 2015 • Carbon emissions reduced by at least 150,000 tons per year by 2015 • A nonperforming loan ratio (as defined by Bangladesh Bank) of less than 5% for the total portfolio of projects financed by participating financial institutions in 2015 • Total installed generation capacity increased to 5,909 MW by 2016 (2011 baseline: 5,719 MW) • Annual GDP per capita in Bangladesh improved by more than 4% by 2015 (2008 baseline: \$574 per capita at current prices) • Power consumption in Bangladesh improved to 390 kWh per capita by 2015 (2012 baseline: 198 kWh per capita) • Power trading within South Asian region doubled by 2016 (2009 baseline: about 1,000 MW between India and Bhutan) • 250–500 MW of power (1,152–3,456 GWh) available over the interconnection to Bangladesh from 2012 (2009 baseline: no transfer or power) 		
SASEC Bangladesh–India Electrical Grid Interconnection Project (2013)			
Education	<ul style="list-style-type: none"> • Gross secondary enrollment rates of boys and girls increased by 15% from its 2004 level by 2013 • Gross secondary enrollment rates of boys and girls equalized in 2013 • Secondary enrollment in rural areas increased 10% from its 2004 level in 2013 • Grades 6–10 dropout rate maintained at its 2004 level in 2013 • SSC pass rate increased to 50% in 2013 (2004 baseline: 47.7%) • HSC enrollment increased 10% from its 2004 level in 2013 • 50% of nongovernment schools with poor performance advised to improve in 2008, and subventions stopped for at least 25% of schools performing poorly for 3 straight years from 2010 	<ul style="list-style-type: none"> • Grade 5 completion rate increased to 75% with gender parity in 2015 (2010 baseline: 57% for girls and 53% for boys) (CPS outcome/sector outcome) • Net enrolment rate in secondary education to 75% with gender parity in 2015 (2009 baseline: 50.8% for girls and 39.5% for boys) 	<ul style="list-style-type: none"> • The completion rates are not commensurate between the DMF and CPS/sector results frameworks • CPS/sector outcomes do not include skills development of students or teacher quality/numbers improvements • Dropout rate is an important indicator but the
Secondary Education Sector Development Program (2006)			

Project	Outcomes from the DMF of Selected Project	Country/Sector indicators/targets (from CPS 2011–2015 and linked sector assessments)	Comments
Skills Development Project (2008)	<ul style="list-style-type: none"> • Total enrollment capacity in short-term skills training in government and project-supported TVET providers increased by at least 6,000 per year by 2013 • Government vocational and technical teachers' pre-service and in-service training programs serve non-MOE training providers by the end of the project implementation period • Industry involved in identifying, preparing, and/or delivering training programs • Women comprise at least 25% of skills training recipients under the project • NPER 98% for both genders in 2016 (2010 baseline: both genders 95.6%; boys, 92.2%; girls, 99.2%) 	(CPS outcome/sector outcome) <ul style="list-style-type: none"> • Dropout rate reduced by 2% yearly, with gender parity (sector outcome) 	general indicator in the sector results framework is not included in the CPS results framework
Third Primary Education Development Project (2011)	<ul style="list-style-type: none"> • GPI GPER 1.03 in 2016 (2010 baseline: 1.078) • Completion rate, primary education 67% in 2016 for both genders (2010 baseline: 60.2 % for both genders) • Maximum number of input years per graduate 7.5 in 2016 (both genders) (2010 baseline: both genders, 8.0; boys, 8.0; girls, 8.1) • Percentage of incumbent secondary teachers meeting NEP qualification requirements increased 90% by 2017 for all teachers and for female teachers (2010 baseline: 66.5% for all teachers, 70.3 % for female teachers) 		
Second Teaching Quality Improvement in Secondary Education Project (2012)	<ul style="list-style-type: none"> • Percentage of new secondary teacher recruits meeting NEP qualification requirements increased to 100% by 2017 (both genders) • Percentage of schools meeting female teachers target (20% in rural schools, 40% in urban schools) increased to 100% by 2017 (2010 baseline: 43%) • Percentage of female teachers increased to 28% by 2017 (2010 baseline: 23%) • Cycle completion rate for grades 6–10 increased to 58% (F: 55% and madrasahs: 62%) in 2023 (2011 baseline: 46.4% [F: 43.6% and madrasahs: 51.6%:]) 		
Secondary Education Sector Investment Program (2013)	<ul style="list-style-type: none"> • Percentage of secondary school certificate students passing with an A or A+ increased to 41% in 2023 in secondary school (F: 38%) (2011 baseline: 37%, F: 34%) and to 51% in 2023 in madrasahs (F: 45%) (2011 baseline: 47%, F: 41%) • Percentage of higher secondary certificate students passing with an A or A+ increased to 38% in 2023 in secondary school (F: 38%) (2011 baseline: 33%, F: 34%) and to 35% in 2023 in madrasahs (F: 30%) (2011 baseline: 31%, F: 26%) 		

Project	Outcomes from the DMF of Selected Project	Country/Sector indicators/targets (from CPS 2011–2015 and linked sector assessments)	Comments
Transport			
Railway Sector Investment Program—Tranche 2 (2011) and 3 (2013)	<ul style="list-style-type: none"> • Train frequency in the Dhaka-Chittagong corridor increased by 10% by 2008 • Absolute freight traffic volume for railways increased by 115% for the Dhaka-Chittagong corridor and 115% for the Dhaka-Darsana-Corridor by 2015, and modal share of container transport increased to 26% by 2015 (baseline: 12%) • Working ratio improved to 0.96 by 2013 and 0.85 by 2018 	<ul style="list-style-type: none"> • Rail passenger traffic increased to 15 billion passenger-km in 2015 (2010 baseline: 7.3 billion passenger-km) (CPS outcome) 	<ul style="list-style-type: none"> • There is reasonable correspondence between the DMF and sector outcomes; DMF outcomes can be expected to contribute to the sector/CPS outcomes.
Greater Dhaka Sustainable Urban Transport	<ul style="list-style-type: none"> • Residents' positive perception of public transport and urban life quality improved by 50% from 2012 baseline • BRT achieves 100,000 passengers/day ridership (at least 30% women) in first year of operation • Modal share of public transport increased to 50% (2011 baseline: 40%) • Average travel time along project major trade roads reduced by 40% (2012 baseline: 4.2 hours) • Waiting time for border crossing reduced by 10 hours (2012 baseline: 6.5 days) 	<ul style="list-style-type: none"> • Rail freight traffic increased to 1,238 million ton-km in 2015 (2010 baseline: 710 million ton-k) (CPS outcome) • Annual average of motorized traffic of road and highways department road increased to 4,532 vehicles/day in 2015 (2010 baseline: 3,085 vehicles/day) (CPS outcome) 	<ul style="list-style-type: none"> • Of the four sector outcomes, CPS picked up the three measurable ones. • CPS and sector outcomes do not pick up the indicators "efficient cross border movement" and "maintenance improvement."
SASEC Road Connectivity Project	<ul style="list-style-type: none"> • Fatality rate along the project corridor reduced to 10% of the current level (2009 baseline: 160 fatal accidents) • Backlog of maintenance eliminated for national and regional roads, and reduced by 30% for district (zilla) roads • Annual length of roads developed and maintained per RHD engineer increased by 50% (2010 baseline: 7.9 km/engineer) 	<ul style="list-style-type: none"> • Increased, more efficient, and safer movement of people and goods (sector outcome) • Rail passenger traffic increased to 15 billion passenger-kilometer in 2015 (2010 baseline: 7.3 billion passenger-km) (Sector outcome) 	
SASEC Railway Connectivity: Akhaura-Laksam Double Track	<ul style="list-style-type: none"> • Number of daily passenger trains from Dhaka to Chittagong increased to 17 (2013 baseline: 14 trains per day and direction) • Journey time of trains between Akhaura and Laksam reduced by 20% (2013 baseline: 77 minutes) 	<ul style="list-style-type: none"> • Rail freight traffic increased to 1,238 million ton-km in 2015 (2010 baseline: 710 million ton-km) (sector outcome) • Average annual daily motorized traffic of RHD road increased to 4,532 vehicles in 2015 (2010 	

Project	Outcomes from the DMF of Selected Project	Country/Sector indicators/targets (from CPS 2011–2015 and linked sector assessments) baseline: 3,085 vehicles) (sector outcome)	Comments
Urban (Water Supply and Sanitation and Other Municipal Services – Including Health)			
Khulna Water Supply (2011)	<ul style="list-style-type: none"> Household coverage with access to piped water increased to 62.3% of total households in 2018 and 62.3% of households headed by women in 2017 (2010 baseline: 22.6% [total households], 22.8% [households headed by women]) Average hours of supply increased to 24 hours/day in 2017 (2009 baseline: 5.3 hours/day) 100% of water samples meeting the government's water quality standard in 2017 	<p>CPS outcomes:</p> <ul style="list-style-type: none"> Percentage of urban population using improved drinking water sources increased to 100% in 2015 (2008 baseline: 85%) Percentage of rural population using improved drinking water sources increased to 96.5% in 2015 (2008 baseline: 78.0%) 	<ul style="list-style-type: none"> CPS and sector assessment indicators are the same, except that sector data is one year more recent than the four indicators; this is strange since sector assessments would have been expected to be completed earlier, as a base for the CPS.
Dhaka Environmentally Sustainable Water Supply (2013)	<p>Continuous water supply in zones 4, 5, 6, 8, 9, and 10 by 2019 (baseline: 14–15 hours per day in zones 4 and 10, and 22.5 hours per day in zones 5, 6, 8, and 9)</p> <ul style="list-style-type: none"> Water supply pressure of at least 1 bar at consumer end (2012: baseline: 0.2–0.3 bars) Dependence on groundwater reduced to 30% (2012 baseline: 100% except for zone 6) 98% of water quality test results within DWASA distribution systems meet country standards (2011 baseline: 90%) 	<ul style="list-style-type: none"> Percentage of urban population using improved sanitation facilities increased to 100% in 2015 (2008 baseline: 55%) Percentage of rural population using improved sanitary facilities increased to 90% in 2015 (2008 baseline: 52%) Improved access to health care—percentage of births attended by skilled health personnel increased to 50% in 2015 (2010 baseline: 26%) 	<ul style="list-style-type: none"> DMFs have more precise indicators (e.g., water meeting country standards, continuous supply of water, separate toilets for women) than the country/sector results frameworks; and it would make more sense to adhere to similar indicators.
Coastal Towns Environmental Infrastructure (2014)	<p>By 2020:</p> <ul style="list-style-type: none"> Percentage of households reporting inundation for more than 3 days reduced to about 21% (2013 baseline: 43%) Percentage of drinking water supply systems compliant with government water standards throughout the year increased to 70% (2013 baseline: 40%, 13.2% among households headed by women) 12,500 households with access to climate-proofed public sanitation facilities (2013 baseline: 0) 7,900 households with access to improved cyclone facilities with separate areas and toilets for women (2013 baseline: 0) 	<p>Sector assessment outcomes:</p> <ul style="list-style-type: none"> Percentage of urban population using improved drinking water sources increased to 100% in 2015 (2009 baseline: 93.3%) Percentage of rural 	

Project	Outcomes from the DMF of Selected Project	Country/Sector indicators/targets (from CPS 2011–2015 and linked sector assessments)	Comments
Third Urban Governance and Infrastructure Improvement Sector (2014)	<p>By 2020:</p> <ul style="list-style-type: none"> • 40,000 households have new or improved access to piped water supply • 40,000 households have improved solid waste collection services (at least twice a week) • 85% holding tax collection efficiency achieved in 25 towns (baseline: 5 towns) • <i>Pourashava</i>-specific GAPs have at least 1% municipal revenue budget earmarked for implementation, of which 50% spent (target: 20 towns; baseline: 5 towns) 	<p>population using improved drinking water sources increased to 96.5% in 2015 (2008 baseline: 83.8%)</p> <ul style="list-style-type: none"> • Percentage of urban population using improved sanitation facilities increased to 100% in 2015 (2009 baseline: 53.5%) • Percentage of rural population using improved sanitary facilities increased to 90% in 2015 (2009 baseline: 54.3%) • Improved access to health care— percentage of births attended by skilled health personnel increased to 50% in 2015 (2010 baseline: 26%) 	
Urban Primary Health Care Services Delivery Project (2012)	<p>By 2017, in project areas:</p> <ul style="list-style-type: none"> • 60% of births attended by skilled health personnel (2010 baseline: 26.5%) (BMMS) • At least 80% of growth monitoring and promotion performed on under-5 children (2008 baseline: 43.3%) (UPHCP II) • At least 60% of eligible couples using modern contraceptives (2006 baseline: 53%) (UHS) • At least 80% of poor households properly identified as eligible for free healthcare (2008 baseline: 67%) (UPHCP II) • At least 80% of the poor access project health services when needed (2008 baseline: 64.7%) (UPHCP II) • At least 90% of project clients express satisfaction with project services (2009 baseline: 76%) (UPHCP II) 		

ADB = Asian Development Bank; BRT = bus rapid transit; BMMS = Bangladesh Maternal Health Services and Maternal Mortality Survey; CPS = country partnership strategy; DMF = design and monitoring framework; DWASA = Dhaka Water Supply and Sewerage Authority; FCK = fixed chimney kiln; ft³ = cubic feet; FY = fiscal year; GAP = gender action plan; GDP = gross domestic product; GPER = gross primary enrolment rate; GPI = gender parity index; GWh = gigawatt-hour; ha = hectares; HSC = Higher Secondary Certificate; km = kilometer; kWh = kilowatt-hour; MIP = Management Improvement Project; MOE = Ministry of Education; MW = megawatt; NEP = National Education Policy; NPER = Net Primary Enrolment Ratio; O&M = operations and maintenance; RHD = Roads and Highways Department; SASEC = South Asia Subregional Economic Cooperation; SSC = Secondary School Certificate; Tk = Taka; TVET = technical and vocational education and training; UHS = urban health survey; UPHCP = Urban Primary Health Care Project.

Source: Independent Evaluation Department.