

AID EFFECTIVENESS: BANGLADESH PERSPECTIVE

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AIM AND OBJECTIVES

Aim

To spread out the aid/development effectiveness agenda, thereby creating a national demand for result oriented development cooperation in Bangladesh.

Objectives

- Sharing the changing dynamics of aid/development effectiveness agenda;
- Creating a space for reviewing the challenges to effective and transparent development cooperation;
- Soliciting your suggestions to ensure effectiveness and transparency of foreign aid in Bangladesh.

SCOPE OF THE PRESENTATION

Aid effectiveness agenda: context and global changes

Changing aid effectiveness agenda and Bangladesh's responses

Challenges of Aid Effectiveness in Bangladesh

UNDERSTANDING TWO KEY TERMS

What is foreign aid?

- Foreign assistance has varied forms; “Official Development Assistance” (ODA) is the most common form.
- As per the official definition, foreign assistance is considered ODA when ***provided by official agencies***, including state and local governments, or by their executive agencies; and is administered with the promotion of the **economic development and welfare of developing countries** as its main objective; and is **concessional** in character (conveys a grant element of at least 25 per cent)
- This definition implies technical assistance can be considered ODA, but for example military aid is not considered as “ODA”
- There are different sources of ODA; OECD member countries are the major source (traditional donor group); there are Southern and emerging donors as well; aid can come from both bilateral and multilateral sources
- Foreign aid is not resource and skill transfer only but it has political, cultural, strategic implications. This is an important point to note

UNDERSTANDING TWO KEY TERMS *Contd..*

Aid effectiveness

- **Aid effectiveness** is the **effectiveness** of development **aid** in achieving economic or human development (or development targets).
- **Aid effectiveness** is about making **aid** work better for recipient country.
- **Aid** agencies are always looking for new ways to improve **aid effectiveness**, including conditionality, capacity building and support for improved governance.

An aid is effective if it:

- Creates maximum impacts for the receiving country
- Reduces the transaction cost
- Helps in graduating from aid dependency to self reliance.

FOREIGN AID: A QUICK RECAP OF KEY ISSUES AND EVENTS 8/8/2017

Foreign aid has a distinct history. In the modern form post WWII Marshall Plan was the early generation foreign aid initiative to help rebuild the infrastructure of the war ravaged Europe

In the late 1940s multilateral sources such as UN, WB emerged; later on AsDB and IsDB

Foreign aid has influenced and continues to influence policy and governance patterns of the receiving countries

Aid effectiveness agenda came to the forefront of dialogue and discussion after the Millennium Summit of the UN in 2000 where the millennium development goals were agreed.

MAKING AID DELIVER RESULTS: HIGH LEVEL FORUMS

In order to ensure high political commitment around effectiveness of foreign aid, there have been several High Level Forums. HLFs are milestone events and major forwarding steps towards development effectiveness

(a) Monterrey International Conference on Financing for Development, 2002

(b) Rome Declaration on Harmonization, 2003

(c) Paris Declaration on Aid Effectiveness, 2005

(d) Accra Agenda for Action, 2008

(e) Busan Partnership, 2011

The “Global Partnership for Effective Development Cooperation” (GPEDC) emerged as an inclusive platform to steer development effectiveness agenda in 2011

AID EFFECTIVENESS: THE KEY ELEMENTS

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Key Elements	How it is practically realized
Inclusive National Ownership	<ul style="list-style-type: none"> • The country sets the development agenda based on its own needs and priorities • Demonstrates strong leadership in aid coordination • Engaging all stakeholders (central government, local authorities, civil society etc) in setting priorities and planning development, it creates opportunities for participation and ownership • Avoid conditionality and tied aid
Alignment and harmonisation	<ul style="list-style-type: none"> • Donors align with country priorities • Donors use country systems • Donors harmonize the way they work (missions, analysis, reporting, procedures etc.)
Transparency and accountability	<ul style="list-style-type: none"> • Knowing what money is going where, for what purpose and with what results • People's access to information and data • Ensuring that funding decisions are relevant and implemented as promised. • Holding both government and donors responsible for their commitments through regular reviews

AID EFFECTIVENESS: THE KEY ELEMENTS (continued) 8/8/2017

Key Elements	How it is practically realized
Predictability	<ul style="list-style-type: none"> • Disbursement needs to be timely and follow commitments, so that the recipient can properly manage its development activities • Donors need to give an indication of spending over the medium term (e.g. multi- year country strategy papers), allowing the country to do quality planning
Results	<ul style="list-style-type: none"> • Aid is focused on real and measurable impact on development • Focus on outcome – how does aid help the beneficiaries (e.g. to reduce poverty) – rather than input (e.g. cash, trips, consultants)
Effective implementation	<ul style="list-style-type: none"> • Achieving real and measurable targets • Following the implementation timeline • Expenditure within the budget line and schedule

Improving Aid Effectiveness

- Ensuring Government ownership and demonstrating strong leadership
- Making development strategies operational
- Strengthening country systems e.g. PFM, procurement, reporting, auditing etc.
- Alignment of aid flows on national strategies
- Strengthening of local capacities by coordinated support
- Use of country systems

Improving Aid Effectiveness (Contd.)

- Avoiding parallel PIUs
- Making aid more predictable
- Making aid untied
- Use of common arrangements
- Joint Mission and analysis
- Managing for the results
- Ensuring mutual accountability and responsibility

Factors Undermining Aid Effectiveness

Providers' Side:

- The use of aid as foreign policy tool
- Reluctance to untie aid
- Lack of transparency in aid allocation and management
- Lack of medium term predictability of aid commitments
- Recycling aid money through continued use of costly provider-based consultant
- Interventions in recipients' use of aid funds
- Evaluating aid results based on outputs instead of sustainable development outcomes

Factors Undermining Aid Effectiveness *contd.*

Recipient Side:

- Lack of clear development goals and priorities
- Overly ambitious goals relative to available resources
- Weak institutional and human resource capacities
- Corruption
- Poor oversight and audit institutions
- Lack of stakeholder participation in development processes

ENSURING EFFECTIVENESS OF AID: BANGLADESH'S ENGAGEMENT AT GLOBAL LEVEL AND LOCAL RESPONSES

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Global Engagement

- Bangladesh played strong role in all HLF Meetings
- Bangladesh is Co-Chair of GPEDC, a Vice-chair of International Aid Transparency Initiatives (IATI), Chair of AP-DEF

Approach to Translating Efforts at Local Level

Strong Partnership

Bangladesh signed a JCS (2010-2015) with the DPs in Bangladesh elaborating BD's development priorities; it had concrete action plan; action plans were reviewed periodically through the sectoral working groups; CSOs were also involved

Explicit Focus on Results

Development Results Framework (DRF) embedded in Five Year Plan

Undertaking Special Project

Implementation of the Aid Effectiveness Project

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INITIATIVES FOR ENSURING EFFECTIVENESS OF AID

Areas of work	Contribution
(a) Capacity building	<ul style="list-style-type: none"> • Creating greater national ability by enabling individuals and institutions to play effective leadership in development cooperation • PCC-IDC
(b) Policy guidance/aid policy	<ul style="list-style-type: none"> • Ensuring harmonization, alignment and behavior change in development cooperation • Ensuring policy coherence within government • Developing final draft of NPDC
(c) Data availability and accessibility (AIMS)	<ul style="list-style-type: none"> • An Aid Information Management System to strengthen accountability and transparency • Creating opportunities for greater participation and oversight • Monitoring use of money
(d) Effective coordination between government, development partners and other stakeholders (LCG mechanism)	<ul style="list-style-type: none"> • Helping achieve ownership, ensure effective use, ensure low transaction cost • Ensuring better alignment of aid with national priorities • Strengthening use of national systems for delivery of aid money

Challenges of Aid Effectiveness

- Weak coordination and collaboration within and between the government agencies
- Capacity constraints
- Lack of Policy Coherence
- Reluctance of DPs to implement the aid effectiveness principles
- Mindset
- Corruption

How can we overcome these challenges?



8/8/2017

THANK YOU