

Terms of Reference

Country Dialogue on Using and Strengthening Local Systems in Bangladesh

The Effective Institutions Platform is recruiting a research consultant and a facilitator to support its initiative: Country Dialogue on Using and Strengthening Local Systems in Bangladesh. These terms of reference detail: i) the mission statement of the initiative; ii) the expected outputs associated to each phase of the dialogue and iii) the submission procedures.

1) Mission statement

The Country Dialogue for Using and Strengthening Local Systems¹ is an initiative of the Government of Bangladesh, facilitated by the Effective Institutions Platform (EIP)². Bangladesh is an active member of the EIP and sits on its Advisory Group.

Country Dialogues on Use and Strengthening of Country System (USCS) are in-country discussions between government officials and development partners on the risks and opportunities for strengthening public financial management systems and the potential for using these systems to channel Overseas Development Assistance (ODA) funding, in line with global Busan commitments³.

A fact finding mission was organised by the Effective Institutions Platform Secretariat and the ERD (Economic Relations Divisions) of the Ministry of Finance of Bangladesh. The mission took place from 21-26 August 2015. The mission is the first step of successive dialogues **between development partners (DPs) and the GoB, focusing on the dimensions of UCS where there are opportunities (political and technical) for progress and integration of aid to local systems.**

The mission⁴ aimed at identifying the point of view of DPs and the GoB about the opportunities and constraints for additional progress in the use of country systems and integration of aid in the budget cycle, as well as sketching the next steps of the process.

¹ Launched during the High-Level Meeting of the Global Partnership on Effective Development Cooperation (GPEDC) in Mexico in April 2014 and included in the [Mexico Communiqué](#). Cf. www.effectiveinstitutions.org

² The EIP was endorsed at the Fourth High Level Forum on Aid Effectiveness in Busan in 2011 and now counts over 60 members including countries, civil society organisations, development agencies, etc. A Joint Secretariat composed of the OECD Development Co-operation Directorate and UNDP Global Centre for Public Service Excellence has been set up to facilitate the EIP. Its goal is to deliver on Busan Partnership Commitments (OECD, 2011b), particularly those embodied in the *New Consensus on Effective Institutions*. It has three specific goals:

- to support the implementation of public sector reform led by developing countries,
- to better assess country institutions, systems and capacity development needs,
- to improve the evidence base on institutional performance to inform policy and increase public sector accountability.

³ Since the Paris Declaration on Aid Effectiveness in 2005, countries receiving aid agreed to strengthen their national systems and donors to using them to the maximum extent possible. These commitments were restated in the Accra Agenda and use of country system was defined as the default approach in article 19 of the Busan Agreement.

⁴ The EIP (represented by Anna Piccinni, governance advisor to the EIP) conducted meetings with 7 Development Partners (Australia, European Union, Canada, USAID, World Bank, ADB and DfID), 6 government directorates and 1 consultants team. The meetings were conducted following a questionnaire that was shared with the respondents before the mission.

2) Outputs of the dialogue

a) Preliminary dialogue

Objectives

- To focus on the lessons learned on the UCS so far and identifying areas for additional progress
- To build in complementarities with the formulation process of the new PFM strategy

Methodology

The CD needs to start from what Bangladesh already knows about its country systems and the use that DPs make of them. By ensuring participation across different government branches and DPs, the CD would allow a fact-based learning opportunity about what lessons Bangladesh can draw from 20 years of PFM reforms. The dialogue would be an opportunity for all stakeholders to exchange feedback about past performance, taking jointly the responsibility for the successes and failures in the **reform process**, at formulation, implementation and oversight level.

On day one, government officials will gather to identify per each country system component the progress made through past reforms, the current use of country systems and improvements still needed. The aim will be to reach an internal consensus about the areas (maximum two) where progress is technically and politically achievable in the medium term and formulate the problem statements describing each of these areas. On day two, two donors will be given the opportunity to explain their views about the results of the reform and identify those dimensions of country systems where progress can be achieved. On day three, all constituencies will jointly discuss the proposed areas and agree on which one to focus on. A facilitation process will allow for a formulation of problem statements.

The ERD will be in charge of sending the invitations to all relevant stakeholders and ensuring the presence of the Minister of Finance as well as the Senior Secretary of the ERD division. The ERD will also provide the venue for the dialogue.

The tentative dates for the preliminary dialogue are during the week of **January 17th- 24th 2016 (TBC)**.

Outputs

i) **A joint assessment of PFM reforms and its results so far**, based on preliminary research on PFM reforms. Participants will share their feedback on achievements and failures of the process. The discussions will be captured in a PFM reform Brief highlighting the main lessons learned from this process. This brief will support the stakeholders involved in the formulation of the new PFM strategy.

ii) **Problem formulation around the current use of the country systems**: Identifying critical areas (problem statements) where progress in the use of country systems is possible.

During the preliminary dialogue and based on a brief note on the current UCS, government officials and development partners will achieve a consensual narrative on:

- the state of play regarding the use of country systems;
- which dimensions of country systems to focus on (1-2 dimensions);
- current constraints to using those dimensions;
- opportunities to do so (if feasible).

b) Case study

Objective:

- To capture current processes and mechanisms in place for UCS, identifying opportunities for strengthening them

During the next 3 months, the research consultant will be preparing a case study (30 pages, 15,000 words) *based on which strategic and continuous dialogue will be undertaken.* proposed outline of the case study includes:

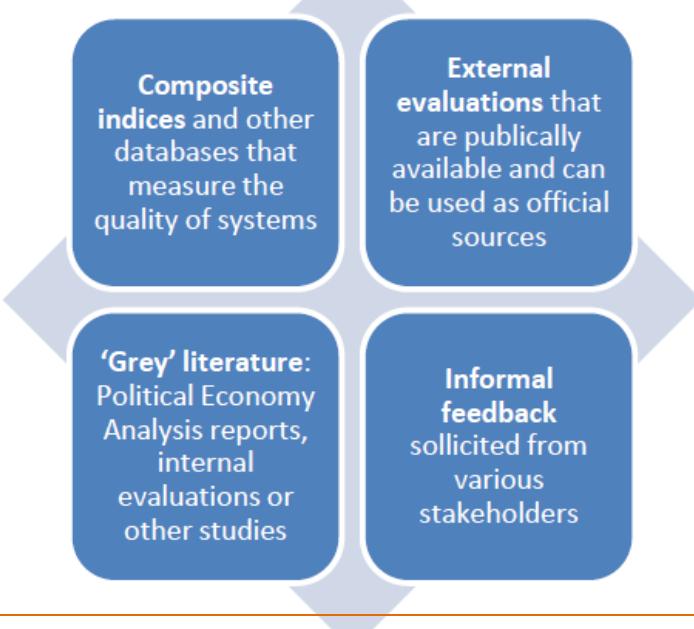
i) Mapping: where does Bangladesh stand on use of country systems?

The mapping will profile the current use of the dimensions of PFM systems identified as priorities during the preliminary dialogue. The research will analyse the current practices, by sampling a stock of projects implemented through different modalities.

By analysing how different aid modalities use country systems, the research will try to assess the transaction costs associated to the sampled projects and their impact on government processes and what is the cost of diverting from national procedures.

ii) Research of the causes of the problematic areas identified in the first round of dialogue

Starting from the formulation of the problems statements agreed during the first dialogue, the research will try to track their causes, understanding why those dimensions of country systems are not used further, using when appropriate problem trees analysis.



The image 5 below illustrates the four sources of evidence that can be relevant when assessing the quality of country systems, shifting from an "objective measurement" based on

national commitments on using country

standardcomparable indicators and checklist, to a conscious decision-making focused on process-optimization and trajectories of improvement.

The EIP team with the Ministry of Finance will ask the stakeholders to share the existing literature on PFM, financial governance and aid effectiveness.

iii) Identify options to better integrate aid in the four dimensions of national systems

The research will offer innovating ideas for increasing the use of country systems in the priority dimensions (with an implementation period of approximately one year) which can be translated in actionable steps that all stakeholders can committo. The research will focus on concrete actions which could be implemented independently from the PFM reform process, although remaining in line with it.

The analysis should account for possible additional workload and delays generated by the proposed innovations and balance them against their benefits or the cost of not taking the proposed measures. These improvements could focus on (one or two) very specific aspects of UCS, within the priority dimensions, for example on:

- Agreeing on a common results framework for donors and government under the 2030 agenda;
- Improving the management of aid information flows, including - improving the predictability of contributions and record them systematically and punctually in the Aid Management Platform;
- Streamlining protocols and criteria, on which both parties agree, to ensure that aid is included in each dimension under consideration (plan/budget/reporting/procurement).
- improve national mechanisms for the monitoring and evaluation of projects included in the budget in particular those funded by Official Development Assistance;
- increase the use of country procedures for public procurement, build capacity in regard to sector-level procurement management.

The research will be led by the ERD and findings will be discussed throughout the formulation with all stakeholders through face-to-face exchanges and follow up interviews (3 days), and during a mid-term workshop (1 day). Research will suggest which existing DPs/Government coordination mechanisms should be responsible for monitoring the recommendations of the dialogue and its role and responsibility.

c) Country dialogue

Objective:

To agreeing on a road map for use of country systems, identify actions by donors and actions by the Government.

During the second dialogue, high level country representatives and donors will assess the recommended actions from the case study, validate them in a joint statement,*Joint Development Partners and Government options for progress*, commit to a road map for their implementation and agree on the monitoring mechanism.A facilitator will participate to the dialogue and encourage open exchangebetween all participants.

The outcome will be a white paper presenting the actions to be taken, a road map for implementing them including the milestones and timelines and monitoring framework.The exchanges and workshop details will be included in the appendixes. Such roadmaps should also identify soft elements of capacity development and institutional strengthening.

In **preparation**of the country dialogue, the EIP with ERD will identify a Facilitator consultantfor conducting the exchanges between the stakeholders during the political dialogue. The consultant, supported by research consultant, the EIP team and ERD will ensure that agreement is achieved over proposed actions and road map for enhancing the Use of country systems.

Facilitator consultant

Deliverables	Working days	Expected Timeline
Preparation (reading background documents and prepare facilitation sessions)	2 days	Between April 1 st and June 1 st 2016
Facilitation of the country dialogue	3 days	Between April 1 st and June 1 st 2016

d) Monitoring

Objective:

- To monitor progress against the *JointDevelopment Partners and Government options for progress*

Six month or one year, depending on stakeholders agreement, after the Country Dialogue progress will be monitored against the *JointDevelopment Partner and Government options for progress*. The first monitoring will consist on a face to face meeting with all stakeholders to assess obstacles and successes to the implementation of the roadmap. This can be integrated in one of the existing working groups (i.e. PFM sector Local Consultative Group (LCG); LCG Aid Effectiveness working group; etc.) and the Government will have the responsibility to ensure the continuity in this process and measure the results.

e) Dissemination

A *Story of Change* reflecting the experience of Bangladesh in enhancing the UCS will be drafted by the consultant in collaboration with the EIP. This will count amongst the concrete examples of how advancing Busan's engagement at country level is possible, to be presented at the High Level Meeting of the Global Partnership on Effective Development Cooperation in Nairobi in 2016. Other dissemination and learning opportunities could be identified in the region through the network of UNDP GCPSE in Singapore and the Asian Development Bank.

3) Overall project timelines and deliverables

Overall project timelines	Duration	Indicative Timeline (dependant on pilot country availability)
Final consultation on proposal/ TOR Financing agreements	10 days	End November 2015
Tendering and contracting lead consultant	1 month	Mid December 2015
Phase 1: Preliminary dialogue Deliverables: preparatory documents, notes and memo of the dialogues	3 days	January 17th- 24th 2016 (TBC)
Phase 2: Case study Deliverables: case study report	3 months	Until March – mid April 2016 (TBC)
Phase 3: Country dialogue Deliverables: Report including the joint statement and road map	3 days	Between April 15 st and June 15 st 2016
Phase 4: Monitoring Deliverables: monitoring report including summary of the exchanges	N/A	Between October and December 2016
Phase 4: Dissemination Deliverables: Story of Change and participation to international fora to share the results	N/A	HLM Kenya 2016

4) Submission procedures

The Effective Institutions Platform is recruiting an international facilitator for the task outlined above.

Requirements for the interested candidates should submit their technical and financial proposal to anna.piccinni@oecd.org by December 11th 2015.

Facilitator Consultant Ideal Candidate Profile

Academic Background

- A university degree or higher, preferably in economics or public administration or political science.

Professional Experience

- A minimum of ten years' experience in mediating high level debates on governance related issues.
- Proven track-record of successful multi-stakeholder facilitations including using interactive group techniques
- Relevant experience on issues related to public sector, public financial management, aid information, aid coordination and effectiveness.
- A combination of Strategic Networking, Influencing and Negotiating competencies
- Experience in the region would be an advantage.

Languages

- English: excellent written and oral command