

# BANGLADESH HARMONIZATION ACTION PLAN

*Aiming to reduce poverty, improve collaboration and sustain development gains towards achieving Millennium Development Goals, the Government and the development partners of the People's Republic of Bangladesh will take the following actions to promote harmonization and alignment for aid effectiveness, based on the Rome Declaration on Harmonization:*

ISSUES	ACTIONS	OUTCOMES	TIMING	LEAD ACTORS
<b>1. O W N E R S H I P</b>				
<b>2-1. ESTABLISHING THE HARMONIZATION &amp; ALIGNMENT FRAMEWORK</b>				
<ul style="list-style-type: none"> <li>● Harmonization &amp; Alignment Framework</li> </ul>	<ul style="list-style-type: none"> <li>● GoB to prepare and present plan to rationalize Aid. <i>Three tiered Aid Harmonization &amp; Alignment Framework</i> may consists of- (1) Overall alignment of aid with government strategy and priorities, (2) Harmonization at the level of sectoral programs; and (3) Rules and procedural harmonization ( financial management, procurement and analytical work). Regular dialogues with DPs will be made under this framework.</li> </ul>	<ul style="list-style-type: none"> <li>● Harmonization &amp; Alignment Framework will guide various approaches in ensuring aid effectiveness and evaluation.</li> </ul>	<ul style="list-style-type: none"> <li>● 2005</li> </ul>	<ul style="list-style-type: none"> <li>● MoF, PC, donors</li> </ul>
<ul style="list-style-type: none"> <li>● Internal Coordination within GoB for Implementation</li> </ul>	<ul style="list-style-type: none"> <li>● Pull GoB entities together to build an understanding, management, implementation of actions the government need to take. Lead actors from GoB side on budgeting, planning, M&amp;E, alignment with donor rules and procedure in the utilization of external assistance. Develop a cross learning framework between GoB and DPs.</li> </ul>	<ul style="list-style-type: none"> <li>● Steering Committee and sub-committees under it will look after implementation of the Action Plan.</li> </ul>	<ul style="list-style-type: none"> <li>● 2005 and beyond</li> </ul>	<ul style="list-style-type: none"> <li>● FD, ERD of MoF, PC, IMED, BB, C&amp;AG, CGA, Major Aid utilizing line ministries</li> </ul>
<ul style="list-style-type: none"> <li>● Review of OECD/DAC Working Group prescriptions/recommendat</li> </ul>	<ul style="list-style-type: none"> <li>● Review recommendations pertaining to implementation of Rome/Paris Declarations through Good Practice Papers and proceedings of the Task Team</li> </ul>	<ul style="list-style-type: none"> <li>● Discuss and adopt the OECD/DAC Task Force recommendation to look for common procedures for program/project identification,</li> </ul>	<ul style="list-style-type: none"> <li>● 2004 and beyond</li> </ul>	<ul style="list-style-type: none"> <li>● MoF and Donors</li> </ul>

ions	on Harmonization and Alignment(TTHA) ,Joint Venture on Public Financial Management (JVPFM) , Working Party on Aid Effectiveness and donor Practices,etc.	project proposals, feasibility studies and appraisals in line with good practice papers.		
●Promote understanding and awareness on the benefits of harmonization & alignment	●Identify specific programs to impart training/ through workshops for creating awareness and consolidating the understanding among different stakeholders in respect to benefits of harmonization	●Hold workshops on harmonization and alignment and promote actions as well as awareness on this area.	●2005	●MoF and Donors
<b>1-2. STRENGTHENING THE ODA MANAGEMENT CAPACITY</b>				
●Capacity Building on ODA management	●Identify weakness in ODA management and promote capacity building at all levels through a comprehensive capacity building programme.	● A Comprehensive Capacity Building Programme be designed and implemented.	●2005	●MoF, PC. IMED, Donors
<b>2. A L I G N M E N T</b>				
<b>2-1. PROMOTING ALIGNMENT TO PRSP</b>				
●Drafting and Implementing Poverty Reduction Strategy Papers(PRSP)	●Draft the PRSP with full consultation with the political leaders, civil society and donors. Implement the PRSP with cooperation of all actors in and outside the Government.	●Bangladesh has prepared I-PRSP and the full PRS will be available by December ,2004. Bangladesh PRS is built around four pillars: brad-based economic growth, social sector development, social inclusion and good governance. These are rooted in PRS's explicit emphasis on decentralization and rationalization of government functions and transparency.	●2002-2004	●GED of PC, MoF, Donors
●Aligning Donor's Assistance to PRSP	●GoB and DPs to consider consolidating donors' assistance strategy and interventions by aligning the donor assistance with PRSP, indicating comparative advantages between donors.	●Comprehensive strategy to align donor assistance with PRSP to be established to consolidate donors intervention	●2005 and beyond	●MoF, line Ministries and donors
●Representation of NGOs and other key stakeholders in coordination mechanism	●Involve and integrate key NGOs and other stakeholders in aid delivery and coordination in relevant sectors	●NGOs and other stakeholders will be better involved	●Ongoing	●MoF/PC/N GO Bureau Donors/line ministries

<b>2-2. PROMOTING ALIGNMENT TO SECTOR STRATEGIES</b>				
<ul style="list-style-type: none"> <li>● Sectorwide Approach (SWAp)</li> </ul>	<ul style="list-style-type: none"> <li>● Promoting SWAp under HNPS (health) and PEDP-2 (primary education).</li> <li>● Expanding health and primary education SWAp experiences to other sectors where appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>● Under implementation</li> <li>● Sharing SWAp experiences through Workshop, Seminars</li> </ul>	<ul style="list-style-type: none"> <li>● 1998-2003, 2003-2010</li> <li>● 2005 and beyond</li> </ul>	MOH&FW, MoPME, PC, MoF and many donors  GoB and Donors
<ul style="list-style-type: none"> <li>● Joint GoB -Donor review of aligning sectoral policies and strategies testing the use of sector policy matrices as analytical tool</li> </ul>	<ul style="list-style-type: none"> <li>● Donors (under LCG Sub-groups) are coordinating donors' sector assistance strategies testing the use of sector policy matrix as analytical tool.</li> </ul>	<ul style="list-style-type: none"> <li>● A joint GoB-Donor working group PER is reviewing alignment of donors' support in pilot sectors to GoB's sector/sub sector policies.</li> </ul>	<ul style="list-style-type: none"> <li>● 2004-05</li> </ul>	<ul style="list-style-type: none"> <li>● Donors , MoF, PC</li> </ul>
<b>STREAMLINING &amp; HARMONIZATION</b>				
<b>3-1. STRENGTHENING THE PUBLIC FINANCIAL MANAGEMENT</b>				
<ul style="list-style-type: none"> <li>● Donors response to GoB's proposals on supporting the GoB in studying the PFM, Governance and planning process</li> </ul>	<ul style="list-style-type: none"> <li>● Donors( under LCG arrangement) are working on joint Public Expenditure Review.</li> <li>● PFM reform programmes have been initiated under various TA programmes by WB, AsDB and DFID to identify current FM gaps including evaluation of ongoing reforms and develop appropriate strategy.</li> <li>● Harmonize donor's and GoB's varying reporting and auditing requirements</li> </ul>	<ul style="list-style-type: none"> <li>● Public Financial management Strategy should be in place</li> <li>● Performance Indicators should be in place</li> <li>● Harmonizing Standard Operating Procedures (SOPs) as well as the revised Project Accounting Manual (PAM) should be in place. PAM includes reporting and auditing requirements in addition to financial</li> </ul>	<ul style="list-style-type: none"> <li>● 2004-05</li> </ul>	<ul style="list-style-type: none"> <li>● WB, AsDB , DFID, SIDA, CIDA and C&amp;AG</li> </ul>

		management		
<ul style="list-style-type: none"> <li>GoB to strengthen outcome focus, strategies and plans, sectoral planning and monitoring capacity</li> </ul>	<ul style="list-style-type: none"> <li>Planning Commission (PC) and line ministries to improve sector strategies and plans, GoB to move toward program budget and a better M&amp;E system. Relevant donors to provide support through joint planning work and other assistance.</li> </ul>	<ul style="list-style-type: none"> <li>Clearer priorities and better coordination of aid under GoB leadership. A better framework for coordinated donor support and effective sector strategies and plans</li> </ul>	<ul style="list-style-type: none"> <li>FY 2004-05 through 2006-07</li> <li>Plan of Action by June, 2005</li> </ul>	<ul style="list-style-type: none"> <li>PC, MoF, line Ministries and donors</li> </ul>
<ul style="list-style-type: none"> <li>GoB to strengthen expenditure prioritization process and Donors to provide indicative multi-year plans</li> </ul>	<ul style="list-style-type: none"> <li>MoF and PC to improve MTEF that can prioritize all programs and projects in a 3-year framework. Donors to find appropriate mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>Facilitates integration of aid, recurrent and investment budget into MTEF. Donors to allow line ministries and GoB to bring medium term thinking into MTEF</li> </ul>	<ul style="list-style-type: none"> <li>December 2005</li> </ul>	<ul style="list-style-type: none"> <li>MoF, PC and line ministries</li> </ul>
<ul style="list-style-type: none"> <li>Donors to align assistance with GoB's PRSP, MTEF, EMTAP frameworks</li> </ul>	<ul style="list-style-type: none"> <li>Donor to base country strategies, programs and policy dialogue on GoB's national development strategies and results framework. GoB also to base national development strategies on sound macroeconomic, poverty diagnoses</li> </ul>	<ul style="list-style-type: none"> <li>Framework for new (MTEF and PRSP) approach established. Compile MTEF inputs and finalize MTEF in order to identify funding gaps. Dialogue with donors on progress; identify projects in the sector ministries.</li> </ul>	<ul style="list-style-type: none"> <li>Starting in FY 2005/06</li> </ul>	<ul style="list-style-type: none"> <li>Donors, PlanCom, FD</li> </ul>
<b>3-2. STREAMLINING THE PROJECT FORMULATION AND APPROVAL PROCEDURE</b>				
<ul style="list-style-type: none"> <li>Standardization of documents and procedures applicable to both GoB and the donors in various program/project activities</li> </ul>	<ul style="list-style-type: none"> <li>Formulate and apply standardized formats for (1) feasibility study reports (2) procurement activities (3) financial management activities (4) environmental and social protection (5) portfolio management</li> </ul>	<ul style="list-style-type: none"> <li>Project preparation formats will be simplified, PCP/PP will be replaced by a single document-DPP. PPR Guidelines have been issued. Discussions are going in respect of PFM, Environment and portfolio amangement issues.</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> </ul>	<ul style="list-style-type: none"> <li>Donors, WB, AsDB, MoF</li> </ul>
<b>3-3. STRENGTHENING THE PROCUREMENT PROCEDURE</b>				
<ul style="list-style-type: none"> <li>Improvement of Procurement Procedure</li> </ul>	<ul style="list-style-type: none"> <li>In 2003, a new Procurement Regulation introduced. Takes into account the harmonization efforts of the MDBs and their minimum requirements for local procurement, streamlining diverse rules procedure of donors and domestic being followed for many</li> </ul>	<ul style="list-style-type: none"> <li>The regulation has been made applicable for all entities using public resources for procurement. MDBs and bilateral donors are encouraged to use the GoBs new regulations for local procurement and</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> </ul>	<ul style="list-style-type: none"> <li>MoF, Line Ministries, Donors</li> </ul>

	<p>many years,</p> <ul style="list-style-type: none"> <li>• Collaboration continues with donors involved in the same projects on specific procurement arrangement within the parameters of respective policies and procedures</li> </ul>	<p>international procurement. Standard bidding documents for goods and works, and request for proposals for consultants services are completed, in accordance with the new regulation.</p>		
<b>3-4. STRENGTHENING MONITORING AND EVALUATION</b>				
<ul style="list-style-type: none"> <li>• Strengthen the MDG Monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Donor-GoB are committed to design , initiate and implement appropriate steps to achieve the MDGs by 2015, and to strengthen its monitoring through MDG Progress Report and other sector-based initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>• MDG Progress Report to be released in mid 2005.</li> </ul>	On-going	MoF. Line Ministries, UNDP and other Donors
<ul style="list-style-type: none"> <li>• Implementation of projects and programs. Fiduciary risks concerns</li> </ul>	<ul style="list-style-type: none"> <li>• GoB to build a track record of performance and demonstration though strengthened M&amp;E</li> </ul>	<ul style="list-style-type: none"> <li>• Donor confidence in GoB capacity for program implementation be increased</li> </ul>	On going	<ul style="list-style-type: none"> <li>• PC, IMED and line ministries</li> </ul>
<ul style="list-style-type: none"> <li>• Avoiding creation of too many ad hoc monitoring and reporting systems and conducting project specific surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Donors and GoB to review each other's requirement for monitoring, reporting and surveys to streamline the diverse process and procedures</li> </ul>	<ul style="list-style-type: none"> <li>• More coherent and efficient monitoring of development impact</li> </ul>	<ul style="list-style-type: none"> <li>• On going</li> </ul>	PC/IMED/ERD/FAPAD and Donors
<ul style="list-style-type: none"> <li>• Harmonization of Project evaluation</li> </ul>	<ul style="list-style-type: none"> <li>• Develop ODA website to support donors transparency and GoBs information sharing on ODA result. Develop and use of common evaluation methodology, approach and tools and collaborate in different types and levels of evaluation. Report progress and outcome at yearend LCG Meeting.</li> </ul>	<ul style="list-style-type: none"> <li>• Discussions and preparations of Guidelines are underway in the areas of project evaluation.</li> </ul>	On-going	UN System, WB,AsDB. IMED
<b>3-5. SIMPLIFYING AND STREAMLINING DONOR OPERATIONS</b>				
<ul style="list-style-type: none"> <li>• Donors make their aid policies and procedures transparent and public</li> </ul>	<ul style="list-style-type: none"> <li>• Donors formulate plan to make public their relevant documents and materials relating to their aid policies, processes and procedures</li> </ul>	<ul style="list-style-type: none"> <li>• GoB and donors discuss and agree upon ways to publicize the relevant information</li> </ul>	On-going	Donors, MoF
<ul style="list-style-type: none"> <li>• Decentralization and</li> </ul>	<ul style="list-style-type: none"> <li>• Donors proceed with concrete activities to</li> </ul>	<ul style="list-style-type: none"> <li>• Decentralization processes need to be</li> </ul>	On-going	Donors,

delegation of power to local country offices to improve for each donor	decentralize and delegate power to local offices to speed up country level decision making process- publicize the decision and report result to LCG	coordinated between donors. The UNDP country office has been fully delegated by its HQ to design, approve and manage UNDP funded projects in Bangladesh.		
●Port folio review	●Linking country/Portfolio Annual review processes to existing in-country review processes; joint initiatives to be taken, such as the joint portfolio review of UN system and the World Bank	●The LCG is the initial stages of considering and preparing the JAS to be based on PRS and other programs. The JAS to combine the features of traditional country assistance strategies/programs with principles of aid effectiveness. A joint procurement, financial management and disbursement assessment is being undertaken by a group of donors/partners for multi donor pooling for SWAPs in health and education sector	●2004 and beyond	●GoB and Donors
●Measures to reduce transaction costs	●Announcement of concrete measures to reduce transaction cost including concrete commitments for the reduction of the number of missions by the donors	●Burdens caused by too many donors mission with same purposes to be reduced. Donors are to provide details of the work plan of each mission on aquarterly basis including purpose and working agenda.	2005 and beyond	●Donors
●Joint GoB –donor consultation on good cross sector practices to be applied in aid delivery	●Joint consultation and agreement on good practices to be applied in aid delivery	●Report progress and outcome at the year end LCG meeting	2005 and beyond	●MoF, Donors

**Annex A**

## MAJOR ELEMENTS OF ROME DECLARATION ON HARMONIZATION AND ITS APPLICATION TO BANGLADESH

Rome Declaration	Application to Bangladesh
# Ensuring that development assistance is delivered in accordance with partner country priorities, including poverty reduction strategies and similar approaches, and that harmonization efforts are adapted to the country context	# In Bangladesh, the Government and donors are committed to align programs to existing integrated national strategic development plan such as PRSP.
# Reviewing and identifying ways to amend, as appropriate, our individual institutions' and countries' policies, procedures and practices to facilitate harmonization. In addition, we will work to reduce donor missions, reviews, and reporting, streamline conditionalities, and simplify and harmonize documentation.	# In Bangladesh, best practice will be turned into common practice in the areas of- <ul style="list-style-type: none"> <li>• Sector Wide Approaches where appropriate, resources will be harmonized, TA will be provided and channels of delivery will be decided around one strategy;</li> <li>• Technical Assistance will be directed to meet capacity development needs identified at the sector program level and to move towards more integrated and demand driven technical assistance and more sustainable capacity.</li> <li>• Improvement of the government system-such as procurement and public financial management to international standards .</li> <li>• Harmonizing, streamlining and simplifying donor requirements through joint formulation, missions, projects, studies, workshops, reporting etc.</li> </ul>
# Implementing progressively-building on experiences so far and the messages from the regional workshops- the good practice standards or principles in development assistance delivery and management taking into account specific country circumstances. We will disseminate the good practices to our managers and staff at headquarters and in country offices and to other in-country development partners.	# In Bangladesh the Consultative Group consisting of GoB and Donor representatives will produce partnership reports.. The Report will take stock of progress towards Bangladesh's capacity build up and the donors to share emerging good practices with donor's headquarters and with the international community.
#Intensifying donor efforts to work through delegated cooperation at the country level and increasing the flexibility of country based staff to manage country programs and projects more effectively and efficiently	# In Bangladesh, efforts will be made to provide assistance through delegated cooperation-especially those donors without an in country presence. `
# Providing support for country analytic work in ways that will strengthen government's ability to assume a greater leadership role and take ownership of	# In Bangladesh, efforts will be made to have all analytic work carried out in harmony with relevant sector, thereby avoiding duplication, and achieving

development results. In particular, we will work with partner governments to forge stronger partnerships and will collaborate to improve the policy relevance, quality, delivery, and efficiency of country analytic work	government ownership and building government capacity.
#Providing budget sector, or balance of payments support where it is consistent with the mandate of the donor, and when appropriate policy and fiduciary arrangements are in place. Good practice principles or standards-including alignment with national budget cycles and national poverty reduction strategy reviews-should be used in delivering such assistance.	# In Bangladesh, in addition to the actions spelled out, efforts will be made to provide full information to GoB on ODA flows (including contributions to NGOs) in a timely manner, to enable integrate into budget cycle, improve predictability of resources, provide more medium term indications of donor support to Bangladesh, in the context of the Medium Term Expenditure Framework

***Annex B***

## PAST RECORD OF INITIATIVES ON HARMONIZATION AND ALIGNMENT FOR AID EFFECTIVENESS IN BANGLADESH

ISSUES	ACTION	OUTCOME	TIMING	LEAD ACTORS
Bangladesh remains an active participant in the international harmonization progress	<ul style="list-style-type: none"> <li>Bangladesh was one of the 28 aid recipient countries gathered in Rome, Italy, on February 24-25, 2003 to endorse the Rome Declaration on Harmonization</li> </ul>	<ul style="list-style-type: none"> <li>Bangladesh became one of the members of the partner country group in OECD/DAC Working Party on Aid Effectiveness.</li> </ul>	<ul style="list-style-type: none"> <li>February, 2003</li> </ul>	<ul style="list-style-type: none"> <li>MoF</li> </ul>
	<ul style="list-style-type: none"> <li>Bangladesh is one of the fourteen partner countries attending the meetings of the Task Team on Harmonization and Alignment (TTHA) under aegis of DAC Working Party of Aid Effectiveness, Joint Venture on Public Financial Management (JVPFM); Joint Venture on Managing for Development Results (JVMfDR); Joint Venture on Procurement.</li> </ul>	<ul style="list-style-type: none"> <li>Bangladesh became one of the focal point among partner countries in Asia and the Pacific.</li> </ul>	<ul style="list-style-type: none"> <li>March 2003 onward</li> </ul>	<ul style="list-style-type: none"> <li>MoF</li> </ul>
	<ul style="list-style-type: none"> <li>Bangladesh is the member of the Steering Committee for HLF-2 representing partner countries from Asia and the Pacific.</li> </ul>	<ul style="list-style-type: none"> <li>Donors and partner countries have adopted a concerted approach towards greater coordination and effectiveness of development assistance, mainly through harmonization of donor policies and procedures around existing and improved government systems and procedures, with focus on local capacity building and use of improved GoB system. DAC Secretariat has prepared a first draft report. Final t will be available in January, 2005</li> </ul>	<ul style="list-style-type: none"> <li>February 2004 through February 2005</li> </ul>	<ul style="list-style-type: none"> <li>MoF</li> </ul>
	<ul style="list-style-type: none"> <li>Bangladesh participated in the TTHA, JVPFM, Working Party on Aid effectiveness Meetings and HLF-2 Steering Committee Meeting</li> </ul>		<ul style="list-style-type: none"> <li>February, November 2004</li> </ul>	<ul style="list-style-type: none"> <li>MoF</li> </ul>
	<ul style="list-style-type: none"> <li>Bangladesh participated in the Asia Regional Workshop in Bangkok</li> </ul>	<ul style="list-style-type: none"> <li>October, 2004</li> </ul>	<ul style="list-style-type: none"> <li>MoF, MoPME, IMED</li> </ul>	
	<ul style="list-style-type: none"> <li>GoB and donors participate in the OECD-DAC Field Testing Exercise with measuring indicators of</li> </ul>	<ul style="list-style-type: none"> <li>February, 2004</li> </ul>	<ul style="list-style-type: none"> <li>MoF, relevant ministries, Donors</li> </ul>	

	progress in Harmonization and alignment			
Harmonization approaches to Public Financial Management	<ul style="list-style-type: none"> <li>● UNDESD conducted Bangladesh Aid Accountability country Study under UN Aid Accountability Project, suggesting harmonization of donor- borrower country aid delivery modality and reporting requirements to ensure accountability.</li> </ul>	<ul style="list-style-type: none"> <li>● Efforts for alignment /harmonization process has been in place in Bangladesh for several years with full support from the donor community. Donors' diverse aid modalities were studied and an understanding emerged towards streamlining audit requirements and reporting formats</li> </ul>	<ul style="list-style-type: none"> <li>● 1992-94</li> </ul>	<ul style="list-style-type: none"> <li>● MoF, WB, AsDB, Japan, FAPAD of the Auditor's Department</li> </ul>
	<ul style="list-style-type: none"> <li>● World Bank conducted Bangladesh country study on Financial Accountability for Good Governance, reviewing the harmonization and alignment position and suggested measures to be followed.</li> </ul>	<ul style="list-style-type: none"> <li>● The document assessed the quality of financial accountability and transparency in Bangladesh and made recommendations for improvement. The study covered procurement and asset management, internal audit, parliamentary oversight, debt and cash management of public enterprises and reforms in public financial management systems.</li> </ul>	<ul style="list-style-type: none"> <li>● 2002</li> </ul>	<ul style="list-style-type: none"> <li>● WB</li> </ul>
	<ul style="list-style-type: none"> <li>● Multilateral Organizations Performance Assessment Network (MOPAN) conducted a pilot performance assessment of select MDBs involved in health sector in Bangladesh in 2003. The report is finalized.</li> </ul>	<ul style="list-style-type: none"> <li>● The assessment primarily looked at the organizations' support for national policies and institutions and their participation in the aid coordination activities and other partnerships. The Report from this pilot exercise has been completed.</li> </ul>	<ul style="list-style-type: none"> <li>● 2003</li> </ul>	<ul style="list-style-type: none"> <li>● Canada, Denmark, Germany, the Netherlands, Norway, Sweden, Switzerland and the UK</li> </ul>