

## **BANGLADESH: NATIONAL POLICY ON DEVELOPMENT COOPERATION**

### **Background**

Bangladesh has achieved significant development progress in recent years due to remarkable improvement in domestic resource mobilization (DRM), prudent policy approach in fiscal management and the emergence of a resilient and vibrant private sector. Steady economic growth of the country has contributed to reducing country's dependence on foreign assistance which was high during the first two decades after independence. Despite sustained economic progress and private sector's strong role in national economic development, development assistance still can play a catalytic role in Bangladesh's economic and social development. But, it is often argued that development aid is constrained by a distinctive set of challenges which needs to be approached systematically.

At the global level, building on past experiences the international community has been striving to harness benefits of development assistance and accordingly several high level meetings on development cooperation set out clear commitments to be adhered to both by providers of development assistance and partner countries. Bangladesh, as an active member in global discussions and dialogues, is highly committed to international declarations and commitments relating to aid and development effectiveness, effective development partnership and sustainable development goals (SDGs). On the other hand, Bangladesh adopted the **Vision 2021** that seeks to transform the economy into middle-income country category by 2021. The Vision 2021 is being translated through several five-year plans setting out critical development goals and objectives. Accompanied by global commitments to development effectiveness, Government is also undertaking measures to overcome constraints that hinder the performance of development assistance.

In addition, significant changes and shifts have taken place in foreign assistance landscape in recent years. Along with traditional development partners, some southern countries have emerged as important source of economic and technical cooperation for Global South including Bangladesh. In the wake of severe challenges caused by climate change, climate financing is emerging as an additional complementary window of development financing which is expected to have larger implications on overall foreign assistance. Achieving the goals and targets of development assistance within the SDGs framework and in the context of Bangladesh's perspective plan and emerging needs an integrated approach to development cooperation is essential. On the other hand, there is agreement both at national and global discussions for enhanced transparency and accountability of foreign assistance through making all type of data on assistance public and accessible.

All these changes— both at country and international level— underline the necessity of a concrete and coherent policy response from the Government to use foreign assistance in a more effective and efficient way to support economic development of the country and ultimately realize greater development results.

Institutional arrangements, dialogue and consultation mechanisms and partnership modalities regarding resource mobilization, allocation, delivery, reporting and monitoring already exist in Bangladesh but they are spread over several Government documents issued at different times and covering many issues, sometimes based on sporadic practices rather than policy. In this context, there is a need to develop a policy document to handle foreign assistance strategically, according to the country's own development objectives and priorities. National Policy on Development Cooperation (NPDC) shall therefore be a consolidated policy framework for mobilizing, managing and utilizing foreign assistance in Bangladesh.

It is also expected that a consolidated document shall apprise all stakeholders, concerned in foreign assistance delivery and management, of guiding principles, work approaches and administrative systems. It may also help all to perform their role in a more systematic, coherent and seamless way. The Policy should be more supportive to different line Ministries/Divisions of Government to know global and national underpinnings for making foreign assistance deliver better results and serve national interests.

## **PART I: INTRODUCTION**

### **1.1. Name and Commencement**

The name of the Policy is 'National Policy on Development Cooperation'. The Policy shall come into effect from the date of approval by the Government.

### **1.2. Goal of the Policy**

The goal of National Policy on Development Cooperation (NPDC) is to ensure that foreign assistance follows national development priorities as determined by national development plans and strategies and supports the country's development efforts to bring economic and social benefits to the lives of the people.

### **1.3. Objectives of the Policy**

The following specific objectives shall be the cornerstone while mobilizing, managing and utilizing foreign assistance at the country level:

- (1) To provide a **coherent and integrated institutional and policy approach** to foreign assistance coming in different forms and modalities to ensure that it is need-based and result-oriented and does not pose any challenge or risk to macro-economic stability including debt sustainability; and security and integrity of the country;

- (2) To ensure **alignment of foreign assistance** with national developmental priorities and country systems;
- (3) To ensure **results** of assistance by effective utilization thereof.

#### **1.4. Scope and applicability**

##### **1.4.1. General scope and applicability**

The Policy shall be applicable to mobilization and effective utilization of foreign assistance in Bangladesh. The Policy provides guidance to support implementation of domestic and international commitments for development cooperation and its effectiveness. Foreign assistance in this Policy include ODA<sup>1</sup> (grants and concessional loans), vertical funds<sup>2</sup> and funds from international foundations<sup>3</sup>, climate-funds, aid for trade, non-concessional loans, commercial borrowings for public undertakings, and other sources of cooperation such as south-south and triangular cooperation and any form of cooperation commensurate with qualifications of foreign assistance.

##### **1.4.2. Exclusions**

Remittances and FDI though elements of development cooperation in broader sense, shall remain out of the purview of this Policy. IMF credits, special borrowings by Ministry of Food, Bangladesh Shipping Corporation, Bangladesh Biman, Bangladesh Petroleum Corporation, assistance for defense and special assistance during disaster and natural calamity shall remain beyond the scope of this Policy.

No provision of this Policy shall invalidate any Act, Regulation and Agreement already made by the Government.

#### **1.5. Management of the policy**

In consonance with the Government's Allocation of Business, Economic Relations Division (ERD) of Ministry of Finance shall be the main agency to ensure the implementation of this Policy. ERD shall also be the principal administrative Division for proposing any amendment, alteration or revision in the Policy in future for approval by the Government.

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<sup>1</sup> As defined by the Development Assistance Committee (DAC) of the Organization of Economic Cooperation and Development (OECD). However, according to government's current decision, the amount of grants element should be 35%.

<sup>2</sup> For example, the Global Alliance for Vaccines and Immunization (GAVI), and the Global Fund for AIDS, Tuberculosis and Malaria (GFATM)

<sup>3</sup> For example, Bill & Melinda Gates Foundation, Open Society Foundations, Ford Foundation, United Nations Foundation etc.

### **1.6. Partnership Management and Communication with Development Partners (DPs)**

The primary role of development partnership management and communication and liaising with development partners for financial and technical assistance on behalf of Government shall be vested in ERD in accordance with its role mandated in Government's Allocation of Business. Therefore, all proposal seeking foreign assistance for public sector, irrespective of volume, modality and form, shall be communicated to development partners through ERD. Nonetheless, line ministries may maintain direct communication with development partners during implementation phase of any project and or programme. In such cases, line ministries shall keep ERD informed to ensure coordination and coherence in communication and engagement. ERD shall maintain strong collaboration and consultation with different Sector Divisions of Planning Commission and line Ministries/Divisions to ensure that national priorities are rightly reflected and protected in financing proposals and to ensure effective negotiation with development partners.

## **PART II: KEY STRATEGIC PRINCIPLES TO BE PRACTICED IN DEVELOPMENT COOPERATION**

This Policy maintains that the importance of development assistance for the country does not lie in its volume, but in its quality and effectiveness. It aims to establish development cooperation based on mutual respect and shared priorities of promoting inclusive, sustainable and equitable partnership based on country development priorities and strategies. The Policy therefore, proposes the following **strategic principles** to be practiced in foreign assistance negotiation, management and implementation.

### **2.1 Country Ownership**

All development interventions, be they funded by domestic or external resources, should be based on the priorities set by national development planning and budgeting documents and systems. Government shall lead foreign assistance process in accordance with global agreements and consensus expressed and adopted in several high-level global forums and meetings on development effectiveness. In practical sense, Government shall ensure that foreign assistance follows country needs and priorities. Therefore, all line ministries shall ensure that development interventions under foreign assistance are implemented under their direct policy and administrative leadership and guidance.

### **2.2 Alignment and Harmonization**

The Development Partners (DPs) shall be required to program their support to the country over a multi-year timeframe synchronized with the planning and budgeting system of the country as much as applicable. They shall align their support with strategic development priorities of the country. Foreign assistance shall be implemented through country procurement and public finance systems and institutions as much as possible and use of parallel or special project implementation unit (PIU) shall be highly discouraged as it undermines national ownership. Project staff shall be accountable to and work

under direct guidance of the implementing Ministry/agency's leadership. All DPs shall follow to the extent possible common reporting procedure.

In any exceptional case, where country procurement system may not be applied, the relevant line Ministry in consultation with Finance Division, IMED (CPTU), ERD and FAPAD shall make the decision according to the specific nature of the case and in all such exceptional case(s), the parties concerned shall establish additional safeguards and measures in ways that strengthen rather than undermine country systems and procedures.

### **2.3 Transparency**

All data regarding foreign assistance, both on-budget (implemented by Government ministries and agencies) and off-budget (implemented by CSOs, NGOs, private sector, academia, research institutes etc.), shall be publicly accessible. ERD's online Aid Informational Management System (AIMS), which is compliant with International Aid Transparency Initiative (IATI) standards, shall be the primary means of data reporting, sharing and display. High-level global forums on development cooperation stipulate that donors should provide timely, transparent and comprehensive information on aid flows. Even in a case where real fund transfer is not taking place because of nature of the work, the amount of fund reported against the country shall be reported to AIMS.

### **2.4 Sustainability of Results**

At project or programme level, interventions shall be contextualized with national and/or sector policy and be designed, from the beginning, for ownership by a Government agency and for eventual hand-over of project outputs to Government actors, as appropriate, to ensure sustainability of results. Where relevant, project achievements and initiatives should easily be absorbed in Government's recurrent budget after project closure, to avoid the need for continuous dependence on DP funding. Every DP intervention should come with a clear exit strategy as part of knowledge management, encouraging replication of good practices.

## **PART III: DEVELOPMENT COOPERATION MANAGEMENT**

### **3.1 Determining Assistance Modalities and Approach**

Development assistance is channeled through different modalities; however, not all modalities are equally preferred. Therefore, aid modality shall be determined considering objectives and priority of any given development project/programme having complied with key strategic principles of development cooperation. Following is the Government's policy directives to determine appropriate financing modality and approach.

As a general principle, Government will discourage any or all offers of foreign assistance where it considers transaction costs to be unacceptably high, alignment to Government priorities to be insufficient, conditionalities to be excessive and contrary to existing laws, rules and policies of the country, and inadequate compliance with principles and modalities of this policy. In the same tenor, Government strongly discourages all forms of tied loans.

#### A. AID MODALITY

**BUDGET SUPPORT:** Government encourages its partners to provide foreign assistance through **budget support** or **sector budget support** to increase Government ownership, promote alignment to national priorities and strengthen Government systems to the maximum extent possible and to avoid aid fragmentation.

**GRANT:** Grants are usually considered an important aid modality allowing key experts and global know-how to support recipient country's development initiatives. While grants seem to be the softest form of assistance as no repayment is required, it entails some challenges which in cases run the risk of compromising country ownership. Therefore, ownership principles and guidelines outlined in this policy should be strictly applied while accepting grants.

**CONCESSIONAL LOANS:** Concessional loans, which is delivered at lower than the market rate of interest with more repayment grace periods, is another preferred assistance modality. Concessional loans particularly can be helpful to address long-term financing needs. Loans having a grant element of at least 35% as determined by the government and other concessional elements may be considered as Concessional Loan.

**NON-CONCESSIONAL LOAN:** While Government's priority is concessional loans, **non-concessional loans** may be pursued only for priority projects/programmes of Government under certain conditions and only in exceptional cases. All non-concessional loans require approval of the Government's Standing Committee on Non-concessional Loan presided by the Finance Minister. The Committee considers overall debt sustainability of the country by analyzing different indicators of debt sustainability, and puts forward formal comments while approving any such loan. In this regard, Finance Division in collaboration with ERD, Internal Resources Division (IRD) and Bangladesh Bank shall undertake periodic analysis of debt sustainability and accordingly adopt necessary policy measures.

**GLOBAL/VERTICAL FUNDS:** Government shall take effective measures to take benefits from **global or vertical funds** managed for specific objectives. Sector Divisions of Planning Commission will adopt appropriate measures to align vertical funds with sector plans, and to bring such assistance within budget system of the country. Financial flow under vertical/global fund shall

have to be reported to ERD via AIMS. Sectoral line ministries shall ensure that projects with assistance from global/vertical funds being implemented by non-Government agencies are consistent with country development priorities and is being reported onto Government systems.

#### **B. Programming Approach**

Government prefers **programme support** to stand-alone projects as the later contributes to fragmentation, high transaction cost and low development results. Thus, Government encourages all development partners to collaborate and coordinate to explore opportunities for **joint financing or pooled funding**. Projects, other than Technical Assistance, worth less than USD 10 million shall not be considered for resource mobilization as a stand-alone project. While planning, processing or approving development projects or programmes, Sector Divisions of Planning Commission shall encourage programme/sector based approach to restrict proliferations of small scale stand-alone projects as well as to minimize aid fragmentation.

#### **C. Tax, VAT**

Tax and VAT in all foreign aided projects/programs shall be determined according to existing rules, laws and circulars of National Board of Revenue (NBR) of Internal Resource Division (IRD), Ministry of Finance. However, any exemption already made by any Agreement between the government and any development partner should not be affected by this Policy.

### **3.2. Foreign Assistance Mobilization Procedure**

Following steps shall be maintained for submission of proposal for mobilization of foreign assistance from development partners:

**3.2.1. Preparation of Proposal for Foreign Assistance:** Any line Ministry/Division seeking foreign assistance against any programme/project shall be required to develop the proposal to the extent possible in details and ensure 'in-principle' approval of the PDPP (Preliminary Development Project Proposal) by Sector Division of Planning Commission. While preparing proposal, feasibility study, quality assurance, including risk analysis and mitigation steps thereof, shall have to be ensured by line Ministry/Division seeking assistance. Pursuant to Government's instruction, any project of above 25 crore BDT value shall undergo feasibility study. Government's own fund and expertise shall generally be used for feasibility study and only in exceptional cases technical assistance may be sought for feasibility study. While preparing projects, line Ministry/implementing agencies shall also follow guidelines as stipulated in "Budget Allocation and Management Policy for Project Formulation and Preparatory Works" published by the Economic Relations Division (ERD), Ministry of Finance.

**3.2.2. Communicating Proposals to ERD:** Line Ministry/Division shall communicate to ERD for exploring fund from development partners with detailed proposals already approved in-principle

by Sector Division of Planning Commission. While approving proposals, Sector Division shall ensure that the proposals are consistent with national development priorities.

**3.2.3. Communication for Financing to Development Partners:** After receiving any proposal, ERD, through its relevant Wing, shall undertake a quick review of proposal to ensure that the proposal is compliant with national and global commitments to development effectiveness and with National Development Cooperation Policy and is not contributing to project overlapping and aid fragmentation. ERD shall also undertake a comparative analysis of costs of different donors, where possible and needed, before deciding any potential development partner to be approached. Only after a positive review, ERD shall send any proposal to development partners for financing.

**3.2.4 Negotiation with Development Partners:** Based on the response from a development partner, ERD shall start formal negotiation for financing. ERD shall use the document approved by Sector Division of Planning Commission for negotiation with development partners. ERD shall ensure representation of relevant line Ministry/ies in the negotiation team. During any aid negotiation ERD shall minutely review expenses related to consultancy services, foreign travel and procurement of vehicles in terms of Value for Money, use of indigenous resources, decreasing reliance on external resources, national priorities and existing ground realities. There should be sufficient justification by relevant line Ministry/Divisions that these expenses are absolutely needed for achieving goals and targets of projects/programmes. For a technical assistance proposal the threshold for consultancy referred in this Policy should be adhered to as closely as possible. In order to minimize transaction costs, unjustified and parallel missions should be discouraged and development partners shall be advised to field joined-up missions for multi-donor or pooled funded projects.

**3.2.5 Preparatory Works:** Line Ministries/implementing Agencies shall ensure that all required preparatory works have been done as per 'Readiness Checklist' of "Budget Allocation and Management Policy for Project Formulation and Preparatory Works" before signing financing agreement and final approval of DPP/TAPP.

**3.2.6. Formal DPP/TAPP:** After successful negotiation, the agreed upon document shall be the basis for DPP/TAPP for Government and project document (ProDoc) for the development partner. Government approved TAPP/DPP shall be the main basis of project/programme management and implementation.

**3.2.7. Anticipatory Unauthorized Expenditure:** No expenditure, be it from the government or the DPs shall be incurred without prior approval of the implementing Ministry/Agency. All expenditures shall be reported to the PD.

### **3.3. Effective Utilization of Foreign Assistance**

Following steps shall be adhered to in ensuring effective use of foreign assistance and proper implementation of projects/programs:

- (1) Government shall develop a pool of potential project directors (PDs) or Focal Points(s) to the extent possible to ensure quick start off of project activities and strong leadership in implementation;
- (2) Focal Point (FP)/Project Director (PD) shall be identified from PDs Pool developed by MoPA beforehand and as such PD/Focal Point shall be a part of Government's negotiation team;
- (3) When negotiating programme or project proposals, ERD and respective line Ministry/ies shall consider realistic Government absorption capacity, project readiness and delivery and implementation capacities and evaluate proposals accordingly;
- (4) Line Ministry shall ensure the risk assessment and mitigation for all steps in project or programme cycle, while ERD shall undertake research initiatives to address the constraints of development effectiveness and garner evidences for informed policy making and effective partnership dialogue;
- (5) ERD shall also organize portfolio review meetings, tripartite meetings, workshops and consultations, as and when needed, involving both Government line Ministries and development partners, where needed, to discuss constraints and challenges concerning effective disbursement and use of external assistance;
- (6) Respective line Ministries in particular and Ministry of Public Administration and Ministry of Planning in general are expected to adopt appropriate measures to enhance the capacity of staff involved in policy, development, planning, monitoring and evaluation related tasks at Ministry and agency level. In particular, Ministry of Public Administration (MoPA) in collaboration with Ministry of Planning shall undertake appropriate capacity development initiatives for Project Directors/Focal Points. ERD shall also organize, from time to time, dialogues, advocacy meetings, trainings and workshops on development cooperation and its effectiveness for Government officials and other stakeholders;
- (7) For smooth implementation of a project, frequent project staff, particularly the PD, rotation should be discouraged. Moreover, it should be practiced to the extent possible that an individual PD shall not be assigned with more than one project. Ministry of Public Administration (MoPA) as regulating Ministry of PDs shall issue clear guideline in this regard.

### **3.4. Managing Technical Assistance**

Government shall in general pursue technical assistance (TA) within a coherent policy approach to ensure sustainability of skills and knowledge. Therefore, Government is keen to see that technical assistance

follows clear-cut approach and strategies to transfer capacity and skills. Following policy parameters shall be adhered to in relation to the use of technical assistance:

- (1) Technical Assistance (TA) shall be based on national demand and integrated into a comprehensive national capacity development strategy involving foreign assistance which may be developed by Government under the coordination of ERD and Ministry of Public Administration (MoPA). Government shall work to develop a comprehensive National Capacity Development Framework to ensure coherent approach in human and institutional capacity development.
- (2) TA shall be acquired on the basis of a comprehensive and prioritized inventory of the gaps in the country's technical and knowledge capabilities. The need for TA shall be carefully synchronized with national human resources development strategy. A clear strategy for capacity transfer shall be mentioned in TA projects' documents. Project consultants and or experts shall maintain strong collaboration with relevant government officials to ensure effective and sustainable transfer of knowledge and skills.
- (3) Local experts shall be used in TA project implementation as far as possible. Foreign consultants and/ or experts, with proven capacity demonstrating experiences of working at least in three countries, may be recruited only in appropriate cases with proper justification. In case of foreign consultants and/or experts, cost should not exceed 25% of total project aid, but suggested variations for the percentage may be considered for appropriate and overarching national benefit and expediency as an exception, This should be done in consultation with the line Ministry/Division and ERD..
- (4) Proposals relating to recruitment of professionals and consultants under foreign aided projects shall be communicated to ERD and relevant line Ministry for information and acceptance. Relevant line Ministry shall review the cost and professional expertise of proposals and make decisions accordingly. Line Ministry shall also communicate its decisions to ERD. Consultants engaged under TA project shall be accountable and reportable to Government management including the PD. All consultants shall be required to sign Government's '**ethics and conduct code**' before accepting any assignment.
- (5) No consultant and expert or project/programme staff shall be recruited without informing and the approval of Government. Government shall have the right to cancel or recommend cancellation of contract of any consultant and or expert, who is deemed not to be beneficial to the implementation of the project or achieving its goals or who breaches the ethics and conduct code.

### **3.5. Emerging development actors and finance flows**

Emerging donors from Global South, private sector, civil society, philanthropic foundations, and corporate social responsibility programs etc. are now considered partners in development and are increasingly engaged in development dialogue. Particularly, South-South cooperation is evolving as a highly promising source of development cooperation. On the other hand, given the climate change reality, climate financing is also emerging as an additional complementary source of development financing for climate vulnerable countries. In the context of Bangladesh's high level exposure to climate change risks, hazards and vulnerabilities, Government is an active participant in climate change related financing discussions and activities and the Government seeks to benefit from climate financing. Following policy measures shall be applied to receive assistance from **emerging donors** and **climate change funds** and maintain development **partnership with private sector, civil society and NGOs**.

#### **3.5.1. South-South Cooperation**

ERD, in consultation with other relevant ministries, shall seek ways to strengthen south-south resource mobilization and watch over the quality of south-south resources, paying particular attention to the following:

- (1) Ensure ownership and alignment by using existing policy, planning and review processes. South-South cooperation should be part of a sector programme wherever possible, by linking to sector results and monitoring framework;
- (2) South-South and Triangular initiatives should be subject to same principles and practices that promote results, alignment, transparency, accountability as other types of foreign assistance. They should be included in policy and planning dialogue with partners;
- (3) In order to maximize the impact of South-South and Triangular support improved knowledge management arrangements shall be created in ERD to record, disseminate, scale-up and replicate the results of South-South initiatives.

#### **3.5.2. Climate Finance**

Government shall aim to ensure coherence, transparency and predictability for effective climate change finance in line with national and international principles, strategies and policies on climate change. Therefore, following policy strategies shall be considered while managing climate finance.

- (1) Climate finance shall support implementation of Bangladesh Climate Change Strategy and Action Plan (BCCSAP), National Adaptation Programme of Action (NAPA), Nationally Appropriate Mitigation Actions (NAMA), and other national and sector action plans on climate change; and develop capacity to access (both directly or indirectly), leverage, coordinate and deploy climate finance;

- (2) Government shall seek to strengthen both public and private sector engagement in climate financing.
- (3) All development partners shall be required to report their climate change related expenditure, both on-budget and off-budget, to AIMS to ensure transparency and effective planning for climate change mitigation activities;
- (4) ERD in partnership with Ministry of Environment and Forest shall coordinate with major line Ministries/Divisions dealing with climate, review progress and challenges of climate financing and climate project implementation, promote a whole-of-Government approach to climate funds, ensure a pipeline of credible and bankable projects for international climate funding and watch over and be pro-active for additional climate funding parallel to traditional ODA. ERD shall work as Government's focal point in climate finance negotiation and mobilization;
- (5) ERD shall make endeavor to reach out to all stakeholders including climate victims, CSOs, NGOs, private sector and public sector agencies to ensure transparency and accountability in climate finance;

### **3.5.3. Private Sector, Civil Societies, NGOs and Other Stake-holders**

Private sector, civil society, NGOs and other non-state stakeholders play an important role in economic and social development of the country. Their complementarity and integration with national development goals and priorities needs to be encouraged. The policy therefore provides following principles to be adhered to while managing and implementing assistance:

- (1) Government shall explore blended finance, using public funds to unlock private and philanthropic capital for development. This can include, for example, public private partnerships, aid to promote technology transfers, aid for greater remittance generation and better use of remittances, aid to stimulate enabling environment for capital market development, private sector development, aid to strengthen tax generation or aid to catalyze private investment.
- (2) Private sector, CSOs, NGOs and similar organizations shall be able to receive funds from external sources to implement development programmes/projects in alignment with national priorities; NGO Affairs Bureau shall scrutinize alignment and other obligations of this Policy while approving proposals for non-state stakeholders;
- (3) In order to ensure effective transfer of knowledge and skills and strengthen national capacity, government shall ensure, to the extent possible, local private sector's engagement in implementation of projects which are highly technical in nature;

- (4) Development partners shall be required to report their commitments and disbursements through non-state stakeholders to AIMS to ensure that everyone is aware of their contribution and to avoid overlap or uncoordinated work;
- (5) NGO Affairs Bureau of the Government shall reconcile on a half-yearly basis the information on foreign fund flows utilized by NGOs/CSOs and other non-state stakeholders received in AIMS to ensure confirmation of data provided by development partners

### **3.6. Accountability for Results, Transparency and Predictability in Development Cooperation**

#### **3.6.1 Accountability for Results**

The country is gradually adopting result based monitoring and evaluation system as envisaged in the Seventh Five-year Plan. Development Results Framework (DRF), articulated in the Five Year Plan, defines the country's key medium term planned results. Apart from line Ministries, Implementation Monitoring and Evaluation Division (IMED) and Auditor General's Office shall work for result based monitoring and financial auditing. DRF should form the basis for medium term sector-specific result frameworks. Following measures shall be taken while managing and implementing foreign assistance to ensure results:

- (1) ERD shall mobilize external resources based on expected results linked with national and sector result frameworks;
- (2) Progress and effectiveness of foreign aided programmes and projects shall be monitored and evaluated by IMED, Ministry of Planning against planned national and sector results using common format of 'monitoring, evaluation and reporting'; FAPAD and or relevant Directorate shall undertake financial and statutory auditing of all foreign aided projects; while the DPs may follow their own auditing and accountability mechanism.
- (3) Unilateral evaluation missions from DPs shall be discouraged, rather inclusive missions involving ERD, Planning Commission, line Ministry and DPs shall be commissioned in all stages of evaluation and monitoring of projects involving external resources shall be encouraged for better results and efficiency;
- (4) Local level oversight shall be established through District Development and Coordination Committee (DDCC) headed by Deputy Commissioner of the district. DDCC shall review and monitor the implementation progress of foreign aided projects and Deputy Commissioner shall share DDCC's feedback with implementing line Ministry, Implementation Monitoring and Evaluation Division (IMED) of Ministry of Planning and ERD. Information foreign aided projects (with abridged profiles such as cost of project, major components, major beneficiaries, development partners, and implementing

agencies etc.) shall be uploaded on the district web portal to ensure transparency and public oversight.

### **3.6.2. Transparency and Predictability**

An essential precondition for effective management and coordination of development assistance is the availability of accurate, timely, comprehensive and forward looking aid data. Building on the internationally agreed transparency standards, following measures shall be taken to strengthen predictability and transparency in foreign assistance:

- (1) Commitments and disbursement of all assistance in Bangladesh shall be required to be reflected by development partners in Aid Information Management System (AIMS), to give information of total planned and actual disbursement in any form of external assistance, to avoid possible discrepancies in information provided by the DP headquarters and their country-level agencies and allow for a better targeted internal and external resource mobilization plan;
- (2) DPs shall provide multiyear country-plan and quarterly update programme and project information, including commitments, disbursements and expenditures, in the publicly accessible Aid Information Management System (AIMS) at ERD;
- (3) Using AIMS and other internal data, ERD shall publish a Development Cooperation Report annually, reflecting the inflows of external development assistance in the country and assessing how effectively these flows are being managed by development partners and Government;
- (4) The list of approved foreign aided projects shall be displayed in ERD website, in line ministries website and where appropriate in district website for public access to project objectives and intended development results.

## **PART IV: PARTNERSHIP AND COORDINATION MECHANISM**

An effective coordination mechanism is important to ensure results-oriented partnership management within Government and between Government and development partners. To facilitate DPs to provide effective support under country leadership and enable line Ministries and Divisions to undertake development interventions using external resources complying with a common set of policy approach of the Government, there is need to maintain and nurture constructive and mutually beneficial coordination mechanism. The fundamental of partnership between Government and development partners is that it should be rooted deep in the spirit of **equal partnership**.

In order to ensure an enabling environment for equal partnership, Government through its Ministries and Divisions shall provide, sustain, lead and strengthen **national and sector level coordination and dialogue**

**mechanism.** Coordination mechanism shall be inclusive of all relevant development partners, civil society organizations and private sector entities. Major objective of coordination and dialogue forums will be to ensure **effective implementation of programmes**, achieving SDG goals and targets and Five Year Plan objectives, related policy dialogues and **effective delivery of resources**. Specific objectives will include focus on results and predictability of funding, decrease in fragmentation of aid, improvement in harmonization and simplification of development partner procedures and rationalization of government processes. Aid coordination mechanism shall serve the purpose of ensuring mutual accountability and development results through regular review of a joint Government-DP partnership agreements and progress against sector result frameworks.

Apart from national and sector forums, Government shall organize a **Bangladesh Development Forum (BDF)** meeting periodically to share and highlight Government's development goals and discuss future partnerships with senior representatives of development partners. BDF, as an inclusive mechanism involving Government actors; CSOs; academics; and all development partners, shall be a high-level forum for policy dialogue.