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The Aid Effectiveness Agenda in Bangladesh

Abdullah-Al-Mamun

A thesis submitted to the University of Huddersfield in partial fulfilment of the requirements for the degree of Doctor of Philosophy

The University of Huddersfield

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Abstract

The effectiveness of aid is a matter of much controversy. In response, the aid effectiveness agenda, developed through numerous conferences and declarations since the 2000s, has been promoted as a potential solution to problems identified with previous aid regimes. This investigation aims to analyse the aid effectiveness agenda in Bangladesh, a leading aid recipient country. Particular emphasis has been given to the development of aid policies, how they have been implemented and the contributions they have made to aid effectiveness. The study applies the top-down public policy implementation approach to develop the conceptual framework. This research adopts qualitative methodology and case study strategy. It opts thematic analysis technique to analyse sixty six in-depth interviews and numerous policy documents, many of which have not been accessed by previous studies. Key findings include: both Government and donors have not shown sufficient commitment to implement the agenda; more focus has been given to initiatives with a high visibility at international events than to outcomes; most initiatives are project-based and have not been institutionalised; there is insufficient understanding (or even awareness) of the aid effectiveness agenda among Government officials; donors are reluctant to change their systems and procedures; top-down policy implementation approach of both Government and the donors has remained relatively unsuccessful. The study shows the shift from aid to development effectiveness agenda has negatively impacted country level activities and the implementation of the agenda is currently in limbo. The reasons for this are complex, including problems with donors, recipients and with the agenda. Problems with donors include political agendas and interests, preference of own policies and procedures and a lack of respect for recipient leadership. Issues with recipients include poor leadership, weak policy implementation and a fear of losing funding. Problems identified with the agenda are the legally non-binding nature and the shift from aid to development effectiveness.

To My Wife

Konica

For her Sacrifice and Continuous Encouragement

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List of Abbreviations

AAA	Accra Agenda for Action
ACTT	Anti-corruption Task Team
ADB	Asian Development Bank
ADP	Annual Development Programme
AEU	Aid Effectiveness Unit
AEWG	Aid Effectiveness Working Group
AIMS	Aid Information Management System
AP-DEF	Asia Pacific Development Effectiveness Facility
BDF	Bangladesh Development Forum
CDF	Comprehensive Development Framework
CPD	Centre for Policy Dialogue
CPTU	Central Procurement Technical Unit
CSO	Civil Society Organisation
DAC	Development Assistance Committee
DANIDA	International Development Cooperation (Denmark)
DEW	Development Effectiveness Wing
DFA	Development Finance Assessment
DFID	Department for International Development
DIE	German Development Institute
DP	Development Partner
ECNEC	Executive Committee of the National Economic Council
ECOSOC	United Nations Economic and Social Council
EEP	External Economic Policy
e-GP	e-Government procurement
EIP	Effective Institutions Platform
ERD	Economic Relations Division
FABA	Foreign Aid Budget and Accounts

FAPAD	Foreign Aided Project Audit Directorate
FD	Finance Division
FID	Financial Institutions Division
FIMA	Financial Management Academy
FY	Financial Year
FYP	Five Year Plan
GDP	Gross Domestic Product
GED	General Economic Division
GoB	Government of Bangladesh
GPEDC	Global Partnership for Effectiveness Cooperation
GPSC	Global Partnership Steering Committee
HAP	Harmonisation Action Plan
HIPC	Heavily Indebted Poor Country
HLF	High-Level Forums
HLM	High-Level Meetings
HLPF	United Nations High-level Political Forum
HQ	Head Quarter
IATI	International Aid Transparency Institute
iBAS++	Integrated Budget and Accounting System
IIFC	Infrastructure Investment Facilities Company
IMED	Implementation Monitoring and Evaluation Division
IMF	International Monitoring Fund
IPoA	Istanbul Programme of Action
IRD	Internal Resources Division
JAS	Joint Assistance Strategies
JICA	Japan International Cooperation Agency
JSF	Joint Strategic Framework
KOICA	Korea International Cooperation Agency
LCG	Local Consultative Group

LDC	Least Developed Country
LDPG	Local Development Partners' Group
LM	Line Ministry
LMIC	Lower Middle Income Country
MAG	Monitoring Advisory Group
MAG DPG	Development Partners Group
MDG	Millennium Development Goals
MfDR	Managing for Development Results
MoF	Ministry of Finance
MoFA	Ministry of Foreign Affairs
MoP	Ministry of Planning
MTBF	Medium Term Budget Framework
MTMF	Medium Term Macroeconomic Framework
NEC	The National Economic Council
NGO	Non-Government Organisation
NPDC	National Policy on Development Cooperation
NSAPR	National Strategy for Accelerated Poverty Reduction
OCAG	Comptroller and Auditor General
ODI	Overseas Development Institute
OECD	Economic Co-operation and Development
PC	Planning Commission
PD	Paris Declaration on Aid Effectiveness
PIU	Project Implementation Unit
PRI	Policy Research Institute
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Papers
RADP	Revised Annual Development Programme
SDF	Social Development Foundation
SDG	Sustainable Development Goals

SID	Statistics and Informatics Division
TA	Technical Assistance
TIB	Transparency International Bangladesh
UN	United Nations
UNDP	United Nations Development Programme
UN ECOSOC	United Nations Economic and Social Council
USA	United States of America
USAID	U.S Agency for International Development
WB	World Bank
WG	Working Group
WP-EFF	Working Party on Aid Effectiveness

Chapter 1

Introduction

1.1 Overview

Aid effectiveness is an important issue, due to both the huge amounts of money involved and the reliance of many countries on aid for development. However, there remain serious concerns as to whether aid works or not. Over many decades, a vast literature has explored the effectiveness of aid, but many issues remain unresolved. Key to this debate is the aid effectiveness agenda developed through various international conferences and declarations over several years. This study aims to investigate further, the aid effectiveness agenda in the context of Bangladesh – a leading aid recipient country – yet the subject of limited research to date. It undertakes numerous in-depth interviews and analyses a range of official documents to examine the extent to which the aid effectiveness agenda has been implemented in Bangladesh and to assess whether this has helped to improve outcomes. It is argued that the agenda has not been fully implemented and that as a result, improvements in aid effectiveness have been limited.

The comprehensive framework for aid effectiveness includes delivery, management and development outcomes. The agenda promotes partnership instead of donorship and emphasises co-ordinated efforts of donors and Government, upholding ownership and leadership of recipients. The aid effectiveness agenda has inspired both donors and recipients for policy reforms in implementing its principles and addressing indicator-based, time-bound commitments for aid effectiveness. Therefore, the agenda is able to draw significant research attention.

This study examines the Bangladesh Government's own initiatives as well as its collective efforts with development partners to implement the aid effectiveness agenda and its impact on aid effectiveness. It is a qualitative study, which combines a critical realism philosophy, an abductive approach, a case study strategy and thematic analysis to analyse the data collected – both primary and secondary data. The primary data take the form of sixty six interviews of Government ministers, secretaries, high-level donor officials and other professionals. Additionally, a number of Government documents examined are not known to have been accessed in any previous study.

The study has sought to draw new findings for the implementation process of the aid effectiveness agenda in Bangladesh. Most Government and development partner initiatives are project-based and have not been institutionalised. Awareness and understanding of the importance of the aid effectiveness agenda among these agents, especially planning and implementing agencies are poor or absent. Both Government and development partners are more interested in visibility at international forums rather than the outcomes initiatives. The study also finds that country level activities related to the aid effectiveness agenda are international event centred. Due to a shift of the agenda from aid to development effectiveness, activities at international-level have been reduced. Subsequently, country level activities have also been reduced significantly. Furthermore, currently the Government of Bangladesh and its development partners do not endeavour to implement the “unfinished business” of the aid effectiveness agenda. The findings presented here, seek to make a contribution to the literature by offering an understanding of the implementation and management of aid effectiveness in Bangladesh. It also sheds light on the partnership approach.

1.2 Aims, Objectives and Research Questions

The aim of the thesis is to evaluate policy initiatives of the Government of Bangladesh and its joint efforts with development partners, to implement the aid effectiveness agenda and to improve aid effectiveness. With this in mind, it attempts to achieve the following objectives:

1. To identify and analyse the policy initiatives developed by the Government of Bangladesh in relation to the aid effectiveness agenda.
2. To assess collaborative efforts between the Government of Bangladesh and its development partners regarding the aid effectiveness agenda.
3. To understand the current implementation status of the aid effectiveness agenda in Bangladesh.

The thesis presents the following questions to underpin the objectives:

1. What policy initiatives has the Government of Bangladesh developed with regard to the aid effectiveness agenda, how effective have they been and why have they often disappointed?

2. What are the collaborative efforts of the Government of Bangladesh and its development partners in relation to the aid effectiveness agenda, how effective have they been and why have they often disappointed?
3. What is the current implementation status of the aid effectiveness agenda in Bangladesh and why do the Government and development partners appear unwilling to implement it further?

1.3 The Aid Effectiveness Agenda

A number of foreign aid policy reforms have been enacted through international conferences, high-level forums and official declarations since the early 2000s, to improve the effectiveness of aid. Their main focus was to co-ordinate donors, partnerships, ownership and leadership by recipients. The declarations include the Rome Declaration on Harmonisation (2003), the Paris Declaration on Aid Effectiveness (2005), the Accra Agenda for Action (2008) and the Busan High-Level Forum on Aid Effectiveness. These declarations, their principles and frameworks are collectively referred to as the aid effectiveness agenda. The Paris declaration on Aid Effectiveness, 2005 with its normative framework of five principles; ownership, alignment, harmonisation and managing for results along with twelve indicators and a time-bound commitment, is considered a building block of the aid effectiveness agenda. The agenda is also known as the “Paris Agenda”, the “aid effectiveness paradigm” (Mawdsley et al., 2014) or simply the “aid agenda” (Renard, 2007). It was initially driven by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) and eventually by the UN and the World Bank. The development community adopted the development effectiveness agenda at the Busan High-Level Forum in 2011 and aid effectiveness was included as “unfinished business” in the development effectiveness agenda.

The aid effectiveness agenda represents a paradigm shift in foreign aid policymaking due to its comprehensive approach of aid management to increase aid effectiveness (Gisselquist and Resnick, 2014). It consists of aid delivery, management, implementation of aided projects and programmes and achievement of development outcomes (Wood et al., 2011; Abdel-Malek, 2015). Partnership between donors and recipients is a key underpinning of the objectives of the aid effectiveness agenda (Mawdsley, 2014; Sjöstedt and Sundström, 2017).

Most importantly, donor co-ordination, recipient ownership and leadership are the cornerstones of the agenda (Hayman, 2009; Collins, 2009; Molenaers and Nijs; 2011; Swedlund, 2013; Sjöstedt and Sundström, 2017; Minasyan et al., 2017). The agenda does not look at aid effectiveness through the old lens of the aid-growth relationship. Therefore, this policy discourse influenced both donors and recipient Governments to undertake a range of reforms in line with the guidelines and objectives to improve aid effectiveness.

1.4 Relevance and Significance of the Study

The aid effectiveness agenda, with its time-bound commitments and measurable indicators is able to highlight several issues and problems which previously did not occur in foreign aid policymaking. It also poses a challenge to both donors and recipients for policy implementation. Thus, the present-day aid effectiveness debate is dominated by the aid effectiveness agenda (Cameron and Low, 2012), which has been studied perhaps for four main reasons; i) it emphasises a change of systems and procedures for both donor and recipient, ii) it motivates both donor and recipient countries to improve policy, iii) it calls for an end to donorship, promoting partnership, recipient ownership and leadership instead, and iv) proposes principles and indicators to assess the effectiveness of aid. However, existing scholarly contributions have not yet been able to explore all of the pros and cons of the aid effectiveness agenda. Bangladesh is one of the leading aid recipient countries of the world with more than 30% of aid dependence to implement development budget. This thesis examines the implementation exercise of the aid effectiveness agenda by the Government of Bangladesh, and its development partners and its impact on aid and the development administration to increase aid effectiveness. Therefore, this study is relevant in understanding the reality of implementation of the aid effectiveness agenda and its impact on aid effectiveness.

This study has two-fold significances- theoretical, and policymaking and implementation. A number of findings of this research minimise knowledge gap in the area of aid and development effectiveness. For example, project-based approach to implement the aid effectiveness agenda, lack of institutionalism of the initiatives, visibility tendency than real outcomes and poor understanding of the Government officials and reluctance of the donors to change system and procedures. Moreover, few findings of this research will contribute to future policymaking and implementation in relation to the aid effectiveness agenda. For instance, the

study unveils the impact of the frequent changes in the agenda in country level, provides information about current implementation status and unfolds challenges related to top-down policy implementation approach. Furthermore, this research contains significant amount of information for the aid recipient government, international organisations deal with aid and the professionals of social sciences especially development economics.

1.5 Existing Literature on Aid Effectiveness

Some believe aid does not work and is even detrimental to economic development (Collier, 2006; Easterly, 2008; Moyo, 2009; Nowak-Lehmann et al., 2012; Nourou, 2014; Asongu and Nwachukwu, 2016). Others argue aid works (Sachs, 2005; Alvi and Senbeta, 2012, 2015; Larsen, 2016; Mohapatra et al., 2016) and a “big push” should be given so that recipient countries can gain sustainability soon (Sachs, 2005). Another viewpoint is that aid is effective if the recipient country has a sound policy, strong institutions and good governance (Burnside and Dollar, 1997a, 1997b, 2004; World Bank, 1998; Sobhan, 2002; United Nations, 2013; Copestake and Williams, 2014; Qayyum et al., 2014; Habtom, 2016). Recent studies are more focused to identify factors which undermine the effectiveness of aid than the debate of aid works or not (Lim, 2011; Cameron and Low, 2012; Abdul-Malek, 2015; Habraken et al., 2017). These look at aid effectiveness from a total management perspective rather than a narrow aid and growth relationship.

1.6 Aid Effectiveness in Bangladesh

This study and those of the Government of Bangladesh argues that in spite of several initiatives, aid effectiveness remains a challenge for Bangladesh (AEU, 2010a; AEU, 2011; ERD, 2011; ERD, 2016, 2016a). Several issues have been identified that impede aid effectiveness in Bangladesh. For example, capacity constraints of Government officials, corruption, cumbersome project approval processes, poor project implementation (Quibria, 2010), poor policy regimes, governance (Khan and Ahmed, 2012), a lack of ownership, client-patron relationships between Government and development partners (Eyben, 2007; Quibria and Islam, 2014), aid fragmentation, proliferation of donors and projects (AEU, 2010a, 2011; Ahmed, 2017), an absence of harmonisation (Rahaman and Khan, 2010) and a weak public finance management system (Hossen, 2015). Some studies also suggest the aid effectiveness

agenda is yet to make a considerable contribution to the aid-growth relationship and the overall aid management of the Bangladesh economy (Rahaman and Khan, 2010; Nadoll, 2010; Dristy, 2016). Currently, the availability of development finance, particularly foreign aid is perhaps not an issue. Rather the Government realises that without a serious overhauling of aid and the development management administration and system, the national Vision 2021 is unlikely to become reality. Subsequently, achievement of SDGs will be uncertain (ERD, 2016a). Therefore, effective implementation of aid effectiveness principles is crucial for Bangladesh.

1.7 Methodological Approach of the Study

This study adopts a qualitative mode of inquiry, combining a critical realism philosophy with an abductive approach and case study strategy. It analyses primary data in the form of sixty six interviews of high-level policymakers including three ministers and six secretaries, senior officials from development partners and associated professionals. Moreover, it scrutinises official Government documents, which to the best of knowledge, no previous study has been able to access. A thematic data analysis technique is then applied to data using NVivo to code transcribed data, organised as node and child-node to develop themes and sub-themes.

1.8 Contributions to the Literature

This study seeks to make four contributions to the research literature:

- i. It is an extensive examination of Bangladesh's efforts to implement the aid effectiveness agenda.
- ii. It provides further insights into the partnership approach between donors and recipients, central to the aid effectiveness agenda.
- iii. It provides an update on the "unfinished business" of the aid effectiveness agenda.
- iv. It analyses the top-down public policy implementation approach and some of the challenges associated with the process.

In terms of research question one, the Government of Bangladesh has undertaken several initiatives with regard to the aid effectiveness agenda. For example, alignment between long,

mid and short-term plans, the introduction of a Development Results Framework, public finance management reforms, Development Finance Assessment (DFA) and draft aid policy. Another important undertaking is the establishment of the Development Effectiveness Wing in the ERD. However, the execution of many policy initiatives has been disappointing. For instance, the five year plan is not well aligned with the annual development programme, execution is weak, frequent amendments of public finance management policies and laws are made and aid policy has remained in draft stage for the last eight years. The reasons for this are complex, but key issues include a lack of political commitment and weak leadership, capacity constraints, poor awareness and understanding of the importance of the aid agenda, a project-based approach which has not been institutionalised and non co-operation of donors to some extent.

With regard to research question two, a number of collaborative efforts by Government and donors have been made, mainly through the Joint Co-operation Strategy (JCS) to address core aid effectiveness issues. For example, donor harmonisation, use of a country system, alignment, mutual accountability and results management. However, outcomes of collaborative efforts remain unsatisfactory. A Local Consultative Group plenary and economic sector-wise working groups have not been functional and the Bangladesh Development Forum is taking place only intermittently. The main reasons for unsatisfactory outcomes include the disjointed project-based approach, a fear of losing funds, poor leadership of Government, weak institutions, a dominating attitude by donors, greater focus on international visibility rather than results of initiatives and donor reluctance to change systems and procedures.

In relation to research question three, it appears that neither the Government nor development partners are currently endeavouring to implement the principle of the aid effectiveness agenda. Therefore, the implementation process of “unfinished business” is in limbo. This study identifies a few reasons for this. The main include the shift of the agenda from aid to development effectiveness, the voluntary approach of the development effectiveness agenda, a lack of GPEDC initiative, fewer international activities related to the aid effectiveness agenda and demotivation of both donors and Government.

1.9 Policy Recommendations

This study sets out the following policy recommendations:

- i) The Global Partnership for Effective Development Co-operation (GPEDC) could enhance its efforts to implement “unfinished business” under a time-bound commitment. Inclusion of harmonisation as a principle of development effectiveness is also important.
- ii) Recipients need to undertake sustainable initiatives and adopt an institutionalised approach to implement the principles of the aid effectiveness agenda. On the other hand, donors could not only finance recipient initiatives but also change their systems and procedures to uphold the principles.
- iii) Recipients could introduce and improvise systems and policies without being afraid of losing funds. Donors could change their dominating attitudes and procedures to ensure ownership and leadership by recipients.
- iv) Donor and recipient priorities could emphasise outcome-based activities rather than collective visibility at international forums.
- v) Continuous dialogue is important between donors and recipients, therefore collaborative or co-ordination platforms need to be functional.
- vi) Awareness and understanding of the importance of the aid effectiveness agenda at all levels of recipient Governments is the catalyst to reap the benefits of the aid effectiveness agenda.

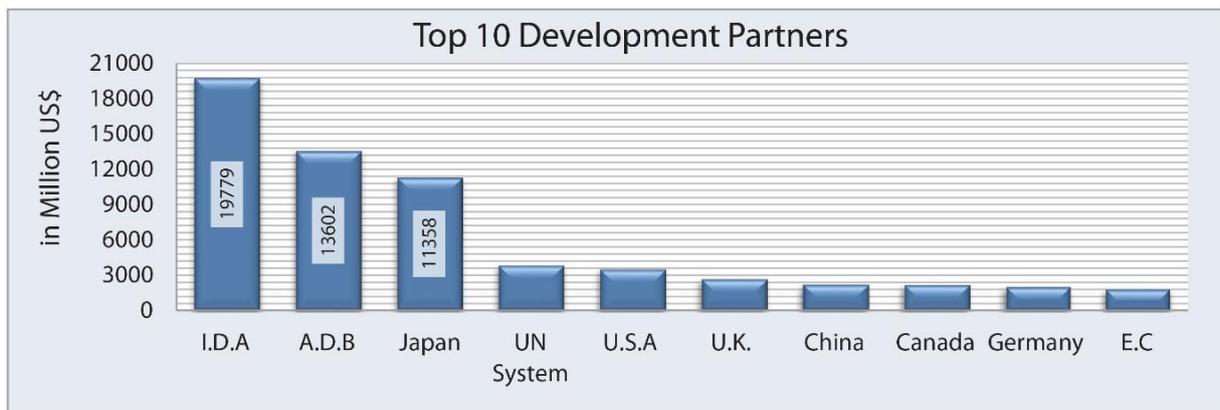
1.10 Context of the Bangladesh Economy and Foreign Aid

In spite of infrastructural deficits and perennial governance challenges, Bangladesh has been able to maintain a GDP growth rate of over 7% in the last couple of years, including 7.86% in the financial year 2017-18 (Ministry of Finance, 2018). The country is a lower middle income country (LMIC) as per World Bank classification and according to the UN, it is a least developed country with a per capita income of USD1751 (Ministry of Finance, 2018). In

2018, Bangladesh met all three criteria of the UN ECOSOC, GNI per capita, Human Asset Index (HAI) and Economic Vulnerability Index (EVI), for its graduation from LDC in 2024 (ERD, 2018a). A country with more than 160 million people, still owns a headcount poverty rate of 21.8%. Extreme poverty stands at 11.3 with Bangladesh 136 out of 189 countries in the Human Development Index of the UNDP (Ministry of Finance, 2019; UNDP, 2018). However, Bangladesh has also been identified as one of the next eleven emerging economies and a frontier five country (Goldman Sachs, 2007).

Nevertheless, more than 30% of the development budget of Bangladesh currently comes from foreign aid. Mostly in the form of loans which account for around 2% of national income (Calculated using: World Bank, 2019a; ERD, 2019a). Bangladesh received USD 6.21 billion in foreign aid from development partners in the 2018-2019 financial year, with USD 5.95 billion in loans and USD 0.26 billion in grants (ERD, 2019a). USD 79.26 billion in aid has been received since independence in 1971, USD 27.42 as grants and 51.84 as loans. The current amount of foreign aid in the pipeline is USD 48.11 billion (ERD, 2019a).

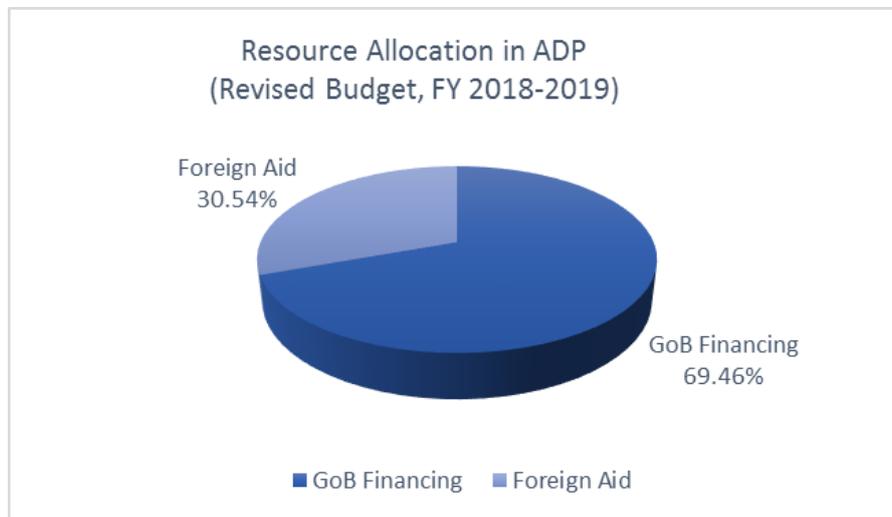
Figure 1.1 Top ten donors to Bangladesh as of 2019



Source: ERD, 2019

The total budget of Bangladesh in 2018-2019 was \$52 billion, with \$19.8 billion for development and \$6 billion expected from foreign aid – 30.54% of the development budget (Planning Commission, 2019).

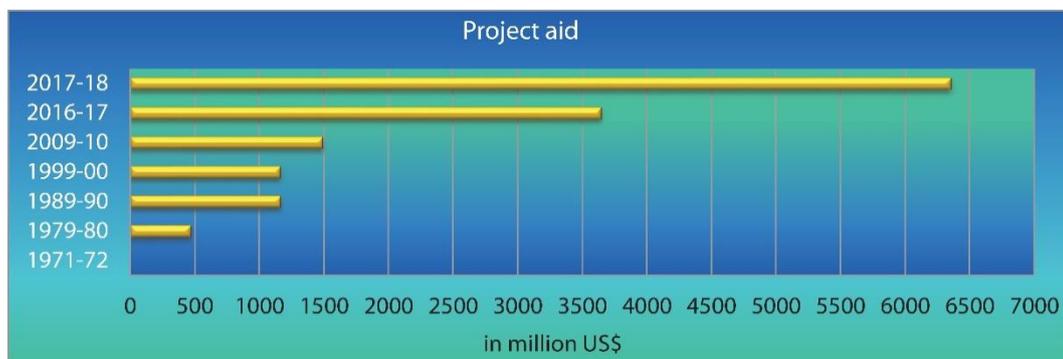
Figure 1.2 Ratio of Government contribution and foreign aid in the 2018-19 Annual Development Programme (ADP)



Source: ERD, 2019

Bangladesh inherited foreign aid when it was a part of Pakistan. After the independence in 1971, owing to poor internal savings, poverty and a large population, the country had fallen into the foreign aid trap. Starting with 8.5% in 1972-1973, the aid-GDP ratio increased up to 13.7% in the 1981-82 financial year. However, in first ten years of independence, 1972 to 1982, the contribution of foreign aid in the development budget was 61% to 65% (Sobhan, 1982). With the increase of exports, remittances, internal savings and an overall development of the economy, the aid-GDP ratio now hovers around 2%. Nonetheless, with the size of the development budget, known as the Annual Development Programme (ADP), the total amount of aid has always been increasing because of the budget deficit or investment gaps.

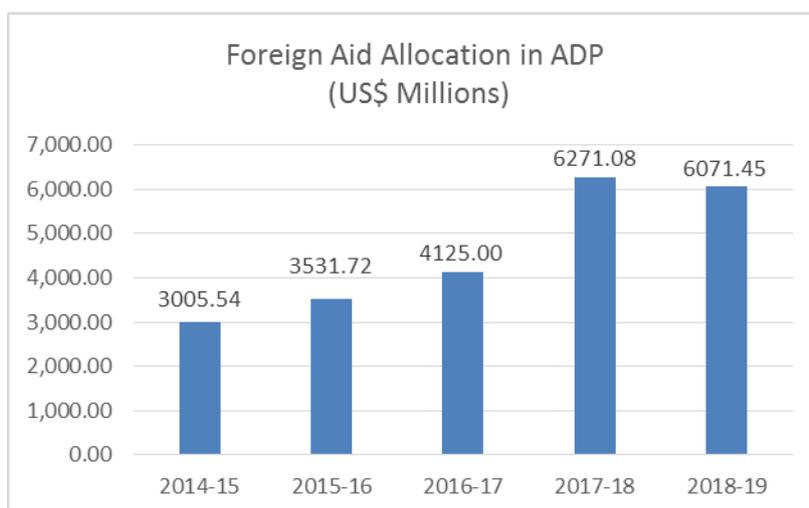
Figure 1.3 Increase in Project Aid from 1971-72 to 2017-18



Source: ERD, 2019

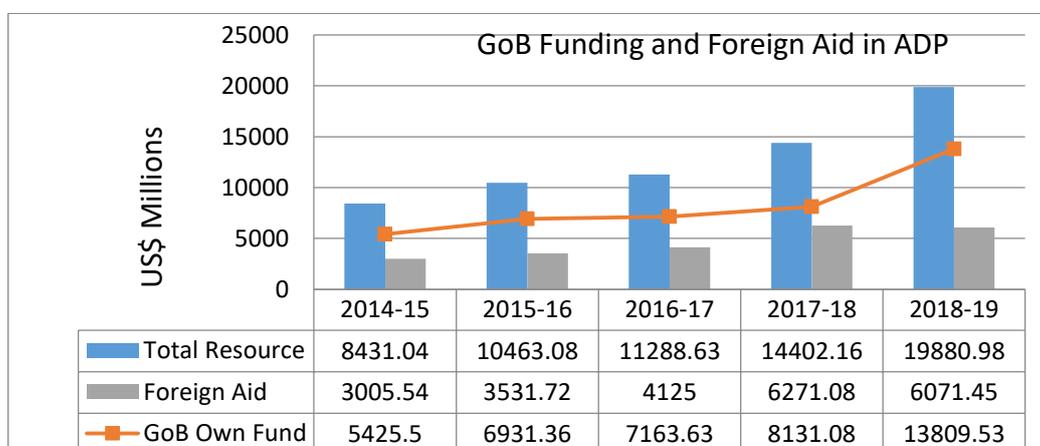
At the same time, a number of mega projects such as metro rail, nuclear power, big bridges, four lane highways and elevated express also contribute to the increase. The contribution of foreign aid in the Annual Development Programme (ADP) for the 2018-19 financial year was USD 6 billion but USD 3 billion in the 2014-15 financial year (ERD, 2019a).

Figure 1.4 Foreign Aid in the Annual Development Programme from 2014-15 to 2018-19



Source: ERD, 2019

Figure 1.5 Ratio of Government Contribution and Foreign Aid in the Annual Development Programme (ADP) from 2016-17 to 2018-101



Source: ERD, 2017d, 2017e, 2018b, 2019a

Currently, all seventeen sectors of the economy have aid dependency. The following table provides a clear picture.

Table 1.1 Resource Allocation in the 2018-19 Annual Development Programme (ADP)

Resource Allocation in ADP, FY 2018-19 US\$ Millions (84 BDT= 1US\$)				
Sector		Total Resource	GoB Financing	Foreign Aid
1.	Agriculture	823.6	630.29	193.31
2.	Rural Development & Rural Institutions	1804.08	1505.56	298.52
3.	Water Resources	595.35	473.50	121.85
4.	Industries	243.61	228.55	15.06
5.	Power	2764.92	1651.33	1113.59
6.	Oil, Gas and Natural Resources	262.99	106.18	156.81
7.	Transport	4535.67	2992.19	1543.48
	a) Road Transport	2357.45	1665.29	692.16
	b) Bridges	755.22	584.14	171.08
	c) Railways, Shipping and Civil Aviation	1423	742.76	680.24
8.	Communication	240.6	143.85	96.75
9.	Physical Planning, Water Supply and Housing	2425.21	1739.40	685.81
10.	Education and Religion	1841.51	1694.46	147.05
11.	Sports and Culture	77.82	77.56	0.26
12.	Health, Nutrition, Population and Family Welfare	1297.87	865.88	431.99
13.	Mass Relations	29.81	27.19	2.62
14.	Social Welfare, Women and Youth Development	77.34	68.35	8.99
15.	Public Administration	590.99	473.56	117.43
16.	Science, Information and Communication Technology	1589.72	493.78	1095.94
17.	Labor and Employment	55.28	47.51	7.77
Total (17 Sectors)		19256.37	13219.14	6037.23
Development Assistance (to 10 Sectors of Local Government, Chittagong Hill Tracts and Special Areas etc.)		624.61	590.39	34.22
Total		19880.98	13809.53	6071.45

Source: MoP, 2019a

1.10.1 Bangladesh's Performance in Aid Effectiveness Surveys and Monitoring

Bangladesh has participated in all of the OECD-DAC aid effectiveness surveys in 2005, 2007 and 2010. Between 2005 and 2010, it was able to meet three indicators out of twelve; indicator three: aid flows are aligned to national priorities, indicator four: strengthen capacity by co-ordinated support and indicator eight: aid is untied. Three indicators remained static, five indicators showed progress and four indicators resulted in setbacks.

Table 1.2 Bangladesh's Performance in the OECD-DAC Surveys

Paris Declaration Indicator		2005 Baseline	2007 Progress	2010 Actual	2010 Target
Wonorship					
1	Operational Development Strategies	C	C	C	B or A
Allgnment					
2a	Reliable public financial management (PFM) systems	3.0	3.0	3.0	3.5
2b	Reliable procurement systems	Not available	Not available	Not available	No Target
3	Aid flows are aligned on national priorities	88%	92%	100%	94%
4	Strengthen capacity by co-ordinated support	31%	69%	54%	50%
5a	Use of country PFM systems	53%	77%	65%	No Target
5b	Use of country procurement systems	48%	66%	29%	No Target
6	Strengthen capacity by avoiding parallel PIUs	38	24	18	13
7	Aid is more predictable	91%	100%	84%	96%
8	Aid is untied	89%	89%	93%	More than 89%
Harmonisation					
9	Use of common arrangements or procedures	41%	50%	34%	66%
10a	Joint missions	19%	20%	29%	40%
10b	Joint country analytic work	38%	42%	47%	66%
Managing for Results					
11	Results-oriented frameworks	D	C	C	B or A
Mutual Accountability					
12	Mutual accountability	N	N	N	Y

Source: OECD, 2011c

The GPEDC (2016) monitoring round report again denoted an unsatisfactory performance for Bangladesh, especially in core aid effectiveness indicators. Alignment of aid to national priority went down to 89%, from 100% in 2010. Budget support was 80% in 2010, also down to 75%. Only 23% of aid was using national budget execution, down from 62% in 2013 and disbursement beyond schedule was 54% for a target of 0% (GPEDC, 2016a).

Table 1.3 Bangladesh’s Performance in the GPEDC Monitoring Round, 2016

Indicator	2016 Findings	Reference Year/ Target
DPs Alignment country Objectives	89%	
DPs Alignment in Results	58%	
DPs Use of Government Data	50%	
Joint Evaluation	54%	
Development Cooperation on Budget	75%	80% in 2010 and 84% in 2013
Development co-operation is using national budget execution	23%	62% in 2013
The use of national systems for financial reporting by DPs	89%	92% in 2013
The use of national systems for financial auditing by DPs	87%	91% in 2013
Extended use of country procurement by DPs	21%	42% in 2013
Untying	85%	Target-100%
Predictability	84%	61% in 2013
Medium-term Predictability	99%	Ideal-100%
Disbursement beyond schedule	54%	

Source: GPEDC, 2016a

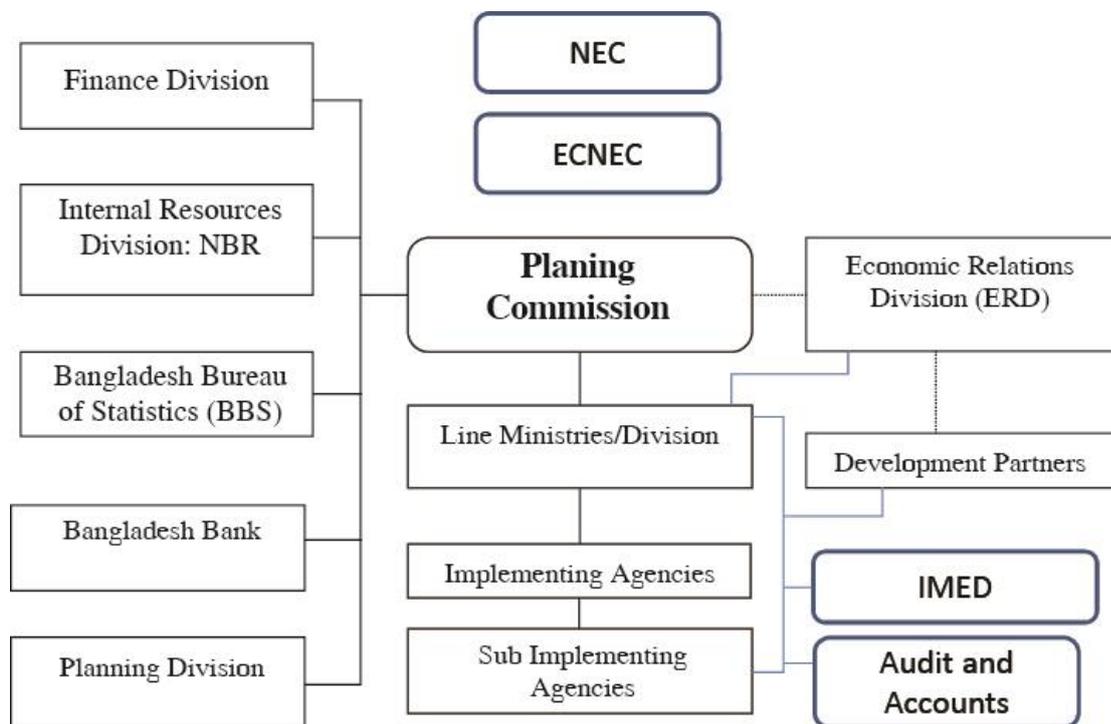
1.10.2 Planning, Development and Aid Administration in Bangladesh

The Government of Bangladesh has a structured planning strategy as well as a development administration to underpin the country’s socio-economic vision. The National Economic Council (NEC), the Executive Committee of the National Economic Council (ECNEC), the Planning Commission (PC), all four divisions of the Ministry of Finance: Finance Division (FD), Internal Resources Division (IRD), Economic Relations Division (ERD) and Financial Institutions Division (FID), and all three divisions of the Ministry of Planning: Planning Division , Implementation, Monitoring and Evaluation Division (IMED) and Statistics and

Informatics Division (SID) and line ministries/divisions constitute the planning and development administration of Bangladesh (AEU, 2010; Rahman, 2014).

The Ministry of Finance and the Ministry of Planning jointly undertake and co-ordinate planning and development activities for the country. The Planning Commission (PC) formulates long, medium and short term plans reflecting the country’s vision, development goals and priorities. As an executing agency, the line ministry/division and its agencies formulate development projects, aligning plans and development goals. The Ministry of Finance (FM) arranges resources for development projects but due to a scarcity of internal resources, the FM sources foreign aid through the Economic Relations Division (ERD). As the country’s development undertaking is project-based and all seventeen economic sectors have aid dependency, almost all institutions of the development administration are involved in the management of foreign aid.

Figure 1.6 Planning and Development Administration in Bangladesh

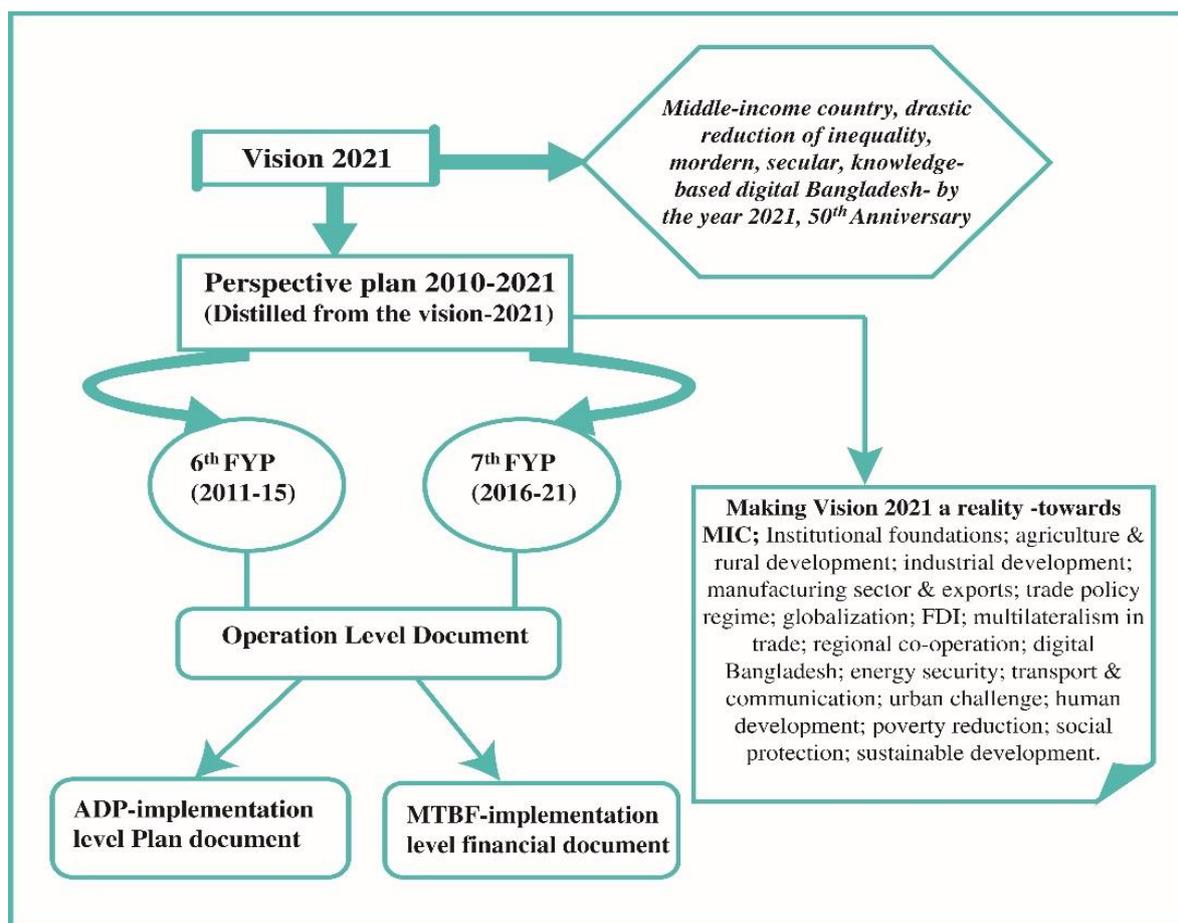


Source: Rahman, 2014

1.10.3 Current Development Planning Structure

Historically, Bangladesh’s national development strategy has been formulated as a five-year development plan, except for the period 2003 to 2010, when poverty reduction strategy papers (PRSP) were prepared. Bangladesh’s current planning strategy is guided by a national vision to become a middle-income country by 2021 in the 50th anniversary year of independence: “Vision 2021”. The five year plan is implemented by a three-year rolling Medium-Term Budgetary Framework (MTBF) and a one-year Annual Development Programme (ADP). The ADP is a compilation of projects approved by the Planning Commission, the Finance Division and the Economic Relations Division of the Ministry of Finance (ERD, 2016). The ADP is revised with the budget and called the Revised ADP (RADP) (Planning Division, 2016).

Figure 1.7: Development Planning Process of the Government of Bangladesh



ERD, 2016; p.4

1.10.4 Economic Relations Division (ERD)

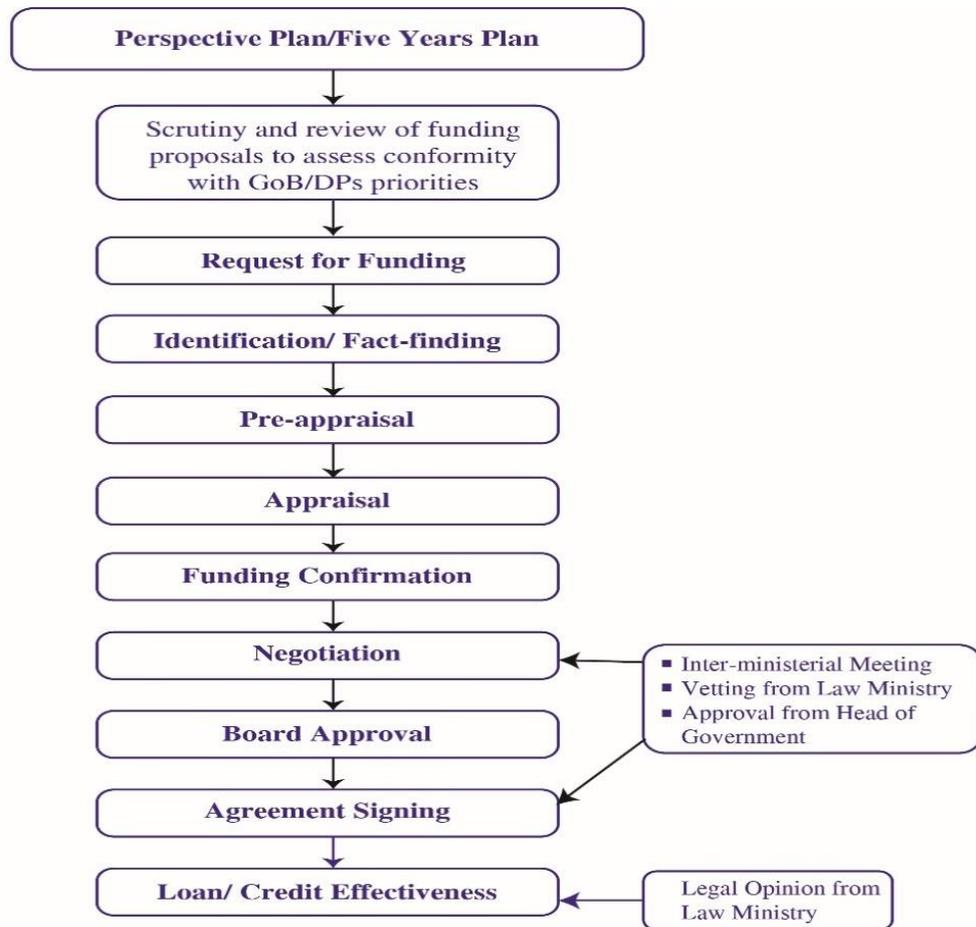
The Economic Relations Division (ERD), one of the four divisions of the Ministry of Finance, is the designated organisation of the Government to mobilise foreign aid, liaise with development partners and co-ordinate all foreign aid inflows to the country. For line ministry requests for foreign aid, the planning commission determines priorities and investment levels and the ERD assesses foreign aid needs, mobilises aid, participates in project monitoring and plans for debt servicing.

Table 1.4 Major Functions of the ERD

Type of Function	Function
Foreign aid mobilisation and coordination	Both Project Aid and TA package assessment, negotiation, mobilisation and allocation for FYP and ADP ▪ Aid Agreement Signing ▪ Coordinate all aid related matters ▪ Ensure aid effectiveness and DP coordination
Aid Programme implementation, monitoring and budgeting	Ministries/divisions' proposals examination and allocation of aid ▪ Formulation of tender guidelines and procedures for aided projects and consultant appointment ▪ Foreign exchange budgeting and debt management ▪ Monitoring, review and coordination of foreign aid utilisation
External Economic Relations	Maintain external relations with international development organisations ▪ Bangladesh Missions' Economic Wings management ▪ Represent Bangladesh in international development forums

Source: Nadoll, 2010; Cabinet Division, 2017; ERD, 2015, 2017

Figure 1.8 ERD Business Process



The above schematic diagram shows the basic stages involved in mobilizing external resources by ERD. However, these stages may vary from donor to donor depending on their nature of aid (Loan/ Grant) as well as on the procedures followed by a particular development Partner

Source: ERD, 2015a

The ERD is divided into ten wings according to development partners, except Wing ten, but wings are also responsible for other activities. These wings negotiate with DPs and mobilise aid. ERD wings include Wing one: America and Japan, Wing two: the World Bank, Wing three: Administration and the Middle East, Wing four: the UN, Wing five: the ADB, Wing six: Co-ordination and Nordic, Wing seven: Europe, Wing eight: Asia and the Joint Economic Commission (JEC), Wing nine: Foreign Aid Budget and Accounts (FABA) and ICT Functions and Wing ten: Development Effectiveness responsible for aid and development effectiveness related activities (ERD, 2105, 2017). However, the ERD’s wings in general also take part in project monitoring by way of project progress information reports

from project directors/line ministries and field visits. The ERD organises a tripartite meeting between itself, implementing agencies and development partners to resolve issues such as procurement, delayed implementation or delayed disbursement (ERD, 2017).

1.11 Summary of Thesis Structure

This thesis comprises eight chapters including an introduction and conclusion. Chapter one outlines the background and objectives of the study and also provides a context for the Bangladesh economy and foreign aid. Chapter two reviews the existing literature on aid effectiveness with a particular focus on the aid effectiveness agenda. It highlights the debate on aid effectiveness, defining it from the perspective of the aid effectiveness agenda. Traditional issues which have historically appeared in the aid literature such as weak institutions and policies, governance and corruption in recipient countries have also been discussed in this chapter. Both the empirical and theoretical literature are reviewed to outline the emergence and normative framework of the aid effectiveness agenda in an order of international aid effectiveness forums and conferences. For example, Rome, Paris, Accra and Busan High-Level Forums on Aid Effectiveness. A literature review on the experience of different countries in implementing the aid effectiveness agenda is also presented in this chapter. The literature review on a shift from aid to development effectiveness and its impact is also included in this chapter. An analysis of this chapter helps to outline the conceptual framework in chapter three. In line with the top-down policy approach of the aid effectiveness agenda, the conceptual framework is outlined adopting a top-down public policy implementation model. The chapter discusses public policy and different models of policy implementation and suitability in different contexts. An argument is offered in favour of the selection of the top-down policy implementation approach or model. Finally, the conceptual framework of the thesis is presented at the end of the chapter. In Chapter four, a research methodology is elaborated. The chapter outlines a rationale for qualitative research, critical realism, an abductive approach and a case study research strategy. Sampling, data collection methods, questionnaires, data analysis techniques and procedures are described. The necessary steps to ensure validity and reliability of the research as well as findings are also discussed. Due to the sensitive nature of interview information, ethical considerations are important. Therefore, procedures and precautions for upholding ethics are presented in this chapter.

Chapter five is one of the analytical chapters. It analyses policy decisions or initiatives of the Government of Bangladesh to implement the aid effectiveness agenda. It also critically evaluates the impact of these initiatives in the aid and development administrations of Bangladesh. The chapter also identifies gaps in the implementation process. The next chapter, chapter six, is a second analytical chapter evaluating the Government of Bangladesh and its development partners' collective efforts in implementing the aid effectiveness agenda and the impact of these efforts in aid administration in Bangladesh. The chapter examines the application of guidelines for aid effectiveness at country level. Chapter seven, another analytical chapter, evaluates the current implementation status of the aid effectiveness agenda. This chapter examines the present initiatives of the Government of Bangladesh as well as development partners in implementing the principles of the aid effectiveness agenda with a special focus on contemporary transformation of the aid effectiveness agenda to development effectiveness. The final chapter, chapter eight is the concluding chapter of the thesis and contains findings, contributions to knowledge, limitations of the study and recommendations for future research.

Chapter 2

Literature Review

2.1 Introduction

After more than sixty years the business impact of foreign aid is still a matter of intense debate. The aid community and academia identify a number of issues detrimental to aid effectiveness associated with donors as well as recipients. For example, donors are held responsible for conditionality, fragmentation and dominance; in contrast, recipient countries are liable for weak policy and institutions, and poor governance. In the late 1990s, discussion developed in the aid community to set-up principles and targets to change the approach from donorship to partnership to ensure aid effectiveness eliminated these concerns. Nonetheless, a breakthrough came after the UN MDG declared a need for more and effective development finance which eventually accelerated the aid effectiveness agenda. This agenda does not necessarily reflect only on the aid and growth relationship rather it includes issues such as aid management, delivery, and development impact. The aid effectiveness agenda was initially driven by the OECD-DAC and eventually by the United Nations and the World Bank as well.

Four High-Level Forums (HLF) helped shape the aid effectiveness agenda. The first HLF convened in Rome in 2003 with an explicit emphasis on harmonisation. However, the revolutionary Paris HLF of 2005 popularly known as the ‘Paris Declaration on Aid Effectiveness (PD)’ influenced the aid regime most. Five aid effectiveness principles: ownership, alignment, harmonisation, managing for results and mutual accountability, and twelve indicators and target deadlines made it a complete package. The Accra Agenda for Action (AAA) was resolved in Accra 2008 HLF to expedite PD implementation. The 4th HLF on Aid Effectiveness convened in Busan in 2011 where the Historic Busan Partnership for Effectiveness Development Co-operation document was adopted and a broader and more inclusive platform, the Global Partnership for Effective Development Co-operation (GPEDC) was created to achieve development effectiveness where ‘unfinished business’ of the PD and Accra remained at the centre. The GPEDC is now focused to achieve the universal 2030 Agenda, SDGs, enhancing the efficiency of aid as well as development cooperation.

The following literature review extensively covers the existing literature on aid and the aid effectiveness agenda within which the current research has been undertaken. As the current research examines the Bangladesh Government and its development partners efforts to implement aid effectiveness, this literature review mostly emphasises the evolution of the aid effectiveness agenda as well as the implementation exercises of different aid recipient countries to establish a context.

Section 2.2 discusses the aid effectiveness concept, Section 2.3 focuses on the long-standing debate ‘aid works or not’, Section 2.4 examines the importance of recipient policy, institution, governance and corruption issues for effective utilisation of foreign aid, Section 2.5 reviews donor behaviour in managing aid , Section-2.6 discusses the emergence of the aid effectiveness agenda, Section 2.7 sheds light on the first High-Level Forum on Aid Effectiveness with a special focus on changes in policy and management, significance of the Managing for Development Results Round Tables is evaluated in Section-2.8, Section- 2.9 reviews the Paris Declaration (PD)’s significance, policy implications and progress (Section-2.11 also discusses progress) and weaknesses and Section-2.10 inspects the Accra High-Level Forum’s input for faster implementation of PD. A major aid effectiveness policy shift took place in Busan HLF which is discussed in Section-2.12, SDG Declaration’s implications are discussed in Section-2.13, Section-2.14 examines GPEDC progress and implications for aid effectiveness policy implementation, the PD policy implementation experience and challenges are discussed in Section-2.15 and 2.16, and Section-2.17 evaluates the impact of the aid effectiveness agenda and the future of it. Section-2.18 under the caption of Gaps in Literature argues the need for this research in the area of aid effectiveness policy implementation especially from a recipient country perspective.

2.2 Concept of Aid Effectiveness

A vast majority of the existing aid literature defines aid effectiveness from the perspective of economic growth with special reference to poverty reduction (Burnside and Dollar, 1997a; Hansen and Tarp, 2001; Karras, 2006; Minoiu and Reddy, 2010; Lacalle-Calderón, 2015). Some authors attempt to define aid effectiveness relatively broadly linking aid effects to economic and social development or to increase per capita income (Chenery and Strout,

1966). Aid effectiveness is also seen as an effect on development (Doucouliagos and Paldam, 2006) or economic prosperity (Simplice, 2014). But the group of literature that narrowly focuses on the aid and growth relationship certainly omits the link of aid with final development outcomes especially in the new aid landscape (Bourguignon and Sundberg, 2007). However, there is a growing literature influenced by the aid effectiveness agenda particularly after the Paris Declaration which describes aid effectiveness from the viewpoint of aid delivery, management and achievement of development outcomes (OECD, 2006; Stern et al., 2008; Abdel-Malek, 2015).

Indicator-based aid management imperatives of the PD immensely influenced the post PD literature in reference to aid effectiveness. The Organisation for Economic Cooperation and Development (OECD) asks for the commitment of its members to aid effectiveness and its idea of aid effectiveness as *'improving the management, delivery and complementarity of development cooperation activities to ensure the highest development impact'* (OECD, 2006; p.139). Focusing on the management and objectives of aid, Stern et al. (2008; p. vii) define aid effectiveness as an *'arrangement for the planning, management and deployment of aid that is efficient, reduces transaction costs and is targeted towards development outcomes including poverty reduction'*. Outcomes of the aided project and its implementation also appear in the definition of aid effectiveness. Roberts (2009; p.2) says that *'aid should effectively meet the needs of the people by having a positive impact during and following project implementation'*. However, these definitions do not expressly speak about ownership and accountability which are articulated as fundamental prerequisites of aid effectiveness in High-Level Forums particularly in the PD. Abdel-Malek (2015; p.1) makes an attempt to define aid effectiveness combining all principles evolving through the aid effectiveness agenda and he reveals that *'the extent to which aid provided to a country supports its plans to achieve development goals in a sustainable and measurable way'*.

The current aid effectiveness discourse is very much motivated towards the achievement of the universal 2030 SDG agenda that emphasises development effectiveness and is measured through indicators (GPEDC, 2016). However, this thesis upholds the PD together with its normative framework- ownership, alignment, harmonisation, managing for results and mutual accountability and commitments as the definition of aid effectiveness.

2.3 Debate of Aid Effectiveness

The study of the aid literature explicitly reveals three distinct categories; aid positivist, aid critic and conditional supporter. Aid positivists claim that aid creates a positive impact on economic growth and poverty reduction (Sachs, 2005, Alvi and Senbeta, 2012, 2015; Larsen, 2016; Mohapatra et al., 2016). It contributes to the rise of economic indicators such as physical and human capital and infant mortality (Arden et al., 2015) and vital economic sectors such as agriculture and industry are benefited from foreign aid (Feeny and Ouattara, 2009). Socio-economic infrastructural development is fundamental for the sustainable economic growth of a country and foreign aid significantly contributes to the improvement of infrastructure in developing countries (Asongu and Nwachukwu, 2017). Furthermore, studies find a long-run positive impact of aid on economic growth (Minoiu and Reddy, 2010). But the evidence is there that the positive impact of aid can make recipient governments lazy in mobilizing domestic resources (Chowdhury and Sugema, 2005). However, positivists do not specify prerequisites or conditions which may impact the outcome of foreign aid, for example, governance, culture, and weak policies of recipient countries. At the same time, they omit country conditions such as slow or fast progressing economies because it is reported that high-growth countries can reap more benefit from foreign aid than low-growth countries (Simplice, 2014). Besides, some authors claim a diminutive relationship between aid and economic development (Burnside and Dollar, 1997a; Sogge, 2002).

Conversely, critics assert that aid fails to stimulate economic growth and alleviate poverty (Djankov et al., 2006; Collier, 2006; Easterly, 2008; Moyo, 2009; Ghosh and Ghosh, 2010). Moreover, some research indicates that the aid impact is negative in the economy and it further creates a socio-economic problem or weakens institutions (Nowak-Lehmann et al., 2012; Nourou, 2014; Asongu and Nwachukwu, 2016). There is also a strong allegation against foreign aid as a contributory to corruption (Agarwal, et al., 2010) and bad governance (Busse and Gröning, 2009). An adverse relationship between aid and social development is discussed by some of these authors too, for example, Nourou (2014).

Nevertheless, aid critics have observed the aid impact from a very narrow-angle of growth and a broad perspective of economic development is somehow absent in their discussions. Even they do not differentiate types of aid-grant or loan because the impact may vary with

the type of aid. This aspect of delivery and management of aid needs to be taken into consideration in evaluating the outcomes of aid or aid effectiveness (OECD, 2006). Also, the amount of aid and time of reimbursement can contribute to the outcome of aid along with a myriad of factors as Harbarken et al. (2017, p.780) who use a very interesting phrase *'failure of aid has many mothers [.....] this would encompass, for instance, bad governance, including corruption and the mis-use of funds'*.

The conventional 'negative' or 'positive' approach in evaluating aid effectiveness is perhaps not the right approach in a complex aid regime where many different factors and conditions are related, it is just not the positive or negative impact itself. Therefore, to harness a positive impact of aid, conditional supporters identify particular issues associated with aid effectiveness among which governance (Qayyum et al., 2014), quality institutions (Burnside and Dollar, 2004; Chong et al., 2009; Christopoulos et al., 2016), corruption (Sachs, 2005; Collier, 2006), donor co-ordination (Winters, 2012), good policy (Burnside and Dollar, 2000), politics (Tingley, 2010), conditionality (Agarwal et al., 2010) and bureaucracy (Easterly, 2002) are repeatedly mentioned. Some of these issues are related to donors and some with recipients. The difficulty with this group of thinkers is that most of them articulate one or two issues and do not provide a comprehensive solution.

The following section examines aid recipient policy and governance implications for aid effectiveness with a special focus on the institution, political system, implementation of policy reform and quality of governance.

2.4 Recipients' Policy, Institution, Governance and Corruption

The quality of aid recipient policy, institutions and governance has extensively been discussed in academia. These issues also receive significant importance in all aid effectiveness declarations and are identified as the linchpin to implement principles of the aid effectiveness agenda.

The first audacious claim in relation to the positive impact of good policy on aid effectiveness comes from Burnside and Dollar (1997b) who reveal that aid spurs growth-in a sound policy environment and countries that have good policies receive more aid (Burnside and Dollar (1997a). These findings were then promoted by the World Bank and they advised that aid works well in place of good policy and urged the donor community to pour large-

scale aid into those developing countries that had sound policies (World Bank, 1998). In slightly different language Burnside and Dollar (2000; p.847) repeat '*aid has a positive impact on growth in developing countries with good fiscal, monetary, and trade policies but has little effect in the presence of poor policies*'. Prioritizing policy improvement for effective aid and poverty reduction, Collier and Dollar (2001) propose a model and advise for policy reform. The ultimate recommendation of their model, for higher growth rates and greater poverty alleviation, is to channel foreign aid to those countries that have sound policies (Ram, 2004). Conversely, research confirms that aid has a positive impact on growth but it is not conditional on policy (Hansen and Tarp, 2001). Moreover, Dalgaard and Hansen (2001; p.38) assert the '*positive effect of aid on growth in any policy environment*'.

Using an extended data set on Burnside–Dollar (2000) models Easterly et al. (2003) find a fragile interaction between aid-policy parameters. They get the same result when different proxies for aid and good policies are used in different period-lengths. Nevertheless, donors still believe that good policy measures of recipient countries are the precondition for aid effectiveness and poverty reduction (DFID, 2006). A debate is there that sometimes recipient countries undertake policy reforms being afraid to lose donor funds (Rahman et al., 2016). Effective aid and type of policy discourses evolved over the time and widespread discussion continues in the existing literature. Some studies recommend for good macroeconomic policy (Mohapatra et al., 2016) and a combination of economic and political policy (Emara et al., 2013) for effective aid. Instead, Addison & Tarp (2015; p.5) ask for '*macroeconomic management of aid inflows, in particular with regard to exchange rate policy, monetary policy, and reserve accumulation*'. However, studies also emphasize only on fiscal and monetary policy (Sharma and Bhattarai, 2013). It is believed that East Asian countries yield better benefit of aid than tropical or African countries due to execution of effective policies (Habtom, 2016).

However, one of the notable works of Burnside and Dollar in relation to the impact of quality institutions on foreign aid is published in 2004 which draws serious attention to the donor community as did their publications in 1997 and 2000 about the impact of aid on growth, and implications of policy and governance on aid (Burnside and Dollar, 1997a, 1997b, 2000, 2004). They claim that aid effectiveness depends on the quality of institutions of the recipient country. However, some scholars raise this issue of institution before them, for example, Friedman et al. (1999). The importance of the institution is also stated in UN declarations (United Nations, 2013). A good number of studies support as well as reject, Burnside and

Dollar's argument in different dimensions. Scholars recognise the quality of institutions of recipients is critical for aid effectiveness (Copestake and Williams, 2014) and find that the true benefit of foreign aid depends on the quality of the host country institutions (Asongu, 2015; Betts and Wedgwood, 2011). Moreover, 'absorptive capacity' of recipient institution is crucial to achieve outcomes of aid (Habtom, 2016; p.49). On the contrary, few studies find a negative impact of aid even in the presence of good quality institutions in recipient countries (Easterly, 2003; Rajan and Subramanian, 2008). Besides, donor-imposed institutional reform programmes comprise recommendations which may adversely affect recipient institutions. But it is observed that countries with good quality institutions receive more aid than countries with poor institutions (Burnside and Dollar, 2004; Jones and Tarp, 2016; Asongu, 2015).

Although donors channel aid in countries with poor institutions, in many occasions, they bypass government system and use NGOs and multinational organisation, for example, UNDP to implement projects (Acht et al., 2015). Alternatively, donor sets-up Project Implementation Unit (PIU) combining human resource from both donor and recipient. However, this bypass increases implementation cost. Furthermore, the contribution of aid on recipients' institution is also widely discussed. Technical assistance strengthens institutions, improves quality (Bräutigam and Knack, 2004; Busse and Gröning, 2009), enhances capacity and ensures sustainability (Kono and Montinola, 2009; Dutta et al., 2013). Conversely, studies find negative or no impact on recipients' institutions (Djankov et al., 2008; Chong et al., 2009; Svensson, 2000; Rajan and Subramanian, 2007; Heckelman and Knack, 2008; Asongu and Nwachukwu, 2016; Bräutigam and Knack, 2004). Besides, donor-imposed institutional reform programmes comprise recommendations which may adversely affect recipient institutions.

On the other hand, a good volume of the literature confirms the positive impact of good governance on aid effectiveness and argues in favour of it from many different perspectives. Few authors precisely emphasise the quality of bureaucracy, level of corruption and execution of law and order as indicators of good governance and claim that governance is the catalyst of aid effectiveness (Qayyum et al., 2014). The United Nations (2013) states that good governance plays a central role in renewed development effectiveness. Researchers support the United Nations statement and confirm that countries that have good governance yield more benefit from foreign aid than countries with weaker governance (Habtom, 2016). It is found that a large amount of aid has a higher impact on development in countries with

good governance (Bräutigam, 2000; Adedokun, 2017). Notwithstanding, countries with good governance receive more, diversified and different modalities of aid (Claessens et al., 2009; Bermeo, 2017; Gani, 2009). Bilateral and multilateral donors prefer to provide more budget support, infrastructural and industrial aid to countries which have good governance (Winters & Martinez, 2015; Clist et al., 2012; Nordveit, 2014). Also, countries with good governance enjoy debt relief facilities from donors (Freytag and Pehnelt, 2009). Furthermore, some scholars hold a firm position about good governance and assert that aid effectiveness is not possible without good governance (Epstein and Gani, 2009; Sobhan, 2002).

However, there are studies which suggest that aid creates a negative impact on recipient country governance (Bräutigam and Knack, 2004; Knack, 2004; Rajan and Subramanian, 2007; Asongu and Nwachukwu, 2016). Foreign aid not only creates a negative impact on the political regime but also deteriorates democracy that contributes to poor democracy (Kalyvitis and Vlachaki, 2012). Investigating African context, Bräutigam & Knack (2004) find high level of aid is detrimental to good governance and high level of aid makes government accountable to the donors instead of own citizens which negatively impacts in the overall governance of the country (Qayyum et al., 2014). Moreover, industries for which good governance is crucial grow slowly in aid recipient countries (Rajan & Subramanian, 2007). The dependency of aid makes government lazy and it gives less effort in mobilising internal resources (Chowdhury & Sugema, 2005). Nevertheless, some researchers argue that governance is immaterial for aid effectiveness (Akramov, 2006). Furthermore, Brazys (2016) claims that aid has both positive and negative impacts on governance.

There is a tendency among donors to bypass government system in poorly governed countries (Dietrich, 2013; Bermeo, 2010; Acht et al., 2015). Similarly, Donor agencies in many occasions overtake government functions using foreign consultant and project management unit to implement projects. This approach weakens recipient government in the long-run (Bräutigam, 2000). Furthermore, donors also have governance issues that contribute to aid effectiveness. For example, multi-layers process or bureaucracy, delay disbursement of the fund, disclosure of aid data, fragmentation, and conditionality as a whole (Sobhan, 2002; Asongu & Nwachukwu, 2016; Winters, 2014). Moreover, bureaucratic inefficiency is also identified as a detrimental factor to aid effectiveness. The available literature on aid bureaucracy mostly condemns recipient bureaucracy as one of the reasons for poor aid governance (Alesina and Dollar, 2000); however, some authors make donor bureaucracy

responsible alongside recipients (Easterly, 2003; Easterly and Pfitze, 2008). However, bureaucratic relationship between donor and recipient can be adverse. Investigating challenges for harmonisation and decentralization, Winters (2012) identifies coordination problem between the donor and recipient bureaucracy where he blames donor for non-compliance.

Among many issues, corruption is widely discussed in the aid literature from many dimensions in its relationship with governance. Existing studies find that the impact of corruption on aid effectiveness is very high and it can also impede the growth of the country (Schudel, 2008; Agarwal et al., 2010; Gani, 2009). Remarkably, a few pieces of research claim that foreign aid reduces corruption in recipient countries and this rate of reduction is high in those recipient countries that have good governance (Okada and Samreth, 2012; Mohamed et al., 2015). As foreign aid can release government pressure of mobilization of revenue, governments can endeavour for a rule of law and fight against corruption; it means foreign aid can reduce corruption (Busse and Gröning, 2009). Conversely, there are findings that aid makes recipient countries corrupt, more corrupt or impede corruption control initiatives (Easterly and Williamson, 2011; Asongu and Nwachukwu, 2016). Furthermore, historically countries with corruption continuously receive aid and in many cases aid does not decrease (Neumayer, 2003a; Svensson, 2000; Alesina and Weder, 2002; Easterly and Pfitze, 2008; de la Croix and Delavallade, 2014)) but in this regard donor preference varies in choosing the recipient country, for example, more corrupt countries receive more aid from the USA, Italy and Finland than the UK (Isopi and Mattesini, 2008). Another argument is that *“Governments of donor states with a low level of corruption allocate less aid to corrupt recipients than to better performing countries, whereas more corrupt donor governments do not make such a distinction”* (Schudel, 2008; p.508). The amount of corruption likewise varies from the size of the project. Corruption in large infrastructure projects is comparatively lower than large non-infrastructure projects perhaps due to comprehensive anti-corruption measures of donors (Winters and Martinez, 2015).

Although the corruption issue in relation to aid is discussed from different perspectives by academics under the predominant approach of the aid effectiveness agenda, corruption is treated as very harmful for aid effectiveness. OECD-DAC donors have responded to the issue in many ways via suspension of aid, audit, investigation, reimbursement or reducing budget support as written in OECD-DAC Anti-corruption Task Team (ACTT) report, however, these

responses either resist or remain less successful owing to an opposite cooperation from recipients (OECD, 2009). Donors and recipients unanimously include the corruption issue in Section-4 of the Statement of Resolve of the Paris Declaration and outline its consequences (OECD, 2008). They again reiterate their firm position against corruption in Clause-33 of the Busan Partnership Documents and identify corruption as a plague for aid effectiveness (OECD, 2011). In Clause-55 of the Second HLM document of GPEDC donor and recipient countries, they announce the fight against corruption (GPEDC, 2016).

The subsequent section focuses on issues associated mostly with donors and also donor-recipient relationships. In the midst of these two issues, the next section will review the existing literature related to donor behaviour and aid management with special emphasis on fragmentation, donor proliferation, competition and self-interest of donors, and donor coordination.

2.5 Donor Behaviour and Aid Management

Along with the existence of certain issues in recipient countries, inter alia weak policy and governance, donor proliferation (Acharya et al., 2006; Knack and Rahman, 2007; Roodman, 2012; Kimura et al., 2012), competition and self-interest (Sobhan, 2002; OECD, 2009a, 2011a; Winters, 2012), fragmentation (Easterly, 2003, 2007; Roodman, 2006; Knack and Rahman, 2007; Nunnenkamp et al., 2013), duplication of projects (Cameron and Low, 2012), and lack of coordination (Riddell, 2007; Easterly, 2007; Nunnenkamp et al., 2013; Fuchs et al., 2015) are identified as pejoratives for aid effectiveness in the aid lexicon. These behavioural issues of donors make aid management difficult for recipient countries and significantly impact on the effectiveness of aid (Annen and Kosempel, 2009).. Aid proliferation and fragmentation: *too little aid from too many donors* (OECD, 2011a; p.3); the presence of many donors in many countries and sectors and projects, are long-standing concerns (Easterly and Pfitze, 2008; Knack et al., 2011, Kimura et al., 2012, Knack and Rahman, 2007; Fløgstad and Hagen, 2017) because donors want to '*plant their flags*' in all places (World Bank 1998; p.26). Individual interest and priorities of donors together with the unilateral selection of country and projects subsidise fragmentation and proliferation (OECD, 2011). Moreover, the use of several agencies by one donor (Birdsall and Kharas, 2010) and many donors in priority sectors also contribute to this (Halonen-Akatwijuka, 2007).

However, recipients on the other hand, having no other options to fill-up financial gaps accept aid from all available sources (Minasyan et al., 2017).

In most of the cases, donors do not really consider recipient development policies nor do they seek their opinions to undertake a project or design projects to implement their agenda (Lancaster, 1999; Schiff and Winters, 2003). Recipient governments face both management and relationship challenges for fragmentation and proliferation (Knack and Rahman, 2007). They need extra staff and budgets to support or fulfil donor requirements which increase transaction costs and ultimately thwart the positive impact of aid (Acharya et. al., 2006; Knack and Rahman, 2007; Knack et al., 2011; Anderson, 2012). On the contrary, few studies claim that fragmentation can positively contribute to aid effectiveness subject to the presence of good quality bureaucracy and lead donors (Gehring et al., 2017). Supporters of this group reveal that diversity of donors is positive because of *'more ideas, competition, and innovation, as well as a more consistent flow of funding'* (Lawson, 2013, p. 5). However, when too many donors are involved in one sector, it is difficult to make a particular donor responsible for aid failure (Winters, 2012).

Together with proliferation and segmentation, conditionality and tied aid are also an enduring problem. Traditionally conditionality has been seen as donor prescribed economic as well as administrative reforms that recipient governments may not execute without foreign aid (Dijkstra, 1999). Some authors reveal that conditionality is a kind of contract between donor and recipient where aid is the consideration (Coate & Morris, 1996; Adam & O'Connell, 1999). The World Bank report, 'Assessing aid – What Works, What Doesn't and Why' finds that conditionality fails to promote reforms (World Bank, 1998). Furthermore, scholars confirm that conditionality does not work and aid money is misused (Herfkens, 1999; Killick, 2002; Bourguignon and Sundberg, 2007). Donors design conditional reform package without considering cultural and political environment of the recipient and most of the time without consultation with the recipient. Therefore, the recipient does not own the conditional reform package and reforms remain unsuccessful (Killick, 2002; Sobhan, 2002; Morrissey, 2004; Lancaster, 2007). However, being fully aware of the fact, due to fear of losing fund recipient countries receive aid with conditionality (Scholl, 2009).

However, some researchers speak in favour of conditionality. They argue that to ensure effective use of aid money sometimes conditionality contracts can be beneficial (Killick,

2002). It is also said that unconditional aid can be less effective in absence of good democratic regimes (Dalgaard, 2008). Nevertheless, a burgeoning body of literature points out that despite rhetorical change because of the aid effectiveness agenda and promotion of budget support modality, conditionality still exists in different names and forms even in organisations like the World Bank (Swedlund, 2013; Koeberle et al., 2006; Faust, 2010; Dijkstra, 2011; Dornan, 2017). For instance, World Bank in many cases imposes policy conditionality even with budget support programmes (Dijkstra, 2011). New conditionality is not really imposed rather mutually agreed between donor and recipient (Dornan, 2017).

Furthermore, the tied aid issue is widely discussed in the literature for its detrimental effect on foreign aid. The OECD (2007a; p.785) very precisely defines tied aid as '*official or officially supported loans, credit or associated financing packages where procurement of the goods or services involved is limited to the donor country or to a group of countries which does not include substantially all developing countries*'. Subsequently, the tied aid issue is exhaustively discussed in all HLFs on aid effectiveness starting from Rome to Busan and even in two HLMs of GPEDC where donors have made commitments to reduce tying. Moreover, the OECD published a series of recommendations over a period of time for untying aid (OECD, 2009b). However, tied aid still exists in the practice of both bilateral as well as multilateral support (Easterly and Pfutze, 2008). A study finds that less fragmented aid is less tied (Knack & Smets, 2013). However, there is limited scope for the recipient to raise voice against the quality and price of procurements. Nevertheless, the GPEDC 2016 Monitoring Report suggests that '*untied aid has marginally increased since 2010*' (OECD/UNDP, 2016a; p.16). According to the report, the percentage of untied aid among OECD-DAC donors in 2005 was sixty percent and seventy-eight percent in 2015.

In more than sixty years of development the aid regime has been questioned on many issues. Recipients arguably have a weak policy, institutions or poor governance and conversely, donor community big brother attitudes along with conditionality, the proliferation of donors as well as projects, the self-interest of donors and above all a lack of coordination among donors took the aid regime into a situation in the 1990s where aid-giving became questionable. The next section outlines the reality of the traditional aid regime, the evolving actions of the aid community to overcome these challenges and the beginning of a new aid effectiveness agenda.

2.6 Emergence of Aid Effectiveness Agenda

Since the 1990s, the aid effectiveness agenda has matured over time. In the 1980s as well as in the first half of the 1990s, the effectiveness of aid was seriously criticised. The aid community was looking forward to an elixir to continue the aid regime effectively. Initially, the debate began with a discussion but eventually transformed into a formal institutional order.

2.6.1 The Traditional Aid Regime and the Need for Change

Foreign aid in the 1990s experienced a serious legitimacy crisis and the donor community tried to reinvigorate it by introducing new methodologies including partnerships (Ostrom et al., 2002; Whitfield, 2009). According to Hebraken et al. (2017; p.779) aid '*is under attack for its effectiveness*'. It became evident that donor-driven fragmented aid with conditionality was not working (Molenaers et al., 2015). Moreover, execution of donors prescribed development programmes and reforms without commitment and ownership from recipients failed to produce results (Mawdsley et al., 2014). In the language of Bräutigam and Knack (2004; p.277) donors and recipients '*are locked into a system that is unable to produce development consistently or predictably*'. In fact, the proliferation of donors and projects along with aid channels and the '*significant degree of earmarking has contributed to increase the complexity of the global aid architecture*' (World Bank, 2007; p.i). Therefore, more harmonised aid with recipient ownership was the demand of the time (Bigsten and Tengstam, 2015; Djankov et al., 2009; Knack and Rahmann, 2007), especially from the second half of the 1990s when the aid community clearly understood that the regime was not working as expected.

There remained issues on both sides, donors as well as recipients, lurking behind the expected performance of foreign aid. Poor recipient policy, institution and governance, and donor proliferation, completion, self-interest, conditionality and above all the absence of donor coordination thwarted aid effectiveness. Donors always tried to dominate recipients as they believed that '*they know best*' to design development plans and programmes as well as reforms because recipient countries did not have the competencies to lead their development enterprise (Dabelstein and Patton, 2013; p.22). Moreover, selective approaches favouring countries with good policies, institutions and governance did not work (Molenaers et al.,

2015; Habtom, 2016). Perhaps the absence of ownership of recipient countries and the non-existence of donor co-ordination are two issues among many that can be identified as the predominant pejorative for aid effectiveness from the above discussion. Furthermore, academics find that the traditional system of aid regimes was less competent in the changing economic world order. For instance, Abdel-Malek (2015) asserts that the old system of aid practice has to be changed to ensure aid effectiveness in the new complex world order.

The second half of the 1990s witnessed a number of events aimed at reform of the aid regime. In particular, organisations such as the OECD-DAC and the United Nations, undertook several realistic initiatives which eventually helped shape new aid architecture or an aid effectiveness agenda. The subsequent section outlines these initiatives.

2.6.2 Thrust for a Solution in the 1990s

In the second half of the 1990s, the donor community looked forward to a solution for more effective aid, contributing to sustainable development. Remarkably, all declarations, meetings, forums, and reports were more focused on the change of behaviour of the donor community than the recipients of aid. In 1986, OECD-DAC members agreed to Aid Co-ordination Principles but those principles were not well practised by members for three reasons as pointed out by the German Development Institute (DIE) in 1989: inability of recipients to co-ordinate, lack of interest from donors in long-term planning and donors considering co-ordination as time-consuming and laborious (Abdel-Malek, 2015). The OECD-DAC published 'Principles for Evaluation of Development Assistance' documents in 1991 where importance was given to partnership and ownership of the recipients (OECD, 1991). A year later, in 1992 the OECD-DAC announced 'DAC Principles for Effective Aid' and again ownership of the recipients and extended support from the donor community were highlighted (OECD, 1996). A high profile meeting of the OECD-DAC in May 1995 emphasised a 'Development Partnership in the New Global Context' and asserted recipient country ownership, co-ordinating the approach of donors for aid effectiveness (OECD, 1995). This initiative of the OECD-DAC can be termed as '*Exercice de Réflexion*' (Manning, 2008; p. 3).

Subsequently, in 1996 the OECD published a milestone report entitled 'Shaping the 21st Century: the Contribution of Development Co-operation' which is considered a foundation

document of the aid effectiveness agenda (OECD, 1996). Identifying the report as a landmark, Thérien and Lloyd (2000; p.25) articulate two important points: firstly, specific action plans involved high-level policy makers including ministers and heads of aid agencies from the OECD-DAC and G-7 in the formulation process and secondly, for the first time the donor community agreed to a plan of action for aid effectiveness. Shaping the 21st Century report clearly argued in favour of country leadership and more donor co-ordination, the two most crucial issues identified by academics as well as realised by the donor community. Therefore, arguably the emergence of a new aid architecture is rooted in this report. The report identified six goals to be achieved by 2015 and the goals are associated with poverty, education, gender disparity, maternal and child deaths, reproductive health, and environmental sustainability (Fukuda-Parr and Hulme, 2011). This report gained further legitimacy after receiving endorsement at the 1999 G-8 summit (Abdel-Malek, 2015). Most importantly this report became the genesis of the Millennium Development Goals (Schaaf, 2015). In 1997 the United Nations adopted the ‘Agenda for Development’ with a vision of effective partnership and efficient use of resources for sustainable development (United Nations, 1997).

Besides the OECD-DAC and the United Nations, the World Bank also contributed to the nuanced approach of effective development corporations. In 1999 the World Bank formulated the Comprehensive Development Framework (CDF) for effective poverty reduction with an emphasis on efficient institutions (World Bank, 2000; Wolfensohn and Fischer, 2000). The CDF was produced as a pre-condition of the HIPC-II (Heavily Indebted Poor Country) debt relief programme with an emphasis on ownership, partnership and development results (Renard, 2007). Afterwards, the Poverty Reduction Strategy Paper (PRSP) was formulated on the basis of CDF principles (World Bank, 2000; Stern, 2008). The PRSP was promoted as a panacea for poverty reduction where recipient countries were responsible for planning their own development activities with robust input from the World Bank and IMF. After introduction in September 1999, the PRSP became a guiding document for many recipient countries for economic development and external assistance (Malaluan and Guttal, 2003; Bretton Wood Project, 2003; ODI, 2004) and it was expected that the PRSP would create a significant impact on poverty reduction as well as aid effectiveness (Driscoll and Evans, 2005). However, the PRSP is widely criticised for an insignificant impact on poverty reduction as was the Structural Adjustment Programme, policy conditions and failure of reform recommendations in many countries across the world (Malaluan and Guttal, 2003).

Furthermore, the declaration of the United Nations' Millennium Development Goals in September 2000 with a vision to halve poverty by 2015 changed the whole development landscape including the aid regime. Goal-8 of the declaration to 'Develop a Global Partnership for Development' appeared as a challenge for the global development community. Perhaps two issues were crucial: the source of finance to achieve targets and the effective use of finance for the desired result. Subsequently, the first conference on finance for development convened in 2002 in Monterrey, Mexico, popularly known as the Monterrey Consensus on Financing for Development. The conference urged more financial support for the implementation of the MDGs and emphasised the partnership of donors and recipients for effective aid where ownership of the recipient was stressed. However, the aid regime became more focused on poverty reduction and good governance due to the influence of MDGs (Manning 2008; Keijzer, 2011; Molenaers et al., 2015). Some researchers identified two trends of the new aid agenda at that time: as promoted by PRSP, recipient countries tried to own their development planning and achievement of MDGs. However, both elements were concentrating on aid effectiveness that required alignment of donor priorities and agendas with recipients to support recipient ownership (World Bank, 1998; Lensink and White 2001; Mawdsley et al, 2014).

Driven by the two principles, ownership of recipients and effective partnership between donors and recipients, the emerging aid effectiveness agenda continued its journey towards a more comprehensive and co-ordinated framework. The next section summarises the shaping up process of the aid effectiveness agenda and its transformation afterwards.

2.6.3 Shaping up of the New Aid Effectiveness Agenda

The new aid effectiveness agenda started appearing in formal shape at the beginning of the 2000s with the introduction of formal bodies and specific high-level forums on aid effectiveness. A good amount of the literature confirms the emerging aid effectiveness agenda at the beginning was particularly focused on two issues: ownership by recipient countries and partnership, where donors are committed to harmonised efforts and complementarity (Menocal and Rogerson, 2006; Bourguignon and Sundberg, 2007; Whitfield, 2009; Hayman, 2009; Faust, 2010; Sjöstedt, 2013). However, immediately after the declaration of the MDGs, the OECD-DAC formed a Task Force on Donor Practices in January 2001 for a period of two years to review donor practices (Manning, 2008). The

primary aim of the Task Force was to underpin recipient ownership improving donor policy and practices (Hubbard, 2002). The historic First High-Level Forum on Aid Effectiveness was organised by the OECD-DAC in Rome in 2003, perhaps, the formal inauguration of the aid effectiveness agenda. Just after the Rome High-Level Forum Working Party on Aid Effectiveness (WP-EFF) was created, replacing the Task Force on Donor Practices to drive the aid effectiveness agenda further on behalf of the OECD-DAC with a vision for more effective aid (OECD, 2001; OECD, 2012).

The milestone Second High-Level Forum on Aid Effectiveness held in 2005, popularly known as the Paris Declaration (PD) and Third and Fourth High-Level Forums on Aid Effectiveness in Accra and Busan were successfully organised by the WP-EFF on behalf of the OECD-DAC in 2008 and 2011 respectively. The multi-stakeholder Global Partnership for Effective Development Co-operation (GPEDC) platform was launched in 2011 in the Busan High-Level Forum. Subsequently, the WP-EFF was dissolved in 2012 and the GPEDC now owes responsibility to drive the aid effectiveness agenda to the OECD-DAC as well as the UNDP.

Nevertheless, after a *'flurry of innovation'*, significant changes manifested in the aid regime, for example, *'donor agency staff being retrained, procedures being adapted, new internal manuals being issued, new aid modalities introduced'* (Renard, 2007; p.81) and donors under immense internal and external pressure for effective aid. Therefore, it can be said that *'a new aid agenda has emerged'* (Renard, 2007; p.81) which is also known as the *'aid effectiveness paradigm'* (Mawdsley et al., 2014; p.27) or the *'anti inefficiency agenda'* (Keijzer and Janus, 2016). The target-oriented approach of the aid effectiveness agenda significantly differentiates it from all earlier initiatives of the aid community.

The United Nations Declaration of MDGs in 2000 significantly changed the world development landscape. The MDGs considerably influenced the emerging aid effectiveness agenda. The next section examines the implications of the MDG Declaration on the emerging aid effectiveness agenda.

2.6.4 MDGs: A Wake-up Call

The United Nations Millennium Development Goals (MDGs) in September 2000 posed a great challenge to the aid community to achieve a massive task of 8 goals, 21 targets and 60

associated indicators by 2015. It was due primarily to two reasons: the requirement of a huge volume of money and the effective use of that money to achieve the goals. Arguably, the MDGs set a stage for the aid effectiveness agenda to flourish with targets and deadlines along with the goals set in the MDGs and it also set an example of working together (Manning, 2008; Mawdsley et al., 2014; Abdel-Malek, 2015; Schaaf, 2015; Jacob, 2017).

The aid effectiveness issue was deep-rooted in Goal-8 to, ‘develop a global partnership for development’ where the specific emphasis was on more and predictable aid and improvements in the debt servicing capacity of recipients together with improvements in governance in recipient countries (United Nations, 2015a). However, studies find that aid did not work very well in the MDGs (Dalgaard and Erickson, 2009) and the reasons are: *‘fungibility, insufficient alignment between donor and recipient government policies, commercial tying, proliferation of donor activities within recipient countries and insufficient policy coherence within and among donor activities’* (Addison et al., 2005; p.820). Yet, MDGs significantly influenced the emerging new aid effectiveness agenda afterwards. MDGs become objectives of the aid effectiveness agenda and many of its undertakings were aligned with the goals (Manning, 2008; Keijzer, 2011; Fukuda-Parr and Hulme 2011; Wood et al., 2011). The aid literature also claims a time-bound target of the aid effectiveness agenda especially the Paris Declaration, is replicated from the United Nations MDGs (Dabelstein and Patton, 2013).

2.6.5 Monterrey Consensus: Guidance for Take-off

If the MDG Declaration was a wake-up call for the aid community, the Monterrey Consensus on Financing for Development provides all necessary guidance for take-off with the aid effectiveness agenda. This consensus appealed to donors as well as recipients, a shared responsibility to make aid as effective as possible (OECD, 2003; Dabelstein and Patton, 2013). Moreover, the nature of effective aid with ownership of recipients, alignment and a harmonised approach of donors was also rooted in the Monterrey Consensus (Menocal and Rogerson, 2006).

The conference convened in the Monterrey, Mexico in 2002 from March 18 to 22 where more than 50 Heads of State, around 200 Finance Ministers and almost all bilateral and multilateral organisations attended. Although the main focus of the conference was to ensure

finance for implementation of the MDGs (United Nations, 2003; Menocal and Mulley, 2006), the consensus very categorically outlined the importance of effective aid. Especially, Section ‘D: increasing international financial and technical co-operation for development’ of the statement elaborately points out the importance of effective aid and outlines the ‘to-do list’ for donors as well as recipients; Para-40 explicitly speaks about the partnership between donors and recipients, and recipient ownership is highlighted with relevance to the improvement of policy and governance; Para-43, perhaps the revolutionary clause that covers many issues required for effective aid, asserts more effective aid and stresses the importance of harmonisation; Para-43 emphasises untying aid, predictability, budget support and most importantly co-ordination of aid and measurement of results (United Nations, 2003). This consensus provided comprehensive guidance for take-off with the aid effectiveness agenda. Researchers confirm that the Monterrey Consensus drove the new aid architecture further. Many developed countries undertook a good number of initiatives such as coordination of aid, more alignment, innovative sources of funding, budget support and so on. However, disappointments include non-compliance of 0.7% commitment by the donors (Aguilar, 2008).

Nevertheless, the general perception was growing from the beginning of the aid effectiveness agenda that it was a venture of the OECD-DAC, an elite donor club, but the agenda obtained widespread recognition in the Monterrey Conference as the conference was kicked-off by the United Nations which was indeed a significant milestone.

2.7 Rome Declaration: The Take-off

The Rome Declaration on Harmonisation is significant for two reasons: it was the First High-Level Forum on Aid Effectiveness and it was the first dedicated conference on aid effectiveness which outlined aid effectiveness principles in a concrete document (OECD, 2018). Therefore, it is not probably inappropriate to identify the Rome Declaration as the formal take-off of the aid effectiveness agenda. The conference also abandoned a long-standing misnomer of recipient failure and began a new era of joint responsibility where donors confirmed effective co-ordination and recipients affirmed a commitment to good governance (Hayman, 2009). In the view of Abdel-Malek (2015) a few issues have contributed to the Rome Conference. A number of events and reports in the past highlighted the need of firm commitments from the donor community for a functioning of the aid effectiveness agenda. These included a non-functional experience replicated from the success

of the Marshall Plan (American aid for the World War II ravaged Europe), increasing transaction costs and pressure from the 1996 OECD-DAC Report, MDG Declaration and the Monterrey Consensus for more effective aid (Abdel-Malek , 2015).

It was February 2003, 48 bilateral and multilateral development institutions and 28 recipient countries came together in Rome and endorsed the Rome Declaration on Harmonisation (OECD, 2003a; Dabelstein and Patton, 2013). By promoting harmonisation the Rome declaration intended to see genuine co-ordination among donors for effective aid (Mawdsley et al., 2014) as harmonisation and co-ordination had been a great concern from the 1970s as it seriously thwarted aid effectiveness (Abdel-Malek, 2015).

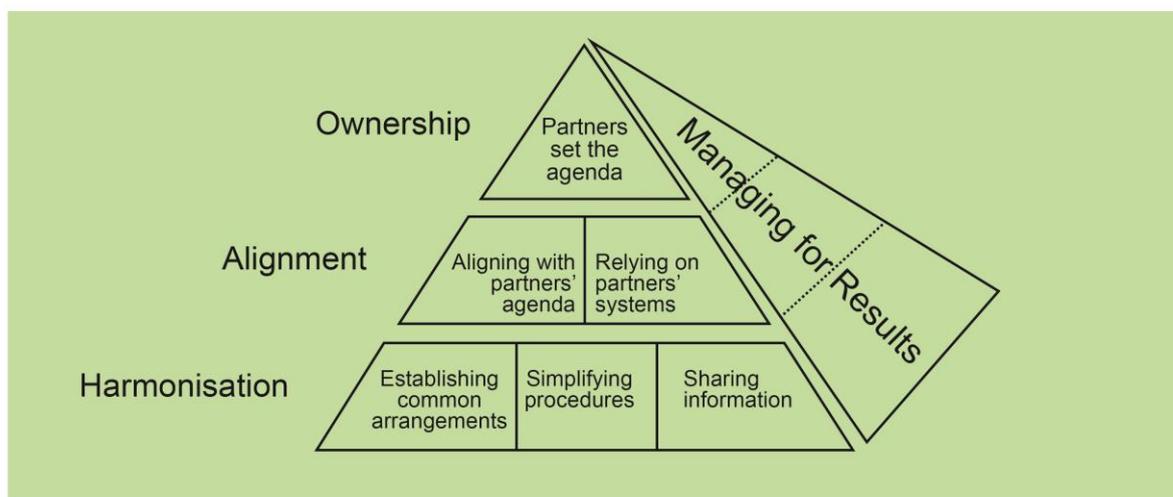
The Rome harmonisation document was more a prescription for donors than recipients. Although the declaration is called the Rome Harmonisation, harmonisation terminology is used in a broader perspective (Balogun, 2005). Donors committed to align aid with recipient priority, promote ownership of the recipients and review their policies and procedures to facilitate harmonisation. They also committed to enhance co-ordination with other donors in country, internalise harmonisation in official procedures and shaping staff behaviour, working closely with recipients for results management, mainstreaming country lead efforts, budget and sector support and promoted harmonisation in regional and global programmes (OECD, 2003a; Dabelstein and Patton, 2013). Importantly, the declaration encouraged recipient countries to formulate a country-based harmonisation action plan in consensus with donors and it was resolute to organise a stocktaking event in 2005 for reviewing a development that was the Paris High-Level Forum. Nevertheless, the Rome Declaration on Harmonisation made a substantial contribution to the mission of the aid effectiveness agenda by upholding three very distinct requirements; ownership, alignment and harmonisation (Balogun, 2005; Eyben, 2007; Hayman, 2009). However, harmonisation, including ownership and alignment, was only a portion of a very wide-ranging aid effectiveness agenda and many portions were need to merge together for broader success (Manning, 2008).

Immediately after the Rome Conference, the OECD-DAC formed the Working Party on Aid Effectiveness (WP-EFF) in 2003 to monitor the progress of the Rome Declaration. The WP-EFF, a donors only forum, over the period of time grew as a large coalition of 80 donors and recipients that hosted the aid effectiveness agenda and determined its direction (OECD, 2010). The WP-EFF developed indicators to measure ownership, alignment and

harmonisation in both donor and recipient aid (Balogun, 2005; Abdel-Malek, 2015). Afterwards, the WP-EFF conducted a baseline survey on the progress in 14 recipient countries and presented a report titled ‘Harmonisation, Alignment, Results: Report on Progress, Challenges and Opportunities’ in the Second High-Level Forum on Aid Effectiveness held in Paris in 2005 (OECD, 2005). The report found mixed progress of the Rome commitments but indicated a promising trend: by the time of publication of the report 60 recipient countries and 40 donors agencies were interacting for harmonisation and alignment; 43 countries prepared poverty reduction strategies but the absence of midterm frameworks, policy clarity and disagreement between donor and recipients thwarted further progress; not a single donor in 14 countries was using the country system.

The WP-EFF highlighted the need of a framework with monitored indicators against four broad areas ownership, alignment, harmonisation and results with qualitative time-bound targets. The WP-EFF recommended the following paradigm for more comprehensive efforts towards aid effectiveness.

Figure 2.1 Partnership for greater aid effectiveness



Source: OECD, 2005; p.15

2.8 Managing for Development Results (MfDR) Roundtable: More Input

The Monterrey Consensus stressed Managing for Development Results (MfDR) for more effective development co-operation (United Nations, 2003). With a vision to improve aid effectiveness soon after the Monterrey Consensus the First Roundtable of MfDR was held at

the World Bank headquarters, Washington on June 5-6, 2002 officially called an ‘International Roundtable on Better Measuring, Monitoring, and Managing for Development Results’ (MfDR, 2002). The Roundtable stressed capacity enhancement of recipient countries for MfDR and donors committed to a harmonised approach for implementation (MfDR, 2002; ADB, 2012).

Two years later immediately after the Rome Declaration on February 4 and 5, 2004 the Second Roundtable convened in Marrakech, Morocco where more than 50 countries and 20 international organisations were present and signed a memorandum popularly known as the ‘Joint Marrakech Memorandum’ and committed to develop a ‘global partnership on managing for development results’ (MfDR, 2004; p.1; Dabelstein and Patton, 2013). Therefore, the Joint Marrakech Memorandum is considered one of the landmarks of the aid effectiveness agenda for its valued input of MfDR. The Third Roundtable on MfDR held in Hanoi and the Fourth in Accra at the time of 3rd High-Level Forum on Aid Effectiveness in 2007 and 2008 respectively were influenced by the outcomes of Paris and Accra HLFs. Eventually, MfDR became one of the principles of the Paris Declaration on Aid Effectiveness (Dabelstein and Patton, 2013).

2.9 Paris Declaration - A Breakthrough

The Paris Declaration on Aid Effectiveness is the centrepiece of the recent development discourse that reinvigorates orthodox aid practice effectiveness. The Paris Declaration (hereafter PD) is flagged as a ‘*significant juncture in the history of development assistance and co-operation*’ (Hyden, 2008; p.260) and a critical event in the history of development co-operation (Vollmer, 2014). It is ‘*a package of specific ideas and measures*’ removing issues of the past where recipient ownership is the cornerstone of the declaration (Hayman, 2009; p.583; Welle et al., 2009). The PD is a ground-breaking attempt to address the policy co-ordination issue of aid effectiveness (Severino and Ray, 2007). It is a model of development partnership; not only a partnership between donors and recipients but also among donors as well as among recipients (Mawdsley, 2014).

The PD is also significant in denoting an equal status of recipients with donors (Lawson, 2013) and it provides an opportunity for co-ordination and collective decision making among

donors and recipients under a programme based approach (Kharas, 2007; Sundewall et al., 2009; Dijkstra and Komives, 2011; Habraken et al., 2017). In fact, the PD is a *'reversal of negatives'* (Stern et al., 2008; p.vi) or a policy shift in the area of aid practice (Gisselquist and Resnick, 2014) that eventually becomes an authoritative definition of aid effectiveness (Stern et al., 2008: 20). The declaration aims to improve effectiveness in three areas: the efficiency of aid delivery, the management and use of aid and better partnerships (Wood et al., 2011).

Following implementation of the Rome Declaration commitments and findings of research and evaluation reports of the OECD-DAC and donor agencies, there was an urge among the aid community to make a decision to proceed with the aid effectiveness agenda under an indicator based time-constrained framework. A framework that can resolve long-standing issues such as donor dominance, fragmentation, duplication of donor activities, donor co-ordination, transaction cost, poor ownership of recipient, budget support, tied aid, predictability, results and accountability, conditionality, and recipient poor governance, institutions and policy; these issues are discussed in detail in Section 2.4 and 2.5.

In this context, the Second HLF on Aid Effectiveness convened in February 28 to 2 March, 2005 in Paris where ministers, high-officials, representatives from 60 aid recipients, 30 bilateral and 30 multilateral aid providers, CSOs and other stakeholders assembled together (OECD, 2008; Abdel-Malek, 2015). The development community resolved a *'far-reaching and monitored actions'* to reform aid delivery and management for effectiveness and ultimately achieve development outcomes (OECD, 2008; p.1). It was also seen that more and effective aid is crucial to achieving the MDGs (OECD, 2008). The PD introduces five broad principles: Ownership, Alignment, Harmonisation, and Managing for Results and Mutual Accountability to remove long-standing weaknesses of aid practice (Cameron and Low, 2012).

The PD is very successful in bringing a wide range of recipients and donors to the table to agree five principles for aid effectiveness (Molenaers and Nijs, 2011). These principles along with the indicators are also known as the normative framework of the PD. Perhaps this normative framework is a comprehensive package of solutions to the long-standing problems associated with both donors and recipients. Most importantly, an acknowledgement of own problems by donors has ended an era of the 'blame game' that only recipient issues impede aid effectiveness. The PD witnessed a revolutionary decision to monitor the progress of aid

effectiveness using a framework of 12 targets outlined on the basis of five principles that spread over 56 commitments to be achieved by 2010 and these targets were set for both donors and recipients (OECD, 2008; Killen, 2011; Abdel-Malek, 2015; Gulrajani, 2014; Samy and Aksl, 2015).

2.9.1 Understanding PD Principles and Monitoring Frameworks

2.9.1.1 Ownership

The PD requires that recipient countries take leadership of their development activities, formulating result-based policies and strategy and co-ordinating implementation where donors, civil society and the private sector are consulted. Recipients also endeavour to improve their institutions and tackle corruption, and donors accept recipient leadership and help enhance capacity (OECD, 2008). The leadership of the recipient in policy and strategy formulation and execution of development programmes is the linchpin of PD ownership (Khatun, 2008; Welle et al., 2009; Gisselquist and Resnick, 2014; Dornan, 2017). Furthermore, the PD determine objectives that allow country level initiatives and leadership to ensure development results not the prescribed methodologies of donors (Booth, 2011). Ownership is a principle that disallows donor snooping (Molenaers and Nijs, 2011). It is a reverse exercise of a donor-driven conditional development package that espouses recipient leadership (Collins, 2009). It is a kind of power shift from the donor to the recipient, it places recipients in the driving seat (Hayman, 2009; Collins, 2009; Molenaers and Nijs; 2011; Swedlund, 2013). In other words, ownership means recipient countries should accept aid that is aligned with country development plans and channelled through the government system (Bourguignon and Sundberg, 2007; Faust, 2010; Winters, 2012; Habraken et al., 2017).

2.9.1.2 Alignment

The PD requires donors to align their resources in line with recipient policies and strategies and use country systems that refer to public finance management comprising accounting, auditing, procurement, results frameworks and monitoring. Donors and recipients work together to improve the quality of the country system for increased use (OECD, 2008). The spirit of the PD alignment concept is that donors should support country-owned development

aligning aid and use the country system wherever possible to strengthen it gradually (Rahaman and Khan, 2010; Booth, 2011). The idea of alignment is deep-rooted in the failure story of free-standing projects and structural-adjustment lending (Booth, 2011). As donor-driven fragmented aid is not effective, aid needs to align with recipient government development strategy and plans (Khatun, 2008). However, as a pre-condition of alignment, the recipient country needs to take leadership in formulating development plans and strengthen country systems so that donors can rely on that, and at the same time donors need to overcome challenges related to their institutional procedures for alignment and use of recipient country systems (Collins, 2009). More predictable and untied aid with no conditionality burdens can facilitate true alignment (Khatun, 2008).

2.9.1.3 Harmonisation

The PD confirms that donors should ensure common arrangement to co-ordinate their actions, simplify aid management procedures and avoid fragmentation, duplication and a higher number of mission sharing information and executing division of labour (OECD, 2008). Harmonisation is at the centre of the aid effectiveness agenda (Sjöstedt and Sundström, 2017). The common understanding of harmonisation is that it is a co-ordination mechanism among donors for the merging of processes, institutions and systems to reduce time, cost and administrative burdens for the recipient (Balogun, 2005; Khatun, 2008; Lawson, 2013). The PD urges a change in donor policies and practices for effective harmonisation (Mawdsley et al., 2014; Minasyan et al., 2017). Failure of harmonisation is probably one of the main reasons for ineffective aid (Svizzero and Tisdell, 2016). A lack of harmonisation poses a number of challenge for recipients, for example increases transaction costs requires more time for individual development planning and communication and demands for more effort in managing aid flows from many donors and integrating them in budget (Acharya et al. 2006; Monye et al., 2010; Winters, 2012). Division of labour, a Sector-wide Approach (SWAP) and budget support are seen as a solution to the harmonisation problem (Khatun, 2008; OECD, 2009c; Killen, 2011; Lawson, 2013). Discussion about donor co-ordination is also available in Section 2.5: Donor Behaviour and Aid Management.

2.9.1.4 Managing for Results

The PD upholds that donors and recipients remain committed to producing results from aid money as measurement of results helps to improve decision-making and the whole exercise is facilitated by recipient results-oriented reporting and assessment frameworks (OECD, 2008). Managing for result principles calls for the implementation of development programmes that can produce the desired result and information can guide future development. The result should be measured by recipient country tailored assessment frameworks that donors should use as much as possible (Khatun, 2008; Monye et al., 2010). Two perspectives for managing for result principles are important: development project or programme results need to be measured to understand the impact and allocation of future aid has to be on the basis of results (Bourguignon and Sundberg, 2007). Aid becomes very effective if it is strongly linked with clear and simple outcomes (Habtom, 2016). Therefore, managing for result principles have a crucial role in how the programme is delivered and what outcomes are achieved (Monye et al., 2010).

2.9.1.5 Mutual Accountability

The PD resolves that donors and recipients are jointly accountable for the outcomes of development. Therefore, mutually assessed accountability and transparency procedures are important where donors provide aid information and recipients involve parliament and other stakeholders such as CSOs to ensure accountability that helps earn public support for development activities (OECD, 2008). PD mutual accountability means donor and recipient are accountable to each other and jointly responsible for achieving results; they are also accountable to their parliament and people (Monye et al., 2010; Booth, 2011). This accountability mechanism can fortify public support for development initiatives (Khatun, 2008).

2.9.2 The PD Monitoring Framework

The PD monitoring framework is comprised of 12 targets. Targets were set to be achieved by 2010. Details of the monitoring framework are presented below:

Table 2.1 The PD monitoring framework

	OWNERSHIP	TARGET FOR 2010								
1	<i>Partners have operational development strategies</i> – Number of countries with national development strategies (including PRSs) that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets.	At least 75% of partner countries have operational development strategies.								
	ALIGNMENT	TARGET FOR 2010								
2	<i>Reliable country systems</i> – Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	(a) Public financial management – Half of partner countries move up at least one measure (<i>i.e.</i> , 0.5 points) on the PFM/ CPIA (Country Policy and Institutional Assessment) scale of performance. (b) Procurement – One-third of partner countries move up at least one measure (<i>i.e.</i> , from D to C, C to B or B to A) on the four-point scale used to assess performance for this indicator.								
3	<i>Aid flows are aligned on national priorities</i> – Percent of aid flows to the government sector that is reported on partners' national budgets.	Halve the gap – halve the proportion of aid flows to government sector not reported on government's budget(s) (with at least 85% reported on budget).								
4	<i>Strengthen capacity by co-ordinated support</i> – Percent of donor capacity-development support provided through co-ordinated programmes consistent with partners' national development strategies.	50% of technical co-operation flows are implemented through co-ordinated programmes consistent with national development strategies.								
5a	<i>Use of country public financial management systems</i> – Percent of donors and of aid flows that use public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	<table border="1"> <thead> <tr> <th colspan="2">PERCENTAGE OF DONORS</th> </tr> <tr> <th>TARGET</th> <th>SCORE*</th> </tr> </thead> <tbody> <tr> <td>All donors use partner countries' PFM systems.</td> <td>5+</td> </tr> <tr> <td>90% of donors use partner countries' PFM systems.</td> <td>3.5 to 4.5</td> </tr> </tbody> </table>	PERCENTAGE OF DONORS		TARGET	SCORE*	All donors use partner countries' PFM systems.	5+	90% of donors use partner countries' PFM systems.	3.5 to 4.5
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TARGET	SCORE*									
A two-thirds reduction in the % of aid to the public sector not using partner countries' PFM systems.	5+									
A one-third reduction in the % of aid to the public sector not using partner countries' PFM systems.	3.5 to 4.5									
5b	<i>Use of country procurement systems</i> – Percent of donors and of aid flows that use partner country procurement systems which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	<table border="1"> <thead> <tr> <th colspan="2">PERCENTAGE OF DONORS</th> </tr> <tr> <th>TARGET</th> <th>SCORE*</th> </tr> </thead> <tbody> <tr> <td>All donors use partner countries' procurement systems.</td> <td>A</td> </tr> <tr> <td>90% of donors use partner countries' procurement systems.</td> <td>B</td> </tr> </tbody> </table>	PERCENTAGE OF DONORS		TARGET	SCORE*	All donors use partner countries' procurement systems.	A	90% of donors use partner countries' procurement systems.	B
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PERCENTAGE OF AID FLOWS										
TARGET	SCORE*									
A two-thirds reduction in the % of aid to the public sector not using partner	A									
A one-third reduction in the % of aid to the public sector not using partner countries' procurement systems.	B									
6	<i>Strengthen capacity by avoiding parallel implementation structures</i> – Number of parallel project implementation units (PIUs) per country.	Reduce by two-thirds the stock of parallel project implementation units (PIUs).								

ALIGNMENT		TARGET FOR 2010
7	<i>Aid is more predictable</i> – Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks.	Halve the gap halve the proportion of aid not disbursed within the fiscal year for which it was scheduled.
8	<i>Aid is untied</i> – Percent of bilateral aid that is untied.	Continued progress over time.
HARMONISATION		TARGET FOR 2010
9	<i>Use of common arrangements or procedures</i> – Percent of aid provided as programme-based approaches.	66% of aid flows are provided in the context of programme-based approaches.
10	<i>Encourage shared analysis</i> – Percent of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint.	(a) 40% of donor missions to the field are joint. (b) 66% of country analytic work is joint.
MANAGING FOR RESULTS		TARGET FOR 2010
11	<i>Results-oriented frameworks</i> – Number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programmes.	Reduce the gap by one-third – Reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third.
MUTUAL ACCOUNTABILITY		TARGET FOR 2010
12	<i>Mutual accountability</i> -Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration.	All partner countries have mutual assessment reviews in place.

Source: OECD, 2008; p. 9-10

2.9.3 Criticism of the PD and its Framework

There is a view that the PD fails to unmask the political issues pegged to foreign aid that creates problems in execution for donors as well as recipients (Hyden, 2008; Roberts, 2009; Gulrajani, 2011; Habraken et al., 2017). Political realism is probably undermined by the enthusiasm of technicality (Odén and Wohlgemuth, 2011) and a bureaucratic solution is given to a political problem emphasising delivery and management of aid (Chandy, 2011; Gulrajani, 2011) that hamper implementation as the political object is very much attached to foreign aid and selection of sectors depends on political priorities. Furthermore, in practice donors interpret the PD principles as necessary for their interests and organisational requirements (Habraken et al., 2017). Being ambitious, the aid community has failed to estimate the challenges for implementing the PD, for instance, a shared responsibility approach is not functioning at the country level and collective rather than individual procedures regardless of donors and recipients are still prevailing (Dijkstra and Komives, 2011). On the recipient side, frequent changes in country political leadership result in varied

commitments to the agenda and relationships with donors also vary government to government because of political choices of donors (Dijkstra and Komives, 2011). However, donors should not stay on the side-lines because of the connection between political issues and the PD, they need to join with the recipient to remove political challenges and continue implementation (Hyden, 2008).

Nevertheless, although the PD framework is very useful, the functionality of it depends on the understanding of assumptions behind it (Foresti, 2007). Few researchers believe that five year target are unrealistic and some indicators are not realistic or measurable as well (Wood et al., 2008; Mawdsley, 2014). Moreover, studies claim that indicators are biased towards donors, ask more from recipients, are loosely worded and have scope for interpretation (Khatun, 2008; Venter-2008). Nevertheless, monitoring frameworks with indicators and timelines, regardless of effectiveness, have contributed significantly to the effective management of aid and helped reshape the entire thought process of the aid community (Chandy, 2011).

Another major issue identified in the existing literature is the non-binding nature of PD commitments (Samy and Aksl, 2015). The PD does not enjoy legal standing, rather it is an informal framework backed by political commitment (Khatun, 2008; Blunt et al., 2011). Additionally, although the PD is often promoted a flagship of partnership by the donor community, the language such as developing and aid recipient or donor do not correspond to that spirit (Cameron and Low, 2012). There is criticism that the PD is donor-centric or favours donors (Venter, 2008; Chandy and Kharas, 2011). The PD targets are set for all countries to achieve under a time-frame but as the PD is loosely drafted, sceptics can interpret it in a way that serves their interests (Blunt et al., 2011).

The PD is also being criticised in academia for other reasons. The PD is a good framework but narrowly focused on cost reduction, co-ordination, means of development and efficiency than effectiveness (Glennie, 2011; Alemany et al., 2008 Booth, 2011; Blunt and Lindroth, 2012; Karini, 2016). For example, Albania increased the capacity of aid management by applying the PD but the effectiveness of aid is still a question (Karini, 2016). The PD is also too focused to upstream policy level discussion and actions, therefore, there is a disconnect between input and development outcomes which are difficult to implement by stakeholders (Kharas, 2007; Owa, 2011). The aid community did not consider the PD an easy thing to

implement but it should not be appropriate to say that the PD is aspirational (Chandy and Kharas, 2011). There is a criticism that the PD addresses issues at the surface but not at the heart of aid problems (Faust and Messner, 2007). It is also said that the PD is very cumbersome and bureaucratic in enhancing aid effectiveness (Chandy and Kharas, 2011). Hence, after continuous efforts by the aid community to implement an aid effectiveness agenda, aid effectiveness has not improved (Svizzero and Tisdell, 2016). The reasons may include a late reaction, high expectations, political issues behind key principles, financial crises and less aid, and unequal power issues between donors and recipients (Odén and Wohlgemuth, 2011). Therefore, some researchers suggest that the aid community should revisit the aid effectiveness agenda for a more realistic and updated framework and try to change the focus from policy to outcome (Owa, 2011; Gulrajani, 2014).

2.9.4 Progress Monitoring Surveys

The Paris Declaration is intended to be a '*principal guide*' for the development co-operation debate (Hyden, 2008; p.260). Therefore, there is optimism in the development community about the success of the PD for three reasons: firstly, a large number of very high-level participants, a broader consultation process and the PD not being a general statement rather a road map with an action plan; secondly, progress monitoring and time-bound achievement targets; and finally, to make donor and recipient governments accountable, the PD outlined a balanced mechanism for mutual accountability moving from donorship to ownership (OECD, 2006). As part of the continuous monitoring process, three surveys were conducted to measure the performance and progress of targets. A baseline survey was undertaken in 2005 and 2 comprehensive surveys in 2007 and 2010 with reports published in consecutive years.

2.9.4.1 PD Progress from 2005 to 2007

Perhaps to continue the momentum of such a historic event such as the PD and also to keep focusing on measurement and monitoring, the first OECD-DAC survey was conducted in 2005 to mark a reference point and the report was published in 2006. The '2006 Survey on Monitoring the Paris Declaration' report concludes as '*in half of the developing countries signing the Paris Declaration, partners and donors have a long road ahead to meet the commitments they have undertaken*' (OECD, 2007; p.9). The second survey report of the OECD-DAC was published in 2008 and '*the findings are clear: progress is being made, but not fast enough*' (OECD, 2008a; p.11). Poor progress is reported in relation to targets such as

joint missions, donor co-ordination for aid delivery, budget support, project implementation unit, predictability, capacity development of recipient countries and untying aid (OECD, 2008a). An independent evaluation report ‘Evaluation of the Implementation of the Paris Declaration –Phase one – Synthesis Report’ on PD progress was published in 2008, conducted by Wood et al. (2008) and published by the Ministry of Foreign Affairs in Denmark. Wood et al. (2008) examined 8 recipients performance and consulted with 11 donors to find slow progress of the PD. Overall, unsatisfactory progress was reported. The principle findings were ownership: countries are formulating a national strategic plan; alignment: uneven; managing for results: lack of attention by donors and recipients; and mutual accountability: falls short of efforts. The following table shows PD progress from 2005 to 2007 (OECD, 2008b).

Table 2.2 PD progress from 2005 to 2007

Indicator	2005 baseline		2010 targets
Ownership			
1 Operational development strategies	17%	24% ← Distance to target (in 2007) →	75%
Alignment			
2 Reliable public financial management (PFM) systems		36%	50% of countries improve score
3 Aid flows are recorded in countries' budgets	42%	48%	85%
4 Technical assistance is aligned and co-ordinated	48%	60%	50%
5a Donors use country PFM systems	40%	45%	(80%)
5b Donors use country procurement systems	39%	43%	(80%)
6 Donors avoid parallel policy implementation units	1 817	1 601	611
7 Aid is more predictable	41%	46%	71%
8 Aid is untied	75%	88%	Progress over time
Harmonisation			
9 Donors use co-ordinated mechanisms for aid delivery	43%	46%	66%
10a Donors co-ordinate their missions	18%	20%	40%
10b Donors co-ordinate their country studies	42%	42% (no progress)	66%
Managing for Results			
11 Sound frameworks to monitor results	7%	9%	38%
Mutual Accountability			
12 Mechanisms for mutual accountability	22%	24%	100%

Source: OECD, 2008b; p.2

2.10 Accra HLF- Evaluation of Achievement

The development community met again in Accra, Ghana in September 2008 to take stock of the progress of the PD and after senior-level political assessment, the Accra Agenda for Action (AAA) was adopted to accelerate the PD implementation commitments (Hayman, 2009; Wood et al., 2011; Cameron and Low, 2012; Dabelstein and Patton, 2013). Two OECD surveys conducted in 2006 and 2008 and two independent evaluations, Stern et al. (2008) and Wood et al. (2008), reported slow progress of the PD commitments. Most importantly *'momentum has been lost'* to implement mutual accountability (OECD, 2008a; p.25). The delegates admitted that the PD approach was technical and bureaucratic and without political support from both donors and recipients, the principles of the PD were difficult to implement (Wood et al., 2008; Dabelstein and Patton, 2013).

Extensive discussions took place among 1,700 participants from 120 developed and developing countries, international development organisations and 80 civil society organisations to find ways for better performance (OECD, 2008; Dabelstein and Patton, 2013). Upholding the PD principles, the Accra Agenda for Action integrated issues such as the inclusion of parliament and CSOs for greater ownership and accountability, human rights, gender equality and a sustainable environment. It also stressed continuous assessment of aid effectiveness progress and commitments for improvement, south-south co-operation, non-interference in recipient actions, equality and diversity for meaningful execution of the aid effectiveness agenda and acknowledged that aid is one of the factors to achieve development, not the main factor (Kindornay, 2011; Cameron and Low, 2012; Dornan, 2017). In summary Accra gave special emphasis to joint responsibility, donor division of labour, recipient ownership, development result management, predictable aid, use of country systems, the untying of aid, the removal of conditions and real mutual accountability (OECD, 2008a; Rogerson, 2011; Mawdsley, 2014; Abdel-Malek, 2015; Li, 2017; Dornan, 2017).

Finally, 56 actions were agreed under three themes for the effective use of aid: Strengthening Country Ownership over Development, Building More Effective and Inclusive Partnerships for Development and Delivering and Accounting for Development Results (OECD, 2008; Abdel-Malek, 2015).

2.11 PD Progress after AAA

The OECD-DAC conducted a comprehensive survey ‘Aid Effectiveness 2005-10: Progress in Implementing the Paris Declaration’ two years after the Accra HLF and before the Busan HLF 2011, where 78 countries participated. The report notes that *‘the results are sobering’* and *‘nonetheless, it is important to note that considerable progress has been made’* and only one target out of 12 has been met (OECD, 2011b; p. 15). The Danish Institute for International Studies also published a report entitled ‘The Evaluation of the Paris Declaration: Phase 2’. The findings of the report are: ownership shows progress, uneven advancement is seen in alignment and harmonisation and progress of managing for results and mutual accountability is slow (Wood et al., 2011). The following table presents a concrete picture of progress in the PD commitments and shows the trend from 2005 to 2010. The table is prepared using information from three OECD-DAC surveys: 2005, 2007 and 2010.

Table 2.3 PD progress from 2005 to 2010

Paris Declaration Indicator	2005 Baseline	2007 Progress	2010 Actual	2010 Target
Ownership				
1 Operational Development Strategies	17% of countries meet criteria	24%	37% (of 76)	75%
Alignment				
2a Reliable public financial management (PFM) systems	31% of countries meet criteria	36%	38% (of 52)	50%
2b Reliable procurement systems	--	--	--	No Target ^f
3 Aid flows are aligned on national priorities	42%	48%	41%	85%
4 Strengthen capacity by co-ordinated support	48%	60%	57%	50%
5a Use of country PFM systems	40%	45%	48%	55%
5b Use of country procurement systems	39%	43%	44%	No Target ^f
6 Strengthen capacity by avoiding parallel PIUs	1,817	1,601	1 158	565
7 Aid is more predictable	41%	46%	43%	71%
8 Aid is untied	75%	88%	86%	More than 89%
Harmonisation				
9 Use of common arrangements or procedures	43%	47%	45%	66%
10a Joint missions	18%	21%	19%	40%
10b Joint country analytic work	42%	44%	43%	66%
Managing for Results				
11 Results-oriented frameworks	7% of countries meet criteria	9%	20% (of 44)	36%
Mutual Accountability				
12 Mutual accountability	22% of countries meet criteria	26%	38%	100%

Source: OECD, 2007; OECD, 2008a; OECD, 2011b

2.12 Busan HLF- From Aid to Development Effectiveness

Due to disappointing progress of the PD, the aid community sought to avoid a ‘business as usual’ approach. Instead, given the challenges identified and lessons learned, the community pursued an innovative framework and a renewed outlook (Atwood, 2012; Abdel-Malek, 2015). In addition, there was pressure on the OECD-DAC development community to re-invigorate an aid centred concept of development co-operation to a more open and accommodative platform due to the changing landscape of development co-operation for the development of different types of finance and financiers (Janus et al., 2014). The MDGs achievement was also a challenge for the development community (Busan Statement, 2011). At that juncture, the 4th HLF held in Busan between November 29 to December 1, 2011 drew 3,500 delegates from 160 countries including 100 ministers, 30 heads of international development organisations, and parliamentarians, CSOs, people from the private sector and academia to review progress of the PD and determine the next course of action for the effective use of aid (Busan Proceedings, 2011; Dabelstein and Patton, 2013; Abdel-Malek, 2015). OECD reports, independent evaluations and academics use different words to discuss PD progress, for instance, mixed, uneven, sobering, poor, limited, slow, unmet and so on because only one target out of 12 had been achieved by 2010 (OECD, 2011b; Wood et al., 2011; Dijkstra and Komives, 2011; Owa, 2011; Keijzer, 2013; Gulrajani, 2014). In a state of unsatisfactory progress and out of five PD principles, ownership was fractionally ahead, alignment and harmonisation uneven and managing for results and mutual accountability far from target (Wood et al., 2011, p. xv; OECD, 2011b).

The Busan HLF evaluated problems in applying principles identified by the OECD, academic research and other reports and examined their recommendations as well. The forum accepted that *‘political will, especially from the donor, is critical to bringing further progress’* and *‘moving from process-oriented, technical talks to more focus on sustainable development results’* was important (Busan Proceedings, 2011; p. 9). Consequently, the forum decided to move from aid to development effectiveness and uphold new principles and targets that could help achieve development effectiveness. The agreed principles are (Busan Statement, 2011):

- **Ownership of development priorities by developing countries:** This principle stresses developing country leadership, indigenous policy and implementation supported by a strong partnership.

■ **Focus on results:** It is expected that investments create a long-lasting impact on poverty elevation, inequality, sustainable development and capacity enhancement, and these have to be aligned with developing country policy priorities.

■ **Inclusive development partnerships:** This principle makes a call for an inclusive and effective partnership of many stakeholders involved in the current diverse development landscape of developing countries, Northern and Southern donors, CSOs, NGOs, Foundations, business and the private sector, international development organisations and so on. Openness, trust, mutual respect and learning are keys to the success of this partnership.

■ **Transparency and accountability to each other:** Developing country and development co-operation providers should be accountable to each other as well as to beneficiaries, respective citizens, organisations, constituents and shareholders as it is crucial to yield expected development results, and transparent practices are expected from parties involved in development co-operation as it enhances accountability.

The Busan HLF has taken a broader approach to replacing aid effectiveness with development effectiveness by adapting to the changing dynamics of the development world due to emerging donors, financial crises, different financial circumstances, climate change and fragile states (Eyben, 2013; Keijzer, 2013; Dabelstein and Patton, 2013; Abdel-Malek, 2015). Busan has also widened the area of development co-operation to include human rights, gender, democratic ownership of development, effective institutions and parliaments (Oxfam, 2012). The creation of a Global Partnership for Effective Development Co-operation (GPEDC) replacing the Working Party on Aid Effectiveness is a reflection of this wider approach (Busan Proceedings, 2011; Dabelstein and Patton, 2013; Abdel-Malek, 2015). The inclusion of Southern donors such as China, India, Brazil and South Africa, CSOs and the private sector in the formal structure of Busan is a key event in the history of aid and development co-operation (Atwood, 2012; Eyben, 2013; Mawdsley et al., 2014).

The Busan HLM is significant for three milestone issues: it is a shift from aid to development effectiveness which is a combination of aid effectiveness and national development effectiveness, it is an end of the WP-EFF and the creation of GPEDC and it is a shift from OECD-DAC development discourse to more open and inclusive partnerships where all are equal; not donor-recipients, Northern or Southern donors (Day, 2014; Schaaf, 2015; Dornan,

2017; Li et al., 2018). Chair of the OECD-DAC, Brian Atwood proudly pronounced in the Busan HLF that *'we are no longer a world of donors and recipients; we are a world of partners: that is what Busan is about'* (Mawdsley et al., 2014; p. 30).

Busan has taken a two-tier approach to introducing the development effectiveness concept under GPEDC; from a traditional donor focus to an unfinished aid effectiveness agenda (Abdel-Malek, 2015) and emerging donors to implement commitments on a *discretionary basis* (Kim and Lee, 2013; Oxfam, 2012; p.5) with the vision of *'shared principles, common goals and differential commitments'* (Busan Statement, 2011; p.1) . To accommodate South-South donors or emerging donors, the Busan Document adopts a voluntary stance (Lawson, 2013; Kim and Lee, 2013) with no specific timeline in relation to most of the indicators for achieving development effectiveness targets (Atwood, 2012; Lawson, 2013; Mawdsley et al., 2014; Gulrajani, 2014). A major setback of the Busan Statement is the lack of clarity about donor co-ordination, a crucial yardstick for aid effectiveness and the PD has an incredible degree of donor co-ordination. It's absence would make donor co-ordination difficult in the field (Cameron and Low, 2012). Perhaps a soft approach to donor co-ordination is intended to accommodate emerging donors but in doing so, OECD-DAC donor may contradict a long-standing issue in aid effectiveness and drop the whole aid effectiveness agenda (Gulrajani, 2014). However, a lack of enthusiasm by South-South donors about this new initiative has raised questions about the voluntary nature of the Busan document moving away from the PD framework of aid effectiveness (2015; Li et al., 2018; Li, 2017; Lawson, 2013; Fues and Klingebiel, 2014; Klingebiel and Xiaoyun, 2016).

A twenty five member committee of the Post-Busan Interim Group (PBIG) was formed from members of the WP-WFF to make GPEDC operational by June 2012. The group chose a Steering Committee format as the governing council of the GPEDC with 18 members including 3 co-chairs representing recipients of development co-operation, providers of development co-operation and recipient-providers of development co-operation and secretarial support from a Joint Support Team OECD and UNDP (Eyben, 2013; Mawdsley et al., 2014;). However, currently, the GPEDC has 4 co-chairs and 20 members on a Steering Committee. The PBIG developed 10 indicators to measure commitments and progress of four principles every 2 years with a target to be achieved by 2015 (Birdsall and Kharas, 2014).

2.13 SDG: Ambitious Target, More Responsibility

On 25 September 2015, the United Nations (UN) General Assembly unanimously announced the 2030 Sustainable Development Goals (SDGs) agenda with the motto 'leave no one behind' (United Nations, 2015). The SDGs are an unfinished element of the MDGs but more forward-thinking (Brolan, 2016) with 17 goals, 169 targets and 230 indicators (Klingebiel et al., 2016; Jacob, 2017; Jones, 2017). However, the SDGs are a multifaceted long term vision that combines a plethora of sectors (Klingebiel et al., 2016). Therefore, the setting of priorities, distribution of responsibilities and the division of labour among donors with regard to goals and indicators are very important for developing countries to achieve targets (Jones, 2017). SDG implementation also requires very large amounts of funding (Jones, 2017). Foreign aid was the main source of finance for MDG implementation but SDGs require finance from other sources (Bhattacharya et al., 2016). SDGs not only require more finance but equally important are the quality and impact of it (Greenhill et al., 2015).

As the development community needs to do more than the MDG to achieve SDGs (United Nations, 2018), a global development paradigm is required (Gore, 2015). The SDG's Goal-17 explicitly mentions the importance of partnership and multi-stakeholder platforms. Goal-8 notes global partnerships for development of the MDGs in terms of knowledge, expertise, technology and sharing of finances. The GPEDC is a perfect match for this partnership approach. GPEDC is not expressly mentioned in the SDG document but certain links can be observed such as the 'new agenda', a 'global partnership' and so on (Bhattacharya et al., 2016). The declaration of the 2030 Agenda (SDGs) has influenced the functions of GPEDC just as the MDGs influenced the Rome declaration. The core activities of the partnership are now focused on the achievement of SDGs and the 2030 Agenda (GPEDC, 2016). The outcome document of HLM 2 confirms that GPEDC is '*committed to effective development co-operation as a means to achieve universal and inter-related Sustainable Development Goals*' (SDGs) (GPEDC, 2016; p.1).

Annual SDG implementation requires \$5-7 trillion, whilst the development community is able to mobilise \$1.4 trillion in a year; around 25% of the requirement (United Nations, 2018). So, the 2030 Agenda has presented two challenges for the development community: mobilisation of more funds and effective use of them. From this perspective the 2030 agenda offers a tremendous opportunity for the development community to reinvigorate the aid

effectiveness agenda as developing countries formulate their sustainable development strategies and donors can identify their priorities to ensure division of labour and harmonisation of efforts (Rudolph and Holzapfel, 2017).

2.14 GPEDC in Progress

The Global Partnership for Effective Development Co-operation (GPEDC) is a formal and broader collaboration of development actors such as government, parliament, development organisations, CSOs, NGOs and the private sector (Busan Statement, 2011; Abdel-Malek, 2014; Klingebiel and Xiaoyun, 2016; Bracho, 2017). The GPEDC embraces a more open agenda and an inclusive partnership where all are equal, rather than donor and recipient (GPEDC, 2016; Li, 2017). It was created to replace the Working Party on Aid Effectiveness (WP-EFF) to change the dynamics of the aid effectiveness agenda, not to run *'business as usual'* since the Rome Declaration (Abdel-Malek, 2015; p.4). The vision of the GPEDC is *'to maximise the effectiveness of all forms of co-operation for development for the shared benefit of people, planet, prosperity and peace'* and the current focus is to achieve the SDGs through effective development co-operation (GPEDC, 2016; p.9). It aims to synthesise knowledge of development co-operation and innovation of development tools for country-led development activities supported by aid and other financial sources to help change the aid receiver status of developing countries to aid providers (Eyben, 2013; Schaaf, 2015; Bhattacharya et al., 2016; Klingebiel and Xiaoyun, 2016). However, the 'unfinished business' of aid effectiveness is the core undertaking of the GPEDC (Abdel-Malek, 2015). The GPEDC monitors the progress of the Busan HLF commitments organised in 10 indicators in every two years and the last monitoring survey report was published in 2019.

In total, 161 nations and 61 international organisations have endorsed GPEDC (OECD/UNDP, 2014; Day, 2014). OECD and UNDP jointly provide secretarial support to GPEDC (Eyben, 2013, Abdel-Malek, 2015). The GPEDC is governed by a 24-member Steering Committee with 4 co-chairs and 20 members. Bangladesh, Switzerland, the Democratic Republic of Congo and a Non-executive Consultative Co-Chair: Executive Director for Reality of Aid Africa are the current four co-chairs and of GPEDC. Few academics believe, given the bigger agenda, that GPEDC will achieve visible results in the near future (Glennie, 2014) and the broad approach of GPEDC can cause problems in decision making or fragmented co-operation (Kharas, 2014). In contrast, some people believe

that a multi-stakeholder platform with diverse objectives can really meet the needs of the changing development world (Atwood, 2012).

Two High-Level Meetings (HLM) of GPEDC have already convened, the first one was in Mexico City in 2014 and the second was in Nairobi in 2016. The First HLM convened in Mexico on 15-16 April 2014. Around 1,700 delegates from 152 countries attended the meeting including the UN Secretary-General, the OECD Secretary-General, Ministers, parliamentarians, CSOs, NGOs and academics (MoFA, Mexico, 2014; Abdel-Malek, 2015). Developing country and CSO participants criticised GPEDC's approach of loose voluntary commitments and the signing of a much weaker document in the Busan HLF to accommodate South-South donors (Li et al., 2018).

However, the meeting reaffirmed the Busan Principles and goals, urging proactive roles for all stakeholders to achieve the set target by 2015 in the Communiqué titled 'Building towards an Inclusive Post-2015 Development Agenda' (MoFA, Mexico, 2014; Abdel-Malek, 2015). The Second HLM convened in Nairobi on 28 November to 1 December 2016, a year after the SDGs declaration and discussion was mostly focused on the achievement of SDGs: to leave no one behind and the Busan commitments (GPEDC, 2016). The next course of action to accelerate the progress of four development effectiveness principles was outlined in the outcome document (GPEDC, 2016). However, it is said that a 23-page long document does not provide any concrete commitment or measurable future actions as a follow-up of the Second HLM (Klingebiel & Xiaoyun, 2016). Nevertheless, a senior level meeting, the first of its kind, took place on July 2019 in New York. Lack of progress in the 'unfinished business' of the aid effectiveness agenda was recognised by the meeting and an understanding of the importance of 'unfinished business' was reached. An action plan was formulated to discuss at the next High-Level Forum (GPEDC, 2019a).

2.15 Monitoring Survey

GPEDC monitors the progress of the Busan Commitments using ten indicators under the supervision of a Monitoring Advisory Group (MAG) (Bhattacharya et al., 2016). It intends to contribute to the UN High-Level Political Forum (HLPF) by setting a standard for development co-operation actors and monitoring SDGs (Klingebiel and Xiaoyun, 2016). The

following framework of 10 indicators is used to examine the progress of the targets for Effective Development Co-operation (EDC) to be achieved by 2015 (GPEDC, 2015; p.5).

Table 2.4 GPEDC monitoring indicators and targets

EDC COMMITMENT	
INDICATORS	TARGETS FOR 2015
1. Development co-operation is focused on results that meet developing countries' priorities	
Extent of use of country results frameworks by co-operation providers	<i>All providers</i> of development co-operation use country results frameworks
2. Civil society operates within an environment which maximises its engagement in and contribution to development	
A preliminary assessment of CSO Enabling Environment building on qualitative, multi-stakeholder information	<i>Continued progress over time</i>
3. Engagement and contribution of the private sector to development	
A three-dimensional index providing a measure of the quality of public-private dialogue	<i>Continued progress over time</i>
4. Transparency: information on development co-operation is publicly available	
Measure of state of implementation of the common standard by co-operation providers	<i>Implement the common standard</i> – All development co-operation providers are on track to implement a common, open standard for electronic publication of timely, comprehensive and forward-looking information on development co-operation
5. Development co-operation is more predictable	
(a) annual: proportion of development co-operation funding disbursed within the fiscal year within which it was scheduled by co-operation providers; and	<i>Halve the gap</i> – halve the proportion of aid not disbursed within the fiscal year for which it was scheduled (Baseline year 2010)
(b) medium-term: proportion of development co-operation funding covered by indicative forward spending plans provided at country level	<i>Halve the gap</i> – halve the proportion of development co-operation funding not covered by indicative forward spending plans provided at country level (Baseline year 2013)
6. Aid is on budgets which are subject to parliamentary scrutiny	
% of development co-operation funding scheduled for disbursement that is recorded in the annual budgets approved by the legislatures of developing countries	<i>Halve the gap</i> – halve the proportion of development co-operation flows to the government sector not reported on government's budget(s) (with at least 85% reported on budget) (Baseline year 2010)
7. Mutual accountability among development co-operation actors is strengthened through inclusive reviews	
% of countries that undertake inclusive mutual assessments of progress in implementing agreed commitments	<i>All developing countries</i> have inclusive mutual assessment reviews in place (Baseline year 2010)
8. Gender equality and women's empowerment	
% of countries with systems that track and make public allocations for gender equality and women's empowerment	<i>All developing countries</i> have systems that track and make public resource allocations for gender equality and women's empowerment (Baseline year 2013)
9. Effective institutions: developing countries' systems are strengthened and used	
(a) Quality of developing country PFM systems; and	<i>Half of developing countries move up at least one measure (i.e. 0.5 points) on the PFM/CPIA scale of performance (Baseline year 2010)</i>
(b) Use of country PFM and procurement systems	<i>Reduce the gap.</i> [use the same logic as in Paris – close the gap by two-thirds where CPIA score is ≥ 5 ; or by one-third where between 3.5 and 4.5] (Baseline year 2010)
10. Aid is untied	
% of aid that is fully untied	<i>Continued progress over time</i> (Baseline year 2010)

GPEDC has conducted three Monitoring Surveys in 2014, 2016 and 2019. In 2014, 46 developing countries participated in the survey. Overall, results are mixed but the nature of development co-operation is changing. Greater efforts are required to transform development effectiveness into reality to include strong country ownership, enhanced transparency and accountability of development partners (OECD/UNDP, 2014). The development community after the 1st round of GPEDC 2014, in its monitoring survey, noted that the 'glass is half full' (OECD/UNDP, 2014; p.23). Reviewing the monitoring report, Abdel-Malek (2014; p.2) identifies the non-binding nature of GPEDC as one of the main reasons for little progress in

achieving targets along with a *'coalition of willingness'*. 81 low and middle-income countries and 125 development partners participated in the 2016 2nd monitoring survey (OECD/UNDP, 2016). In GPEDC's official language, this was to *'testify to important progress towards'* the development effectiveness agenda (OECD/UNDP, 2016; p.13). The GPEDC (2016) monitoring survey reports comparatively promising findings except for indicators such as country systems, predictability of aid, inclusive partnerships, transparency and inclusion of CSOs (OECD/UNDP, 2016). The 2019 GPEDC Monitoring Report was published on 17 June 2019 and included 86 countries and more than 100 development partners. The report presents mixed progress on indicators (OECD/UNDP, 2019).

However, survey reviews claim that although few areas of progress have been reported, donor commitments are far behind those noted in original documents (Carter, 2016) and some of them have moved away from the practice of principles and indicators, for example, the UK pulling off-budget support (Carter, 2016; Oxfam, 2016). Clear and straight forward PD aid effectiveness effort was an indicator and time-based measurement of implementation where donors and recipients were accountable to each other and notable progress was achieved. However, recent monitoring surveys are reporting poor progress of 'core aid' segments of the agenda for which a reason could be the voluntary nature of commitments and the lack of focus in evaluating results. This inability poses a great challenge for GPEDC (Blampied, 2016). Studies identify some of the causes of slow progress in the Busan HLM commitments and GPEDC initiatives, for example, a shift from aid to development effectiveness and a lack of donor commitment (Prizzon, 2016) and unsatisfactory recognition from stakeholders, especially emerging donors (Li, 2017), relatively poor alignment of indicators with SDGs (Keijzer and Janus, 2016) and the voluntary nature of declaration (OECD, 2011a; Atwood, 2012; Abdel-Malek, 2014).

There is also an assumption that although GPEDC was created with the intention of a common platform of both Northern and Southern donors moving from aid effectiveness to development effectiveness, adopting a non-committal voluntary document in the Busan HLF, a lack of participation from China, India, Brazil and South Africa perhaps impedes the vision (Oxfam, 2012; Lawson, 2013; Fues and Klingebiel, 2014; Klingebiel and Xiaoyun, 2016; Li, 2017; Li et al., 2018). On the one hand, hope in new global partnerships is dwindling and on the other, a shift to development effectiveness for a comprehensive partnership undermines core aid effectiveness issues (Abdel-Malek, 2015; Li et al., 2018).

Concern exists whether GPEDC has moved away from its promise made in the Busan HLF of 2011, to complete the ‘unfinished business’ of the aid effectiveness agenda due to the widespread development of the effectiveness agenda (Abdel-Malek, 2014). Another argument is that the aid effectiveness agenda has gone underground in recent years due to donor diversity and a decline in aid for accountability of government to parliament and people. However, GPEDC fails to reflect on these points efficiently (Rudolph and Holzapfel, 2017) but it is a platform for continued discussion of the aid effectiveness agenda that emerged due to the inefficiency of aid (Keijzer and Janus, 2016).

It is important for GPEDC to continue focusing on past commitments of aid effectiveness, still a crucial issue for developing countries, for greater and proactive engagement of developing countries (Rogerson, 2011). GPEDC should prioritise ‘unfinished business’ of the aid effectiveness agenda for its greater success because these principles are still valid for developing countries and their interest will be determined by the amount of focus GPEDC provides to their interest (Abdel-Malek, 2015). Countries unable to mobilise internal finance would still depend on aid for the achievement of SDGs (Oxfam, 2016). Therefore, the implementation of aid effectiveness principles is decisive for the best outcomes from aid money.

Prizzon (2016) shows that among development effectiveness principles, ownership and alignment are a priority for developing countries. Davis and Pickering (2015) support Prizzon’s findings. Moreover, they highlight the importance of donor finance alignment with recipient country national development strategies. For example, predictability and use of country systems such as sectoral budget support and division of labour to avoid fragmentation (Davis and Pickering, 2015).

Furthermore, the importance of core aid effectiveness was again raised and reinforced in the third international conference on financing for development held in Addis Ababa on 13-15 July 2015 with an objective to ensure resources for SDGs. Section 58 of the conference document urges GPEDC to align development co-operation, avoid fragmentation, country ownership and country systems, practice a programme based approach, develop effective partnerships for development effectiveness, increase transparency and mutual accountability and reduce transaction costs (United Nations, 2015b; p. 19). Therefore, core aid effectiveness

issues such as ownership, alignment, predictability, use of country system and division of labour need to be at the top of the priority list in implementing the development effectiveness agenda (Davis & Pickering, 2015; Prizzon, 2016; Keijzer & Janus, 2016; Oxfam, 2016; Blampied, 2016). However, in both High-Level Meetings the ‘unfinished business’ of aid effectiveness received serious importance and the meetings reiterated a firm commitment to the ‘unfinished business’ of the aid effectiveness agenda. For example, the 1st HLM communiqué stresses that ‘GPEDC is committed to implementing a paradigm shift from aid effectiveness to effective development co-operation, sustained by the contribution and catalysing effect of ODA, as the main source of international development assistance’ (GPEDC, 2014; p.1) and also mentions that *‘unfinished, the aid effectiveness agenda remains a critical concern’* (GPEDC, 2014; p.2). In the 2nd HLM, the development community *‘renew their full commitment to achieve this unfinished business’* and *‘will develop time-bound action plans in relation to these commitments’* (GPEDC, 2016; p. 9-10). In a recent senior level meeting held in July, it was decided an action plan would be submitted to the next HLM to take concrete action for the progress of ‘unfinished business’. However, studies claim that the progress of the aid effectiveness agenda is in limbo or mixed under GPEDC (Abdel-Malek, 2015; Fues and Klingebiel, 2014).

2.16 Implementation of the Aid Effectiveness Agenda and Challenges

The following section reviews the implementation experience of the aid effectiveness agenda in different countries as a prelude to a systematic analysis in chapters 5, 6 and 7. The discussion helps to outline a conceptual framework to evaluate the aid effectiveness agenda in the foreign aid policy regime of Bangladesh. The specific focus will be on aid and development administration, development partner collaboration, impact and current aid effectiveness in Bangladesh.

2.16.1 Implementation Experience of the aid effectiveness agenda in Different Countries

A number of studies in different countries examine the impact and implementation experience of the aid effectiveness agenda from different perspectives and the results are mixed. The following table illustrates some of these.

Table 2.5 Findings of research conducted to examine implementation experience of different countries.

Country	Researcher and Year	Area/Principle of Study	Findings
Nigeria	Monye et al., 2010	Policy implication	Unsatisfactory
Zambia	Sundewall et al., 2009	Aid coordination	Weak
Malawi	Collins, 2009	Education Sector	Slow but Positive
Uganda	Habraken et. al., 2017	Ownership and Harmonisation	Laggardly
Mozambique	Sjöstedt and Sundström, 2017	Fisheries Sector	Unsatisfactory
Indonesia	Winters, 2012	Politics, Bureaucracy and Harmonisation	Unsatisfactory
Rwanda	Hayman, 2009	Ownership	Mixed
Ghana	King, 2011	Education Sector	Little Progress
Albania	Karini, 2016	Aid Management	Unsatisfactory
Bolivia, Honduras and Nicaragua	Dijkstra and Komives, 2011	Ownership	Disappointing
Colombia	McGee and Heredia, 2012	Implication in Planning	Satisfactory
Cambodia and Vietnam	Cameron and Low, 2012	Law and justice Sector	Limited success
Bangladesh	Rahman and Khan, 2010	Harmonisation	Unsatisfactory
Dar es Salaam, Tanzania	Hyden, 2008	Political aspect	Unsatisfactory
Bangladesh, Ethiopia and Uganda	Welle et al, 2009	Education, Health and Water Sector	Mixed (Uganda-Satisfactory)
Bangladesh	Dristy, 2016	Impact of Paris Declaration	Yet to Create Impact
Solomon Islands, Tonga, Tuvalu	Dornan, 2017	Ownership and Conditionality	Unsatisfactory
Eritrea	Habtom, 2016	All Principles	Mixed
Afghanistan	Roberts, 2009	All Principles	Application Difficult
Tanzania, Zanzibar, and Cambodia	Sjöstedt, 2013	Gender and Education	Application Difficult
Cambodia and Indonesia	Blunt et al., 2011	Application and Donor Behaviour	Unsatisfactory

Studies identify a good number of issues detrimental to the execution of the PD principles at the country level. Examining Uganda's initiatives to adopt the PD principles for example, particularly ownership, alignment and harmonisation, Habraken et al. (2017) argue that the implementation of principles varies from donor to donor and the PD should not be considered a blueprint for every country and every donor. Rather, a different approach can be adopted in the application process. It is not correct to suggest that the PD is too rigid and cannot be diversified, this is perhaps an incorrect assumption (Blunt et al., 2011; Habraken et al., 2017). Therefore, to make sure aid effectiveness donors can develop appropriate mechanisms, an agreement outside of the PD which accommodates this and at the same time ensures ownership of the recipients (Blunt, et al. 2011. Owa, 2011).

Studies also find that PD implementation varies from donor to donor (Blunt et al., 2011. Owa, 2011). Analysing donor thoughts about the implementation of PD in Dar es Salaam in Tanzania, Hyden (2008) identifies three important issues for donors in transforming the PD principles into reality: firstly, although the PD is not legally binding, in realising the social value of the declaration donors should support the partnership approach of the PD that upholds ownership by recipients; secondly, the lack of harmonisation should not undercut recipient government development initiatives; finally, donors should not undertake policy intervention in respect of the cultural and political contexts of recipient countries. Investigating the education, health and water sectors of Bangladesh, Ethiopia and Uganda from a governance perspective Welle et al. (2009) identify two issues that are crucial to implement aid effectiveness principles: equal adherence of the PD principles at global, national and sub-national levels helps to achieve faster implementation, and political commitment of recipient countries for economic development and poverty eradication.

Evaluating the implementation process of the PD in three Latin American countries, Bolivia, Honduras and Nicaragua, Dijkstra and Komives (2011) identify some problems in implementing the PD principles such as recipient loss of planning control in the negotiation process with the donors thereby making it difficult for recipients to take leadership over aid, donor-recipient working groups remaining ineffective because of donor dominance, budget support and a programme based approach, conditions attached to budget support, unpredictable aid, donor focus on administration and financial management. A Nigerian study suggests a less committed and inefficient leadership of recipient countries and an absence of donor motivation are responsible for the non-execution of the PD principles

(Monye et al., 2010). The absence of a clear strategy, donor support and donor-imposed conditions are predicaments for PD implementation in Uganda (Habraken et al., 2017).

2.16.2 Aid Effectiveness Principle-Wise Implementation Experience

2.16.2.1 Ownership

All aid recipient signatories of the aid effectiveness agenda are trying to ensure their ownership produces effective development strategies and plans but progress is very slow and country experience different. There is one indicator under the ownership principle in the PD framework - ‘Operational Development Strategies’ and the target was for 75% of countries to have national development strategies by 2010. The 2005 baseline was 17% and in 2010 this was 38%, so the target was not met (OECD, 2011b). Implementation of ownership principles varies from country to country. For example, Tanzania, Colombia and Albania claim considerable ownership over development initiatives (DPG, 2011; McGee and Heredia, 2012; Karini, 2016). Rwanda is also identified as a country that has a relatively higher level of ownership which has evolved over the years as an outcome of bold steps such as aid policy and sector strategy with firm commitments and support from strong and visionary leadership (Hayman, 2009).

Analysing the education, health and water sectors of Bangladesh, Ethiopia and Uganda, Welle et al. (2009) claim that the principle of ownership has made weak progress in Bangladesh and Ethiopia, and in Uganda strong or moderate to strong progress. However, three island countries, the Solomon Islands, Tuvalu and Tonga, show ownership is not guaranteed because donors and recipients did not support each other’s reform and this impaired their relationships (Dornan, 2017). It might be argued that donors still dominate in formulating policies or drive policies in Cambodia as well as in Indonesia, but governments are pressing for ownership (Blunt et al., 2011). Nigeria is struggling to achieve ownership because donors still implement pre-designed projects that are the priority of Nigeria’s government in a broader sense but not included in the strategic development plan or budget (Monye et al., 2010). An initiative in Cambodia to exercise the ownership principle of the aid effectiveness agenda in the law and justice sector was limited by the donor community (Cameron and Low, 2012).

However, implementation experiences indicate poor recipient policy (Winters, 2012; Bigsten and Tengstam, 2015), weak institutions and political leadership (Booth, 2011) and a lack of commitment and co-operation (Cameron and Low, 2012; Oxfam, 2016) on the part of donors impedes implementation of the ownership principle. Moreover, new conditions of the PD mentioned in the alignment section of the PD document enforce conditions related to recipient development strategies but donors abuse this option to impose other conditions which go against the ownership principle (Dornan, 2017).

2.16.2.2 Alignment

There exist expectations that donors offer autonomy to recipients for self-determine of their own programmes and align their resources to ensure support for successful completion (Habtom, 2016). However, some studies claim donors did not support government action on implementation of the alignment principle (Cameron and Low, 2012) and alignment is still a matter of tension between donors and recipients (Sjöstedt, 2013).

The overall progress of alignment is slow, varying between donors, countries and components of alignment (Wood et al., 2011). The 2005 baseline alignment indicator in the PD measurement framework, ‘Aid flows are aligned on national priorities’, was 42% and the 2010 target was 85% against a 2010 actual figure of 41%; the target was not met (OECD, 2011b). According to the GPEDC 2016 survey, 74% of developing countries have a strategic plan comprising of priorities, targets and indicators. However, alignment of aid is still a challenge. Few studies investigate progress of the alignment principle in some countries. Tanzania’s experience provides a promising picture of alignment (DPG, 2011). The Cambodian experience shows that donors did not uphold the alignment principle because of idiosyncratic agenda (Cameron and Low, 2012). Welle et al. (2009) find that alignment in water, health and education sectors of Bangladesh, Ethiopia and Uganda is mostly weak, moderately weak or moderate. Aid projects in Nigeria are not aligned with government development priorities (Monye et al., 2010). In Rwanda aid is not fully predictable, donors implement individual projects and mutual accountability among donor and recipient is mostly missing (Hayman, 2009; Abbott and Rwirahira, 2012).

Nevertheless, difficulties exist between both donors and recipients when implementing the alignment principle. Donor political objectives, strategic interests, priorities, accountability

procedures and limited authority of donor local offices restrict the alignment of aid with recipient priorities (Dijkstra and Komives, 2011; Habraken et al., 2017). On the other hand, politically motivated policy (Booth, 2011), bureaucrat and NGO interests to have projects outside of government priorities (Dijkstra and Komives, 2011), weak planning and management of public finance amongst recipients also contribute to non-compliance of alignment.

2. 16.2.3 Harmonisation

Modest progress has been made in harmonisation since the PD (Wood et al., 2011). The OECD admits *'little progress has been made among donors to implement common arrangements or procedures and conduct joint missions and analytical works'* (OECD, 2011b, p. 16). There are three indicators under harmonisation principles in the PD measurement framework. These are 'use of common arrangements or procedures', for which the 2005 baseline was 43% and a 2010 target of 66%. In 2010, the actual figure was 45%. For the 'joint mission' indicator the 2005 baseline was 18% and the 2010 target was 40%. In 2010 the actual figure was 19%. For the 'joint country analytic work' indicator the 2005 baseline was 42% and the 2010 target 66%. In 2010 this figure was actually 43% (OECD, 2011b). It is worth mentioning here that there is no indicator as such to measure the harmonisation principle's implementation in the GPEDC framework and therefore, it is not possible to refer to data from the GEDC 2014 and 2016 surveys.

The literature in relation to the harmonisation principle's implementation in different countries represents a disappointing situation after the decades of the aid effectiveness agenda. The findings are similar to the OECD (2011) survey report (Cameron and Low, 2012; Nunnenkamp et al., 2013). The DFID and the World Bank made attempts in Indonesia to harmonise donors for decentralisation and local governance programmes in 2005 but after 5 years there was little progress; political economy, co-ordination in government and bureaucracy and unmotivated donors are identified as the reason behind this failure (Winters, 2012).

The progress of harmonisation in Bangladesh is slow despite some initiatives being taken, for example, the establishment of a donor Local Consultative Group (LCG) and a Sector Working Group but these initiatives remain ineffective because of an unclear framework,

weak communication between donors and government, little motivation of donors and government capacity constraints (Rahman and Khan, 2010). Two issues are identified for the absence of effective harmonisation in Indonesian: one, donors prefer distinctiveness and two, government choices over the mode of delivery (Blunt et al., 2011). In Bolivia, Honduras and Nicaragua (Dijkstra and Komives, 2011) problems associated with donor lack of harmonisation can be identified, for example, donors having their own priorities, systems or agendas. Uganda introduced a Local Development Partner Group (LDPG) to co-ordinate 25 donors. The initiative proved unsuccessful because of the different political interests of the donors. A difference in country level autonomy is also an issue because some donors hold country level decision making power and some do not. For example, Nordic countries do but the US does not (Habraken et al, 2017). Harmonisation seems difficult in Eritrea mainly because of different donor policy interests, too many aid channels, proliferation and fragmentation resulting in huge costs (Habtom, 2016). Also, Nigeria's situation did not change after the emergence of the aid effectiveness agenda; many donors in many sectors, no reporting to government and no co-ordination among donors (Monye et al., 2010). Zambia's aid co-ordination experience is also weak (Sundewall et al, 2009).

Investigation of the education, health and water sectors of Bangladesh, Ethiopia and Uganda shows mostly moderate to weak progress in harmonisation (Welle et al., 2009). However, good examples are set in Colombia where donors promote peaceful co-existence for harmonisation (Killen, 2011). Joint Assistance Strategies (JAS) take various forms and objectives. A JAS in Nigeria includes only the World Bank and the DFID but Tanzania involves 45 donors and media, NGOs, CSOs and academic institutions in the forum (Lawson, 2013). El Salvador introduced a National Agenda for Aid Effectiveness and Guatemala an International Co-operation Management System for more harmonised aid (Killen, 2011). In Mozambique, Tanzania and Zambia most donors remain outside of the Joint Assistance Strategies (JAS) initiative probably because of autonomy and interest and therefore the dialogue mechanism is becoming complex. This is not a good sign for the harmonisation principle implementation (Odén and Wohlgemuth, 2011).

2.16.2.4 Managing for Results

Progress in result management is poor and relatively slow relative to other principles (Wood et al., 2011; Booth, 2011). A 2005 baseline of managing for results principle indicator in the

PD measurement framework - 'Results-oriented frameworks' was 9% and in 2010 the target was 36%. In 2010 the actual figure was 20% (OECD, 2011b). However, a study finds that recipient country aid information systems are improving and they are asking for disclosure of donor aid information (Wood et al., 2011). A GPEDC (2016) survey found country result information and dependence on domestic monitoring and evaluation to determine the status of implementation and impact is considerably lower at 52% (OECD/UNDP, 2016a). Country experience is diverse in implementing the managing for results principle. It was found in Malawi that the managing for results framework is behind four principles and indicators of mutual accountability are not aligned with national or sectoral plans (Collins, 2009).

Managing for results in the education, health and water sectors in Bangladesh, Ethiopia and Uganda is weak or moderate to weak (Welle et al., 2009). Few countries such as Nicaragua are able to jointly develop a results management framework with donors but mitigating measures or forfeit procedures are not mentioned in the case of non-compliance of criteria (Dijkstra and Komives, 2011). Bolivia tried to formulate an indicator based results management system in the education sector but was unsuccessful because of inconsistent political policies and rejection from donors (Dijkstra and Komives, 2011). Referring to Cambodia's law and justice sector, Cameron and Low (2012) claim that donors prefer to use their own results frameworks and recipient governments experience difficulties in reaching agreement for the use of common results frameworks (Cameron and Low, 2012). Rwanda's experience is similar to Cambodia where a results framework is in place but donors are less interested in using it (Abbott and Rwirahira, 2012). Donor co-operation in Nigeria to formulate a robust, indigenous, evaluation and monitoring framework is absent.

Moreover, donors seem interested in providing funds, even for administrative development but less interested in doing so for building capacity to introduce an evaluation and monitoring framework (Monye et al., 2010). In Albania's case, it is found that outcome assessment of development projects is not a priority of the government as well as donors (Karini, 2016). Also, the priority of managing for results is lower in Colombia (McGee and Heredia, 2012). Furthermore, it is seen that donors are more interested or focused on administration and financial management rather than managing for results and most of the time, meeting objectives of projects or programmes are not a pre-condition for the disbursement of funds. In addition, this does not necessarily depend on the fulfilment of objectives (Dijkstra and Komives, 2011).

2.16.2.5 Mutual Accountability

Overall, progress on implementing the mutual accountability principle is slow or mixed (Rogerson, 2011; Wood et al., 2011). The 2005 baseline in the PD measurement framework was 22% and the 2010 target was 100% but in 2010 the actual was 38% (OECD, 2011b). Countries have made considerable, gradual, uneven or little progress but the momentum of change is observed among the aid community (Wood et al., 2011). The 2016 GPEDC survey reported a mutual assessment review score of 46% from a target of 100% but 80% of countries now have aid or partnership policies (OECD/UNDP, 2016a). There are countries such as Mozambique where a mutual accountability framework is established through a memorandum of understanding between donors and government. The latter assesses and ranks donor performance through a “performance assessment framework” and donors evaluate government performance on the basis of poverty reduction and development result monitoring indicators (Killen, 2011). Tanzania was able to meet the 2010 target set by the PD evaluation (DPG, 2011). However, considering the water, health and education sectors of Bangladesh, Ethiopia and Uganda, Welle et al. (2009) conclude mutual accountability has made weak or moderate to weak progress, lagging behind other principles. Here, a power imbalance is the main reason for slow progress; rich patrons and poor client relationships cannot really ensure mutual accountability (Rogerson, 2011).

The aid effectiveness agenda insists on joint assessment using a framework that is designed to understand the country context to measure development outcomes and make each party accountable to one another and the people of respective countries (Khatun, 2008). However, due to institutional requirements most donors use their own evaluation frameworks and therefore, it is difficult to introduce jointly developed evaluation instruments to measure results and ensure accountability (Karini, 2016). Weak governance and institutions of recipient countries such as Eritrea, do not allow for the functioning of mutual accountability principles (Habtom, 2016). Furthermore, a project-based approach and donor involvement and influence are detrimental to mutual accountability. For instance, a project approach and donor control in Nigeria did not allow the government to adequately monitor donor performance (Monye et al., 2010). Moreover, the mutual accountability principle remains on the side-lines even in countries that have a positive experience of the implementation of the agenda, for example, Malawi and Colombia where not much discussion takes place among donors and government to measure indicators related to mutual accountability (Collins, 2009;

McGee and Heredia, 2012). Studies suggest recipients should raise their voices in the form of conferences, seminars or citizen dialogues to give a message to donor headquarters via local offices, asking to ensure mutual accountability and support recipient countries for system improvements (Rogerson, 2011). Others argue in favour of the Aid Information Management System (AIMS) for functional mutual accountability (Monye et al., 2010).

2.17 Donors are Behind in Implementation

Weak recipient leadership due to poor capacity, institutions and systems obstruct implementation of the aid effectiveness agenda (Chandy, 2011). The poorly co-ordinated, fractionalised policy of the recipient also creates a problem for ownership and ultimately for the execution of the agenda (Winters, 2012). However, it is noted by Easterly and Williamson (2011; p.1946) that donors do not follow the best practices of the aid effectiveness agenda. So, donors lag behind recipients in implementing (Winters, 2012; Gulrajani, 2014). However, the agenda requires relatively fewer actions from donors than recipients but politics, institutions, bureaucracy and concern over public support perhaps contribute to this performance (Wood et al., 2011). Donors are less motivated than recipient countries on initiatives to adhere to the principles, for example, the US and Japan do not follow Uganda's joint strategies and donor platform (Habraken et al., 2017). Donor political interest, personalised agendas and visibility also hamper adherence to these principles (Nunnenkamp et al., 2013; Gulrajani, 2014; Cameron and Low, 2012; Vollmer, 2014).

Scholars hold donors responsible for the relatively poor progress of the aid effectiveness agenda especially because of alignment, selectivity, overhead costs, harmonisation and transparency (Gulrajani, 2014). Conversely, research suggests donors to be altruistic in implementing the principles, their organisation have complex internal systems and accountability to citizens impedes progress (Nunnenkamp et al., 2013). Moreover, donor inability to understand local systems and country cultures contributes to the slow progress of the aid effectiveness agenda (Hyden, 2008). Therefore, on the one hand, donor burdens on recipient countries do not decrease and on the other, donor efficiency does not increase (Birdsall and Kharas, 2014). Some analysts believe that donor country governments make commitments in international forums but their development agencies attach less importance to implementing commitments to enhance aid effectiveness (Gulrajani, 2014). Another

crucial issue is the internal procedures and rules of business for donor country organisations and their interpretations of the agenda. Four problems related to donor implementation of the PD process have been identified by Gulrajani (2014) that are related to donor internal governance: aid modality of the aid effectiveness agenda is presumed not proven to deliver better outcomes, equal emphasis is not given to goals, the PD fails to understand the complexity of donor organisations and there is no prescribed format for donor organisations to implement principles.

An independent PD evaluation states that *'it is urgent that all donor governments find ways to overcome the internal institutional or administrative obstacles slowing their aid reforms'* (Wood et al., 2011: xv). From ideological and political perspectives, it is very difficult to change (Blunt et al., 2011). Also, decision making powers of local offices varies from one donor to another, for example, Nordic country offices enjoy the freedom to co-operate with recipient government initiatives depending on the local context but the US requires centralised decision making (Habraken et al., 2017).

2.18 Slow Progress of Implementation but Important to Continue the Journey

Although progress is slow, the aid effectiveness agenda is able to show the way for the improvement of aid practice. It has raised development awareness and helped to improve the quality of aid partnerships (Wood et al., 2011; Keijzer, 2013). Research finds some evidence that the agenda helps to improve the delivery and management of aid (Stern et al., 2008). According to the OECD (2010a), the agenda has brought changes to the aid business. Recipients raise their voices for ownership and alignment, donors are promoting harmonisation, donors-recipients are trying to measure the outcomes of development efforts and make each other accountable for results. Arguably, implementation of the aid effectiveness agenda can make a real difference as it is not a *'paper tiger'* (Rogerson, 2011; p.4). An argument is that donors and recipients are in a hurry for results but patience is needed on both sides as many long-standing problems cannot be resolved in a short span of time; there exists a need to work through trust (Odén and Wohlgemuth, 2011; Samy and Aksl, 2015).

The aid effectiveness agenda shifted from one policy to another very quickly, for example, aid to development effectiveness in Busan and a short time to achieve targets is a problem for both donors and recipients (Samy and Aksl, 2015). Implementation of donor commitments and capacity enhancement of recipients will take time; therefore, it would be unwise to see the end of the aid effectiveness agenda so early (Owa, 2011). If the development community desires to see quick results they should set a moderate and realistic target to achieve them as they find it difficult to implement current targets (Samy and Aksl, 2015). Although it is not fully implemented, the agenda and its commitments are still relevant and not out-dated for development co-operation (Wood et al., 2011). Slow progress does not mean the framework is bad, rather issues with donors and recipients are a problem. Studies claim that expectations of immediate results as well as political and technical issues of donor and recipient can make the aid effectiveness agenda an unsuccessful story in the history of development which can be a major setback for the aid effectiveness agenda (Odén and Wohlgemuth, 2011).

This literature review presents many reasons for the slow progress of the aid effectiveness agenda. However, six reasons repeatedly appear in the review: 1) policy, institution, governance and capacity of recipient countries, 2) weak leadership of recipient countries 3) lack of political commitment of donors, 4) donor self-interests and agendas, 5) internal bureaucracy or administration of donor aid agencies, and 6) donor co-ordination.

2.19 Gaps in the Literature

This literature review inspects the development of the aid effectiveness agenda and the implementation of aid effectiveness principles from diverse perspectives. Most of the literature identifies bottlenecks that impede implementation or contribute to slow progress, examining different aspects associated with the aid effectiveness agenda. However, the following gaps in the existing literature can be identified.

The reviewed literature does not provide comprehensive evidence about recipient government initiatives to implement the aid effectiveness agenda and its impact on the internal management of aid. Most of the discussion is confined to recipient aid-related actions or donor organisation activities to implement the agenda. However, the influence of the aid effectiveness agenda on recipient government inter and intra-organisations such as line ministries, agencies of aid programmes/projects, planning ministries, evaluation and

monitoring, procurement, audit and so on are not well addressed. The aid effectiveness agenda focuses on the management aspect of aid and stresses recipient country level activities. The aid effectiveness agenda is all about partnership, trust and co-operation. Recipients formulate good development strategies and build quality country systems to establish ownership. Donors support recipient country's development strategies in co-ordination with other donors and use country systems to help strengthen the system. They manage results and ensure accountability collectively. However, the existing literature does not clearly identify the joint effort of donors and recipients in implementing the agenda.

Recipient policy has been identified as a catalyst for aid effectiveness in the existing literature and declarations have repeatedly signified this importance as well, because recipient policy and strategy help achieve ownership. However, recipient policy interventions to implement the aid effectiveness agenda has not been clearly understood from the available literature. An unclear picture has emerged from the available literature with regard to the implementation of the aid effectiveness agenda from a public policy perspective. In other words, the experience of implementation as a public policy is not clearly understood. Few case studies have examined the implementation process of the aid effectiveness agenda and the impact of implementation on aid administration. Moreover, most of the existing case studies either examine specific aid sectors or a single principle of the aid effectiveness agenda. The literature also does not provide much information about the current implementation status of 'unfinished business' of the aid effectiveness agenda.

Bangladesh is a leading aid recipient country and proactive on international aid effectiveness platforms. In fact, it is the current Co-Chair of the Global Partnership for Effective Development Co-operation (GPEDC). Very few studies have investigated the Bangladesh government's initiative to implement the aid effectiveness agenda from narrow angles such as harmonisation, the forestry sector or the education, health and water sectors. Nevertheless, no existing study has extensively reviewed the Bangladesh government's efforts to implement the aid effectiveness agenda. Therefore, this thesis endeavours to fill these gaps by examining the Bangladesh government's initiatives to implement the aid effectiveness agenda and the impact of the initiatives in aid and development administration, collaborative efforts of the government with development partners and the current implementation status of 'unfinished business' in the aid effectiveness agenda.

Precisely, the specific research gaps this thesis addresses are: one of the leading aid recipient countries- Bangladesh endeavour in implementing the aid effectiveness agenda and its impact on the management of aid and aid effectiveness; joint efforts of donors and recipient to implement the aid effectiveness agenda; policy formulation and the implementation process of the recipient government in relation to the aid effectiveness agenda from a perspective of public policy implementation; the thesis takes a comprehensive approach to examine the implementation of all principles of the agenda; donors response to the implementation initiatives of the recipient; the impact of continuous change of the agenda in country level and informs current implementation status of the aid effectiveness agenda.

2.20 Conclusion

The overriding objective of this chapter is to review the existing literature from the perspective of the management of foreign aid. The review initially inspects the aid effectiveness debate in terms of some of the most oft-used buzzwords in the development lexicon: aid works or not. The predominant view of the available literature is that aid works subject to good policy, institutions and governance of the recipient country and the removal of long-standing issues associated with donors such as conditionality, fragmentation, absence of co-ordination, tying aid, poor predictability and so on. The realisation of the donor community in the late 1990s of the need to change aid practice from donorship to partnership is also discussed. This review exercise investigates the emergence and evolution of the aid effectiveness agenda, a shift from a narrow approach of the aid and growth relationship to aid management over time and examines its impact on enhancing aid effectiveness. The OECD-DAC initiative of the aid effectiveness agenda formally emerged from the Rome Declaration but the 2005 Paris Declaration's five principles with indicators are the normative framework of the aid effectiveness agenda. To accommodate new donors alongside other development stakeholders such as CSOs, NGOs, the private sectors and increasing the modalities of finance, the aid effectiveness agenda has become a development effectiveness agenda. A new platform, namely the GPEDC was created in the Busan HLF to continue with the 'unfinished business' of the aid effectiveness agenda. This promotes partnership and financial requirements for the achievement of the 2030 SDG agenda. There is a growing body of opinion for prioritising the 'unfinished business' of the aid effectiveness agenda in GPEDC's activities because the execution of these principles are still relevant and even crucial for SDG accomplishments in a financially constraint environment.

Though some studies identify weaknesses in the aid effectiveness framework, a majority praise and acknowledge it as a revolutionary event in the history of development co-operation. A major criticism of the aid effectiveness framework is that it is administrative and does not take political issues into consideration that it is non-binding in nature, loose and favourable language for donors is used. In addition, recipient incapacity, an emphasis on policy management rather than effectiveness and that it is aspirational. Implementation progress of the principles of aid effectiveness is slow and mixed over the principles and across countries. Donors are behind recipients in implementation and country experience in implementing aid effectiveness is also mixed. The main problems faced by countries are development organisation internal complexity to support recipient countries for the implementation of principles, donor lack of interest in co-ordination, less predictability, tied aid, less alignment of aid, recipient incapacity to formulate good policy strategies to uphold ownership and weak country systems.

This literature review confirms the slow progress of the aid effectiveness agenda. However, it also notes a change in the mind-set of the aid community in creating awareness of aid practice and bringing change to aid management. Above all, it is an opportunity for recipients to establish their rights. It is suggested that positive results can be achieved if aid effectiveness principles are applied properly. The history of aid is more than sixty years old now but the aid effectiveness agenda has largely crystallised in the last fifteen years or so. There is optimism and commitment from both donors and recipients. In this context, the study investigates the implementation of the aid effectiveness agenda in Bangladesh from the perspectives of policy formulation and internal management of aid, focusing on government and donor joint efforts because the existing literature does not provide a clear picture. There is also little insight into the implementation status of the ‘unfinished business’ of the aid effectiveness agenda. This study examines government initiatives to implement the aid effectiveness agenda from the viewpoint of public policy implementation theory to fill these knowledge gaps. The following chapter presents a theoretical framework for the study before an analysis is conducted.

Chapter 3

Conceptual Framework

3.1 Introduction

The aid effectiveness agenda, especially the Paris Declaration (PD)'s policy framework with indicators and time-bound commitments, was considered a panacea to make aid effective and it resolved a perennial debate over whether 'aid works or not'. However, surveys of the OECD-DAC and GPEDC from 2005 to 2019, independent reviews and academic findings show slow and uneven implementation of the principles the aid agenda. Nevertheless, the aid effectiveness agenda is a good policy guideline and can produce good results if implemented well. The Paris Declaration's principles and framework have been considered an 'unfinished business' of aid effectiveness in the Busan High-Level Forum for Aid Effectiveness. Nevertheless, six reasons have been identified from the literature review that contributed to the slow and uneven progress of the implementation of the aid effectiveness principles. The reasons are: 1) policy, institutions, governance and capacity of recipient countries, 2) weak leadership of recipient countries 3) lack of political commitment on the part of donors, 4) donor self-interest 5) internal bureaucracy or administration of donor aid agencies and 6) donor co-ordination.

The Global Partnership for Effective Development Co-operation (GPEDC) is now the responsible organisation to drive forward the 'unfinished business' of the aid effectiveness agenda. The literature review suggested the GPEDC should continue its focus on 'unfinished business' under the development effectiveness architecture. Nonetheless, most official reports and research use the PD framework and indicators to analyse the policy implementation process or progress of the aid effectiveness agenda. Academic papers apply different frameworks including the PD framework where a trend or most used framework is difficult to identify.

The present study examines the GoB's policy decision to implement aid effectiveness and the impact of decisions and initiatives in aid and development administration. The study also evaluates the GoB's and its development partners collaborative initiatives to implement principles of the aid effectiveness agenda including the current status of implementation. In overall terms, this evaluates the Bangladesh government's policy formulation and implementation process related to the aid effectiveness agenda. It adopts the public policy implementation theory to outline a conceptual framework. Public policy implementation

theory is related to government policy formulation and implementation. This conceptual framework analyses three research questions related to the GoB's policy decisions to implement the aid effectiveness agenda, GoB development partner collaborative efforts in implementing the agenda and the current implementation status under public policy implementation theory. In adopting this framework, the study examines whether the six issues identified above are the only reasons for slow and uneven progress of the aid effectiveness agenda or if there are other issues which contribute.

3.2 Public Policy and Effective Implementation

A policy is a rational sequence of '*deciding there is a problem; deciding to do something about it; deciding the best way of proceeding; deciding to legislate*' (Hogwood and Gunn, 1984; p.19). Policy pursues goals to be achieved through means and implementation is all about gaining results (Howlett, 2018). Moreover, '*policies normally contain both goals and the means for achieving them*' (Pressman and Wildavsky, 1984; p.xxi).

In the 1960s and 70s, academics noted governments were better at legislating policies than achieving outcomes (Hogwood and Gunn, 1984), what Dunsire (1978) calls an 'implementation gap'. At the same time, it was observed that many government socio-economic and administrative projects failed to achieve outcomes. Therefore, academics were interested in investigating gaps in the implementation of projects. That exercise eventually emerged as public policy implementation (Parsons, 1995; John, 1998; Hill & Hupe, 2002). It evolved in the 1980s with the work of Jeffrey Pressman and Aaron Wildavsky (1973), Erwin Hargrove (1975), Van Meter and Van Horn (1975), Bardach (1977), Gunn (1978) and Sabatier and Mazmannian (1979). These works are mostly focused on government policy implementation in socio-economic sectors (Parsons, 1995; Hill and Hupe, 2002).

Policy implementation as an integrated approach assimilates policy formulation, implementation and evaluation (Pressman and Wildavsky, 1984; Younis and Davidson, 1990). Public policy has a link to politics. Explaining public policy's relationship with politics, John (1998; p.1-2 & p.27) states that '*public policy seeks to explain the operation of the political system as a whole*' that is related to cause and outcomes and it '*translates intention to reality*'. Moreover, implementation pays more attention to government political

and legislative systems because they help introduce programmes through policy interventions (Sabatier and Mazmanian, 1979).

Academics have endeavoured to resolve issues affecting policy implementation and also recommended steps to consider during implementation. Sometimes a good decision can be implemented badly (Pressman and Wildavsky, 1973). Hood (1976; p.6) states that “*a condition in which ‘external’ elements of resource availability and political acceptability combine with ‘administration’ to produce perfect policy implementation*” (Hood, 1976; p.6). Sabatier and Mazmannian (1980) consider issues such as *‘factors affecting the tractability of the problem’*, *‘non-statutory variables affecting implementation’* and the *‘ability of the statute to structure implementation’* (Sabatier and Mazmannian, 1980, p.544). Ten pre-conditions for effective public policy implementation are proposed by Gunn (1978; p.170-174) and these are:

1. That circumstances external to the implementing agency do not impose crippling constraints.
2. That adequate time and sufficient resources are made available to programmes.
3. At each stage in the implementation process, the required combination of resources is actually available.
4. That the policy to be implemented is based upon a valid theory of cause and effect.
5. That the relationship between cause and effect is direct and that there are few, if any, intervening links.
6. That dependency relationships are minimal in number and importance.
7. That there is a complete understanding of, and agreement upon, the objectives to be achieved.
8. Participant tasks should be specified without incomplete details and in sequence.
9. That there is efficient communication among, and co-ordination of, the various elements or agencies involved in the programme.
10. That those in authority can demand and obtain compliance.

3.3 Policy Implementation Approaches: Top-down Versus Alternatives

A number of policy implementation models or approaches can be found in the policy implementation literature. According to O’Toole (2000; p.283), *‘the study of policy implementation is in many respects in a relatively mature stage of development. Weaknesses*

are apparent issues remain'. There is a propensity among existing policy implementation theories to evaluate policy implementation from the viewpoint of success or failure (Sabatier and Mazmanian, 1979; Parsons, 1995). The most common or popular model and approaches are: top-down, bottom-up or bureaucratic street-level behaviour models, policy action models, game theory approaches, principle-agent approaches or a combination of policy and process theory. However, top-down and bottom-up approaches have extensively been discussed in the existing literature. In the top-down model, a policy is made at the top and executed through strong command and supervision (Pressman and Wildavsky, 1973; Parsons, 1995). Conversely, bureaucratic street-level behaviour models or bottom-up models focus on front-line staff in policy delivery agencies. Proponents argue that public policy is formed through the ground level or through 'street-level' interaction between bureaucrats and clients (Lipsky, 2010). The bottom-up approach emerged in the late 1970s and early 1980s as an opposite to the top-down approach that focuses more on the strategic functioning of the actors in achieving the objectives (Sabatier, 1986). However, study argues that both top-down and bottom-up approaches give importance to the implementation system and bottom-level variables are equally crucial as like as top-level (O'Toole, 2000). Conversely, Ryan (1999; p.45) states that the top-down model stresses on '*structural approach*' and bottom-up model emphasises '*a process-based approach*'.

Policy action models suggest development and implementation of policy as an interactive process, evolving through negotiation (Barret and Fudge, 1981). On the other hand, the game theory approach developed by Scholz (1991) argues successful implementation is a pay-off of incentives between regulators and their clients. It was originated in the 1980s and 1990s. The game theory approach prioritises the understanding of administrative behaviour to eliminate issues to policy compliance. The game of policy implementation starts with a persuasive approach of the policymakers or regulators. If persuasion fails, in the next stage, regulators move to coercive rules which enhances result with high compliance cost. Finally, a balance of monitoring and coercion maintain compliance (Howlett, 2018). The principal-agent theory develops a relationship between bureaucrats and politicians where policymakers introduce a policy and bureaucrats decide how and where policy would be applied (Calvert et al., 1989; Francis, 1993). Politicians are principal and bureaucrats or administrators are the agent in the principal-agent theory. It is believed that bureaucrats become expert in a particular area of administration than politicians due to their contentious long-term engagement in the respective fields (Howlett, 2018). There are academic works which fit policy process theory

to policy implementation, which include the entire process starting from agenda-setting (Howlett, 2018).

The framework of aid effectiveness agenda is a top-down, up-stream, policy-level approach that requires a high level of political commitment and it is technical as well as bureaucratic (Kharas, 2007; OECD, 2008a; Wood et al., 2008; Owa, 2011; Dabelstein and Patton, 2013). Although the aid effectiveness agenda categorically specifies a good number of donor actions to change aid practices, it promotes recipient leadership and recipient country level activities to implement a policy framework. As a result, recipient government policy interventions to implement the framework of the aid effectiveness agenda are crucial. Policy intervention is essential for the top of the government because the agenda requires high-level government involvement to implement its framework, as many of its requirements have legal implications. For example, including enactment and amendment of laws and policies, reforms, restructuring and introducing departments and organisations, agencies and bodies. Simultaneously, these requirements perhaps need top-level government engagement and commitment to apply the framework of the agenda effectively. Therefore, this study applies a top-down policy implementation model to develop a conceptual framework that helps to analyse Bangladesh government policy interventions in implementing the aid effectiveness agenda.

3.4 Top-down Implementation Model

The top-down approach follows a chain of command from policy formulation to implementation as a top-level command and supervision are considered crucial for the success of policy implementation. In the top-down approach, implementation starts from policy formulation and gradually goes down to the bottom of the agency or organisation. It is a forward mapping approach where variables that affect implementation, such as organisational, political and technological are controlled by policymakers (Elmore, 1979). It is an approach in which individuals are required to do what they are assigned to do. Control over stages of the system, managing conflict and deviation from goals are set at the beginning of the initiative under a well-developed programme (Pressman and Wildavsky, 1973). Furthermore, it is an approach where policymakers are important and the role of others involved in decision making is not significant (Barrett and Fudges, 1981). *Implementation, then, is the ability to forge subsequent links in the causal chain connecting actions to objectives* (Pressman and Wildavsky, 1973, p.xv).

Pressman and Wildavsky (1973, 1984) are considered as the authority of the top-up implementation model but Derthick (1972), Van Meter and Van Horn (1975), Bardach (1977), Gunn (1978), Hogwood and Gunn (1984) and Sabatier and Mazmannian (1989) have also contributed significantly.

A number of factors are important in the top-down policy implementation model and a rationale can be drawn in the present study as well. In the top-down model, implementation needs to be an undertaking that combines the setting of goals and planned actions to materialise goals. This means *'a process of interaction between the setting of goals and actions geared to achieving them'* (Pressman and Wildavsky, 1973, p.xv). As the PD is a new framework of aid management, top-level goal setting and action plans are required. In the implementation process of a top-down model, *'simple sequences of events depend on complex chains of reciprocal interaction'* (Pressman and Wildavsky, 1984: xxv) and the sequence of policy design, implementation and evaluation should rotate as a cycle where one will impact another. Therefore, the order will change as policy, design, implementation, evaluation (Pressman and Wildavsky, 1984). Pressman and Wildavsky (1984) argue interactions are required between policy formulation and implementation processes to achieve effectiveness (Hill and Hupe, 2002). This cycle is probably needed to ensure PD implementation is effective. According to Parsons (1995; p.464) *'implementation requires a top-down system of control, communication, resources to do the job and decision makers should not promise what they cannot deliver'*.

Aid recipient countries have limitations of resources and thus a careful design of policy implementation is required which ensures a balance between strong control and communication, resources and deliverables. Parsons (1995; p.465) also supports a *'good chain of command'* and a *'capacity to co-ordinate and control'* for successful implementation. Arguably, this is one of the challenging factors for recipient countries to implement the aid effectiveness framework because of weak capacity. However, recipients have to include capacity enhancement programmes in their implementation packages as recommended by the declarations of the aid effectiveness agenda. In the top-down model, if policy implementation depends on the number of links, organisations involved in the implementation process have to address those links almost completely, otherwise it will create an *'implementation deficit'* (Pressman and Wildavsky, 1984). In this approach,

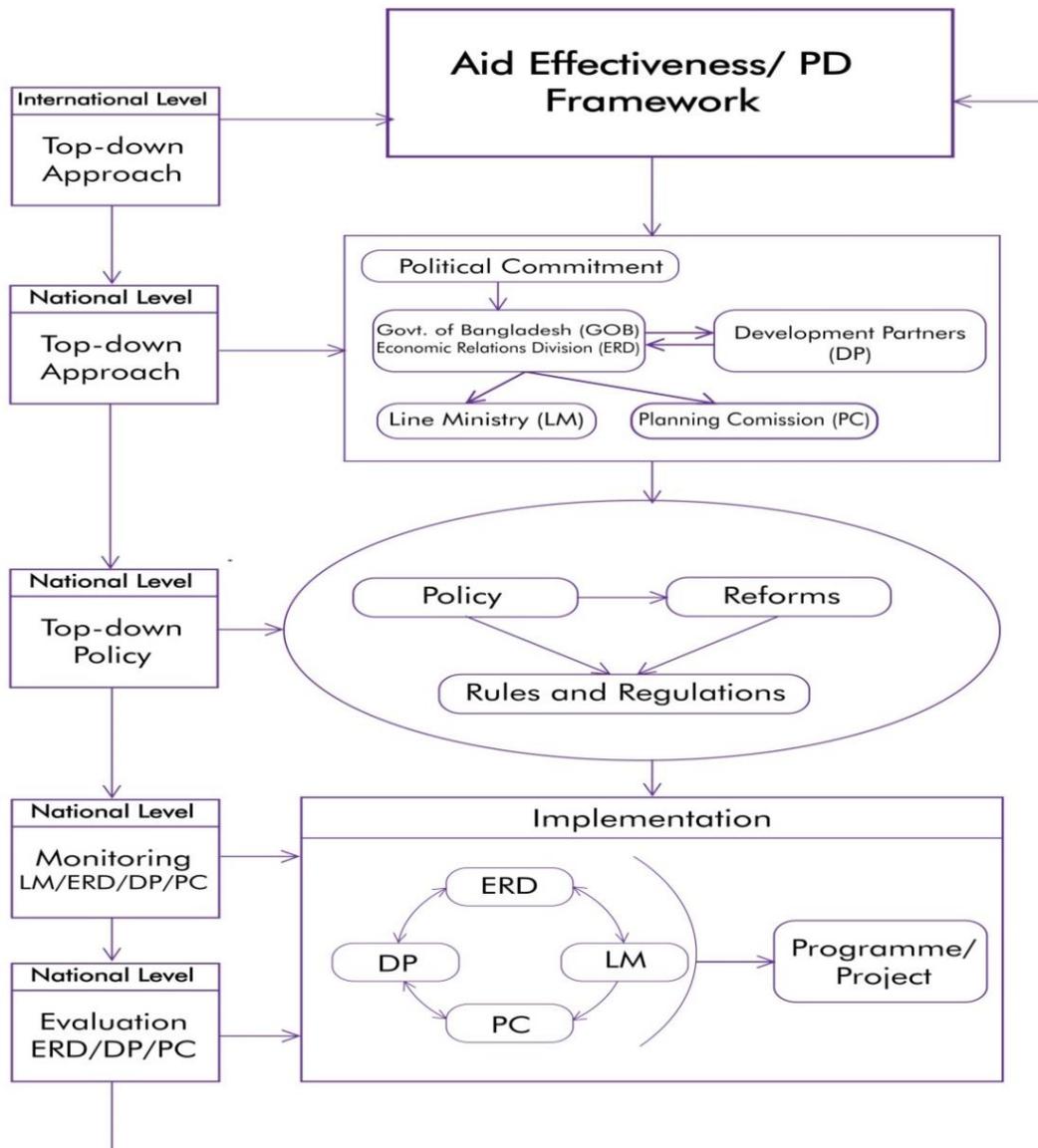
implementation design is the most crucial issue along with efficient monitoring and control (Pressman and Wildavsky, 1983). Good co-operation between different actors in the government, such as agencies and organisations is required for successful implementation and even a trivial mishap can result in a massive failure of policy (Pressman and Wildavsky, 1973). In fact, to implement a complex framework such as the aid effectiveness agenda, co-operation and interaction between different actors involved in policymaking must exist.

Van Meter and Van Horn (1975) placed emphasis on some issues to make the top-down approach successful; policy standards and focused objectives, necessary resources and incentives, inter-organisational relationship quality, understanding of the characteristics of implementation agencies, socio-economic and political environment and implementer understanding of policy, response to policy and intensity of response is crucial (Van Meter and Van Horn, 1975; p.472). Bardach (1977) stresses the complete follow-through of the political process for effective implementation of top-down models.

Shortcomings in implementing top-down models include government focus on the enactment of laws or policy rather than implementation, creating implementation gaps (Hogwood and Gunn, 1984; Dunsire, 1978). One of the main criticisms of the top-down model is that it ignores the roles of different actors as well as different levels which play a vital role in the implementation process (Parsons, 1995). Therefore, in practice the top-down model is sometimes ineffective (Lipsky, 1980). The risk is that good policy can be implemented badly. In this model more focus is given to goals and therefore, people involved in different implementation levels and their roles are overlooked (Parsons, 1995). However, lower-level agencies and bureaucrats have a role in policymaking (John, 1998) ignored in top-down models. Policy formulation and implementation are considered a package without distinction between the two (Mabbett, 2005).

Nevertheless, without high-level political commitment and top-level involvement, a complex framework of aid effectiveness is difficult to execute. Hence, the following conceptual framework, developed in Figure 3.1 on the basis of top-down policy implementation to evaluate foreign aid policy formulation and implementation in Bangladesh.

Figure 3.1 Conceptual Framework of the Research



This conceptual framework exhibits that the Economic Relations Division (ERD) of the Ministry of Finance co-ordinates with Line Ministries (LM), Planning Commission (PC) and development partners to implement international commitments in country level. ERD is the designated wing of the government to deal with foreign aid-related issues. In line with the international top-down approach of the aid effectiveness agenda, the ERD applies a top-down policy approach to formulate policy, undertake reform and outline rules and regulations to implement the aid effectiveness framework. In the implementation stage i.e. in the project/programme planning and execution phase, the ERD, LM, PC and DP are heavily involved and are expected to uphold and oversee implementation of the aid effectiveness framework. However, the left side of the conceptual framework denotes that international

top-down approach of the aid effectiveness agenda is replicated nationally and monitoring and evaluation are also conducted with a top-down approach. National level evaluation is reported to the international level or international forums of aid effectiveness.

Chapter 4

Research Methodology

4.1 Introduction

As a leading aid recipient country, Bangladesh has shown a high level of commitment in implementing the aid effectiveness agenda. Creation of institutions, reform of the system, introduction of co-ordination mechanisms with development partners and a proactive presence in international forums, underline the country's adoption of the aid effectiveness agenda. However, international surveys, reports and academic research suggest Bangladesh fails to achieve most aid effectiveness targets set out in international declarations and monitoring frameworks. Therefore, this study aims to detail the Bangladesh government and its development partner initiatives to implement the aid effectiveness agenda and to identify gaps in the implementation process.

Many studies on foreign aid adopt quantitative methods to examine aid and growth relationships or aid and other economic indicator relationships using statistical packages. For example, studies undertaken amongst others by Boone (1996), Burnside and Dollar (2000), Easterly (2005), Karras (2006), Ouattara (2009), Minoiu and Reddy (2010), Nowak-Lehmann et al. (2012), Alvi and Senbeta (2012), Nourou (2014), Arndt et al. (2015), Mohapatra et al. (2016) and Asongu and Nwachukwu (2017). However, there are research projects which examine foreign aid management processes, the emergence of new aid architectures, the implementation of the aid effectiveness agenda or even issues such as donor-recipient relationships and aid policy implementation, from a qualitative perspective. For instance, studies conducted by Hyden (2008), Hayman (2009), Killen (2011), King (2011), Booth (2012), Cameron and Low (2012), Kim and Lee (2013), Gulrajani (2014), Vollmer (2014), Mawdsley et al. (2014), Schaaf (2015), Karini (2016), Sjöstedt and Sundström (2017) and Husain (2017).

An examination of the implementation of aid effectiveness principles and donor-recipient collective efforts requires human experience and an interaction between researcher and subject. For example, government aid management policy and system, development partner co-ordination mechanisms, government planning processes or budget and resource plans are difficult to understand or explain without human experience and a visible researcher presence

in the investigation process is necessary. Furthermore, this study adopts the Paris Declaration's definition of aid effectiveness together with its normative framework - ownership, alignment, harmonisation, mutual accountability and managing for results, with an emphasis on improvement of management, delivery, complementarity of development co-operation and development impact. Therefore, the nature of the research questions, definitions of aid effectiveness and the conceptual framework developed pursue a research method that explains these phenomena in detail, facilitates human interaction and further understanding of institutional settings, enables the identification of gaps and draws findings. Therefore, this research project adopts a qualitative research methodology as a mode of inquiry.

4.2 Qualitative Research

The research methods literature defines qualitative research in different ways. Definitions speak about the examination of social phenomena, social reality, natural states, personal experience, researcher involvement, individual interpretation, data collection techniques and descriptive report writing. It is still evolving. A popular definition outlined by Van Maanen (1979) describes qualitative research as an interpretive technique which deals with meaning and not the frequency of naturally appearing phenomena in the social world. Van Maanen (1979; p.520) states:

[.....] an umbrella term covering an array of interpretive techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world.

Qualitative research generally focuses on words rather than numbers and individual interpretations of the social world, where social reality changes constantly. This research method adopts an inductive approach for theory generation or contribution to existing theories (Bryman and Bell, 2015). A researcher interested in examining phenomena from the perspective of how people give meaning, might prefer qualitative methods (Denzin and Lincoln, 2011).

Considering qualitative research a complex thing to define rather than understand, Merriam (2009; 2014) articulates four characteristics of qualitative research. Firstly, qualitative research emphasises meaning and understanding of a person's experience. It tries to

understand the process of interpretation of experiences and the meaning they attribute to their experiences. The vital issue here is that the researcher would not understand the phenomena of importance from a personal perspective, rather it would be from the perspective of the participant. Secondly, a researcher should remain the primary instrument in the entire research process regardless of data collection or data analysis. Because understanding is the main focus of the research, this engagement provides the researcher with an opportunity to react and adapt accordingly. Furthermore, the researcher has an opportunity to expand the horizon of understanding through verbal and non-verbal communication and can cross-check personal understanding with respondents and avoid unfamiliar responses. Although a researcher's shortcomings and bias may impact research, there exist ways and means to address shortcomings and bias. Thirdly, qualitative research is an inductive process. Qualitative researchers embark on research work with an intention to construct theory as there is a non-existence of theory to explain phenomena or existing theories are unable to explain phenomena. A researcher collects information through interviews, observations or documents and develops themes or categories to explain events from the specific to the general. Finally, qualitative research is descriptive in nature. Words and pictures both speak about the learning of a researcher from the phenomena.

4.2.1 When to Conduct Qualitative Research

Some research methods studies identify reasons or situations when researchers choose qualitative research. A researcher might prefer qualitative research methods when s/he wishes to study the experiences of respondents, form or transform meanings or investigate an area of study which is not extensively researched to date and at the same time study a phenomena comprehensively so that afterwards it can be tested using qualitative research methods (Corbin and Strauss, 2015). Hennink et al., (2011; p.10) outline a list of situations when a researcher might conduct qualitative research:

- *“understand behaviour, beliefs, opinions and emotions from the perspective of study participants themselves (this is called *Verstehen*);*
- *understand and explain people's views and behaviour,*
- *understand processes, how people make decisions, or negotiate a job, or manage a business;*
- *uncover the meaning that people give to their experiences;*

- *understand social interactions among people and the norms and values shared by them;*
- *identify the social, cultural, economic or physical context in which activities take place;*
- *give voice to the issue of a certain study population;*
- *provide depth, detail, nuance and context to the research issue;*
- *examine in detail sensitive issues such as sexuality, violence, personal relationships;*
- *study complex issues such as human trafficking or drug use, which may be too complex or hidden to be easily disentangled by qualitative research.”*

An inspection of the definitions, characteristics and reasons to choose the qualitative research presented above supports the approach in the current research project to adopt a qualitative research method. The phenomena, for example, policy making and implementation in relation to foreign aid, internal management of aid, development partners and government relationships, planning processes and financial management of the government and comprehensive foreign aid policy dilemmas cannot be understood without having people’s understanding and experience about these phenomena taken into account. At the same time, a researcher’s constant interaction with respondents is important to understand the meanings of phenomena and respondent’s experiences about these. Thus, the researcher needs to be involved in the research process all the time.

The aid effectiveness agenda is not yet fully explored by the academic underpinnings for all dimensions or from many country perspectives. Therefore, an inductive, abductive or deductive approach is required to construct new theories to minimise knowledge gaps in the area. Moreover, a holistic and comprehensive approach is required to learn about the aid policy regime and aid management system of a country which is only possible through a qualitative channel. Simultaneously, a descriptive approach is probably the best choice to present the findings of this research project because of the nature of investigating phenomena. Hence, the above arguments relate to this study adopting a qualitative research method.

4.3 Research Philosophy

Academic research should have a philosophical standing (Proctor, 2005). The research philosophy is a system of belief and an assumption which helps to develop knowledge. Assumptions include reality (ontology), human knowledge (epistemology) and values that influence the research process (axiology) (Saunders et al., 2016). Researcher’s assumptions can

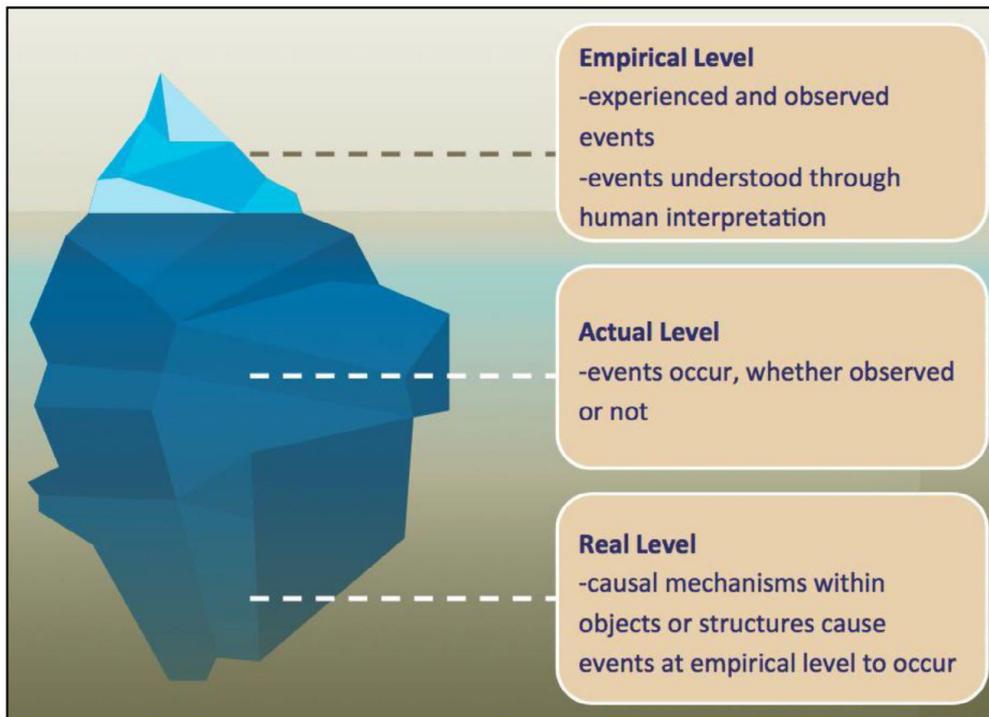
result in the selection of an appropriate research philosophy which facilitates a suitable methodology, research strategy, data collection and analysis techniques (Saunders et al., 2016). Research philosophy guides a researcher to select appropriate research designs, the kind of data to gather, the source and how data can be interpreted to answer research questions (Proctor, 2005). This study requires a research philosophy that facilitates the examination complex phenomena. For instance, the aid effectiveness agenda, aid policy regimes and the aid management system of Bangladesh. After a careful examination of research philosophies, this study adopts critical realism and presents a justification in the following section.

4.3.1 Critical Realism

Critical realism as a philosophical framework has become popular among social science researchers in recent decades. It is a relatively new philosophical standing, having evolved in the 1970s and 1980s through the work of British philosopher Roy Bhaskar and critical realists Sayer (1992), Archer (1995), Collier (1994) and Lawson (1997) further contributed to development (Fletcher, 2017). Due to fundamental ontological and epistemological positions, critical realism differs from other philosophical paradigms (Xiaoti, 2018). It takes a middle ground between positive, direct realism and post-modernist nominalism (Reed, 2005). Critical realism considers ‘reality’ as the main philosophical consideration and applies structured and layered ontology (Fleetwood, 2005) and embraced epistemological relativism (Reed, 2005). Critical realism philosophy believes that human observation and experience are needed to explain events, with reference to the underlying structure of reality, which forms observable events. To the critical realist, reality is external and independent which our observations and knowledge cannot access directly. In fact, our experience of something is ‘empirical’ or a ‘sensation’ demonstration of things in the real world, not actual things (Saunders et al., 2016).

Critical realism ontology (reality) is stratified in three domains - empirical, actual and real. The empirical domain comprises our direct and indirect experiences. In the actual domain, events happen even if we experience them or not and which may be observed. The real domain produces events in the world (which appears in the empirical level) which can be called mechanisms (Bhaskar, 1978). Fletcher (2017; p.183) states critical realism explains social events, referring to causal mechanisms and their effects in a three-layered ‘iceberg’ of reality, which is shown below.

Figure 4.1 Three-layered ‘iceberg’ of reality



According to Sayer (2000; p.32), critical realism is *'mainly concerned with ontology'* and it has a *'relatively open or permissive stance towards epistemology'*. On the other hand, Danermark et al. (2002) state critical realism provides a shift from epistemology to ontology and from events to mechanisms with regard to ontological positioning. Bhaskar (1978; p.13) believes that main question of science is: *'what properties do society and people possess that might make them possible objects for knowledge?'* The philosophy of reality should begin with this question, not the epistemological "how is knowledge possible" question, which received importance in the past. The reason for the epistemological departure of critical realism is that the world is structured, differentiated, stratified and changing continuously. The shift from event to mechanism is also important as it looks for what produces events, not just the event itself (Danermark et. al., 2002).

However, Reed (2005) believes that as critical realists are interested in the historical analysis of structures, they actually embrace epistemological relativism which is somewhat a subjective approach to knowledge. Al-Amoudi and Willmott (2011) speak about the epistemological relativism of critical realism and they explain that knowledge and culture should be studied historically. Easton (2010) says that critical realism's epistemology is critical realist/ interpretivist epistemology. He argues that as critical realists accept that the

world is constructed socially and in order to explain the meaning of social phenomena there is always an interpretive approach in social sciences. The axiological position of critical realism admits that our knowledge of reality is a set of outcomes of social conditions which cannot be realised independently of the social actors involved (Saunders et al., 2016).

Bhaskar (1989) also emphasises the understanding of social structure for which phenomena are created so that we can try to understand as social researchers. Similarly, he says that until we understand structure, we will not be able to identify what is going on in the world. Bhaskar (1989) believes that researchers can identify mechanisms that are not seen through the practical and theoretical route of social science. Hence, critical realism researchers search for the underlying causes and mechanisms through which deep social structures shape everyday organisational life to explain observable organisational events. Therefore, most critical realist research examines a comprehensive historical analysis of social and organisational structure and changing patterns (Reed, 2005). Critical realism accepts that our knowledge of reality is the outcome of social conditions which cannot be realised independently of social actors involvement. Therefore, critical realism researchers need to be embedded with the research process and at the same time, need to avoid the influence of socio-cultural background and experience in the research as much as possible (Saunders et al., 2016).

4.3.1.1 Why choose critical realism philosophy

Critical realists argue that as the world is stratified into three different domains of reality, understanding of a directly observable pattern of behaviour (the empirical domain) through experimenting linear causal relationships among variables (the actual domain) may not suffice our purpose if we would like to see that the pattern of behaviour is produced by the causal mechanisms which are not visible at the level of appearances and can only be explored in open systems (the real domain) (Bhaskar (1978). The qualitative approach examines the causal mechanisms of the social world in an open context where they interact with one another frequently and unpredictably (Roberts, 2014). This study intends to examine the causal mechanisms of a complex issue such as aid effectiveness in the context of Bangladesh. The project aims to see it through the lens of the qualitative research paradigm- a subjective approach.

The position of Bhaskar (1989) towards structural understanding is important for this study which deals with foreign aid policy in Bangladesh in the post-Paris era. Critical realists stress an understanding of the underlying causes and mechanisms of events. In an investigation of

phenomena such as foreign aid, it is vital to understand underlying causes and mechanisms which influence its management and policy formulation.

Sayer's (1992), approach to critical evaluation of social phenomena is also relevant for this study. The aid effectiveness agenda is a social phenomenon and when examined from a country perspective, critical evaluation becomes relevant because foreign aid is distinctly different in each recipient country. It is important to study for instance, the aid effectiveness agenda from a broader perspective because it involves different stakeholders, institutions, policies and complex implementation processes. Therefore, critical realism is an appropriate guiding principle for this study. In the spirit of Saunders et al. (2016), if a researcher feels that what s/he is seeing is a small part of a bigger picture, s/he is probably moving towards critical realism philosophy.

One of the strengths of critical realism is its ability to analyse social problems and make practical policy recommendations as it can engage in explanation and causal analysis rather than focus exclusively on empirical explanations of a given problem (Fletcher, 2017). In this study, a strong emphasis is placed upon understanding gaps in foreign aid policy decision-making in Bangladesh and in implementing the aid effectiveness agenda. It is therefore argued that critical realism helps to underpin these research objectives.

According to Danermark et al. (2002; p.20) if '*something is going on below the surface*' it is not a matter of interest for critical realists, rather '*there must be something else behind this*' is the foundation of critical realism. As this study intends to identify gaps in the foreign aid policy regime of Bangladesh, it proposes to take an approach similar to '*there must be something else behind this*' so that rational findings can be drawn.

4.4 Research Approach

A key research question is often whether data should be tested or used to develop a theory (Bryman and Bell, 2015). Three approaches are common here, deductive, inductive and abductive. Studies beginning with a theory developed from existing literature and tested can be described as deductive whilst collecting data to understand phenomena and building a theory can be considered an inductive approach (Saunders et al., 2016). Abductive approach adopts logical inferences to develop theory from phenomena. Mantere and Ketokivi (2013;

p.72) distinguish these three approaches as, *'we predict, confirm and disconfirm through deduction, generalise through induction and theorise through abduction'*.

This study adopts an abductive approach to develop a theory, something increasingly common in qualitative research studies (Lipscomb, 2012; Timmermans and Tavory, 2012). It is also suitable for research which adopts a critical realism philosophy (Schillr, 2016; Danemark et al.,2002) or a case study strategy (Dubois and Gadde, 2002; Easton, 2010). Therefore, the choice of an abductive approach is considered appropriate here, given its grounding in critical realism and the case study strategy (discussed in Section-4.5).

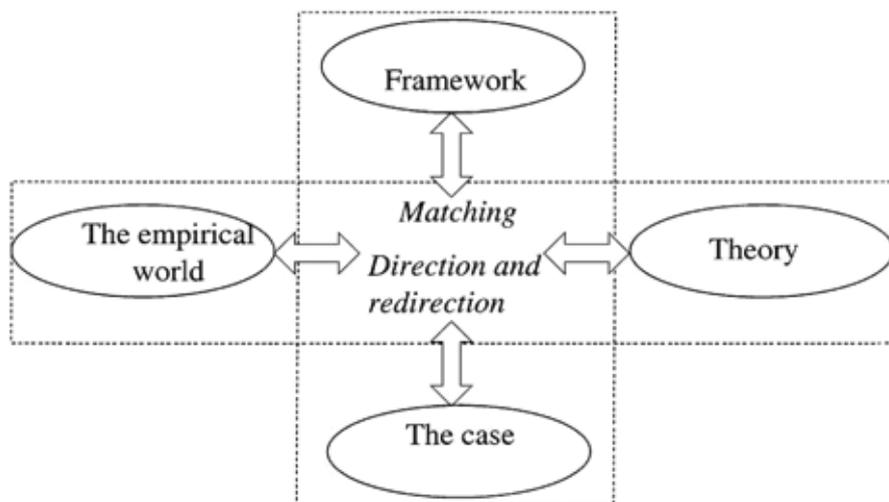
4.4.1 Abductive Approach

The abductive approach is associated with the work of the famous American philosopher, Charles Saunders Peirce and is considered an inference-based approach in seeking the best explanations (Walton, 2004). This 'explanation' includes both causal and non-causal factors (Williamson, 2016). The abductive approach explains the underlying mechanism of phenomena using inferences, adopts primary assessment and seeks to understand the nature of that mechanism (Ward and Haig, 1997). Danemark et al. (2002) and Schiller (2016) mention the suitability of an abductive approach for works which adopt a critical realism stance. It constructs an initial judgement, observing the interplay between current theories and data when anomalies are identified (Timmermans and Tavory, 2012). An abductive reasoning process starts with a puzzle or unexpected fact which can arise during any stage of the research process. Therefore, it tries to clarify puzzling phenomena (Mantere and Ketokivi, 2013). This approach acknowledges the importance of cognitive reasoning in theory construction, where an understanding is defined as an on-going discussion about data and prior understandings of researchers (Bryman and Bell, 2015). Timmermans and Tavory (2012; p.180) provide a comprehensive definition of abductive reasoning, identifying it as a qualitative data analysis approach that generates creative and novel theoretical insights and recommends a research process consisting of a robust theoretical understanding to help solve questions which arise in the research process. Dubois and Gadde (2002) outline a number of steps in the abductive research process in relation to single case study research, which they define as 'systematic combining'. This is where a theoretical framework, an empirical fieldwork and case analysis evolve together, leading eventually to the development of a new theory. In a systematic combining process, the case is considered a 'tool' with data added

gradually to complete a ‘jigsaw puzzle’. This study follows the approach of Dubois and Gadde (2002; p.555) to develop a theory and can be described as follows.

In the first step, a preliminary analytical framework is formulated on the basis of ‘preconceptions’ evolved through empirical fieldwork, analysis and interpretations. In the second, an empirical observation process, during which unexpected issues may arise requiring further data collection. In the third, discrepancies between empirical observation and theoretical frameworks lead to the introduction of new theories. Therefore, the matching process goes back and forth between framework, data source and analysis. In the fourth, data are collected in line with the pre-designed framework and data collection may require further effort to develop a theory, which may lead to a change in direction of the research. In the fifth, observed phenomena lead to the proposal of a new theory in light of the theoretical framework.

Figure 4.2 Abductive research framework of Dubois and Gadde (2002; p.555)



4.5 Research Strategy: Case Study

The research questions presented in this study require a detailed examination of Bangladesh’s aid management policymaking and processes of implementation. Therefore, ‘how’ and ‘why’ questions are important to help understand phenomena. These ‘how’ or ‘why’ questions imply little or no control over events to be observed and an appreciation of current phenomena in a real-life context. Therefore, a case study strategy is employed (Yin, 2014), which suits both critical realism (Schillr, 2016; Danemark et al., 2002) and abductive analysis (Dubois and Gadde, 2002; Easton, 2010). This allows for investigation of internal firm or policy mechanisms by examining phenomena in great depth and also back and forth between

theoretical knowledge and empirical observation. According to Eisenhardt (1989), a case study strategy requires an on-going overlap between data analysis and data collection in order to help develop a theory.

Punch (2005) identified three types of case study. Firstly, intrinsic case studies are conducted for a better understanding of a particular case. Secondly, instrumental case studies investigate a particular case to ‘give insight into an issue, or to refine a theory’. Thirdly, collective case studies cover several cases to learn about phenomena, population or general condition. Accordingly, the first two deal with the single case and the third with multiple cases. This study therefore falls under the second category and is considered an instrumental case study in which the single case is ‘Bangladesh’, the study seeks to investigate foreign aid policy decision making and implementation in the context of the aid effectiveness agenda and it seeks to develop a new theory. Instrumental case studies favour in-depth investigations (Berg, 2009) whilst according to Saunders et al. (2016), a single case is chosen when it is critical and unique. This single case of Bangladesh fulfils both criteria in that uniquely, it is one of the leading aid recipient countries in the world and critically, it deals with complex phenomena such as foreign aid and specific elements of the aid effectiveness agenda.

Until recently, few researchers have explored Bangladesh as a case study with regard to the implementation of the aid effectiveness agenda, aid policy regimes or aid management systems. Identification of actual causes is one of the focuses of this case study. Yin (2014) notes five criteria for choosing a single case study, namely critical, unusual, common, revelatory or longitudinal. The present case study adopts the critical criteria, in other words studies which make a significant contribution to existing knowledge. It is intended that the current study will make a noteworthy contribution to understanding of foreign aid and in particular, to the aid effectiveness agenda.

This study seeks to investigate the foreign aid management process in terms of the ‘how’ question for causal issues, development partners, government relationships and planning processes. At the same time, the ‘why’ question seeks to explain Bangladesh’s performance in implementing the aid effectiveness agenda. Moreover, a case study strategy facilitates a study of the aid management process of Bangladesh in real world settings and provides an opportunity to observe underlying mechanisms that impact aid management processes. For example, the implementation process of the aid effectiveness agenda. Real world events, for

example, responsibilities of government ministries and agencies involved in the aid management process, their communication and implementation protocols, government communication mechanisms with development partners and policy introduction processes can effectively be examined through the eyes of case study strategies.

Issues such as government attitudes, development partner perceptions and concerns in relation to implementing the aid effectiveness agenda can also be realised through a case study strategy. This might also be argued to be appropriate because of results generated can potentially deliver great impact in developing original and innovative insight and theories generated through a process of case study research gain great legitimacy to users (Yin, 2014). As case study research allows for a number of questionnaires or models, validation of research can be better ensured through triangulation using various data collection methods. As a result, case study research findings or developed theories should be widely accepted (Swanborn, 2010; Silverman, 2010).

This study uses four different sets of questionnaires for government officials in Bangladesh, development partners of Bangladesh, academics and professionals, officials of the Economic Relations Division (ERD) and the Ministry of Finance, Bangladesh. Semi-structured interviews and document analysis methods are also used to collect data in order to gain as much information as possible from the case (Stake, 1995). Karlsson (2002) identifies some issues as weaknesses of case study research, such as time constraints, the need for competent and experienced interviewers, difficulties in drawing generalised decisions from a lower number of cases and ensuring rigor of the research undertaking.

The case study design approach of Yin (2014) is followed in this study, which proposes to develop a theory. As such, the following steps are followed. Research questions are developed after a review of the available literature which consider the 'how' and 'why' of the aid effectiveness agenda. A proposition of this study which forms a broader perspective is that of 'foreign aid' in relation to policy and aid management, the role of development partners and government relationships, planning processes and implementation of the aid effectiveness agenda. A further aspect of this study includes two ministries; the Ministry of Finance and the Ministry of Planning together with their development partners. It is concerned primarily with phenomena after the Paris Declaration on Aid Effectiveness, 2005.

A thematic analysis technique is chosen to link data to propositions. Data are collected through interviews and document analyses. Four semi-structured questionnaires were used to collect data from four different groups of respondents: government officials, development partners of Bangladesh, academics and professionals and officers of the Economic Relations Division (ERD). According to Yin (2018), control of a ‘plausible rival’ is a challenge in case study research. In general, observable outcomes are the result of the planned activity of research. ‘Plausible rival’ refers to those outcomes which are the result of other influences, not the outcomes of planned activities of research. The abductive approach helps to mitigate a ‘plausible rival’ by applying ‘theory matching’ and ‘direction and redirection’ (discussed in details in Section: 4.4.1) strategy. In addition, this case study identifies several flaws in Bangladesh’s aid policymaking and management processes, issues in relationships between government and development partners and seeks to distinguish between the rhetoric and a reality of the aid effectiveness agenda.

4.6 Sampling

Although a qualitative sampling category can be described in many different ways, three general categories can be identified: convenience, purposeful and theoretical (Koerber and McMichael, 2008). This study applies a purposeful sampling technique, intentionally selected because of the need for the current research (Coyne, 1997) and popular in qualitative research (Creswell and Poth, 2018). Here, it is the maximum variation sampling approach of Bryman and Bell (2015). Purposive sampling is a form of sampling where a researcher applies judgement to select respondents who might offer the best perspectives on the phenomena of research interest (Abrams, 2010). In other words a researcher purposefully selects respondents who understand the research problem and central phenomena of the research project and can also provide the best possible information (Creswell and Poth, 2018). It is a kind of screening process where the researcher searches for participants who have a certain trait and quality (Koerber and McMichael, 2008).

Foreign aid or more specifically the aid effectiveness agenda, is an area of study which requires a particular kind of respondent to explain the phenomena itself and the issues associated with it. It is to be someone with either practical or academic knowledge of this specialized field of research. Moreover, the research questions, aims and objectives of this study are outlined in a way that respondents are to be either related to the aid management

process of the government or work in an organisation which is a development partner of Bangladesh. Alternatively, it may be a consultant in aid projects, academics or professionals with knowledge about aid policy and management of the Bangladesh government or foreign aid-related events in international forums. Therefore, purposive sampling is considered an appropriate sampling technique for this study.

Miles and Huberman (1994) identified several criteria for effective and acceptable sampling to include relevance to the conceptual framework and research question, generate rich information about the type of phenomena studied, generalisability of findings through sampling, believable descriptions, explanations that represent real world contexts, feasibility in terms of time, money, and access to people and finally ethical in nature and undertaking. The sampling approach in this study tries to ensure these criteria are fully met. The conceptual framework and research questions of the study focus on the input of Bangladeshi government officials and development partners. This is addressed in the sampling process. Furthermore, experts, academics, consultants and professionals are interviewed to ensure relevant and robust information is received. The sampling strategy is considered feasible and it ensures ethical issues such as consent of respondents is accounted for.

Sample size in qualitative or case study research is a matter of debate. Academics consider the matter from two different perspectives. Some recommend a particular number, referring to different research strategies and some talk about rationale or justification. According to Warren (2002), a qualitative study requires 20 to 30 interviews. On the other hand, Koerber and McMichael (2008) think if a researcher can justify the sample s/he chooses and provides data or information that fulfils the purpose of the study, then the sample size is acceptable. The orientation of the researcher and the purpose of the research are crucial in determining the sample size (Bryman, 2016). Research should explain the rationale behind the determination of sample size and logically demonstrate how that size can meet the intended research outcomes (Bryman and Bell, 2015).

This study applies a ‘maximum variation sampling approach’ of purposive sampling to confirm the maximum variation possible in relation to the inclusion of respondents. Therefore, it selects respondents from ministries, agencies and organisations of government who represent different layers including Ministers and Secretaries, staff at different levels of ten development partners of Bangladesh, both bilateral as well as multilateral and also civil

society activists, economists, development experts, public policy experts, social accountability experts, financial analysts and non-government organisation representatives. The sample size of this study is sixty six and divided into three major groups: government officials, development partner staffs and professionals.

4.7 Questionnaire

A questionnaire is a document, which contains a series of open or close-ended questions that expects to receive an answer from respondents. Questionnaires are used to understand opinions, attitudes, experiences, memories, observations, behaviour, facts, judgment and so on (Rowley, 2014; Rivano Eckerdal and Hagström, 2017). It is very important to ensure the questionnaire is able to collect relevant data so that the required answers to research questions and research objectives are achieved eventually (Saunders et al., 2016).

Qualitative research, especially when it adopts semi-structured interviews to collect data (this study selects semi-structured interviews as a method to collect data and discussion is provided in Section-4.8.1) uses an informal type of questionnaire with an aim to allow interviewees to set the pace of the interview. A clearly written, open-ended questionnaire is used to conduct semi-structured interviews but a provision exists to prompt and explore issues further (Saunders et al., 2016).

Four different sets of questionnaires are used for the interviews in this study, one for Bangladesh Government officials, one for development partner staff, one for professionals and another for officials of the Economic Relations Divisions (ERD), the designated organisation of the Government to perform and co-ordinate all foreign aid-related activities. There is some similarity among the four questionnaires but each one is distinct and carefully drafted to generate appropriate data. There are fifteen questions in each questionnaire and with the exception of the ERD questionnaire, three other questionnaires have associated questions with each question. The questionnaires are in English, but the interviews of development partners and some Government officials and professionals were conducted in Bangla to provide comfort to Bangla speaking interviewees to express their thoughts as clearly as possible. However, as this study adopts semi-structured interviews, questionnaires are not followed strictly. Rather,

the researcher intends to have an in-depth understanding of phenomena from respondents in line with case study preferences (Saunders et al., 2016; Silverman, 2013).

4.8 Data Collection

A key phase of any research project is data collection and it is indeed important to select appropriate data collection techniques to achieve research aims and objectives (Bryman and Bell, 2015). Selection of data collection methods depends on the type of information required, from whom it is required and in what situations. Research problems and strategies generally guide the selection process and consideration of practicality is very important because a researcher may choose a method that is not suitable for time or cost reasons (Robson and McCartan, 2016). The most commonly used sources of evidence in case study research are interviews, documentation, archival records, direct observations, participant-observation and physical artefacts (Yin, 2014). One of the main characteristics of good case study research is the use of multiple data collection techniques or sources because no single source has competitive advantages over others and multiple sources provide the opportunity to the researcher to inspect issues broadly (Yin, 2014). Case study research is expected to offer in-depth investigation and in doing so, one source of data may not suffice the purpose (Creswell and Poth, 2018). Therefore, this study chooses interviews and documentation as sources of data because the study requires both human experience and evidence from existing materials to address research questions.

4.8.1 Interview

The interview is a procedure which helps researchers to understand the world from the subjects point of view and the procedure helps to develop a meaning associated with subject experiences. In the interview process, knowledge is constructed through interaction between the researcher and the interviewee and it is an interchange between researcher and interviewee about a theme of common interest (Kvale and Brinkman, 2009). During a qualitative interview, the researcher anticipates open-ended answers to a number of questions, topics or themes (O'Leary, 2010). Yin (2014) notes three important requirements for an interview, namely that they follow a line of inquiry to address case study protocols, that questions are asked in an unbiased way to fulfil the requirements of lines of enquiry and that they are 'friendly' or avoid 'threatening' approaches.

As a method of data collection, the interview is very popular amongst both qualitative and quantitative researchers. In qualitative research such as the case study method, some prefer the method as it is flexible and aids understanding of much broader issues. More so when a different level of meaning is required (Cassell and Symon, 2004). Interviews ensure direct focus on the case study topic and provide explanations as well as personal interpretations, which include perceptions, attitudes and meanings (Yin, 2014). Consequently, the type of data this study aims to generate, might best be collected using the interview method. To understand the Bangladesh government's planning processes, foreign aid management systems, policy decisions on implementing the aid effectiveness agenda and the relationship between the government and development partners, interviews of relevant persons are essential for obtaining insight into opinions, experiences, attributes, choices and observations. In fact, without a significant exchange of views with suitable respondents such as persons involved in aid management, the objectives of this study cannot be achieved.

This study relies upon the semi-structured interview method to collect data by outlining key questions or themes to cover the research questions but which are not specific and may vary from one interview to another. The researcher may overlook some questions at the time of interview of some interviewees who represent specific organisations, or new questions may be asked in the context of the interview (Saunders et al., 2016). Given an interest in foreign aid management and policy-related questions, the data this study requires can be generated through the semi-structured interview because it is flexible, provides an opportunity to the interviewee to speak in detail and depth and at the same time, allows the researcher to use questionnaires to keep the interviewee on track. Semi-structured interviews provide comprehensive data about the Bangladesh Government's aid management policies and processes, development partner relationships and the status of implementation of the aid effectiveness agenda in Bangladesh.

4.8.1.1 Anonymity of Interviewees

The nature of this study is such that it deals with information and facts related to the Bangladesh Government's internal issues and relationship mechanisms with development partners. Therefore, the information expected from interviewees ought not to be general but rather sensitive in nature. At the same time, to achieve the research objectives, some sensitive

questions were incorporated into questionnaires; questions which may elicit a response or reservation. Nevertheless, both are equally important for this study. Furthermore, a good number of government officials and development partner staff interviews were required to draw findings, but with an apprehension that because of the nature of the study, some may oppose, decline to participate or provide incorrect information. Another aspect is that there are statements in the questionnaire which look for development partner opinion about government decisions vis-à-vis government remarks about development partner activities. Without accurate responses to those questions, it was difficult to draw true conclusions. Considering these factors, complete anonymity was given to interviewees in this research study. Pseudonyms are used to quote respondents where required and details of interviewees are not presented in this section. It is worth mentioning that because of anonymity, information was obtained from respondents, which they may not have disclosed without anonymity.

4.8.1.2 Interviewee Selection

The selection of interviewees in a research undertaking depends on the research problem at hand (Silverman, 2013). The researcher seeks different ways to confirm how phenomena are experienced in select circumstances, but the selection of participants depends on theoretical and epistemological positions and on the strategy of the study (Cassell and Symon, 2004). Fundamentally, research questions determine who should be the interviewee of a research study. The research questions outlined in this study, anticipate interviews of government officials involved in foreign aid management and representatives from development partners will talk about their aid policies, strategies and relationships with government. It is also expected that professionals from different categories with local and international knowledge about the aid business and evolving international issues related to foreign aid will do so too. Interviewees were selected in a way that ensured representation of all ministries and departments of the Government of Bangladesh related to foreign aid management, development partners and professionals. The Economic Relations Division (ERD) of the Ministry of Finance is the organisation responsible for co-ordinating all activities related to foreign aid on behalf of the Government, which has ten wings and representatives of all ten wings were interviewed. Altogether, sixty six persons were interviewed. Details of the interviews remain anonymous due to ethical issues.

4.8.1.3 Summery List of Interviewees

Interviewee Number	Designation	Organisation
Government Officials		
Interviewee G1	Minister	Government of Bangladesh
Interviewee G2	Minister	Government of Bangladesh
Interviewee G3	State Minister	Government of Bangladesh
Interviewee G4	Secretary	Government of Bangladesh
Interviewee G5	Senior Secretary	Government of Bangladesh
Interviewee G6	Senior Secretary	Government of Bangladesh
Interviewee G7	Secretary	Government of Bangladesh
Interviewee G8	Secretary	Government of Bangladesh
Interviewee G9	Secretary	Government of Bangladesh
Interviewee G10	Additional Secretary	Government of Bangladesh
Interviewee G11	Additional Deputy Comptroller & Auditor General	Government of Bangladesh
Interviewee G12	Joint Chief	Government of Bangladesh
Interviewee G13	Joint Chief	Government of Bangladesh
Interviewee G14	Joint Chief	Government of Bangladesh
Interviewee G15	Deputy Chief	Government of Bangladesh
Interviewee G16	Director (Co-ordination)	Government of Bangladesh
Interviewee G17	Deputy Chief	Government of Bangladesh
Interviewee G18	Deputy Secretary	Government of Bangladesh
Interviewee G19	Deputy Chief	Government of Bangladesh
Interviewee G20	Assistant Chief	Government of Bangladesh
Interviewee G21	Senior Assistant Chief	Government of Bangladesh
Interviewee G22	Executive Engineer and Project Director	Government of Bangladesh
Interviewee G23	Deputy Secretary & Deputy Project Director	Government of Bangladesh
Economic Relations Division, Ministry of Finance Officials		
Interviewee GE1	Secretary	Economic Relations Division, GoB
Interviewee GE2	Additional Secretary	Economic Relations Division, GoB
Interviewee GE3	Additional Secretary	Economic Relations Division, GoB
Interviewee GE4	Additional Secretary	Economic Relations Division, GoB
Interviewee GE5	Joint Secretary	Economic Relations Division, GoB
Interviewee GE6	Deputy Secretary	Economic Relations Division, GoB
Interviewee GE7	Deputy Secretary	Economic Relations Division, GoB
Interviewee GE8	Deputy Secretary	Economic Relations Division, GoB
Interviewee GE9	Deputy Secretary	Economic Relations Division, GoB
Interviewee GE10	Deputy Secretary	Economic Relations Division, GoB
Interviewee GE11	Deputy Secretary	Economic Relations Division, GoB
Interviewee GE12	Deputy Secretary	Economic Relations Division, GoB

Interviewee GE13	Deputy Secretary	Economic Relations Division, GoB
Interviewee GE14	Deputy Secretary	Economic Relations Division, GoB
Interviewee GE15	Senior Asst. Chief	Economic Relations Division, GoB
Interviewee GE16	Senior Asst. Chief	Economic Relations Division, GoB
Development Partner		
Interviewee D1	Operations Manager	Development Partner
Interviewee D2	Lead Economist	Development Partner
Interviewee D3	Principal Country Specialist	Development Partner
Interviewee D4	Assistant Country Director	Development Partner
Interviewee D5	Coordinator for Economic Cooperation	Development Partner
Interviewee D6	Senior Representative	Development Partner
Interviewee D7	Program Economist	Development Partner
Interviewee D8	Deputy Country Representative	Development Partner
Interviewee D9	Minister Counsellor	Development Partner
Interviewee D10	Head of Cooperation	Development Partner
Interviewee D11	Deputy Head of Mission	Development Partner
Interviewee D12	Deputy Country Director & Development Specialist	Development Partner
Professionals		
Interviewee P1	Former Adviser (Minister)	Government of Bangladesh
Interviewee P2	Professor of Economics	University of Dhaka
Interviewee P3	Aid Management Consultant	Economic Relations Division, GoB
Interviewee P4	Executive Director	Transparency International Bangladesh (TIB)
Interviewee P5	Executive Director	VOICE-Aid Worker
Interviewee P6	Programme Coordinator & Aid Management Consultant	RICARDO
Interviewee P7	Executive Director	Policy Research Institute
Interviewee P8	Professor of Accounting & Public Policy	University of Dhaka
Interviewee P9	Professor of Development Studies	University of Dhaka
Interviewee P10	Distinguished Fellow	Centre for Policy Dialogue
Interviewee P11	Executive Director	Centre for Policy Dialogue
Interviewee P12	Managing Director	Social Development Foundation
Interviewee P13	Aid Management Consultant	Former Additional Secretary & Chief Technical Advisor
Interviewee P14	National Project Manager	An Aid Project
Interviewee P15	Aid Management Expert	Independent Consultant

4.8.1.4 Interview Protocol

Interviews were conducted in different phases between October 2017 and September 2019. All of the sixty six interviews were physically conducted in Dhaka by the researcher and transcribed accordingly. Few interviews were interviewed second or third time via mobile or Skype in the later state of the study for more input. Most interviewees were contacted via email or mobile phone and some asked for formal request letters from the University, which were provided by the University of Huddersfield's Business School research office. A 'Participant Information Sheet' was given to respondents along with an email request for interview or handed over before the interview started. Participant consent was taken before the interview, which covers issues such as anonymity, pseudonyms, risk, disclosure, data protection, withdrawal and so forth.

The questionnaires used in this study are in English but interviews (with the exception of DPs and some others) were conducted in Bangla to make it easier for native Bangladeshi interviewees to express their thoughts as clearly as possible. These were then transcribed in English for further analyses. Both note-taking and recording options were approved at the time of ethical approval from the University but most interviewees did not give permission to record their interviews because of the sensitivity of the information being discussed. Therefore, notes were taken at the time of interview and only eighteen interviews were recorded. Saunders et al. (2016) support both the recording and note-taking approaches described here and Merriam and Tisdell (2016) accept recording and note-taking can be taken if interviewees are otherwise uncomfortable. However, they recommend writing up of researcher reflections immediately after each interview. This advice was meticulously adhered to by the researcher and at the end of each interview, whether recorded or not, a reflection note was prepared which proved helpful at the time of data analysis. Interview length was forty-five minutes to two hours, to facilitate in-depth discussion and these allowed for multiple settings and provided deep insights and explanations (Yin, 2014).

4.8.2 Document Analysis

Documents are a natural part of qualitative research, a readymade source and easily accessible. Two issues are important in selecting documents and these are that they should be relevant to the research question and that they are acquired in a reasonably practical, yet systematic way (Merriam and Tisdell, 2016). For the purposes of this study, themes were

generated from documents (Bryman, 2016). Sources of document information might include books, journals, magazine articles, letters, memoranda, emails, diaries, calendars, autobiographies, notes, agendas, announcements, minutes of meetings, event reports, administrative documents, proposals, progress reports, internal office records, formal studies, evaluation reports, news clippings, newspaper articles, transcripts of speech and conversations, text from web pages, audio recordings, pictures, drawings, organisational databases, government surveys and census information, tweets, blogs and so on (Yin, 2014; Saunders et al., 2016). These sources can broadly be categorised as public and private sources (Merriam and Tisdell, 2016). This study relies predominantly on the public.

It is very important that the researcher negotiates access to documents ahead of time (Creswell and Poth, 2018) and immediately after the commencement of this study, documents were collected continuously including a good number of documents procured at the time of formulation of the research proposal. It has already been mentioned that the Economic Relations Division (ERD) of the Government of Bangladesh is an important organisation for this study given that the ERD is designated to perform all foreign aid-related activities. Therefore, access to ERD documents was essential and it was possible to receive a 'Letter of Consent' from the Secretary in Charge of the ERD to access their official documents. The researcher tried to use verified documents and did not encounter any documents prepared for the specific purpose to achieve preferential outcomes (Yin, 2014).

Together with Government of Bangladesh and development partner documents, documents of local and international organisations related to foreign aid such as the World Bank, the IMF, the OECD, the UN and the GPEDC, research organisations, consultancy firms, NGOs, professional data provider companies and many other types of organisational documents were used for this study. The documents collected have been classified into two broad categories; Government and Development Partner, which are described further below. However, these are not the only documents used in this study.

Government Documents:

Policy, Planning and Strategic Documents: Perspective Plan, Five Year Plan, National Sustainable Development Strategy, MDG and SDG Evaluation Report, SDG Financing Strategy, National Social Security Strategy, Annual Development Plan, National Integrity Strategy, Joint Co-operation Strategy, Bangladesh Harmonisation Action Plan, Draft National

Policy on Development Co-operation, Strengthening Finance for the 7th Five year Plan and SDGs in Bangladesh, South-South Co-operation for Financing SDGs, Budget Documents, Meeting Minutes, Policy Papers and Website.

Reports: Development Finance Assessment Report, Rules of Business, Delegation of Financial Power, Project Monitoring Report, Flow of External Assistance, Foreign aid Commitment and Disbursement Report, Mid-Term Review of the Implementation of the Istanbul Programme of Action for LDCs for the Decade 2011-2020, Annual Report of the Statistics and Informatics Division, Economic Census, Bangladesh Economic Review, Monthly and Yearly Fiscal Report, Annual Report of the Finance Division, Macroeconomic Stability Report, Socio-economic Stability Report, Project Proposal, Project Evaluation Reports and Capacity Assessment Report.

Administrative Documents: Project Monitoring Manual, Different Laws, Implementation Monitoring and Evaluation Division Annual Report, Development Project Formulation Process document, ERD Handbook, ERD Annual Report, Debt Management Strategy, Project Document and many other internal documents of the Governments are procured and accessed by the researcher.

Development Partner Documents:

Policy, Planning and Strategic Documents: Country Strategy Paper/Document, Country Planning Document, Country Operations Business Plan, Country Partnership Strategy, Country Partnership Framework, Resource Plan, Action Plans, National Strategy, Funding Strategy and Strategy, Strategic Framework and Planning Document.

Reports: Country Fact Sheet, Performance and Financial Report, Project Progress report, Fact Sheets, Development Report, Monitoring Report, Bangladesh Development Update, Annual Report, Evaluation Report, Annual Report, and Economic Forecast.

Administrative Documents and Publications: Project Document, Procurement Documents, Research Publications, Budget and Spending, Event Brochure, Indicative Plan, News Letter, Success Stories, Press Release, Blogs, Project Document and Website.

The documents described above, made a significant contribution to this study and helped to achieve the following objectives:

- understand Government planning processes related to foreign aid;
- provide information about Government rules and regulations related to foreign aid;
- articulate communication protocols between Government and development partners;
- encounter Government circulars and office orders related to foreign aid;
- detail international declarations on foreign aid;
- compare Government and development partner policies;
- identify policy variation of one development partner relative to another;
- understand development partner policy, focus and strategy;
- understand the gap between policy and the reality;
- examine the information provided by interviewees; and
- check anomalies between documents.

One of the most commonly used sources of evidence in case study research is the interview, documentation, archival records, direct observation, participant-observation and physical artefacts (Yin, 2014). One of the main characteristics of good case study research is to use multiple data collection techniques or sources because no single source has competitive advantages over others and multiple sources provide an opportunity to examine issues broadly (Yin, 2014). Case study research can be expected to involve in-depth investigation and in doing so, one source of data may not suffice (Creswell and Poth, 2018). Therefore, this study adopts interview and documentation as sources of data or evidence because it requires both human experience and evidence from existing materials to address the research questions. A blend of documents and interviews ensures variety and rigor. The combination of data collection techniques helped to gather in-depth information in this case study and the combination also supports the broader approach of this study (Yin, 2014; Creswell and Poth, 2018).

4.9 Validity and Reliability

Validity and reliability are two important conditions to understand and assess the quality of qualitative research (Bryman, 2016). These criteria help to establish trust in research findings (Thomas and Magilvy, 2011). The validity of qualitative research has been a debated issue over the years in terms of legitimacy (Maxwell, 1992). Validity as a concept is in continuous transformation with regard to qualitative research to strengthen its contribution to the

development of knowledge (Whittemore et al., 2001). In all researches, validity and reliability can be addressed through research conceptualisation, inspecting data collected, analysis and interpretation processes and the presentation of findings (Merriam and Tisdell, 2016). According to Maxwell (2013; p.121):

'Validity is never something that can be proved or taken for granted. Validation is also relative: It has to be assessed in relation to the purpose and circumstances of the research, rather than being a context-independent property of methods or conclusions.'

Yin (2014) recommends three types of validity; construct, internal and external and reliability to ensure the quality of case study research and recommend solutions. These three types of mechanism are used in almost all types of qualitative research to understand rigor. Construct validity concerns the preconceived notion of a researcher to collect data as s/he fails to take adequate operational measures. Construct validity can be achieved using multiple sources of evidence, ensuring the chain of evidence at the time of data collection and draft report is reviewed by key informants. To confirm internal validity, the researcher needs to establish causal relationships correctly. Internal validity may be attained through pattern matching, explanation building, addressing rival explanations and using logical methods. External validity refers to the generalisation of findings beyond the immediate case using different methods. It can be guaranteed using appropriate theory in the research design phase. Reliability means if other researchers follow the same procedure, they will reach the same findings without repeating the same not replicating the findings of one case in another. The use of case study protocol and the development of case study databases can help to achieve reliability.

Miles and Humberman (1994) recommend the use of illustration and diagrams to bring more clarity in the analysis phase to help ensure internal validity. Well-articulated research and boundaries in research design facilitate generalisation that eventually contributes to external validation (Marshall and Rossman, 1989). To ensure 'construct validity' of this study, data are collected using multiple sources: interview and documentation and the study establishes a chain of evidence matching data from interviews and documents. Clarification regarding any information given by respondents was instantly checked against relevant documents to ensure authenticity. The abductive approach of this research ensured good quality data using theory matching (Dubois and Gadde, 2002) which asks for back and forth iterations in the data collection process to ensure consistency of data with theoretical framework. Thematic data

analysis technique also requires back and forth iterations of whole data sets, codes emerging from data and data analysis. Therefore, both an abductive approach and thematic analysis help to ensure internal validity. Moreover, as suggested by Milles and Humberman (1994) qualitative data are presented through illustrations and diagrams that ensure further clarity with regard to internal validity. To address external validity, in the research design phase the aid effectiveness agenda as a theory was considered in relation to Bangladesh. Following Marshall and Rossman (1989), research scope and boundaries are clearly mentioned in the research design, which helps to achieve external validity.

This study follows the case study protocol of Yin (2014) to ensure reliability and includes an overview of the case study, data collection process, data collection questions and report guidelines. Therefore, if future researchers follow such a protocol, s/he may reach the same results with regard to Bangladesh as the current study does.

4.10 Ethical Issues

In this study, close attention to ethics was paid from the very beginning as it examines sensitive phenomena such as internal mechanisms of government aid management, government relationships with development partners, rules of business of different government institutions related to the management of foreign aid and efficiency of the organisations and people involved in aid. The research questions are designed such that they cannot be addressed without human experience. Hence, because of the sensitive nature and involvement of people, ethics remain key (Øye and Glasdam, 2016; Berg, 2009; Hennink et al, 2011). As part of the University requirement for a PhD award, this study was approved by the Business School Research Ethics Committee. According to O' Leary (2010), ethical guidelines vary between professional codes, discipline areas and institutions but generally cover three issues. These are informed consent, no harm to the respondent and ensuring confidentiality and anonymity.

Respondents were provided with any facts related to the study and in the document analysis process, information collected from sources was cross-checked if any doubts arose. The aims of the research were made clear and respondents were not pressured into providing information they did not wish to disclose (Silverman, 2013; Bryman, 2016). Respondents were approached formally, either through email or letters to participate in the study. Most are either Government officers or development partner staff and rest, professionals involved in

different trades. They were interviewed to determine many internal issues related to foreign aid management and policy implementation such as official decisions, policy, rules of business, project proposals, agreement clauses, satisfaction and dis-satisfaction over official rules and regulation, reasons for non-achievement and non-compliance, internal and external challenges, negotiation policies and style, personal experience of implementation, monitoring and evaluation processes, flaws in processes, constraints on executing plans, fiduciary risk, corruption and so forth. Therefore, absolute anonymity was given to all respondents to protect them from any kind of harm, because qualitative research can sometimes reveal personal and political information (Castellano, 2010).

At the same time, the study aims to identify the ‘who’, ‘what’, ‘when’, ‘where’, ‘how’ and ‘why’ questions, rather than focus on those who provide data as respondents for the research (Saunders et al., 2016). Attention was also paid to respondent privacy at the time of setting appointments as well interview locations.

Participants were offered sixty days to withdraw from the study without giving any reason. Informed consent was taken from all respondents and they were provided with an information sheet beforehand to read and sign a consent form afterwards. All data obtained are stored only in the ‘K Drive’ of the University system to ensure safety and security (Hennink et al, 2011). The Economic Relations Division (ERD) is the designated organisation for the Government of Bangladesh to deal with all affairs related to foreign aid. Thus, access to ERD documents was very important to this study. Written permission was taken from the ERD to access their documents and a pseudonym was used to refer to interviewees in the analysis section of this study. In the process of research, including interview and data analysis, careful attention was paid to avoid bias from researcher personal history, values, religious beliefs, educational or professional experiences (Aubrey, 2000). The ethical dimension was always at the centre of the study (O’ Leary, 2010).

4.11 Analytical Method

Qualitative data can be analysed in different ways and there is no single best method, with much depending on the purpose of the research (Punch, 2009). Yin (2018) states that analytical tools are important but more important, is what a researcher expects from the data collected. This study seeks to evaluate the implementation of the aid effectiveness agenda in Bangladesh. It adopts a critical realism philosophy, abductive approach and case study strategy to develop a theory.

Therefore, it needs a data analysis technique that suits this research philosophy, approach and strategy. After reviewing several qualitative data analysis methods, this study opts for thematic analysis to analyse data because thematic analysis aligns well with critical realism philosophy, abductive approaches and the case study strategy.

Thematic analysis is a process that helps translate qualitative information into data. Data is encoded through codes and these generate themes, which interpret aspects of research phenomena (Boyatzis (1998). Thematic analysis is a very common qualitative data analysis approach (Bryman, 2016) and helps to identify, analyse and report patterns (themes) within data. It is flexible in nature and can address a wide range of research questions about different research approaches (Braun and Clarke, 2006).

There are two processes to perform in thematic analysis, one inductive and another deductive. In the inductive process, themes emerge from data without the influence of existing theory and the researcher tries to explore themes relating to research interest. On the other hand, deductive thematic analysis is linked to existing theory (Saunders et al., 2016). There are two levels to identify themes: semantic and latent. The semantic level identifies themes, examining the surface meaning of the data. On the other hand, thematic analysis at the latent level identifies themes examining causal ideas, assumptions, conceptualizations of collected data and searches out latent meaning (Braun and Clarke, 2006). This study chose an inductive process of thematic analysis, adopting critical realism philosophy to examine the underlying causes and mechanisms that produce events at empirical levels (Bhaskar, 1989). Therefore, it seeks to apply thematic analysis at the latent level, to identify themes which examine underlying ideas and assumptions. It takes an abductive approach to developing the theory, by conducting ‘theory matching’ in case of unanticipated issues, albeit those related to the research questions. In this situation, new data collection or insight from documents can help to resolve questions. It is going back and forth between the research framework, data source and analysis (Dubois and Gadde, 2002). In the same way, thematic analysis requires continuous back and forth iterations among the entire data set, codes emerge from data and data analysis. Hence, thematic analysis fits well with the current research study as it adopts an abductive research approach. Researchers successfully apply thematic analysis techniques in case study research in relation to intellectual disabilities, software engineering projects, physical activity and diseases, construction of masculinity and find it effective (Daya et al.

2011; Cruzes et al., 2015; Cedervall and Aberg, 2010; Manago, 2013). This supports the choice of thematic analysis techniques for this case study research.

Thematic analysis is useful for theory building according to Cruzes et al. (2015) and according to Saunders et al. (2016), thematic analysis is helpful when working with the large and disparate amount of data. It can integrate related data from different data sources, identify main themes for more explanation, produce thematic description, develop trial explanations of probable thematic patterns, support outline findings and confirm conclusions. All of these are applicable to the theory development process in this study, which analyses sixty six interviews and numerous documents to generate a large amount of data. Integration of the data is required as the study applies two different data collection methods, identifies themes for description and draws conclusions. This study takes the following steps for thematic analysis as outlined by Braun and Clarke (2006, p.87) to generate themes.

Table 4.1 Braun and Clarke’s steps of thematic analysis

Phase	Description of the process
1. Familiarising yourself with your data:	Transcribing data (if necessary), reading and re-reading the data, noting down initial ideas.
2. Generating initial codes:	Coding interesting features of the data in a systematic fashion across the entire data set, collating data relevant to each code.
3. Searching for themes:	Collating codes into potential themes, gathering all data relevant to each potential theme.
4. Reviewing themes:	Checking if the themes work in relation to the coded extracts (Level 1) and the entire data set (Level 2), generating a thematic 'map' of the analysis.
5. Defining and naming themes:	On-going analysis to refine the specifics of each theme, and the overall story the analysis tells, generating clear definitions and names for each theme.
6. Producing the report:	The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating back of the analysis to the research question and literature, producing a scholarly report of the analysis.

The latent level inductive thematic analysis approach in this study provides an opportunity for the in-depth analysis of data to identify gaps in aid policy decision-making, Government implementation processes and relationships with development partners.

Qualitative data analysis software is helpful to work with qualitative data and its presentation in different ways. For instance, a three-dimensional map of code clusters, the appearance of codes in the data through nodes, presentation of familiar codes using different colours, mind maps, world clouds and so on (Castleberry and Nolen, 2018). Therefore, this study uses NVivo qualitative data analysis software for coding, theme identification and visualisation of findings.

Sixty six interviews and numerous documents are the sources of data of this research. All sixty six interviews were physically collected between October 2017 and September 2019. Due to abductive approach and case study strategy of the research, a number of interviewees were interviewed second or third time via mobile phone or Skype at the time of the data analysis. Four different semi-structured questionnaires were used for the interview of the four different groups of respondents: Government Officials, Economic Relations Division Officials, Development Partners and Professionals. Out of total sixty six interviews, twenty three officials are from different ministries, divisions and organisations of the Government represented by Ministers, Secretaries, Additional Secretaries, Joint Secretaries/Joint Chief, Deputy Secretaries/Deputy Chief and Assistant Secretaries/Assistant Chief. The Economic Relations Division (ERD) is the organisation responsible to deal with Government aid related matters. It has ten wings. Sixteen Officials of ERD were interviewed including the Secretary of ERD and at least one person from each wing including the Wing Chief. Twelve representatives of ten development partners of Bangladesh were interviewed which includes most of the leading partners. Total fifteen professionals were interviewed who have knowledge about the aid management system and practice of the Government of Bangladesh. The professional group is represented by Ex-Minister who is now an aid practitioner, aid management consultant, aid worker, CSO representatives, think-tank and academics. Interviews were conducted in both English and Bangla (the national language of Bangladesh) and interviews were either recorded or noted depending on the comfort of the interviewee. However, all interviewees were transcribed in English.

A variety of documents is another data source of this study. The study is able to access a number of Government documents which perhaps not yet accessed by any previous research. The Government documents include event reports, evaluation reports, project progression

report, assessment reports, transcript of speeches, leaflets, web contents, dialogue notes, policy papers, policy brief, laws, key-note paper, concept note, project final report, strategy papers, planning documents, review report, project monitoring report, summary note, survey report, aid project reports, fact findings reports, action plans, communiqué, proceedings, administrative documents, proposals, minutes of meetings, resolutions, internal office records and formal studies. Moreover, the study has also reviewed several documents of the donors such as country strategy paper, country partnership strategy, action plans, funding strategy, project progression and completion report, economic forecast report, website and so on.

All six steps of Braun and Clarke (2006) are followed in data analysis process. Transcribed interviews and documents were read and re-read to note the necessary initial ideas. Afterwards, data comprised of transcribed interviewed and documents were coded using NVivo. Codes were collated under child-nodes and child-nodes were categorised as parents-nodes after a number of reviews. Primary themes were developed from parents-nodes, after careful examination of patterns, similarity, nature and ability to contribute to the research questions. Subsequently, mind-map option of NVivo was adopted to review themes and made themes well-matched in relation to research questions. There was a continuous back and forth of the whole data set at the stage of organising child-nodes to parents-nodes and parents-node to themes. However, use of note and memo options of NVivo were quite helpful in reviewing themes. After a critical review, themes were defined and named to address research questions and achieve the objectives of the study. Each research question has been addressed with three themes and a number of sub-themes in outlining the report in Chapter 5, 6 and 7. Several interviewees and documents have been quoted in presenting data in analytical chapters related to research questions to improve clarity and understand of facts.

4.12 Conclusion

This chapter deals with some of the methodological underpinnings of the study. The intention is to outline a methodological paradigm, which addresses the research questions. It is very important to choose a research philosophy, which provides an opportunity to examine the inner mechanisms and structures of a complex issue like foreign aid policymaking and implementation and helps to identify flaws in the process. After careful scrutiny of research philosophies, critical realism was adopted. A research approach is required to execute a study in line with critical realism and therefore an abductive approach was adopted to emphasise the continuous back and forth iterations between data collection and theoretical framework to

facilitate examination of the inner mechanisms of events. An in-depth case study research strategy matches well with the abductive approach because the researcher is well engaged in the research process and inconsistencies between the theoretical framework and data, can be addressed using ‘theory matching’ strategy. The latent level thematic analysis inspects the inner levels of the data and also takes a back and forth approach to identify appropriate themes. Thus, thematic analysis is an adequate technique to deal with case study data and execute an abductive approach. An appropriate philosophical choice, proper selection of research approach and correct choice of research strategy and data analysis techniques help to address the research questions in this study.

Table 4.2 Research Paradigm at a glance

Research Paradigm at a Glance	
Research Philosophy (Ontology and Epistemological Assumptions)	Critical Realism Underpins, through an abductive approach, investigation of real domains where mechanisms, structure and power exist that impact implementation of the aid effectiveness agenda in Bangladesh. For example, internal governance, Government and development partner relationships and aid policy.
Research Strategy	Case study. In-depth analysis of the system, procedures, rules and regulations, policies and plans, administrative set-up, rules of business related to foreign aid management.
Data Collection Methods	a. Interviews to ensure human experience in relation to foreign aid policy and management. Purposeful sampling techniques to select respondents. b. Document materials, scholarly, official and grey material related to the aid effectiveness agenda, foreign aid policy and management in Bangladesh.
Data Analysis Method	Thematic analysis of interviews and documents to address research questions. Yin (2014) mentions following validity and reliability procedures to ensure the quality and standard of research.

Chapter 5

The Government of Bangladesh and the Aid Effectiveness Agenda: Policymaking, Implementation and Impact

5.1 Introduction

This chapter reveals that Bangladesh has undertaken a number of policy decisions as well as initiatives to implement the aid effectiveness agenda. As a part of the commitment to this agenda, Bangladesh now has a long-term development plan, supported by a medium-term strategy and a short-term execution plan, including development a results framework and a medium-term budgetary framework. The country has embarked on a number of reforms in public finance management and enacted laws to improve the quality of procurement, audit and accounts to increase use of the national system by the development partners. Other notable initiatives by the Government include the introduction of an Aid Information Management System, a Development Finance Assessment (DFA), an Anti-Corruption Act and Anti-Corruption Commission, a Right to Information Act and a National Integrity Strategy. Moreover, the Government of Bangladesh has established a dedicated wing, the Development Effectiveness Wing (DEW), under the Economic Relations Division to undertake all activities related to the aid effectiveness agenda.

However, the discussion in the chapter, argues Bangladesh could have reaped greater benefits if these initiatives had been implemented more effectively. It outlines a number of issues that thwarted implementation and these include a lack of political commitment, poor leadership, weak institutions, flawed laws, corruption, capacity constraints of Government officials, policies failing to be supported by action, a top-down approach in policy implementation, a fear of losing funds, project fund-dependent activities, the absence of co-operation from development partner local offices, their lack of authority, the non-binding nature of the aid effectiveness principles and framework, development partner political interests and institutional rules and procedures.

It appears from document analysis that Bangladesh demonstrates a highly visible presence in international aid and development effectiveness forums. The country has attended all aid effectiveness High-Level Forums and Meetings and participated in monitoring surveys and all rounds of evaluations. As part of the commitments made in international forums and declarations, Bangladesh is continuously striving to address principles, goals, objectives of the aid and development effectiveness agenda, introducing policies, formulating strategies, creating institutions, platforms and participating in international events.

The literature review in Chapter 2 demonstrates that aid effectiveness has received serious attention from academia. However, much of the research looks into the issue from a very narrow-angle, for example, the implementation of one or two principles or impact in a specific sector. Limited evidence is available in relation to the overall experience of recipient countries in implementing the aid effectiveness agenda. Therefore, to address the knowledge gap on the inclusive implementation process of the aid effectiveness agenda, this chapter endeavours to respond to Research Question 1: What policy initiatives have the Government of Bangladesh developed with regard to the aid effectiveness agenda, how effective have they been, and why have they often disappointed?

Four themes are discussed in this chapter: i. the responsibilities of donors and recipients in relation to the aid effectiveness agenda; ii. Bangladesh's major initiatives to implement the agenda; iii. the impact of these initiatives on aid and development administration in Bangladesh; iv. Government approach to implement the aid effectiveness agenda. Section 5.2 outlines some of the individual and joint responsibilities of recipients and donors in implementing the aid effectiveness agenda. Section 5.3 lists the Government of Bangladesh's major initiatives to implement the aid effectiveness agenda. Section 5.4 evaluates principles of aid effectiveness in terms of the Government of Bangladesh's initiatives and their impact on aid and the development administration of Bangladesh. Section 5.5 examines the Government of Bangladesh's approach to implementation from the perspective of the top-down policy implementation process. Section 5.6 concludes the chapter.

5.2 Allocation of Responsibility to Implement the Aid Effectiveness Agenda

The declarations, statements and outcome documents of the aid effectiveness agenda, especially the Paris Declaration, clearly categorise the responsibility of recipient countries, donors and joint recipient-donors to underpin the objectives of aid effectiveness. However, an argument exists that the aid effectiveness agenda is donor-centric. Monitoring surveys and evaluation reports reveal donors lag behind in implementation or that the progress of their commitments is slow (Easterly and Williamson, 2011; Winters, 2012; Gulrajani, 2014). Overall, progress is either mixed or slow (Wood et al., 2011; Dijkstra and Komives, 2011; Owa, 2011; Keijzer, 2013; Gulrajani, 2014). The responsibilities of recipients, donors and joint recipient-donor responsibilities are outlined in an examination of documents of the Aid Effectiveness HLF, the First and Second High-Level Meetings of the Global Partnership for Effective Development Co-operation (GPEDC) and evaluation documents published on behalf of donors and development organisations (OECD, 2003a; OECD, 2008; Busan Statement, 2011; Wood et al., 2011; GPEDC, 2014; GPEDC, 2016). As the Paris Declaration is still considered the centrepiece of the aid effectiveness agenda, these responsibilities are organised accordingly.

Table 5.1 Responsibility distribution of the aid effectiveness agenda

Aid Effectiveness Principles	Recipients' Responsibility	Donors' Responsibility	Recipient-Donor Joint Responsibility
Ownership	<ul style="list-style-type: none"> □ Take leadership of development through: Long-term Plan □ Result-oriented pragmatic operation strategy □ Medium and short-time implementation plan □ Establish Discussion Mechanism with donors □ Strengthen institutions and policies □ Engage CSOs and private sector in development 	<ul style="list-style-type: none"> □ Respect recipient leadership □ Help for recipient's capacity development 	<ul style="list-style-type: none"> □ Inclusive development partner-
Alignment	<ul style="list-style-type: none"> □ Measurable and accountable country system: public financial management, accounting, auditing, procurement, results frameworks and monitoring □ Continuous review of country system for effective, accountable and transparent aid management □ Capacity development to manage efficient country system 	<ul style="list-style-type: none"> □ Alignment of aid with recipients development priorities □ Help develop effective country system □ Simplify procedures □ Ensure maximum use of country system including public financial management, accounting, auditing and procurement □ Help for capacity development in relation to country system □ Avoid PIU or other forms of day-to-day management structure □ Untying aid □ Predictable aid with multi-year commitment □ Appropriate conditionality with justification. 	<ul style="list-style-type: none"> □ Mutually agreed framework to assess the quality of country system □ Mutually agreed procedures for sustainable reform and monitoring □ Allocation of resources for procurement reform and capacity development □ Share feedback for the improvement of systems □ Mutually agreed conditionality
Harmonisation	<ul style="list-style-type: none"> □ Introduce systems for division of labour ensuring competitive advantages for donors 	<ul style="list-style-type: none"> □ Common arrangement of aid activities: planning, funding, monitoring and so on/programme based approach □ Reduce fragmentation and proliferation, avoid duplication of efforts having the arrangement of joint mission, joint training and others □ Authorise lead donor for the execution of programmes and harmonise procedures □ Delegation of authority to country level for effective partnership 	<ul style="list-style-type: none"> □ Reform systems and procedures □ Appropriate appointment, appraisal and training for management and staffs to work □ Harmonisation, alignment and result □ Strengthen environmental impact assessment (EIA) efforts □ Inclusive development partnerships
Managing for Result	<ul style="list-style-type: none"> □ Strengthen linkage of development strategies with multi-annual and annual budget □ Introduce effective development results framework (DRF) □ Capacity enhancement of institutions and staffs to implement DRF effectively 	<ul style="list-style-type: none"> □ Use recipient development result framework aligning own systems that allows to track indicators and rely on it insofar as possible □ Donors harmonise monitoring requirements using formats until they cannot rely on recipients monitoring and evaluation system 	<ul style="list-style-type: none"> □ Jointly work for recipient's capacity development for effective result-based development □ Increase transparency for development results
Mutual Accountability	<ul style="list-style-type: none"> □ Enhance parliament's role in development strategies and budget and oversight of the development process □ Involve donors in the formulation and assessment of development strategies □ More role and accountability of the local government □ More inclusion of CSOs in development □ Introduce public finance and aid information management system for decision making and accountability 	<ul style="list-style-type: none"> □ Timely, transparent and details information on aid flow so that recipient can provide specific aid report to the parliament as well to the people 	<ul style="list-style-type: none"> □ Assess the country level progress of aid effectiveness commitments including the Partnership Commitments □ Mutual accountability and accountability to citizens outlined provisions for mutual accountability □ Reduce corruption enhancing transparency □ Make development activity, finance, conditions and development result related information as public as possible. □ Inclusive development partnerships

5.3 Implementing Aid Effectiveness: Government’s Major Policy Decisions

Bangladesh was committed to the aid effectiveness agenda prior to the Rome Declaration, in fact, from 2001 when the OECD started a donor harmonisation initiative. Bangladesh’s historical engagement with the aid effectiveness agenda has perhaps worked as the driving force for implementation. It appears from document analysis that the Government of Bangladesh has taken policy decisions to implement aid effectiveness in the country. It’s major policy decisions are presented below in terms of aid effectiveness principles. However, it is worth noting that some of the initiatives mentioned below were not implemented with the aid effectiveness agenda in mind, rather they correspond well with the principles of the agenda. Therefore, these are also included in the table which uses the terms ‘policy decision’, ‘initiative’ and ‘activity’ interchangeably.

Table 5.2 Major policy decisions of the Government to implement the aid effectiveness agenda

Aid Effectiveness Principle	Government Initiatives	Objectives Related to Aid Effectiveness Principles
Ownership	National Strategy for Accelerated Poverty Reduction (NSAPR) I and II (2005-2007; 2008-2011). Perspective Plan (2010-2021). 6 th Five Year Plan (2011-2015)/7 th Five Year Plan (2016-2020).	To take leadership of the entire development enterprise formulating long, mid and short-term strategies in consultation with DPs, CSOs and private sector. Transformation of strategies to achieve programmes outlined in medium-term framework and budget.
	PRS-HAP Cell (2006). Aid Effectiveness Unit (AEU) (2009). Development Effectiveness Wing (DEW) (2015).	
	Aid effectiveness issue in national policy documents and in ERD Handbook.	
	Publication of Evaluation/Study	

	<p>Report.</p> <p>Medium Term Macroeconomic Framework (MTMF).</p> <p>Medium Term Budget Framework (MTBF).</p> <p>iBAS++ (Integrated Budget and Accounting System).</p> <p>ERD and LM Capacity Assessment Report.</p> <p>Development Finance Assessment (DFA).</p> <p>National Policy on Development Co-operation (Draft).</p> <p>Participation in all Aid Effectiveness HLF and HLM, OECD-DAC Aid Effectiveness Surveys and GPED Monitoring Round.</p> <p>Co-Chair-Global Partnership for Effective Development Co-operation (GPEDC).</p> <p>Chair - Asia Pacific Development Effectiveness Facility (AP-DEF).</p> <p>Vice-Chair-International Aid Transparency Institute (IATI).</p> <p>Member-Global Partnership Steering Committee (GPSC).</p>	
Alignment	<p>Financial Sector Reforms: FMRP (2002-2010), SPEM (2007-21) and SPPESD (2019-2024).</p> <p>Public Money and Budget Management Act, 2009.</p> <p>A Financial Management Academy (FIMA).</p> <p>Procurement Act, 2006.</p> <p>Procurement Rules, 2008.</p> <p>Central Procurement Technical Unit</p>	<p>To develop effective Public Finance Management System including accounting, auditing and procurement.</p> <p>Capacity development of related human resources to ensure use of country system by DPs. Continuous review and agreement with DPs the catalyst for enhancing use of country system.</p>

	(CPTU). e-Government procurement (e-GP).	
	Foreign Aided Project Audit Directorate (FAPAD). Foreign Aid Budget and Accounts (FABA), ERD.	
	Project Processing and Approval Manual, 2016.	
Harmonisation	Bangladesh PRSP Implementation Forum Meeting (PIFM). Harmonise Action Plan (HAP) (2006). Joint Cooperation Strategy (2010). Local Consultative Group (LCG). LCG-Working Group. Bangladesh Development Forum. SWAPs.	To develop an effective DP co-ordination system with an aim to confiscate co-ordination loads from limited capacity of the Government that clearly shows competitive advantages for DPs to implement division of labour and other joint initiatives
Managing for Result	Development Results Framework (DRF) from 6 th FYP. MGDs progress report. IMED monitoring and evaluation. Limited monitoring and evaluation of ERD, PC, LM.	To manage foreign aid in a way that provides desired outcomes in introducing effective Development Results Framework (DRF) and training for capacity development of institutions and people with the assistance of DPs. It is expected that the results contribute to improving future decision making.
Mutual Accountability	Aid information disclosure in FABA and CPTU website. e-Tender. e-Government procurement (e-GP) in some agencies. Plans are prepared in consultation with DPs/CSO/Think Tanks. Plan approved in Parliament: NSAPR- II and FYP. Budget approval in Parliament.	To ensure accountability to people, Parliament and DPs. Similarly DPs accountable to recipients and respective Parliaments expected.

	Budget disclosed to public through FD website.	
	Money and Budget Management Act, 2009.	
	Foreign Aided Project Audit Directorate (FAPAD) audit and report to the President.	
	Anti-Corruption Act, 2004. Anti-Corruption Commission (2004).	
	Ratification of the UN Convention Against Corruption in 2007.	
	Right to Information Act, 2009.	
	National Integrity Strategy, 2012.	

Source: PRS-HAP CELL, 2008, 2008a; AEU, 2010a, 2010b; Nadoll, 2010; AEU, 2011; ERD, 2011; OECD, 2011c; USAID, 2014; ERD, 2015c; Bjornestad et al., 2016; ERD, 2016, 2016a; ERD/UNDP, 2016; Siddique, 2017

5.4 Evaluation of Government Policy Decisions to Implement the aid Effectiveness Agenda and its Impact on the Aid and Development Administration of Bangladesh

Subsequent sections of this study evaluate aid effectiveness in terms of major Government policy decisions to implement principles of the aid effectiveness agenda and examine the impact of these initiatives on the aid and development administration of Bangladesh. However, Harmonisation Principle-related activities are not discussed in this chapter because the implementation of Harmonisation Principles requires DP initiatives, sincere co-operation and goodwill. Therefore, Harmonisation Principle-related policy decisions are discussed in chapter six.

5.4.1 Evaluation of Ownership Principle-related Policy Decisions and Impact

The ownership principle of the aid effectiveness agenda suggests an effective, well-implemented, long-term plan should help achieve recipient development leadership. It recommends a long-term plan integrated into a medium-term expenditure framework and

annual budget. The ownership principle advocates the formulation of a long-term plan in consultation with development partners, CSOs, the private sector, media, stakeholders and ensures their participation in the implementation process. It stresses development partner support for recipient initiatives to strengthen policy and institutional leadership over development. The approach of the ownership principle is considered a paradigm shift from the long-standing, donor-driven development initiatives to recipient country-led initiatives based on indigenous plans and development strategies (Hayman, 2009; Collins, 2009; Molenaers and Nijs; 2011; Swedlund, 2013). It is therefore, crucial for a recipient country to take control of development initiatives by implementing the ownership principle. This section reflects on Government planning and development related activities to implement the aid effectiveness agenda and examines the impact of aid, management and development administration initiatives in Bangladesh. The discussion is organised into four segments: planning and development strategy-related initiatives and impact, introduction of institutions and their impact, initiatives to strengthen institutions and their impact, and aid policy challenges.

5.4.1.1 Impact of Planning and Development Strategy-related Policy Decisions

To implement the ownership principle, Bangladesh has formulated a long-term plan and both medium and short-term strategies underpinning the economic vision of the country. This planning and development process is evolving in line with the continuity of the aid effectiveness agenda. One of the main changes in Bangladesh at the initial stages of the aid effectiveness agenda was the introduction of a framework for aid disbursement and aid negotiations. Historically, Bangladesh's aid negotiation for a particular period with donors took place in Paris at a High-Level meeting of the Bangladesh Aid Group/Consortium under the sponsorship of the World Bank. However, Bangladesh in agreement with donors, prepared PRSP-1, titled 'Unlocking the Potential: A National Strategy for Accelerated Poverty Reduction (NSAPR)' for the period 2005 to 2007. This became a framework for donors to provide aid to Bangladesh. After the introduction of PRSP-1, aid negotiation meetings started taking place in Dhaka from 2005. The first, in the form of the Bangladesh PRSP Implementation Forum Meeting (PIFM) took place in 2005. Subsequently, it was renamed the Bangladesh Development Forum (BDF) and organised meetings in 2010, 2015 and 2018. Formal pledges were not made but the Government's economic strategy, future

plans, reforms, implementation and progress of aid and development effectiveness were discussed (AEU, 2010a; GOB/UNDP, 2012).

5.4.1.1.1 The Aid Effectiveness Agenda in Planning Documents

Document analysis shows that Bangladesh is able to structure its planning process for the long, mid and short-term, in line with the ownership principle. The country announced a long-term Perspective Plan (2010-2021) to achieve ‘Vision 2021’: a middle-income country by 2021. Bangladesh is implementing Perspective Plan with two, Five Year Plans (FYP): the 6th and the 7th. As part of its commitment to create awareness about the aid effectiveness agenda at all levels of Government, guidance in planning documents and office manuals is available. For the first time, in the 6th Five Year Plan (2011-2015), a “Joint Co-operation Strategy (JCS) for Strengthening the Focus on Results through Enhanced Monitoring and Evaluation” was included. It also highlighted the JCS’s main objectives such as harmonisation, alignment, predictability and others (GED, 2011, 2011a).

The aid effectiveness agenda is subsequently incorporated into the 7th Five Year Plan (2016-2020) under the title of “Towards a Synergetic Development Partnership” where an effective partnership with development partners has been emphasised and a broader scenario has been drawn out for aid effectiveness. An Effective Bangladesh Development Forum (BDF), a Local Consultative Group (LCG), an LCG Working Group and AIMS have been prioritised to address fragmentation, proliferation, alignment and predictability. Capacity enhancement of Government officials and co-ordination among Government organisations have also been stressed (GED, 2015).

Aid effectiveness is also incorporated into the Economic Relations Division’s (ERD) Handbook. A section of the Handbook briefly outlines the history and principles of the agenda. The same section further describes Bangladesh’s initiatives to implement aid effectiveness and the section highlights the importance of implementing principles of the agenda for the benefit of maximising foreign aid (ERD, 2015). Furthermore, beginning with the National Strategy for Accelerated Poverty Reduction-II (NSAPR-II), all development plans are now prepared in consultation with CSOs, professionals and DPs (AEU, 2010a, Interviewee G6, 2018).

However, despite Government efforts, general awareness about the aid effectiveness agenda among Government officials is still at a very elementary level, except for Economic Relations Division (ERD) officials. However, although most have heard about it, the purpose and applications are unknown to them (AEU, 2010a; ERD, 2016a). Mixed comments are noted when interviewees were asked about the aid effectiveness agenda: “Line Ministry people know a little about the aid effectiveness issue” (Interviewee G10, 2018), “I have never heard about aid effectiveness” (Interviewee G 20, 2018), “Sometime a paper arrives about the aid effectiveness agenda” (Interviewee G14, 2018), or even “No one ever communicated with me about aid effectiveness” (Interviewee G15, 2018). Interestingly, a development partner’s comment included: “Line Ministry people whom we work with, do not know about aid effectiveness” (Interviewee D11, 2018). Awareness among Government departments is discussed in detail in Section 5.4.1.2

5.4.1.1.2 Long-term Planning and Implementation Strategy

To ensure leadership over the whole development process, the aid effectiveness agenda not only stresses the formulation of long-term planning strategies in consultation with DPs, CSOs and other stakeholders but also the integration of plans and strategies in medium term expenditure and annual budgets. As discussed above, Bangladesh is currently addressing a Perspective Plan (2010-2021) with two long-term, Five Year Plans: 6th (2011-2105) and 7th (2016-2020). The 6th FYP incorporates a Development Results Framework for the measurement of development impact (GED, 2011, 2011a). To implement a long-term plan, Bangladesh formulates three year action plans, breaking down long-term FYP objectives, in the form of a Medium-Term Macroeconomic Framework (MTMF), a Medium-Term Budgetary Framework (MTBF) and a one-year Annual Development Plan (ADP). The country has also introduced a Medium-Term Macroeconomic Framework (MTMF) for the projection and assumption of macroeconomic indicators for the current budget year and for four other years. The Government introduced a Medium-Term Budgetary Framework (MTBF) from the 2005-2006 financial year to four ministries and from 2011-2012 to all ministries and divisions. The MTBF established links between policy priorities, resource allocation and performance. It is a projection of the current budget year and two further years (Talukder and Mobarek, 2018, 2018a). The current budget year encompasses the Annual Development Plan (ADP) and this practice enhances sectoral budgetary accuracy and reduces over expenditure. It also shapes the inter-sectoral budget allocation.

However, the current MTBF arrangement fails to establish a link between the FYP and the ADP because at present, the MTBF is prepared for three not five years in order to align the FYP. So, the plan is for five years, the MTBF three years and the ADP one year, which leads to a mismatch between plans and resource allocation (Bjornestad et al., 2016; Interviewee P3, 2018). Furthermore, the MTBF does not clearly indicate a clear link between policy, resource and budget and the format does not indicate which policy or programme is financed in the budget.

“[.....] it is called an objective-based budget for which there will be a resource envelop. It is an envelope, not the number, this much is the budgetary allocation, yes it is the budgetary allocation for the incumbent year but it is with the resource envelope that you have to achieve within this framework of these three years and for this, there will be an allocation. If you cannot achieve this within this budget year you can actually now negotiate it through the adjustment in the next year and the next year and thereby it progresses. The departments, units within the departments, everybody needs to work like this. But unfortunately when the budget development starts nobody looks into this. They actually follow an incremental rule. So, the missing link is this budget process is not aligned with the objectives; rather it is aligned with the incremental process of the budgeting system.” (Interviewee P3, 2018).

Therefore, development objectives are not reflected in the budget so when aid money is allocated to development, it is not addressing yearly development objectives as well as the overall objectives of the FYP. This means foreign aid is not well-aligned or harmonised with the yearly development budget, due to a weak link between the ADP and the FYP. When the Programme Division (PD) of the Planning Commission of the country prepares the ADP, it categorises the economy into seventeen sectors and thirty-one sub-sectors. However, the FYP categorises it into fourteen sectors. On the other hand, the Finance Division prepares a budget dividing the economy into thirteen sectors. This inconsistency not only creates co-ordination problems but also makes resource allocation difficult, hampers planned development and produces lower results (GED, 2015; Bjornestad et al., 2016; Interviewee G6, 2018; Interviewee D10, 2018). In accordance with planning rules, the Programme Division issues a circular for ADP preparation. However, no clear instruction is given to LMs and agencies by

the PD on the ADP circular to prioritise criteria or project map with the FYP. Therefore, LMs/agencies vaguely align projects with national development objectives and consequently, the ADP is populated with projects, project funds remain unspent or spent in haste at the end of the financial year and ultimately development objectives are not achieved (Interviewee P3, 2018; Interviewee P5, 2018).

The Finance Division (FD) of the Ministry of Finance issues a Budget Circular - (BC-1) in November/December with an indicative ceiling to prepare the preliminary budget and submit that to the FD in December/January. However, the Programme Division issues the ADP circular in February. As a result, LMs/agency preliminary budgets are prepared not knowing the sector priority of the year or their alignment with development objectives. LMs and agencies try to adjust to this difficulty after receiving a Budget Circular-2 from the FD in April/May. However, this inconsistency complicates the whole process and makes meeting the tripartite (FD, Programme Division, LM/Division) budget difficult. Moreover, a number of studies reveal that ADP execution suffers from numerous problems: more than 80% of projects take more time than originally planned and more than 25% of projects result in cost overruns. These issues ultimately undercut the economic value of investment and in the end, development results are not achieved (Bjornestad et al., 2016).

The revised ADP is a unique system, whereby the FD through a formal circular asks LMs/agencies in December/January to add and remove projects in the ADP of the current financial year. This causes a serious problem in the implementation of projects as well as disbursement of funds by the DP. After declaring the Budget in June, DPs plan disbursement but in December/January, when the ADP is revised, they need to change their plans because of the removal of some projects. Remarkably, development objectives eliminated by this process and how they might be achieved are not considered (Interviewee P3, 2018). This revised ADP system also allows project inclusion on political pressure and most projects are not aligned with national development strategies. Moreover, in the regular ADP, projects are included with Minister/MP/Secretary requests that do not fit well with national planning objectives and which create regional inequalities (Interviewee P1, 2018; Interviewee G13, 2018).

Government policymakers have a different view, believing flexibility is required in the implementation or inclusion of projects in the ADP:

“Right at the moment, we are okay with the planning process. But in the future MTBF may create an obstacle for the commission or speedy implementation of the projects, there we will have to be little flexible [.....] based on the situation of the case or need of the project we might be flexible and even with outside the line of MTBF.” (Interviewee G2, 2018).

5.4.1.1.3 Development Finance Assessment

A Development Finance Assessment (DFA) was conducted with the support of the ‘Strengthening Capacity for Aid Effectiveness in Bangladesh (2012-2016)’ project as the first of its first kind in Bangladesh. It was called the “Strengthening Finance for the 7th Five Year Plan and SDGs in Bangladesh”. The report examined financial options for Bangladesh including foreign aid to achieve the 7th FYP objectives and proposed a framework to achieve the 7th FYP objectives (Bjornestad et al., 2016). This report was submitted to the ERD in 2016 and although interviewees of the Finance Division, the ERD and the Planning Commission were asked about the use of the DFA, none were able to provide any information (Interviewee GE1, 2017, Interviewee G15, 2018).

The Government has undertaken a number of initiatives to implement the ownership principle and it is noteworthy that the aid effectiveness issue is now formally incorporated into planning documents. However, the level of awareness amongst government officials is not satisfactory and this thwarts implementation of the agenda. The country now has a structured plan supported by mid and short-term implementation strategies. However, there is a lack of synergy between long-term plans and implementation strategies, which are a predicament for the effective utilisation of aid money. The Government has also failed to take advantage of the Development Finance Assessment (DFA) in mobilising funds. It might have been more productive for the country to explore financial options to underpin objectives of the 7th FYP as well as the SDGs.

5.4.1.2 Introduction of Institutions and Impact

The ownership principle of the aid effectiveness agenda promotes effective leadership of recipient countries in development activities. Establishment of effective institutions helps to

establish leadership. The quality of institutions requirement is a much-discussed issue in the aid management literature (Burnside and Dollar, 2004; Copestake and Williams, 2014; Asongu, 2015). A number of activities show that as part of its commitments to the aid effectiveness agenda, the Government of Bangladesh is striving to strengthen existing institutions and has already established new institutions to drive the aid effectiveness agenda forward.

Following the Paris Declaration on Aid Effectiveness, the PRS-HAP (Poverty Reduction Strategy-Harmonisation Action Plan) Cell was created by the Government of Bangladesh in the ERD in 2006, to co-ordinate Poverty Reduction Strategy related activities, liaise with donors and to implement the commitment of the Rome, Paris and Accra agreements. In May 2009, the cell was renamed and upgraded to the Aid Effectiveness Unit (AEU) under the Co-ordination Wing of the ERD to undertake aid effectiveness agenda related activities at national and international levels. The unit was predominantly funded by development partners.

On 22 September 2015, the Government of Bangladesh approved a Development Effectiveness Wing (DEW) as a fully-fledged Wing of the ERD, underlining the country's commitment to the aid and development effectiveness agenda. The DEW combined the Aid Effectiveness Unit (AEU) and an External Policy Branch to implement the aid effectiveness agenda in Bangladesh through research, policy formulation and implementation (Nadoll, 2010; AEU, 2010a; ERD, 2015d, 2016b). Most initiatives of the Government listed in Table 5.2 relate to ownership and harmonisation principles. Initiatives related to alignment, managing for results and mutual accountability are undertaken by the AUE/DEW. In addition, other initiatives are executed by different ministries and divisions. The DEW is currently headed by a Senior Joint Secretary and Branches are headed by either a Joint Secretary or a Deputy Secretary. Current officers' strength of the Wing is eleven except the administrative and support staffs (ERD, 2019). The objectives of Development Effectiveness are:

- advisory support to ERD wings and line ministries/agencies for the effective use of foreign assistance and guarantee Bangladesh's interest globally.
- help equip Bangladesh Government officials for favourable negotiation with development partners providing education and training.
- train government officials for participation in international forums with skill and expertise.

- strategic and policy coordination of Government organisations, development partners and international forums.

DEW's objectives are focused on promotion and policy coordination of aid effectiveness matters locally and internationally. The objectives give more stress on training and skill development of ERD and LM officials for negotiation and effective use of foreign aid. Thus, it is expected that the wing not only creates awareness in entire internal aid administration about the aid effectiveness agenda but also trains ERD, LM and PC officials to apply the principles practically for the greater interest of the nation. However, close scrutiny of the functions of the three branches of the wing exposes multi-disciplinary engagements and assignments. The engagements and assignments are more intensive to international activities and relationship maintenance with development partners than awareness creation and skill development of the officials and organisations related to aid administration.

Branch-1: External Economic Policy (EEP) is responsible for foreign assistance related policy formulation and implementation, and collection of information on international economy and international economic relations, research on economic and development policy, coordination and communication with international organisations such as ECOSOC Second Committee-UNGA, Least Developed Countries (LDCs), Istanbul Programme of Action (IPoA), UN ESCAP, World Economic Outlook, Commonwealth Secretariat, Colombo Plan, NAM and SAARC (ERD, 2107).

Branch-2: Development Partnership Management and Aid Information Management System (AIMS) is responsible for the effective use of foreign aid for national development, coordination with GPEDC, Asia-Pacific Development Effectiveness Facility (AP-DEF), International Aid Transparency Initiative (IATI) and South-South Institute and other related organisations. The branch also performs activities related to the Local Consultative Group (LCG), the Secretariat, the Aid Effectiveness Working Group (AEWG) and the Bangladesh Development Forum (BDF). AIMS communicates decisions taken in international forums on aid or development effectiveness to all concerned ministries and agencies together with formulation and co-ordination of various national plans such as the Joint Co-operation Strategy (JCS) (ERD, 2017).

Branch-3: Innovative/Climate Financing and Research is expected to undertake research on aid and development co-operation, publish research and help other ERD wings with research, training, workshops on aid and development effectiveness. The branch works for internal surveys for development effectiveness and inputs to the Five Years Plan and other plans. It also provides secretarial support for the Climate Fund and SDG related initiatives and deals with SDGs, South-South Co-operation and innovative finance (ERD, 2017).

These functions are more focused on international engagement and day to day activities. Therefore, DEW's ten year-long efforts (including AEU) in creating awareness and providing training to Government officials, especially at the ERD, the Planning Commission and Line Ministry officials on the aid effectiveness agenda remain limited. If officers involved in aid and development administration are not aware of the importance of the aid effectiveness agenda and do not know what to apply and how to apply it, aid effectiveness principles cannot be converted into application. Over the years, mainly with the support of aid effectiveness projects, the AEU and DEW organised training and workshops to create awareness among Government officials to apply aid effectiveness principles in day-to-day works, in dealing with development partners and in representing Bangladesh at international forums. The DEW represents Bangladesh at international forums and events. The Wing facilitates international surveys in Bangladesh, publishes studies and evaluates reports on aid and development effectiveness. It is expected that almost ten years of endeavours by the AEU and DEW will bring substantial change in aid and development administration in Bangladesh. However, interviewee responses were unsatisfactory when they were asked to evaluate DEW activities or its impact as an institution implementing the aid effectiveness agenda and findings from international surveys and monitoring reports indicate the same (OECD, 2011c; GPEDC, 2016a; Interviewee GE2, 2017; Interviewee P5, 2018; Interviewee GE6, 2017).

The Planning Commission (PC) is the approving authority of aid and the Government's own funded projects. So, the PC controls aid and is not a simple user of aid. Furthermore, PC officials regularly come into contact with DPs for aid and aid-related discussions (ERD, 2016a). Therefore, an awareness about the aid effectiveness agenda is crucial for Planning Commission (PC) officers. An interviewee of the Programme Division of the PC said that he was aware of the aid effectiveness agenda but he did not know what the implications were in his day to day works (Interviewee 13, 2018). Sector Division officers of the PC scrutinise development projects and recommend their inclusion in the Annual Development Plan

(ADP). However, it seems that Sector Division officers are not entirely aware of the aid effectiveness issue and its effects on aid management. A respondent of the Sector Division comments:

“No one ever communicated with me about aid effectiveness. I am here for a long time but never heard anything about aid effectiveness agenda. I know there is a wing in ERD and they undertake aid effectiveness related activity.”
(Interviewee G15, 2017).

The same impression was received from Line Ministry (LM) Planning Wing/Branch/Unit officials involved in development planning, project formulation, DP co-ordination and evaluation and monitoring of aid project. In addition, LM officials are directly linked with all aid effectiveness principles and objectives. Seven Government officials from six ministries were interviewed and six of them said that they did not know about the aid effectiveness agenda or had never come across it with DEW people or programmes or engaged in any form of discussion (Interviewee G10, 2018; Interviewee G11, 2018; Interviewee G14, 2018; Interviewee G18, 2018; Interviewee G19, 2018; Interviewee G20, 2018; Interviewee G21, 2018). However, one officer said that he did know and made the following comment:

“Importance is not given to aid effectiveness issue. Sometimes some paper comes from ERD. We do not give much importance to that.” (Interviewee G14, 2018).

A number of development partners and professionals also confirmed the fact that from their working experience with LM officials, they understood that LM officials were not aware of the ethos of the aid effectiveness agenda, although they heard about it (Interviewee D10, 2018; Interviewee D11, 2018; Interviewee D12, 2018; Interviewee D4, 2018; Interviewee D9, 2018).

“People of DEW only know aid effectiveness issue but LM people do not know but we work with LM people. It is the duty of ERD to inform LM about aid effectiveness issue, as far I know it is the duty of ERD to educate LM. As LM people are not aware of it how they can understand its importance.”
(Interviewee D9, 2018).

“LM people attend many workshops of the Government, maybe, they know.

But in reality, they do not know. Another thing is that if a person even knows about aid effectiveness, it is difficult to apply it in the real situation, in the project. There are so many things to consider in applying aid effectiveness principles. If the people related to the project can apply aid effectiveness principles the result of the project can improve. It is a dilemma, though they know the principles it would be hard to apply.” (Interviewee, D12, 2018).

Project Directors (PD) appointed mainly from LMs or LM agencies, are responsible for the management and implementation of the entire project. This is a key position for implementing the aid effectiveness agenda as PD functions correspond with ownership, alignment, harmonisation, managing for results and mutual accountability principles. Two PDs from two different agencies were interviewed. One of them had heard about the aid effectiveness agenda from a colleague but none of them were aware of the whole issue as well as its importance (Interviewee G22; Interviewee G23, 2019). DPs and ERD officers who work with PDs and also Professionals, stated PDs were not aware of the aid effectiveness agenda and they admitted PDs should know about it as they are key in implementing the principles (Interviewee D4, 2018; Interviewee D6, 2018, Interviewee GE6, 2017; Interviewee P15, 2018; Interviewee P6, 2018).

The IMED role is crucial in monitoring and evaluating aid projects and is directly linked with managing for results and mutual accountability. It was also observed that there was a serious lack of awareness among IMED officials. For example:

“We (IMED) do not have any communication with DEW of ERD regarding aid effectiveness. There is no discussion with us to implement or address the principles of aid effectiveness agenda. We have heard about it but do not know our role about the aid effectiveness agenda. I can recall a circular to attend training on the effective use of foreign aid but I did not hear about any circular for training in the last few years.” (Interviewee 16, 2018).

Thirteen officials including three wing chiefs representing nine wings of ERD were also interviewed. Most knew about the aid effectiveness agenda but did not really understand the importance or significance in aid negotiation with DPs, project selection, monitoring and evaluation (Interviewee GE15, 2017; Interviewee GE3, 2017). DPs also confirmed the fact

that when they interacted with ERD officials, they rarely referred or raised aid effectiveness issues with them (Interviewee D10, 2018; Interviewee D5, 2018). A sense prevailed among ERD officers that the DEW owns responsibility for dealing with aid effectiveness issues and they had nothing to do with it. ERD officials also believed that for different reasons, it was difficult to enforce or implement aid effectiveness principles.

“Bangladesh has aid dependency and trade relations with DPs or other interest, it is difficult to do hard negotiation with them or enforce aid effectiveness principles (Interviewee GE9, 2017). Aid effectiveness issue doesn’t come when we negotiate aid agreement with DPs. Aid effectiveness issue comes as a discussion topic in ERD meeting (Interviewee GE15, 2017). DPs have their own Agreement Template and we review it and sign. Difficult to see aid effectiveness issue [.....] as long as ERD has no role in project execution, there is no scope to ensure aid effectiveness (Interviewee GE10, 2017).”

A poor understanding of LM officials about the aid effectiveness agenda was also reported in the ‘Evaluation of the Implementation of the Paris Declaration, Phase – II, Country Evaluation Bangladesh: Final Report, 2010’. The report stated that ‘there exists a serious lack of awareness and ownership of the commitments of the PD and AAA amongst line ministry officials’ (ERD, 2010a; p.ii). Moreover, ERD’s own assessment reports confirm a lack of awareness and understanding of the aid effectiveness agenda among LM and PC officers (ERD, 2016a). Independent studies reveal the limited awareness of LM officials and PDs too (Nadoll, 2010).

The DEW, previously the Aid Effectiveness Unit (AEU) from 2012 to 2016, had organised a number of training programmes with financial support from the ‘Strengthening Capacity for Aid Effectiveness in Bangladesh’ project. Around three hundred officials had been trained on the aid effectiveness agenda with a vision to create awareness as well as implement the principles of managing aid. However, due to transfers and promotion, those officers now have different responsibilities. The transfer and promotion of officers results in a loss of skills and seriously hampers DEW initiatives to create awareness and develop officials (Interviewee GE1, 2017; Interviewee G12, 2018). Nevertheless, the arrangement of intermittent training programmes, a lack of follow-up and a generally disjointed effort from

the DEW are perhaps contributing to poor awareness and a lack of motivation amongst Government officials to own the aid effectiveness agenda and to apply it in the aid management system (AEU, 2010a; Interviewee GE6, 2017). The AEU and DEW chose training as the only means to create awareness, without a comprehensive awareness campaign or outreach strategy. No manual or checklist on aid effectiveness is prepared and no circular is provided with guidelines such as what needs to be implemented or when, or how aid effectiveness principles might be implemented (Interviewee P12, 2018; Interviewee GE7, 2017).

Currently, an inactive LCG-WG (Local Consultative Group-Working Group), a discussion forum between LMs and DPs, also contributes to the lack of awareness of Government LM officials because if the LCG-WG had been active, LM officials might have been engaged in discussion with DPs and that would help enhance their awareness (Interviewee P1, 2018). It is observed that AEU and DEW initiatives are very project centred. The ‘Strengthening Capacity for Aid Effectiveness in Bangladesh’ project ended in June 2016 and it appears that DEW activities are reduced with the end of the project (Interviewee P5, 2018; Interviewee, GE6, 2017). The DEW is currently conducting a training programme on development effectiveness and one hundred officials have already been trained (Amin, 2019). It is trying to create an officers pool who should stay longer in the same position and if someone is promoted, s/he would be positioned in a section or desk related to aid or development administration (Interviewee GE1, 2017; Interviewee GE6, 2017; Interviewee G12, 2018).

Bangladesh’s participation in international forums and events is very visible. The country regularly organises events and presents reports and case studies to showcase its performance and efforts to the international community. Bangladesh is currently the Co-Chair of the Global Partnership for Effective Development Co-operation (GPEDC), Chair of the Asia Pacific Development Effectiveness Facility (AP-DEF), the Vice-Chair of the International Aid Transparency Institute (IATI) and a Member of the Global Partnership Steering Committee (GPSC) amongst other international engagements. Bangladesh actively participated in all four High-Level Forums on Aid Effectiveness: Rome, Paris, Accra and Busan and signed the declarations. The country also attended both the Mexico City and Nairobi High-Level Meetings of GPEDC in 2014 and 2016 respectively. The country has participated in all aid and development effectiveness surveys and monitoring rounds of the OECD-DAC as well as GPEDC. The DEW at present undertakes all activities related to

international participation and organisational engagements as the AEU did previously. There is an understanding that the DEW is more focused on international engagements than country level initiatives with regard to the aid effectiveness agenda (Interviewee D11, 2018; Interviewee D4, 2018). The following statement by a policymaker supports this:

“[.....] we have set up a unit, Development Effectiveness Unit. It is honouring international custom and practice. DEW prepares reports on aid effectiveness and etc. [.....].” (Interviewee G1, 2018).

One of the senior aid management consultants of the Government also pointed out that Bangladesh’s image was very positive in the international arena but the results of country level initiatives was less than expected:

“Bangladesh has been able to expose in the international forum in a positive manner as the leader of the aid effectiveness agenda or the development effectiveness agenda. But the failure is they cannot expand their horizon both in terms of the implementation of the agenda from ERD to outside and at the same time, ERD in particular.” (Interviewee P3, 2018).

Setting up a dedicated wing in the ERD - the Development Effectiveness Wing (DEW) - to deal with the aid effectiveness agenda perhaps demonstrates the Government’s commitment to the agenda. The DEW is not able to create considerable awareness among Government officials though it waves the Bangladesh flag at international aid related forums. However, it appears from the above discussion that despite achievements in introducing policies, training and active participation in international forums and events, integration of aid effectiveness principles in national development activities such as planning, programming, budgeting and implementation is very limited. The international focus of the DEW probably contributed to a minimum country level effort, which has reduced further with the completion of the ‘Strengthening Capacity for Aid Effectiveness in Bangladesh’ project in June 2016.

5.4.1.3 Initiatives to Strengthen Institutions and Systems and their Impact

The ownership principle of the aid effectiveness agenda stresses strengthening of institutions with the help of development partners to establish leadership over development. This

strengthening implies reform of institutions and capacity development. The Government and DPs symbolise co-operative efforts to strengthen institutions through capacity development for the implementation of aid effectiveness. A number of projects have been implemented but there is a big question mark about their outcomes.

The DEW of the ERD, with assistance from development partners undertook two decisive projects to implement aid effectiveness in Bangladesh. The first was, ‘Support for Enhanced Programme Co-ordination based on the Paris Declaration on Aid Effectiveness’, which had been implemented from September 2009 to September 2010. The objective of the project was to help the Government to implement aid effectiveness principles in country planning. There were three components of that project: strengthening the AEU, strengthening the LCG and formulating the JCS. The DFID and DANIDA funded USD 0.54 million and the UNDP and DFID jointly implemented the project with the ERD. The project largely helped to consolidate the Aid Effectiveness Unit (AEU), shaped up Local Consultative Group (LCG) mechanisms and outlined the Joint Co-operation Strategy (JCS) document (Nadoll, 2010). Immediately after that, an aid effectiveness project titled ‘Strengthening Capacity for Aid Effectiveness in Bangladesh’ was undertaken from 2012 to 2016. It was funded by the DFID, DANIDA and AusAid, executed by the UNDP and worth USD 3.20 million. It is worth mentioning that all initiatives of the Government to implement the aid effectiveness agenda were attempted under the auspices of this project.

Under Component-1, the integrated Aid Information Management System (AIMS) was launched in 2013. A number of actions were undertaken surrounding Component-2, such as the integration of the Aid Effectiveness Unit (AEU) in the ERD’s mainstream structure as a Development Effectiveness Wing (DEW). The ERD’s capacity assessment, final draft of the National Policy on Development Co-operation (NPDC), preparation of the Development Finance Assessment (DFA) for the 7th FYP and GPEDC monitoring survey participation, rapport building meetings, discussion sessions with CSOs and think tanks. As part of Component-3, the LCG structure was reviewed, priorities were identified and the LCG Secretariat was housed in the ERD. Capacity assessment of six ministries/divisions: Planning Commission, Ministry of Education, Power Division, Ministry of Health and Family Welfare and the Ministry of Social Welfare was undertaken in line with Component-4 (ERD/UNDP, 2012; ERD/UNDP, 2016).

Both projects had diverse components and a number of initiatives were undertaken during their tenure. Some initiatives such as Capacity Assessment of the ERD and Line Ministries, Development of AIMS, DFA and GPEDC Survey participation and rapport building efforts with CSOs and think tanks are examined under ownership principle-related initiatives of the Government. JSC and LCG-related activities are reviewed in Chapter 6.

With a vision to assert ownership over development initiatives, Bangladesh continued its effort to strengthen institutions related to aid management. With support from ‘Strengthening Capacity for Aid Effectiveness in Bangladesh (2012-2016)’ project, two capacity assessment reports were prepared. One on the ERD and another on six Line Ministries and Divisions: Planning Commission, Ministry of Education, Power Division, Ministry of Health and Family Welfare Ministry of Social Welfare. The objectives of the ERD’s Capacity Assessment study were to assess strengths and weaknesses and prepare an action plan so that i) the ERD could apply aid effectiveness principles to improve aid management practice, ii) the organisation could comply with global commitments for the implementation of the aid agenda and iii) the ERD could effectively drive the agenda in providing guidance and assistance to line ministries applying aid effectiveness principles (ERD/UNDP, 2011). ERD’s operational issues such as capacity constraints, lack of co-ordination among wings, motivation among staff, frequent transfers of staff, absence of aid negotiation strategies, poor negotiation skills, lack of research on DPs and an absence of a legal wing, have been revealed in studies and also mentioned by interviewees (AEU, 2010a; Ernst and Young, 2014; Interviewee D10, 2018; Interviewee GE10, 2017; Interviewee GE17, 2017; Interviewee GE6, 2017; Interviewee GE3, 2017; Interviewee GE9, 2017).

Ernst and Young were appointed to prepare a capacity assessment report submitted to the ERD in March 2014. The report consisted of two parts: A- Capacity Assessment and B- Capacity Development Programme. The report recommended short and long-term plans organised as Structure, Process and People. Overall, the main recommendations were: to enhance support functions such as ICT, FABA, knowledge management, HR, research and legal cell in the ERD, IT-based management, mapping role requirements, skill matrices identifying KPIs, economic sector alignment of ERD wings and development of sectoral focal points (Ernst and Young, 2014). The ERD has not taken any initiative to date to execute any of the recommendations of the report. At the time of interview, ERD officials related to

the study and officials who might have taken initiatives to implement the report were asked about the present state of play. They made the following comments:

“Capacity assessment report is prepared but no recommendation is implemented. Probably, no one even sees it (Interviewee GE6, 2017). [.....] capacity assessment report was given to coordination wing to implement (Interviewee GE1, 2017). [.....] but no step has been taken (Interviewee GE2, 2017). According to the report an initiative was taken to establish a Legal Cell in ERD but that was not finally implemented (Interviewee G12, 2018).”

However, the ERD with support from the UNDP is implementing a project entitled ‘Knowledge for Development Management (K4DM) (2012-2019)’ to facilitate knowledge-based decision making at the ERD (UNDP, 2019). The project is similar to a recommendation of the capacity assessment report: Knowledge Management of the ERD but no intimation is found that the project was implemented as a part of the execution element of the capacity assessment report. Another recommendation of the report was to set-up a Development Research and Analysis Cell, which has not been implemented, but a Section has been set-up within the DEW as Research on Development Co-operation (ERD, 2017).

Line Ministry (LM) officials formulate and implement projects and therefore, aid effectiveness awareness is crucial on their part. In order to enhance their capacity to apply the principles of aid effectiveness and play a pivotal role in the LCG-WG at an economic sector level, a Capacity Assessment Report of five line ministry/divisions was prepared by a Bangladeshi consultancy firm: Infrastructure Investment Facilities Company (IIFC). Ministries/divisions involved included the Planning Commission, the Ministry of Education, the Power Division, the Ministry of Health and Family Welfare and the Ministry of Social Welfare. The report was submitted to the ERD in June 2016 and a number of issues were identified in implementing aid effectiveness principles. The major issues included a lack of dialogue with DPs, individual DP procedures, absence of aid effectiveness-related capacity development frameworks and training, deficiency, an absence of sector oriented aid effectiveness implementation plans, frequent transfers, vacancies in positions, extra duties and workload and reform of DP and Government policies (ERD, 2016a).

The report emphasised effective training, ownership development and awareness creation in relation to the aid effectiveness agenda. It also recommended the introduction of a certificate course, awarding participants as ‘Aid Effectiveness Certified Professionals’. The report also included customised aid effectiveness training modules for each ministry/division. As a long-term plan, the report suggested Governmental institution mapping, donor process mapping, Government aid administration process mapping, standardisation of forms and templates, developing a national capacity building programme and a standard curriculum for aid effectiveness (ERD, 2016a). At the time of data collection, both LM and ERD personnel were asked about the status of implementation of recommendations from the report and both replied that no action had been taken to implement recommendations (Interviewee GE1, 2017; Interviewee G12, 2018). It was disappointing to note this even though the report revealed a number of issues in line ministries when it came to implementing the aid effectiveness agenda.

Bangladesh has undertaken various steps with the support of development partners to reform and strengthen institutions related to aid and development administration but it appears that reform and strengthening activities have failed to provide dividends as expected due to the lack of enthusiasm among related ministries/divisions to undertake the recommendations of studies and assessments.

5.4.1.4 Aid Policy Dilemma

Bangladesh does not have a consolidated aid policy as yet. Foreign aid is managed by rules, procedures, practices, directives and office orders issued every now and then (AEU, 2011; ERD, 2011; Interviewee GE1, 2017; Interviewee P3, 2018). However, an aid policy with guidelines such as provisions for aid and preferred aid modalities, principles to follow in mobilising aid, procedures and corresponding roles, responsibilities for provision and co-ordination and the management of aid can be an effective instrument for the Government to assert leadership over development, ownership and country level implementation. Studies find that a fragmented and unco-ordinated recipient policy regime cannot help to achieve ownership over development and is not helpful for the implementation of the aid effectiveness agenda (Winters, 2012).

The aid management organisation of the Government, the ERD, has a handbook that only contains guidelines for aid mobilisation. It appears from document analysis that the country started drafting an aid policy in 2010 (AEU, 2010a; AEU, 2010b). According to Government officials, a draft was prepared in consultation with DPs and signed by the Minister of Finance on 4 September 2017 and included in a Cabinet Meeting for review. It was subsequently to be presented in Parliament for approval (Interviewee GE1, 2017; Interviewee GE6, 2017). Unfortunately, the draft has not yet been included in any Cabinet meeting. Nevertheless, the draft aid policy is available on the ERD website, entitled ‘National Policy on Development Co-operation (NPDC)’. The NPDC was one of the expected outcomes of the ‘Strengthening Capacity for Aid Effectiveness in Bangladesh (2012-2106)’ and the project was also financed for the consultation process of the policy (ERD/UNDP, 2011).

Government officials were asked how they could manage aid without an aid policy. One senior official replied:

“At present we follow the Finance Minister’s budget speech, ERD Handbook and other office orders given time to time to manage aid, and focus is to align aid with 7th FYP. But there is no clear idea of which area to address, from which DPs to take a loan and what type of loan to receive.”
(Interviewee GE1, 2017).

However, both Government officials as well as DPs understand that an aid policy can help co-ordinate aid management, establish dialogue mechanisms with the government and address long-standing issues such as harmonisation, fragmentation, proliferation, reduction of transaction costs and duplication of efforts (Interviewee GE7, 2017, Interviewee GE6, 2017; Interviewee D12, 2018). Over the years, the importance of an aid policy has been noted in studies and reports on ownership by the government over aid and a comprehensive application of the aid effectiveness agenda (AEU, 2010a; AEU, 2010b; Nadoll, 2010; AEU, 2011).

After a series of discussions over 2012-14 between Government agencies related to aid and development administration, DPs, CSOs, NGOs, private sector representatives and other stakeholders, the Government prepared the current draft of aid policy, entitled the National Policy on Development Co-operation (NPDC). The goal of the NPDC is stated as ‘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' (ERD, 2017a; p. 2). The draft policy is divided into four parts. Part-1 is the introduction, which mentions scope and applicability, management of policy where the ERD is responsible for executing policy and communication mechanisms with DPs. Part-2 notes key strategic principles to be practised in development co-operation, with an emphasis given to ownership, alignment and harmonisation, transparency and sustainability. Part-3 relates to development co-operation and management and includes aid modalities, programme-based approaches, aid mobilisation processes, effective utilisation of aid, management of technical assistance, emerging development actors, the role of the private sector, CSOs, NGOs, stakeholders, accountability for results, transparency and predictability. Part-4 covers partnership and co-ordination mechanisms (ERD, 2017a).

It was observed at the time of interviews that most leading DPs considered the NPDC draft to have been prepared in a way that favoured Government control over them. Some clauses in the draft contradicted their policies and therefore they could not accept the draft. They believed being dependent on foreign aid and considering the current level of capacity, the Government could not introduce such aspirational and stringent policies (Interviewee D4, 2018, Interviewee D5, 2018; Interviewee D7, 2018; Interviewee D8, 2018; Interview D9, 2018).

"By aid policy the Government of Bangladesh likes to establish greater control. ERD is looking forward to establishing more control [.....] ERD can't become boss of DP. We are accountable to our people. We can't give our money to them. If they make it hard for us to do we would do it opposite. Nation Policy on Development Cooperation (NPDC) looks to ensure national ownership but we do not think it is real ownership." (Interviewee D7, 2018).

"Development partners felt that it placed too much limitations on development partners [.....] too much control went to the hand of the government of Bangladesh [.....] it is almost like just give us the money and jut we go with it but that is not how most of the development partners in

Bangladesh operate now or want to operate in future. We very much want to be in a partnership with the Government because we think we have something to offer that not just financial resources. We like to think we have expertise in our own organization; we also have access to wide range of expertise within the UK and beyond. So, we can bring in technical assistance, we can bring in policy advice.” (Interviewee D8, 2018).

DPs also believed that they were not appropriately consulted in the drafting process. In July 2016, they sent a letter to the ERD after consultation in the Local Consultative Group DP Plenary, outlining their concern about project size, consultant appointments, excessive ERD involvement and similar issues (the interview was conducted on March 2018) without receiving a response from the Government. DPs also requested the Government to call a meeting discussing these issues but the authorities did not entertain this (Interviewee D5, 2018; Interviewee D7, 2018; Interviewee D8, 2018).

One policy maker questioned about DP concerns over Government control through aid policy said the Government did not intend to control DPs through aid policy, rather it drafted policy to ensure consistency in the aid management system and ensure aid was more effective. A draft NPDC was prepared in line with the spirit of the aid effectiveness agenda and a number of consultation meetings took place between the Government and DPs in 2014. Three/ to four observations on DPs were noted, all of which were believed to have been included in policy for sensible reasons. Draft policy required single projects except the TA to be in excess of 10 million USD in order to be considered. Small projects would come under a project-based approach. It emphasised the appointment of local consultants whose costs should not exceed 25% of the project cost. The policy also encouraged the use of Government procurement systems and Development Results Framework (DRF), prepared in consultation with DPs. The draft policy also encouraged budget support for aid and discouraged the Project Implementation Unit (PIU). He continued by saying that he did not see any problem in the inclusion of these points and believed they would solve long-standing issues associated with foreign aid. However, he also added that the draft was a living document and depending on the situation, could be amended. In response to the question, ‘why have they not enacted the policy yet?’, he replied that it was in process and would be enforced soon (Interviewee GE1, 2017).

However, it can be understood from discussions with Government officials that a fear of losing funds means the Government is not enacting policy at the moment (Interviewee G12, 2018). The current approach is that since the aid is coming, let it come. There is no need to control it (Interviewee P4, 2018). Despite global change, DPs believe they are at the giving end and should enjoy privileges, prerogatives and not be ruled by policy; it is a political position. Therefore, it might be argued that even if the Government introduces a policy without consensus, DPs will not adhere and this might be an embarrassment for the country (Interviewee GE6, 2017; Interviewee GE7, 2017). There is also a mind-set among leading donors that whatever policy the Government prefers, if it conflicts with their own policies, they will have to uphold it. This attitude is a threat to the Government. On the other hand, a DP representative believed most DPs do not like to see an aid policy in place because it's absence allows them to provide finance arbitrarily and enjoy the advantage of implementing their own objectives (Interviewee D12, 2018). Nevertheless, it might be argued Bangladesh is in dire need of aid policy for ownership and leadership over aid and implementation of the aid effectiveness agenda. Strong leadership can push aid policy forward, engaging DPs and making them understand the needs of policy (Interviewee GE7, 2017; Interviewee Ge12, 2018, Interviewee P3, 2018 ERD, 2016a; Dristy, 2016).

This discussion provides the impression that the Government vision to introduce an aid policy is in limbo. Government and DP positions are quite the opposite and DPs still hold a superior attitude as providers of aid, entirely against the spirit of the aid effectiveness agenda. The reality is that without such a consolidated policy, it is difficult to establish ownership over development and implementation of the principles of the aid effectiveness agenda to make aid effective.

5.4.2 Evaluation of Alignment Principle-Related Policy Decisions and their Impact

The alignment principle of the aid effectiveness agenda asks development partners to provide support to recipient development strategies, institutions and procedures related to aid management. From a micro perspective, it is fundamentally the use of country systems but that is not limited to public finance management, auditing, accounting or procurement. Rather it is the whole system of Government related to aid and development management. The principle encourages recipient countries to develop an efficient country system with the help

of development partners through continuous review and emphasises the use of that system by DPs as much as possible (Rahaman and Khan, 2010; Booth, 2011). Use of country systems is crucial for recipients because if they work with 50 DPs and if 50 DPs ask the recipient to follow their own systems, it creates a serious challenge for recipients such as huge transaction costs (Interviewee P3, 2018). The alignment principle also stresses simplification of DP procedures, untying aid, avoiding the PIU, funding for SWAP and budget support, recipient national strategies for country systems development and so on. The alignment experience of various countries is mixed and overall progress has been slow (Wood et al., 2011; Cameron and Low, 2012). There is a suggestion that DPs are not supportive in implementing the alignment principle by recipients (Cameron and Low, 2012) and DP procedures, internal requirements and limited local authority experience are a predicament to implementing the alignment principle (Dijkstra and Komives, 2011; Habraken et al., 2017).

Scrutiny of documents and interview information reveal that Bangladesh has undertaken some initiatives to implement alignment principles over the years. Major initiatives of the Government-related alignment principle include: financial reform, the Public Money and Budget Management Act of 2009, the Procurement Act of 2006, the Procurement Rules Act of 2008, establishment of the Central Procurement Technical Unit (CPTU), e-Government procurement (e-GP), Foreign Aid Budget and Accounts (FABA) of the ERD and the Project Processing and Approval Manual, 2016. However, use of comprehensive country systems by DPs is still very limited.

The GPEDC 2016 monitoring survey provided a more disappointing picture as presented in Table 1.3. The 2010 OECD-DAC survey showed that alignment of aid flows against national priorities was 100% but the GPEDC 2016 Monitoring Survey reported that it is now 89%. The GPED 2016 Monitoring Report showed a decrease in development co-operation in the budget which was 23% in 2016 and in 2013 it was 62%. A significant decrease was reported in the use of the procurement system; 42% in 2013 and now 21%. Use of the audit system was 87%, then 91% in 2013 (GPEDC, 2016a). DPs raise a number of issues including fiduciary risk and corruption as the main reasons for their very limited use of country systems. Corruption is also considered the main reason for less budget support and more emphasis on the Project Implementation Unit (PIU). However, the Government believes the country system has improved and DPs due to their institutional requirements, do not use it (EIP, 2015; EIP, 2016a; AEU, 2010a).

5.4.2.1 Public Finance Management Reforms

It seems Bangladesh has undertaken a number of projects to strengthen the Public Finance Management system. Two long-term projects: Public Financial Management, Reforms in Budgeting and Expenditure Control, RIBEC (1992-2002) and the Financial Management Reform Programme, FMRP (FY 2002-2010) have already been implemented. The Finance Division, Ministry of Finance is currently implementing the ‘Strengthening Public Expenditure Management in Bangladesh (2007-2021)’ project with the assistance of the DFID and the ‘Strengthening PFM Government Program to Enable Service Delivery (2019-2024)’ funded by the World Bank. With the assistance of the World Bank and other donors contributing to a trust fund, the Government has also conducted Public Expenditure and Financial Accountability (PEFA) reviews.

These projects help Bangladesh to develop a Medium Term Budget Framework (MTBF) and online budget systems iBAS++ (Integrated Budget and Accounting System). The MTBF provides an opportunity to link development indicators into the budget, which was not possible in traditional expenditure management budgets. It was found that the Government financial system is now computerised. Upazila and District level financial offices for example, are now connected to the national network. Financial rules and regulations have been consolidated and manuals help to run day to day activities. Financial information disclosure has also significantly improved as most budget information is on the Finance Division’s website.

It might be argued enactment of the Public Money and Budget Management Act, 2009 changes many of the dynamics of the public finance management system. It makes the budget process more participatory and transparent, involving Parliament and CSOs. The Financial Management Academy (FIMA) is also established under the Office of the Comptroller and Auditor General (OCAG) for capacity enhancement of key PFM staff. However, as most reforms are Ministry of Finance (MoF) focused, only the MoF benefits. LMs do not receive direct benefits from these initiatives (AEU, 2010a; EIP, 2016a). Nevertheless, in spite of a number of efforts, academic studies reveal the quality of the public finance management system of the Government is fairly low (Hossen, 2015).

5.4.2.2 Procurement

According to the norms of the aid effectiveness agenda, DPs should use country procurement systems and not ask for special or additional requirements for procurement works. Bangladesh has taken substantial initiatives to improve the procurement system with the help of DPs but the use of procurement system by DPs is low. DPs argue that it is difficult and costly for them to comply with each recipient's procurement system. It can also cause anomalies and complications. Therefore, as their procurement systems are internationally accepted, they encourage recipients to use these instead. However, the problem for recipients is if they work with 50 DPs they have to deal with 50 different procurement systems (Interviewee P3, 2018).

The Government enacted a Public Procurement Act in 2006 (PPA), introduced Public Procurement Rules (PPR) in 2008 and established a Central Procurement Technical Unit (CPTU) in 2002 under the 'Implementation Monitoring and Evaluation Division (IMED)', Ministry of Planning. It is understood that currently, the Government is trying to implement e-Government procurement (e-GP) and officials believe the Procurement Act and Rules contain features at international standards. They also mention that the CPTU has now published bid notice and contract award information on their website. Moreover, it is continuously providing training to Government officials involved in procurement to enhance their capacity (Interviewee G9; ADB, 2016; CPTU, 2017). Despite these initiatives, only few DPs use the Government procurement system for local procurement and for international procurement, all use their own systems (EIP, 2016a; Interviewee GE2, 2018). It was also reported in the GPEDC 2016 monitoring round that the use of country procurement systems had fallen from 42% in 2013 to 21% in 2016 (GPEDC, 2016a)

Two major issues have been identified by different studies: efficiency of the procurement process and contract management and gradual amendments of the 2006 Procurement Act, which discourage DPs from using the Government system (AEU, 2010; EIP, 2016a; Interviewee P4, 2018; Interviewee D2, 2018). One DP representative said:

“After the enactment of procurement law, the use of country system has been increased. But the law was amended afterwards which brings changes like the limit of money, ministers' jurisdiction and others. We need to have

competitive bidding regardless of local or international. So, the Government has moved away from the original law, hence, we are saying that we can't use it. Now, the thumb rule is if any conflict arises in the procurement our rule will sustain, we tell that upfront.” (Interviewee D2, 2018).

However, Government policymakers admitted to making a little amendment in the Procurement Law, increasing the ceiling of procurement up to 2 Crore Bangladeshi Taka with the minister's approval. However, they believed only for this small amendment, that DPs should not reject the whole procurement system (Interviewee GE1, 2017).

Corruption is one of the main reasons for DPs to use their own systems instead of Government systems (Interviewee D11, 2018; Interviewee D12, 2018) and there is no significant measure for mis-appropriation (Interviewee D4, 2018). DPs perceive amendment of Procurement Rules over time has increased the scope of corruption (Interviewee P4, 2018). Furthermore, Government officials lack familiarity with DP procurement systems and capacity constrains take a long time to execute a procurement deal. This demotivates DPs to use Government systems. However, there is a view that DP approval of different stages of procurement together with the limited authority of local offices causes delays. This increases complications, which ultimately contribute to delayed implementation (AEU, 2010a). The Effective Institutions Platform organised a dialogue with DPs on the 'Use and Strengthening of the Country System'. DPs recommended a number of confidence building initiatives for the use of Government procurement systems. For example, translation of the amendment of the Procurement Act, 2006 into English, engaging in discussion with DPs over the next course of action, strict enforcement of PPA and PPR, annual post procurement review by the implementing agency and CPTU, involvement of stakeholders in the tender process, publishing of tender information online and publication of audit information on the CPTU website (EIP, 2016). One policymaker was asked about Government plans to execute DP recommendations and said the Government was reviewing all recommendations but he was doubtful that even if the Government implemented all DP recommendations, DPs may not use Government procurement systems due to their organisational requirements, where the main problem remained (Interviewee GE1, 2018).

5.4.2.3 Accounts and Audit

The aid effectiveness agenda encourages DPs to use recipient government account and audit systems and do not impose additional requirements in terms of financial reports. It is expected that DPs should use national Treasury or banking channels such as the Bangladesh Bank for funding. However, the ground reality is different as stated by one interviewee:

“[.....] whatever resources coming in it has to be put into the treasury of the Government. You spent the money in your own way; for project purposes, for Government’s purposes, for whatever purposes, anything and everything collected for the Government activities within the budget has to go to the treasury. But many of the development partners do not like to process the budget through the treasury. They put the money to the project. The development partners negotiate with the government into so many ways.”
(Interviewee P3, 2018).

The alignment principle stresses DPs should not use separate audit systems but in practice, DPs in Bangladesh ask for additional financial reports and hire private audit firms to audit project expenditure (Interviewee G4, 2018; Interviewee G11, 2018). The Foreign Aided Project Audit Directorate (FAPAD) of the Office of the Comptroller and Auditor General (OCAG) is the dedicated body of the Government entrusted to audit all foreign aided projects and funds. The FAPAD was established in 1983. It presents Audit Inspection Reports (AIR) to the Secretary (Principal Account Officer) of the respective Ministry and DPs with proper accounting and use of resources (Khan, 2019). According to Development Credit Agreements, DPs are supposed to accept audit reports without objection (AEU, 2010a) but DPs believe FAPAD has a lack of independence and the timeline of audit is an issue in its audit process (EIP, 2016). It seems that during the last few years, the Government has endeavoured to improve the quality of the audit, computerise the system and prepare manuals. Currently, 64 District Account Offices including most of the Upazila Accounts Offices have a computerised system and offices are linked with Central Data Processing Unit (CDPU) of Controller General of Accounts headquarter. The Foreign Aid Budget and Accounts (FABA) wing of the ERD is responsible for foreign aid budgeting, data management and debt servicing in conjunction with the Bangladesh Bank and OCAG (ERD, 2017). Document analysis reveals that the ERD has undertaken a number of capacity

development programmes for FABA officials. FABA uses an international aid data management system called the ‘Debt Management and Financial Analysis System (DMFAS)’ but a home-grown version called the Foreign Aid Management System (FAMS) is in the final stages before launch (ERD, 2017). However, despite these initiatives, the 2016 GPEDC monitoring round stated that the use of audit systems had reduced from 91% in 2013 to 87% in 2016 (GPEDC, 2016a).

In recent years DPs have raised questions about Government audit quality, believing the audit system to be corrupted (Interviewee D4, 2018). Two DP interviewees opined that:

“When the project is finished an audit team came, saw all the documents and said there were lacking in the documents, you have to resolve those complains. Somehow we ‘managed’ that and then report was good (Interviewee D12, 2018). We tried to use the GoB audit system but people are corrupted. An auditor raised audit objection and then ask to fund his local Mosque to resolve the obligation”. (Interviewee D4, 2018).

However, the Government believes that due to head office requirements, DP local offices cannot accept Government audit reports. They ought to report to head office in certain formats which they are unable to change (Interview G12, 2018) and as the Government is at the receiving end and needs money, it cannot raise it’s voice (Interviewee GE16, 2017). However, in education and health SWAPs, DPs have agreed joint budgeting, accounting and reporting processes (AEU, 2010a). A conclusion here from document analysis and interviews might be that different modalities exist in terms of use of the overall country system and that DPs and the Government are divided in their opinions. Some DPs use both Government and own systems (Interviewee G4, 2018). Another interesting modality is that DPs use their own systems with the permission of the Government (Interviewee D6, 2018). Few DPs use Government systems, except for international procurements (Interviewee D3, 2018; Interviewee D10, 2018; Interviewee D11, 2018). However, most DPs suggest Government systems are weak, there is a fiduciary risk and to be accountable, they use their own systems (Interviewee D12, 2018; Interviewee D5, 2018; Interviewee D8, 2018).

Moreover, DPs also think that aid effectiveness declarations are not legally binding, rather they are a mere commitment and they need not comply with each and every component

(Interviewee D5, 2018). Conversely, one Government policymaker argued that a number of reforms as prescribed by DPs have been undertaken and if they still consider the system to be weak, it should be their responsibility because they fail to undertake reforms successfully and must find ways to use country systems. Otherwise, international commitment is irrelevant. Two major DPs [anonymous] and [anonymous] historically funded and designed reform programmes for public finance management but both of them used country systems on rare occasions, preferring to use their own systems because of convenience. He further added that the Government raised this issue at international forums but no improvement was seen at the country level and this is where the aid effectiveness agenda failed (Interviewee GE1, 2017).

In summary, Government efforts at implementing the alignment principle bring few positive changes in public finance management and country systems. Nevertheless, most efforts are disjointed and there is no national strategy for country system development with the intention of enhancing efficiency of the whole system. On the other hand, DPs are not fully committed and still prefer to use their own systems due to their internal rules and procedures.

5.4.3 Evaluation of Managing for Results Principle-related Policy Decisions and their Impact

Managing for results emphasises aid money management and implementation in a way that produces desired development results and produces information to help improve decision making. It is expected that recipient countries will link national development strategies with budgets and formulate annual development plans for implementation. Recipients develop a Development Results Framework (DRF) in agreement with DPs, drawing indicators from national development priorities and goals to monitor progress of development against set targets (AEU, 2014a). DPs are expected to follow recipient DRFs aligning their performance management frameworks as far as possible (OECD, 2008; Busan Statement, 2011). It is found that aid effectiveness increases if it is well-linked with clear and simple outcomes (Habtom, 2016). However, the 2016 GPEDC survey found that the application of domestic monitoring and evaluation systems was only 52% (OECD/UNDP, 2016a). Progress of the managing for results principle is weak or low in Bangladesh (Welle et al., 2009; AEU, 2010a; ERD, 2016a) but the Government and DPs jointly measure MDG progress following international criteria, indicators and current SWAPs as examples of joint evaluation and monitoring of development results (AEU, 2010a; AEU, 2014).

The Government has a dedicated organisation called the 'Implementation Monitoring and Evaluation Division (IMED)' under the Ministry of Planning for monitoring and evaluation of both Government and foreign aided projects. IMED conducts field visits to inspect progress of projects and submits reports to the President and concerned Ministers (Hamiduzzaman, 2014; Cabinet Division, 2017). Moreover, the LMs Planning and Development wing and the ERD also oversee project implementation.

It was understood from conversations with IMED officials as well as from document analysis, that IMED performs 4 types of project monitoring and evaluation. Firstly, IMED monitors select, on-going projects from over a thousand projects implemented under the Annual Development Plan (ADP). Recently, it has taken initiatives to monitor all ADP projects but struggles to do so because of a serious shortage of human resources. Secondly, IMED evaluates the LM Project Completion Report. Thirdly, progress monitoring of a few projects already implemented and IMED engages a third party for this. 24 projects were monitored in the 2017-18 financial year. Finally, IMED also conducts an Impact Evaluation of those projects, which are implemented three years previously or considers their importance two years before hiring third parties. However, IMED conducts three-month evaluations of national, fast-track projects and sends reports to LMs, the National Economic Council (NEC) and the Executive Committee of the National Economic Council (ECNEC). These facts show that IMED project monitoring and evaluation is limited to few projects and due to the shortage of officers, (44 officers in May 2018 at the time of the data collection) it engages third parties for monitoring and evaluation. However, IMED is planning to introduce the Project Management Information System (PMIS) (Interviewee G9, 2018; Interviewee G16, 2018; Cabinet Division, 2017) and general findings of IMED monitoring and evaluation include: funds allocated for one head being spent for another head, surplus funds not refunded to the Treasury, tenders not following Public Procurement Rules, bills paid to contractors before completion of work and contracts given to personal contacts. Nevertheless, IMED reports are not legally binding for LMs and therefore consideration of IMED reports depends on the will of LMs or concerned divisions (Interviewee G16, 2018; Interviewee G10, 2018). A policymaker was asked about IMED evaluation processes and the quality of reports, shortage of officers and the non-binding nature of IMED reports. His response was:

“[.....] as we are in the pathway of development there have to be gaps until and unless we are developed, bottlenecks will be there [.....] IMED can't take LM to court for not considering their report. But we can bring it to the Prime Minister's notice. In each year in NEC meeting there is a slot for IMED to present their observation about LM projects. It is a good way to draw the Prime Minister's attention to this.” (Interviewee G2, 2018).

Line Ministries also monitor the progress of their projects in the form of monthly project evaluation meetings where project progression reports from respective Project Directors are examined. However, Project Directors are responsible for the overall implementation of projects and if they prepare project reports, there is always a chance they will be biased. Hence, LM planning wing officers sometimes monitor selected projects. LM officers and DPs also jointly conduct field visits (Interviewee G10, 2018; Interviewee G16, 2018; Interviewee G12, 2018), the ERD monitors projects where disbursement is slow and organises a tripartite meeting with LM and DPs to understand the progress of projects (Interviewee GE12, 1017; Interviewee GE14, 2017).

Document analysis shows that with an intention to implement Managing for Results principles, the Government for the first time in consultation with DPs and other stakeholders, introduced a goal, target and indicator-based Development Result Framework (DRF) in the 6th FYP. There were 35 indicators jointly developed by the Government and DPs, which provided a great opportunity for the Government and DPs to jointly monitor and evaluate development results for mutual accountability (GED, 2011; 2011a). However, although this initiative of the Government was appreciated by DPs, most of them did not use the 6th FYP DRF. It appears that 35 indicators were indicative in nature and not representative of development targets. DPs observe that the DRF was prepared using the wrong data but Government understanding is that DPs were enthusiastic in developing and referring to a DRF rather than using it (AEU, 2014). There is a tendency among DPs to use individual log frames for programme monitoring or international online platforms based on the OECD standard Monitoring for Development Results (MfDR) to see outcomes and outputs of their development initiatives (AEU, 2014).

The Government introduced a comprehensive and well-articulated DRF in the 7th FYP with measurable indicators to monitor implementation progress with a vision to achieve

development objectives maximising the use of resources. There are 88 indicators to measure the development result of 14 economic sectors (GED, 2015). The 7th FYP's DRFs are prepared in consultation with DPs but DPs still use their own DRFs to evaluate projects (Interviewee D12, 2018). For example, the World Bank and Asian Development include DRFs in their country partnership frameworks. They have incorporated few targets and data from the Government's 7th FYP DRF and designed their DRFs considering their own priority areas (World Bank, 2016; Asian Development Bank, 2016). Given the use of different DRFs, outcomes of a project are reported differently by the Government and DPs. The DRF as a concept, is very new to Government officials and at the time of interview, many said that they were trying to acquaint themselves with it (Interviewee G12, 2018; Interviewee D4, 2018).

However, on many occasions projects included in the Annual Development Plan (ADP) did not match with the FYP's priorities and therefore measuring the outcomes of those projects using a DRF creates a mismatch (Interviewee G8, 2018). It is evident that the Government has taken some initiatives to implement the Managing for Results principle, especially the incorporation of the DRF in the FYP and a decision to introduce a Project Management Information System (PMIS). Increased use of a DRF provides a dividend to the Government but DPs are not using a Government developed DRF. It is perhaps also true that the current monitoring and evaluation system is unable to provide information for effective development decision making.

5.4.4 Evaluation of Mutual Accountability Principle-Related Policy Decisions and Impact

Mutual accountability is a great paradigm shift as it does not only make recipients accountable for the ineffective use of aid but equally makes DPs responsible for failure. It stresses disclosure of information to recipients and DPs, and also disclosure to recipients for development planning, inclusion of different stakeholders in the development process, elimination of corruption, transparent public finance management and so on (OECD, 2008; Busan Statement, 2011; Monye et al., 2010; Booth, 2011). However, different studies and surveys find that the overall progress of the mutual accountability principle in recipient countries is slow. The GPEDC (2016) monitoring reports show mutual assessment review scores of recipient countries were 46% out of a target 100% (OECD/UNDP, 2016a). They

indicate Bangladesh has taken many initiatives to implement the mutual accountability principle such as involvement of people and parliament in planning processes, disclosure of information, enactment of laws and introduction of institutions.

5.4.4.1 Inclusion of People and the Parliament and Disclosure of Information

It is evident that as part of the accountability procedure, the Government is encouraging participation of stakeholders including CSOs and parliamentary oversight. Starting from the National Strategy for Accelerated Poverty Reduction-II (NSAPR-II), the Government is trying to involve all stakeholders in a consultation process and afterwards placing the planning documents in Parliament for debate and approval (GED, 2009). Moreover, the Government is trying to make the budget process participatory, accountable and transparent. It now places the budget before Parliament with a resource allocation plan including foreign aid and Parliament approves it after debate. Immediately after the announcement of the national budget, the Finance Division makes budget information available on its website. According to the Public Money and Budget Management Act (2009), the Finance Minister needs to place a quarterly review of the budget to Parliament (Talukder and Mobarek, 2018). Document analysis shows that Parliamentary Standing Committees of different ministries review implementation of the budget and the Auditor General's report on foreign aided projects is examined by the Public Accounts Committee. The Finance Ministry also engages select Members of Parliament, especially the Standing Committees' Chairmen in the consultation process. Recently, the Finance Ministry organised consultation meetings with think tanks, economists and CSOs before preparation of the budget. But oversight of think tanks and CSOs in budget and ADP implementation is limited and CSOs and think tanks organise pre and post-budget discussion events, express reactions and suggestions and organise events for ADP implementation and resource use (AEU, 2010a). Furthermore, to increase accountability of the Annual Development Plan (ADP) execution, the Government has taken initiatives to enhance Parliamentary oversight, is making procurement information public through the CPTU website and moving towards e-Government Procurement for more transparency (CPTU, 2017).

5.4.4.2 Anti-Corruption Initiatives

Bangladesh enacted the Anti-Corruption Act in 2004 and subsequently, an Anti-Corruption Commission was established in the same year. Bangladesh ratified the UN Convention against Corruption in 2007 and the 2012 National Integrity Strategy is another example of the fight against corruption. However, the credibility of Government anti-corruption initiatives is yet to be proven (EIP, 2016a).

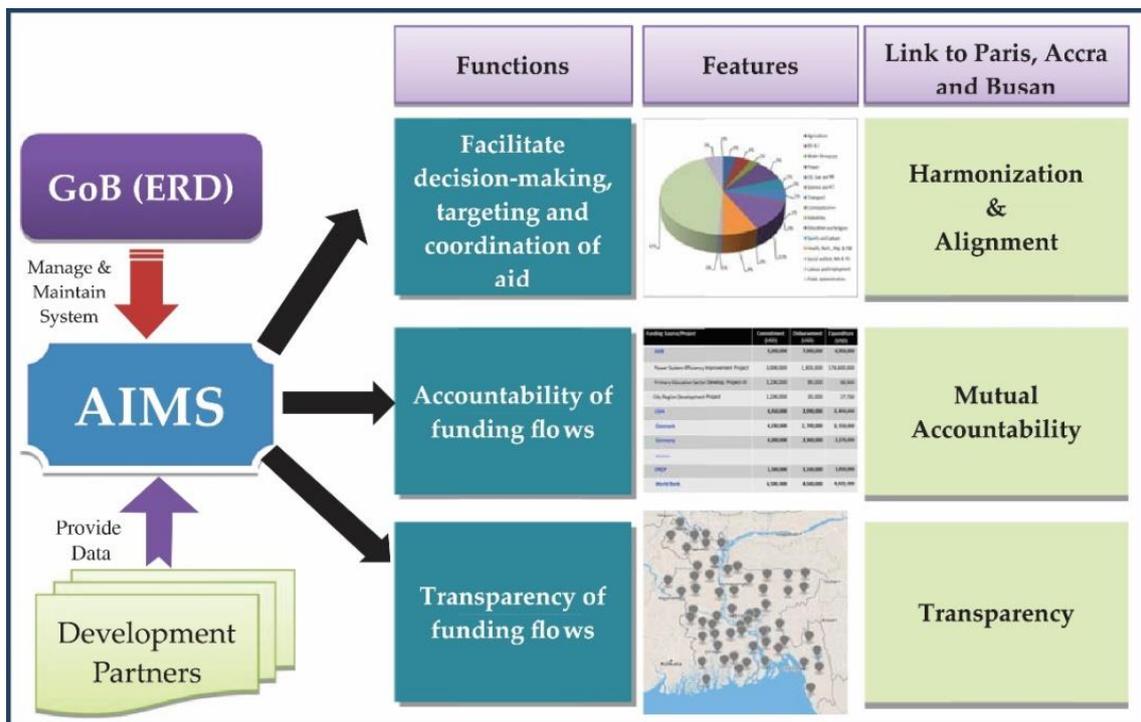
5.4.4.3 Aid Information Management and Disclosure

The Foreign Aid Budget and Account Unit (FABA) wing of the ERD is a Government incoming aid flow management organisation. It releases data through an annual publication: the Flow of External Resources into Bangladesh. FABA officials said they collected monthly information from DPs using a spread-sheet that includes information such as project details, previous disbursement, disbursements for the previous four quarters and disbursed amounts not liquidated (Interviewee GE12, 2018). FABA shares this information with the Government and internal bodies but has difficulties accommodating off-budget flows including NGOs finance, data on projected activities and includes entry errors (USAID, 2014). On the other hand, some DPs do not provide timely disbursement reports and although Project Directors report to DPs on project expenditures, sometimes they do not report to FABA (Interviewee GE12, 2018).

The ERD has introduced an online aid management platform called the Aid Information Management System (AIMS) with support from the ‘Strengthening Capacity for Aid Effectiveness in Bangladesh (2012-2106)’ project. The main objective of the Aid Information Management System (AIMS) is to create a common platform that facilitates Government, DP and other stakeholder access to real-time aid information. This supports efficient management of aid, increases alignment, transparency and accountability (ERD, 2015). The Government introduced AIMS on 24 October 2014 updating it continuously since (USAID, 2014). At present, AIMS provides data related to agreement signing, project approval, implementation status, planned completion, disbursement, exchange rates and aid effectiveness (ERD, 2015). AIMS requires DPs to enter activity and disbursement data, follows the International Aid Transparency Initiative (IATI) standard and can import data from IATI. AIMS produces more information than FABA, publicly sharing real-time data (USAID, 2014; ERD/UNDP,

2016). According to the Final Evaluation report of the “Strengthening Capacity for Aid Effectiveness in Bangladesh” project, 39 DPs out of 47 were providing aid data on AIMS (ERD/UNDP, 2016). With financial support from “Strengthening Capacity for Aid Effectiveness in Bangladesh (2012 to 2016)” project, thirty DP focal points and thirty-three ERD focal points along with DEW staff were trained to ensure the smooth operation of AIMS (ERD/UNDP, 2016).

Figure 5.1 Bangladesh AIMS General Concept



Source: ERD, 2015b

Remarkably, the ERD is one entity that co-ordinates all aid related matters of Bangladesh but has two different systems for aid data management: FABAs and AIMS and this is counterproductive (Interviewee GE6, 2017; Interviewee D4, 2018). There is no link or information sharing between the two systems (Interviewee D6, 2018) and therefore, it is very difficult for DPs to provide aid information. In addition, there are three more Government systems where aid data is incorporated and mismatched: the Finance Division, the Bureau of Statistics and Bangladesh Bank (Interviewee D4, 2018; Interviewee P5, 2018). AIMS is

considered a DP initiative and the ERD compromised to get funding (Interviewee GE2, 2017; Interviewee GE6, 2017).

The ERD expects DPs will input data but they do not know data entry frequency nor does the Government enter data properly (Interviewee D5, 2018). It is the perception of the ERD that OECD guidelines encourage DPs to enter data but some Government officials believe the decision to enter data by DPs was not appropriate (ERD, 2015; Interviewee GE7, 2018). For instance, some DPs provide monthly reports to AIMS (Interviewee D6, 2018), some quarterly (Interviewee D12, 2018), others twice yearly (Interviewee D10, 2018) and some not at all (Interviewee D1, 2018). DPs identify a number of difficulties in data entry such as the probability of double-counting in case of collaborative projects, entry of the same information by different donors, little scope to detect double counting, too many fields to fill in, use of different platforms and complexity of disbursement data reporting (Interviewee D4, 2018; Interviewee D1, 2018; Interviewee D5, 2018; Interviewee D7, 2018; Interviewee D8, 2018; Interviewee D12, 2018). Understanding these weaknesses, the Government reached an agreement with two DPs [anonymous] but their local offices lacked co-operation (Interviewee GE1, 2017). However, at the moment AIMS is not connected with the ministry information system (ERD, 2016a) and to increase acceptability and transparency, it would be appropriate to link AIMS systematically to IATI (EIP, 2016).

5.4.4.4 Right to Information Act, 2009

Government officials believe the Right to Information Act (2009) provides an opportunity to access aid data of Government entities (Interviewee GE1, 2017). However, the cumbersome procedure to process formal requests discourages people from doing so (USAID, 2014). The Government also introduced the National Integrity Strategy, 2012 for accountability of officials. The Comptroller and Auditor General (C and AG), including FAPAD submit their reports to the President and if the President wishes, the report is sent to Parliament. Audit reports however, are not made public (AEU, 2010a).

5.4.4.5 Development Partners' Information Disclosure

Donor disclosure of aid information to the public is still limited to online declarations of total cost, press releases, social media accounts and project launch events (USAID, 2014).

Disclosure of information and access to it is crucial for aid effectiveness but unfortunately, both the Government and DPs are not able to ensure either of these (Interviewee P3, 2018; Interviewee P5, 2018).

“[.....] they think that this is too much of the internal domain [.....] to be looked upon by external people.” (Interviewee P9, 2018).

It appears most Government initiatives in relation to the implementation of mutual accountability are not accomplished fully. The Government tries to ensure in-country accountability by engaging people and Parliament, disclosing information and taking steps to combat corruption. However, a true reflection of mutual accountability is far from reality because DP understanding is:

“We have our own accountability system and we are accountable to our people and the Parliament.” (Interviewee D11, 2018). “[However,] Mutual accountability is the super element of the entire cooperation but in order to achieve the mutual accountability the respective parties need the element of this accountability.” (Interviewee P3, 2018)

5.5 Government Approach to Implement the Aid Effectiveness Agenda

A scrutiny of Bangladesh’s initiatives demonstrates that the country has applied a top-down policy model to implement principles and guidelines of the aid effectiveness agenda consistent with the top-down, upstream policy approach of the aid effectiveness agenda (Kharas, 2007; OECD, 2008a; Wood et al., 2008; Owa, 2011; Dabelstein and Patton, 2013). It is noteworthy that the Government by convention applies a top-down approach in implementing policies (GED, 2015) and the top-down implementation model advocates policy should be formulated at the top and implemented through strong command and supervision (Pressman and Wildavsky, 1973; Parsons, 1995). It is understood from discussions that the ERD takes responsibility for policies in relation to the aid effectiveness agenda and uses different instruments such as a gazette, office orders, circulars and notices to communicate policy matters to all organs/institutions related to aid effectiveness for the execution of aid effectiveness principles. It is evident that Government initiatives on many occasions remain unsuccessful and fail to create an impact on internal governance of aid development and administration. The ERD’s actions are restricted to policy formulation and

implementation with training sessions organised albeit without instruction materials or manuals provided to trainees.

The ERD perhaps lacks political support from LM policymakers, guidelines to set-up an aid effectiveness wing or at least desks in LMs given political and organisational factors are important in top-down policy implementation (Elmore, 1979). It does not appear from discussions that the ERD assigns specific roles to officials or LM planners to implement aid effectiveness principles and it does not formulate well-developed plans such as step-by-step control mechanisms for the execution of policy (Pressman and Wildavsky, 1973). Most of the ERD's approach seems disjointed but under top-down policy implementation, a strong link is required between policy, implementation processes, a 'good chain of command' and a 'capacity to co-ordinate and control' (Hill and Hupe, 2002; Parsons, 1995; p.465).

ERD efforts are mostly confined to circulars or training and lack implementation design, monitoring or linkages with LMs and divisions. However, these criteria are crucial for a successful top-down model (Pressman and Wildavsky, 1983, 1984). Analysis of Government processes indicates more focus on enacting laws and regulations, circulation of orders and publication of a Gazette rather than implementation and this approach has created an implementation gap. This finding is similar to Hogwood and Gunn (1984) and Dunsire (1978). The Government has also overlooked strong participation from different organisations in implementation and also bureaucracy inside Government that seriously impacts policy implementation. A finding which corresponds with Parsons (1995).

5.6 Conclusion

This chapter identifies Government initiatives to implement the aid effectiveness agenda and examines the impact of those on the internal governance of aid. The discussion responds to the first research question: Government initiatives to implement the aid effectiveness agenda and its impact on the aid and development administration of Bangladesh. The chapter addresses the gap in the literature in relation to the recipient country's initiatives to implement the aid effectiveness agenda. It appears that as a part of its commitment, Bangladesh has undertaken a number of initiatives to implement the aid effectiveness agenda. For example, Development Effectiveness Wing, public finance reforms, procurement law, a

central procurement unit, e-procurement systems, development result framework and aid information management system.

However, this chapter argues these achievements could have been more effective if all initiatives had been properly implemented as planned. In fact, most initiatives do not make it across the finishing line. A long-term plan exists but it is not clearly linked to the Medium-Term Budgetary Framework (MTBF) and the Annual Development Programme is not properly aligned with the MTBF. The National Policy on Development Co-operation (NPDC) has been in draft stage for seven or eight years. Furthermore, the Development Effectiveness Wing of the Economic Relations Division has failed to create real awareness and know-how about implementing aid effectiveness agenda. The DEW is busy in undertaking and promoting development effectiveness agenda-related activities nationally and internationally. The ‘unfinished business’ of the aid effectiveness agenda perhaps is not a priority.

Few capacity assessment studies have been conducted, especially of the ERD and five Line Ministries, but where recommendations have been made, these are not implemented. With its limited capacity and resources, the Implementation Monitoring and Evaluation Department (IMED) is unable to conduct extensive monitoring and evaluation of development projects. Moreover, LMs and ERD’s monitoring and evaluation is not yet robust enough. Aid information is still considered a matter of the ‘internal domain (Interviewee P5, 2018)’ of both DPs and Government. DPs still bear an attitude that they are only accountable to their people and Parliament (Interviewee D11, 2018). Therefore, mutual accountability is far from reality in Bangladesh. A number of laws have been enacted and reforms have been undertaken such as the Procurement Law to increase use of country system. However, DPs argue Government systems are not yet reliable enough to use due to flaws in laws, amendments, fiduciary risk and corruption. On the other hand, the Government considers systems competent - DPs do not use them for their internal official procedures and systems. It appears the Government considers initiatives are not backed by political commitments and leadership lacks motivation to give a hard push and take such initiatives over the finish line. For example, aid policy can be a catalyst for implementing principles of the aid effectiveness agenda but it is in draft stage for last seven/eight years.

A closer look at Government initiatives suggests core aid effectiveness-related initiatives are undertaken by project support and after the conclusion of the Strengthening Aid Effectiveness

Project in June 2016, very insignificant country level activities were initiated. This raises a question about Government ownership of the aid effectiveness agenda. On the contrary, DPs are supportive to Government initiatives to implement the aid effectiveness agenda by providing funds through projects. However, due to political interests, internal rules and procedures, they show reluctance to execute the principles of the aid effectiveness agenda and fulfil commitments made in internal forums.

This chapter indicates that although the Government has taken a top-down policy implementation approach to implement aid effectiveness, it misses some basic requirements to be successful. For instance, a well-developed plan, an effective chain of command, organised supervision systems and step-by-step control. As a result, although the Government is highly motivated to implement aid effectiveness, values of the agenda are still very much confined to the ERD.

Chapter 6

Government and Development Partner Implementation of the Aid Effectiveness Agenda: Collaboration and Impact

6.1 Introduction

This chapter argues collaborative efforts by the Government of Bangladesh and its development partners (DP) to implement principles of aid effectiveness fail to create a considerable impact on the delivery and management of foreign aid. This is due to a number of issues in the implementation process. Very few achievements have been made as a result of joint efforts, for example, creation of awareness among Government and DP staff about aid effectiveness principles, formulation of the development results framework for the Sixth and Seventh Five Year Plan, capacity enhancement of Government officials and reform of the public finance management system. However, several long-standing aid effectiveness issues require significant co-operation from development partners. For instance, harmonisation, fragmentation, alignment, predictability, use of the country system, untying aid and budget support. These have not improved.

The discussion here identifies reasons behind the poor performance of collaborative efforts, such as weak leadership and incapacity of the Government of Bangladesh, a lack of respect towards Government leadership by DPs, a dominating attitude, competing interests, political interests, internal systems, procedures and lack of authority in country offices. Furthermore, DPs intend to provide finance for activities related to the implementation of the aid effectiveness agenda. However, when it comes to the execution of a decision, principle or indicator, which affects their business process, they show reluctance. Moreover, Government and DPs become active and perform different activities before international events, probably due to visibility, to showcase country level activities in international forums and confirm their commitment to the aid effectiveness agenda.

The PD Responsibility Distribution table in Section 5.2 shows that successful implementation of aid effectiveness principles requires individual as well as joint recipient and DP initiatives. Therefore, a continuous dialogue and comprehensive action plan are required under an effective partnership approach for the implementation of the aid effectiveness agenda. The

establishment of an effective dialogue mechanism and action plan, together with their successful operation is challenging because recipients and donors have their own priorities and interests and each donor has individual priorities and interests. However, without effective collaboration a recipient country cannot implement aid effectiveness principles. Especially harmonisation to ensure donor co-ordination and the eradication of long standing issue such as proliferation of donor and fragmented aid. Nevertheless, academic research, Government and international reports find proliferation of projects and donors, fragmented aid, lack of division of labour and donor co-ordination as the major challenge for Bangladesh to ensure aid effectiveness (Welle et al., 2009; AEU, 2010a, 2011; Thornton et al., 2010; Rahaman and Khan, 2010; OECD; 2011c; ERD, 2016a; Ahmed, 2017). Perhaps realising the importance of the collaborative approach for implementing harmonisation, the Government after the Rome Declaration in 2003 proactively tried to develop collaboration with DPs. They on the other hand, gradually showed interest to work together in implementing aid effectiveness in Bangladesh because of their international commitments.

Chapter 2 shows aid effectiveness has been extensively discussed in existing foreign aid-related studies from different perspectives, including implementation experiences of different countries. The existing literature however, provides little evidence about joint efforts between recipient and DPs in implementing aid effectiveness agenda at country level, along with the implementation of harmonisation and its indicators for effective donor co-ordination. Therefore, this chapter responds to research question 2: what are the collaborative efforts of the Government of Bangladesh and its development partners in relation to the aid effectiveness agenda, how effective have they been, and why have they often disappointed? The discussion helps to reduce the knowledge gap on joint initiatives between recipients and donors in implementing aid effectiveness principles, in managing aid and in flaws in the implementation process. It also further explains the implementation process of harmonisation and the difficulties in executing indicators. Importantly, the discussion unveils the experience of Bangladesh as a leading aid recipient country. Few studies have examined Bangladesh's experience in implementing the aid effectiveness agenda.

Four themes guide the discussion in this chapter: i. collaborative instruments between Government and DPs to implement the aid effectiveness agenda; ii. collaborative arrangements; iii. impact of collaborative arrangements on aid management; iv. collaborative policy implementation process. Section 6.2 outlines collaborative instruments and

arrangements. Section 6.3 examines the reality of collaboration and Section 6.4 assesses the impact of collaborative mechanisms on aid administration. Section 6.5 inspects collaborative policy implementation processes from the perspective of the top-down approach to public policy implementation. A conclusion to the chapter is presented in Section 6.6.

6.2 Collaborative Instruments

Collaboration between the Government of Bangladesh and its development partners is undertaken through two instruments: the Harmonisation Action Plan (HAP) and a Joint Co-operation Strategy (JCS). The HAP was signed in 2006 and the JCS in 2010. Government-DP collaboration, initiatives and evaluation are presented in subsequent sections.

6.2.1 The Harmonisation Action Plan (HAP)

It appears from document analysis, that donor co-ordination efforts in Bangladesh began immediately after the Rome Declaration on Harmonisation, when the Government envisioned an action plan for the implementation of the Rome commitments (AEU, 2010a). A task force was formed in 2003 under the Chairmanship of the Secretary, Finance Division. In December 2004, the task force finalised and sent the draft to the ERD for consultation with development partners and Government line ministries before completing the consultation process. A PRS-HAP Cell was also established by the ERD on 4 June 2006 to co-ordinate harmonisation related activities (ERD, 2007).

It is also understood from document review that as the HAP finalisation process was going on, the Paris HLF on Aid Effectiveness convened in February 2005 and the Task Force decided to incorporate the Paris Declaration's commitments (ERD, 2006). After this, the task force was renamed and reconstituted on 2 March 2006 (ERD, 2007) as the Harmonisation Implementation Task Force under the Chairmanship of the ERD Secretary. The Finance Division (FD), Planning Division, Implementation Monitoring and Evaluation Division (IMED), the General Economic Division (GED) Secretaries, Development Partner (DP) representative Japan, the World Bank, the ADB, the Netherlands, Norway, USAID and the DFID were members of the task force (ERD, 2006). After a series of consultations with DPs,

line ministries and divisions, the HAP was finalised and approved by the Minister of Finance on 28 August 2006 (ERD, 2006). It had two major objectives: i) local adaptation of harmonisation and creation of awareness in ministries and divisions and ii) publicising the core message of harmonisation for effective donor co-ordination.

An examination of the HAP document indicates clearly identified priorities, outline actions, expected outcomes, timelines for each action and distributed responsibilities for Government organisations and DPs. The document was structured into five sections: issues, actions, outcomes, timing and lead actors. In total, 32 issues were listed to be addressed by the HAP, including formulation of a Development Results Framework (DRF), increased co-ordination among DPs for awareness and implementation, alignment of DP assistance to planning documents, capacity enhancement for aid management and HAP implementation. The HAP moreover, included issues such as procurement framework preparation in consultation with DPs, common standardised documents for programme/project related activities, a programme-based approach and sector-wise priority alignment of DPs and the Government. Issues such as the reduction of transaction costs by joint missions, avoiding the Project Implementation Unit (PIU), disclosure of aid information by Government and DPs, making of aid policy and procedures transparent and review of implementation progress were also included in the HPP.

The Harmonization Implementation Task Force, with the support of the PRS-HAP Cell was responsible for implementation, monitoring and reporting of HAP progress (ERD, 2006). However, the distribution of responsibility in the HAP was generic among Government organisations and the lead was not mentioned. In assigning DPs tasks, HAP only mentioned 'DPs' but not specific DPs assigned to particular tasks. Out of 32 issues, only 8 came with time-bound targets but for the other 24, these were either 'on-going' or '2005 and beyond' (ERD, 2006).

With the approval of the ERD Secretary, the HPA was introduced in August 2006 and adopted by the Finance Minister of Bangladesh in the same month. The PRS-HAP Cell organised a couple of workshops to create awareness among Government officials and motivated them to implement the HAP but no progress was reported (ERD, 2007). However, there was no formal endorsement by DPs in signing the document or by means of a Local Consultative Group's (LCG) resolution. It was perhaps an aspirational document for donor

co-ordination and implementation of the aid effectiveness agenda because it had little impact on aid practices. The lack of ownership of the document and absence of an institutionalisation process of the action plan may be attributed to non-compliance of the HPA (AEU, 2010a). Afterwards, the HAP was assimilated into the Joint Co-operation Strategy.

6.2.2 The Joint Co-operation Strategy (JCS)

Perhaps as a testimony to the commitment made in international forums, the Government and DPs signed a Statement of Intent in August 2008 to develop the Joint Co-operation Strategy (JCS) with a vision to improve aid delivery and management that would ultimately contribute to economic growth and poverty reduction. The Government undertook a number of activities before signing the JCS. Between August 2008 and June 2010, the ERD organised three civil society workshops and a series of further workshops for over 200 senior civil servant officers. Participants stressed DP lack of alignment with Government development strategies, unnecessary conditionality, cumbersome systems and procedures and the division of labour to include and address through the JCS.

In May and September 2009, the Government organised two High-Level Consultation Meetings with DPs for their input in the draft JCS. Ministers of Finance and Planning and DP country level senior officials were present. The Government organised a High-Level Bangladesh Development (BDF) Forum in February 2010, which endorsed the JCS process and committed to finalise it in the BDF Agreed Action Point. The Government held a final High-Level Consultation meeting on 9 May 2010 where Ministers, MPs, DPs and civil society representatives endorsed the draft with some observations (AEU, 2010b).

Finally, the Government and its 18 out of 51 development partners including UN Organisations, signed the JCS in June 2010 for the 2010 to 2015 period. An action plan to implement the principles of aid effectiveness was also agreed; ownership, harmonisation, alignment, managing for results and mutual accountability with a special focus on strengthening country ownership, inclusive partnerships and mutual accountability. Development partners who signed the JCS included the UK, USA, UN, World Bank, Asian Development Bank, Japan, EU, Korea, Germany, Islamic Development Bank, Denmark, Australia, Spain, Switzerland, Sweden, Norway, Netherlands and Canada. Evaluation of the JCS document demonstrates that a robust and participatory approach was adopted to develop

the JCS, placing emphasis on partnership. The HAP was also integrated into the JCS. It is believed that the JCS was a document to underpin aid effectiveness in Bangladesh with a slogan: how to work more effectively together to deliver real development outcomes. The main purpose stated in the JCS was the institutionalisation of an efficient mechanism that held Government and DPs accountable to each other for tangible and measurable progress for greater aid effectiveness in Bangladesh (AEU, 2010b; ERD, 2017b; Bjornestad et al., 2016). It appears from document analysis and information provided by interviewees that the pace of activities related to the implementation of the aid agenda increased just prior to or immediately after the international High-Level Forums or other aid-related events. Without exception, one month before the Accra HLF, the Government and DPs signed a Statement of Intent in August 2008 to outline a Joint Co-operation Strategy (JCS). Similarly, the Harmonised Action Plan (HAP) was drafted before the Paris HLF in 2005 and was introduced after the Paris HLF in 2006, but no tangible action was taken to implement the HAP. Although the JCS was signed by the Government and DPs in June 2010, most activities commenced after the launch of the ‘Strengthening Capacity for Aid Effectiveness in Bangladesh (2011-2016)’ project in September 2011, three months before the Busan HLF.

It was significant that the Government and DPs admitted to a number of aid effectiveness challenges in the JCS and promised to change the way they were doing aid business. The challenges identified in the JCS were: use of DP’s own systems instead of the Government system, use of PIU, a limited programme-based approach, fewer joint missions, a variety of funding mechanisms with many DPs operating individually, fragmentation, the absence of a joint development results framework with specific measurable indicators and very slow progress of mutual accountability. In the JCS, the Government and DPs made the commitment to change their way of managing aid by addressing these issues. The Government committed to implement national development strategies in an inclusive way involving all relevant stakeholders, established linkages between FYP and ADP and continued reforms for the development of a country system. DPs also committed to respect Government leadership, extended support for the development of a country system, aligned aid with Government priorities and disclosed aid information. Very specifically, DPs committed to support a national development strategy, use the country system as much as possible, increase predictability, reduce PIU, reduce conditionality, explore a Government-led division of labour and increase the programme-based approach.

6.2.2.1 Mechanisms for Implementing the JCS

The JCS adopted two mechanisms for the successful implementation of commitments: 1) Collaborative Dialogue and 2) the JCS Action Plan.

6.2.2.1.1 Collaborative Dialogue

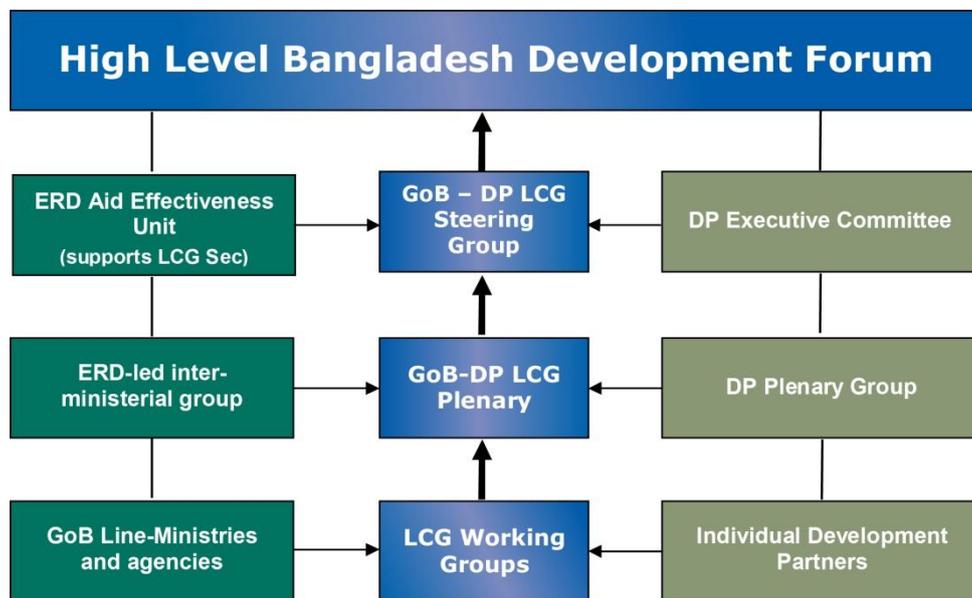
There already existed three dialogue and co-ordination forums, chosen as a platform to drive the vision and implementation of the JCS: the Bangladesh Development Forum (BDF), the Government-DP Local Consultative Group (LCG) Plenary and the Government-LCG Working Group (AEU, 2010b). The Bangladesh Development Forum (BDF) was identified as the highest forum to review development progress and the JCS Action Plan and outline priority and reforms for the coming years. It was also identified as a platform for DPs to announce their support for Bangladesh's development endeavours and make their recommendations for aid and development effectiveness (AEU, 2010a; AUE, 2010b). The second level was the Government-DP Local Consultative Group (LCG) Plenary, a mechanism for Government and DPs to engage in regular discussion regarding development challenges and progress of implementation of the JCS. The LCG Plenary is co-chaired by the ERD Secretary and the Chair of the DP Executive Committee (ExComm). The ExComm is the executive body of the DP plenary group. The third level was the sector-wise Government-LCG Working Groups (LCG-WG). The LCG-WG is co-chaired by Government and DPs to work in sectoral and thematic areas except the Aid Effectiveness Working Group (AUE, 2010b; GoB/UNDP, 2012).

The LCG Working Group was given responsibility to agree on joint development results targets and a monitoring framework, define priority reform areas, discuss sectoral development priorities, facilitate alignment of aid with Government sectoral development strategies, co-ordination and co-operation to implement the aid effectiveness agenda for economic growth and poverty reduction. The LCG-WG was considered the main forum to ensure harmonisation through joint programmes, share analysis and evaluation to enhance aid effectiveness, avoid duplication of efforts and encourage complementarity in programming.

The LCG-WG was supposed to provide regular feedback to the LCG plenary (AEU, 2010a; AUE, 2010b; GoB/UNDP, 2012).

Government sector-specific officers and DPs involved in the sector constitute the LCG-WG. The LCG-WG is led by two co-chairs, one from Government and another from DPs. The DP co-chair is nominated for one or two years by DPs who are members of the respective LCG-WG. Both co-chairs have a mandate to call meetings as needed and sectoral DPs or sectoral Government agencies can hold a meeting separately. The LCG-WG has authority to request an expert or Government agency officer to attend the meeting for opinion (AEU, 2010b, GoB/UNDP, 2014).

Figure 6.1 JCS Dialogue Structure



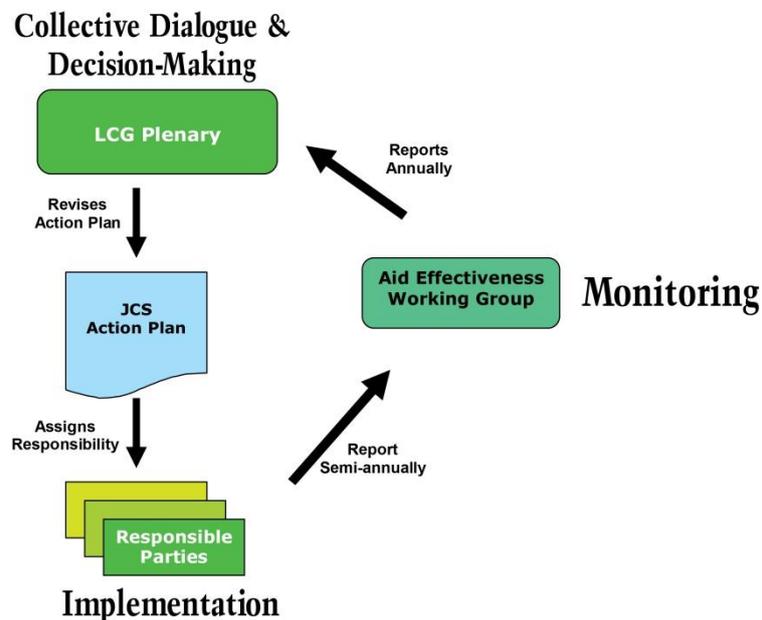
Modified following: AEU, 2010b

It is noteworthy that the BDF, LCG and LCG Working Group are the long existing mechanisms restructured and re-emphasised in the JCS. Moreover, these types of mechanisms and forums evolved across aid recipient countries along with evolvement of the aid effectiveness agenda, especially, after the Paris Declaration.

6.2.2.1.2 The JCS Action Plan

The JCS document includes an Action Plan where actions were outlined and deadlines and responsibilities allocated to achieve milestones. It was said that progress of the Action Plan would be reported at the annual BDF. The Action Plan was a ‘living document’ that would be reviewed, monitored and updated with changing priorities and achievements. The Government-LCG Aid Effectiveness Working Group was assigned to monitor the progress of the Action Plan and told that responsible parties would develop a detailed implementation mechanism and these were assigned for each activity. It was their responsibility to prepare a bi-annual report on the implementation and produce that to the Government-LCG plenary. On the basis of the reports, the Aid Effectiveness Working Group prepared an annual progress report for the BDF and an Action Plan for the following year. Government participation in the LCG was led by the then Aid Effectiveness Unit (AEU) and the LCG plenary was responsible for the review of the report and approved it following the JSC Action Plan (AUE, 2010b).

Figure 6.2 JCS Action Plan Cycle



Source: AEU, 2010b

The JCS expired in 2015 and it was understood from document review and interviews that over the previous four years, the Government had been trying to formulate a 2nd JCS. This

had been discussed in a couple of LCG meetings and a Joint Task Force of Government and DPs had been formed to prepare a draft (DEW, 2016; Interviewee GE1, 2017).

6.3 Assessment of Government-DP Collaborative Efforts

As one of the leading aid recipient countries, Bangladesh and its development partners have a historical collaborative arrangement for dialogue to take forward the development endeavours of the country. This collaborative arrangement evolved and transformed over time. The collaborative mechanism of the Bangladesh Development Forum (BDF), the Government-DP Local Consultative Group (LCG) plenary and the LCG Working Group are long-standing mechanisms, admired by the international community. However, the impact of these collaborative mechanisms generally remains trivial due to poor co-ordination coupled with capacity constraints and a lack of commitment from Government as well as DPs. An expectation emerged after the signing of the Joint Co-operation Strategy (JCS), the central instrument of aid and development co-ordination after 2010, as the JCS has upheld these three mechanisms: BDF, LCG Plenary and LCG-WG for the successful underpinning of the JCS Action Plan. Under the support of the ‘Strengthening Capacity for Aid Effectiveness in Bangladesh (2011-2016)’ project, a number of initiatives were taken to strengthen collaboration between GoB and DPs such as past experience review of LCG-WG, support to relocate LCG Secretariat, review of individual LCG-WG, re-structure LCG in line with 6th FYP and training for effectiveness of LCG mechanism (ERD/UNDP, 2011). This section examines the performance of collaborative mechanisms after the signing of JCS and support from the aid effectiveness project.

6.3.1 Bangladesh Development Forum (BDF)

Due to its historical position and High-Level representation, the Bangladesh Development Forum (BDF) was probably entrusted as the highest level dialogue platform by the signatories of the JCS to review progress, evaluate existing strategies and determine future priorities. Traditionally, the Government used to unveil its development strategy in front of DPs at the BDF, seeking their opinions and recommendations on effective implementation. DPs had the option of commenting on Government initiatives and pronounce their co-operation. Hence it was perceived that the discussion of aid effectiveness at the BDF not only

notified High-Level representatives but also provided an opportunity to solicit their support for implementation of aid effectiveness agenda.

A review of documents suggests the Bangladesh Aid Group (BAG) was the dialogue platform between Government and donors and also known as the Bangladesh Aid Consortium (BAC). It was renamed the Bangladesh Development Forum (BDF) in 1999. High-Level aid consultation at the BDF was used to convene in Paris under the auspices of the World Bank. The BDF was represented by a ministerial-level delegation of Government and High-Level DP officials to discuss country development progress and DPs made their views on future co-operation known (AEU, 2010a). After the formulation of the PRSP-1: 'Unlocking the Potential: National Strategy for Accelerated Poverty Reduction (NSAPR) (2005-2007)' and changing the dynamics of the donor-recipient relationship because of the influence of aid effectiveness agenda, aid consultation meetings started taking place in Dhaka. The first High-Level dialogue forum between Government and DPs convened in Dhaka on November 2005 in the form of the Bangladesh PRSP Implementation Forum Meeting (PIFM) alongside discussion of the PRSP implementation, Paris Declaration and Accra Agenda for Action implementation strategies. The next High-Level dialogue forum held on February 2010 was the Bangladesh Development Forum (BDF), which committed to implementing the JCS and discussing Bangladesh development strategy and future assurance of aid. A follow-up meeting from the 2010 BDF took place in November 2010 (AEU, 2010a; GoB/UNDP, 2012). Subsequently, two more BDFs were held in 2015 and 2018.

It was declared in the JAS that the Government would organise a BDF every year to assess progress of the JAS Action Plan and determine the next year's actions (AEU, 2010b). A total budget of USD37,500 was included in the 'Strengthening Capacity for Aid Effectiveness in Bangladesh (2011-2016)' project to support the ERD for organising a BDF every year from 2011 to 2015 (ERD/UNDP, 2011). Regrettably, the BDF did not convene every year and only two BDFs have been organised since 2010: the BDF 2015 and 2018 (GoB, 2015; BDF, 2018). Therefore, the review of the JAS Action Plan and progress monitoring of the overall implementation of the aid effectiveness agenda remained unsupervised. It was also stated in the 'Strengthening Capacity for Aid Effectiveness in Bangladesh' project document that the ERD would follow-up BDF decisions and recommendations. However, the only follow-up meeting of the 2010 BDF was held on November 2010 but no follow-up was held after 2015 or 2018. Thus, there is doubt whether BDF recommendations were properly addressed or not

(AEU, 2010a; Interviewee G12, 2018; Interviewee P3, 2018). The ERD organised meetings and undertook initiatives to implement the 2010 BDF communiqué. However, initiatives taken after 2015 and 2018 are not visible.

Because of the consultation and agreement on the 2010 BDF and the signing of the JCS, DPs expected to be consulted on organising the BDF and finalising the agenda. Moreover, it was clearly mentioned in the JCS that the Government and LCG plenary would work together for the preparation of the BDF but after 2010, DPs neither consulted for the date nor asked for their input to finalise the agenda. At the time of the 2015 BDF, the then LCG plenary Co-chair noted DPs were not consulted and the agenda was not agreed with them. The ERD Secretary and another Co-chair of the LCG plenary said that he did not think the Government made any mistake in doing so. The debate continued to such an extent that many people felt it impacted the 2015 BDF and also influenced the whole operation of the LCG plenary (Interviewee D4, 2018). Nevertheless, the Government interpreted this as the old dominant and superior attitude of donors, which undermined Government ownership and leadership (Interviewee GE1, 2017). This mind set over the period had contributed to the effectiveness of the BDF and overall progress of the JCS.

The BDF was a platform for DPs to express their concerns to the Prime Minister, Ministers and senior officials about aid and development co-operation. There was a view that being afraid of the accountability issue, the Government hesitated to organise the BDF regularly and that accountability included both development practice and governance (AEU, 2010a; Nadoll, 2010; Interviewee P10, 2018; Interviewee G17, 2018). An interviewee expressed his opinion in the following way about the irregular BDF:

“[.....] the government has tremendously failed in organising the BDF, the discharge of their true accountability by placing them for critical review by the DPs, civil societies and academia [.....] where there were issues of reporting, there were issues of governance, there were issues of continuous failure in terms of implementing projects.” (Interviewee P3, 2018)

DPs observed proceedings of the BDF and talked frankly, exchanging views on core aid and development issues. However, they believed that the BDF was a good arrangement for both

the DPS and the Government to come closer. An interviewee of a development partner expressed his participation experience in the 2018 BDF as follows:

“The closest we go probably the BDF. There is no scope for discussion. Even the way the BDF was planned, the logical would have been to work through LCG [.....] they invited a few Development Partners [.....] it was weird [...] it could (impact) if it were done properly. Certainly, I do not think last one did, it was quite a funny event. The opening part was heavily political. PM spoke in Bangla, we got the translation. She addressed the nation than the DPs [.....] we were really keen [.....] to see a proper discussion about Bangladesh is becoming a middle-income country, what does that mean? How do we need to plan now? How development relationship does look like? How do we need to plan? GoB was like that they do not want to do that there is a real sense that no, no, no. We wanted a proper discussion on child marriage, what can we do? What can be done to eliminate child marriage in Bangladesh? But the government, because they passed Child Marriage Restraint Act and there are issues there and again this is all political [...] I did not find this BDF terribly effective.”
(Interviewee D8, 2018).

The BDF was identified as the highest forum, resolved in the JCS and agreed at the time of the 2010 BDF, to discuss progress of the implementation of the aid effectiveness agenda and also to define future actions. However, an examination of BDF documents and observations of interviewees shows a different story. Discussion of the aid effectiveness agenda and its implementation was the most discussed issue in the 2010 BDF. In the 2015 BDF, the aid effectiveness agenda featured strongly in the deliberation of the Minister of Finance where he mentioned a number of challenges for aid effectiveness in Bangladesh. For example, proliferation of stand-alone projects, fragmentation, poor alignment due to the poor functioning of the LCG Working Group at the sectoral level, little harmonisation or use of the country system, Government incapacity and implementation lags. Nevertheless, he spoke positively about Government-DP collaboration and the JCS, LCG and LCG-WG mechanisms. The Minister also re-affirmed Government commitment, citing the example of AIMS, DEW and Draft Aid Policy (ERD, 2015f). A thematic session entitled: “Governance and Development: Strengthening Partnership for Effective Development Co-operation” was

delivered. Presenters of the session emphasised the use of a country system, a programme-based approach, joint programmes and harmonisation and implementation of all aid effectiveness principles. They also stressed updating the JCS in a way that helped to achieve the SDGs (ERD, 2015e; Interviewee GE1, 2017).

From seven thematic sessions at the 2018 BDF however, none included discussions on aid effectiveness. Moreover, no speaker including the Co-chairs of the Local Consultative Group plenary mentioned aid effectiveness except the Finance Minister who very briefly talked about the stand-alone project, use of a country system and capacity enhancement. Furthermore, a single sentence was included in the communiqué: ‘pursue all relevant international declarations and principles of aid effectiveness’ (ERD, 2018; p.3) and follow-up meetings after BDFs did not take place. This situation revealed that the discussion about aid effectiveness had gradually been reduced at the BDF and no discussion was taking place about the execution of last JCS (2010-2015) or formulation of the next one. One reason could be the continuous amendments of the aid effectiveness agenda as well as the principles of international forums including the shift from aid to development effectiveness.

With the recognition of the JCS, the BDF might have been a mechanism for the Government to establish leadership over development and engage with senior DP representatives for commitment and support in implementing the aid effectiveness agenda and aligning their priorities with the Government. Also, an effective BDF might have been a paradigm shift for Government ownership where DPs did not offer ready-made development packages, instead of soliciting DPs to support the development agenda. However, a myriad of issues affected the effectiveness of the BDF such as leadership conflict, Government fear of accountability and change in the aid effectiveness agenda. Therefore, it might be argued that the BDF failed to reach its full potential.

6.3.2 Government-DP Local Consultative Group (LCG) Plenary

A review of the document shows that the Local Consultative Group (LCG) was initiated as an informal group by the World Bank in the mid-seventies to help country level co-ordination and dialogue between Government and DPs on development issues and economic reforms. Development of the Bangladesh Development Forum (BDF) and a follow-up of the memorandum of understanding signed at the Paris Meeting (aid allocation meeting for

Bangladesh) on key reform targets fixed for the coming years were the main undertakings of the LCG. It has evolved over the years in terms of its scope and importance and eventually became the main platform for Government and DPs to engage in dialogue and work together on economic development and poverty reduction. However, recognition of the forum for discussion and decision making in relation to aid and development effectiveness and implementation of development strategy by the Joint Co-operation strategy had increased the importance of the LCG (GoB/UNDP, 2012). The LCG Secretariat is located in the Development Effectiveness Wing of the ERD that supports the LCG plenary, DP plenary, DP ExComm and LCG-WG. It was established at the ERD with the support for “Strengthening Capacity for Aid Effectiveness” project. Apart from these platforms, DPs in Bangladesh are co-ordinated among themselves through a development partners plenary, which has a seven-member Executive Committee (ExComm), three permanent members: WB, ADB and UN and four that rotate on an annual basis. The main objective of the DP plenary is to promote constructive discussion among DPs to contribute efficiently to the LCG-WG, LCG plenary and the BDF (Government/UNDP, 2014).

The Local Consultative Group (LCG) plenary, a joint platform of DPs and Government, had been identified as the second highest forum in the Joint Co-operation Strategy (JCS) signed by the Government and DPs. The BDF was prioritised as the highest forum for strategic decision but the LCG plenary was the forum for regular dialogue and determination of activities to implement the principles of the aid effectiveness agenda as well as the formulation of action plans for the overall improvement of the development administration. Very specific responsibilities as stated in the JCS included development challenges, national development plans and strategies, prioritising development initiatives and arrangement of the BDF. The LCG plenary also oversaw activities of the LCG working groups, directed and advised on specific issues and reported to the LCG plenary. With reference to the partnership approach of the aid effectiveness agenda, the Government and DPs agreed in the JCS that the LCG plenary would be co-chaired by the Government and DP representatives (AEU, 2010b; GoB/UNDP, 2014). The LCG plenary by convention, expected representation from Government Secretaries and Heads of Mission or Agency in meetings. The LCG was supposed to meet quarterly, however, the LCG plenary meeting could be held as required (GoB/UNDP, 2014).

Document analysis and interviews reveal that JCS recognition had helped established the LCG as a core forum for the discussion of aid effectiveness and development challenges. Moreover, a revised structure from donor only to joint platform had given legitimacy and acceptance to the LCG (AEU, 2010a; ERD/UNDP, 2016; Interviewee P3, 2018). The LCG tried to address a number of issues through constructive dialogue and some eventually became actions such as the modified Development Project Proforma (DPP)/Technical Project Proforma (TPP) format for project approval, similarly, the ERD's tripartite field visit for project monitoring and evaluation or review exercises of LCG-WG activities. Additionally, priority identification and successful participation in international aid effectiveness events, surveys and contributions to the 6th and 7th FYPs. In particular, preparation of the Development Results Framework (DRF) formulation (GoB/UNDP, 2014).

However, after the expiry of the JCS and the end of the "Strengthening Capacity of Aid Effectiveness" project, LCG activities have significantly reduced. In fact, they are now limited to infrequent meetings called by the Government on specific issues of interest. This gives the impression that owing to support from the "Strengthening Capacity of Aid Effectiveness", it became active but failed to become institutionalised. Currently, it is not functioning as it should be and a number of studies report that from its inception, the LCG failed to reach its full potential (Nadoll, 2010, AEU, 2010a). After the signing of the JCS, it was expected that it would be fully functional and contribute to implementing the aid effectiveness agenda and help improve aid and development administration. Nevertheless, perhaps the LCG failed to create an impact as expected.

Interviewees, Government officials, development partners and professionals, expressed different views about an ineffective LCG. Analysis of their views suggests weak Government leadership, capacity constraints, a lack of enthusiasm, fear of facing DPs for accountability, dominating DP attitudes as patrons, change in leadership and Standard Operating Procedures (SOP) were the main reasons behind a relatively ineffective LCG. Interviewees also suggested that as there was no Standard Operating Procedures (SOP) and nothing mentioned in the JCS or the TOR of the LCG plenary about the procedure to call a meeting, it was totally to the Government when to call a meeting and for what purposes (Interviewee D9, 2018; Interviewee D6, 2018). An initiative before the signing of the JCS to formulate 'Standard Operating Procedures (SOP)' for the LCG was undertaken and a note was agreed

in a meeting of Government and DPs on 15 June 2009, titled “Note on Ways of Working of the Local Consultative Group”. However, the SOP was not formally approved and afterwards, a brief operational guideline was included in the JCS (GoB/ERD, 2014).

There was also a suggestion from DPs that Government did not like to call LCG meetings regularly, rather when they needed. This, despite Government and DP agreement that regular quarterly meetings of the LCG would take place (AEU, 2012; Interviewee G12, 2018; Interviewee D5, 2018) rather than Government calling a meeting or cancelling. It seems evident from LCG plenary meeting minutes that the issue of irregular meetings was continuously raised by DPs and three future dates were fixed: May, the second half of August and October or November (AEU, 2013). However, the May and August meetings did not take place and only the November meeting was held (AEU, 2013a). DPs interpreted this as a lack of sincerity by Government in implementing aid effectiveness agenda, which caused doubt over commitment and discouraged them to become enthusiastic about Government initiatives (Interviewee D5, 2018).

There were issues with DPs as well, who had their own country positions and sectoral interests at heart. Therefore, it was sometimes difficult for them to respect LCG decisions and ultimately they lost interest in attending meetings or avoided them intentionally (Interviewee D4, 2018). Nevertheless, a Government policymaker mentioned the dominating attitude of DPs and raised questions about the non-acceptance of Government leadership, which was against the spirit of the aid effectiveness agenda:

“It is not functional because of the attitude problem of the DPs. If an officer/country head of a DP makes any commitment in writing then can his successor disregard/change that commitment? [.....] One institution but under the leadership of two different persons or for change of leadership it can't be two faces or totally two different types. As an organisation, they can't do that [.....] It is happening among DPs. We talk about country leadership and country ownership, but to implement this you have to accept my ownership and leadership, DPs do not accept this [.....] LCG Co-Chair is saying that we have to take concurrence from them if we send a letter for

meeting or a message somewhere or news of international events, we participated, and to put that news in the LCG website [.....] So, you do not accept my leadership.” (Interviewee GE1, 2017)

He also continued by saying that attitude, commitment and behaviour vary from one LCG co-chair to another and there were examples where LCG meeting minutes were approved by the co-chair in one week but took three months for approval of LCG meeting minutes by another. Due to such delays, meeting minutes were circulated late and DPs condemned them for it (Interviewee GE1, 2017).

Few respondents believed that Government officials did not like to face DPs in formal forums such as the LCG plenary where accountability issues might arise. DPs could raise questions about project approval and implementation, corruption, governance or human rights (Interviewee P7, 2018; Interviewee D11, 2018; Interviewee G17, 2018). However, if Government cannot resolve these issues and is afraid to face DPs, the objectives of the JCS will be difficult to achieve (Interviewee P7, 2018). Professionals and academics who were interviewed had different interpretations about the non-functional LCG plenary such as the formation of the LCG, donor self-interest, unequal relationships and so on:

“There are two types of participation: tokenism and realism. LCG is nothing but a tokenistic participation [...] you will find one coordination which is auto-coordination among the donors [.....] I have my own development agenda [.....] the money I will put to other countries, the project I will bring to other countries should be subservient to my own country’s interest [.....] they will try to maximize their own interest. I do not think there is any altruism in this, no altruism, altruism never works, it does not work, it is not altruism. Even if you say, in this, I see altruism then this altruism is equivalent to difference between grant and loan in our context. A grant is a precondition for a future loan under unfavourable condition [...] it is never joint, it is always patron-client in that patron-client patrons are very much united. So, its a form of ‘participation’ its a form of ‘democracy’, and this participation is more of tokenism than real participation.” (Interviewee P2, 2018).

“These are part of global capitalism. This is the highest that we are doing, more can’t be done. You cannot prepare a round shaped cake with a square shaped format.” (Interviewee P5, 2018).

“I feel, it is not functioning anywhere, in any part of the developing world because the negotiating partners are not equal. The recipient countries and the donor countries, there is huge inequality in the power and control in this process [.....] objective is fine, objective is to give them parity or more voice but I am afraid, these are not functioning well and the objectives are unmet, it will remain unmet.” (Interviewee P8, 2018).

It was understood from interviewees that the DP plenary also did function well because of the non-functional LCG. DPs routinely sat among themselves once a month for networking and sharing information. Various discussions took place but not in any formal way (Interviewee, D10, 2018), nor were they very effective (Interviewee D1, 2018) and neither did any ExComm meeting take place (Interviewee D4, 2018):

“No agenda, very casual, discuss whatever pops up [.....] problem is DPs do not have a common agenda.” (Interviewee D11, 2018).

“There has been discussion about National Policy on Development Cooperation; there have been discussions about harmonisation but they are not very conclusive discussions [.....] the LCG ExComm, smaller group of people, trying to arrange discussion with the government [.....] there is no sense that anything is changing quickly [....] same items pop into the agenda frequently.” (Interviewee D8, 2018).

It seems an inactive LCG had also contributed to the causal approach of the DP plenary (Interviewee D11, 2018) and donors interpreted Government inaction differently. For example:

“At the same time, Government does not want to see the donors are in a group, Government likes to play with DPs individually.” (Interviewee D2, 2018).

However, one of the leading policymakers believed that DPs would never change their dominating attitude. The LCG was a DP idea to give them the satisfaction that they were on an equal footing with DPs but the reality was different.

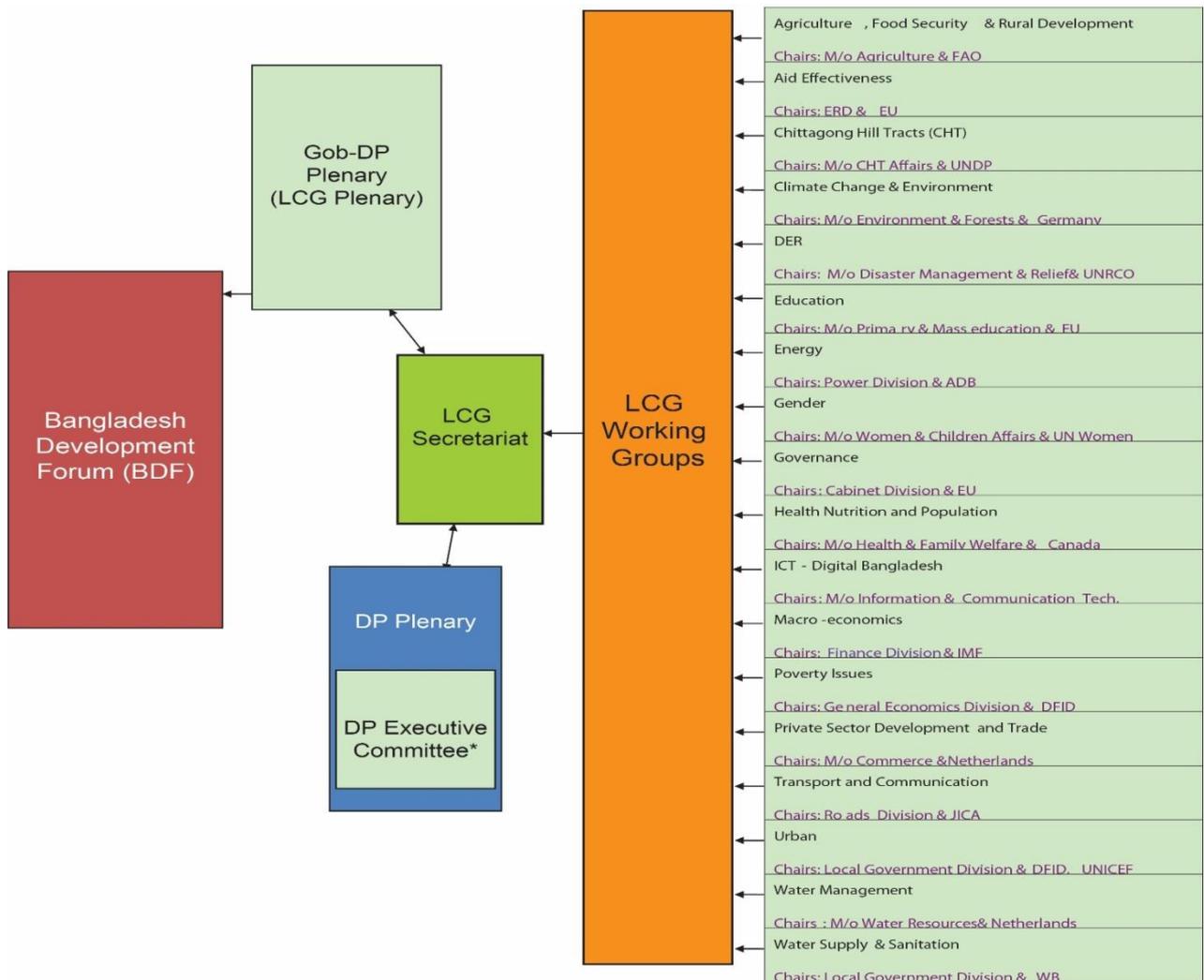
“[...] it has to be inactive; it was never effective as far as I know. It was a choke. It was made by the so-called donors to keep us happy. It has no purpose.” (Interviewee G3, 2018).

6.3.3 LCG Working Groups (LCG-WG)

Document analysis suggests the LCG subgroups were launched in 1997 as a donor only group to discuss and address sectoral level issues and that the LCG subgroup. (GoB/UNDP, 2012). At the time of JCS signing in 2010, there were 22 working groups but these had been restructured and reduced to 18 in line with the priorities of the 6th FYP. Initially, the LCG and most of the LCG working groups organised meetings to evaluate development issues as well as progress of the implementation of the aid effectiveness agenda (GoB/UNDP, 2012).

The LCG working groups (LCG-WG) had been defined as the central body for aid co-ordination and implementation of the aid effectiveness agenda in Bangladesh. Eighteen sectoral and thematic working groups were formed to underpin the objectives of the JCS (GoB/UNDP, 2014). The JCS outlined the purpose of the LCG-WG as *“to provide forums for directed and practical consideration of specific development sectors or themes, serving as a locus for information exchange, analysis, co-ordination and cooperation”* (AEU, 2010b; p.6). It was stated in the JCS that the objective of the LCG-WG would be helpful to implement national policies in effective and co-ordinated ways at the sectoral level through results-based monitoring. The JCS also defined the scope of the LCG-WG, which included sectoral level co-ordination of the JCS, upholding harmonisation and alignment, avoiding duplication of efforts, complementarity in programming, promoting sectoral or thematic area based mutual accountability, feedback and bi-annual reporting to the main LCG (AEU, 2010b).

Figure 6.3 Local Consultative Group Mechanisms



Source: GoB/UNDP, 2014

A review of the LCG-WG conducted by an independent research organisation in 2014, reported that with close monitoring from the then Aid Effectiveness Unit (AEU) and support from the “Strengthening Aid Capacity” project, the LCG-WG started institutionalisation. In 2014, seventeen working groups were able to outline their TORs, eleven formulated work plans, each working group was meeting and posting minutes on the LCG website and working groups were including academic, researchers and experts in their teams. The review also stated that a process of the establishment of the LCG-WG was going on and Government officials and DPs were trying to work together closely. However, because of prolonged political unrest in 2013, the flow of regular meetings was hampered (GoB/UNDP, 2014).

6.3.3.1 Issues in Operation of the LEC-WG

It was noted from interviewees and the review report of the ERD, that in the consolidation process, Government and DPs started to understand the purpose of working groups differently. DPs saw it as a platform for the exchange of information on development activities, policy dialogue and achievement of results. Government officials on the other hand, considered it a forum for understanding DP views and activities and eventually engaged in discussions for fundraising. However, DPs did not believe that it was a fundraising forum. Government officials also believed that the working group should facilitate discussion on fragmentation, duplication of efforts, alignment, predictability of funding, harmonisation, simplification of procedures, joint mission and joint analytical works. However, DPs did not show interest in these issues and their interest in policy dialogue was interpreted as interference in internal Government matters by officials.

Government officials also felt that DPs intended to make them accountable through the working group, whilst considering themselves accountable to the Bangladesh Parliament only. However, it seems they were ready to work with DPs on a project level accountability framework and officials therefore became confused about DP understanding about the purpose of the LCG-WG, which was totally different to their understanding (Government/UNDP, 2014). It appears from LCG meeting minutes that the misunderstanding was mentioned by DPs in the LCG-WG and plenary co-chairs meeting in March 2014 and it was decided that the ERD would organise an ‘LCG Orientation’ programme for Government officials (ERD, 2014). However, the meeting requested working groups to emphasise core aid effectiveness issues such as co-ordination among donors, division of labour and harmonisation (ERD, 2014).

There was an argument that Government representation in the working group was less than DPs and restricted to the ministry level - agency level officers were not included. However, there were working groups that dealt with cross-cutting issues, where representation from other ministries was required, such as health. For example, representation from the Finance Division or procurement department could help effective decision making in the health sector LCG-WG. Furthermore, to balance representation, the Government intended to include a member from ministry agency-level officials which ensured wider participation and

contributed to decision making. This was due to the low number of Government members in the group, which made it look like a ‘donor only group’. (GoB/UNDP, 2014).

Another operational issue that LCG-WGs encountered was the level of seniority. The Government co-chair of most of the working group was the secretary of a ministry, the senior-most operational position in the ministry. However, the DP co-chair was usually the relevant officer or someone who had sectoral or thematic knowledge. However, the Government expected the DP co-chair should be someone close to the rank and profile of a secretary such as a head of mission or agency. On the other hand, DPs felt expertise should be a criteria for a co-chair, not the official position. DPs’ senior-level co-chair representation in policy-related working groups was crucial to Government (GoB/UNDP, 2014).

It appears from the ERD’s LCG review report that the transformation of working groups from the level of co-ordinated discussion and information sharing to co-ordinated actions remained inadequate. For example, most of the working groups failed to develop indicators to link development outcomes for results management, which could contribute to alignment, predictability and development effectiveness (GoB/UNDP, 2012, 2014). Inclusion of CSOs, NGOs and experts in the LCG-WG meetings was insignificant (GoB/UNDP, 2012, 2014; Interviewee P5, 2018). Some LCG-WGs remained inactive due to leave and transfer of both DP and Government co-chairs. Moreover, most Government officials perhaps failed to understand the importance of the LCG-WG. Therefore, in most cases ownership was lacking. Government officials furthermore, were not well coached to reap the benefits of LCG-WG ownership and leadership over development (GoB/UNDP, 2012; Interviewee P3, 2018).

It was believed that the LCG-WG was the mechanism for aid co-ordination and implementation of effectiveness agenda. However, the general perception was that LCG-WG effectiveness in terms of aid co-ordination and policy dialogue varied due to leadership and dialogue opportunities. It was observed that the LCG-WG was not as fully explored as a mechanism to achieve alignment and harmonisation at the sectoral level. Most LCG-WGs were focused on donor co-ordination and information sharing rather than policy dialogue, implementation of the agenda or the results of monitoring (GoB/UNDP, 2012). In terms of achievement through policy, dialogue was limited and two policies had been pushed by the LCG-WG to be formulated: Social Protection and the Labour Act. Both Government officials

and DPs felt the LCG-WG was not a place to discuss all policy issues, especially sensitive ones for cultural reasons. They believed the LCG-plenary could engage at the ministerial level for discussion of sensitive issues (GoB/UNDP, 2014).

It appears from a review of documents and interviews that a poor relationship existed between the LCG plenary and the LCG-WG and between LCG-WGs because of lack of coordination and the absence of standard operating procedures (GoB/UNDP, 2012; ERD, 2014). However, there were cross-cutting issues among LCG-WGs and an exchange of information and discussion was important. For example, the Water Management Working Group had a link with Climate Change and Environment. A lack of linkage between thematic and sectoral LCG-WGs also resulted in a duplication of efforts, especially in multi-sectoral areas such as gender or poverty (GoB/UNDP, 2012, 2014). Reporting to the LCG plenary by the LCG-WGs remained very occasional although they were supposed to report bi-annually. On the other hand, working groups considered their reports were not appreciated by the plenary and they also expected a bigger role to be played by the LCG plenary in policy settings (GoB/UNDP, 2012; ERD, 2014; Interviewee D11, 2018).

The performances of each LCG-WG depend on the motivation of leadership in the absence of standard operating procedures (SOP). Change in leadership over time had also contributed to the performance of a specific working group. It is observed that previous DP leadership was also more motivated. Also, the change in co-chair positions at both ends because of transfers or promotion affected the regular flow of meetings (GoB/UNDP, 2014; Interviewee P3, 2018).

6.3.3.2 The Aid Effectiveness Working Group

According to decisions made by the JCS, the Aid Effectiveness Working Group (AEWG) was responsible for the monitoring of overall implementation of the JCS Action Plan. It was also assigned to prepare the consolidated Annual Progress Report, accumulating information from LCG-WEGs and the JCS Action Plan for following years (AEU, 2010b). The Aid Effectiveness Working Group, as a functional working group tried to hold regular meetings and address aid effectiveness related issues. Evaluation of the meeting minutes of the AEWG

from 2011 to 2014 demonstrates that it held a number of meetings and contributed to matters such as Aid Effectiveness Surveys, the draft National Policy on Development Co-operation, a Concept Paper prepared for the Division of Labour with the assistance of the EU, the “Strengthening Aid Capacity” project’s commencement and formulated the development results framework. The AEWG also prepared the JCS Action Plan Progress Report, drafted JCS Action plans, provided input to AIMS and LCG website preparations, organised the BDF and participated in GPEDC HLFs. However, despite a number of meetings it took almost three years from the signing of the JCS to finalise the AEWG terms of reference, which was unanimously endorsed in a meeting on 8 June 2014. Also, the AEWG failed to present a concept note on the division of labour that was one of the main targets to achieve through the JCS and JCS Action Plan progress report (AEU, 2011a; 2014b).

6.3.3.3 Current Status of the LCG-WGs

Due to issues such as Government and DPs ambiguity about the objectives of the LCG-WG, contending interests of Government and DPs, leadership conflict, irregular meetings, more dialogue and fewer outcomes, unequal representation, capacity constraints of Government officials such as English language proficiency, greater dependence on leadership in the absence of Standard Operating Procedures (SOP), Government frustration over a lack of interest amongst DPs to discuss core aid effectiveness issues such as the division of labour, alignment and co-ordination challenges, a large number of LCG-WGs influenced the motivation levels of both Government officials and DPs to proactively engage and advance the LCG-WG (GoB/UNDP, 2012, 2014; Interviewee G12, 2018; Interviewee D8, 2018; Interviewee D11, 2018; Interviewee D9, 2019; Interviewee P12, 2018, Interviewee G11, 2018). It also seems that a lack of monitoring and engagement of the Aid Effectiveness Unit and the Aid Effectiveness Working Group, coupled with an irregular BDF, inadequate activities of the LCG and the expiry of the “Strengthening Aid Effectiveness” project further contributed to the inactiveness of LCG-WGs (Interviewee G12, 2018). Above all, after the expiry of the JCS in 2015, no new co-operation strategy emerged between the Government and DPs. This released the obligation of both parties to remain active in the LCG-WG and as a result, all LCG-WGs are now inactive including the Aid Effectiveness Working Group. An exception is those LCG-WGs which operate under a sector-wide approach (SWAP) for example, education and health (Interviewee D8, 2018; Interviewee D4, 2018). Thus, there is a

perception that the LCG-WG could have been more effective if the number of SWAPs had been increased (Interviewee D8, 2018).

At the time of the interview, some DPs said that they had tried to push the Government to continue the LCG-WG forums for sectoral benefits:

“As long as [name of the ministry remains anonymous] is not interested in having a sectoral Working Group, you can’t. We approach the Minister twice in three years but they are not interested.” (Interviewee D10, 2018).

However, Government officials claimed that DPs disregarded their requests and removed incentives from the LCG-WG:

“If six DPs are in a project their missions come differently at a different time. We tell DPs for the joint mission, joint evaluation and joint reporting and joint work with the government. But we are not able to do so.” (Interviewee G12, 2018).

6.3.4 The JCS Action Plan

The JCS action plan was one of the mechanisms along with collaborative dialogue to implement the objectives of the Joint Co-operation Strategy. Two action plans were formulated between 2010 and 2015 during the JCS. The first one was for 2010 to 2011 and the second for 2012-2014 and later extended until 2015. The action plans outlined milestones and action points against five aid effectiveness principles and distributed responsibilities to Government organisations and DPs against the timeline in Table 6.1 and Table 6.2.

Table 6.1 First Joint Cooperation Strategy Action Plan (2010 – 2011)

Paris Declaration Principles	Actions	Milestones	Timeline	Responsibility	Status
OWNERSHIP	1. 5-Year Plan finalised	<input type="checkbox"/> 6 th 5-Year Plan outline consulted and approved by Government	July 2010	GoB (M/O Planning)	On track
		<input type="checkbox"/> 6 th 5-Year Plan reflected in national budget <input type="checkbox"/> 6 th 5-Year Plan approved by Government	July 2010 Dec. 2010		
	2. GoB aid management policy and strategy established	<input type="checkbox"/> Aid management review finalised (basis for aid management capacity development support)	June 2010	ERD/DPs	On track
		<input type="checkbox"/> Aid management capacity assessment finalised, leading to coordinated DP support to strengthen GoB aid management capacity	December 2010	ERD/UNDP	
	<input type="checkbox"/> Consultation on draft aid policy started	late 2010	ERD/ UN/ DFID		
ALIGNMENT	3. Use of country systems enhanced	<input type="checkbox"/> PEFA indicators on PFM and procurement assessed under the GoB-DP public financial management programme (SPEMP) <input type="checkbox"/> Project approval and implementation processes reformed <input type="checkbox"/> Use of parallel PIUs reduced and more DPs using GoB systems and procedures.	2010 2010 early 2011	Fin Div/ WB/DFID ERD/Planning DPs Plan Div/ IMED	
HARMONISATION	4. Sector support rationalised	<input type="checkbox"/> Donor mapping is established updated on regular basis <input type="checkbox"/> Aid tracking system established	2010, 2011	ERD/ UNDP	
		<input type="checkbox"/> Concept note on division of labour formulated	2010	ERD/ EU Delegation	
		<input type="checkbox"/> New PBA in Health and Education established <input type="checkbox"/> High level discussions on new partnership arrangements held (e.g. in watsan, secondary education land utilisation, ICT)	mid-2011 2011	Min Health, Primary & Mass Education/ WB/ ADB	
MANAGING FOR DEVELOPMENT RESULTS	5. GoB-DP Development Results Framework established (based on PRS)	<input type="checkbox"/> GoB – DP LCG structure revised and functional	October 2010	ERD/DP EXCOMM	
		<input type="checkbox"/> National sector dev. results frameworks drafted	October 2010	ERD, WB, LCG-WG Co -Chairs	
		<input type="checkbox"/> Development Results Framework consulted /vetted and finalised	Dec 2010		
MUTUAL ACCOUNTABILITY	6. Annual aid effectiveness reviews held	<input type="checkbox"/> Bangladesh Development Forum held annually <input type="checkbox"/> Aid Effectiveness Working Group established <input type="checkbox"/> Bangladesh Paris Declaration Evaluation finalised <input type="checkbox"/> DAC Survey 2011 finalised <input type="checkbox"/> First annual JCS Progress Report submitted to LCG Plenary	March 2011 June 2010 Dec 2010 March 2011 June 2011	LCG Plenary LCG Plenary ERD/Japan/DFID ERD/ DFID AE-WG	

Source: AEU, 2010b

Table 6.2 Second Joint Co-operation Strategy Action Plan (2012-2014)

Paris Declaration Principles	Outcomes	Milestones & Action Points	Timeline	Responsibility	Status
OWNERSHIP	1.GoB aid management capacity strengthened <i>Outcome champion: ERD and UNDP</i>	1.1 Foreign aid policy adopted <input type="checkbox"/> Establish inter-ministerial committee <input type="checkbox"/> Carry out background studies, if required <input type="checkbox"/> Formulate draft aid policy <input type="checkbox"/> Put the draft policy online for feedback <input type="checkbox"/> Hold consultation meetings with different stakeholders incl. NGOs & CSOs <input type="checkbox"/> Finalize aid policy document and get Cabinet approval	June 2012 June – Nov 2012 March 2013 March - June 2013 March - June 2013 Oct. 2013	<i>Coordinator: ERD/ inter-ministerial committee</i> Others: MOHFW, UNDP /AE Project	<input type="checkbox"/> Done
		1.2 Turnover of National Project Directors reduced (min. of 3 years – depending on performance) <input type="checkbox"/> Agree with MoPA and PD on reform plan to improve project implementation quality and continuity. <input type="checkbox"/> Prepare a list of minimum criteria and pool of suitable people in consultation with concerned Line Ministry, Planning Commission and IMED. <input type="checkbox"/> Every line ministry should identify a potential project director from the approved pool of suitable candidates at the concept stage before approval of DPP/TPP. <input type="checkbox"/> Line Ministry to allow Executive Agencies to assign the designated PD to act as PD before the TPP/DPP is approved in case of any feasibility study or survey is required to be conducted	Oct. 2012	<i>Coordinator: MoPA</i> Others: PD, IMED	
		1.3 Aid transparency & information management capacities enhanced <input type="checkbox"/> Review options and develop a suitable IT application to track all aid flows, as well as standardize and harmonize reporting procedures <input type="checkbox"/> Institutionalize data entry process and rationalize reporting procedures <input type="checkbox"/> Prepare & publish analytical reports on all aid flows to inform collective dialogue, decision-making and aid strategy formulation <input type="checkbox"/> Carry out annual development partner mapping, in order to rationalize sector support <input type="checkbox"/> Improve timely, electronic access to (R)ADP and related progress reports	July – Dec. 2012 Jan – March 2013 July 2013	<i>Coordinators: ERD, UNDP/AE Project</i> Others: PD, PC. IMED, M/O ICT, UNDP/ ASICT Project	<input type="checkbox"/> Options reviewed
ALIGNMENT	2.Use of country systems enhanced <i>Outcome champion: ExComm</i>	2.1 TPP/DPP process streamlined <input type="checkbox"/> Hold extensive consultations between concerned GoB and DP agencies <input type="checkbox"/> Simplify TPP/DPP formats and streamline approval process in line with ongoing PFM reform. <input type="checkbox"/> Revised format/ process to be approved by ECNEC	May-July 2013 Sept 2013 Dec 2013	<i>Coordinators: Planning Division & ADB, JICA</i> Others: Finance Division, GED, LMs	
		2.2 Non-governmental development project implementation strengthened <input type="checkbox"/> Pursue dialogue on the wider regulatory framework for non-governmental project implementation <input type="checkbox"/> Facilitate adequate implementation of the regulatory framework for non-governmental project implementation by strengthening related capacities of the NGO Affairs Bureau and other concerned GoB agencies	March 2013 June 2013	<i>Coordinators: NGO Affairs Bureau & USAID</i> Others: M/O Disaster Management & Relief	
		2.3 Public financial management system strengthened <input type="checkbox"/> Deepen the Medium-Term Budgetary Framework, with a focus on large-spending ministries (e.g. Health and Primary Education); <input type="checkbox"/> Improve the design and functionality of the integrated Budget and Accounting System (iBAS) for better quality financial reporting and budget controls; <input type="checkbox"/> Enact the new VAT Act and Income Tax Act by Parliament to provide the legal framework for increasing tax revenue collection; <input type="checkbox"/> Enact a new Audit Act aligned to international standards by Parliament to ensure independence of the Comptroller and Auditor General and provide the institution with higher administrative and financial authority; <input type="checkbox"/> Ensure that important objections from audit reports disposed in Parliament are resolved and funds recovered where appropriate.	Sept. 2013 July 2013 March 2013 July 2013 Sept. 2013	<i>Coordinators: CIDA</i> Others: C&AG, Parliament, Finance Division, NBR	

Paris Declaration Principles	Outcomes	Milestones & Action Points	Timeline	Responsibility	Status
ALIGNMENT	2. Use of country systems enhanced <i>Outcome champion: ExComm</i>	2.4 Procurement system strengthened <ul style="list-style-type: none"> <input type="checkbox"/> Make electronic government procurement (e-GP) fully functional at key sector agencies (RHD/Roads Division, Ministry of Communication, LGED/ Local Government Division, Ministry of LGRD and Cooperatives, REB/ Power Division, Ministry of Power, Energy & Mineral Resources and BWDB/Ministry of Water Resources) <input type="checkbox"/> Fully implement the on-line procurement performance monitoring system (PROMIS) at key agencies (RHD, LGED, REB and BWDB) <input type="checkbox"/> Increase financial delegation for approval of contracts <input type="checkbox"/> Strengthening capacity of procurement staff of line ministry/ agency 	Dec. 2012 Sept. 2012 July 2012 Continue	<i>Coordinators:</i> CPTU & WB Others: RHD LGED, REB, BWDB, BBA, RHD, LGED, REB, MOHFW, BWDB, Power Division, Finance Division, Line Ministries	
		2.5 Use of parallel PIUs reduced <ul style="list-style-type: none"> <input type="checkbox"/> LCG WGs to review the current use of PIUs in their respective sector <input type="checkbox"/> Reduce parallel PIUs in line with Paris Declaration target 	Sept. 2012 Dec. 2013	<i>Coordinator:</i> AEWG Others: LCG WGs, DPs	
		2.6 Comprehensive, sector-wide capacity development strategy developed in at least 2 sectors <ul style="list-style-type: none"> <input type="checkbox"/> LCG Co-Chairs to identify pilot sectors in consultation with their respective constituency <input type="checkbox"/> Identify/ organize suitable TA to finance capacity assessment <input type="checkbox"/> LCG WGs to develop/ agree on assessment methodology. Relevant WGs to provide feedback on assessment methodology especially on cross cutting themes like gender. <input type="checkbox"/> Carry out capacity assessment <input type="checkbox"/> Formulate sector-level capacity development strategies 	Oct. 2012 Nov. 2012 July 2013 June 2013 Nov 2013	<i>Coordinator:</i> EU (Education) & Germany (Climate Change) Others: Power Division, MOHFW, M/O Primary and Mass Education, LCG Co-Chairs, DPs, LMs LCG WGs	
		2.7 Social Protection Strategy formulated <ul style="list-style-type: none"> <input type="checkbox"/> Establish basic institutional framework <input type="checkbox"/> Formulate draft strategy <input type="checkbox"/> Hold consultations on the draft strategy <input type="checkbox"/> Consolidate comments and adopt final strategy 	Jan-May 2013 Jan-Aug 2013 Sept 2013 Oct 2013	<i>Coordinator:</i> GED, WB, UNDP Others: Cabinet Division, M/O Agriculture, M/O Disaster Management & Relief, M/O Social Welfare, M/O Women and Children Affairs, UNDP, AusAID, DFID, WFP, UNICEF	
HARMONIZATION	3. Sector support rationalized <i>Outcome champion: EU</i>	3.1 Experiences with different aid delivery approaches and aid modalities in Bangladesh reviewed <ul style="list-style-type: none"> <input type="checkbox"/> Develop assessment framework <input type="checkbox"/> Review existing PBAs, trust funds, etc. <input type="checkbox"/> Capture lessons learned and formulate a set of guidelines to inform choices about mechanisms for aid delivery 	Nov. 2012	<i>Coordinator:</i> ERD & UNDP/ AE Project Others: Finance Division, LMs, PC, UNDP	
		3.2 Joint risk management framework established in at least 2 sectors <ul style="list-style-type: none"> <input type="checkbox"/> LCG Co-Chairs to identify pilot sectors in consultation with their respective constituency, i.e. concerned Agency/Ministry and DPs <input type="checkbox"/> Identify/ organize suitable TA to finance framework development <input type="checkbox"/> Develop risk management framework under guidance from LCG WGs and in consultation with concerned stakeholders 	Oct. 2012 Nov. 2012 Feb. 2013	<i>Coordinator:</i> FAO Others: Power Division, LCG Co-Chairs, DPs, GED, LMs LCG WGs	
		3.3 LCG mechanism strengthened <ul style="list-style-type: none"> <input type="checkbox"/> Carry out review of LCG WGs <input type="checkbox"/> Organize workshop for LCG WG Co-Chairs to exchange lessons learned <input type="checkbox"/> Increase results-orientation of WGs and explore options for new programme-based approaches 	July 2012 Oct. 2012	<i>Coordinator:</i> LCG Plenary Co-Chairs ERD, GED, UNDP LCG WGs, M/O Disaster Management & Relief	Review report prepared

Paris Declaration Principles	Outcomes	Milestones & Action Points	Timeline	Responsibility	Status
MANAGING FOR DEVELOPMENT RESULTS	4. Results monitoring improved <i>Outcome champion: DFID & Sweden</i>	4.1 Annual progress review against DRF <input type="checkbox"/> Hold discussion during LCG Plenary (Q1), incl. CSOs, academia, LCG WGs <input type="checkbox"/> Operationalize third party monitoring of 5-Year-Plan	July 2013 and 2014	<i>Coordinator: GED and IMED, ExComm</i> Others: Power Division, DPs, LCG WGs	
		4.2 Sector-level development results frameworks agreed and monitored by line ministries together with LCG working groups <input type="checkbox"/> LCG WGs to review sector/ thematic results frameworks and existing monitoring arrangements, including the status of gender integration, <input type="checkbox"/> Give due consideration to the alignment with DRF and ownership of each line ministry	Dec. 2012	<i>Coordinator: FAO</i> Others: Power Division, Line Ministries/ LCG Working Groups/ MOHFW /ERD/ MoP/GED/ IMED	
		4.3 Project monitoring strengthened to capture lessons and ensure smooth project implementation <input type="checkbox"/> Institutionalize tripartite portfolio reviews <input type="checkbox"/> Organize regular joint projects visits & formulate review reports <input type="checkbox"/> Share evaluation report of project by donor with Government's respective ministries/ departmen	Sep. 2012	<i>Coordinator: DFID and AEWG</i> Others: ERD, PC, IMED, M/O Disaster Management & Relief, DPs	
MUTUAL ACCOUNTABILITY	5. Regular collective dialogue institutionalized ExComm	5.1 Bangladesh Development Forum held every two years with participation from GoB Ministers and high-level representatives of development partner agencies, as well as representatives from parliament, civil society, academia and the private sector	Biannually	<i>Coordinator: ERD</i> Others: GED, GoB, DPs, Parliament, CSOs, academia	
		5.2 LCG Plenary meetings held quarterly	Quarterly	<i>LCG Plenary Co-Chairs</i>	
		5.3 CS Progress Reports submitted to LCG Plenary annually	Annually	<i>AEWG</i>	
		5.4 Country-level AE monitoring mechanism developed	June 2012	<i>AEWG</i>	

Source: AEU, 2012

Although not within a target timeline of between 2010 and 2014, it appears from document analysis that a number of milestones were achieved through the “Strengthening Capacity for Aid Effectiveness in Bangladesh (2011-2016)” project. However, the real impact, effectiveness and sustainability of these milestones are questionable. Under the ownership principle, the 6th FYP was consulted and approved with DPs and implemented through the Medium-Term Budget Framework. However, it was not fully functional and two capacity assessment reports were prepared to implement the aid effectiveness agenda: an ERD Capacity Assessment and a Line Ministries Capacity Assessment. An aid policy was then drafted, turnover of project directors did not fall, transparency and information management capacity was enhanced due to reform of the Foreign Aid Budget and Accounts (FABA) and the introduction of an Aid Information Management System (AIMS). Among the alignment principle’s milestones, the procurement system was reformed including improvements in project approval and implementation. A notable feature included a standard format for the Development Project Proforma (DPP)/Technical Project Proforma (TPP). The approval

situation remained static in terms of non-governmental project implementation, public finance management was strengthened through the Medium-Term Budget Framework (MTBF) and iBAS++ (Integrated Budget and Accounting System), the PIU did not decrease, DP use of the country system was limited and a social protection strategy was formulated. In terms of harmonisation principle related milestones and actions, donor mapping was not accomplished, a concept note on the division of labour was drafted but not finalised and a new project-based approach was taken in health and education. However, a new partnership arrangement in new sectors did not progress and different aid delivery approaches were not reduced. In reference to the managing for development results principle, the LCG structure was revised and efforts were made to make it functional. A sector-related development results framework (DRF) was not drafted, a DRF was introduced in the 6th and 7th FYP and an annual review against the DRF was not undertaken. Among the milestones and actions of the mutual accountability principle, the Bangladesh Development Forum is taking place but not regularly. An Aid Effectiveness Working Group was established, the country evaluations of the Paris Declaration were undertaken, DAC surveys were successfully conducted and a JCS progress report was submitted to the LCG plenary. LCG plenary meetings did not take place regularly and a country level aid effectiveness monitoring mechanism did not develop (AEU, 2011a; AEU, 2014b; ERD/UNDP, 2016).

Perhaps out of enthusiasm for success in the first JCS action plan, the Government and its development partners introduced the second JCS action plan for 2012 to 2014 with diversified targets and an optimistic time-line. Therefore, it seems that the success rate of the first action plan was perhaps higher than the second. This was raised in a meeting of the Aid Effectiveness Working Group on 8 June 2014 and it was decided that in future the JCS action plan should be formulated more realistically (AEU, 2014b). In addition, to increase the rate of implementation of the JCS action plan, in a LCG meeting on 17 September 2017, it was unanimously agreed that a mid-term rather than annual review of the JCS action plan would be introduced (AEU, 2014c).

The above discussion shows that a good number of milestones were addressed. However, a closer look at these reveals implementation under Government in most cases rather than DPs. In particular, the division of labour, the use of a country system, a reduction in the number of PIU and donor mapping.

Undoubtedly, the Joint Co-operation Strategy (JCS) was a unique example of a collaborative arrangement to implement the aid effectiveness agenda. It was able to accommodate both the Government of Bangladesh and its development partners in the hope that many, mutually beneficial things could be achieved at the country level. The JCS helped reform aid co-ordination, the LCG plenary, DP plenary and the LCG-WG. Moreover, an evaluation of JCS action plans indicates through constructive dialogue between the LCG-WG, LCG and the BDF, the Government and DPs were able to bring change to the aid and development administration of Bangladesh. For example, the introduction of a tripartite meeting as part of managing for results, mutual accountability, reform of project approval processes, aid information management, procurement and public finance management reform.

However, from the Government perspective it was anticipated that the JCS would ensure harmonisation, division of labour, resolve core aid issues such as fragmentation, proliferation and duplication of efforts, alignment and use a country system and so on. Furthermore, it was expected that the LCG and LCG-WG would be institutionalised and the Government would achieve long-term benefits. Nevertheless, none of the platforms became institutionalised, perhaps because of Government-DP contending interests, DP preferences for own procedures and systems, priority of country strategies and interest, absence of standard operating procedures (SOP), weak Government leadership and the dominating attitude of DPs. With the end of the “Strengthening Capacity for Aid Effectiveness in Bangladesh (2011-2016)” project as well as a lack of motivation, Government and DPs activities on all platforms were significantly reduced.

*“The idea (JCS) was excellent for aid coordination and aid transparency and reduced unhealthy competition between donors. But it remains symbolic and both GoB and DPs are equally responsible” (Interviewee P4, 2018).
“For effective aid mobilisation in 2009 a Joint Cooperation Strategy was taken to create a platform of both the GoB as well as the DPs to remain seriously active and vigilant in the development initiatives of the government as well as the participation of the development partners but somehow it lost its interest after sometime but it was a good initiative.” (Interviewee P3, 2018).*

6.4 Impact of Government-DP Collaborative Efforts on Aid Administration

An examination of the Joint Co-operation Strategy (JCS) document reveals that the Government and DPs were committed to undertake a number of initiatives to implement the aid effectiveness agenda in Bangladesh. To implement the initiatives, two mechanisms were introduced: regular collaborative dialogue and an action plan. However, an evaluation of the collaborative dialogue mechanism, the Bangladesh Development Forum (BDF), the Local Consultative Group (LCG) plenary and the LCG Working Group in Section 6.2 of this chapter demonstrates that dialogue mechanisms were not as successful as expected. For instance, contending interests of Government and DPs, DPs preferences for own systems and priorities over country/organisation strategies and interests, absence of operating procedures, DP dominating attitudes and weak Government leadership. As a part of the commitment made in the JCS, Government and DPs implemented two action plans between 2011 and 2015.

However, an analysis of the execution of these Action Plans in Section 6.2.4 suggests mixed performance. This section examines the current situation of the core aid effectiveness issues such as division of labour to avoid fragmentation and proliferation, alignment, a programme-based approach and budget support, predictability and untying aid, which are supposed to be executed through a collaborative approach where DPs as providers take initiatives and Government as recipient facilitates the process. As understood from the JCS document as well as from interviews with Government policymakers and officials, the Government considered the JCS an instrument to address the above mentioned core aid issues. The signing of the JCS document by DPs made them more confident.

6.4.1 Division of Labour

Particular importance has been attached to the division of labour of donors in all aid effectiveness declarations to address two crucial issues that impede aid effectiveness: fragmentation and proliferation, which means ‘too little aid from too many donors’ (OECD, 2011a; p.3;) and too many stand-alone projects. The ultimate result of fragmentation and proliferation is a huge transaction cost and most importantly, serious administrative burdens on recipients in meeting the requirements of each donor and many projects. Therefore, under

the harmonisation principle of the aid effectiveness agenda, division of labour is highly recommended as the solution to avoid fragmentation, proliferation and most importantly, it has been promoted as a tool to enhance complementarity and reduce transactions (OECD, 2008).

A survey conducted by the OECD in 2009 showed that the average donor presence in 71 aid recipient countries was 21. However, in Asian and African countries, the average donor presence was 26 (OECD, 2011a). According to the ERD website, Bangladesh hosts 51 donors including the UN organisations but the Foreign Aid Budget and Accounts (FABA) Wing of the ERD codes 68 donors in its Debt Management and Financial Analysis System (DMFAS). FABA's record shows that 33 donors made contributions in the 2017-2018 financial years to development projects (ERD, 2017b; ERD, 2019). Furthermore, an examination of the Annual Development Plan (ADP) of 2019-2020 shows that the Government implemented a total of 1,564 projects in the current financial year. Out of 1,564 projects, 89 were Government funded and the rest were entirely or partially aid funded. All of 17 sectors have aid dependency and 13 are 'donor-darling' sectors and 4 'donor-orphan' sectors (MoP, 2019, 2019a).

Table 6.3 below shows the density of 45 DPs in major areas of economic development in Bangladesh and is prepared using different sources (ERD, 2017c; World Bank, 2016, ERD, 2017b). Education has 20 DPs, Health 13, Skills Development 20, Environment, Climate Change and Disaster Management 20, Water and Natural Resources, Water Transport and Clean Water 15, Infrastructure 11, Governance 10, Energy, Energy Infrastructure, Renewable Energy and Power 15 and agriculture sector has 15 donors. Where the world average is 21 donors in one country and Asia and Africa average 26, only the education sector of Bangladesh hosts 20 donors. Furthermore, out of 20 areas of co-operation, Japan provides funds in 15 areas, EU 14, the World Bank 13, the UK 11 and the ADB 10. Moreover, an examination of the Annual Development Plan (ADP) exhibits that Bangladesh in the last three financial years on an average, implemented more than 1,300 development projects. It can be concluded from this information that aid is fragmented in Bangladesh along with the proliferation of projects. These data show how challenging it is for Bangladesh to co-ordinate around 50 donors and 1,300 projects every year. A recent study on "Aid Fragmentation in Bangladesh and Its Consequences" supported by the Social Science Research Council of the Ministry of Planning concluded that fragmentation is very high in Bangladesh, thus, the

expected result of aid is not achieved and projects become supply- driven. The Report has identified a lack of harmonisation among DPs as the main cause of aid fragmentation along with poor co-ordination between Government and DPs (Ahmed, 2017). This information underlines the importance of harmonisation or division of labour for the country.

Table 6.3 Co-operation Area-wise Development Partner Presence in Bangladesh

Area of Cooperation	Development Partners
Education	ADB, Australia, Denmark, Canada, EU, Japan, Korea, Sweden, Switzerland, UNICEF, UK, US, WB, UNESCO, Norway, China, WFP, Saudi Arabia, UNFPA, India
Transport Infrastructure	ADB, IFAD, Japan, Korea, India, China, EU, US, Denmark, WB
Infrastructure	France, Japan, India, ADB, WB, China, EU, AIIB, Saudi Arabia, Malaysia, Kuwait,
Energy/Energy Infrastructure/ Renewable Energy/Power	ADB, Germany, Japan, Norway, UNDP, US, WB, Russia, IDB, EU, China, AIIB, Kuwait, India, Qatar,
Water and Natural Resources/ Water Transport/ Clean Water	ADB, France, IFAD, Japan, Netherlands, Sweden, Switzerland, UNICEF, WB, AFD, Germany, IDA, China, India, Singapore
Agriculture	ADB, Denmark, IFAD, Japan, Switzerland, UK, WB, US, FAO, Pakistan, EU, China, Netherlands, Germany, Saudi Arabia
Governance	ADB, Germany, EU, Japan, Sweden, UNDP, US, Canada, Denmark, Finland
Finance	ADB, EU, WB, UK, EIB, Norway
Private Sector Development	ADB, Australia, EU, IFAD, Japan, Sweden, UK , Canada
Social Protection and Livelihoods	Australia, Switzerland, UNICEF, UK, WB
Food Security and Nutrition	Australia, EU, UK, UNDP, US, FAO, GAIN, WFP
Skills Development	Australia, EU, WB, ABD, Japan, IDB, China, Australia, Pakistan, Malaysia, Korea, US, ADB, UK, Germany, India, Thailand, Denmark, Sweden, Netherlands
Rural Development	Denmark, IFAD, Japan, UK, SDF, WB, Netherlands
Health	Denmark, Canada, EU, Japan, Korea, Sweden , UNICEF, UK, US, WB, UNFPA, Canada, China
Public Administration	Canada, Japan, Norway, UK, USA
Labour and Employment	Canada, EU, Sweden, ILO, US
Environment/Climate Change/ Disaster Management	Germany, EU, Sweden, UK, UNDP, US, WB, Canada, Saudi Arabia, Kuwait, Sweden, AFD, Denmark, Norway, China, UAE,
	Japan, Korea, AIIB
Local Government	EU, UNDP, Sweden, Japan, US
Urban Development	France, Japan, UK, UNDP, WB, AFD, Germany, IDB, Sweden,
Women and Gender	Netherlands, Norway, UNDP, UN Women, UNFPA, ADB

Source: ERD, 2017c; World Bank, 2016, ERD, 2017b

Therefore, Bangladesh and its DPs included implementation of the harmonisation principle in the ‘Scope of Work’ of the LCG Working Group section of the JCS (AEU, 2010b). Realising the importance of the division of labour to harmonise donor actions, the Aid Effectiveness Working Group (AEWG) was assigned to work on the issue. It is evident from the 1st and 3rd AEWG meeting minutes and interviews that a task force was formed to take necessary steps and prepare a concept paper on the division of labour and donor complementarity. Eventually, in 2011 a concept paper was prepared with the support of the EU and shared with AEWG members for their feedback. After review, AEWG members recommended more work on the draft and made certain changes. However, the issue did not move further ahead (AEU, 2010c; AEU, 2011a). The person responsible on behalf of the Government, also a Task Force member, was asked about progress and responded:

“Concept paper was finalised on Division of Labour and Donor Complementarity. All EU Members were happy to have division of labour and work in three sectors and if any DP likes to work in more than three sectors that DP needs to provide the fund in budget support or join in a SWAP. But big DPs like Japan, World Bank, ADB and other said that they have hundreds of projects, they work in many areas and they have their own priority areas and sectors so it is difficult for them to stick to three sectors only and it is difficult for them if government tells them to work in specific sectors which they are not interested to work because of their country/headquarter policy and strategy. So, except EU none agreed to division of labour. On the other hand, the government could not take a strong position because of the fear of losing fund.” (Interviewee G12, 2018).

However, immediately after the Rome Declaration, four major donors the WB, ADB, Japan and the UK, conducted a review of donor co-ordination and harmonisation and formulated a Joint Strategic Framework (JSF) in 2005. They later formulated country strategies on the

basis of the JSF but did not implement it because of the absence of agreed practical steps to select specific sectors and a common monitoring framework (AEU, 2010a). A point to note is that DPs undertook the initiative of the JSF in 2005, the year of Paris Declaration, which again was linked with an international event.

Thus, both Government and DP initiatives remained unsuccessful in implementing harmonisation and division of labour in Bangladesh. Previous research on donor co-ordination in Bangladesh reached the same conclusions (Welle et al., 2009; Rahman and Khan, 2010). Government officials, DP representatives and professionals provided different views at the time of interview. However, all commonly identified two DP issues as predicaments to implementing the division of labour; a) donor country strategy or political/strategic agendas, and b) competition among DPs. Interviewees responded in relation to these views as follows:

“[...] the problem is every DP has his own agenda. Like [name of the DP remains anonymous] is under the MoFA that’s why government thinks that foreign aid is one way of diplomacy [.....] harmonization among the DP is not the reality. We do not see spirit among the DPs to implement harmonization because everybody has own agenda/ country strategy and they need to report to headquarter. They have their mandate from their government and we have our mandate from our government. So there is no scope of harmonization.” (Interviewee D12, 2018). “DPs have their own agenda, policies and strategies which drive them. So, it is simply not a case that we neatly put everything behind the GoB Five Year Plan [.....] there were lots of discussions among EU partners about division of labour, no EU partner should involve in more than three or four sectors but that did not happen because everybody had their own agenda/interest.” (Interviewee D8, 2018)

[.....] we are our competitors [.....] in the operational divisions our primary business is lending. We are a bank, we are a lending institution. Operation divisions’ performance is assessed. How many projects did you take? How many projects did go to the Board? Our performance is assessed

[.....] it is project-based. Although I know it is supposed to be done by [name of the DP remains anonymous] but I would like to do it to become sector leader, for my credit. [.....] I would like to take the project, I will not think that [name of the DP remains anonymous] in working in this area so let me not go there. As SWAP system is not in place I will try to do as much project as I can.” (Interviewee D2, 2018).

An aid management consultant talked about the dominating attitude of the major donor and said:

“DPs also has not been able to develop consensus among themselves to flagging their interest because there is also the play of muscles we see in Bangladesh there are five big muscles: [name of the DP remains anonymous] and small DPs have their dissatisfaction with the foul play of this big five. One, they want to get involve in every sector and they all want to involve in the construction sector where big money is involved. They leave no room for small DPs to raise their voice or get involved in the basic sector.” (Interviewee P3, 2018)

Although some interviewees recognised SWAP as the solution to division of labour (Interviewee D9, 2018), most of them believed without head office or Government decisions, country level implementation of division of labour or harmonisation is not possible (Interviewee D12, 2018; Interviewee P8, 2018; Interviewee D4, 2018; Interviewee D11, 2018). Some interviewees mentioned that most DPs and perhaps Government understood that the division of labour or harmonisation was not possible, thus, although some discussion had taken place in the past, no discussion had taken place recently (Interviewee D6, 2018).

However, some interviewees argued aid policy could address the issue of harmonisation and division of labour but due to weak Government leadership and non-cooperation from DPs, it was not approved. They believed that LMs could work with limited DPs comfortably and there would not have been any need for the ERD to engage in donor co-ordination. Hence, Government could relieve itself from the huge expenditure of 500 staff salaries, infrastructure facilities, cars and so on. Instead, funds could be invested for development projects (Interviewee P3, 2018; Interviewee P2, 2018).

6.4.2 Alignment of Aid with Bangladesh's Priorities

Alignment of aid with recipient country priorities is one of the very important criteria promoted in the aid effectiveness agenda. The whole idea developed as a solution to donor-driven, fragmented, ineffective aid (Khatun, 2008; Rahaman and Khan, 2010; Booth, 2011). A review of the Joint Co-operation Strategy (JCS) document shows that both Government and DPs admitted to poor alignment of aid with national development priorities and committed to increasing alignment (AEU, 2010b). Therefore, after the signing of the JCS, it was expected that DPs would prepare their country strategy papers after deep consultation with Government and reach a consensus about priority areas of investment in signing the JCS (Interviewee P3, 2018). However, the consultation process did not take place and one policymaker stated the situation in the following way:

“Our voice is not reflected in Country Strategy Paper of DPs. They are following their old style. They come to us with a ready-made paper and just ask for our opinion but they do not involve us in preparation steps/stages. They bring a ready-made thing for discussion/input [.....] time has come when DPs should identify what methods they like to use to align their country priority with us. Otherwise, global commitment is immaterial.” (Interviewee GE1, 2017).

Furthermore, one respondent stated DPs had their own country priorities and strategies and these were the main driving force when formulating a country strategy paper. However, they would word that very carefully and say that strategy was aligned with the Government's Vision 2021, without mentioning which section or specific action of Vision 2021 was aligned. It meant they kept things vague (Interviewee P8, 2019). A scrutiny of some major DP country strategy papers supports this view but no specific alignment is shown in the documents. For example, the Asian Development Bank in its country partnership strategy (2016-2010) states that, *“ADB assistance is strongly aligned with the Government's Vision 2021 and its Seventh Five-Year Plan’* (Asian Development Bank, 2016; p.1). USAID, in its country development co-operation strategy (2011-2019) mentions that, *“USAID/Bangladesh's CDCS is based on Government of Bangladesh designed national plans, including the Sixth Five-Year Plan for 2011–2015’* (USAID, 2011; p.5).” The World Bank says, *“consistency with the Government's 7th Five Year Plan to ensure strong country*

ownership” (World Bank, 2016; p. iii) and DANIDA’s Bangladesh country programme just mentions, “*the country programme is aligned with the priorities set out in Bangladesh’s national development plans.*” (DANIDA, 2014; p.1).

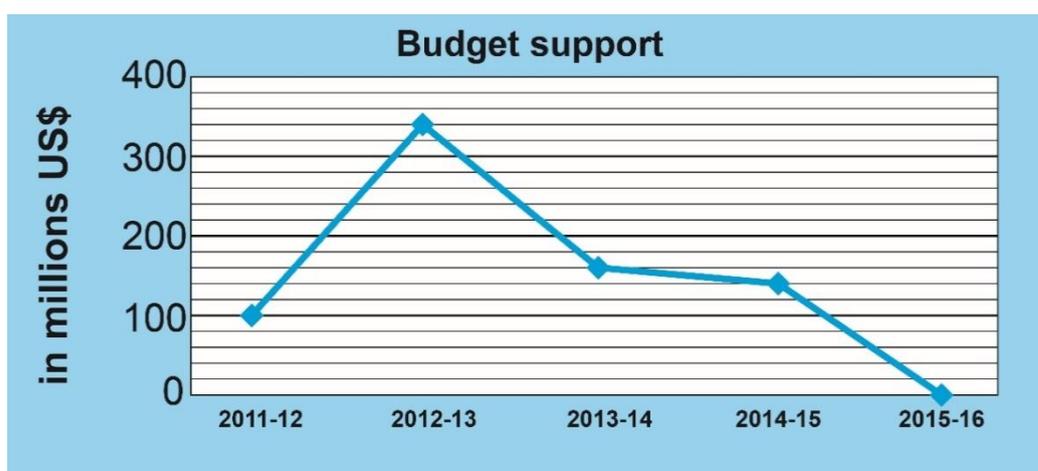
Another view is that the way DPs are currently aligning their projects, is more of an alignment with the broader agenda of the Government than actual alignment with the priorities, which are outlined in the Five Year Plan (Interviewee P3, 2018). A recent study reveals that due to the lack of proper alignment currently, aid is not truly demand-driven, it is demand-driven in the sense that it falls under the wider requirement of the Government but if it is examined from the Five Years Plan’s objectives, it is not perfectly demand-driven. This type of demand-driven aid is not well co-ordinated either (Ahmed, 2017).

The aid effectiveness agenda considers budget support and a sector-wide approach as a good mechanism for alignment. However, the GPEDC (2016) monitoring report stated that development co-operation on budget decreased to 75%, which was 80% in 2010 and 84% in 2013. The flow of external resources (2016) also mentions the decrease of budget support as shown in the Figure 6.4. However, DPs have different opinions about budget support and due to issues with Bangladesh Government systems, are not confident about providing budget support.

“If you look back few years ago [name of the DP remains anonymous] was massive provider of Budget Support, it is not all about the aid effectiveness agenda, it was about ownership and harmonization and use of country system. But accountability is not there, discussion of reformed was there but did not take place. So we give up budget support.” (Interviewee D8, 2018).

DPs believe that Government is not ready to take ownership of development and do not like to hand over money directly to them, believing Bangladesh can’t use money effectively (Interviewee D5, 2018).

Figure 6.4 Aid Flow as Budget Support



Source: ERD, 2016c

Regrettably, although DPs made a strong commitment to increasing SWAPs in the JCS, the number of SWAPs did not increase. Currently, two SWAPs are functional as they were before the signing of the JCS. Moderately functional LCG mechanisms, the BDF, the LCG plenary and the LCG-WG probably failed to improve alignment of aid. At the same time, budget support decreased and SWAPs remained static.

6.4.3 Predictability of Aid

The aid effectiveness agenda stresses the predictability of aid under the harmonisation principle because unpredictable aid impacts planning and project implementation of the recipient country. Thus, the importance of predictability was clearly stated in the JCS vision that ‘we also commit to increasing multi-year predictability of aid flows’ (AEU, 2010b; p.4). According to the GPEDC (2016) monitoring report, year-to-year predictability of aid increased from 61% in 2013 to 84% in 2015. A multi-term predictability target was almost achieved - 99% and 64% in 2013. However, disbursement beyond schedule stood at 54% (GPEDC, 2016a). Few interviewees expressed concern about beyond scheduled disbursement because it not only delayed project implementation time but also reduced grace periods and increased commitment charges (Interviewee P7, 2018).

The ERD’s recent report shows that the percentage of disbursement has increased by 1.6% in 2018 compared to 2017. However, DP disbursement against commitment is still a great

concern and as a result of slow disbursement, in June 2018 USD 44.46 billion in foreign aid is now in the pipeline (ERD, 2019). Government and DP interviewees expressed different views at the time of interview. DPs said Government bureaucracy, corruption and poor implementation of the Annual Development Plan (ADP) were the reasons behind the delayed disbursement of aid money (Interviewee D11, 2018). In the 2017-18 financial year, the ADP implementation rate was 66% and the aided project implementation rate was 86%. DP disbursement depends on the utilisation of allocated funds, so slow ADP implementation impacts on late disbursement (IMED, 2019). On the other hand, Government officials and professionals believed DPs conditionality and bureaucracy including communication gaps between local and head offices were the main reasons for delayed disbursement (Interviewee G4, 2018; Interviewee P13, 2018, Interviewee P5, 2018).

However, DPs felt conditionalities were agreed and incorporated in the agreement, so the Government had to implement these for smooth disbursement (AEU, 2010a). Since aid agreements are not made public either by Government or DPs, conditionalities become public when a failure to comply is reported in the media or some other public means. This creates a negative impression about Government and DPs, adversely impacting on DP-Government relationships, sometimes causing a delay in disbursement (AEU, 2010a). Although not significant, differing financial years of Government and DPs sometimes create problems in recording data and making disbursement plans (PRS-HAP Cell, 2008). Issues such as predictability or delayed disbursement require close relationships and continuous discussion between DPs and recipients. The JCS gave an opportunity to Government and DPs to take pragmatic actions but because of poor implementation of the JCS, predictability and disbursement did not improve as expected.

6.4.4 Aid Modalities and the Tying of Aid

Due to the absence of policy, aid flow in Bangladesh is donor-driven. DPs determine modalities such as project aid, pooled finance, programme based aid, buyers' credit, suppliers' credit, blended finance and climate finance through budget support (AEU, 2010a). The choice of sectors and modalities are also determined by DPs (AEU, 2010a). At the time of interview, a number of development partner representatives said that according to the rules, the Government was supposed to design projects and ask for aid from DPs. In reality, DPs prepared projects analysing Government priorities and asked the Government whether

they would like to take this project or not, which was outlined as a priority in the Five Year Development plan. Due to such practices, DPs were able to feed projects in their preferred sectors and determine aid modalities that suited them best (Interviewee D2, 2018; Interviewee D4, 2018; Interviewee D5, 2018; Interviewee D12, 2018; Interviewee D6, 2018).

However, Government official sometimes felt that kind of practice happened but Government accepted DP proposals and aid modalities, afraid of losing funds (Interviewee GE1, 2017; Interviewee G12, 2018). Government officials also said that in the same way, DPs also tied aid and pushed Government towards a “take it or leave it” position. Furthermore, aid is not yet channelled to the Government treasury in all cases. One aid consultant to the Government said:

“[.....] this is peoples’ resources, people want to know how they are being brought, how they are being expended but unfortunately the Government could not implement this. [.....] but many of the development partners do not like to process the aid through the treasury. They (DP) put the money to the project. The development partners negotiate with the Government in so many ways [.....] for bilateral donors, it comes to Standard Chartered Bank and for the Bangladesh’s own budget Bank of America to Bangladesh Bank. For the bilateral donors’ they actually issue a beneficiary cheque to project director through Standard Chartered Bank.” (Interviewee P3, 2018).

DPs argue that being scared of corruption and a misuse of funds, they determine the best possible option to channel their funds, including creating pooled funds operated by UN organisations such as the UNDP. However, Government officials said donors like to use fund channel options to impose conditionality or tying. A DP representative said that tied aid still exists but in different forms as in the case of her country:

“DPs very smartly make aid tied although they always talk about untied aid. [Name of the development partner remains anonymous] in aid agreement mentions about technology or product which is not available anywhere in the world, so its look untied but practically tied. [.....]. Another example could be bidding process. Aid agreement will say that bidding is open but conditions will be set in a way that only [DP country’s] companies can meet

biding requirements [.....] we have to remember that DPs will not provide money without their interest.” (Interviewee D5, 2018).

Nevertheless, the JSC with its mechanisms such as the LCG and the LCG-WG’s effective implementation and strong Government leadership may reduce aid modalities and tied aid but the situation remains the same as it was earlier.

6.5 Collaborative Policy Implementation Process

The Bangladesh Government and its development partners adopt a top-down policy implementation approach to implementing aid effectiveness, in line with the top-down, upstream policy implementation approach of the Paris Framework or the aid effectiveness agenda. This chapter suggests Economic Relations Division (ERD) officials, especially officers of the Aid Effectiveness Unit and later the Development Effectiveness Unit, in association with DPs, formulated necessary policies to implement collaborative mechanisms such as the Local Consultative Group and the Sector Working Group. Sometimes, the ERD included the Planning Commission in the policy formulation process but not line ministry or executing agency officials except few consultation meetings. The Government of Bangladesh by convention, applies a top-down policy implementation model to execute national development plans (GED, 2015).

The top-down public policy implementation approach requires strong command and supervision (Pressman and Wildavsky, 1973; Parsons, 1995). Policies formulated in consultation with Government stakeholders and DPs was executed through office orders and circulars but responsibility for distribution among line ministries and agencies was designed by the ERD alone. Line ministries and agencies were later asked to implement policy with one or two days of orientation training without proper guidelines for implementation. The ERD, as a wing of the Ministry of Finance is a policymaking body and does not have the authority to command other ministries to execute policy. Moreover, the ERD does not have enough human resource to supervise around fifty line ministry activities. Therefore, the ERD failed to command other executing ministries and was neither able to supervise them. However, a strong Government commitment could be helpful for the ERD in applying a top-down policy implementation approach and perhaps that commitment was missing. This is crucial in the top-down public policy implementation process (Elmore, 1979). As a result of

poor supervision, lack of training and appropriate guidelines, the ERD probably failed to provide a proper understanding of policies to the LMs and divisions.

An examination of the March 2014 meeting minutes of Local Consultative Group (LCG) plenary and LCG-Working Groups (LCG-WG) demonstrates line ministry officials' misunderstanding about the purpose of the economic-sectoral LCG-WG. They thought the LCG-WG was for discussion of core aid effectiveness issues such as fragmentation and harmonisation but DPs considered it policy discussion and results management. That misunderstanding eventually impacted the operation and the forum became non-functional (ERD, 2014).

The ERD also did not request the line ministry to appoint or assign an officer to oversee aid effectiveness related activities or mechanisms and the presence of development partners at line ministry-level forums such as the LCG-WG made the implementation process more complex in the absence of a proper distribution of responsibilities and rules of business. It also seems the ERD was an incoherent but strong link between the policy and implementation process. Together with stakeholder participation, this is very important in the top-down approach (Hill and Hupe, 2002; Parsons, 1995). The ERD has also overlooked Gunn's (1978) suggested preconditions for successful top-down policy implementation, for example a complete understanding of the objectives to be achieved, task specification, effective communication protocols and strong leadership for compliance. Therefore, not only do the Government donors have contending interests, Government incapacity or donor non-cooperation contributed to the non-functionality or poor performance of collaborative arrangements. In addition, poorly designed and inefficiently executed top-down policy implementation processes added to this.

6.6 Conclusion

This chapter reveals that there has been a surge in interest among DPs and Government because of the commitments made at international level to undertake collaborative efforts to implement the aid effectiveness agenda. The discussion of this chapter corresponds to the second research question: collaborative efforts of the Government of Bangladesh and its development partners in relation to the aid effectiveness agenda and impact of collaboration. The chapter minimises the knowledge gaps in relation to the joint effort of donors and recipient in implementing the aid effectiveness agenda. It appears that Government's obligation to formulate an action plan, international commitment of both donors and recipients and peer pressure of some DPs to others perhaps contributed to signing of the Joint Co-operation Strategy (JCS) as a means of collaborative implementation of the aid agenda. The JCS was structured with four components: the Bangladesh Development Forum (BDF), the Local Consultative Group (LCG), the LCG Sector Working Group (LCG-WG) and the JCS action plan.

A few objectives of the JCS was achieved that contributed to the aid and development administration of Bangladesh. For example, the jointly prepared and agreed Development Results Framework for the 6th and 7th Five Year Plans, reform of public finance management, introduction of the Medium-Term Budgetary Framework (MTBF), a tripartite meeting for aid project progress monitoring and participation in international aid effectiveness surveys. However, the Government expected the JCS would help address fundamental issues related to aid effectiveness such as harmonisation, division of labour, alignment, predictability and disbursement and use of country system, which did not progress at all.

The chapter unveils the Bangladesh Development Forum (BDF) was identified as an apex body for approving strategy and overseeing implementation of the collaborative efforts but it became irregular and ineffective. The Local Consultative Group (LCG) was recognised as the main platform for decision making and execution of decisions on aid effectiveness, however, eventually it became non-functional. Furthermore, economic sector-level LCG working groups were created to deal with aid effectiveness issues at the sectoral-level, introducing effective policy and strategy and effectively managing appropriate projects but the LCG-WGs was unsuccessful. Two action plans were formulated under the JCS, one for 2010-2011

and another for 2012-14. A scrutiny of the action plans shows that among the addressed actions, most were accomplished by the Government. For example, the inclusion of a Development Results Framework (DRF) in the Five Year Plan, Medium-term Budgetary Framework (MTBF), Project Proposal Format and Social Protection Strategy. However, planned actions requiring DP co-operation or support were not accomplished, for example, the division of labour, donor mapping, use of a country system and a reduction of the Project Implementation Unit (PIU).

Evaluating Government-DP collaborative mechanisms, the BDF, LCG, LEC-WGs and action plans under the Joint Co-operation Strategy (JCS), this chapter suggests collaborative mechanisms were difficult to implement effectively, due to a number of reasons. These were the contending interests of DPs, a preference for own systems and procedures, prioritising country strategies and interests, differing interpretations of aid effectiveness principles, an absence of operating procedures, a lack of respect for Government leadership, a dominating attitude, weak leadership and capacity issues in Government. In addition, weak co-ordination among mechanisms and systems, and hunger for fund (Green and Curtis, 2005) and a fear of losing fund, reluctance to face DPs for accountability reasons and also the continuous change in the aid agenda at the international level. However, the aid effectiveness agenda clearly emphasises collaborative arrangements and partnerships, and principles are outlined in a way that they cannot be achieved without collaborative arrangements or true partnerships.

The chapter also considers that the initiatives of collaboration and country level activities are international event-centric and demonstrate a visibility tendency. For example, the Harmonisation Action Plan (HAP) was drafted just before the Paris HLF and was signed after the event. Likewise, a Statement of Intent to prepare the Joint Co-operation Strategy (JCS) was signed in August 2008 and the Accra HLF convened in September 2008.

The top-down policy implementation approach of the Government of Bangladesh in implementing collaborative instruments or mechanisms with development partners has not been found to be effective. A number of issues contributed to this, for example poor programme design where no link is established between stakeholder organisations, a lack of comprehensive guidelines and supervision, an absence of dedicated officials, task specification and organisations, effective communication and strong leadership for compliance. The presence of development partners at line ministry level forums such as

sector working groups made the function difficult in the absence of proper rules of business. A relatively ineffective top-down policy implementation approach had also contributed to the overall outcomes of the collaborative mechanisms.

Chapter 7

The Current Aid Effectiveness Agenda in Bangladesh

7.1 Introduction

The chapter suggests the Government of Bangladesh and its development partners (DPs) are not striving hard enough to implement core aid effectiveness principles and indicators. Similarly, little enthusiasm is observed in activating mechanisms such as the Local Consultative Group (LCG), the Sector Working Group (LCG-WG) and the Aid Effectiveness Working Group (AEWG). A number of reasons are identified in the following discussion for this situation. For example, the impact of international change on the aid effectiveness agenda: from aid to development effectiveness, the inclusion of aid effectiveness principles, the framework of ‘unfinished business’, the non-binding nature of the GPEDC framework and a lack of international initiatives at country level. Local officials believe the aid effectiveness agenda is no more a priority, there is an absence of project funds and implementation of some principles and targets has not been effective. Most interestingly, it appears from document analysis and interviews, that although there are no such activities at country level to implement aid effectiveness principles, Government and DPs are promoting previous mechanisms and initiatives in their publications and in international forums in such a language that aid effectiveness implementation mechanisms are still functional and both parties are still endeavouring to implement aid effectiveness agenda.

Chapter 2 presents information about the impact of international change on the aid effectiveness agenda at country level and the implementation status of ‘unfinished business’. This chapter responds to the third research question, What is the current implementation status of the aid effectiveness agenda in Bangladesh and, why do the Government and development partners appear unwilling to implement it further? It aims to reduce the knowledge gap in understanding the impact of international change in aid effectiveness at country level and the current initiatives of recipients and development partners to implement ‘unfinished business’. Furthermore, the chapter sheds light on a leading recipient country for foreign aid and co-chair of the Global Partnership for Effective Development Co-operation (GPEDC); the organisation responsible for aid and development effectiveness related activities. Most importantly, to the best of the writer’s information, this is the first extensive documentation of Bangladesh’s initiatives to implement the aid effectiveness agenda as well

as the “unfinished business” of the agenda. This chapter investigates the situation of Bangladesh in order to fill some of these knowledge gaps.

Discussion is guided by four themes: i. country level for the change in the agenda; ii. implementation status of “unfinished business”; iii. international promotion of country level activity; iv. policy implementation process. Section 7.2 examines the impact of the change in the aid effectiveness agenda in Bangladesh. Section 7.3 reviews the current implementation status of the aid effectiveness agenda. Section 7.4 discusses insignificant country level activities but their promotion remains the same in documents and at international forums. Section 7.5 examines current policy implementation process in terms of the aid effectiveness agenda. A conclusion is presented in section 7.6.

7.2 Changes in the Aid Effectiveness Agenda and Impact in Bangladesh

Most of interviewees, Government officials, DPs, academics and CSO representatives, mentioned international change in the aid effectiveness agenda i.e. the shift from aid to development effectiveness, had significantly impacted country level initiatives (Interviewee GE1, 2017; P3, 2018; GE6, 2017; D10, 2018). One policymaker stated the shift from time-bound, indicator-based assessment to a voluntary approach in 2011 at the Busan HLF had changed the dynamics and DPs at country level were not showing the commitment they did before:

“[.....] earlier when we worked together on any global issue like monitoring survey, evaluation or OECD activity or mutual accountability survey even in our local issues, each DP contributed directly and their commitment was there. But this is missing now. I do not know why this is missing. I raised this issue in global forum and they talked about manpower shortage in Bangladesh but whoever working in Bangladesh I see lack of enthusiasm among them. In every issue they like to see how much labour they need to give and other issues. It is a global commitment, I understand as a country I have the responsibility to implement it and it is also DPs responsibility to support this. I see lacking in their support.” (Interviewee GE1, 2017).

He continued by saying that [name of DP remains anonymous] agreed to support the Government in results management and mutual accountability. When head office organised meetings in Dhaka, their local office was not proactive. Likewise, [name of DP remains anonymous] appointed an international organisation to help the Government of Bangladesh with geo-coding of the Aid Information Management System (AIMS) but the Government did not receive the expected level of co-operation from DP local offices (Interviewee GE1, 2017). Another interpretation was that under the “Strengthening Capacity for Aid Effectiveness in Bangladesh (2012-2016)” project, the Aid Effectiveness Working Group (AEWG) undertook all aid effectiveness related activities. So, DPs were not required to involve themselves too much in day to day activities, since the AEWG took care of that. However, when the project ended it was expected that DPs themselves would perform aid effectiveness activities of their own but this did not happen either. Moreover, DPs were not extending their support for the second aid effectiveness project (Interviewee GE1, 2017).

Conversely, some DPs thought their efforts had decreased due to the understanding that the aid effectiveness agenda did not work as expected and after reform from aid to development effectiveness, they received fewer instructions from head offices to implement “unfinished business”. Their understanding was that implementation was not at the top of their priorities (Interviewee D10, 2018; Interviewee D11, 2018; Interviewee D5, 2018; Interviewee D8, 2018). Therefore, their head office efforts were reduced:

“There was a wave ten years ago and we really pushed hard to implement Paris [.....] there is also a kind of resignation that the Paris did not work. Now we are not serious. We were over serious. Even the mission came to review whether we were really implementing. We need to send reports twice a year as Paris Brief [.....] I think there is no push to implement Paris. We still adhere to the principles, we talk about the principles but that drive to follow through has gone. It did not work.” (Interviewee D10, 2018).

Another DP interviewee admitted she previously saw some activities to implement the aid agenda but currently did not see any (Interviewee D12, 2018). However, the interpretation of another DP about the lack of enthusiasm was that aid effectiveness principles and indicators were myths and thus, they lost interest in driving the agenda (Interviewee D11, 2018). Some DP interviewees felt the idea and objectives of the GPEDC were not clear to most DP local

officers. They might receive emails from head office but as head office were not giving as much importance to GPEDC's country level activities as they did previously, local offices did not take it seriously (Interviewee D11, 2018; Interviewee D4, 2018). At the time of interview, a DP representative said that she was posted in Dhaka for two years and did not hear any discussion about aid effectiveness in her office (Interviewee D5, 2018).

Another interviewee's interpretation was that as DPs did not ask their local officers to attend international aid and development effectiveness events and only head office staff attended, the whole idea was not effectively transformed to the local office as it could be if they physically attended those events. He continued that instructions came to the local office in the form of email or office orders to take action on aid effectiveness related issues. However, the current GPEDC discourse was not straight forward because it mostly talked about development effectiveness, which was a broad concept and also included aid effectiveness principles as "unfinished business". Although it had an assessment framework, a combination of aid effectiveness and development effectiveness made it very complex. He also added that as head office did not give the same importance to development effectiveness that they did in the case of implementing the Paris principles. They did not provide any clear guidelines to their local office about implementation of the development effectiveness agenda as well as the "unfinished business" of aid effectiveness (Interviewee P5, 2018).

Interviewees opined the Paris Framework was assessed with serious, country level engagement of the Working Party on Aid Effectiveness (WP-EFF) and continuous monitoring to oversee the implementation process at the country level. However, the GPEDC framework had given responsibility to recipient countries to assess themselves, including the implementation assessment of "unfinished business" (Kim and Lee, 2013). Previous studies have also pointed out this issue (Abdel-Malek, 2015). Interviewees believed due to this new country-led assessment arrangement of the progress of the GPEDC framework, the importance of the assessment was lost and there was a likelihood of bias in the process due to the possibility of a "a tick-mark" exercise (Interviewee P3, 2018).

In the Paris Monitoring Survey, the Working Party on Aid Effectiveness (WP-EFF) was directly involved in country level evaluation, involving Government, DPs and reports were collectively prepared by both. Thus, Government and DPs understood the reality of their

efforts and outlined future actions. However, in the GPEDC monitoring process, respective countries provide data in consultation with stakeholders and the Joint Support teams of the OECD and UNDP compile reports (GPEDC, 2018). This process undercuts equal participation of Government and DPs and impacts the ownership of the process. Moreover, there are views that as a consequence of overly focusing on SDG achievement, GPEDC attention focused less on the accomplishment of indicators included in the GPEDC framework and the “unfinished business” of aid effectiveness. One Government aid management consultant involved in the implementation process from the very beginning, in fact after the Rome Declaration of 2003, said:

“[.....] The focus of effectiveness agenda at the global level has been shifted from country-specific mandate to global mandate into the framework of Sustainable Development Goals. So the goal concept and the principle concept seem to be really different [.....] The current monitoring framework became a voluntary agenda of the development cooperation but during the Paris regime it was not as voluntary as it is now. It was almost a mandate to achieve the agenda of ownership, alignment, harmonisation, accountability and results. [.....] When 12 PD monitoring indicators were developed that is being effectively monitored. And then what happened after Busan, indicators were there but it had been reduced to 10 indicators within that 10 indicators there was huge diversification and there was no coordinated effort [.....] from Paris to Accra to Busan the shift has not been very uniformed, has not been very well thought of in the sense that Paris Task Force was actively involved and most importantly the dedicated team was there to achieve the outcomes [.....] Working Party was very dedicated with responsibilities and reporting in terms of achievement of these outcomes.” (Interviewee P3, 2018).

Unfortunately, the current GPEDC framework does not include any element of harmonisation and ownership (Cameron and Low, 2012) although result management, alignment and mutual accountability are included. It can be said that it is embedded as “unfinished business” but as result management, alignment and mutual accountability are included in the main framework of the GPEDC, there is no harm to include two indicators on ownership and harmonisation. An argument can be made that as these two principles are difficult for DPs to implement and

it goes against their own political agendas and systems, they have intentionally and wisely excluded ‘ownership’ and ‘harmonisation’ principle related indicators from GPEDC’s main framework so that they face less pressure or challenge from recipients. An interviewee opined:

“In that perspective the whole spirit of the PD demands to enforce ownership, enhancing ownership and establishing ownership. In order to do this, it has created four other principles like the ownership will be effective if it is aligned with country’s expectation, if it can be harmonised with countries rules and procedures and if it is being directed to achieve results in an accountable manner. So that was the critical area where it had lost its importance after Busan.” (Interviewee P3, 2018).

A number of initiatives were taken as part of the implementation of the aid effectiveness agenda but due to the transformation at Busan, most were either stopped or did not progress as well as expected. The approach of the GPEDC is totally different from Paris and the way the GPEDC is structured, it is very difficult to have the same level of impact especially in relation to aid effectiveness. The Paris framework was developed giving complete focus to country level implementation, results and assessment (Booth, 2011). Recipient countries were focused on achieving the target which ultimately helped improve the system and enhance aid effectiveness. However, the GPEDC has broadened the horizon of vision giving more focus to goals than principles (Busan Statement, 2011; Bracho, 2017; Interviewee P3, 2018).

A Government policymaker even expressed concern about aid recipient country interests as members, the structure and existence of the GPEDC. He said that aid recipient countries liked to see the GPEDC pay more attention and develop a concrete action plan to address “unfinished business” along with SDG focused activities. He mentioned two secretariats, one in the OECD and another in the UNDP, were a serious problem. It was understandable that in doing so, the donor community was trying to ensure UN affiliation and recognition for GPEDC’s greater acceptance and image. However, it caused a serious operational and direction problems for the organisation. Moreover, he stated that four co-chairs and many members of the Steering Committee created operational problems and it was understood that the structure reflected an “accommodate all philosophy” of the GPEDC, which itself was the main problem of the organisation (Interviewee GE1, 2019).

He continued that GPEDC was proactive in implementing SDGs and therefore it monitored progress through its monitoring framework but the UN had its own organisation, the United Nations Economic and Social Council (ECOSOC) and the High-level Political Forum on Sustainable Development, which was responsible for the progress, monitoring and implementation of SDGs. On the one hand, the GPEDC was giving less effort to drive “unfinished business” and on the other, it was giving more emphasis to the implementation of SDGs where ECOSOC was leading the agenda. This policymaker also said that they worked closely with UN organisations including ECOSOC on implementation and monitoring of SDGs. Thus, if the GPEDC only undertook similar activities without focusing on “unfinished business”, aid recipient members would lose interest. He expressed concern about the future of GPEDC (Interviewee GE1, 2019). Another interviewee stated:

“The whole perspective of relationship in the GPEDC has become a convenience shopping; participating in global agenda, participating in global dissemination, seminars, symposium and other things [.....].”
(Interviewee P3, 2018).

The international event focused country level activities of the aid effectiveness agenda have been extensively discussed in Section 6.2.1 and 6.2.2 of Chapter 6. It appears that both Government and DPs became active, either before or after an international event in preparing evaluation or progress reports, setting-up organisations and committees and holding meetings or country level events. Perhaps before international events, they worked on the commitments and issues they were supposed to address so that they could showcase these and appear active and committed to implementing the aid effectiveness agenda. Similarly, country level activities increased immediately after an international event as different decisions were made and certain actions were agreed for implementation instantly. Although the GPEDC holds High-Level Forums, Steering Committee meetings, promotes “unfinished business” after the Busan HLF and the dissolution of the Working Party on Aid Effectiveness, a number of international events and other undertakings related to the aid effectiveness agenda have reduced significantly. This reduction contributed to fewer country level activities in relation to the aid effectiveness agenda.

Furthermore, it is also evident from the discussion in chapters 5 and 6 that most aid effectiveness-related activities were undertaken with financial support from “Strengthening

Capacity for Aid Effectiveness in Bangladesh (2011-16)”. For example, the Aid Information Management System (AIMS), the Development Finance Assessment (DFA), Capacity Assessment Reports of the Economic Relations Division (ERD) and five line ministries, a draft national policy on development co-operation and support to the Local Consultative Group (LCG) and the Working Group (LCG-WG) and organising the Bangladesh Development Forum (BDF). However, after the end of the “Strengthening Capacity for Aid Effectiveness in Bangladesh” project in 2016, the Economic Relations Division (ERD) did not take any project dedicated to the aid effectiveness agenda or “unfinished business”. Though it is expected that the Development Effectiveness Wing (DEW) of the ERD might undertake activities related to aid effectiveness, its activities diverted to routine activities such as participation in GPEDC events and desk-work for GPEDC monitoring surveys. The DEW is also supposed to provide secretarial support to the LCG and the LCG-WG but both of these mechanisms are currently inactive. Sharing her experience, one development partner interviewee said:

“Government did not talk to DP about GPEDC objectives and ask for DPs’ support [.....] Most of the DPs do not know 10 priorities of GPEDC.”
(Interviewee D4, 2018).

7.3 Current Implementation Status of the Aid Effectiveness Agenda

The positive intent of both the Government of Bangladesh and its development partners to implement the aid effectiveness agenda was reflected in the signing of the Joint Co-operation Strategy (JCS) in 2010 and ensuring implementation through “Strengthening Capacity for Aid Effectiveness in Bangladesh (2011-2016)”. As mentioned in the JCS document, the goal of the JCS was to introduce different mechanisms to implement aid effectiveness and the main objective of the project was to develop an effective, transparent and accountable aid management system that ensured aid effectiveness (AEU, 2010b; ERD/UNDP, 2011). It was understood from both Government and DP interviews that signing of the JCS and funding support from “Strengthening Capacity for Aid Effectiveness” would help to establish a permanent, organisational set-up to deal with aid and development effectiveness issues. However, the discussion in chapters 5 and 6 suggests the organisational set-up and mechanism were not successfully implemented. Mechanisms which were introduced, did not function as expected. Nevertheless, the establishment of the Development Effectiveness

Wing (DEW) in the Economic Relations Division (ERD), a dedicated wing to undertake all activities related to aid and development effectiveness on behalf of the Government, was a notable success and it was expected that the DEW would take initiatives to implement aid effectiveness. However, the function of the DEW over the period became diverse. Organisational focus shifted along with implementation. The following is a brief description about DEW's branch and sections, to give some idea about diversification of activities and engagements (ERD, 2017).

DEW comprises three branches and six sections. The branches are External Economic Policy (EEP) with sections EEP-1 and EEP-2, Development Partnership Management and AIMS with Development Partnership Management-LCG and Development Co-operation Information Management-AIMS sections and Innovative/Climate Financing and Research with Innovative/CC Financing and Research on Development Co-operation sections. The activities of each branch and section are briefly discussed as follows. The main functions of the EEP branch foreign assistance related policy formulation and implementation, collection of information on the international economy, international economic relations, co-ordination and communication with international organisations, representing ERD's membership internationally, research on economic and development policy and ERD's documentation and Library (ERDOC) management. Section one of the EEP is assigned for policy formulation related to development co-operation, matters related to the ECOSOC second committee-UNGA, least developed countries (LDCs), the Istanbul Programme of Action (IPoA), the UN ESCAP and world economic outlook. Section two looks after matters related to the Commonwealth Secretariat, the Colombo Plan, NAM and SAARC, and prepares briefings for the Finance Minister and other Senior Finance Officials (ERD, 2017).

The Development Partnership Management and AIMS branch is responsible for the effective use of foreign aid, co-ordination with GPEDC, the Asia-Pacific Development Effectiveness Facility (AP-DEF), the International Aid Transparency Initiative (IATI), the South-South Institute and related organisations, the Local Consultative Group (LCG) secretariat, the Aid Effectiveness Working Group (AEWG), the Bangladesh Development Forum (BDF), AIMS related activities and the Annual Performance Agreement (APA). Sections three and four of the wing are under this branch. Section three represents the ERD at all national meetings in relation to development effectiveness, co-ordination of all development and aid effectiveness

related organisations such as the GPEDC, IATA and AP-DEF, the secretarial service to the LCG, communicates decisions taken at international forums about aid or development effectiveness to concerned ministries and agencies and co-ordinates national plans related to aid effectiveness, for example the Joint Co-operation Strategy (JCS). Section three deals with all activities related to AIMS, aid-related report preparation and analysis, AIMS related meetings with stakeholders and works with the IATI (ERD, 2017).

Branch three, Innovative/Climate Financing and Research, is expected to undertake research on aid and development co-operation, publish research reports, help other ERD wings with research input, organise training and awareness programme on effectiveness, give input to the Five Year Plan, provide secretarial support for the Climate Fund, deal with SDGs and South-South Co-operation. Functions of the branch are undertaken by sections five and six of the wing. Section five deals with emerging assistance other than ODA such as the SSC, the Resource Center (TrC) , Other Official Flows (OOF), CC Financing, the Agricultural Fast Track (AFT) Fund and activities related to Climate Finance and SDG related initiatives. Section six is assigned to research on aid and development effectiveness and publishes reports, supports other wings with research, organises training and workshops on aid and development effectiveness, provides policy input to the FYP and works on internal surveys for development effectiveness (ERD, 2017).

This brief description and also the discussion in section 5.4.1.2 show that currently, the DEW is more focused on international issues and events than a country level implementation of “unfinished business”. The Economic Relations Division’s (ERD) annual report provides a description of the activities of every wing. The following table is prepared from the Development Effectiveness Wing’s (DEW) 2015-16 and 2018-19 activities and shows recent initiatives to implement “unfinished business” (ERD, 2015g; ERD, 2018c).

Table 7.1 Development Effectiveness Wing’s (DEW) 2015-16 and 2018-19 Activities

2015-16	2018-19
<ul style="list-style-type: none"> • Draft preparation of ‘National Policy on Development Cooperation (NPDC)’ and exchange of view with DPs, GoB LMs and CSOs • Capacity Assessment Report preparation of five Line Ministries • Bangladesh Development Forum (BDF), November 2015 • 2nd Joint Cooperation Strategy (JCS) (2016-2020)’s draft was under the consideration of the JCS Task Team • Jointly organised a dialogue with Effective Institutions Platform (EIP) on ‘Country Dialogue on Using and Strengthening Local System in Bangladesh’ • Signing of MoU with USAID for the integration of in Aid Information Management System from International Aid Transparency Initiative (IATA) is processed • Facilitated activities related to Global Partnership for Effective Development Cooperation (GPEDC), Aid Transparency Initiatives (IATI) and Asia Pacific Development Effectiveness Facilities (APDEF) • Assisted UNESCAP to organise ‘Workshop on the adaptation of the 2030 Agenda in Bangladesh’ • Processed ‘Request for Technical Assistance’ to ESCAP for capacity building for 	<ul style="list-style-type: none"> • Participation in GPEDC 14th Steering Committee Meeting, October 2017 • Technical Workshop on ‘Private Sector Engagement Through Development Cooperation: Opportunities for Business to Bring Solutions to Scale for the Sustainable Development Goals (SDGs)’ Jointly organised with Germany, February 2018 • Participation in International Meeting on Triangular Co-operation, Portugal, April 2018 • GPEDC 15th and 16th GPEDC Steering Committee Meeting Participation in New York, April 2018 • A side event was organised on ‘Multi-stakeholder Partnership’ in the UN High-Level Political Forum in New York, July 2108 • AIMS implementation Geo-coded module attachment in AIMS with the assistance of AIMS Initiative has been taken to implement a project on ‘Enhancing GoB’s Aid Management and Coordination Capacity for Sustainable Development’ to facilitate runtime aid data • Draft of ‘National Policy on Development Cooperation (NPDC)’ in the final stage to place to the cabinet for approval • Initiative is taken to translate NPDC in Bangla • Introduction of a Certificate Course on ‘International Development Cooperation’ in association with the Institute of Public Finance Bangladesh (IPF) • Celebration of the primary recommendation of the UN Committee for Development Policy (CDP) to have the middle-income country status, March 2018 • Bangladesh Development Forum (BDF), January 2018 • The formulation of 2nd Joint Cooperation Strategy (JCS) (2016-2020)’s draft was under process with the purview of the GPEDC Nairobi outcome document. A Task Team was formed including GoB, DP and CSO representatives • To materialise Vision 2021 initiatives have been taken to implement the Istanbul Plan of Action (IPoA) • Participation in Colombo Plan activities Participation in 74th Yearly Meeting of ESCAP in Thailand, May 2018

An examination of the table shows that in the year 2015-16, most DEW activities were focused on implementing “unfinished business” such as draft preparation of the National Policy on Development Co-operation (NPDC), line ministries’ Capacity Assessment Reports, the Bangladesh Development Forum, Joint Co-operation Strategy draft preparation and consultation, dialogue on the use and strengthening of the country system, the Aid Information Management System and the strengthening and integration with international Aid Transparency Initiatives (IATI). However, a close scrutiny of the activities of 2018-19 suggests most of the 2015-16 activities related to implementation were repeated without much progress and no new initiatives related to implementation were reported, except participation in the GPEDC events. Moreover, DEW activities expanded in many areas of development co-operation, for example, SDG implementation and triangular co-operation.

It appears from document analysis and interviews that in terms of aid and development effectiveness activities, DEW’s initiative is limited to participation in GPEDC initiatives. The only country level activity of DEW related to aid and development effectiveness is to prepare a report for the GPEDC monitoring round every two years. Among international activities, DEW participates in GPED HLM and steering committee meetings and presents reports at GPEDC organised events. Moreover, the JCS has already expired, mechanisms such as Local Consultative Group (LCG) plenary and the LCG sector working groups are mostly inactive and the LCG webpage is inactive as well. The Bangladesh Development Forum is intermittently taking place but the Government is organising it without consultation with DPs who are only invited to the event. Previously, they were consulted and an agenda set under a consultation process. After some time, in March 2019, the Government called an LCG plenary meeting to discuss different issues and exchange views with DPs. The latter felt the meeting was called because the Government was about to introduce the 8th Five Year Plan and sought to build a rapport. The Government also changed the structure of the LCG. Earlier, Government and DP representatives co-chaired the LCG but now the Government is Chair and a DP representative the co-chair. However, the Government did not consult with DPs about this (Interviewee GE1, 2019; AEU, 2010b; Interviewee D4, 2019).

As pointed out from interviews of Government policymakers, they were introducing the second Joint Co-operation Strategy (JSC) with a leadership approach and DP support, but DPs were not co-operating (Interviewee GE1, 2017):

“DPs strongly supported the 1st Joint Cooperation Strategy (JCS) because of our collective (DP-GoB) visibility in the Accra High-Level Forum in 2008, and we were successful in showcasing JCS in Accra and in subsequent forums. However, at the time of last Bangladesh Development Forum (BDF), 2018 we said to DPs that we need 2nd JCS but they said ‘why did you need 2nd JCS? Give us rational’. We said ‘why did you jointly introduce 1st JCS in 2010?’ and ‘Why do you not want to do it now?’ Without JCS division of labour and mutual accountability is not possible.” (Interviewee GE1, 2017).

However, DPs did not think the Government genuinely sought to sign the second JCS and that it sometimes brought the issue forward without much effort to finalise it (Interviewee D4, 2018). Nevertheless, document analysis shows the Government organised a meeting of the JCS task force draft team in January 2019 to prepare the second JCS document. Different Government organisations, DPs and CSOs were present. The UNDP Seoul Policy Centre was requested to submit a draft soon but no further update was made on that request (DEW, 2016). However, several DPs engaged in discussion with the Government as the LCG mechanisms are currently inactive:

“But DPs now realise that there needs to have a platform for Development Effectiveness and to strengthen LCG. They feel that at the moment there is no interaction between DPs and GoB, which is frustrating for them. DPs are discussing among themselves and leaving in distance with the Government. They feel why GoB is not having in our discussion. It is a serious frustration.” (Interviewee D4, 2018)

Nonetheless, academics and aid professionals note that considering the activities of the Government, they understood “unfinished business” was not the priority. However, Paris was very crucial for Bangladesh, particularly to have ownership over development. Therefore, it should remain a priority of the Government (Interviewee P3, 2018; Interviewee P9, 2018) because attempts have been made to eradicate historically detrimental core issues such as donor proliferation, fragmentation, lack of using a country system, tying aid, predictability of disbursement, alignment, disclosure of aid information and accountability through implementation of the principles of aid effectiveness. However, the discussion in chapters seven and eight suggests most issues still exist in the aid management practice of the

Government of Bangladesh, whereas the country still depends on foreign aid to implement almost 30% of its development budget. Moreover, to achieve the SDGs, Bangladesh's need for foreign aid and effective use of foreign aid remains crucial. The importance of implementing "unfinished business" has also been emphasised by the Bangladesh Finance Minister in the last two BDFs. The proceedings of the 2015 BDF include a summary of the Finance Minister's speech:

"(i) continued proliferation of stand-alone projects and heavy aid fragmentation, (ii) less vibrant coordination in sector-level working groups resulting in less alignment with sectoral plan, (iii) low harmonization and low use of country systems, and (iv) capacity deficits and implementation lag." (ERD, 2015f; p.7).

The Finance Minister in his speech at the 2018 BDF again addressed those issues that impede aid effectiveness:

"There are a few critical areas in mobilization and realization of foreign assistance which require immediate attention at both ends, i.e., Government and DPs. Those are: (i) thinking of adaptation of multi-stakeholder and multi-sectoral approaches for selected priority areas of the economy likely to have strategic impact on Bangladesh Development rather than stand-alone projects; (ii) using of country system both for procurement and financial management; (iii) strengthening capacity and plugging in implementation lags." (BDF, 2018; p. 9).

It appears from document analysis that perhaps understanding the importance and relevance of "unfinished business", Bangladesh has recently taken two major initiatives. Firstly, Bangladesh and Nepal jointly organised a side event at the time of the Senior-Level Meeting of the Global Partnership for Effective Development Co-operation (GPEDC) held in New York on July 2019. The title of the event was "Taking Stock of Effectiveness Principles at Country Level: Bringing Evidence from Asia-Pacific to the GPEDC Senior Level Meeting". The event stressed that GPEDC should take a more proactive approach to implement core aid effectiveness related issues such as ownership and the use of a country system as principles which are still very relevant at country level. The event also suggested that GPEDC should

establish clear targets and action plans to implement aid effectiveness principles (MoF, Nepal, 2019). Secondly, Bangladesh has facilitated an evaluation of the Local Consultative Group (LCG) working group initiated by USAID and the report is in progress (USAID, 2019).

However, a number of interviewees believed the aid effectiveness agenda, specifically the PD framework included in development effectiveness as “unfinished business”, was a great achievement by recipient countries as well as a success for the aid community to manage aid effectively. They added that the Paris Declaration framework was the outcome of the aid effectiveness agenda that had evolved over decades. Therefore, they believed that if the aid community failed to accomplish “unfinished business”, it would be marked as an “absolute fiasco” in the history of aid and development co-operation (Interviewee P3, 2018; Interviewee GE1, 2019; Interviewee 15, 2018; Interviewee GE6, 2017).

7.4 Promotion of Country Level Activities

Although it appears from the above discussion that insignificant efforts are currently made to implement “unfinished business”, both Government and DPs are publishing documents and promoting their efforts at international forums suggesting all mechanisms are still performing well. This issue is identified as the visibility tendency of donors and recipients (Vollmer, 2014).

The Country Partnership Framework (2016-2020) of the World Bank in Annex 6, page-92 states, *“International donors in Bangladesh co-ordinate their activities through the Local Consultative Group (LCG), which has served as a catalyst for result-oriented partnerships, better alignment and harmonisation”*. *The LCG is composed of 32 bilateral and multilateral donors and the Economic Relations Division of the Ministry of Finance. Under the LCG, there are 18 sector working groups to co-ordinate donor interventions in specific development areas. The LCG is co-chaired by the Government and a development partner (on a rotating basis). The Bank is an active member of the LCG Executive Committee, the LCG plenary, and multiple working groups. To further strengthen aid co-ordination and help the country to track and manage its aid flows, the Economic Relations Division has also launched an online aid portal, the Bangladesh Aid Information Management System (Bangladesh AIMS)’* (World Bank, 2016). The Asian Development Bank in its country

strategy paper (2016-2020) mentions that *“A vibrant Local Consultative Group, comprising the government and development partners, provides the overall framework for development partner cooperation”*. It currently co-chairs the Local Consultative Group energy and education working groups, and has been active in working groups on transport, agriculture, water resources management and urban services (Asian Development Bank, 2016; p.5).

Similarly, the Government of Bangladesh is also still promoting aid effectiveness related activities and mechanisms in such a way that it is committed to implementation and mechanisms such as the Local Consultative Group (LCG) or LCG Working Group are active and functional whereas the LCG website is not even active. On page 96 of the “Mid-Term Review of the Implementation of the Istanbul Programme of Action for the LDCs for the Decade 2011-2020: Bangladesh National Report”, it is stated that Bangladesh has a dialogue mechanism with DPs in place in the form of a Local Consultative Group (LCG). However, it is mentioned that the mechanism has failed to reach its full potential (ERD, 2016). Section 2.10: Development Effectiveness Wing of the ERD Annual Report, 2018-2019, states that Bangladesh has successfully launched the Aid Information Management System (AIMS) and it is fully functional (ERD, 2018b). However, discussion in section 5.4.4.3 of this thesis suggests AIMS is not fully functional and the ERD is still adjusting and re-adjusting its modules and functions. Most DPs do not provide data for AIMS.

The annual reports of the ERD also mention the drafting process of the National Policy on Development Co-operation and its Bangla translation. Nevertheless, in section 5.4.1.4, this process has been going on for almost ten years and it is not yet finalised. The reports furthermore refer to the second Joint Co-operation Strategy, discussion of which has been going on for the last four years without real development (ERD, 2018b). The 41st issue of the Flow of External Resources, published by the Foreign Aid Budget and Accounts Wing of the ERD, in section 7.4 indicates that AIMS and LCG are functional and contributing to aid effectiveness (ERD, 2019).

Remarkably, the 2019 Monitoring Report of the Global Partnership for Effective Development Co-operation (GPEDC) presents some interesting findings on Bangladesh. The report shows that overall use of the country system by development partners is 73% including components such as budget execution, financial reporting, auditing and procurement (GPEDC, 2019). However, discussion in section 5.4.2 of this thesis reveals the use of the

country system by DPs is very limited given their concerns of fiduciary risk, corruption and flaws in the legal system, rules and regulations. The report suggests reporting of development partners through one or more systems is 100% whereas section 5.4.4.3 of the thesis suggests reporting of DPs to the Aid Information Management System (AIMS) is very limited, in fact, not yet fully functional. However, the report mentions the Debt Management System (DMS) and other Excel-based systems where DPs do not provide data themselves. Rather the Foreign Aid Budget and Accounts Wing collects data from DPs and gives input to the systems.

The GPEDC monitoring report also draws a positive picture of the mutual accountability mechanism in terms of a comprehensive policy framework for development co-operation, country level targets for Government and development partners, regular joint assessment of progress, inclusive assessment, non-state actors, timely and publicly available. Conversely, discussion in section 5.4.1.4 suggests that although the Government has different rules, regulations and office orders, the country is trying to formulate a comprehensive policy in the form of a National Policy on Development Co-operation (NPDC) which is still in the draft stage. Joint assessment and progress of development initiatives is very limited and involvement of non-state actors is insignificant. Section 5.4.4.3 also concludes that disclosure of aid information to the public by the DPs is still insignificant. However, the GPEDC monitoring report is prepared on the basis of the information provided by the Government and compiled by the Joint Support Team of the UNDP and OECD (GPEDC, 2018).

7.5 Policy Implementation Process

The Economic Relations Division (ERD) is still the central organisation to implement policy in relation to foreign aid. In terms of aid or development effectiveness policy or implementation related matters Development Effectiveness Wing (DEW) of ERD undertakes the responsibility. However, no desk is created in line ministers or even no line ministry officer is assigned to oversee aid effectiveness agenda implementation related activities. Therefore, the situation still remains the same as discussed in Section 5.5 and 6.5 of this thesis.

7.6 Conclusion

The discussion of this chapter responds to the third research question: the current implementation status of the aid effectiveness agenda in Bangladesh and reasons of unwilling of donors and the Government to implement the agenda further. It addresses the gaps in the literature in terms of present implementation status and issues associated with the implementation. This chapter suggests the aid effectiveness agenda has emerged over almost twenty five years and lost its momentum due to the shift from aid to development effectiveness in the Busan High-Level Forum where a voluntary approach was adopted instead of time-bound indicator-based commitments. Moreover, continuous changes in the agenda since the Paris Declaration and the dissolution of the WP-EFF have also contributed to slow progress.

The understanding of Government officials is that because of the voluntary commitment, development partners do not show the level of commitment they did earlier. However, country level DPs feel aid effectiveness principles did not work as expected and this is now “myth rather than reality”. They feel “unfinished business” is not their priority and do not receive as much instruction or assignments as previously. Furthermore, the objectives and overall functions of the Global Partnership for Effective Development Co-operation (GPEDC) are not quite clear to country level development partners because their head offices did not educate them properly. Moreover, the GPEDC framework is not as clear and concise as the Paris Declaration framework because it focuses on goals rather than principles or indicators.

Although all Global Partnership for Effective Development Co-operation High-Level Forums and Meetings and UNFDCs continuously stress the importance of implementing “unfinished business”, the reality of Bangladesh tells a different story. Overall activities of the Government of Bangladesh and its development partners related to implementation have significantly reduced in recent years. For instance, the first JCS ended in 2015 but the Government and development partners did not take any serious initiative for the second JCS. Furthermore, this study finds that aid effectiveness related activities in Bangladesh are project dependent but neither the Government nor development partners undertake any project after the end of the “Strengthening Capacity for Aid Effectiveness in Bangladesh” project in 2016.

This chapter argues that country level activities related to the aid effectiveness agenda are international events and assignment centred. If international activities increase, country level activities increase and if international activities decrease, country level activities also decrease. Another finding of this chapter is that both the Government of Bangladesh and DPs promote aid effectiveness mechanisms such as the JCS, LCG and LCG-WG in their documents in a way that the mechanisms are very much functional. This finding reflects the visibility tendency of both donors and recipients (Vollmer, 2012; Cameron and Low, 2012). Moreover, the impact of this promotion is also reflected in the 2019 Global Partnership for Effective Development Co-operation (GPEDC) monitoring report where the progress of core aid effectiveness indicators has been presented positively. Furthermore, although according to the GPEDC guidelines the monitoring report is supposed to be prepared in consultation with development partners, it is now solely prepared by the Government. Therefore, perhaps an apparent bias exists in reporting because of “tick-mark exercises” rather than actual facts.

Questions have also been raised by respondents about the interests of aid recipient member countries for GPEDC as an organisation. They like to see GPEDC as proactive in implementing “unfinished business”. They believe that they are working closely with UN organisations for implementation and monitoring of SDGs, therefore, they need not do the same exercise with GPEDC. Moreover, respondents believe that the relationship between GPEDC and its members has become a form of “convenience shopping”. However, due to a lack of an action plan from GPEDC as well as fewer actions by recipient countries, if “unfinished business” is not accomplished that would be an “absolute fiasco”.

Chapter 8

Conclusion

8.1 Overview

This study investigated the implementation of the aid effectiveness agenda in Bangladesh, a leading aid recipient country. Three research questions were outlined to achieve the research objectives; 1: What policy initiatives has the Government of Bangladesh developed with regard to the aid effectiveness agenda, how effective have they been and why have they often disappointed?; 2: What are the collaborative efforts of the Government of Bangladesh and its development partners in relation to the aid effectiveness agenda, how effective have they been and why have they often disappointed?; and 3: What is the current implementation status of the aid effectiveness agenda in Bangladesh and why do the Government and development partners appear unwilling to implement it further? To answer these questions, the study adopts a qualitative research methodology, a critical realism philosophy, an abductive approach and a case study strategy. Sixty six in-depth interviews and numerous documents have been analysed using a thematic data analysis technique. The conceptual framework of the study is developed applying a top-down policy implementation approach. The study has discussed Government policy initiatives at length, collective efforts with development partners and the current implementation status of the aid effectiveness agenda.

In relation to research question one, it appears the Government of Bangladesh has taken numerous policy initiatives in regard to all of the principles of the aid effectiveness agenda. For instance, reform of the planning process and country system, introduction of a Development Results Framework (DRF), an Aid Information Management System (AIMS) and Aid Policy. However, execution of most policy initiatives has been disappointing. The DRF has neither been properly used by the Government nor by development partners. AIMS has not been fully functional and Aid Policy has not yet been introduced. The reasons for this are manifold but the key factors include: project-based initiatives, an absent institutionalised approach, capacity constraints, poor policy implementation strategy, weak leadership and a lack of awareness and understanding about the aid effectiveness agenda. In terms of research question two, collaborative efforts of Government and development partners such as the Sector Working Group or the Joint Action Plan have remained disappointing. More focus on international visibility than actual outcomes of initiatives, project-based approaches, donor

interests, dominating attitudes, a reluctance to change systems and procedures, fear of losing funds of the Government, weak institutions and leadership. With regard to third research question, it seems both the Government and development partners are not endeavouring to implement the aid effectiveness agenda. The main reasons are: transformation of the agenda from aid to development effectiveness, fewer aid effectiveness agenda-related activities at the international level and the demotivation of Government and development partners.

8.2 Summary of Findings

To the best of the researcher's understanding, this research makes the following findings:

- i. Bangladesh is able to make some achievements because of its policy initiatives to implement the aid effectiveness agenda. For example, streamlining the planning process and improvement of the country system. However, most initiatives remain unsuccessful.
- ii. The initiatives of the Government of Bangladesh as well as its collaborative efforts with development partners are project-based and have not yet been institutionalised.
- iii. Neither the Government of Bangladesh nor development partners have shown high degrees of commitment to implement the principles of the aid effectiveness agenda.
- iv. Awareness and importance of the aid effectiveness agenda among Government officials poor. The concept is still very much confined to the Economic Relations Division (ERD) and especially, limited to the Development Effectiveness Wing (DEW). However, an understanding and importance of the agenda for the Planning Commission and implementing ministries, agencies, officials and project directors are poor or unknown.
- v. Country level initiatives of the aid effectiveness agenda have been international events centred. Activities have increased just before or immediately after an international event. For example, the Harmonisation Action Plan (HAP) was drafted before the Paris High-level Forum and signed immediately after. As the core aid effectiveness activities have been reduced internationally due to a shift from aid to development effectiveness, country level activities have also been reduced.

- vi. At the same time, both the Government of Bangladesh and its development partners have shown visibility tendency at international forums or events related to the aid effectiveness agenda. They have preferred to showcase their activities related to the implementation of the aid effectiveness agenda in international forums rather than effective implementation and outcomes at the country level.
- vii. Development partners are happy to finance recipient activities and like to see recipients undertaking initiatives for the implementation of the aid effectiveness agenda. However, when it comes to changing policies, systems and procedures, they are reluctant to do so. For example, the use of a country system or execution of division of labour.
- viii. The shift from aid to development effectiveness has negatively impacted in country level initiatives perhaps because of the voluntary nature and absence of the harmonisation principle in the main agenda.
- ix. Currently, implementation of “unfinished business” of the aid effectiveness agenda in Bangladesh is in limbo.
- x. A top-down policy implementation approach by the Government of Bangladesh and its development partners has remained relatively unsuccessful.

8.3 Discussion of Findings

This section critiques the findings of this study. The first finding is that Bangladesh has been able to make a few achievements as a result of policy decisions to implement the principles of the aid effectiveness agenda. However, most of the initiatives remain unsuccessful. This answers the first research question. This finding answers the first research question, which is outlined to understand policy initiatives of the Government in relation to the aid effectiveness agenda. At the same time, this finding fills in the research gap in terms of the impact of the implementation agenda in Bangladesh. Examination of the two action plans formulated to implement the aid effectiveness agenda and analysis of interviews helps to draw a clear picture about effectiveness and ineffectiveness of Government initiatives (AEU, 2010b; AEU, 2011a). The country historically has had a planned economy, guided by the five year plans and an annual development plan. However, implementation of the aid effectiveness agenda as well as donor desire has worked as a catalyst to streamline the planning process. The country now has a ten year perspective plan, addressed by five year plans embedded into the development results framework. The five year plan is implemented through a medium

term-strategy and an annual development plan. The medium-term strategy in turn is underpinned by the medium-term budgetary framework, which was developed with the support of development partners. The country system has somewhat improved because of public finance reforms, enactment of procurement law, establishment of a central procurement unit, introduction of e-procurement and special audits for foreign-aided projects. Nonetheless, OECD surveys and some of the existing literature, also report success of other aid recipient countries in relation to long-term plans and reforms in country systems (OECD, 2011c; Wood et al., 2011).

It appears that the Government of Bangladesh now intends to include people and development partners in the planning process through discussion and disclosure of aid information, which has improved from the past. Moreover, the country has established a Development Effectiveness Unit (DEW) to undertake aid and development effectiveness related activities at home and abroad. A number of interviews have highlighted Government initiatives to establish a DEW (Interviewee P3, 2018; Interviewee D4, 2018). Furthermore, Bangladesh has recently been able to establish relatively better leadership over development than it did in the past and has also been able to establish itself as one of the major actors among aid recipient countries in the domain of aid and development effectiveness (ERD, 2016c; Amin, 2019; Interviewee G1, 2018; Interviewee GE1, 2017; Interviewee P3, 2018). Currently, Bangladesh co-chairs the GPEDC, chairs the Asia Pacific Development Effectiveness Facility (AP-DEF) and is a member of a number of international and regional forums (ERD, 2018c; Amin, 2019).

However, Bangladesh has been unsuccessful at implementing a number of initiatives appropriately, non-functional with others or failed to create an impact as expected. Therefore, progress of aid effectiveness principles: ownership, alignment, harmonisation and mutual accountability is insignificant (OECD, 2011c; Dristy, 2016). Major initiatives to implement ownership include integration between the ten year perspective plan and the five year plan, the five year plan to the medium-term budgetary framework and the medium-term budgetary framework to annual development programme (ADP). Nevertheless, these plans are yet to align and a number of projects are included in the ADP, which does not have a link with planning documents. Interviews have raised concern about this implementation gap in the planning process and some studies have also highlighted this issue (Interviewee P3, 2018; Interviewee GE6, 2017; Bjornestad et al., 2016). Analysis of the ERD's annual reports and

interview information suggest the Development Effectiveness Wing (DEW) was established to work on aid and development effectiveness but its focus shifted to other things. ERD and five line ministry capacity assessment reports were prepared to implement aid effectiveness but no recommendation was implemented. A development finance assessment (DFA) was completed but not followed as a guiding document for financial options (Interviewee GE1, 2017; Interviewee P3, 2018; Interviewee GE6, 2017).

Moreover, aid is not well aligned with country priorities or five year plan objectives. It generally falls under the wider requirement of Government (Ahmed, 2017, Interviewee P3, 2018). A number of initiatives have been taken to strengthen the country system, for example, public finance management reform, the procurement law and Foreign Aided Project Audit Directorate (FAPAD). However, DPs rarely use the Government procurement or audit system due to amendments in the law and fiduciary risk, whilst the Government believes DPs do not use the country system due to their internal rules and procedures (Interviewee GE1, 2017; Interviewee D2, 2018).

To implement the managing for results principle, the Development Results Framework (DRF) has been included in the six and seventh five year plans. However, the Government does not assess the impact of aid using a development results framework - DPs use their own framework for assessment (World Bank, 2016; Asian Development Bank, 2016; Interviewee G9, 2018; Interviewee G16, 2018; Interviewee D1, 2018; Interviewee D4, 2018). Aid information management is still poor; effective aid data management may help to achieve a mutual accountability principle but the Aid Information Management System (AIMS) introduced with the financial support of the “Strengthening Aid Effectiveness Project” is not fully functional (ERD, 2016c; ERD, 2018c; Interviewee D1, 2018; Interviewee D4, 2018).

Moreover, there is no central aid data management system and aid is managed through four different systems: the Aid Information Management System (AIMS), the Foreign Aid Budget and Accounts (FABA), Bangladesh Bank, the Finance Division and the Bureau of Statistics. Furthermore, DP aid information disclosure is still limited to a website and press releases that only include the number of a project or project cost (USAID, 2014). This research reveals several issues that have contributed to the ineffective implementation or non-functionality of initiatives taken by the Government. For example, weak institutions, capacity constraints of Government officials, poor leadership, fear of losing funds, personal interests, a lack of

motivation amongst Government staff, continuous change in the aid effectiveness agenda, a shift from aid to development effectiveness, inadequate authority of DP local offices, DP's dominating attitudes and the legally non-binding nature of aid effectiveness principles and framework.

The second finding of this study is that almost all fundamental activities of Government as well as its collaborative efforts with development partners to implement aid effectiveness are project-centred and have not been institutionalised. Therefore, the sustainability of initiatives and efforts remain a matter of concern. This finding corresponds to both research question one and two. Research Question-1 is outlined to examine Bangladesh Government's initiatives to implement the aid effectiveness agenda and Research Question-2 is to assess Government's collaborative effort with development partners in implementing the agenda. The finding addresses the gap in the literature in relation to joint effort of recipient and donors to implement the principles of the aid effectiveness agenda. It appears from document analysis, that the Bangladesh Government and its development partners undertook two projects. First, "Support to Enhance Programme Co-ordination", based on the Paris Declaration on Aid Effectiveness which was implemented from 2009 to 2010 (Nadoll, 2010). Second, "Strengthening Capacity for Aid Effectiveness in Bangladesh", executed from 2012 to 2016. Most activities were conducted under the second project. For example, institutionalisation of the Aid Effectiveness Unit later renamed the Development Effectiveness Wing (DEW), capacity assessment reports of the ERD and line ministries, development finance assessment, a draft of the aid policy, execution of the OECD-DAC aid effectiveness surveys and establishment of the Aid Information Management System (AIMS). Furthermore, strengthening and restructuring of collaborative mechanisms such as the Local Consultative Group (LCG) and the LCG Sector Working Group (LCG-WG) was also a component of the second project (ERD/UNDP, 2011).

However, no initiative has been institutionalised. The DEW has been established but its activities have diverged to other things and the focus has shifted to issues other than core aid effectiveness (Interviewee P4, 2018). Collaborative mechanisms including the Aid Effectiveness Working Group are virtually inactive and recommendations of capacity assessment reports are not implemented. Furthermore, collaborative platforms such as the LCG and LCG-WG are mostly inactive (GoB/UNDP, 2012; GoB/UNDP, 2014; Interviewee

P3, 2018; Interviewee D4, 2018). Nobody is assigned to deal with aid effectiveness related issues in the planning commission, line ministries or executing agencies.

The situation raises a question about ownership, intent, leadership and political commitment of the Government of Bangladesh to implement the principles of the aid effectiveness agenda. Nonetheless, there is an understanding that bureaucrats or Government officials received an honorarium from projects in addition to their regular salaries. As a result, when projects ended, they remained less motivated due to a lack of incentives (Interviewee GE6, 2017, Interviewee GE7, 2017).

The third finding is that awareness and understanding of the importance of the aid effectiveness agenda is very much confined to the Economic Relations Division (ERD) and mainly in the Development Effectiveness Wing (DEW). This finding is one of the answers to research question one and contributes to the gap in the literature in terms of impact of the Government initiatives on the aid management administration. Interestingly, the DEW is a policy wing and other wings of the ERD deal directly with line ministries and development partners. Therefore, their awareness and understanding about the agenda is fundamental. Moreover, line ministries and agencies design and implement aid projects, deal with development partners and a project is implemented under the leadership of a project director. However, this study finds that awareness about the aid effectiveness agenda, its significance and understanding of its benefits are trivial or totally unknown to line ministry and agency officials and project directors. Therefore, several interviewees claim that due to a poor awareness amongst Government officials, the country is losing the benefits of the aid effectiveness agenda (Interviewee P3, 2018; Interviewee D10, 2018; Interviewee P5, 2018).

The fourth finding is related to donor behaviour and is drawn from chapter six, which responds research question two. This finding addresses the gap in the literature in relation to donors' response to the implementation initiatives of the recipient. Although donors make promises at international forums, they are reluctant to change their ways of aid practice, including the execution of division of labour and the use of a country system. This finding has been reported in several existing studies which examine recipient country experiences (Monye et al., 2010; Nunnenkamp et al., 2013; Habraken et. al., 2017; Dornan, 2017). However, Bangladesh exhibits a new trend; DPs are willing to fund aid effectiveness

implementation activities, they have shown interest in making action plans, introducing mechanisms, platforms, visibility in international events and forums. Moreover, they are enthusiastic to see recipient Governments implement the agenda seriously. However, when it comes to implementation of vital issues such as the division of labour or the use of a country system, this is confined to policy papers and action plans without any real execution. For example, in 2011 the Government of Bangladesh outlined a concept paper on the “Division of Labour and Donor Complementarity” in line with guidelines of the aid effectiveness agenda. The paper suggested a donor should only work in three economic sectors and provided funds in the budget support scheme of the Government or participate in a sector-wise approach if they wished to work in more than three. With the exception of EU donors, all others said that they could not implement this as they preferred to work in many sectors including those that suited their country interests and policies (Interviewee G12, 2018; AEU, 2011a). The Government of Bangladesh believed that they failed to enforce a division of labour due to a “fear of losing funds” and also for the legally non-binding nature of the aid effectiveness agenda (Interviewee GE1, 2017; Interviewee G12). However, fragmented aid and donor and project proliferation are serious problems for Bangladesh (Ahemd, 2017; ERD, 2016a; Rahman and Khan, 2010).

The fifth finding is that activities related to implementation of the aid effectiveness agenda of Bangladesh and its development partners were linked to international events. This means most initiatives were undertaken before or after international events. For example, the Harmonisation Action Plan (HAP) was drafted before the Paris High-Level Forum on Aid Effectiveness and signed after the Paris Declaration. The Statement of Intent to formulate the Joint Co-operation Strategy (JCS) was signed before the Accra High-Level Forum and the JSC was signed in June 2010 (ERD, 2006; AEU, 2010b). However, activities were started before the Busan High-Level Forum in November 2011 when the “Strengthening Capacity for Aid Effectiveness in Bangladesh (2011-2016)” project was launched. Moreover, country level activities were also centred on Paris Declaration surveys and report preparation for international events. This finding is summarised from the discussion in chapters six and seven. It provides answers to research question one and two and addresses the gap in the literature with regard to recipient’s initiatives and joint efforts of donors and recipient to implement the aid effectiveness agenda. This trend of activities can be defined as a visibility tendency of both the Government and DPs. A policymaker’s statement confirmed this as, “*DPs strongly supported the first Joint Co-operation Strategy (JCS) because of our collective*

(DP-Government) visibility at the Accra High-Level Forum in 2008 and we were successful in showcasing the JCS in Accra and in subsequent forums.” (Interviewee GE1, 2017).

This visibility tendency of recipients and donors after the emergence of the aid effectiveness agenda, especially, after the Paris Declaration has been identified as a positive lever to the aid effectiveness agenda (Vollmer, 2014). However, concern has also been raised about the adverse impact of visibility tendency (Vollmer, 2012). Bangladesh can be an example of adverse visibility as the Government as well as DPs showed more interest in being visible at international events than the actual outcomes of these initiatives.

The sixth finding is about the present implementation status of the aid effectiveness agenda. Currently, implementation of aid effectiveness principles in Bangladesh is at limbo. This finding responds to the Research Question-3 that is outlined to evaluate the current implementation status of the aid effectiveness agenda in Bangladesh. It contributes to the gap of the literature in terms of the present implementation status of the agenda. The following discussion has been summarised from chapter seven. The Joint Co-operation Strategy (JCS) expired in 2015 and it appears the Government has no real intent to sign the second JSC and that development partners are also not concerned about it (AEU, 2010b; Interviewee GE1, 2017; Interviewee D4, 2018). Mechanisms such as the Local Consultative Group (LCG) plenary and the LCG Sector Working Group (LCG-WG) are virtually inactive (GoB/UNDP, 2014; Interviewee, P3, 2018; Interviewee D4, Interviewee D2, 2018) and the LCG plenary meeting is occasionally called by Government when considered necessary, rather than to discuss aid effectiveness or Government interest issues (Interviewee GE1, 2017; Interviewee D4, 2018).

Moreover, the Government has changed the structure of the LCG without consultation with development partners. Earlier, Government and development partner representatives were co-chairs of the LCG. Now, Government is chair and development partner representative is co-chair (Interviewee GE1, 2017). The Bangladesh Development Forum (BDF) is not taking place each year and again Government is organising it when considers necessary, without consulting development partners or agreeing the forum agenda (Interviewee D8, 2018). With the exception of health and education, LCG-WGs which have a SWAP, all other working groups are inactive, including the Aid Effectiveness Working Group (Government/UNDP, 2014; Interviewee GE6, 2018). However, the Government and development partners are

promoting these mechanisms and forums in their publications and at international meetings as if they are still active and contributing to aid effectiveness (World Bank, 2016; Asian Development Bank, 2016; ERD, 2016; ERD, 2019). Nevertheless, it was expected that the Development Effectiveness Wing (DEW) of the Economic Relations Division (ERD) would undertake and co-ordinate activities related to the implementation of the aid effectiveness agenda nationally and internationally. However, it appears the DEW's focus has shifted to areas other than implementation of aid effectiveness (ERD, 2016b; ERD, 2017; ERD, 2018c). In terms of development effectiveness and "unfinished business", the DEW only participates in Global Partnership for Effective Development Co-operation (GPEDC) organised events and locally prepares GPEDC monitoring survey related reports (ERD, 2018c; Interviewee P3, 2018).

Nonetheless, this thesis has identified a number of issues contributing to these circumstances. Two issues have already been discussed; project and international event centred activities. Currently, as there is no project to implement aid effectiveness and international activities related to aid effectiveness have been reduced because of the shift from aid to development effectiveness, country level activities have also been decreased significantly. Donors are not showing the level of seriousness they did previously. For example, funding for aid effectiveness projects or missions to monitor country level activities related to implementation (Interviewee, D10, 2018; Interviewee D2, 2018, Interviewee D8, 2018). On the other hand, the Government is not undertaking initiatives to implement the agenda either (Interviewee GE1, 2017; ERD, 2016b; ERD, 2018c).

In fact, the voluntary nature of GPEDC development effectiveness rather than the indicator-based, time-bound commitment of the aid effectiveness agenda has significantly contributed to this situation (Interviewee GE1, Interviewee G12, 2018; Interviewee P5, 2018). This finding responds to Research Question 1 and minimises knowledge gap in relation to impact of continuous change in the aid agenda. A number of existing studies reach similar findings (Abdel-Malek, 2015; Davis and Pickering, 2015; Prizzon, 2016). The absence of a dedicated organisation such as the Working Party on Aid Effectiveness (WP-EFF) has also contributed to the reduction of activities. Nevertheless, ownership is included as a principle in the development effectiveness agenda but no indicator exists in the framework to assess ownership. Similarly, the harmonisation principle is not included as a principle and no indicator exists in the framework to assess harmonisation - a great concern for recipient

countries. Aid recipients were vocal at both the GPEDC High-Level Meetings in Mexico City and in Nairobi in 2014 and 2016 respectively, regarding the voluntary nature of development effectiveness but remained unsuccessful (Interviewee, GE1, 2017; Interviewee P3, 2018; Fues and Klingebiel, 2014; GPEDC, 2016). Nevertheless, in the Senior-Level Meeting of the GPEDC held in July 2019 in New York, it was decided to formulate an action plan to address “unfinished business” to be discussed at the next High-Level Meeting (GPEDC, 2019a).

It appears from the information of the respondents that the Government expected the LCG, the LEG-WG and the BDF to help resolve core problems related to aid effectiveness. For instance, the division of labour, fragmentation of aid, use of a country system and alignment. However, they found donors reluctant to change their systems, procedures, rules and regulations. Moreover, DPs did not accept leadership from recipients, preferring to dominate. As the country had a dependence on aid and was afraid of losing funds, the Government could not take a strong position. Therefore, they were less motivated in taking initiatives for aid effectiveness (Interviewee GE1, 2017; Interviewee G12, 2018). On the other hand, development partner interviewees believed the Government system including audit, accounts and procurement were weak and fiduciary risk and corruption were high. They admitted it was difficult for them to use Government systems completely because of their internal rules, regulations and procedures. They also confessed to their own strategies, priorities and policies in choosing aid sectors and modalities, thus they could not entirely execute a division of labour system (Interviewee D8, 2018; Interviewee D1, 2018; Interviewee D10, 2018; Interviewee D11, 2018). However, the “foul play” of big donors in many sectors was also a problem in executing the division of labour (Interviewee P3, 2018; Interviewee D12, 2018). This finding answers Research Question 2 and addresses the gap in the literature in terms of donors’ response to the implementation initiatives of the recipient.

Some issues contributed to the non-functionality of collaborative mechanisms, such as an absence of standard operating procedures, weak co-ordination among mechanisms and systems, Government unwillingness to face DPs for accountability and a shift from aid to development effectiveness. Some interviewees believed implementation of the principles of the aid effectiveness agenda was not at the top of their head office priorities, principles were difficult to apply and these were “myths not reality” (Interviewee D8, 2018; Interviewee D11, 2018; Interviewee D8, 2018). Although aid effectiveness is included in the development effectiveness agenda as “unfinished business”, and emphasis has been given in GPEDC

meetings and forums to implement it, the Bangladesh country context shows that the Government and its development partners are not endeavouring to finish “unfinished business”.

The seventh finding relates to the absence of an aid policy. It is one of the answers of the Research Question 1 and fills in the gap in the literature about the policy formulation and the implementation process of the recipient government in relation to the aid effectiveness agenda. Bangladesh does not have a consolidated policy for aid management. Aid is managed by a disjointed policy approach consisting of circulars, directives, office orders and terms of agreements (ERD, 2011; AEU, 2011). This finding is one of the outcomes of the first research question. All seventeen economic sectors of Bangladesh have aid dependency. Recent studies have revealed that the country still has a number of problems that impede aid effectiveness, for example, fragmentation and proliferation, absence of harmonisation and division of labour and relatively weak public finance management or country systems (Ahmed, 2017; Hossen, 2015; Rahaman and Khan, 2010). Overall effectiveness of aid is still a matter of concern (Murshed and Khanaum, 2014). Therefore, the principles of the aid effectiveness agenda are quite relevant to Bangladesh.

It seems the Government is trying to introduce an aid policy in the form of a National Policy on Development Co-operation (NPDC). Perhaps, the main objective is to formulate an aid policy to address those issues which impede aid effectiveness and to implement the principles of aid effectiveness. However, due to differences of opinion between Government and development partners on issues such as appointment of local consultants, consultancy costs, minimum project costs and use of a country system, the policy has remained in draft stage for almost eight years (ERD, 2016b; Interviewee P3, 2018; Interviewee D4, 2018; Interviewee D7, 2018). Development partners feel the Government prefers control over the introduction of aid policy. Government on the other hand, because of weak political leadership and a fear of losing funds, did not take bold steps to enact policy (Interviewee G12, 2018; Interviewee P4, 2018). Countries with aid policy make more progress in terms of implementation, for instance, Rwanda and Colombia (Hayman, 2009; McGee & Heredia, 2012).

The eighth finding is about the misuse of aid money. The wastage or ineffective use of aid money is noted widely (Easterly, 2008; Moyo, 2009; Nowak-Lehmann et al., 2012; Nourou, 2014; Asongu and Nwachukwu, 2016). However, it is interesting to note here that aid money

to implement aid effectiveness is used ineffectively and has failed to help achieve outcomes as expected. This finding originates from the discussion of both fifth and sixth chapter respond the first and second research questions. The finding addresses the gap in the literature in terms of the impact of the implementation of the aid effectiveness agenda. The “Strengthening Capacity for Aid Effectiveness in Bangladesh” project was worth 3.20 million US dollars, funded by DFID, DANIDA and AusAid and implemented by the UNDP. There were four components of the project. Under component one, an Aid Information Management System (AIMS) was introduced though it was not fully functional (ERD, 2018c; Interviewee D2, 2018). The Development Finance Assessment (DFA) was completed and the ERD’s capacity assessment report prepared under component two. However, the Government does not consider the DFA for fund mobilisation and no recommendations from the ERD capacity assessment report were implemented (Interviewee GE1, 2017; Interviewee GE6, 2017). Under component three, Government-DP collaborative mechanisms, the Local Consultative Group and the Sector Working Group tried to re-organise and strengthen but their mechanisms were almost non-functional (GoB/UNDP, 2014; Interviewee D4, 2018). The capacity assessment report of five line ministries was prepared to improve aid effectiveness as outlined in component four but no recommendations were implemented (Interviewee G12, 2018; Interviewee GE1, 2017; Interviewee P6, 2018).

The ninth finding is that most Government initiatives and collaborative efforts with development partners remain unsuccessful due to a number of reasons associated with both parties. These include capacity constraints, weak institutions, lack of political commitment, poor leadership, fear of losing funds, project dependency to implement the agenda and poor policy implementation i.e. a top-down policy implementation approach not supported by the action plan. Crucial issues associated with development partners include political agendas and interests, inclination to own policies and procedures, lack of authority of local offices, bureaucracy, legally non-binding nature of principles, lack of respect towards Government leadership and dominating attitudes. These reasons have been identified from the discussion of all three research questions.

Several reasons have been identified in the literature review for the slow progress of the aid effectiveness agenda. However, six reasons have been appeared repeatedly: 1) policy, institution, governance and capacity of recipient countries, 2) weak leadership of recipient countries 3) lack of political commitment of donors, 4) donor self-interests and agenda, 5)

internal bureaucracy or administration of donor aid agencies, and 6) donor co-ordination. A conceptual framework was developed to examine whether these reasons alone impeded implementation or if other reasons exist. This study confirms four more reasons which have created problems for implementation and these are, the project-based approach of implementation, international event dependency of country level activities, visibility tendency and a shift from aid to development effectiveness.

The final finding is about the policy implementation process of the Government. This finding minimises knowledge about the top-down policy implementation approach. It appears the Government of Bangladesh has applied a top-down policy implementation approach to implement the aid effectiveness agenda in line with the top-down, upstream approach of the agenda itself. It is noteworthy that by convention, the Government applies a top-down approach in implementing policies (GED, 2015). The Economic Relations Division (ERD) of the Ministry of Finance as the responsible organisation of Government for aid related matters has taken policy decisions to implement the aid effectiveness agenda. The ERD tried to execute policy by communicating to relevant line ministries and agencies through office orders, gazettes, circulars and notices. However, an examination of policy implementation suggests policy implementation was not supported by strong command or supervision and responsibilities were not allocated properly among organisations and people. Few training sessions were organised and little instruction or guidelines were given to line ministries for the execution of policy. Policies also failed to receive political support from line ministry policymakers for implementation.

Though all economic sectors in Bangladesh are aid dependent, the Government does not have a designated person or section to deal with aid effectiveness issues in any sector or ministry. However, strong command, supervision (Pressman and Wildavsky, 1973; Parsons, 1995), political and organisational factors (Elmore, 1979) are very important for the top-down approach of policy implementation. Moreover, a well-developed plan supported by stage-wise control helps to implement a top-down approach (Pressman and Wildavsky, 1973) but ERD activities were limited to circulars and office orders to implementing agencies.

An examination of the implementation process exhibits a poor link with policy and a weak link between command and co-ordination. Nevertheless, a top-down policy implementation approach cannot be successful without links between policy and implementation, a strong

chain of command, co-ordination and control (Hill and Hupe, 2002; Parsons, 1995; Pressman and Wildavsky, 1983, 1984). It seems the ERD placed more focus on formulation than effective implementation or execution of policy and this contributed to the ineffectiveness of policies which Hogwood and Gunn (1984) and Dunsire (1978) defined as an implementation gap. Moreover, Parsons (1995) emphasises a strong participation at organisational and bureaucratic levels but in the case of implementation, the ERD failed to motivate line ministries to work effectively.

Furthermore, the ERD took a policy decision to introduce an economic sector-wise working group where development partners and respective ministry officials worked together to ensure aid effectiveness. However, it was found that Government officials and development partners interpreted the objectives of the working group differently. Government officials thought that it was a platform to discuss and address core aid effectiveness issues such as division of labour or fragmentation of aid but development partners considered it a platform for policy discussion and results management (Government/UNDP, 2014; Interviewee P3, 2018). This means the ERD failed to provide a clear understanding of the objectives of policy. Development partners and Government officials interacted with each other at a formal platform. Nevertheless, the ERD neither provided guidelines nor translated any terms of reference for the working groups outlined in the Joint Co-operation Strategy. The above discussion shows the Government's top-down policy implementation approach remains unsuccessful. Therefore, poor policy implementation has also contributed to the overall ineffectiveness of Government policy decisions as well as its collaborative efforts with development partners to implement the aid effectiveness agenda.

8.4 Contribution to the Literature

This thesis has sought to make a number of contributions to existing knowledge and understanding of the aid effectiveness literature. Firstly, to the best of the researcher's knowledge, this is the first work examining Government initiatives in Bangladesh, a leading aid recipient country with more than 30% of its development budget dependent on aid, to implement the aid effectiveness agenda. It explores the aid effectiveness agenda and aims to minimise the knowledge gap in terms of public policy implementation. Very few studies, for instance Rahaman and Khan (2010), investigate donor harmonisation from the perspective of

aid effectiveness. Welle et al. (2009) examine the progress of aid effectiveness in three specific sectors: water, health and education. However, primary research on Bangladesh's overall experience of implementation of the aid effectiveness agenda or progress of principles is quite sparse in comparison to the literature investigating the aid and growth relationship in Bangladesh.

Secondly, with a significant amount of high-level policymaker interviews and a number of Government documents not yet publicly accessed by existing studies, this thesis reveals a number of facts and issues, which provide first-hand knowledge and insight about the implementation of the aid effectiveness agenda. Moreover, a detailed examination of policy decisions, action plans and initiatives enhances the knowledge base around foreign aid management in Bangladesh. The existing literature provides little information about policy implementation by the Bangladesh Government in relation to the aid agenda and aid management.

Thirdly, the aid agenda embraces a partnership approach to ensure the effectiveness of aid. This study evaluates the collective efforts of the Government of Bangladesh and its development partners in implementing aid effectiveness. The existing literature does not provide sufficient evidence on this. Because of access to documents seemingly not used in previous studies and key personnel interviews including ministers, secretaries and senior officials of donor organisations, this study has been able to identify core issues relating to the partnership between donors and Bangladesh as recipient.

Fourthly, the existing literature provides limited information about the implementation status of "unfinished business", which this study examines comprehensively for Bangladesh.

Fifthly, this thesis also contributes to the literature on policy implementation with special reference to the top-down policy implementation approach. It reiterates that careful implementation design, a strong link between policy and implementation, connection between organisations involved in the implementation process as well as bureaucratic levels, a good chain of command, stage-wise control and supervision are important to make the top-down policy implementation approach a success. The study also identifies flaws in the implementation process of the aid effectiveness agenda under the top-down public policy implantation approach. Weakness

Finally, beyond Bangladesh, this thesis makes very specific contributions to the existing literature in relation to aid and development effectiveness. It provides understanding about the implementation exercise of the aid effectiveness agenda and issues associated with the implementation. Partnership approach remains at the core of the aid effectiveness framework. This study unveils the challenges of partnership approach in executing principles of the aid effectiveness framework. It also provides insights about the attitude of the donors in changing their policy and procedures to implement the aid effectiveness agenda. Furthermore, this research minimises the knowledge gap about the impact of the contentious change in the aid effectiveness agenda and current implementation status of the development effectiveness agenda. The aid effectiveness agenda upholds top-down policy implementation approach to implement the framework. The study identifies a number of flaws in implementing the aid effectiveness framework adopting a top-down policy implementation model.

8.5 Policy Recommendations

8.5.1 Recommendations Related to the Aid Effectiveness Agenda

The Global Partnership for Effective Development (GPEDC) could prioritise a time-bound framework for the implementation of “unfinished business”. The present and previous studies have also highlighted this fact (Mawdsley et al., 2014; Abdel-Malek, 2015). It is also important to include harmonisation in the development agenda as a main principle and not only in “unfinished business”. Assessment indicators for both harmonisation and ownership principles need to be incorporated into the development effectiveness framework.

8.5.2 Recommendations for Recipients

Recipients need to take sustainable initiatives to reduce project dependency in implementing the aid effectiveness agenda. Institutionalisation of initiatives can provide a long-term dividend. This study argues the project-based approach fails to produce outcomes as expected; it offers advantages to bureaucrats in the form of financial benefits and perks. Therefore, bureaucrats need to be motivated to remain equally active after project completion

and they themselves should consider the greater interest of Bangladesh rather than their own interests. Moreover, enactment and execution of laws is important.

Furthermore, a strong political will and leadership are essential for effective implementation of the aid agenda. A comprehensive aid policy can help to increase ownership, alignment, harmonisation, mutual accountability and results management. Strong leadership is required to overcome the threat of “losing funds” in the short-run for long-term benefits in introducing an aid policy. This study reveals that due to poor leadership and a fear of losing funds, the Government of Bangladesh failed to execute policy initiatives, particularly in relation to the harmonisation principle. Capacity enhancement of the recipient Government is also necessary to execute the policy and implement the principles of the agenda. Capacity issues of recipients and poor leadership are major predicaments to effective implementation and repeatedly appear in the existing literature (Monye et al., 2010; Owa, 2011; Chandy, 2011; Wood et al., 2011; Habraken et. al., 2017). Although donors are behind in implementing principles, recipients should continue their efforts and not become demotivated by slow progress.

Creation of awareness and understanding of benefits arising from the aid effectiveness agenda at all levels across ministries and implementing agencies are important. Poor awareness or understanding of the importance of the aid effectiveness agenda seriously impacts effective execution of initiatives. Moreover, rather than having a central body or organisation, a desk or officer in charge at ministry-level to undertake and supervise aid effectiveness related activities can be helpful. The main task of that desk or officer would be to ensure alignment, division of labour, mutual accountability and development results management.

8.5.3 Recommendations for Donors

It is important to implement international commitments at country level, particularly in relation to harmonisation and use of country systems to reduce fragmentation, project proliferation and transaction costs. To uphold leadership and ensure ownership by recipients, donors should provide aid in the form of programmes not projects in the form of sector-wide approaches or budget support. This study and others in the existing literature also identify these factors (Khatun, 2008; Killen, 2011; Lawson, 2013). A familiarisation by donor,

country level staff with international decisions or changes in relation to aid effectiveness is crucial as is delegation of power to country offices. This study and others also stress such issues (Dijkstra & Komives, 2011; Habraken et al., 2017). Further, a dominating attitude among donors needs to change because it exacerbates recipient fears of losing funds, demotivating them to take implementation initiatives. Donors could not only provide funds to recipients for implementation of the aid effectiveness agenda but also endeavour to implement principles in changing their traditional ways of aid management. The findings in this study suggest donors still dominate recipients, are interested in financing recipient initiatives but reluctant to change their own systems.

8.5.4 Recommendations for Recipients and Donors

Continuous discussion and engagement of the recipient Government and development partners are important in implementing the principles of aid effectiveness. In other words, donor-recipient joint or collaborative platforms need to be functional. Mutually agreed action plans help implementation and therefore, action plans could be developed through consultation and agreement to enhance aid effectiveness.

This study has argued visibility tendency and international event centred, country level activities impede implementation of the aid effectiveness agenda. Visibility of Government and donors needs to be controlled and real commitment is required for the implementation of the agenda. This visibility involves drawing international attention through presentations or reports on country level initiatives at internal forums, to suggest much is being done to implement the agenda. Additionally, country level activities should not be international event centred, rather activities should be undertaken with a true spirit of promoting aid effectiveness. The use of different development result frameworks (DRF) by recipient and donors impedes any real measurement of effectiveness and therefore to ensure the use of single DRF, it could be designed and executed jointly. Aid recipient countries need to improve the overall quality of their country systems, including corruption control and fiduciary risk elimination mechanisms. Donors on the other hand, could amend their internal rules and regulations so that they can use recipient systems. (Wood et al., 2011; Dijkstra and Komives, 2011; Gulrajani, 2014).

8.6 Limitations of the Study

This thesis has comprehensively discussed the policy decisions of the Government of Bangladesh as well as its collaborative efforts with development partners to implement the aid effectiveness agenda. However, it has not examined economic impacts or the political economy of implementing the aid effectiveness agenda, particularly the impact of initiatives for poverty reduction and economic growth. Moreover, this study focuses on DAC or traditional donors and excludes non-traditional donors or Southern donors. It has not conducted a very specific examination in terms of the impact of Government and development partner initiatives to implement the aid effectiveness agenda in terms of the SDGs. Also it has not investigated Government or development partner initiatives to implement the development effectiveness agenda in detail.

8.7 Recommendations for Future Research

Discussion and findings in this thesis create a few options for future research. Further research can be undertaken to investigate the reasons for Bangladesh's de-motivation in taking necessary steps for the sustainability of policy decisions, collaborative efforts or initiatives carried out in implementing the aid effectiveness agenda. The modus operandi of new donors or Southern donors in Bangladesh can also be examined. Research can also be conducted in other aid recipient countries to develop a clearer understanding about the shift from aid to development effectiveness and the current implementation status of "unfinished business". The harmonisation principle is not included in the development effectiveness agenda but donor co-ordination is still a serious problem in recipient countries. Thus, it would be a good idea to conduct research to examine the impact of exclusion of the harmonisation principle in aid recipient countries. This thesis also suggests new research on the economic impact of the failure of Bangladesh and its development partner initiatives in implementing aid effectiveness or the economic gains from implementation. The aid effectiveness agenda emphasises the management aspect of aid and achieving goals but research can also be conducted to assess the impact of the aid effectiveness principle on poverty reduction and economic growth in Bangladesh.

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