

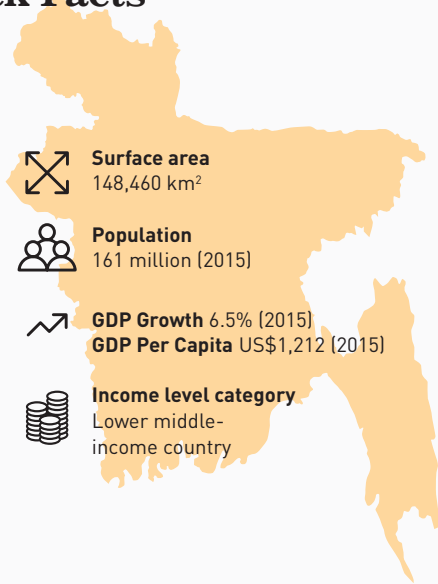
1. Country Context

Home to the Bengal delta, the largest of the world, the People's Republic of Bangladesh, with 161 million inhabitants (2015), is the world's eighth most populous country and has recently achieved the status of a lower middle-income country, with a GNI per capita of US\$1,212 (2015).

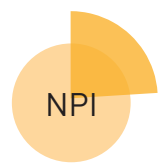
Thanks to steady economic growth over the past decade, the country has been able to halve poverty from 48.9% in 2000 to 24.8% in 2015. Its human development currently stands at 0.570, ranking 142nd among the 188 countries featured in the last 2015 Human Development Index.

In this year's monitoring round, the three main providers are World Bank, ADB and Japan, accounting for 74% of total development co-operation in 2015. A total of 24 providers participated in this survey, focusing their support primarily on agriculture, education, energy and health, among other sectors.

Quick Facts



Key Development Indices:

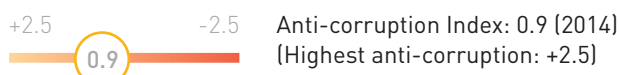
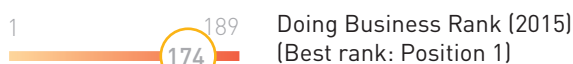
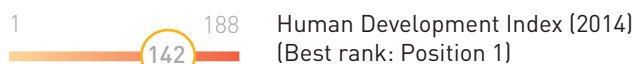
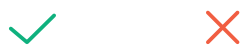


National Poverty Index 24.8% (2015)



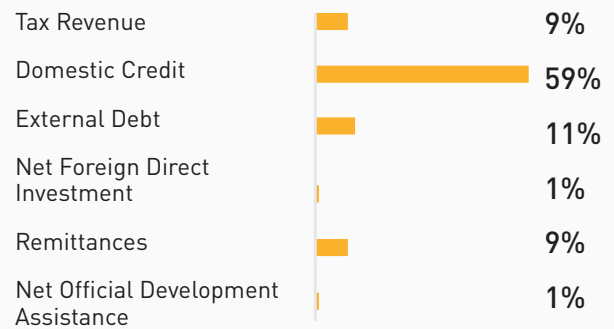
Official Development Assistance/Capital Formation 5% (2014)

ODA per Capita US\$15.20 (2014)



Inflows (% Gross Domestic Product)

LATEST YEAR AVAILABLE



Key Development Challenges

Bangladesh benefits from a strong economic growth fuelled by manufacturing, remittances and a stable fiscal environment. The government has recently launched a ground-breaking Social Security Strategy and the seventh five-year development plan (2016-20). Both are well-aligned with the 2030 Agenda for Sustainable Development and the Sustainable Development Goals. The main challenges for Bangladesh's development relate to sustaining an enabling environment for private investment; strengthening efficiency and integrity in the public sector governance and the judiciary; accommodating a quickly growing and increasingly urban labour force while adapting to climate change; and managing substantial risks as one of the world's most disaster-prone countries.

2. Efforts to Implement the Effectiveness Principles

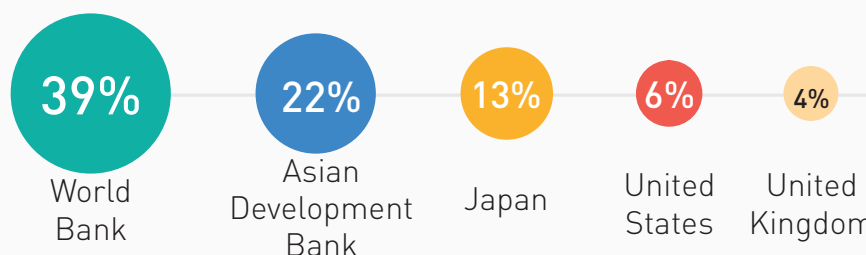
A. Policies and Tools for Partners' Alignment

Development in Bangladesh is framed by the overarching Vision 2021 outlining social and economic progress to be achieved by the 50th anniversary of Bangladesh's independence in 2021. This long-term strategy is articulated through the Perspective Plan 2010-2021 and

operationalized by two national strategic plans. The current seventh five-year plan 2016-2020 will be translated in 13 sector plans. A Development Results Framework (DRF) covers all thematic and sector areas. In 2015/2016, the government has also aligned development planning with

the Medium-Term Budgetary Framework (MTBF) ensuring that public expenditures evolve around development priorities. At this stage, 14 Sustainable Development Goals (SDGs) are fully reflected in the 2016-2020 plan.

Major Development Partners of this Round (by Reported Disbursements)



Participation in 2014 Monitoring



Existence of a National Co-operation Policy

B. Governance and Management of Development Finance and Co-operation

In 2010, the Government of Bangladesh and 18 development co-operation providers signed the five-year Joint Co-operation Strategy (JCS) 2010-2015, which is currently being updated in close dialogue. A key priority is to match national and international commitments to support the 2016-2020 development plan, align to development co-operation effectiveness principles and accelerate achievement of the SDGs. All parties meet at the annual Bangladesh Development Forum (most recently in November 2015), reviewing progress made on the JCS and mobilizing international pledges. Thematic working groups are active in priority sectors. Bangladesh has been a constant and proactive voice on country-led effectiveness, participating in the first GPEDC monitoring in 2013 and previous efforts on monitoring the Paris Declaration. Institutionally, ensuring effective

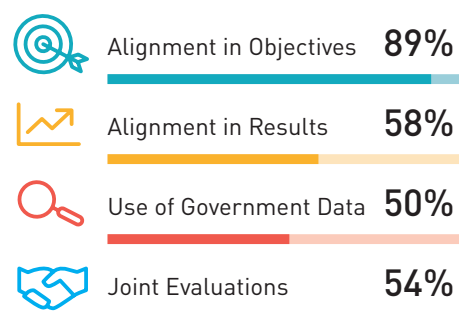
development co-operation lies with the newly created Development Effectiveness Wing of the Economic Relations Division (ERD) at the Ministry of Finance (MoF), which coordinates with development partners through the Local Consultative Group (LCG). On the other side, external debt and foreign aid accounting are managed by the ERD's Foreign Aid Budget and Accounts (FABA) Wing. Financial flows are captured through the national Aid Information Management System (AIMS) and FABA's accounts. In 2016, a Development Finance Assessment was published looking into a wide range of financial flows, stressing the vital role of public and private investment and calling for further attention to climate finance and South-South co-operation in addition to traditional Official Development Assistance (ODA).

3. Country Ownership

Indicator 1: Partners' Alignment and Use of Country-Led Results Frameworks

Eighty-nine percent of all development co-operation reported for this year's monitoring round is aligned to national priorities outlined by the national development plan, 58% uses country-led results and 50% recurs to national monitoring systems. While evaluations are the norm for development efforts, the government is involved only in roughly half of these (54%). Most providers align to at least some national development objectives, while,

among the bigger development partners, the United States and the World Bank still plan and implement outside the country-led results framework. It can be expected that the new Development Results Framework will generate further traction, especially at the level of alignment to outcomes. More needs to be done on the government end to strengthen and streamline the national monitoring system to help providers adjust their M&E accordingly.

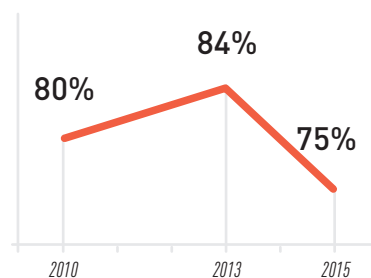


Indicator 6. Development Co-operation is on Budget (Subject to Parliamentary Scrutiny)

Seventy-five percent of all development co-operation reported in 2015 was recorded in the government budget, manifesting a decrease from 84% in 2013 and 80% in 2010. Among the main development partners, the United States of America only succeeded in reflecting 1% of disbursements scheduled for the government sector, while Australia's contributions are not recorded at all. Overall, Bangladesh faces important delays in ODA disbursements: According to the DFA, the pipeline stands at six years of

official development finance utilization. A closer dialogue is needed for government and partners to accelerate disbursements and shorten approval processes, with a particular focus on those providers with most significant gaps. Information on official development finance data is not placed before the Parliament for review and discussion, but is shared with the Parliamentary Standing Committee on Finance, when requested.

Percentage on Budget



Indicators 9 and 10. Use of Country Systems

Despite recent progress in aligning development planning to medium-term budget allocations, only 23% of development co-operation is using national budget execution, a substantial drop from the 2013 round (62%). Major development partners such as ADB, Australia, Germany, UNICEF and the World Bank channel all or most of their resources outside the government

systems. The use of national systems for financial reporting and auditing decreases only slightly, from 92% to 89% and from 91% to 87%, respectively. Extended use of country procurement remains a pending task, with only 21% of ODA recurring to this system (42% in 2013). Looking into the future, the new Joint Co-operation Strategy (JCS) will be a valuable reference for the government

and development providers to clearly identify priority areas for joint action on improving Bangladesh's public financial management. Enhanced public financial management and extended use of country systems constitute an essential ingredient to implementing national development goals effectively and sustainably.

	Budget (ideal: 100%)	Financial Reporting (ideal: 100%)	Auditing (ideal: 100%)	Procurement (ideal: 100%)	CPIA* (maximum: 6)	Untying (ideal: 100%)
INDICATOR 9B.	23% ▼	89% ▼	87% ▼	21% ▼		
INDICATORS 9A & 10.					3.0 ▲	85% ▼

* Country Policy and Institutional Assessment

4. Inclusive Partnerships for Development

Indicators 2 and 3. Fostering Inclusive Partnerships for Development

The government involves civil society organizations (CSOs) and private sector players in development policy consultations and planning. The current five-year development plan aspires to mobilize non-state contributions to implementing the national development priorities, with private sector taking the lead with 77.3% of all expected national resources. CSOs are rather loosely organized in a number of networks and there are challenges to voice the priorities of smaller CSOs, especially at the grassroots level (who, in turn, are most relevant for implementation of development priorities in high-poverty

rural areas). Access to financing is limited and there is only fragmented support from development partners. Private companies and their associations (particularly from the manufacturing and specifically garment sectors) are gathered in the Federation of Bangladesh Chambers of Commerce & Industry (FBCCI) and use the public-private dialogue platform titled Business Initiative Leading Development (BUILD) to agree and voice their concerns to the government in a coordinated manner. Among other outcomes, BUILD has identified more than 250 quick-win policy reforms, more than half of which have been approved

by the government. Over the past years, Bangladesh has advanced substantially in including non-state actors in national development efforts, providing clear legal and administrative frameworks and opening a wide window of opportunity by inviting CSOs and particularly private sector to take on responsibilities for implementing the current national development plan. In this context, CSOs, in particular, require more comprehensive dialogue frameworks, greater capacity development and more stable access to financing, especially at the grassroots level.

Indicator 8. Gender Empowerment

Gender-responsive budgeting in the 2015-16 fiscal year has been conducted by 41 ministries. Each year, the government pre-

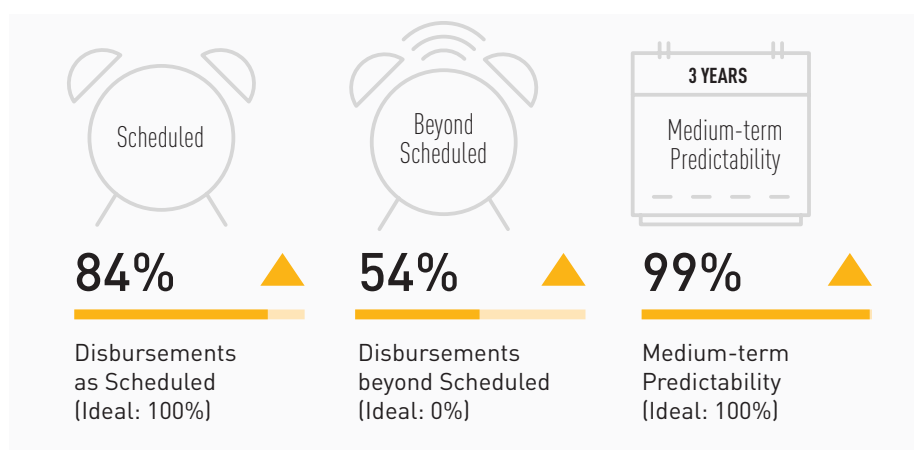
sents a comprehensive gender budget report using key point indicators across all policies and strategies. There are still challenges to

capture data in informal sectors and more capacities are needed in all sectors to plan for gender equality effectively.

5. Transparency and Accountability

Indicator 5. Development Co-operation is More Predictable

Overall, development co-operation is more predictable on a year-to-year basis in 2015 (84%) than in the previous round (61%). Medium-term predictability is almost complete, standing at 99%, compared to 64% in 2013. These favourable results reflect the fruits of long-standing efforts between the government, particularly the ERD, and development partners to ensure that forward expenditures are adequately communicated to the government. For the future, the government and partners need to address the substantial pipeline of official development finance projects, amounting to almost six years of development finance.



Indicator 7. Mutual Accountability

The government is currently updating the Joint Co-operation Strategy (JCS) based on the lessons learned from the 2010-2015 period. While there has been significant progress in numerous dimensions, the government and development partners need to do more to scale up the use national systems, to share on- and off-budget data into the AIMS and to ensure government's leadership in

development co-operation management and implementation. The existing coordination mechanism, the Local Consultative Group (LCG), provides a solid platform to work on remaining gaps, while situations specific to individual providers might be best discussed within ongoing bilateral agreements. Until now, LCG has usually been gathered by the OECD donors, but, as Southern partners are

contributing significantly, the boundary of the platform needs to be expanded to encourage the Southern and emerging partners to participate in the dialogues and discussions. The national policy on development co-operation, which is underway, is likely to create situations for enhanced mutual accountability and expanded partnership.

National Priorities Going Forward

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Despite steady economic growth of the economy and the rise of a vernacular private sector, the government still gives special value to the contribution of official development co-operation. However, government foresees that development co-operation needs to be used strategically in future in sectors that could propel the economy by creating more economic return and employment opportunities. Some of major future roles of development co-operation would invest in critical infrastructure and ICT projects; social and human development programmes; and building partnership with private sector to ensure greater leverage of private sector in the economy. In terms of accountability and effectiveness, the results seem mixed so far. The government is working to create effective institutional and policy measures to ensure greater results and accountability of development co-operation. If approved, the national policy on development co-operation would play vital role in realizing results of development co-operation. The government also underscores that partnership dialogues and discussions should be more comprehensive and country-led and should contribute to effective implementation of national development plans and actions. As Bangladesh has successfully launched the home-grown Aid Information Management System (AIMS), development partners are expected to report their contribution, both off- and on-budget, to AIMS to strengthen transparency and accountability. International efforts should be continually in place to ensure that development partners are complying with their commitments made in different international and regional platforms. There seems to be a stark difference between international commitments and development partners' behaviour at the country level.

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Disclaimer This document was prepared based on data collected from voluntary reporting to the Second Monitoring Round of the Global Partnership for Effective Development Co-operation and, for Country Context, other open source information available online. The views presented cannot be used or cited as an official UNDP source of information.

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