

**Bangladesh PRS Implementation Forum**  
**Session V: Aid Harmonization and Aid Effectiveness**

November 17, 2005, from 11:15 am to 1 pm

Speaking Note for Development Partner Discussant (Japan)

**(Introduction)**

On behalf of the Development Partners, I would like to thank the keynote speaker, ERD Secretary Mr. Zabihullah, for outlining the major issues of aid harmonization and aid effectiveness and presenting a future agenda for specific actions.

I believe this session is important, as it deals not with mere technical matters but with **a number of fundamental principles on how the Government of Bangladesh and Development Partners could work together in the future**. PRSP and Harmonization are, in a sense, both side of the same coin.

**(Five Major Points)**

Like other sessions, I would like to raise five major points for our discussion and prompt actions in the next 12 months. I was pleased to hear that the keynote speaker made positive remarks on all these points and look forward to our joint undertaking to implement them.

**The first point is to establish an overarching Government-Development Partner harmonization implementation and monitoring framework.**

- We hope that the draft Harmonization Action Plan, on which we jointly worked since late last year, will be finalized by the end of this year.
- To promote its implementation and monitoring, a senior official in ERD could best serve as a focal point. He could also cover international conferences on aid effectiveness like OECD/DAC.
- Like the existing Public Financial Management Taskforce, a Joint Harmonization Taskforce will be a best mechanism for tracking the progress of Harmonization Action Plan and Paris Declaration implementation and for facilitating necessary actions by both the Government and Development Partners.
- We expect that a Joint Seminar on Aid Harmonization and Aid Effectiveness will be held in early 2006 to involve more stakeholders, in particular, relevant ministries and agencies, to advance its cause.

**The second point is to further improve public financial management (PFM) and procurement process.** This is indispensable for ensuring Bangladesh-owned, efficient and sustainable resource management and strengthening a basis for Development Partners' support.

- As discussed yesterday, the Development Partners hope that the Medium Term Budgetary Framework (MTBF) will be extended from 4 to at least 10 ministries in the next Fiscal Year and will further be extended to all ministries as soon as practicable. The budget process would be more effective if Revenue and ADP budgets could be consolidated and planned on the medium-term basis.

- We also hope that a Public Financial Management Improvement Plan (PFMIP) will be developed and implemented with concrete measures and timetable.

- On procurement, we expect that a new procurement law will be enacted and implemented. Enhancing procurement management capacity through staff training and management information system is the key to its effective implementation. E-government procurement would also be an indispensable tool. We hope that, under the new procurement law and regulations, donor-assisted projects with international obligations could be swiftly processed, approved and implemented.

**The third point is to promote Program-Based Approach and sector coordination to mobilize various aid schemes and instruments for maximum impact.**

- As suggested by the keynote speaker, we will work with the Government to extend Program-Based Approach from primary education (PEDP-II) and health (HNPS) to other sectors/sub-sectors in a pragmatic manner and have them incorporated into the Medium Term Budgetary Framework (MTBF). We hope that lessons learnt from PEDP-II and HNPS will be compiled and widely shared with other line ministries.

- If not full-fledged Program-Based Approach, sector coordination should be vigorously promoted in important sectors such as power, water and sanitation, and agriculture to enhance aid effectiveness. On Development Partners' side, analytic works should be shared and missions should be coordinated. On these points, we will do our work.

**The fourth point is to mainstream Managing for Results through capacity building and coordination of MDG/PRSP-, sector- and project-level monitoring and evaluation.**

- MDG/PRSP monitoring capacity needs to be strengthened by (1) coordination of a wide range of monitoring and evaluation activities as well as (2) concerted statistical capacity building efforts to enhance data quality, analysis and policy feedback. Support for General Economic Division and Bangladesh Bureau of Statistics as well as the formulation of Statistics Master Plan would be necessary in this respect.

- In addition, sector- and project-level monitoring and evaluation could be better coordinated and joint monitoring and evaluation could be promoted.

**Last but not least, it is important to establish a joint mechanism of Government and Development Partners for PRSP implementation and monitoring, which would be one of the most critical outputs of this forum.**

- Such a joint mechanism for PRSP implementation and monitoring will be indispensable to track the progress and facilitate necessary actions by both the Government and Development Partners. The Government, in particular ERD, could lead the working group to explore the concrete modalities of such mechanism, which Development Partners would fully support. We endorse the keynote speaker's proposal of holding quarterly PRS Implementation Forum meetings chaired by ERD Secretary and monthly GoB-DP Working Group meetings chaired by the newly-created ERD PRS Wing Chief.

- Joint mechanisms would also be necessary at sector-level for the same purpose. The concrete modalities may vary from sector to sector, but they could feed into the overarching PRSP implementation and monitoring process.

- In addition to the Government and Development Partners, other parties such as private sector and NGOs could contribute to the joint mechanisms where appropriate. PRSP monitoring by civil society could also be considered, as suggested in Chapter 8 of PRSP.

**(Concluding Remarks)**

Those are the points that Development Partners consider critical in ensuring maximum impact of its assistance to implement PRSP and achieve the Millennium Development Goals. Like other sessions, "implementation" is the key. We look forward to taking immediate follow-up actions together with the Government to bring about tangible results in the coming months.

(End)