Study on Aid Effectiveness in the Infrastructure Sector: Final Report

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<td>Asian Development Bank</td>
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<td>ADM</td>
<td>Agence de Developpement Municipal (Senegal)</td>
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<td>ADP</td>
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<td>AEPA</td>
<td>Approvisionnement en Eau Potable et Assainissement</td>
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<td>Indonesia Environmental and Social Impact Assessment Process</td>
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<td>AMT</td>
<td>Aligned Monitoring Tool</td>
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<td>Build-Operate-Transfer</td>
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<td>Cadre de Depenses a Moyen Terme</td>
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<td>CETUD</td>
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<td>Code General des Collectivites Territoriales</td>
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<td>CLTS</td>
<td>Community-Led Total Sanitation</td>
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<td>CMC</td>
<td>Co-financiers’ Monitoring Committee</td>
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<td>Cadre Strategique de Lutte contre la Pauvrete</td>
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<td>EC</td>
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<td>Gestion Integree des Ressources en Eau</td>
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<td>GOB</td>
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<td>NGO</td>
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<td>Organization for Economic Cooperation and Development</td>
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<td>PAC</td>
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<td>Project Implementation Unit</td>
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<td>Project Management Unit</td>
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<td>Program Nasional Pemberdayaan Masyarakat (Indonesia)</td>
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<td>POM</td>
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<td>Rural Infrastructure Development Project</td>
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<td>Rural Infrastructure Improvement Programme</td>
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<td>Rural Infrastructure Support Project (Indonesia)</td>
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<td>RJPM</td>
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<td>Description</td>
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<tr>
<td>SME</td>
<td>Small- and Medium-sized Enterprise</td>
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<td>SNPK</td>
<td>Indonesia PRSP</td>
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<td>SOE</td>
<td>State-Owned Enterprise</td>
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<td>SRFP</td>
<td>Strategie de Renforcement des Finances Publiques</td>
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<td>SWAp</td>
<td>Sector-Wide Approach</td>
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<tr>
<td>TOR</td>
<td>Terms of Reference</td>
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<td>TWG</td>
<td>Technical Working Group</td>
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<td>UP</td>
<td>Union Parishad</td>
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<td>Unit for Policy Implementation</td>
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<td>WATSAN</td>
<td>Water Supply and Sanitation</td>
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<td>WB</td>
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<td>World Health Organization</td>
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<td>WSDB</td>
<td>Water and Sanitation Development Boards</td>
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<td>WSES WG</td>
<td>Water Supply and Environmental Sanitation Working Group</td>
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<td>Water and Sanitation Program</td>
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EXECUTIVE SUMMARY

Objective

The Urban Institute (UI) was contracted by the World Bank on behalf of the Japan Bank for International Cooperation (JBIC), the Asian Development Bank (ADB), KfW Entwicklungsbank (KfW), and the Agence Francaise de Developpement (AFD), with funding from the Japanese Government to carry out a study intended to contribute to the Accra High Level Forum (HLF) on Aid Effectiveness in September 2008 by providing lessons learned for implementing the five tenets of the Paris Declaration on Aid Effectiveness—ownership, alignment, harmonization, managing for results, and mutual accountability—in the infrastructure sector. The analysis was based on 14 infrastructure case studies from four countries in Africa and three countries in Asia.¹ The projects were selected by a Steering Committee made up of the World Bank, AFD, ADB, KfW, and JBIC. The African Development Bank (AfDB), the UK’s Department for International Development, and the European Commission also provided input.

The goal of this study was to identify lessons learned from the application of the Paris Declaration tenets in the infrastructure sector. One key hypothesis to test was whether the unique characteristics of the infrastructure sector would result in unique challenges and opportunities in implementing the Paris Declaration tenets, different from those in other sectors. Within the sector itself, the study looked at the hypothesis that the implementation challenges would be different for large-scale infrastructure, such as major roads and bridges, and for small-scale projects, such as rural water and sanitation programs.

Approach

This study involved preliminary analysis of the projects submitted by the Steering Committee, followed by country visits to conduct more in-depth analysis of the projects and, more broadly, the sector in each case study country. The team also prepared and presented preliminary findings at two regional consultative workshops for partner countries and Steering Committee Members in Asia (Indonesia) and Africa (Ghana). This report represents the team’s analysis of the case studies, field work, and findings from the workshops (the case studies are presented in Annex A).

Findings

As the case studies show, there are some aspects of the infrastructure sector that have resulted in a variety of approaches to applying the Paris Declaration tenets:

- Ownership is a key element in achieving the other Paris Declaration tenets. However, strong country ownership requires capacity, not just at the planning stage, but also throughout implementation. And country ownership can be generated through additional structures, such as community-based working groups or leadership from individual agencies or ministries.

- Large-scale infrastructure projects demand significantly more partner country capacity in several areas—specifically, procurement, public financial management, social/environmental safeguards—than are generally required in other sectors. As highly visible and expensive investments, such projects, when

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¹ Seven of the 14 case studies (Burkina Faso, Ghana (2), Senegal, Uganda, Bangladesh, and Indonesia) were in the water sector. The remaining seven dealt with rural infrastructure (Bangladesh (2) and Indonesia), transport (Bangladesh and Vietnam (2)) and infrastructure (Indonesia). The team also took into consideration lessons from an Overseas Development Institute Project Briefing (Number 6, January 2008) “Why is Harmonization and Alignment Difficult for Donors? Lessons from the Water Sector.” By Katharina Welle, Alan Nicol, and Frank van Steenbergen.
financed by donors, are also often subject to more scrutiny and demands for safeguards—financial, environmental, and social—when reporting to the boards and funders of multilateral donors and the political bodies that oversee bilateral development agencies. These increased country capacity and donor reporting demands make certain aspects of the Paris Declaration tenets challenging to implement, particularly with respect to the key area of alignment. As a result, implementing the Paris Declaration in large-scale infrastructure includes devoting significant resources to strengthening country capacity to manage large investments with significant social and environmental effects. Donors may begin by using country procurement systems for smaller procurements and donor procedures for larger procurements.

- Whether in developing or in developed countries, large infrastructure projects tend to be managed through a project approach. Project funding and monitoring of the progress of the project and its impacts can therefore be appropriate.

- There is strong support for sector-wide and other program-based approaches, using a variety of funding mechanisms. Almost every case study involved such an approach.

- Aid in the infrastructure sector has been funded through a variety of financing mechanisms, including general and targeted budget support (i.e., sector or sub-sector support), pooled financing, project support, and other coordination mechanisms such as the Six Banks in Vietnam that can support harmonization and alignment.

- Managing for results and mutual accountability continue to need increased attention from donor and partner countries compared to the other three tenets. Improving managing for results may be particularly important for infrastructure projects, given the impact it could have on operations and maintenance. However, managing for results appears to be a challenging principle to implement regardless of sector.

At the same time, evidence from the in-depth analysis of the case studies reveals that there are many commonalities across all sectors in terms of the challenges in implementing the Paris Declaration tenets—deepening ownership, building capacity in country systems, reducing the transaction costs of harmonization, strengthening managing for results and mutual accountability. As a result, many of the lessons learned in this study of the infrastructure sector are also applicable in other sectors such as health, education, and agriculture.

**Large- and Small-Scale Infrastructure**

The study also examined the differences between small and large-scale infrastructure projects in the application of the Paris Declaration tenets. Community-level ownership is likely to be strong for small-scale projects. Central governments like, and therefore own, large-scale projects, but their very complexity may result in more than usual donor involvement, which may in itself take some ownership away from government. Alignment is perhaps the most challenging of the Paris Declaration tenets to achieve with large-scale donor-financed infrastructure investments, which require substantial capacity on the partner country side in terms of project management, procurement, and overall public financial management. While the use of public financial management systems is more likely with donor funds provided as budget support, this form of funding is less common in the infrastructure sector, at least with large-scale projects. Smaller scale projects offer greater opportunities for communities to be involved in making sure the intended results are being achieved, also in planning the projects themselves, thus increasing local ownership. The early benefits likely from small-scale projects also make it easier for communities to see results and stay committed to projects. The results from large-scale projects are invariably much longer term. Such projects are more likely to receive parliamentary scrutiny and formal national audits and less likely to be subject to local community
participation. However, in the case study countries, the national audit agencies lacked capacity to monitor highly complex projects, increasing the risk that benefits will be diverted through corruption.

**Tenets**

**Ownership:** The Paris Declaration defines ownership as “partner countries exercise effective leadership over their development policies and strategies,” which requires both political will and technical capacity. Ownership in Paris Declaration terms is demonstrated through development strategies linked to the budget and developed by the partner country through a consultative process bringing in the views of stakeholders from citizens, civil society, the private sector and from different levels of government. At the sector level, then, ownership implies sector strategies and plans linked to a national development plan and budget framework developed through consultation.

In almost all of the cases examined, donor funding supports sector strategies prepared by the government and linked to national strategies that are developed with at least some stakeholder consultation. While capacity constraints in planning and problems linking infrastructure sector and national plans to multi-year budgets/MTEFs can reduce ownership, the case studies also demonstrated that country ownership can be generated through additional structures, such as community-based working groups or leadership from individual agencies or ministries.

Ownership is relevant not only at the planning stage, but also, importantly, throughout implementation. One of the features of the infrastructure sector is that agencies at varying degrees of arms’ length from the executive branch of government have responsibility for the implementation and sometimes design, of the projects. This is almost always true for projects involving major capital works, but it can also be true for urban and rural programs consisting of many small-scale capital projects.

The in-depth case studies showed generally strong government ownership of projects/programs of all kinds, with or without an agency implementing the project/programs. There were some instances of insufficient ownership outside the lead government agency, with other government agencies less involved than they should have been to ensure long-term sustainability. In one case, for example, a lack of buy-in by the Ministry of Finance resulted in inadequate funds to sustain the project.

**Alignment:** This tenet requires donors not only to support government-developed national and sector strategies, but also to use partner country systems, most significantly those for procurement and public financial management. The Paris Declaration recognizes that many partner countries’ systems are still weak and specifies that donors should help build capacity and refrain from setting up parallel systems that undermine system-building. This is perhaps the most challenging of the Paris Declaration tenets to achieve in the infrastructure sector because of the large size of many donor investments, which requires substantial capacity in country systems with respect to project management and implementation, procurement, overall public financial management, as well as environmental and social safeguards. Where such capacity is weak or lacking, donors are undertaking infrastructure projects and programs that apply the Paris Declaration tenets by supporting the development of partner country capacity along with putting in place strong country and donor accountability mechanisms. This use of existing country systems where possible, while simultaneously strengthening, improving, and building capacity for better systems, has proved to be effective.

Alignment with national procurement systems emerged as the most difficult aspect of this tenet to achieve. The case study analysis found that donors were less likely to align with government procurement systems for large-scale infrastructure projects. The main point emerging from the case studies is that alignment is less likely where large-scale procurement involving International Competitive Bidding (ICB) is required. Alignment is more likely where national procurement is possible, and that is generally for smaller scale procurement. In almost every case study
country, donors are funding the capacity building needed to reduce the risks of relying on national procurement systems.

Under the alignment principle, the case studies show that, apart from procurement, considerable progress has been achieved in improving public financial management from the preparation of budget (although there are few real MTEFs), its execution and to a lesser extent accounting for the uses of funds. Most of the funds provided by donors are aligned with the national budget and are on-budget. With respect to financing modalities, the case studies show that good examples in applying the Paris Declaration in the infrastructure sector include utilization of both project and budget support, as well as co-financing mechanisms.

PIUs continue to be used by donors, ministries, and agencies responsible for design and implementation for all kinds of projects and programs. Almost all are mainstreamed in terms of reporting to public officials, thus becoming a part of the government’s accountability system. However, in some of the cases, PIU staff were paid salaries much higher than salaries paid to officials in similar positions in the civil service or parastatals, making it difficult for officials to exercise authority over PIU staff. In addition, in practice, PIU staff often had closer relationships with the donors than with the department to which they reported. One hypothesis considered in the study was that the size and complexity of some infrastructure projects make it more likely that a PIU relatively detached from mainstream government will manage the implementation of the project. The PIUs for the two large-scale infrastructure case studies, including Vietnam’s Ministry of Transport’s PMUs and the Jamuna Bridge’s Multipurpose Bridge Authority, were, however, integrated in that the PIUs reported directly to a government minister and a number of under-secretaries.

*Harmonization:* Under this Paris Declaration tenet, donors commit to implement common arrangements and to simplify procedures, as well as to reduce redundancy in terms of programs/projects and assessments/missions.

The case studies show that donors have made significant efforts to harmonize their support through sector-wide or other program-based approaches of various kinds, including collaboration where the project funding has been favored, as with the two large-scale infrastructure projects in the case studies.

However, there is some evidence that the often difficult process of harmonization among the donors may sometimes come at the cost of diminished ownership. In at least one case, donors agreed with government a program in a form that the donors could reach consensus to support rather than the form that government might have preferred. It is also clear from the case studies that harmonization usually takes a long time, delaying the start of programs quite seriously in some cases.

The study also looked at whether the size of projects affected whether or not donor funds were provided as pooled funding. The case studies showed mixed results. The two Vietnam national highway projects are funded by a number of donors using different mechanisms, although with close collaboration between the main donors. Jamuna has multiple co-financiers who work closely together and follow similar procedures. Some other projects financed with pooled funding do include some moderately large capital expenditures. As noted above, in almost all cases, funding was on-budget.

Another hypothesis considered in the study was that donors, sensitive to size and complexity, may be more involved in preparing plans and policies in this sector than in others. There is no strong pattern here. Donors are heavily involved in working with governments on plans and policies in all kinds of infrastructure projects as well as in other sectors.

*Managing for Results:* The Paris Declaration calls for partner countries to build results-oriented frameworks into their national and sectoral development strategies and plans and for donors to align their monitoring and evaluation
frameworks with these country M&E systems. Where country systems are weak, donors are to harmonize their M&E and reporting requirements.

Few countries’ public administrations are organized to facilitate management for results through effective program budgets and performance appraisal systems. Most of the case study countries have project- and program-level monitoring for results, although these are often not effectively linked to a performance-oriented budget or MTEF and in turn to the PRSP or national development plan. Some countries have set up institutional arrangements within the public administration to measure performance, although implementation has been hampered by capacity constraints.

Most countries monitor for results at both the program and project levels, examining progress in terms of outputs, outcomes, and impacts. This also applies to large-scale infrastructure projects. The study revealed that systems for monitoring appear to be more effective at the project level, where donors and as well as government play an active role.

**Mutual Accountability:** The Paris Declaration states that “[a] major priority for partner countries and donors is to enhance mutual accountability and transparency in the use of development resources.” To that end, partner countries commit to strengthening their own accountability and participation systems and donors and partner countries agree to conduct joint assessments of aid.

Like managing for results, mutual accountability is given less emphasis than the first three Paris Declaration tenets. However, in every case there is joint donor–government monitoring of infrastructure programs and projects. In the infrastructure sector, the case studies show that small-scale projects are more likely to have accountability mechanisms that involve local stakeholders, since they are directly involved in its use.

Most of the case studies have put policies and programs in place to reduce corruption; this is a positive step, since corruption makes it less likely that the planned results, although the results of these efforts are, to date, unclear. Case study countries also have efforts underway to increase participation in planning and assessments and capacity-building initiatives for their parliaments.
I. BACKGROUND TO THE STUDY

A. Objective of the Study

The Urban Institute (UI) was contracted by the World Bank on behalf of the Japan Bank for International Cooperation (JBIC), the Asian Development Bank (ADB), KfW Entwicklungsbank (KfW), and Agence Francaise de Developpement (AFD), with funding from the Japanese Government to carry out a study intended to contribute to the Accra High Level Forum (HLF) on Aid Effectiveness in September 2008 by providing lessons learned for implementing the Paris Declaration on Aid Effectiveness in the infrastructure sector. The African Development Bank (AfDB), the UK’s Department for International Development, and the European Commission also provided input. Drawing on examples from 14 case studies, the study seeks to identify sector-specific and context-specific challenges to implementation, a broader understanding of which will facilitate the advancement of Paris Declaration goals.

B. Summary of the Paris Declaration

In response to the challenges posed by the Millennium Development Goals, the key stakeholders in international development—developing and developed country governments, civil society organizations, and the multilateral and bilateral development institutions—set out a new agenda to improve the effectiveness of aid. This agenda, embodied in the Paris Declaration on Aid Effectiveness, is designed to address key challenges and obstacles to aid effectiveness through increasing country ownership over aid, reducing aid fragmentation, introducing effective monitoring systems, and, in so doing, reducing the high transaction costs of providing and receiving aid.

The Paris Declaration, which is adhered to by more than 100 countries, sets out five broad tenets—ownership, alignment, harmonization, managing for results, and mutual accountability—that, as defined in the partnership commitments, are intended to address these issues and therefore improve the effectiveness of international aid at the country level. As mentioned in the 2006 Survey on Monitoring the Paris Declaration, a unique element of the Declaration is that implementation requires that both partner countries and donors make substantial and interdependent changes in their development practices. Achieving the commitments also requires equally substantial changes in inter-donor relations and practices, specifically with respect to harmonization, but also in alignment (e.g., harmonized performance assessment frameworks and diagnostic, capacity development assistance), managing for results (e.g., monitoring standards), and mutual accountability (e.g., joint assessments).

Both donors and partner countries face a variety of challenges in implementing these commitments—increased costs, structural disincentives, fiduciary responsibilities, and capacity constraints. On the donor side, there are both internal incentives (e.g., pressure on staff to disburse loans, lack of in-country donor representative ownership of the Paris Declaration commitments, difficulties in communicating/coordinating across departments) and external incentives (e.g., bilateral’s accountability to domestic institutions) to continue to structure aid through parallel processes that are more responsive to the individual donor’s needs than partner country needs or other donors’ aid agendas. Similarly, on the partner country side, there are incentives to maintain the current, fragmented system (e.g., the generally higher staff salaries paid in parallel PIUs, difficulties in communicating/coordinating across government agencies) as well as capacity constraints that affect a variety of institutions, from procurement and M&E systems to the ability to develop the types of well-defined, actionable strategic plans that are necessary for partner countries to take leadership and facilitate donor alignment and mutual accountability. As this list makes clear, there are significant, upfront additional costs to both donors and partners in implementing the Paris Declaration.
C. Approach to the Study

The study focused on an analysis of infrastructure projects in eight different countries. The projects selected for the study present a good mix of the factors influencing implementation of the Paris Declaration—different sectors, donors and country contexts, as well as different types of projects and modalities (rural/urban, large-scale lumpy investment/rural infrastructure, national/subnational, private sector involvement, sector-wide/donor coordinated). The projects were assessed in light of the proposed research questions in the World Bank’s Terms of Reference (see Annex E) and an analysis of the original case studies provided by the World Bank, the Agence Francaise de Developpement, the Asian Development Bank, KfW Entwisklungsbank (KfW), and the Japan Bank for International Cooperation. While the 14 case studies considered in the report do not represent a scientific sample, it is nevertheless possible to identify common issues and lessons learned about the implementation of the Paris Declaration in the infrastructure sector.

1. Case Studies and Phase I Report

In preparation for the Phase I Report, the team developed case study summaries for each of the identified projects based on a desk review of case study reports provided. Each summary included a brief introduction to the case study and offered a succinct description of the sector involved, issues relevant to that sector, and the scope of the case study itself. While the case studies were of varying length with wide differences in emphasis and structure, some initial findings and lessons emerged from them that served as the foundation for the Phase I Report and helped set the agenda for Round Table 8 at the Accra HLF. Each case study provided an analysis of the project’s application of each of the Paris Declaration tenets, and outlined issues to be further investigated during the country visits and expanded upon in the final report. For a full summary of the case studies see Table 1 below.

2. In-depth Country Case Studies

This phase of the study involved elaborating upon the preliminary lessons set forth in the Phase I Report through country visits and in-depth analysis. Teams of international experts and local consultants conducted field visits in each country to meet with relevant stakeholders (donors, PIUs, government counterparts, beneficiaries, NGOs). The focus of the second phase was not narrowly on a particular project in a partner country, but rather the achievement of the Paris Declaration tenets in the case study sector. For example, in reviewing Ghana’s application of the Paris Declaration tenets to date, in the first phase (desk study), the team reviewed the AFD Community Water and Sanitation Project in the Northern Region (2002–2007). In the second phase (in-country), the team looked more broadly at the application of the Paris Declaration tenets in the water sector in Ghana. The case studies provided a convenient point of entry to the in-depth analysis and consultation that was the focus of the second phase of the study.

3. Regional Workshops

The team also conducted workshops in Indonesia and Ghana that were intended as consultations with representatives from partner countries and donors on the issues covered by the study. Ritu Nayyar-Stone led the Asia workshop in Indonesia and Gretchen Mikeska conducted the Africa workshop that took place in Ghana. Workshop proceedings consisted of presentations on the preliminary findings of the study and discussion sessions with participants. Written summaries of the key conclusions of the workshops were made available following the completion of each.
D. Study Team

The team was led by a Public Sector Management Specialist with extensive experience in assessments of Aid Effectiveness, who had responsibility for overall technical direction. The team also consisted of key staff providing technical guidance, who contributed to both the Phase I and Final Reports, as well as staff and local consultants who conducted the in-country assessments and developed the individual case studies. In addition, the team was able to call on senior advisors and research support in Washington. For a complete listing, please see Annex D.

E. Structure of the Report

This report is divided into five sections, including this introductory section. Section II sets out the main hypotheses investigated in the In-depth Country Case Studies. Section III presents detailed findings from the In-depth Country Case Studies, devoting a subsection to each of the Paris Declaration tenets—ownership, alignment, harmonization, managing for results, and mutual accountability. Section IV provides a brief comparison of the infrastructure sector with the education and health sectors and Section V presents the conclusions and lessons learned from the 14 case studies on implementing the Paris Declaration on Aid Effectiveness in the infrastructure sector.

II. INFRASTRUCTURE AND THE PARIS DECLARATION — HYPOTHESES

The goal of this study was to identify lessons learned from the application of the Paris Declaration tenets in the infrastructure sector. One key hypothesis to test was whether the unique characteristics of the infrastructure sector would result in unique challenges and opportunities in implementing the Paris Declaration tenets, different from those in other sectors. The study also examined a second hypothesis: that there would be different challenges and opportunities for large scale infrastructure projects than for small scale infrastructure programs.

In Phase II of the study, the in-depth case studies and analysis, the team also tested a number of hypotheses that emerged from the Phase I Report, which was based upon the initial case studies presented by the donors and other members of the Steering Committee. These included:

- The national ownership objective might be more difficult to achieve for infrastructure projects partly because these kinds of projects, because of their complexity, may tend more than projects in other sectors to be implemented by somewhat detached PIUs with closer relationships to donors than to national governments and stakeholders
- Again the complexity of the projects in this sector may lead to a focus on the implementation of the projects rather than to the achievement of the intended outcomes and impacts
- Alignment with procurement and other public financial management systems would be more difficult with projects and programs in this sector, especially large scale ones
- Donors would be more involved in preparing plans and monitoring results in the infrastructure sector, again because of the complexity of the projects, but also because of their visibility and social and environmental impacts
- For the same reasons, donors would be more inclined to support infrastructure programs through projects rather than some form of budget support

The hypotheses are reported upon along with the findings under each tenet in the next section of the report.
III. FINDINGS FROM THE IN-DEPTH COUNTRY CASE STUDIES

The programs and projects covered by the case studies are summarized in Table 1. They range from rural and urban water and sanitation to national roads and bridges. Following the table, each tenet is examined in more depth.
<table>
<thead>
<tr>
<th>Case Study Name</th>
<th>Donor(s)</th>
<th>Years</th>
<th>Sector</th>
<th>Modality</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bangladesh:</strong> Delivery of Services to the Poor/Dhaka WSS Sector (Not Yet Implemented)</td>
<td>WB</td>
<td>2008–2011</td>
<td>Urban Water &amp; Sanitation</td>
<td>Multi-Donor, Not Yet Implemented</td>
<td>$7-8 million USD (estimated)</td>
</tr>
<tr>
<td><strong>Bangladesh:</strong> Greater Faridpur Rural Infrastructure Development Project</td>
<td>JBIC</td>
<td>1992–1998</td>
<td>Rural Infrastructure</td>
<td>One Donor, Discrete Project</td>
<td>¥ 8,699 million</td>
</tr>
<tr>
<td><strong>Bangladesh:</strong> Jamuna Multipurpose Bridge</td>
<td>ADB, JBIC, WB</td>
<td>1994–1998</td>
<td>Transport</td>
<td>Multi-Donor, Discrete Project</td>
<td>$754 million USD</td>
</tr>
<tr>
<td><strong>Bangladesh:</strong> Rural Infrastructure Improvement Programme</td>
<td>ADB, BMZ (implemented by KfW and GTZ)</td>
<td>2003–2009</td>
<td>Infrastructure</td>
<td>Multi-Donor</td>
<td>€ 8.5 million</td>
</tr>
<tr>
<td><strong>Ghana:</strong> Brong Ahafo Rural, Periurban and Small Towns Water &amp; Sanitation Project</td>
<td>AFD</td>
<td>Q4 2008–</td>
<td>Water &amp; Sanitation</td>
<td>One Donor, Targeted Budget Support</td>
<td>€ 17 million</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td>€ 1.6 million (grant)</td>
</tr>
<tr>
<td><strong>Ghana:</strong> Community Water and Sanitation Project in the Northern Region</td>
<td>AFD</td>
<td>2002–2007</td>
<td>Water &amp; Sanitation</td>
<td>One Donor, Targeted Budget Support</td>
<td>€ 14 million (loan)</td>
</tr>
<tr>
<td>Case Study Name</td>
<td>Donor(s)</td>
<td>Years</td>
<td>Sector</td>
<td>Modality</td>
<td>Funding</td>
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<tr>
<td><strong>Indonesia: Infrastructure Reform Sector Development Program (IRSDP)</strong></td>
<td>ADB, Government of Netherlands, JBIC, WB</td>
<td>2005–2010</td>
<td>Infrastructure</td>
<td>Multi-Donor Budget Support</td>
<td>$436 million USD</td>
</tr>
<tr>
<td><strong>Indonesia: Rural Infrastructure Support Program</strong></td>
<td>ADB</td>
<td>2006–2007</td>
<td>Infrastructure</td>
<td>One Donor, Targeted Budget Support</td>
<td>$61 million USD</td>
</tr>
<tr>
<td><strong>Uganda: Rural Water Supply and Sanitation</strong></td>
<td>ADA, AIDB, DANIDA, DFID, EU, SIDA</td>
<td>2000–2009</td>
<td>Water &amp; Sanitation</td>
<td>Pooled Funding from Multiple Donors</td>
<td>UA 156.4 million</td>
</tr>
<tr>
<td><strong>Vietnam: National Highway No. 1 Bridge Rehabilitation Project</strong></td>
<td>JBIC</td>
<td>1994–2005</td>
<td>Transport</td>
<td>One Donor, Discrete Project</td>
<td>¥37,266 million (disbursed)</td>
</tr>
<tr>
<td><strong>Vietnam: National Highway No. 5 Improvement Project</strong></td>
<td>JBIC</td>
<td>1994–2005</td>
<td>Transport</td>
<td>One Donor, Discrete Project</td>
<td>¥18,047 million (disbursed)</td>
</tr>
</tbody>
</table>
A. Ownership

The Paris Declaration defines ownership as “partner countries exercise effective leadership over their development policies and strategies,” which requires both political will and technical capacity. Ownership in Paris Declaration terms is demonstrated through development strategies linked to the budget and developed by the partner country through a consultative process bringing in the views of stakeholders from citizens, civil society, the private sector and from different levels of government. At the sector level, then, ownership implies sector strategies and plans linked to a national development plan and budget framework developed through consultation. At the project level, ownership can also reflect more direct community involvement.

<table>
<thead>
<tr>
<th>OWNERSHIP: Comparison of Large- and Small-Scale Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complexity leads to more active donor involvement</td>
</tr>
<tr>
<td>Small-Scale Infrastructure: No</td>
</tr>
<tr>
<td>Opportunities for community involvement in construction</td>
</tr>
<tr>
<td>Small-Scale Infrastructure: Yes</td>
</tr>
<tr>
<td>Opportunities for community involvement in maintenance</td>
</tr>
<tr>
<td>Small-Scale Infrastructure: High</td>
</tr>
<tr>
<td>High upfront expenditure requires high donor input</td>
</tr>
<tr>
<td>Small-Scale Infrastructure: No</td>
</tr>
</tbody>
</table>

Some key contrasts between small- and large-scale infrastructure projects are summarized in the table above. Community-level ownership is likely to be strong for small-scale projects. Central governments tend to “own” large-scale projects, but their very complexity may result in more than usual donor involvement, which may in itself take some ownership away from the government.

In almost all of the cases examined, donor funding supports sector strategies prepared by the government and linked to national strategies developed with at least some stakeholder consultation. However, capacity constraints in planning and problems linking infrastructure sector and national plans to multi-year budgets limit the depth of partner country ownership. With respect to the differences between large- and small-scale infrastructure, the planning requirements for large-scale infrastructure—long planning periods and high upfront demands for capital—tend to encourage incorporation in national or sector plans at the central level, but can work to limit more direct forms of community involvement. Small-scale infrastructure may allow for more stakeholder participation, but be less likely to be formally linked to a sector plan or sector budget. The table on large- and small-scale infrastructure stresses differences, not similarities.

1. Sector strategies

Almost every project or program examined by the team is based upon a sector strategy prepared by the government or agency concerned. However, the depth of ownership varies. Many of the case studies indicated that projects and programs are developed partly in response to government interests and community requests and partly in response to a donor drive for projects that align with donor’s goals and objectives. Another tension evident in some of the case studies was between fast implementation of infrastructure projects or programs resulting from strong ownership at the center and slower implementation where there is stronger community involvement.
Many of the case studies also showed that the countries examined lacked a true Medium Term Expenditure Framework (MTEF) process, which weakens effective ownership. That is, they did not have a MTEF process in which multi-year programmatic priorities, recurrent and capital expenditure, linked to policy priorities and results to be achieved, are considered together and the framework is not simply a multi-year extension of the annual budget. The key to a good MTEF is that the process by which it is prepared binds political leaders to the priorities established for all sectors, thus assuring the inter-sectoral coordination required to achieve the Paris Declaration’s ownership tenet.

For example, the Bangladesh case study showed both country ownership and response to donor objectives. All projects must all be reviewed against the Poverty Reduction Strategic Plan to ensure each project does support the goals of the plan. Both donors and the GOB representatives met during the field visit agree that the PRSP is a government-owned document. However, the team heard differences of opinion on the extent to which the PRSP and Medium Term Budgetary Framework (introduced in FY06 in four pilot ministries then expanded to ten others in FY07, and now including 16 ministries) replaces the Five Year Plan. There is a sector strategy for rural infrastructure, and there is a national plan for water supply and sanitation which was prepared in 2005 with Danish assistance, however, this national WSS plan did not focus on large urban areas, hence there is no real strategy or plan for WSS in urban areas.

On the other hand, in Senegal all of the needs addressed in country planning documents (e.g., national and sector plans as well as project documents) are based on needs identified by beneficiaries. Targets identified in the planning documents are linked to the needs expressed. The Government of Senegal formulates broad policies, local government institutions prepare their various plans, which are then funded by the government for implementation.

In Indonesia, a country that, as can be seen in Annex B, has the lowest level of aid dependence of any of the countries studied, and has an explicit policy of becoming less aid dependent, there is a strong linkage between the MDGs, the PRSP (SNPK in Indonesia), the Medium Term Development Plan (RJPM) and annual workplans to guide the implementation of the RJPM. The national planning agency, BAPPENAS, takes the lead in all planning.

The Indonesia case study, however, does offer an illustration of the tension between fast implementation of infrastructure projects or programs resulting from strong ownership at the center and slower implementation where there is stronger community involvement. The RISP project, which has the fastest disbursement within the country, has been criticized for not instilling sufficient ownership at the local level. In some of the other cases, as well, limited attention has been paid to local community-based ownership. This is reported to be one weakness with Uganda’s RWSS program. Disbursement was slower in the Uganda case because of capacity weaknesses and some delays in the flows of funds from donors and the Ministry of Finance.

Finally, many of the countries visited are in the process of piloting or instituting MTEF systems, generally with donor support; these systems are not, for the most part, yet able to comprehensively link policy to expenditures, a key factor in establishing effective ownership. For example, Vietnam is piloting MTEF at the ministry and province level, but does not have an MTEF or any other mechanism to link national and sectoral plans to the national budget (thus contributing to an under-funding of maintenance described below in Managing for Results). Indonesia has no MTEF. Bangladesh has so far introduced an MTBF to 16 key ministries, focusing on those primarily involved with development work, aiming towards more strategic budgeting that would align public expenditures with national priorities through the MTBF which is linked to its PRSP.
2. Implementation agencies

One of the unique features of the infrastructure sector is that agencies at varying degrees of arms’ length from the executive branch of government have responsibility for the implementation and sometimes design, of the projects. This is almost always true for projects involving major capital works, but it can also be true for urban and rural programs consisting of many small-scale capital projects. Donors often have close relationships directly with these agencies, which may also foster close ties to local communities.

For example, in Bangladesh, even for projects originating with the government rather than at the initiative of NGOs or donors, implementing agencies prepare concept papers addressing the requirements of the PRSP and submit them to the line ministries, who in turn submit them to the Planning Commission. The project proposal itself is then prepared by the implementing agency. Donors tend to work directly with the implementation agency in the design and development of the project and in monitoring its progress. In the absence of a sector plan, the Dhaka Water and Sanitation Authority (DWASA) feels that “it takes the lead in driving investment in this area,” according to the case study.

Ghana’s Community Water and Sanitation project in the Northern Region was implemented by a PIU headed by a French company, in association with two local firms, and was staffed by French and Ghanaian experts. The relationship with the donor is reported to be stronger than the relationship with the Community Water and Sanitation Authority (CWSA). The Water Directorate, which is supposed to provide leadership in the sector and is part of the civil service, has only three professional staff and is still, after four years, is still dependent on the development partners for its operating expenses.

Indonesia has a unique arrangement for its Water Supply and Environmental Sanitation program. In this case, a working group approach has transformed a very supply-oriented program into a much more demand-oriented program that has 85 percent of projects still functioning after one year. There are 62 working groups in nine provinces.

3. Donor role

As stated above, in the cases examined by the team, donor funding supports sector strategies prepared by the government or agency concerned. However, although governments approve sector programs and projects, politically and, through their legislatures, legally, the case studies also show that donors play a major role in their design and even implementation.

For example, donors interacted directly with the implementation agencies concerned to identify needs and prioritize projects in each of the four Bangladesh projects in the case study. JICA experts utilized their “Link Model” from Phase I Hypothesis: There is some evidence from Phase I that the ownership objective is not completely achieved for infrastructure programs in terms of the linkage between activities on the ground and policy guidance, even national sectoral plans. One reason that ownership may be a greater problem for infrastructure projects is that they are more likely to be the responsibility of parastatals and public-private partnerships, largely independent of government, than projects in other sectors.

Finding: The in-depth case studies presented no evidence that this is the case. There was usually strong government ownership of projects/programs of all kinds, with or without an agency implementing the project/programs. There were some instances of insufficient ownership outside the lead government agency, with other government agencies less involved than they should have been to ensure long-term sustainability. In one case, for example, a lack of buy-in by the Ministry of Finance resulted in inadequate funds to sustain the project.
another project in the Greater Faridpur Rural Infrastructure Project (RIDP). In some cases, the donors have required that policy changes be made to support the effective implementation of a project/program or sector plan. For example, donors required the preparation of a National Water Policy as part of Ghana’s PRSP (named GPRS2).

There is one instance among the case studies of a government taking a very assertive stance to its relations with donors. As the case study reports, the Government of Vietnam has explicit policies on ODA, including an official Strategic Framework for Official Development Assistance Mobilization and Utilization 2006–2010 (December 2006) and its own, localized, version of the Paris Declaration, the Hanoi Core Statement on Aid Effectiveness (July 2005). The Strategic Framework for ODA identifies as its first Guiding Principle,

Ensure National Ownership. ODA projects and programs must be mobilized and utilized according to the 5 year national, sector and local socio-development Plans. Ministries, line agencies, localities and beneficiaries should mainstream ODA projects and programs in their own 5 year socio-economic plans 2006-2010

and goes on to state that donors must follow the five Paris Declaration/Hanoi Core Statement tenets, including “[r]espect for country leadership and ownership in the development and implementation of socio-economic development programs.” The Strategic Framework also identifies priority sectors and the percentage of development assistance allocated to each; the infrastructure sector (including transportation/roads) is slated to receive more ODA than any other sector.

There is sometimes a tension between ownership and progress in achieving results on the ground, particularly in environments of weak capacity and conflicting or weak political guidance. Faced with this, donors sometime assume a role so pro-active that it may detract from the Paris Declaration tenet of strong government ownership. The desk study of the Bangladesh DWASA project described such a situation, in which there were unsustainable institutional arrangements in the implementing agency (DWASA) and within the government. It goes on to say:

The three constraints that most hamper improving aid effectiveness in this sector include:
1. Lack of implementing government leadership and lack of vision for the sector: often operational willingness is not combined with policy-level vision/leadership
2. Existing capacity, rapid rotation among bureaucrats
3. [Some] implementing agencies’ existing technical capacity require[s] extensive reliance on external support to implement and … [is a] weak base from which to develop capacity

Also the case study describes investments as historically not resulting in significant results at the household level, and given the capacity of the DWASA, stand alone investment will have limited sustainability (crowd out vs. build up experience). The government’s budgetary mechanisms do not seem viable given its weaknesses in the system and poor record of accountability.

Given the above, the decision by several key donors in the urban water and sanitation sector to develop their own strategy negotiated with the GoB was a pragmatic response.

Other studies have described situations in which donors with differing views give more attention to resolving those differences than to responding to the government’s stated priorities, even if they have been developed with support
from consultants funded by those very same donors. Evidence of this conflict between the ownership and harmonization objectives will be discussed further below.

4. Capacity constraints

Capacity problems have already been alluded to, for example, in discussion of the donors’ role in ownership. Donors have supported, and have had to support, improvements in planning and implementation capacity in every project and program in the case studies. Decentralization initiatives can also exacerbate this problem, as authorities are transferred to lower level authorities, multiplying the capacity-building needs. In some cases, donors have had to extend such training and technical assistance not only to public sector agencies, but even to the private sector and community groups.

Capacity weaknesses was one of the four issues covered by the Government of Indonesia’s January 2005 Infrastructure Reform Agenda, held as part of the policy-based loan for the Infrastructure Reform Sector Development Program (IRSDP). The weak leadership caused by the lack of capacity in Ghana’s Water Directorate has already been mentioned, a weakness that the government discussed during the September 2007 Multi-Donor Budget Support (MDBS) review.

In Burkina Faso, local private firms have had to learn how to respond to RFPs and work with communes, while in Bangladesh, grassroots groups, including Union Parishad chairs, community members and CBOs, receive training in nation-building activities, bottom-up planning and the community’s role in implementation and maintenance.

In Ghana, decentralization is high on the government’s agenda, with many functions currently being transferred to the District Assemblies (DAs), including the implementation of sector programs or projects. However, due to the limited capacity of some of the DAs, Community Water and Sanitation Agency regional offices must often assist with implementation, which is outside of their role as a facilitative agency.

B. Alignment

This tenet of the Paris Declaration requires donors not only to support government-developed national and sector strategies, but also to use partner country systems, most significantly those for procurement and public financial management. The Paris Declaration recognizes that many partner countries’ systems are still weak and specifies that donors should help build capacity and refrain from setting up parallel systems that undermine system-building.

Alignment is perhaps the most challenging of the Paris Declaration tenets to achieve in the

<table>
<thead>
<tr>
<th>ALIGNMENT: Comparison of Large- and Small-Scale Infrastructure</th>
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<tbody>
<tr>
<td><strong>Small-Scale Infrastructure</strong></td>
</tr>
<tr>
<td>Large, complex and lengthy procurement leading to high use of ICB with donor review</td>
</tr>
<tr>
<td>High use of local procurement</td>
</tr>
<tr>
<td>Technically difficult implementation of capital works leading to close donor supervision</td>
</tr>
</tbody>
</table>

3 This aspect of the tenet overlaps somewhat with Ownership and is therefore discussed in that section, above.
infrastructure sector because of the large size of many donor investments, which requires substantial capacity on the partner country side in terms of project management, procurement, and overall public financial management. While the use of public financial management systems is more likely with donor funds provided as budget support, this form of funding is less common in the infrastructure sector, at least with large-scale projects. The case studies showed the most success in using mainstreamed, rather than parallel, project implementation units for project management. Among the case studies under review, the most difficult aspect of alignment for the infrastructure sector was procurement, again with large-scale projects being more challenging than small-scale. In all of the case study countries, donors are providing capacity-building assistance for procurement and public financial management.

**1. Procurement, public financial management, and other partner country systems**

**Procurement.** In many of the infrastructure cases examined, government procurement systems are not being used, particularly for large procurements. In some cases, countries have incorporated international competitive bidding into their procurement regulations, but do not have the capacity or accountability systems in place to conduct it. As a result, donors often closely supervise ICB procurements. The case studies showed that government procurement systems are much more commonly used for smaller, local procurements. Donors are supporting procurement reform and capacity building in each of the case study countries. However, even in partner countries that have procurement systems in place that meet international standards and have the capacity to operate those systems, many donors remain hesitant to use national systems. As shown in Annex B, all of the case study countries have low ratings on Transparency International’s corruption index and rankings.

There are a number of important contrasts between small- and large-scale infrastructure programs under this heading. The size and complexity of large-scale projects lead to procurement capacity issues that in turn force more donor involvement in the processes. The greater environmental and social risks also lead to more donor involvement. Powerful and relatively independent PIUs are also the norm with large-scale infrastructure.

Donors are not currently using government procurement systems in Bangladesh, although some are prepared to do so for new projects in accordance with new procurement rules introduced in January 2008. The DWASA donors have said, however, that they are not prepared to move to government systems.

Although Ghana introduced a new procurement act in 2003, many donors are continuing to use their own systems for ICB; more are, however, using the government system for local procurement, though its use often results in project delays. Just over half of Vietnam’s aid is disbursed using national procurement systems, which are currently being reformed as part of its a transition from a planned to a market economy. As in Ghana, donors are continuing to use their own systems for ICB in Indonesia, but the government’s standard bidding documents for national procurement. Although all financial reporting and record keeping manuals are provided by the Internal Audit Office in Indonesia for all donor projects, procurement compliance manuals are provided by each donor, and
each is different. Among the cases studies, there were some instances of procurement being in effect carried out by consultants.

As noted, national procurement is used more often in projects characterized by small-scale projects that do not require ICB. However, even then, there may be capacity problems. For example, 50 percent of local personnel lacked the necessary capacity to carry out procurements in the Senegal Urban Development and Decentralization Program. A new agency, l’Agence d’Execution des Travaux d’Interet Public (AGETIP) was created under the Program to assist in project procurement.

**Phase I Hypothesis:** There is greater reluctance to align with government procurement systems for large-scale infrastructure projects. Even for smaller projects, there is concern about the lack of local procurement capacity.

**Finding:** The main point emerging from the case studies is that alignment is less likely where International Competitive Bidding (ICB) is required. Alignment is more likely where national procurement is possible and that is generally for smaller scale procurement.

**Public Financial Management (PFM).** Donor funding in the form of budget support, whether general or targeted, automatically uses partner country financial management systems. While other aid modalities may use PFM systems, this is generally less common with support for discrete projects. In the case studies under review, some of the funding is for specific projects and some in the form of budget support; use of country public financial management systems generally reflects this distinction, which is, in turn, tied to donor concerns about capacity to manage funds, especially for large infrastructure projects. As with procurement reform, in all cases, donors are supporting improvements in public financial management generally, including the whole expenditure cycle from the preparation of the budget, its execution, and accounting for the uses of funds.

Some of Burkina Faso’s donors are supporting general and sectoral budget support, including EC € 50 million for the water sector. It is not yet clear what form the funding from other donors will take for support to Burkina Faso’s water sector beyond 2010. Indonesia’s IRSDP also has mixed forms of funding: there is budget support (a loan) for policy reform as well as project support. Indonesia’s RISP is project funding.

The two national highway/bridge projects in Vietnam that were reviewed in the case study received project funding and did not use Vietnam’s PFM systems. All the staff in government departments interviewed in the Vietnam case study said that project funding is most appropriate for large-scale infrastructure, such as the two national highway projects under study, although Vietnam was one of the first countries to have a Poverty Reduction Support Credit (PRSC). Nevertheless, the World Bank and DFID have used targeted budget support for a rural roads initiative in Vietnam. There is a Multi-Donor Budget Support program in Ghana with a small amount of the funding for the water and sanitation sector. Some donors are planning a performance-based grant system there. However, there is concern that grants intended for water and sanitation may be allocated to other uses at the district level and, under budget support mechanisms, it will not be possible to track this.

Vietnam’s public financial management reforms have made the budget more transparent and strengthened the role of the national assembly. Ghana has been carrying out PFM reforms since 2002, with capacity building funded by DFID and the World Bank. DFID and the Netherlands have been supporting PFM reforms and capacity building in Bangladesh since 2003, but much remains to done, and a second PFM project started in July 2008. Senegal created a new agency, Agence de developpement municipal (ADM), that is identifying needed PFM reforms.

**Other systems.** Other partner country systems that are particularly important in the infrastructure sector include regulations and procedures for environmental impact and social assessments. In many cases, donors also see weaknesses in these systems. For example, in Bangladesh, one key DWASA donor said that they are
particularly concerned about safeguard systems, such as environmental impact and social assessments. Many donors in Vietnam also insist on their own systems for EIA and social assessments, including procedures for land acquisition and relocation of residents displaced by large-scale infrastructure projects.

2. Resource predictability

Resource predictability was not raised as a significant issue in many of the case studies. Where it was mentioned, most of the case studies identified capacity constraints as the cause of the slower than planned disbursements: for example, in Uganda and Vietnam. Legal and bureaucratic issues, some related to land acquisition and relocation issues, were additionally reported in Vietnam.

3. Project Implementation Units

Most of the projects/program studies are implemented by project implementation units (PIUs) that meet the Paris Declaration definition for integrated PIUs; in other words, they report through the normal civil service channels. However, in many cases, PIU staff are paid salaries significantly higher than the regular civil service. It is difficult for civil servants to exercise authority over a PIU director paid many times their salary and with close connections to the donors. The case studies show that little progress has been made to address this issue. A problem beyond the scope of this study is that pay reform, involving increasing the salaries of the kinds of professionals who staff PIUs, is difficult because governments lack the resources of their own to pay higher salaries.

Bangladesh’s PIUs, associated with the case study, are supervised by government implementation agency staff, with capacity building from local private sector institutions. Indonesia’s IRSDP PIU is headed by a BAPPENAS official and staff with international and local consultants.

Vietnam’s Ministry of Transport has approximately ten PMUs (project management units) that are fully integrated into the government structure and are responsible for both donor- and government-funded projects. Many are or have been supported by donor-funded consultants. These PMUs are only responsible for the construction phase of the projects; once the projects are completed, operations and maintenance is handed over to central government or local government departments. In the case of the two national roads projects under study, day-to-day operations are handled by state-owned enterprises under the Vietnam Roads Authority.

Phase I Hypothesis: The size and complexity of some infrastructure projects make it more likely that a PIU relatively detached from mainstream government will manage the implementation of the project.

Finding: There were almost no detached or parallel PIUs in the case studies. The PIUs for the two large-scale infrastructure case studies were fully integrated, including Vietnam’s Ministry of Transport’s PMUs and the Jamuna Bridge’s Multipurpose Bridge Authority, which reports directly to a government minister and a number of under-secretaries. It should be noted, however, that salaries at many of the PIUs exceed regular government pay scales.

This is not the case with Indonesia’s IRSDP, whose director, a BAPPENAS official, is not paid a salary supplement. The director and other BAPPENAS staff do, however, have their travel and incidental costs covered by the project. Staff in Vietnam’s PMUs are paid according to state salary scales plus a management fee dependent on the size of the funds under management, whether the source of funding is donor or government. Burkina Faso pays salary supplements to civil servants assigned to PIUs.
4. Staff capacity

As mentioned above, a major reason for the extent of non-alignment with government systems is weak staff capacity. Donors seem to be particularly concerned about the capacity of staff to manage ICB for large infrastructure projects; thus, they tend to favor the use of donor systems. Here, the findings vary by type of infrastructure project. Programs that involve many small-scale projects, often rural, but sometimes urban water and sanitation as well, use national procurement systems since the risks and consequences of poor procurement are smaller.

For example, Bangladesh’s JBIC funded RIDP project, which consists of many small capital works, has been implemented by the Local Government Engineering Department (LGED) using Local Competitive Bidding (LCB). However, local procedures put an emphasis on cost first, while JBIC required a priority based on the quality of consultant. The JBIC requirement was included in the loan agreement.

Some donors expressed concern about another capacity-related issue: the high turnover of key government staff. This has been the case in Bangladesh where Secretary, Joint-Secretary and Deputy-Secretary staff are rotated very frequently. Senior civil servants remain in their post for 18 months on average. This delays progress as new staff need to be re-engaged.

C. Harmonization

Under the Paris Declaration, donors commit to implement common arrangements and to simplify procedures, as well as to reduce redundancy in terms of programs/projects and assessments/missions.

Donors have made significant efforts to harmonize their programmatic approaches, through sector-wide approaches and other program-based approaches, although there is still a tendency for multiple donors in one sector to want to play the leading role. Where alignment is not yet in place, donors have also worked to harmonize procedures and conduct joint missions. In some cases, such as in Vietnam, harmonization and alignment are being addressed together. However, there is some evidence that harmonization may sometimes come at the expense of ownership, as donors focus on reaching agreement among themselves. Similarly, ownership may suffer if the cost and time required to achieve harmonization results in a rigid program that reduces the government’s ability to be responsive to changing conditions on the ground by implementing ad hoc projects. Many of the cases, as well as the broader literature, cite the high costs involved in harmonizing.

<table>
<thead>
<tr>
<th>HARMONIZATION: Comparison of Large- and Small-Scale Infrastructure</th>
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</thead>
<tbody>
<tr>
<td>Small-Scale Infrastructure</td>
</tr>
<tr>
<td>Complexity of project/program increases harmonization effort required</td>
</tr>
<tr>
<td>Visibility of program increases harmonization effort, potential for competition for leadership</td>
</tr>
<tr>
<td>Need to report back to donor boards/parliaments on results achieved with donor’s funds</td>
</tr>
</tbody>
</table>
1. Donor harmonization and government ownership

As noted in Ownership, above, all of the case studies were examples of program-based approaches as donors based their assistance on partner country sector plans. However, while the Paris Declaration commits donors and partner countries to encouraging harmonization through program-based approaches such as sector-wide approaches, there is nonetheless some opposition to sector-wide approaches from governments, while the battle for donor leadership can sometimes draw attention away from the need for government ownership and effective harmonization. Finally, harmonization can be costly for both donors and partner governments.

It is worth quoting the Bangladesh case study on why some in government do not like SWAps: One respondent indicated that:

Some politicians and GoB managers tend to dislike SWAps for a couple of reasons. Firstly, there is less flexibility to bring individual projects to the sector in response to interests from a specific quarter of the community, thus leaving a perception that donors have more control, and local governments less control, over project identification. To meet these ad-hoc needs, local governments officials have turned to government-financing for projects that may not fit into the criteria of the SWAp program. Secondly with a SWAp in place, only one management unit is set up to take care of the entire development program of the sector. This is not attractive to the implementing ministry and agencies as it tends to result in a reduction of the need for senior management positions at a certain level of authority who will be engaged in sector project management.

The Indonesia case study illustrates what can happen when multiple donors feel the need to lead:

Cooperation and harmonization of donors in the infrastructure sectors would be further enhanced if the development partners agreed to adopt a joint reform platform and if none of them assumed that it always has to play the lead role and that others have to follow. In case of the IRSDP, ADB and JBIC supported the Government’s Infrastructure Policy Package from the outset and helped extend it over the medium term. With the benefit of hindsight, the development outcomes under Subprogram 1 of IRSDP could have been greater if all partners had adopted the same approach and acknowledged the efforts made by the other partners.

The Ghana case refers to donors wanting to “fly their flags.”

Some of the case studies referred to the high cost of harmonization, not only for donors but also for the governments. The Ghana case study refers to the SWAp process as being “very time consuming,” noting that the rural SWAp has been in preparation since 2004. The Vietnam case study concludes:

Vietnam’s relatively strong ownership contributes to alignment, as donors have made significant efforts to ensure that the GoV is included in harmonization discussions, resulting in policies and procedures that are both harmonized and aligned. However, including the government increases the already substantial transaction costs of harmonization. Country systems are still considered too weak to be used for large infrastructure projects with their higher demands on government capacity for procurement and financial management.

It might be hypothesized that more traditional project approaches would be followed with large infrastructure projects. However, just about the largest infrastructure project ever, the $754-million Jamuna Multipurpose Bridge, involved close collaboration among its three donors, the World Bank, ADB and JBIC, and between them and the
government, each providing 25 percent of the construction costs, although each donor operated through separate accounts and used their own procurement procedures.

2. Funding modalities

What the Paris Declaration requires is that donors work together to provide support to a government program on which the donors and the government agree. Further, sector-wide approaches are thought to be more effective at delivering development results than piecemeal project-by-project approaches. This is so that all of the needs and issues of the sector can be addressed together rather than the narrower range of issues addressed by a single project. The most extreme form of the application of these principles is general budget support, for example a poverty reduction strategy credit (PRSC) under which donors combine to provide budget support for the achievement of agreed objectives in the nation’s PRSP, national plan and budget or MTEF. A SWAp is similar to this, but focuses on a particular sector. SWAps can involve the pooling of donor funds or not. Many sector-wide approaches include some donors who pool their funds, others who target their funds on certain activities and results, and others who target their resources even more so through a project. This was the case with many of the case study programs. In some instances, the funds are supplied by the donors in the form of an advance paid into the national budget, ahead of the achievement of the agreed results; in others, the funds are supplied only after the expenditures have been incurred, or drawn down from special accounts (always the case with “projects”).

Harmonization through SWAps without pooled funding—that is, a common sector-wide approach in which the donors do not pool their funds into a single account—is common in the infrastructure sector. There are also some examples of sector-wide approaches with pooled funding in infrastructure.

Indonesia’s IRSDP covers the entire infrastructure sector and is co-financed by a number of donors as well as through budget support. Donors are working in accordance with a Memorandum of Understanding for Burkina Faso’s water and sanitation sector support. Germany leads a donor group that meets with the government monthly. Vietnam has a wide range of donor harmonization mechanisms including the Like Minded Donor Group of 13 bilateral donors and the Six Banks, whose members are the six development banks active in the country. The six banks have harmonized reporting requirements, procurement, and social and environmental assessments and are jointly providing technical assistance to strengthen procurement systems.

The Uganda case study is one example of a SWAp in this sector with pooled funding. Uganda no longer has any stand-alone projects: all donor support is harmonized in the form of pooled-funding SWAps and integrated into ministry structures. This applies to the case study project, the Rural Water Supply and Sanitation Program, which has been very successful in improving access to water and sanitation: access to safe water and sanitation has improved from 49 to 57 percent and from 46 to 56 percent respectively since 2001. Uganda was one of the first countries to have an annual multi-sectoral PRSC.

Vietnam has a high level of general or targeted budget support, including a rural road project, education sector support, water and sanitation sector support and a national poverty reduction program that receives support from eight donors. Ghana is moving towards a SWAp with pooled funding for rural development, but some donors are
standing apart from the pooling. A multi-donor trust fund has been set up for the second phase of Indonesia’s RISP project.

The World Bank’s Vietnam Program Information document describes the value of PRSCs in bringing donors together among themselves and with the government through a variety of funding arrangements:

In addition to providing resources to the budget, PRSC operations served as an effective coordination device, supported by an increasingly large number of donors. PRSCs have been co-financed by bilateral and multilateral agencies, either through grants or through parallel lending. More importantly, the process saw a transition in the role of co-financiers, from providers of finance to partners substantially engaged in the preparation of the operations and the policy dialogue with government. This dialogue is organized by policy areas, in which donors engage selectively, based on their interests and technical capacity on the ground.

**D. Managing for Results**

The Paris Declaration calls for partner countries to build results-oriented frameworks into their national and sectoral development strategies and plans and tie these more closely to annual and multi-year budget processes and for donors to align their monitoring and evaluation frameworks with these country M&E systems. Where country systems are weak, donors are to harmonize their M&E and reporting requirements.

Most of the case study countries have project- and program-level monitoring for results, although these are often not effectively linked to a performance-oriented budget or MTEF and in turn to the PRSP or national development plan. Bangladesh and Uganda, which have set up institutional arrangements within the public administration to measure performance, are exceptions, although implementation has been hampered by capacity constraints. In the countries visited, the case studies showed that Management for Results has been hampered by weak audit capacity, although in all cases donors are supporting reform and capacity building in external and internal audit. Similarly, M&E capacity in the line ministries and the ministries of planning is weak and a low status activity within government.

<table>
<thead>
<tr>
<th>MANAGING FOR RESULTS: Comparison of Large- and Small-Scale Infrastructure</th>
<th>Small-Scale Infrastructure</th>
<th>Large-Scale Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long planning period</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>High maintenance needs require comprehensive monitoring</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Opportunities for community involvement in management and monitoring</td>
<td>High</td>
<td>Moderate</td>
</tr>
<tr>
<td>Opportunities for community involvement in maintenance</td>
<td>High</td>
<td>Moderate</td>
</tr>
<tr>
<td>Early impacts encourage community interest</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Suitable for NGO support</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Direct job creation for poor creates community interest</td>
<td>Moderate</td>
<td>High</td>
</tr>
<tr>
<td>Size and complexity may challenge capacity of national audit institutions</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Size and complexity opens up opportunities for corruption</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Wide distribution of projects risks local corruption</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

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4 See also the discussion of MTEFs in Ownership, above.
Smaller scale projects offer greater opportunities for communities to be involved in making sure the intended results are being achieved, also in planning the projects themselves, thus increasing local ownership. The early benefits likely from small-scale projects also make it easier for communities to see results and stay committed to projects. The results from large-scale projects are invariably much longer term and often less directly visible to communities, although such large-scale infrastructure is likely to be subject to higher Parliamentary scrutiny as well as formally audited by the national audit agency. However, as noted above, in the case study countries, the national audit agencies lacked capacity to monitor highly complex projects, increasing the risk that benefits will be diverted through corruption.

As demonstrated in the case study projects and programs, managing for results continues to need increased attention from donor and partner country attention compared to the other three tenets.

1. Project- and program-level monitoring for results

Most countries monitor for results at both the project and program levels. The study finds that in many infrastructure projects and programs, progress is measured in terms of outputs, outcomes, and impacts. For example, Indonesia’s IRSDP has a monitoring framework that specifies targets and indicators at all three of these levels and the National Committee for the Acceleration of Infrastructure Investment, or KKPPI, Secretariat monitors the implementation. Here outcomes are measured in terms of project transactions and the impacts assessed in terms of public and private investment as a proportion of GDP. The performance of Indonesia’s RISP project is also measured in terms of outputs, outcomes and impacts:

<table>
<thead>
<tr>
<th>Phase I Hypothesis: Managers of large and complex projects, including the administrative and political leadership, tend to focus on implementation as the key result, with less immediate attention to intermediate and end outcomes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finding: The case studies presented no evidence that this is the case. Certainly, the main focus was on the implementation of the construction program in the early years of the Jamuna project, but even in this case an impact study was carried out.</td>
</tr>
</tbody>
</table>

Indicators at the output level have been expressed in terms of the number of villages where the priority infrastructure needs will be met, the percentage of villages that acquire the capacity to prepare plans for infrastructure development, the number of person-months of employment generated by such development, the percentage of village population participating in the implementation, and the related share of women. The outcome has been measured in terms of reduction in transportation costs and time spent in collecting water, access to improved sanitation facilities, and increase in production levels. The impact will be assessed 30 months after the end of implementation in terms of the percentage of village beneficiaries satisfied with improved infrastructure services, and improvement over the baseline in achieving MDGs related to eradicating poverty and hunger, and providing safe water.

As noted above, the study finds that the impacts of large-scale infrastructure projects are also monitored. For example, detailed reports are prepared regularly on the Jamuna Bridge project, which was completed in 1998. Moreover, the ADB carried out a study in 2003 covering all physical, socio-economic and environmental impacts of the bridge.

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5 It should be noted that, with small, community-based projects, there may be concerns about “local elite capture” out of the sight of auditors.
2. Linking project/program and national and sectoral M&E

The study found that it is less common for a performance monitoring system established at the project level to be institutionalized at a higher level. In many cases, monitoring appears to be more effective at the project level, where donors as well as government play an active role. In almost all cases, performance monitoring systems at the project level were not linked to a performance-oriented budget or MTEF that could be linked to the PRSP or national plan. However, even where monitoring mechanisms are in place, it appears that capacity and incentive constraints serve to compromise effectiveness. Finally, among the case studies, there are no examples of government audit agencies taking responsibility for performance monitoring, which could serve to strengthen the implementation of managing for results.

In Senegal, donors harmonized their M&E procedures under the Urban Development and Decentralization Program, but no attempt was made to link the program targets to national budgets. Bangladesh and Uganda, which have set up institutional arrangements within the public administration to measure performance, are exceptions among the case study countries. In Bangladesh, a performance monitoring framework exists at the top with the PRSP linked to the MTBF and each ministry has a Working Group and M&E unit to monitor progress of the PRSP, however the capacity of these units were considered to be inconsistent across ministries, and the working groups generally weak.

On the other hand, Uganda has a strong M&E system that links the PRSP and sectoral objectives. The Ministry of Water and the Environment, the parent ministry for RWSS, has one of the stronger systems to measure outcomes and impacts with results forming an incentive system to encourage better performance.

The broad performance indicators in Vietnam’s national plan (SEDP) are less effective than they might be to manage performance because Vietnam lacks an MTEF to link the budget to sector development plans. In Vietnam, line agencies submit an “ODA Requesting List” that must be in line with the national and sectoral strategies to the Ministry of Planning and Investment that is eventually approved by the Prime Minister. However, the process fails to provide sufficient funding for maintenance and operations, threatening the sustainability of projects.

In Ghana, there is an M&E system for the water and sanitation sector, but it is not linked to the national budget, nor is it effectively used. Donors, rather than the government, assess project performance.

3. Capacity for managing for results

Each case study highlights the need to strengthen public administration capacity to manage for results. In all of the examined countries, capacity issues tend to be narrowly defined as the staff capacity to monitor progress and respond accordingly. Few respondents discussed the critical issue of the incentives that civil servants and political leaders have to monitor progress and act to address substandard performance. Very few have annual budgets or MTEFs that are linked to performance goals that could serve to motivate ministries and departments and their staff to achieve results. Most motivation to achieve the planned results seems to rely on exhortation and donor pressure. Finally, for projects involving capital works, the case studies provide some evidence that monitoring efforts are disproportionately focused on what might be called “higher level” rather than “on the ground” monitoring.

For example, the study shows that significant donor funding has been given to build the capacity of the Vietnamese institutions responsible for planning capital projects, but less funding has been given to the road management companies that carry out operations and maintenance. In contrast, maintenance is “fairly well carried out,”
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according to the case study, in all four of the Bangladesh projects. A key here has been adequate funding for maintenance from a combination of cost recovery, budget allocations, and community contributions.

The Uganda case points out that people at the grassroots level often do not recognize the value of regularly measuring results. Additionally, the Ghana case study reports that “monitoring remains very weak in the sector.” The study also showed that there are differences between WHO/UNICEF data on performance and data provided by the national service delivery institutions.

The Bangladesh case study puts it as follows:

Progress is often driven by the determination and dedication of key officers in the government, the ability of these officials to take a strong leadership role and overcome the problem of retaining momentum amidst a pattern of shifting senior civil servants within and between ministries, and the degree to which a transition government can focus on Paris Declaration principles while it prepares for upcoming elections and struggles with energy and food shortages.

E. Mutual Accountability

The Paris Declaration states that “[a] major priority for partner countries and donors is to enhance mutual accountability and transparency in the use of development resources.” To that end, partner countries commit to strengthening their own accountability and participation systems—including parliament’s role in national development strategies and/or budgets—and donors commit to providing timely and comprehensive information about financial flows; both parties agree to conduct joint assessments of aid.

Like managing for results, mutual accountability is given less emphasis in practice than the first three Paris Declaration tenets. However, in every case there is joint donor–government monitoring of infrastructure programs and projects. There is some concern that donors rather than governments and citizens dominate accountability—that donors hold governments accountable, but that citizens, civil society, and lower levels of governments do not have the capacity or opportunity to hold their own government accountable and that, at the same time, governments do not have the capacity to hold donors accountable.

Mutual accountability issues may be greater with large-scale projects. The very size and complexity will require greater government–donor coordination and agreement on the government’s responsibilities regarding project implementation and donor responsibilities providing promised support. Both small- and large-scale projects can pose challenges in terms of collecting data on impacts.

<table>
<thead>
<tr>
<th>MUTUAL ACCOUNTABILITY: Comparison of Large- and Small-Scale Infrastructure</th>
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<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Opportunities for community involvement</td>
</tr>
<tr>
<td>Size and complexity require substantial donor–government coordination</td>
</tr>
<tr>
<td>Hard to collect data on outcomes and impacts</td>
</tr>
<tr>
<td>Suitable for NGO support</td>
</tr>
</tbody>
</table>

6 See discussion of Resource Predictability in Alignment, above.
1. Donor–government accountability

In all of the cases there is joint donor–government monitoring of infrastructure programs and projects. However, there is some concern that donors rather than governments and citizens dominate accountability.

For example, Uganda’s government–donor–stakeholder dialogue is facilitated by joint sector working groups, joint missions, silent partnerships, periodic consultations and joint analytical work. The water sector group in Uganda reports that it encourages a wide range of grassroots-level stakeholders to participate in planning and monitoring, although the case study also indicates that organization at the grassroots level is weak, leading to central government domination of priority setting. In Vietnam, joint donor–government monitoring has increased from 10 percent in 2005 to 26 percent in 2008 and joint analyses increased from 24 percent to 73 percent. In Ghana, mutual accountability is considered high in the sector. For example, a number of government/donor conferences are held annually to review sector progress and challenges; and the Project Implementation Manual (PIM), recently prepared by the Ministry of Water, Rural Water and Housing, requires 1 year post implementation support by donors, according to needs identified by project beneficiaries.

Uganda has set out to make its partnerships with donors more effective in terms of accountability. As the case study reports:

In a bid to improve accountability, partnership and aid effectiveness, Uganda has embarked on the Division of Labor (DOL) exercise. The overall objective of the DOL exercise is to generate a more efficient development partner division of labor that ensures a balanced spread of financial support and policy dialogue. The division of labor is expected to result in reduced transaction costs in external resources mobilization and management, as well as more accountability.

In Vietnam, a donor-funded Independent Monitoring Team assessed progress by both the GoV and the donor community against the indicators established in the Hanoi Core Statement on Aid Effectiveness.

2. Government accountability to citizens

Most of the projects and programs covered by this study have improved systems of accountability and transparency, such as Indonesia’s IRSDP and RISP projects. At the same time, most of the governments concerned have put policies and programs in place to reduce corruption; this is a positive step since corruption makes it less likely that the planned results will be achieved, although many of the case studies report that the results of such efforts are, to date, unclear. Case study countries also have efforts underway to increase participation in planning and assessments and capacity-building initiatives for their parliaments.

Other efforts include financial audits carried out by governments’ internal and external auditing organizations; a number of the cases studies have mentioned donor support for enhancing the capacity of these offices. Public Expenditure Reviews and Public Expenditure Tracking studies have also helped to improve accountability in a number of the case study countries. While these are often donor-driven reports that are mostly discussed at the central government level, there are some cases in which they have been used more broadly to improve accountability.

Senegal uses Municipal Contracts to promote mutual accountability—signatories are the municipality, ADM (new agency for local government development), and the government of Senegal. In Ghana, communities use a self-process review to assess project functionality, and report back to the District Assemblies.
F. Summary of Implementation of Paris Tenets in the Case Studies

As described above and summarized below in Table 2, there has been progress in the implementation of the ownership and harmonization objectives, less progress with alignment, and very partial implementation of managing for results and mutual accountability tenets.
Table 2: Summary of Implementation of the Paris Tenets

<table>
<thead>
<tr>
<th>Country/Project</th>
<th>Ownership</th>
<th>Alignment</th>
<th>Harmonization</th>
<th>Results</th>
<th>Mutual Accountability</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bangladesh DWASA</strong></td>
<td>Weak links to PRSP and sector plan; weak policy guidance; low capacity</td>
<td>Sector not ready for alignment; discrete donor projects; unaligned NGO activity</td>
<td>Joint policy framework for donors to work together; some joint missions; otherwise limited</td>
<td>No joint incentives; individual results monitored by donors</td>
<td>Committees set up but no real accountability</td>
</tr>
<tr>
<td><strong>Bangladesh Multipurpose Jamuna Bridge</strong></td>
<td>Strong Govt ownership; special implementation agency set up</td>
<td>Capacity building for major procurement, but WB ICB systems used</td>
<td>Monthly co-financers monitoring; donor financing procedures harmonized</td>
<td>Focus on on-time construction as key result; maintenance financed through toll; poverty reduction good but inconsistent</td>
<td></td>
</tr>
<tr>
<td><strong>Bangladesh Rural Improvement Program, Rural Markets and Roads (RIIP)</strong></td>
<td>Strong implementing agency (LGED) coordinated &amp; directed donor support. Ministry level played minor role</td>
<td>Use GOB LCB, donor ICB as new PPR-08 not yet available. Should be acceptable to donors now that in place. Use GOB Auditor. PFM weak overall but LGED has acceptable system.</td>
<td>No joint forum for donors active in rural infrastructure. No joint approach for sector-wide development. Planning mostly led by LGED</td>
<td>M&amp;E unit set up in LGED. Insufficient funds for maintenance, currently subsidized by GOB budget</td>
<td>Participative stakeholder involvement in selection and planning of investments. ERD Harmonization Action Plan cell established to monitor PD progress. Donors being asked for data</td>
</tr>
<tr>
<td><strong>Bangladesh Greater Faridpur Rural Infrastructure Development Project (RIDP)</strong></td>
<td>GOB implementing agency responsible for rural infrastructure, LGED, led planning with local involvement</td>
<td>GOB procurement and auditing used</td>
<td>Design and implementation harmonized through strong coordination by LGED</td>
<td>Regular reporting throughout project; continued monthly community meeting with LGED; maintenance provide by LGED and local community</td>
<td>Funding predictable. Single donor linked to specific activity allows for accountability. Monthly community meetings to monitor progress</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>Country/Project</th>
<th>Ownership</th>
<th>Alignment</th>
<th>Harmonization</th>
<th>Results</th>
<th>Mutual Accountability</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Burkina Faso</strong> Water and Sanitation Sector</td>
<td>Strong Govt ownership; national program; stakeholder consultation</td>
<td>Govt procedures not used but capacity being upgraded</td>
<td>Most donor follow “unified framework”; joint annual reviews; national program basis for donors support; no pooling of finance</td>
<td>M&amp;E system planned but not yet implemented; separate donors systems</td>
<td>Multiple MOAs linked to MDG goals and sector action plans</td>
</tr>
<tr>
<td><strong>Ghana</strong> Water and Sanitation</td>
<td>Programs/projects linked to national and sector policy and plans. Strong link of project expenditures to national budget, but Donors are still contributing most of rural water funds. Decentralization is trend for project implementation; in line with GoG decentralization policy. Ownership at community level high; DAs set tariffs.</td>
<td>Little on-budget funding in sector. (WSS support mainly through MoF). Mixed use of Donor and GoG procurement processes. Capacity building for PFM and procurement since 2004. Both parallel and integrated PIUs used.</td>
<td>Existence of sector working groups. Bimonthly WSS group meetings, with GoG representation, rotating leads, and annual meetings. Some examples of pooled financing. Working towards SWAp. PIM developed by MWRWH with Donor support for application on projects.</td>
<td>Some projects using MIS developed with Donor support. Financial audits by private firms on behalf of Audit Service. For rural water, WATSANs and WSDBs responsible for O&amp;M. Water quality monitoring, currently some reliance on private sector.</td>
<td>Mutual accountability high in sector—a number of annual conferences held to review sector progress and challenges: Periodic Donor Review Missions, with good GoG feedback. WATSANs and WSDBs trained to undertake self-process review, with community input. PIM mandates 1 year post implementation support</td>
</tr>
<tr>
<td><strong>Indonesia</strong> Infrastructure Reform Sector Development Program (IRSDP)</td>
<td>Govt national and sectoral plans guide development; Govt leads planning</td>
<td>ADB support through budget; TA to improve procurement</td>
<td>Donors work together</td>
<td>Planning agency weak on M&amp;E, with systems geared towards individual projects</td>
<td>No information</td>
</tr>
<tr>
<td>Country/Project</td>
<td>Ownership</td>
<td>Alignment</td>
<td>Harmonization</td>
<td>Results</td>
<td>Mutual Accountability</td>
</tr>
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</tr>
<tr>
<td><strong>Indonesia</strong> Rural Infrastructure Support Program (RISP)</td>
<td>As above for IRSDP</td>
<td>Small grants, no competitive bidding; procurement guidelines for villages</td>
<td>Some elements of ADB and Bank projects not the same: ADB block grants directly to villages; WB via districts</td>
<td>Output, outcome and impact monitoring, with village input</td>
<td>No information</td>
</tr>
<tr>
<td><strong>Indonesia</strong> Water and Sanitation and Environment Support Group (WSES WG)</td>
<td>No comprehensive plan or working group; links to national plans unclear</td>
<td>Weak government capacity; no govt. guidelines for project procurement</td>
<td>Donors have standardized reporting; their working group facilitates harmonization</td>
<td>Intended but not clear if implemented yet</td>
<td>No information</td>
</tr>
<tr>
<td><strong>Senegal</strong> Urban Development and Decentralization</td>
<td>Decentralization in PRSP; local ownership strong</td>
<td>Local PFM capacity being strengthened; donor funds not through national budget; PIUs</td>
<td>Single program; donor approach harmonized</td>
<td>Donors harmonized M&amp;E procedures under the Urban Development and Decentralization Program, strong auditing</td>
<td>Govt, municipalities and PIUs held accountable via Municipal Contracts</td>
</tr>
<tr>
<td><strong>Uganda</strong> Water and Sewer</td>
<td>Govt leads working group; project link to national budget; sector plan linked to PRSP</td>
<td>High level of donor budget support, generally and for sector; almost all support on budget; PFM and procurement capacity building</td>
<td>Best practice harmonization; joint partnership fund; M&amp;E harmonized</td>
<td>Annual sector performance reviews but better link of M&amp;E info to decision-making needed</td>
<td>Government-donor-stakeholder dialogue facilitated by joint sector working groups, joint missions, silent partnerships, periodic consultations</td>
</tr>
<tr>
<td><strong>Vietnam</strong> Bridge and Highway</td>
<td>Projects reflect national and sectoral plans</td>
<td>Procurement and PFM improving, but not yet sufficient for large-scale projects</td>
<td>Six Banks Initiative to harmonize reporting, procurement and environmental and social impact assessment requirements</td>
<td>JBIC conducts regular joint evaluations with GoV</td>
<td>Hanoi Core Statement</td>
</tr>
</tbody>
</table>

**JBIC**

Aligned Monitoring Tool developed and adopted
IV. A Brief Comparison with Health and Education Sectors

Finally, is the infrastructure sector different from others in terms of the implementation of the Paris Principles? The teams asked this question of their interlocutors in the case studies and the issue was also discussed at the workshops. The team also had access to a study making this comparison carried out by DFID.

First of all, how might the infrastructure and health and education sectors differ? The table below illustrates how the two main types of infrastructure projects and programs, (1) large scale capital works, such as roads and bridges, and (2) programs and projects involving a large number of smaller scale capital works, such as rural and some urban water and sanitation projects, compare along a number of dimensions with the health and education sectors.7

It would be possible to argue with a number of the entries, but the general picture that emerges from this table is that small-scale infrastructure projects and programs are similar in many ways to health and education sector projects.

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7 There may, of course, be overlap between health and education and infrastructure sectors as for example in the case of an education program that is focused on building schools. For the purposes of this comparison, such a project would be considered under the infrastructure heading.
Table 3: Comparison of Large- and Small-Scale Infrastructure with Health and Education

<table>
<thead>
<tr>
<th></th>
<th>Small-Scale Infrastructure</th>
<th>Large-Scale Infrastructure</th>
<th>Health</th>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital / total cost</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Complex and lengthy procurement</td>
<td>No</td>
<td>Yes</td>
<td>Moderate</td>
<td>No</td>
</tr>
<tr>
<td>High upfront expenditure</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Long planning period</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Early impacts</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Technically difficult implementation of capital works</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Opportunities for community involvement in construction</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Opportunities for community involvement in maintenance</td>
<td>Yes</td>
<td>Moderate</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Maintenance / total costs</td>
<td>High</td>
<td>High</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
</tbody>
</table>
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### Table: Comparison of Small Scale Infrastructure vs. Large Scale Infrastructure

<table>
<thead>
<tr>
<th>Category</th>
<th>Small Scale Infrastructure</th>
<th>Large Scale Infrastructure</th>
<th>Health</th>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day-to-day operating cost / total costs</td>
<td>Moderate</td>
<td>Low</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Engineering support needs</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Suitable for NGO support</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Direct job creation for poor</td>
<td>Moderate</td>
<td>Yes</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
</tbody>
</table>


If differences are to be observed, therefore, they would be in roads and bridges and large-scale water projects. There are some such differences, for example high upfront capital costs and the ongoing requirement of high levels of funding for maintenance, but even in these types of projects, the similarities are more striking. Achievements and problems in terms of the implementation of the Paris Declaration tenets for the largest infrastructure project of all, the Jamuna Multipurpose Bridge, are quite similar to those for the other three projects and programs in the Bangladesh case study, although the case studies show a preference for more project-related funding for such projects, even though in some other countries large-scale infrastructure projects are funded through general budget support.

The DFID-funded Overseas Development Institute study on aid effectiveness that compared the water, health, and education sectors in three countries came to much the same conclusion. In fact, that study’s first conclusion was that:

The broader governance environment is a more important influence on progress against the Paris Principles than sector characteristics.

The report illustrates this conclusion with what it refers to as its “traffic lights” illustration. This table shows that implementation of almost all of the Paris Declaration tenets has been weak or weak to moderate for all three sectors in Bangladesh and moderate, moderate to strong, or strong for all three sectors in Ethiopia and Uganda.

<table>
<thead>
<tr>
<th></th>
<th>Water</th>
<th>Health</th>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bangladesh</strong></td>
<td>Ownership</td>
<td>Ownership</td>
<td>Ownership</td>
</tr>
<tr>
<td></td>
<td>Alignment</td>
<td>Alignment</td>
<td>Alignment</td>
</tr>
<tr>
<td></td>
<td>Harmonisation</td>
<td>Harmonisation</td>
<td>Harmonisation</td>
</tr>
<tr>
<td></td>
<td>Managing for Results</td>
<td>Managing for Results</td>
<td>Managing for Results</td>
</tr>
<tr>
<td></td>
<td>Mutual Accountability</td>
<td>Mutual Accountability</td>
<td>Mutual Accountability</td>
</tr>
<tr>
<td><strong>Ethiopia</strong></td>
<td>Ownership</td>
<td>Ownership</td>
<td>Ownership</td>
</tr>
<tr>
<td></td>
<td>Alignment</td>
<td>Alignment</td>
<td>Alignment</td>
</tr>
<tr>
<td></td>
<td>Harmonisation</td>
<td>Harmonisation</td>
<td>Harmonisation</td>
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<tr>
<td></td>
<td>Managing for Results</td>
<td>Managing for Results</td>
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<tr>
<td></td>
<td>Mutual Accountability</td>
<td>Mutual Accountability</td>
<td>Mutual Accountability</td>
</tr>
<tr>
<td><strong>Uganda</strong></td>
<td>Ownership</td>
<td>Ownership</td>
<td>Ownership</td>
</tr>
<tr>
<td></td>
<td>Alignment</td>
<td>Alignment</td>
<td>Alignment</td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>Mutual Accountability</td>
<td>Mutual Accountability</td>
<td>Mutual Accountability</td>
</tr>
</tbody>
</table>

**Code:**
- **Strong**
- **Moderate to strong**
- **Moderate**
- **Weak to moderate**
- **Weak**


It is however necessary to be careful in defining what might be meant by a “the broader governance environment.” Annex B, which presents a table of country data for the case study countries, includes the Freedom House and Transparency International indices on governance. Uganda, which has been very successful in implementing the Paris Declaration, has low scores for civil liberties and political rights and Vietnam, which has also been relatively
successful, has the lowest score of all for political rights. In contrast, Ghana, which has not performed as well in terms of implementing the Paris Declaration, has the highest scores of all.

What probably matters most of all is a combination of determination on the part of the political leadership to implement the Paris Declaration tenets, strong government ownership, a supportive donor community, a well qualified public administration, and an effective set of incentives to encourage civil servants to implement the Paris Declaration.

V. CONCLUSIONS

Overall, the evidence from the case studies shows that the challenges and best practices in implementing the Paris Declaration are not unique to infrastructure. However, large-scale infrastructure projects demand significantly more partner country capacity in terms of procurement and public financial management than are generally required in other sectors. And, as highly visible and expensive donor investments, such projects are also often subject to more scrutiny and demands for safeguards—financial, environmental, and social—when reporting to the boards and funders of multilateral donors and the political bodies that oversee bilateral development agencies. That is, the difference identified in this study are ones of scale, rather than kind. These increased country capacity and donor reporting demands make certain aspects of the Paris Declaration tenets more difficult to implement, particularly with respect to the key area of alignment. As a result, best practice in implementing the Paris Declaration in large-scale infrastructure includes devoting significant resources to strengthening country capacity to manage large investments and improving systems of mutual accountability and managing for development results to enable donors to meet their fiduciary responsibilities.

Ownership: The Paris Declaration defines ownership in terms of the existence of development strategies linked to the budget and developed by the partner country through a consultative process bringing in the views of stakeholders from citizens, civil society, the private sector and from different levels of government. At the sector level, then, ownership implies sector strategies and plans linked to a national development plan and budget framework developed through consultation. In almost all of the cases examined, donor funding supports sector strategies prepared by the government and linked to national strategies that are developed with at least some stakeholder consultation. Many of the case studies indicated that projects and programs are developed partly in response to government interests and community requests and partly in response to a donor drive for projects that align with donor's goals and objectives. While capacity constraints in planning and problems linking infrastructure sector and national plans to multi-year budgets/MTEFs can reduce ownership, the case studies also demonstrated that country ownership can be generated through additional structures, such as community-based working groups or leadership from individual agencies or ministries. However, another tension evident in some of the case studies was between fast implementation of infrastructure projects or programs resulting from strong ownership at the center and slower implementation where there is stronger community involvement: ownership takes time to develop and more time when more stakeholders are involved. So a program consisting of distributed local action may take a long time to develop, if full consultation takes place.

Ownership is relevant not only at the planning stage, but also, importantly, throughout implementation. One of the unique features of the infrastructure sector is that agencies at varying degrees of arms' length from the executive branch of government have responsibility for the implementation and sometimes design, of the projects. This is almost always true for projects involving major capital works, but it can also be true for urban and rural programs consisting of many small-scale capital projects. Donors often have close relationships directly with these agencies, which may also foster close ties to local communities.
Finally, infrastructure projects often involve multiple levels of government, as well as direct community involvement, especially where decentralization initiatives are being undertaken. This requires capacity at many levels—national, local, and community—in order to achieve effective ownership (and also has implications for Managing for Results and Mutual Accountability). Donors in all of the case studies provided capacity-building assistance to at least one level of government; in many cases, they also worked with lower levels of government and even with the private sector and civil society.

**Alignment:** This tenet requires donors not only to support government-developed national and sector strategies, but also to use partner country systems, most significantly those for procurement and public financial management. The Paris Declaration recognizes that many partner countries’ systems are still weak and specifies that donors should help build capacity and refrain from setting up parallel systems that undermine system-building. This is perhaps the most challenging of the Paris Declaration tenets to achieve in the infrastructure sector because of the large size of many donor investments, which requires substantial capacity in country systems with respect to project management and implementation, procurement, overall public financial management, as well as environmental and social safeguards.

In terms of PFM, in the case studies under review, some of the funding is for specific projects and some in the form of budget support; use of country public financial management systems generally reflects this distinction, which is, in turn, tied to donor concerns about capacity to manage funds, especially for large infrastructure projects. On the whole, considerable progress has been made in each of the case study countries with the whole cycle of preparing and executing budgets and accounting for the uses of funds. With respect to procurement, however, the case studies showed that government procurement systems are more commonly used for smaller, local procurements and much less often for large, complex procurements. Where procurement or PFM capacity is weak or lacking, donors are undertaking infrastructure projects and programs that apply the Paris Declaration tenets by supporting the development of partner country capacity along with putting in place strong country and donor accountability mechanisms. This use of existing country systems where possible, while simultaneously strengthening, improving, and building capacity for better systems, has proved to be effective.

PIUs continue to be used by donors, ministries, and agencies responsible for design and implementation for all kinds of projects and programs. Almost all are at least partly mainstreamed, usually in terms of reporting to public officials, thus becoming a part of the government’s accountability system. However, in some of the cases, PIU staff were paid salaries much higher than salaries paid to officials in similar positions in the civil service or parastatals, making it difficult for officials to exercise authority over PIU staff. In addition, in practice, PIU staff often had closer relationships with the donors than with the department to which they reported.

**Harmonization:** Under this Paris Declaration tenet, donors commit to implement common arrangements and to simplify procedures, as well as to reduce redundancy in terms of programs/projects and assessments/missions. Donors have made significant efforts to harmonize their programmatic approaches, through Program-Based Approaches (PBAs) such as Sector-Wide Approaches (SWAs).

All of the case studies were examples of Sector-Wide Approaches or other program-based approaches as donors based their assistance on partner country sector plans. Nonetheless, there is some evidence that harmonization may sometimes come at the expense of ownership, as donors focus on reaching agreement among themselves. Similarly, ownership may suffer if the cost and time required to achieve harmonization results in a rigid program that reduces the government’s ability to be responsive to changing conditions. Many of the cases, as well as the broader literature, cite the high costs involved in harmonizing.
Aid in the infrastructure sector has been funded through a variety of financing mechanisms, including general and targeted budget support, pooled financing, and project support. The case studies show that good examples in applying the Paris Declaration in the infrastructure sector include utilization of both project and budget support, as well as co-financing mechanisms.

Managing for Results: The Paris Declaration calls for partner countries to build results-oriented frameworks into their national and sectoral development strategies and plans and tie these more closely to annual and multi-year budget processes and for donors to align their monitoring and evaluation frameworks with these country M&E systems. Where country systems are weak, donors are to harmonize their M&E and reporting requirements. Most of the case study countries have project- and program-level monitoring for results, although these are often not effectively linked to a performance-oriented budget or MTEF and in turn to the PRSP or national development plan. Some countries have set up institutional arrangements within the public administration to measure performance, although implementation has been hampered by capacity constraints. In fact, very few countries’ public administrations are organized to facilitate management for results through effective program budgets and performance appraisal systems.

Each case study highlights the need to strengthen public administration capacity to manage for results. In all of the examined countries, capacity issues tend to be narrowly defined as the staff capacity to monitor progress and respond accordingly. Yet capacity involves effective processes and appropriate incentives as well as trained staff. Few respondents discussed the critical issue of the incentives that civil servants and political leaders have to monitor progress and act to address substandard performance. Very few have annual budgets or MTEFs that are linked to performance goals that could serve to motivate ministries and departments and their staff to achieve results.

Most countries monitor for results at both the program and project levels, examining progress in terms of outputs, outcomes, and impacts. This also applies to large scale infrastructure projects. The study revealed that systems for monitoring appear to be more effective at the project level, where donors and as well as government play an active role. The challenge is to link the program-level results-oriented framework to the sectoral and national level and to ensure that M&E frameworks contribute to sustainable operations and maintenance by monitoring the condition of infrastructure on an ongoing basis—and to ensure that the results are used by managers and other decision-makers.

Mutual Accountability: The Paris Declaration states that “[a] major priority for partner countries and donors is to enhance mutual accountability and transparency in the use of development resources.” To that end, partner countries commit to strengthening their own accountability and participation systems—including parliament’s role in the national development strategies and/or budgets—and donors commit to providing timely and comprehensive information about financial flows; donors and partner countries agree to conduct joint assessments of aid.

Like managing for results, mutual accountability is given less emphasis than the first three Paris Declaration tenets. However, in every case there is joint donor–government monitoring of infrastructure programs and projects. There is some concern that donors rather than governments and citizens dominate accountability—that donors hold governments accountable, but that citizens, civil society, and lower levels of governments do not have the capacity or opportunity to hold their own government accountable and that, at the same time, governments do not have the capacity or political will to hold donors accountable. Here there is a difference between countries highly dependent on donors (and all the African case study countries are in this category) and those not so dependent (Indonesia, for example). Donors have substantial leverage in the former case and almost none in the latter.

In the infrastructure sector, the case studies show that small-scale projects are more likely to have accountability mechanisms that involve local stakeholders, since they are directly involved in its use.
Most of the case study countries have put policies and programs in place to reduce the corruption that makes it less likely that the planned results will be achieved. The results of these efforts are, to date, unclear. Case study countries also have efforts underway to increase participation in planning and assessments and capacity-building initiatives for their parliaments.
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ANNEX A: CASE STUDIES

Bangladesh
Burkina Faso
Ghana
Indonesia
Senegal
Uganda
Vietnam
Country: Bangladesh
Program/Project Name: Dhaka WASA—Delivery of Services to the Poor/Dhaka Water and Sanitation Sector
Donor(s): World Bank
Cost: $7–8 million (Project under development)
Sector: Water and Sanitation Sector

a. Case Study

i. Brief Introduction to Case Study and Sector

Sector Overview

Overall, the development of the urban water and sanitation sector can be said to be extremely fragmented and has received inconsistent attention by the GOB and donors over the past many years. There is virtually no sector plan for Dhaka or Chittagong WASA.

The Water and Sanitation Sector in Bangladesh comes under the responsibility of the Ministry of Local Government, Rural Development and Cooperation (MLGRDC) where the role of the Department of Public Health Engineering (DPHE) is important in planning, implementation and monitoring of rural and urban water supply and sanitation schemes nationwide and providing technical support to municipal authorities and rural communities, which are the operators of the schemes. LGED is also involved in the implementation of municipal water supply and sanitation schemes but with much less involvement. The Dhaka and Chittagong Water Supply and Sewerage Authorities (DWASA and CWASA)—the two large service providers for water, sewerage and drainage—are responsible for the operation in Dhaka mega city and Chittagong port city, the first two of the six city corporations of the country. The two utilities are entrusted with the enormously challenging task of meeting daily water and sanitation needs of the ever-increasing population of the cities plagued by unplanned urbanization. Recently Khulna WASA has been created in Khulna City Corporation located in the coastal region.

The provision of basic water supply and sanitation is one of eight strategic agenda points in the Poverty Reduction Strategy Paper (PRSP) produced in 2003. While this is a commendable effort by the government, its planning for achieving its goal has not been effective and has lacked realistic implementation tools and monitoring mechanisms. Lapses were noticed in this area which may be due to, among other things, the lack of a Sector Development Plan for water supply and sanitation. In 2005, a national plan for WSS was prepared by the DPHE with support from DANIDA; this plan however did not focus on large urban areas. Challenges were faced in its implementation as certain key policy issues were not addressed, and more importantly, the investment plan was not realistic. Further, large urban water suppliers like DWASA and CWASA did not benefit from the Plan. In order to overcome these problems, DPHE, supported by DANIDA, revised the 2005 Plan. A Policy Support Unit (PSU) was also created to take over from the previous Unit for Policy Implementation (UPI), with the new PSU possessing greater responsibility for effective revision of the Plan and the supervision of its implementation. More support is being provided by the National Forum for Water Supply and Sanitation chaired...
by the Secretary of MLGRDC, with participation by the donors, civil society, the business community and NGOs. However, the development of this sector has also been constrained due to institutional deficiencies, leadership problems and top level bureaucracy. Hopefully, a stronger PSU, the much-needed revision of the national Sector Plan and GOB’s drive to establish accountability at all levels will lead to improvements in the sector.

In spite of the lack of effective coordination and planning in the sector, fragmented NGO work has resulted in some progress for WSS for the poor, particularly in the area of community-based programs. WaterAid, Plan International, UNICEF and local NGOs like DSK and PSTC have been very active in this sector in Dhaka City. Since the GOB’s National Campaign for Water and Sanitation launched in 2003, water and sanitation coverage has increased from 29 to 44 percent, partly through an incentive scheme designed by the GOB for Union Parishads (UP)s, funded from the GOB budget, and partly through the efforts of donor-funded NGO activities at the local level.

**DWASA Background**

DWASA is considered to be fairly competent with respect to planning and sustainable delivery of services. Its real challenge has been in leadership, organizational constraints and the decision-making process, which is largely influenced by senior-level government officials. Even though it is an autonomous body, DWASA cannot make independent decisions on tariff setting, which is vital for sustainable delivery and the operation of services, as well as for future planning for resource utilization. Despite donors’ repeated emphasis on institutional reforms, no positive action was taken until recently, making the donors reluctant, over the course of the past decade, to continue funding for new schemes. In September 2000, the World Bank suspended its funding of a project for five months. Institutional reforms are not unwelcome at the higher levels, however there is strong resistance from the Union as it is anticipated that lower-level reforms may result in staff redundancy. As this is a sensitive issue, there is also reluctance on behalf the government and politicians.

The devastating floods of 2004 and 2007 caused severe damage to DWASA’s water supply infrastructures and acute water shortages, making city life unbearable. The situation made the donors rethink their financial assistance to WASA to mitigate the effect of flood through an emergency flood damage rehabilitation program. The ongoing drive to establish transparency and accountability at all levels by the Caretaker Government, commissioned in January 2007, also created a favorable atmosphere for dialogue between the government and the donors to support DWASA and CWASA. Consequently, five discrete projects for DWASA and one for CWASA came under the investment pipeline ($680 million) of four donors (ADB, DANIDA, World Bank and Japan). These are large projects concerning the improvement of the water supply, sewerage and drainage of Dhaka city and the water supply of Chittagong city. A number of technical assistance grants with a focus on capacity building are also in the pipeline. Donors and the government have signed a Memorandum of Understanding (MOU) to work under the umbrella of a Joint Partnership Framework (JPF), which includes target dates for the policy actions and institutional change in DWASA.

The JPF fills a void in the existing framework for policy in the sector (including PRSP and SDP) that contains very little related to the development of DWASA and CWASA. The response of DWASA so far has been good, as a number of key actions have been complied with in accordance with the timetable. The government has approved a revised organigram for DWASA, and recently a Managing Director has been appointed through an open recruiting process. All these achievements give an early indication that both DWASA and the government are serious about fulfilling the targeted policy actions under the JPF. Two separate loan agreements (one with ADB for the rehabilitation of pipelines and another with DANIDA for the expansion of the Saidabad water treatment plant) have already been signed.
More details on DWASA can be found in Appendix I at the end of this document.

The Project

The World Bank’s “Delivery of Services to the Poor” is a community-based project under DWASA which will provide the following services at affordable cost to the urban poor living in a large number of city slums at three different locations:

- Piped water supply through standposts
- Hand tubewells in isolated areas
- Sanitary latrines (single or twin pit)
- Solid waste management
- Hygiene education to the households

The people in these slums are living in inhuman conditions, deprived as they are of the basic amenities of life such as water supply and sanitation. The feasibility study of this project has been completed and a grant agreement will be soon signed between the government and the World Bank. DWASA will coordinate the implementation activities to be provided by NGOs with experience in the water and sanitation field. The intention of the World Bank’s project is to institutionalize services to the poor by developing a working relationship between the NGOs and DWASA and promoting community participation.

A similar type of project for addressing water supply and sanitation in a number of city slums is underway on an ad hoc basis under a DFID grant channeled through a few international NGOs directly to 21 local partners (NGOs) entrusted with field-level implementation. DWASA was the main service provider and provided piping to the communities at the request of the NGOs. The NGOs actively participated in an awareness campaign for safe water and sanitation at affordable cost through community participation and also provided hygiene education. The community was trained by the NGOs to handle the construction, operation and maintenance of the facilities. Communities paid water tariffs to NGOs which passed the payments on to DWASA.
Action Plan developed by a community-based organization that works with the NGO Plan International through the local NGO partner Population Services and Training Center (PSTC).

Sewage piping installed by slum residents and a CBO with advisory services from Plan International and PSTC.

ii. Lessons for the Final Report:

- Coordination mechanisms alone cannot lead to successful progress in development; leadership is required, and whether at the highest levels or down to the community level, it is often the will and capacity of a single driven individual or a dedicated and capable team that yields results. In other words, human capacity, leadership and a willingness to change surmount mechanisms, project designs and dollar amounts. Of course, for large scale projects financing is necessary.

- A lack of consistency in leadership roles of government institutions and sector plans results in inconsistent progress and commitment to the sector.

- With respect to improving sanitation services at the community level, progress has been made in Bangladesh using the “Community-led Total Sanitation” (CLTS) approach which relies on instilling a sense of ownership through awareness, training and organizational support.

- A coordinated, collaborative approach is more important for large-scale infrastructure investment than it is at the community level, given the amount of financing and technical expertise required for large-scale projects.
iii. Application of Each of the Paris Tenets

Ownership

GOB has shown leadership and the Ministry does play a leading role in setting policy for the sector nationwide, according to one donor respondent. For example, the concept of the Joint Framework Partnership came from the then-Secretary of the MLGRDC, while its formation into an active functioning mechanism was largely carried out by the donors. The National Water and Sanitation Campaign was a government initiative that came out of a 2003 regional workshop for Southeast Asia where the Millennium Development Goals were discussed. The Ministry holds annual meetings with DWASA to discuss future plans with respect to the Annual Budget. On the other hand, the development of sector plans, strategies, overall policy initiatives and master plans are normally done with strong donor initiative. Furthermore, frequent rotation of key government staff at the Secretary, Joint Secretary and Deputy Secretary levels makes it very difficult to move forward in this sector as new staff need to be re-engaged, and often come from outside of the sector. For GOB officials, the lack of continuity of postings and transfers (senior civil servants stay in their posts less than 18 months on average) makes capacity building problematic.

As previously indicated, there is no sector plan or strategy for water and sanitation in large urban cities, however, DWASA feels that it takes the lead in driving investments in this area. The PRSP provides targets but is limited in terms of a strategy to implement these goals. The DWASA perspective is that water and sanitation contribute to poverty alleviation and in that sense its work is linked to the PRSP. To date, sector plans and strategies have been largely donor driven and it is likely to continue this way. Master Plans for water, sanitation and drainage are expected to be developed under the pipeline of projects planned for DWASA, primarily by the World Bank and ADP.

In 2005, the Danish Government engaged consultants to support the development of a Sector Development Plan (SDP). This national SDP was a fast-tracked product whose results were not supported by many of the donors. As a result, there was no DP buy-in and the plan has not moved the sector forward. One thing it does do well, per the view of one of the donors, is that it has identified the need for investment over the next five years in water and sanitation, which amounts to $2 billion, and is far above what is currently planned. However the SDP gives no specifics for DWASA and is not well linked to the Medium Term Budgetary Framework which has been prepared for the MLGRDC. DPHE is the lead implementing agency in charge of the SDP but is considered by donors not to be a very “strong” organization and not on the right track. There is an effort on the part of both donors and the GOB to decentralize the organization’s role in implementation and pass greater responsibility to the Local Government Institutions (i.e. UPs) in rural areas and the municipality in urban areas. DPHE is expected to shift their mandate from implementer to regulator and technical support agency for local government institutions in rural and urban areas; this transition has led to confusion and lack of direction within the organization.

1 Data from the 2006-2007 GOB Budget (http://www.sdnpbd.org/sdi/events/budget/2006-2007) and NGO Affairs Bureau website (http://www.ngoab.gov.bd/)
DWASA is considered to have made progress in fulfilling the requirements of the JPF (discussed later in the “harmonization” section) and to be a good implementing agency. Projects are identified through “back and forth” discussions between DWASA, the ERD and donors. DWASA takes note of demands from consumers by way of complaints to their general offices/ward commissioners or applications for service. Decisions are based on the number of demands and the size of the service area. As a result of this process, ADB came to them with a proposal for Water Supply System Rehabilitation (a $150 million Project loan) which includes $50 million in budgetary support managed by LGD and the Ministry of Finance. DWASA prepared the TOR, EOI and project concept. The PIU managing this project is integrated within DWASA, manned by DWASA staff, and there is no salary differential. While the ADB was willing to pay a higher salary, the GOB does not allow it to do so (only in the case of externally-competed positions), which does indicate that DWASA/GOB is taking charge on this issue. Initially ADB proposed to have a director from outside, but as it eventually found a qualified person from DWASA, this individual was assigned to the post. The bids for an ICB tender for a feasibility study have just been received; DWASA will select the consultant and forward its recommendation to ADB for acceptance.

The existence of a pipeline of projects is what encouraged the donor community to develop the JPF (discussed later), although we heard from one NGO that the initial concept for the JPF was initially inspired by the previous Secretary of MLGRDC who took a very strong interest in this sector. In this sense the JPF was a joint GOB/donor creation, with most of the legwork of operationalizing the JPF done by the donors with ADB taking the lead. JPF has helped fill the policy gap for this sector, coordinate donor activity and highlight what is limiting DWASA performance. JPF has set milestones for DWASA which is doing a good job to achieve them, thus the pipeline of projects that is starting to come through. DWASA indicates that the JPF is a forum where the donors determine which projects they will take up and that it is a strong coordinating group.

As mentioned in the introduction, NGOs and community groups play a very important role at the grassroots level in improving water and sanitation services. The approach in several projects has been to cultivate a sense of community ownership through awareness building, training and assistance with the organization of works and creating in some cases new institutional bodies to facilitate progress in development activities. This has been true of donor-funded on-budget projects in rural areas and donor-funded, NGO-managed off-budget projects in urban and rural areas. As such, Community Based Organizations, Community Development Forums, Union Parishads, Ward Commissioners, Ward Development Committees, Ward Water and Sanitation Committees and Women’s Forums have played important and very active roles in their own development and from our visits appear to have strong ownership of these projects.

Alignment

GOB has been committed to the Water Supply and Sanitation (WSS) sector and has been involved with donors in this process and as such there is some alignment with government and donor interests. All “on-budget” donor projects are included in the MBTF which must be aligned with the PRSP. Under the Ministry, the Local Government Division oversees the work of DWASA. It has developed an MBTF and its activities and targets include projects in which DWASA is the implementing agency. However because of the perceived weak capacity of the government (in areas like procurement), and the fact that the sector has recently become re-engaged with the “big four” donors, donors have not discussed the potential to align systems, and the investment pipeline remains a set of discrete donor-funded projects. While some donors indicate that they plan to continue to use their own procurement procedures, others have indicated they are likely to use the new procurement rules in January 2008 for new projects. Donors, for the most part, do follow national procurement guidelines for all local procurement. However, beyond this, in the WSS sector for Dhaka, donors do not appear to be ready to convert to national systems, particularly with respect to safeguards such as EIAs and social assessments.
Harmonization

The Joint Partnership Framework (JPF) was created as a forum for donors to coordinate their development projects in the pipeline and discuss issues in the WSS Sector. The MOU for the framework was signed by senior officials of DWASA and CWASA with the donors. Recognizing that institutional alignment in Bangladesh is not possible at this time, the JPF is a mechanism for donors to harmonize their approaches. Signatories agree to use the forum to exchange information on policies and strategies for program assistance. It includes a matrix of policy actions with target dates and responsibilities laid out. The JPF also lays out performance objectives through Core Understandings and specific actions to improve the management of DWASA and CWASA, and includes an investment pipeline. However the MOU also allows for each DP to take independent decisions and actions under its respective agreement with the GOB. Several key donors have also decided to develop their own policy strategies with the government, independent of the JPF. These last two points dilutes somewhat the harmonization potential of the JPF.

One donor respondent indicated that, in fact, the donors are far from truly harmonizing their procedures; however, the World Bank and ADB are starting to carry out joint missions. With respect to the possibility of SWAps, one donor indicated that the experience from the health and education sectors revealed that managing these kinds of programs is extremely difficult for the lead donor. Furthermore, that donor suggested that if SWAps are to be considered for this sector, they should start out very small, perhaps at the sub-sub-sector level, for example for UPs or City Corporations only.

With respect to performance-based approaches, it can be said that the National Campaign for Water and Sanitation provides such an approach using government funds. Union Parishads have been the recipients of a certain amount of annual funding (200,000 taka per UP) from the GOB to work towards achieving 100 percent sanitation coverage. Those who succeed are provided additional funds for their community’s development activities.

Managing for Development Results

While there is a PRSP and an MBTF which links its goals, including those of the WSS sector, to the budget, truly effective monitoring and evaluation as well as post-project impact evaluation is absent outside of the project architecture. There has not been an evaluation of the PRSP, as it has been difficult to gather data from the field and the indicators selected were too onerous. Most donors have their own set of M&E indicators designed project-by-project and carry out supervision missions and occasionally follow up with impact analysis. Bangladesh does have an Implementation, Monitoring and Evaluation Division (IMED), under the Ministry of Planning, which is responsible for tracking project results during and after implementation. It is believed that the capacity of the staff is weak and it is not considered an attractive division, thus perhaps does not attract the best civil servants. However, this office, as well as that of the Foreign Aided Project Audit Directorate (FAPAD), under the Comptroller and Auditor General (CAG), is being strengthened with a technical assistance program being administered by ADB.

With respect to auditing, DWASA indicates that it does its own internal audits. The GOB audits them through its Office of the Comptroller and Auditor General (CAG), Ministry of Finance, and the donor then has its own auditor. CAG has authority to scrutinize public spending on behalf of the Parliament. According to the CAG, among its various responsibilities, it “assists the National Parliament in ensuring accountability and transparency of the Government in the use of public resources.”
Monitoring and Evaluation in DWASA does not appear to be adequate and systematic. However, a social development department is to be created which has already been approved by the Ministry and which will be supported by the revenue budget. This office is to be charged with carrying on monitoring and evaluation of DWASA projects and activities. DWASA does not use Project Expenditure Tracking Systems, although they did indicate that they hope to be tracking expenditures soon.

With respect to maintenance, DWASA officials stated that they operate almost fully on their own revenue and that this includes minor maintenance. Donors interviewed agreed with this statement. While large public works and major rehabilitation are done through donor projects, DWASA does day-to-day maintenance, responding on an as-needed basis. Senior Staff indicated that while their target is 25 percent, they currently have in total about 32 to 35 percent system losses. Of the 35 percent, 15 to 20 percent are technical losses. However, considering that only about 50 percent of connections are metered, it is very difficult to measure this accurately. In any case, in spite of these losses, DWASA manages to collect enough revenue to cover most of its operational costs, and they also will be responsible for any repairs needed for new project infrastructure.

Off-budget direct NGO funding is monitored by the NGO Affairs Bureau which also has the authority to audit the accounts of all NGO activities. The capacity and thoroughness of the NGO Bureau in carrying out its functions in this regard could not be established. NGOs also indicate that donors develop indicators specific to each project, and NGOs monitor their work using these indicators and then reporting to donors. NGOs report to the NGO Bureau when requested. However, they do file annual financial reports on a regular basis to the Bureau.

**Mutual Accountability**

From the perspective of DWASA, there is very little reporting of results to the public. They do say they have a good relationship with their clients, however, and they have regular meetings with Ward Commissioners and other local government officials with respect to the needs of their communities. They do provide regular reporting to their Board of Directors.

On the donor side, the JPF can serve as a forum for monitoring accountability; however, there are no incentives in place to do so and no real mechanisms to ensure that it happens. To a certain extent the MOU between the donors, DWASA and the GOB is an agreement that can be used as an opportunity to monitor accountability.

At the NGO level, because there is such a close relationship with the groups they work with and their local counterparts and there are regular meetings with Ward Commissioners, community members, and other stakeholders, accountability is monitored in an “organic” rather than mechanized fashion. Of course there are no formal penalties for not delivering results, but there is incentive to produce results as the NGOs are competing for the same donor funds. There is no assessment as far as we know on the variety of models being used by donors, NGOs and the government to achieve results in the WSS arena. It would be interesting, however, to compare results against investment.
iv. Summary of Implementation of Paris Tenets

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Bangladesh Meetings

*KfW and GTZ*
Christoph Isenmann, Director, Dhaka Office
Rainer Kuhnle, Institutional Development and Training Adviser

*JBIC*
Nobuyuki Kobayashi, Infrastructure Expert, Representative Office in Dhaka
Ahmed Mukammeluddin, Senior Program Officer, Representative Office in Dhaka
Suman Das Gupta, Program Officer, Representative Office in Dhaka

*World Bank*
Glenn Pearce-Oroz, Senior Water and Sanitation Specialist, Water and Sanitation Program - South Asia World Bank Office

*DWASA*
Md. Nurul Haque, Chief Engineer
Syed Qumarul Ahsan, Additional Chief Engineer and Project Director, Sector Development Project
Md. Nurul Huda Mian, Commercial Manager and Project Director of “Services to Poor”

*BBA*
Md. Abdur Rahman Khan, Additional Director (P & M)
Md. Liaquat Ali, Executive Engineer (Roads and Bridge)

*LGED*
Md. Shahidul Hassan, Chief Engineer
Md. Nurul Islam, Additional Chief Engineer, Planning
Md. Abdus Shaheed, Project Director, Rural Development Project-25 (Rural Infrastructure Improvement Project, Barisal and Khulna Division)
Noor Mohammad, Rural Development Project-24 (Greater Faridpur, RIDP)

*Faridpur PIU Office of GFIDP and Kamarkhali UP Office*
Nazrul Islam, Executive Engineer, LGED - Faridpur District
Md. Hossain, Local Governance Officer from Project Consultant, PIU Office, Faridpur
Chairman of Kamarkhali Union Parishad, UP Members, Members of Woman Forum and Ward Development Committee

*Ministry of Finance*
Mahmudul Haque, Joint Secretary, Budget-2 (Development Budget)

*MLGDRC*
Mizanur Rahman, Joint Secretary (Development), Local Government Division

*Ministry of Planning*
Dr. Muhammad Golam Sarwar, Joint Chief, General Economic Division (Planning Commission)
Amulya Kumar Debnath, Director General, Central Procurement Technical Unit (CPTU)
Unnayan Onneshan (NGO)
M. Iqbal Ahmed, Research Associate

Dushtha Shasthya Kendra (NGO)
Masudul Quader, Director, Program
Ranjit Das, Senior Project Coordinator, Water and Sanitation Project

Plan International (NGO)
Peter Feldman, Regional Water and Environmental Sanitation Advisor
Ward Commissioner and members
Community Leaders from Dhaka slum areas
Appendix I: Background on DWASA

Dhaka WASA is a public utility presently governed by an independent Board. It was originally established in 1963 as per EP Ordinance XIX, 1963. The institution was entrusted with the responsibility to build, operate and maintain a) the water supply for domestic, commercial and industrial needs; b) the sewerage system; c) drainage facilities; and d) solid waste management for Dhaka city. At the time, the first two tasks were being carried out by DWASA whereas the latter two remained with DPHE and Dhaka City Corporation (DCC) respectively. In 1989, responsibility for storm water drainage was transferred to DWASA though DCC retained control of solid waste management. With rapid urbanization resulting in the expansion of city limits, DWASA faced multiple challenges in meeting the growing demand for service delivery. The population and area of greater Dhaka city (including Narayanganj) was 12.5 million and around 792 km² respectively in the year 2004. The water supply master plan prepared by DWASA in 1992 became invalid as predicted population and water demand were grossly underestimated. For the same reason, two sewerage master plans prepared in 1997 and 1998 covering south and north Dhaka respectively became redundant. In 1968, when the city area was limited to about 150 km², a flood control and drainage master plan was prepared. In 1990, further studies were conducted in a 262 km² city area and partly implemented. Fast growing urbanization, inadequate drainage, choked up tertiary and secondary drains and the encroachment of construction on natural water courses which serve as primary drainage channels, cause regular flooding and submergence during heavy rains. DWASA today, in developing the Concept Notes on Strategic Development Plan 2004-2010, is considering the preparation of an integrated master plan for water, sewerage and drainage systems.

In 1996, Dhaka WASA earned corporate management status through WASA Act 1996. The Act entitled DWASA to enjoy autonomy from the GOB and authorized it to form an independent Board. But in reality, WASA’s activities—including the appointment of the Managing Director, Board and key functionaries—continued to remain under government control. The GOB also heavily influences policy decisions.

DWASA serves about 65 to 70 percent of the city population with piped water supply. The rest of the population uses alternative modes of supply or accesses piped water through illegal tapping. Piped sewerage coverage of the city area is rather limited, covering about 30 percent. The drainage system covers less than 50 percent of city area. The city generally experiences a shortage of water supply during the dry season mainly due to frequent load shedding for long hours. Standby generators installed in key pumping stations are often subjected to breakdowns due to “off-and-on” operations. Inadequate supply causes extreme suffering to the masses, especially those living in densely populated areas. It is understood from WASA that its system loss is in the area of 35 percent. The reliability of this figure, however, is questionable unless zone-wise assessments of losses are done. In any case, the rehabilitation of old pipelines is essential to reduce physical losses.

DWASA has in total eight revenue zones for billing and distribution. Three of the eight revenue zones are functioning as cooperative societies with staff drawn from the Workers’ Union. These staff are on lien from WASA. They enjoy incentives for the billing and collection as laid down in the terms of Agreement between the Cooperative Society and WASA. It is understood that performance of the three cooperative societies in terms of revenue generation is much better than the remaining five revenue zones. DWASA intends to also privatize the remaining five zones. The total number of connections is about 250,000. DWASA’s revenue collection is, no doubt, commendable as it covers about 90 percent operating costs.
Country: Bangladesh
Program/Project Name: Greater Faridpur Rural Infrastructure Development Project (RIDP)
Donor(s): JBIC
Cost: ¥ 8,699 million (US $81.9 million)
Sector: Rural Infrastructure

a. Case Study

i. Brief Introduction to Case Study

The rural infrastructure sector and its development has been a GOB priority since the early 1980s, given that 80 percent of the population of Bangladesh is rural. In 1984, the Planning Commission, under the Ministry of Planning (MoP) published a “Strategy for Rural Development” which provided direction until 1996 when it was revised based on a Rural Infrastructure Strategy Study. The revised document put more emphasis on community participation in planning, implementation and monitoring and provided for greater use of local resources. This was the basis on which the GOB prepared a series of rural infrastructure development projects and proactively approached donors to engage them in discussion for funding. Throughout this process, the Local Government Engineering Department, under the Ministry of Local Government, Rural Development and Cooperation (MLGRDC) has been instrumental in providing leadership, taking an active role in project preparation and implementation as well as coordinating with donors. As a result, the rural infrastructure sector, while it does not have an organized SWAp or a formal sector plan, has benefited from a consistent GOB approach in which lessons learned from previous projects are incorporated into new projects and the lead implementing agency, always LGED, has been successfully strengthened as an institution. Other Ministries involved in rural infrastructure include the Ministry of Communication (bridge development is managed by the Bangladesh Bridge Authority, BBA) and to some degree the MLGRDC’s Department of Public Health and Engineering (DPHE) with respect to rural water supply and sanitation activities. The BBA is considered to be a relatively strong and well-managed institution, while DPHE does not have the same reputation. Hence, LGED also has an important role in promoting sanitation in the regions in which it works with rural communities on infrastructure.

The Greater Faridpur Rural Infrastructure Development Project (RIDP) aimed to develop rural infrastructure that included feeder roads, union buildings and markets. It was one of the similar projects shared by donors and implemented under Bangladesh’s Rural Infrastructure Sector Strategy. The project does not include a policy component but does involve significant training for LGED and local communities.

ii. Lessons for the Final Report:

- The decision to strengthen and work through a strong local counterpart, build its capacity, and allow it to take the lead in coordinating donors has been very effective for small-scale infrastructure projects, which can be repeated throughout the country, and which rely mostly on local competitive bidding.
• While there were no pooled resources or co-financing by donors for this group of similar projects, the use of a strong local implementing partner to provide oversight and overall management was effective in harmonizing and aligning systems and approaches and building management capacity. At the same time, it allowed for clear accountability since each donor was associated with a specific project.

• For small-scale projects with a strong local implementing agency, it is possible to harmonize systems and approaches without a formal donor lead mechanism; in fact, the lack of co-financing for each project and discrete project financing allowed for quick decision making and reduced administrative costs.

iii. Application of Each of the Paris Tenets

Ownership

Given that the GOB was a driving force behind the Strategy for Rural Development and the LGED is directing and coordinating donor contributions to rural infrastructure projects throughout Bangladesh, we can say there is a great deal of ownership in this sector and in this project. While the 1996 Rural Infrastructure Development Strategy was carried out by GOB in association with the World Bank, it was the GOB who took the initiative in developing the strategy and formulating plans, according to the LGED. For this particular project, and others around the country that have a similar design, the LGED proactively approached donors to assess their interest. In September 1998, the GOB, after meetings with several donors, officially requested that the Government of Japan finance the Greater Faridpur project. LGED carried out a feasibility study with assistance from JICA-funded consultants, and after the appraisal mission in 2000, GOJ agreed to fund the project. It is important to note that the GOB financed 57 percent of the project for a total of 2,310 million taka (at the time worth 4,989 million yen). Finally, the strategic direction for rural infrastructure development was included in the Fourth 5-Year Plan as a sector program, and also in the Fifth 5-Year Plan (1997–2002). These repeated identifications of rural development strategy and pro-active leadership by the GOB’s Planning Commission and the LGED in coordinating donors in the sector reflect strong ownership of the sector and the project.

Of course, donors contributed to the project in several ways. Firstly, SIDA was implementing the Rural Employment Sector Programme III project which contributed to capacity building and initial infrastructure. LGED organized meetings between SIDA and JBIC to transfer the knowledge gained from that earlier project. A Japanese expert, placed in LGED as a policy advisor, helped in the formation and design of the project by providing technical and professional support. JICA experts also utilized the concept of their “Link Model” from another JICA project, which proved to be quite relevant and effective in this project. Over the course of implementing several similar projects with multiple donors, LGED was the recipient of a number of training programs in O&M, procurement, disbursement, progress management and other capacity building programs. A Rural Development Engineering Center (RDEC) was developed under a separate project, with financial contribution from Japan; this Center used to train all LGED staff. To ensure continuity and sustainability, both governments agreed that training must directly benefit those in charge of projects and that those staff would continue to remain in charge long after project completion. LGED now feels that it no longer needs donor assistance for capacity building and it can work with local consultants to continue training staff as needed.

LGED uses a PIU approach to all of its projects. While they are not necessarily “integrated PIUs” there is an Executive Engineer who is permanent staff of LGED, locally based and has oversight of this and three to four other projects in the area. The PIU manager, or the “Local Governance Officer,” was brought on board for the purpose of running the Local Development Coordination component. While he will be moving on when the project closes down at the end of June, he has been working on LGED projects for 25 years. LGED’s system of
managing PIUs involves working with a group of high quality local consulting firms which the department brings on board for specific projects, providing them with benefits and a higher salary to compensate for the instability of work assignments. Often these local consultants are recycled back into other LGED projects, thus providing for continuity of “institutional memory” albeit not formally retaining this capacity in house.

At the local level, multiple stakeholders were involved in the development of plans for specific infrastructure requirements, including Union Parishad Members, community leaders and local residents. As part of the project’s Local Development Coordination component, two new committees were established to provide feedback and monitor progress: the Ward Development Committee and the Women’s Forum (including representation of local NGOs). Local NGOs were selected by LGED to provide training to destitute women who together constituted the Labor Contracting Society (LCS—a carry over from the SIDA project) responsible for maintenance of unpaved roads. It is expected that NGOs will continue to monitor their work and provide training. However, LCS members did indicate that they thought their pay (40 taka/day) was insufficient for the work they did. Visits to the area confirmed active local participation and a sense of strong ownership from members of this committee as they communicated their accomplishments and their role in working with LGED in this project. Women shop owners indicated that they now made enough income to provide for health and education in the family. Members of the Women’s Forum have said their monthly meetings were very useful since they could bring issues to the table that could be communicated to the UP and that they now knew what was going on with respect to GOB activities, while before they had no idea. As such, not only was there strong ownership at the ministry level (Planning Commission), Implementing Agency (LGED) and local government (UPs), but the beneficiaries themselves were involved in the process and proud of their accomplishments.

Alignment

This was a small-scale project based on a nationwide rural development strategy which resulted in similar types of projects and sub-projects being implemented throughout the country. LGED took the lead in reviewing its inventory of projects, identifying which components could be continued and preparing basic project plans with common components that could be implemented in various regions. This resulted in a standardized approach for decentralized implementation, aligned to an overall rural strategy and national development 5-Year plans. All procurement was done through local competitive bidding (LCB) (with a few exceptions) and donors worked with bidding documents that were designed exclusively for LGED. When Public Procurement Regulation 2003 was promulgated, these bidding procedures were adapted to meet PPR-03 requirements without any problems. LGED managed the procurement procedure, and did not require donor approvals, which helped attain efficiency. Moreover, there were no delays in project implementation. One area where JBIC asserted dominance was in the selection of consultants; local procedures put an emphasis on cost first and JBIC prioritized the quality of the consultant. The JBIC requirement was included in the loan agreement. Projects were also audited working with the government’s independent audit office (CAG); the Foreign Aid Projects Audit Directorate under CAG was responsible for auditing this project.

The case study highlights that the alignment of systems was possible due to the coordination of projects by one lead implementing agency and the ability to work primarily with local products and services, making procurement less complicated and easy to replicate. The importance of this sector to development in Bangladesh made it prominent in the 5-year plans and allowed the GOB to place priority on implementing the recommendations of the strategy, which included the strengthening of LGED, which could then play a significant role in aligning donor interests with the strategy in identifying projects.
Harmonization

For this specific project there was only one major donor (while SIDA funded an earlier pilot project, JBIC is the only donor funding the Greater Faridpur project) and thus no SWAps, pooled financing or budget support. Rather, this case describes harmonization in project design and implementation due to the “replication of standardized components,” in spite of differing donors.

However, through LGED, there was a good deal of harmonization of donor contributions in the consistency of project planning and implementation with other similar projects being managed by LGED. LGED indicated that this setup of one donor per project was preferable as it allowed for quick decision making and thus did not require additional administrative time and resources to coordinate multiple viewpoints prior to making decisions. This project also used best practices as determined by the pilot project’s experience (SIDA). LGED facilitated discussions between SIDA and JBIC as SIDA’s project was coming to an end and JBIC planned to implement a scaled-up version of that successful project. The LGED provided bidding guidelines and was in charge of most of the procurement. Local regulations and bidding procedures were more appropriate for small-scale projects with simple technologies.

Among the donors, rural infrastructure issues and concerns were discussed in the Local Consultative Subgroups dealing with rural development; however, there was no formalized process for harmonization of donor systems and efforts by donors for the projects similar to Greater Faridpur.

Managing for Development Results

Throughout the project, monitoring and evaluation reports were prepared quarterly by the PIU/Local Governance Office with input from the UPs and NGOs and sent to LGED and the donor. In addition JBIC does an ex-post evaluation of all their projects to assess impact. This is done at six months and two years after project completion. These reports are provided to the GOB but not the community. LGED is made aware of project impacts and concerns through the UPs and through the monthly Ward Development Committee and Women’s Forum meetings. During project implementation, these meetings were an opportunity to report progress, plan for the following month’s activities, discuss status of roads construction, report on demonstration and training received, service agency visits and service delivery provided, meeting results and so forth. Indicators that are being monitored include earnings, which so far have gone up. The tax collected last year was 80,000 taka and this year is 100,000 taka. Villagers are encouraged to pay taxes as they are aware of the relationship between taxes and the ability to fund the maintenance of their projects. These meetings are expected to continue (with LGED presence) after project completion.

In the first year following the project, JBIC provides funds for maintenance. After this, LGED will use the GOB’s revenue budget for maintenance support through its Maintenance Circle (MC). However, given the considerable need for improvement of a huge number of roads throughout Bangladesh, LGED’s budget for maintenance funds is limited. As such for this project, LGED is using Japan’s debt cancellation fund of 1,200 million taka to help fund maintenance. While there is concern for the maintenance budget, over the last few years LGED’s budget for this purpose nationwide has increased significantly (1,640 million taka to 4,700 million taka) since 2002.
Mutual Accountability

During the project period, progress was discussed every two to three months between JBIC and LGED. JBIC initially provided any necessary technical assistance until this role was inherited by Bangladeshi consultants. While often there are delays with GOB funds given limited cash, funding flow was predictable. At the Project Director’s request to the MLGRDC, the GOB committed to the allocation of funds in four installments and adopted a medium-term financial framework to guarantee disbursement without delay. This kind of securing of cash is seen as a concrete example of commitment and accountability on behalf of the GOB.
From the point of view of LGED, with respect to the local communities, this whole project has been an exercise in accountability. It has involved in its design a new mechanism to ensure full community participation in the process. Every Union Parishad has nine Wards and each Ward represents four villages. The Ward Development Committee established through the project represents each ward. There is a Women’s Forum (15 to 20 women) as well, which ensures that women’s voices are not left out but, on the contrary, can be used to raise any issue important to the villages. The villagers select their representatives for these committees. Both meet monthly together as a way to monitor progress and discuss development activities, not just associated with this specific project but with all development activities in the area with which the GOB is involved. Local government is also present at the meetings which are a means for the community to present their concerns to their local government. The women have stated that they find this extremely satisfying as they now know what is going on in terms of government activities, and that they can bring issues to be dealt with. Examples of success have included eliminating child marriages, reducing or eliminating dowry requirements and improving the health of cattle through a vaccination program. The meetings must have at least 60 percent of their group present for decision making or the decision will be postponed. Minutes are prepared to keep a record of decisions made.

It is expected that the NGOs who are involved in the capacity building activities will continue to be involved and be represented at the monthly meetings. Finally, donor accountability is promoted through the “one project, one donor” arrangement. In this way, donors must be accountable for their project activities.

### iv. Summary of Implementation of Paris Tenets

<table>
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<tr>
<th>Country/Project</th>
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<tr>
<td>Bangladesh Greater Faridpur Rural Infrastructure</td>
<td>GOB Implementing agency responsible for rural infrastructure (LGED) led planning with local involvement.</td>
<td>GOB procurement and auditing used.</td>
<td>Design and implementation harmonized through strong coordinating role by LGED.</td>
<td>Regular reporting throughout project; continued monthly community meetings w/LGED; maintenance to be provided by LGED and local community.</td>
<td>Funding predictable. Single donor linked to specific activity allows for accountability. Monthly community meetings to monitor progress.</td>
</tr>
</tbody>
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Bangladesh Meetings

KfW and GTZ
Christoph Isenmann, Director, Dhaka Office
Rainer Kuhnle, Institutional Development & Training Adviser

JBIC
Nobuyuki Kobayashi, Infrastructure Expert, Representative Office in Dhaka
Ahmed Mukammeluddin, Senior Program Officer, Representative Office in Dhaka
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Md. Liaquat Ali, Executive Engineer (Roads & Bridge)

LGED
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Md. Nurul Islam, Additional Chief Engineer, Planning
Md. Abdus Shaheed, Project Director, Rural Development Project-25 (Rural Infrastructure Improvement Project, Barisal & Khulna Division)
Noor Mohammad, Rural Development Project-24 (Greater Faridpur, RIDP)

Faridpur PIU Office of GFIDP & Kamrankhali UP Office
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Ministry of Finance
Mahmudul Haque, Joint Secretary, Budget-2 (Development Budget)

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Mizanur Rahman, Joint Secretary (Development), Local Government Division

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Ranjit Das, Senior Project Coordinator, Water & Sanitation Project

Plan International (NGO)
Peter Feldman, Regional Water and Environmental Sanitation Advisor
Ward Commissioner and members
Community Leaders from Dhaka slum areas
Country: Bangladesh  
Program/Project Name: Jamuna Multipurpose Bridge  
Donor(s): World Bank, JBIC, ADB  
Cost: $754 Million  
Sector: Infrastructure

a. Case Study

i. Brief Introduction to Case Study

The Jamuna Multipurpose Bridge project served to construct a large-scale bridge to connect the eastern and western regions of the country. While bridges are normally handled under the Ministry of Communication, the Jamuna Multipurpose Bridge Authority (JMBA) reported directly to the Government Minister and a number of Secretaries to the Government, with special authority to receive preferential treatment (expeditious services). As the Jamuna Multipurpose Bridge was the first large bridge project of its kind in Bangladesh, it is a unique case and the issues associated with the sector overall do not necessarily reflect those associated with the building, operation and maintenance of this bridge.\(^1\) The concept and desire for this bridge dates back to 1954; its construction was included in the 3\(^{rd}\) and 4\(^{th}\) Five-Year Plans as a priority project above all other transportation projects. After many studies, financial analyses, changes of government and political maneuvering the bridge was finally built between 1994 and 1998 under a co-financing arrangement with the World Bank, JBIC, ADB and the GOB, each providing an equal 25 percent contribution to the bridge’s construction.

The Jamuna Bridge addressed a significant bottleneck in east-west traffic which divided the country and hindered the flow of agricultural products to market dramatically and impeded the development of the western part of the country. The project included the development of the first major comprehensive resettlement policy in Bangladesh, the principles of which were consistent with those required by the World Bank’s Operational Directive 4.30. Additionally, a new national policy for erosion compensation was required by the co-financiers as a result of this project; the “Erosion and Flood Policy” was the first of its kind in Bangladesh and was developed to meet the guidelines of IDA and the World Bank.\(^2\) Training was provided to government staff in the operation and maintenance of the bridge. Overall, the bridge has been a great success in terms of donor and government collaboration, cost-recovery and reduction of poverty, gains in economic and social opportunity, particularly in the northwest region of the country. However, an evaluation carried out by ADB\(^3\) indicates that there have been some negative impacts on the people affected by the JB at the local level and problems with the resettlement program.

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\(^1\) The infrastructure sector of Bangladesh is handled by several Ministries: Ministry of Communication (large bridges, roads and highways, and railways); Ministry of Housing and Public Works; Ministry of Local Government, Rural Development and Cooperation (rural infrastructure including roads, buildings, rural and urban water supply and sanitation).

\(^2\) IBRD, Jamuna Bridge Project, Management Response to Inspection Panel, September 1996.

ii. Lessons for the Final Report:

- Strong ownership in the form of the government's strong desire for a project provides strong incentive for streamlining procedures and reducing delays that may otherwise have impeded progress. There is also a strong incentive for donors working together to align their systems to ensure timely implementation.

- Development of a new permanent authority to be an integrated PIU allowed for the strengthening of a local implementing institution. This has a long-term advantage for the country, since it can benefit from all the TA and training accessed during the development and implementation of the project. As this increases chances for sustainability, this is preferable to dismantling of a PIU after the project is completed. However, the Jamuna Bridge is a unique case and the replication of this arrangement may not always be possible.

- Donors tend to not want to take chances with large infrastructure projects, particularly one that is the first of its kind, when determining what PFM or procurement systems are used and will not tend to work with local systems until there is a track record of implementation success.

- Larger investment projects are more likely to be in harmony with respect to donor systems, but less likely to be in alignment with government systems if all donors do not agree that these are at a level of acceptable standard.

iii. Application of Each of the Paris Tenets

Ownership

For the Jamuna Bridge project, there was a long-term commitment by citizens and the government to build this bridge. It was included in the Third and Fourth 5-Year Plans and remained an intention throughout various regimes. The GOB approached potential donors proactively through top-level diplomacy. The GOB also established a special agency, the Jamuna Multipurpose Bridge Authority (JMBA, also known as the Bangladesh Bridge Authority - BBA) to spearhead the project even before donor assistance was secured. The JMBA, which served as an “Integrated PIU” for Jamuna, was delegated special authority and its agenda was prioritized by government ministries, which allowed for limited bureaucratic hurdles, and enabled the construction schedule to be met.

While the GOB/JMBA took a significant leadership role in this project, donor influence was also strong. When JMBA identified and hired a consultant initially to do a feasibility study for the bridge, the donors did not accept the result of its IRR (18 percent) and insisted on bringing on board their own consultant whose feasibility study came out with 14.5 percent. Today the Jamuna Bridge is experiencing returns of about 18 percent. Also, prior to construction, the GOB levied funds and structured a block allocation, so the project would not be completely dependent on donor funding. Financing arrangements included separate loan agreements with each donor and the government. While there was no Memorandum of Understanding (MOU), donors worked well together and agreed to harmonize their procurement for and financial management of the project. The private sector was involved by providing services, but not in terms of investment. The Jamuna Bridge Impact Study, however, recommends that given the success of the Jamuna Bridge, private sector investment would be sensible to consider for the Padma Bridge.
While there was no sector plan at the time the need for the Jamuna Bridge was first identified, the bridge was strongly desired by the government and people of Bangladesh since 1954. In 2003, the GOB developed and introduced as policy its Poverty Reduction Strategic Plan (PRSP). It is expected that impacts of the Jamuna bridge support the targets established in the PRSP. Bangladesh has also developed a Medium Term Budgetary Framework and has introduced this planning tool to sixteen of its ministries.

With respect to the identification of bridge projects today, the BBA now develops an inventory of bridges requested through the input of local politicians. Potential bridge sites are identified and prioritized through an assessment of need using ground surveys of ferry traffic, wait times, and demand. Some of this information is provided by local politicians, influenced by members of parliament and then prioritized by BBA. A feasibility study of priority bridges is then prepared by the BBA with the assistance of international consultants procured by BBA and donors jointly. The BBA is also now preparing a Master Plan for all future bridge projects and is currently negotiating a loan, with the Ministry of Finance, for a second large bridge that would be built over the Padma River. In the case of the Padma River, it is expected, but has not yet been agreed, that there will be an MOU between all the donors and the GOB. The Padma Bridge is expected to be financed in a similar arrangement as Jamuna with the same donors.

The Master Plan, like all development projects now in Bangladesh, will support and contribute to the PRSP. However, for large bridges like Padma, BBA will be relying on donors to develop a feasibility study for the bridge and TORs for the detailed bridge design (JICA); ADB will be examining the short list—and the final selection is to be made jointly with the donors and BBA. The Padma Bridge project will use Government Procurement rules for local procurement. For international procurement, agreed procedures between donors and GOB will be followed.

Alignment

Given that the Jamuna Bridge project was the first of its kind, it involved a significant amount of financing and new technology and required on-time development to ensure that costs did not go beyond the budget. Most of the systems used in this project were those agreed upon by the donors, although very familiar to the GOB. Also, the GOB’s procurement rules at the time were not sufficient to accommodate the complexity of the bidding, thus the co-financiers agreed to align their individual procedures (i.e. procurement, financial management and auditing) to allow for efficient and timely processing. The World Bank’s ICB procedure with the FIDIC format was deemed the best method for procurement. Disbursements, however, were made via separate accounts in accordance with the guidelines of the respective donors through a WB special account for timely processing. Documentation on the JB Project suggests that the World Bank’s EIA process was followed, though much of the analysis was carried out locally and JMBA worked with local NGOs in developing the resettlement plan.

Now that Bangladesh has prepared its Procurement Regulation 2006 with rules introduced in January 2008, it is expected that most donors will work with this document, however for ICB, some still insist on working with their own procedures even though they have all contributed to the new procurement rules.

Bangladesh is now in the process of phasing in the MTBF, which is prepared by the Ministry of Finance, and will eventually be adopted by all the ministries implementing development projects. So far, 16 Ministries are now working with the MTBF, including the Ministry of Communication. The MTBF is a three-year rolling budget with the first year as actual (replacing the annual plan) and the following two years proposed. It includes expected outcomes, results and indicators and is linked to the budget and PRSP, the latter having been developed with input from the donor community.
Harmonization

The Jamuna project involved joint co-financing and the three banks involved had similar procedures. Given that land acquisition and resettlement were required at unprecedented levels, the JMBA complied with the donors' safeguard policy. Monitoring of the project was done by the Co-financiers' Monitoring Committee (CMC) (which also included the JMBA). CMC held monthly meetings with a monitoring mission, and harmonization in land acquisition and resettlement was achieved through these meetings. A similar approach will be used for the Padma Bridge project. It is important to note that the harmonization was successful largely due to a limited number of donors involved.

There were no SWAs or pooled financing associated with this project. Separate accounts were kept and individual disbursement procedures followed. However, in order to ensure smooth implementation of the project and no delays, donors agreed early on to harmonize their procedures as discussed previously for the purpose of working on this project. This is not necessarily true in the sector however. The CMC proved to be an effective mechanism for monitoring progress, raising and resolving issues and discussing all other points that required mutual collaboration for their resolution. While CMC has officially been disbanded, it still meets informally to discuss maintenance issues and is expected to regroup for the Padma Bridge project.

Since the completion of the bridge, in Bangladesh generally, donors have made significant strides forward in harmonizing their work across the sector. However, supervision missions have increased rather than decreased from 2006 to 2007, and some donors steadfastly cling to their own procedures, particularly in the area of procurement.

Managing for Development Results

The Jamuna bridge project is monitored for a variety of indicators, from hourly traffic loads to daily expansion and contraction of bridge materials, to bi-weekly checks for erosion and monthly inspections for cracks. BBA puts out a quarterly newsletter for the ministries about the bridge, monitoring results and impacts. However, this information is not provided to communities. NGOs follow up with the communities who have been impacted by resettlement, but it is unclear what kind of reporting is done. However, the ADB impact study was extremely thorough and comprehensive covering all physical, financial and socio-economic aspects of bridge impact. Lessons learned from that report have been used to make recommendations for the Padma Bridge project, currently under preparation.

With respect to auditing, the GOB's Comptroller & Auditor General (CAG) is empowered to audit all authorities and officers of the government and to have access to all records, books, vouchers, documents, etc. The CAG carries out a post-audit on a test check basis of the accounts of the country through the Director General of Audits. The Director General, Foreign Aided Project Audit Department (FAPAD), audits all projects with foreign aid and GOB contributions. The Jamuna Multipurpose Bridge Project has been audited by this Director General, including the foreign currency component as well as the local currency portion.

Since 2003, the GOB has implemented the Poverty Reduction Strategic Plan as a framework for planning and monitoring all development work, in addition to an MBTF which links the goals of the PRSP to the national budget. Most respondents in interviews admitted that the capacity for M&E is rather weak in Bangladesh, although there are mechanisms in place for it to be carried out. With respect to project monitoring, the Implementation, Monitoring and Evaluation Division (IMED) under the Ministry of Planning is tasked with monitoring progress of all projects under implementation. However, the capacity of the unit is not considered to
be strong. Additionally, while there are outputs and strategic objectives linked to the budget through the MTBF and PRSP, there has not been a public evaluation of how the GOB is doing in reaching those targets. Finally, respondents feel in general that the targets which have been set are neither reasonable nor have sufficient implementation mechanisms prepared to carry them out.

With respect to maintenance of infrastructure, Jamuna Bridge is maintained fully by the BBA. Tolls collected for the bridge are more than enough to cover all operations and maintenance with surplus remaining for emergency repairs. Required maintenance is carried out by local and international consultants, though all the international consultants have an association with the local private firm. As mentioned earlier, the Jamuna Bridge Impact Study indicated that the good financial returns experienced with this project should encourage the government to consider private investment for the next large bridge project, the Padma. However there is no experience with Public-Private Partnership in Bangladesh for such a large project, so the GOB is hesitant to make changes even though the Government has implemented a number of policy reforms designed to promote private investment.

**Mutual Accountability**

The CMC meetings held regularly were used to discuss accountability as well as to coordinate donors. The Committee is chaired by the Secretary of the Bridge Division of the Ministry of Communications.

During the design phase of the project, local experts were consulted. With respect to impacted communities, local people were consulted regarding resettlement and environmental issues. About 80,000 were resettled. JBB indicated that all were provided with rehabilitation and compensation, training for new jobs, income generation activities, social programs, primary schools, electricity, water, community sanitation and community markets, clinics and playgrounds in the resettled communities. The primary schools and clinics are still being financed with BBA funds. However, a follow-up Impact Study carried out by ADB indicates that a comprehensive EIA and Social Assessment was not satisfactorily carried out and led to issues and controversy later on, particularly with respect to community participation and resettlement. It is neither clear how these issues are going to be addressed nor how post-completion regular monitoring will include indicators that measure mutual accountability.

**iv. Summary of Implementation of Paris Tenets**

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<tbody>
<tr>
<td>Bangladesh</td>
<td>Strong government ownership; special implementation agency set up which continues to manage bridge activities fairly independently.</td>
<td>Capacity building for procurement, but WB ICB systems used; GOB audits.</td>
<td>Donor procedures for financing harmonized; monthly co-financiers monitoring to review progress.</td>
<td>On-time construction as key result; poverty reduction impacts good but inconsistent; maintenance financed through bridge toll.</td>
<td>Jamuna: stakeholders participate in regular &quot;milestone&quot; meetings; resettlement issues identified in ADB Impact Study resulting from incomplete EIA.</td>
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<tr>
<td>Jamuna Bridge Project</td>
<td></td>
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Ranjit Das, Senior Project Coordinator, Water & Sanitation Project

Plan International (NGO)
Peter Feldman, Regional Water and Environmental Sanitation Advisor
Ward Commissioner and members
Community Leaders from Dhaka slum areas
Country: Bangladesh

Program/Project Name: Rural Infrastructure Improvement Program (Rural Markets and Roads)

Donor(s): BMZ (with KfW and GTZ implementation), ADB

Program Period: 2003–2009

Cost: €8.5 million

Sector: Rural Infrastructure

a. Case Study

i. Brief Introduction to Case Study

The rural infrastructure sector and its development has been a GOB priority since the early 1980s, given that 80 percent of the population is rural. In 1984, the Planning Commission, under the Ministry of Planning (MoP) published a “Strategy for Rural Development” which provided direction until 1996 when it was revised based on a Rural Infrastructure Strategy Study. The revised document, which had been developed with World Bank assistance, put more emphasis on community participation in planning, implementation and monitoring and provided for greater use of local resources and strengthening of LGED. This was the basis on which the GOB prepared a series of rural infrastructure development projects and proactively approached donors to engage them in discussion for funding. Throughout this process, the Local Government Engineering Department, under the Ministry of Local Government, Rural Development and Cooperation (MLGRDC) has been instrumental in providing leadership, taking an active role in project preparation and implementation and coordinating with donors. As a result, the rural infrastructure sector, while it does not have an organized SWAp or a formal sector plan/approach, has benefited from a consistent GOB approach in which lessons learned from previous projects are incorporated into new projects and the lead implementing agency, always LGED, has been successfully strengthened as an institution.

The goal of this project is to improve year-round access to rural markets for traders, the rural population, and other service providers in 16 districts (total population of 24 million) through a functioning network of roads and roadways. The program aims to increase the rural population’s income and improve regional economic development by improving market access and increasing the marketing of agricultural and commercial goods. The project was co-financed by funds from the German Financial Cooperation (FC) through the KfW Development Bank, funds which went towards market, road, and infrastructure financing in addition to consultancy; and funds of the German Technical Cooperation (TC) which went to improve roads, market management, strengthening of local government institutions, infrastructure utilization and gender issues.

Concrete training for executive engineers was undertaken in the LGED Headquarters to a very limited extent only. Most training efforts were geared towards capacity development of District and Sub-district staff of LGED, but also of Contractors, Union Council Members, Market Management Committees, poor women working on roadside maintenance and in renting shops in improved growth centers, and District and Sub-district Road Safety Committees.
The Department of Public Health and Engineering (DPHE), under the Ministry of LGRDC, is also mandated for providing infrastructures for water supply and sanitation facilities. The DPHE also has presently adopted a participatory development initiative involving Union Parishads in rural areas and with municipalities in medium and secondary towns. A few similar projects that may be mentioned include: HYSAWA project assisted by DANIDA; Sanitation and Hygiene Education Rural water supply project assisted by UNICEF; and the Secondary Towns water supply and sanitation project assisted by ADB. DPHE capacity has been constrained due to a lack of incentive for key managers to get promotions and a lack of fresh recruitment in the cadre services for a longer period. Other Ministries involved in rural infrastructure include the Ministry of Communication (bridge development is managed by the Bangladesh Bridge Authority, BBA). The BBA is considered to be a relatively strong and well-managed institution.

ii. Lessons for the Final Report:

- When donors allow national counterparts to implement the project, and only provide technical support as needed, the institution inherently develops and internalizes needed capacity and thus greater ownership. The process of “learning by doing” used over the years with donors working with LGED, is good practice as it does not only create ownership but strengthens human resources in a very practical way, leaving no gap between theory and practice when applying development designs and methodologies.

- Harmonization requires significant efforts, transparency and intensive communication on behalf of donors which can require time consuming consultations; the national partner can enjoy a reduction in transaction costs in dealing with only one joint mechanism for donor interaction.

- A lack of strong leadership at the sector/ministry level can allow a strong implementing agency taking a leading role in developing nationwide investments. This can be effective, but may not closely align with national PRSP priorities in planning phases; rather, results are assessed ex-post. Also, this approach does not allow for donors to be involved at the sector-level planning stage where they can coordinate their support. However, a strong local partner can compensate for this by coordinating donors, although it may not be the most desirable arrangement from the PD perspective.

iii. Application of Each of the Paris Tenets

Ownership

For the rural infrastructure sector there is strong government ownership as evidenced in the previous discussion highlighting the attention given by the Ministry of Planning to the Rural Infrastructure Sector Strategy and the presence of rural infrastructure as a priority in the 5-year plans, and now the Poverty Reduction Strategic Plan, which is 100 percent owned by the government. The GOB has also introduced a Medium Term Budgetary Framework which links PRSP goals to the national budget. The Ministry of Local Government, Rural Development and Cooperation (MLGRDC) has also developed its MTBF and is one of 16 ministries to have converted to this system which is being introduced to all the ministries progressively. The impacts of this program were assessed against the PRSP goals, at the mid-term and at the end of the project and found to have contributed significantly to 10 of the PRSP’s 19 strategic goals. However, KfW was in charge of this evaluation; it was not done at GOB initiative.

In RIIP, there was strong ownership on behalf of the implementing agency, LGED which was also carrying out similarly designed projects throughout the country and proactively seeking donor support for these activities.
LGED had implemented an earlier initiative in the 1990s—the Tangail Infrastructure Development Project (TIDP)—with assistance from the German Development Cooperation and designed RIIP as a much larger follow on project. Given the larger capital and TA funds envisaged for the RIIP, LGED sought to bring additional donors into a co-financing arrangement. In the end, ADB provided a soft loan of $60 million to Bangladesh for the program, the German Development Cooperation provided grant funds (€23.6 million), and GOB provided $36 million as matching funds. There was no MOU between the donors. LGED functioned as an integrated PIU for the overall program, which was staffed by the LGED staff at normal government-level salaries and financed by GOB. Through international bidding procedures (adapted to donor requirements), the LGED selects and contracts a consortium of international and local consultants to support program implementation. No management plan was required since the donors worked within the existing structure of LGED. ADB carried out the feasibility studies for RIIP, although LGED is increasing in capability and is doing the feasibility study for RIIP-3 which is currently under development (RIIP-2 is already under implementation).

The donor interviewed for this assignment indicated that while LGED is quite capable, particularly today, the type of work that required international technical assistance included: road maintenance and safety expertise, quality control of financial management and practical experience with similar projects (initially). As well, it is important to have at least one person from the donor country to carry out overall management and oversight so that there is no possibility of vested influence or pressure from any quarter.

Alignment

As mentioned above the MTBF was introduced first in 2003 and is linked to the PRSP, the objectives of which were used to assess progress in this project. Normally there is supposed to be an annual meeting with the donors to review the PRSP, but the last one was in 2005. However, all German Development Cooperation (GDC) projects are based on the development of the GOB’s project proposal document and these proposals require alignment with the PRSP.

Procurement regulation was introduced in 2003, revised in 2006 and made operational with a clear set of rules in 2008. Donors contributed extensively to this evolution of procurement regulations and while most indicate they plan to work with it, some were still planning to adhere to their own guidelines for ICB, particularly for large infrastructure projects. However, while donors were not content with ICB available at the time this project was implemented, most donors we spoke with were happy to work with GOB procedures for local procurement for local construction. For this project, since PPR-2006 was not yet in place, ICB was carried out using GTZ or ADB procedures for international consulting and institutional strengthening services. With respect to auditing, both ADB and KfW were content to work with the GOB’s Foreign Aid Projects Audit Directorate (FAPAD) under the independent Comptroller and Auditor General (CAG), while they retained the right to bring in an auditor of their own. In fact KfW hired the director of PAFAD to strengthen LGED’s capacity. LGED is considered to have a good unified financial management system that FAPAD seems satisfied with. However, donors consider the Public Financial Management systems generally in Bangladesh to be weak and prefer to keep track of accounts using their own systems. PFM is in the process of being strengthened through a “Financial Management Reform Programme” funded by DFID and the Netherlands; the second phase of this program began in 2007 and should form the basis of better alignment of foreign assistance with country systems in this area. DFID is also carrying out at this time an “Operational Risk Assessment” on LGED, with results to be available at the end of the year.

EIA’s were carried out by Design and Supervision Consultants appointed by LGED for this Project using updated Government EIA format and ADB’s EIA requirements. GOB’s EIA is currently being updated to include biodiversity, GHG, etc. As part of this EIA, trees were planted alongside the roads to offset environmental impacts resulting from soil erosion and increased CO₂ from transportation increases.
Harmonization

For this program, there was no MOU or pooled funding; three separate agreements were made between each donor and the GOB. However, during a joint appraisal mission the donors worked together to harmonize most of their systems. Harmonization has in some cases made the implementation process more complicated due to the number of partners involved. For example, ADB’s commitment to a certain number of trained units had to be complied with by KfW even though the GOB reduced the number of expatriate staff allowed for this activity. This resulted in difficulty for KfW to meet this commitment with only one expatriate to do the training. Also, there were some cases when KfW had to hold up replenishment of funds because FAPAD did not send the credit report to them. FAPAD has sent it on time to ADB, but ADB was under no obligation to forward it to KfW, resulting in a delay in fund replenishment. For RIIP-2, which started up in 2006, there is a procedural agreement that should help ease such miscommunications; however there is still no formal signed document. Through ADB initiative, the donors do carry out bi-annual reviews jointly as well as joint field visits to coordinate activities.

On the country partner side, close cooperation and harmonization of donor efforts created synergies that reduced transaction costs for LGED. Coordination of donors allowed for standardization of procedures and joint support of the process of change within LGED, including the approach towards strengthening good governance at the local level, target group participation, gender issues and poverty alleviation. LGED was able to extract the comparative advantages of the individual donors through one communication channel. However, across the sector, there is no mechanism to harmonize donor support. Coordination is largely taken on by LGED on the basis of bi-lateral negotiations with individual donors.

Donors on this project do not do an independent audit, but rely on the GOB’s FAPAD reports – they have the right to demand an audit, but have not felt the need to do so. ADB usually makes this a precondition, but in this case they are happy also with FAPAD. However, on some occasions FAPAD did not send the report to KfW, in which case the latter held up replenishment for quite a while until the credit report came. FAPAD had sent it on time to ADB, but ADB was not obligated to forward it to KfW. Most of the funds for the project are on-budget, with the possible exception of the in-kind contribution of technical cooperation, which is budgeted in days rather than dollars. We were told that GDC only funds projects that are 100 percent on-budget.

The Local Consultative Group provides a forum for donors and the GOB to meet and discuss their projects, plans and any issues. It is considered to be a very powerful group and meets every month. The LCG is chaired by a donor and co-chaired by the Secretary of Economic Relations Division (ERD), Ministry of Planning. The executive committee includes the World Bank, ADB, the UN, DFID, Sweden and the Netherlands. There are no GOB representatives in the executive group and it meets on an ad hoc basis on its own initiative to discuss how to respond to GOB plans, strategies, etc. The LC subgroup on transport meets every two months or so. This group discusses maintenance funds, road safety and other transport issues. It is mostly focused on large roads, but is also a forum that DCs use to share future plans in the rural sector as well.

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1 The LCG is composed of 32 Bangladesh-based representatives of bilateral and multilateral donors of the BDF and the Secretary, Economic Relations Division (ERD), representing the Government. In May 2000, the LCG structure was reviewed by a high-level donor panel and an LCG Executive Committee was created to jointly steer the work of the group. The members of the Executive Committee are selected by the full LCG, on a rotating basis. (http://www.lcgbangladesh.org/lcg/index.php)
Managing for Development Results

LGED had already developed M&E capacity through a variety of donor-funded projects over the years, and established a Project Performance Management and Impact Evaluation Unit in 2002. RIIP contributed to training of LGED staff in M&E and helped to adapt the approaches developed in the earlier project to meet LGED’s long-term needs. As such, LGED, with consultant support, was well able to carry out M&E both on the technical side and on the socioeconomic side. On the technical side, engineering surveys were used to monitor control of building activities, construction, quality and flow of funds. One the impact side, LGED applied an evaluation system designed in the previous project, streamlined and adapted by LGED for this project. The Socio-Economic Monitoring and Evaluation System (SEME) included large-scale social surveys to measure the impact of improved roads and assess target achievement, among other things. In addition, KfW carried out a mid-term impact assessment based on a 2004 baseline survey, and compared their improvements against the PRSP’s 19 strategic goals; the outcome concluded that the program contributed significantly to 10 of these goals. However, given that there is no real sector plan prepared at the Ministry level, there is no monitoring against a sector-wide plan as such. Donors feel that M&E would be best carried out when targets are set ex-ante at the sector or national level.

During the project, a progress report is provided quarterly. The indicators used are proposed by development partners and have been fully accepted by the government. While a PRSP evaluation needs to be done, it is felt by the donor that it would not be worth it until the new government comes into power at end of the year or at the beginning of next year.

For infrastructure projects, maintenance is a key part of managing for results; without regular maintenance, expensive reinvestments are required for rehabilitation of assets. In this case the project has trained the LCS group of disadvantaged women to carry out maintenance on unpaved roads. LGED’s maintenance budget takes care of blacktop roads, although the resources set aside are usually not adequate. This is financed through the national budget. Even though this budget has increased dramatically during the project period, it is not quite enough to cover all the roads maintenance required. Maintenance still gets done, as it is subsidized by other sectors through the national budget, given that tolls do not cover the full amount. While this arrangement does make sure that maintenance takes place, it does require other sectors of the economy to partially finance the transport sector and reduces funds available for other development investments. Maintenance for small jobs is carried out by LGED’s Maintenance Circle—a mobile maintenance unit—and large jobs are contracted out to the private sector (as well as to local construction).

The private sector is involved in this project through small- and medium-sized enterprises (SMEs) conducting construction and maintenance work. It is highlighted that market infrastructure through market committees and the lease of market stalls to SMEs has proven to be a successful way of sustaining marketing infrastructure.

Mutual Accountability

The LGED has been including civil society in the planning process for years and aggressively incorporates a significant level of community involvement on several fronts. Also, district-level stakeholders rank a comprehensive list of LGED interventions according to their priorities during stakeholder workshops. At the implementation level, rather than the national development plan level, stakeholder workshops seem institutionalized. Within the RIIP, road selection occurred in a participatory manner through a socio-economic assessment and participative stakeholder involvement. LGED uses these results to restrict the influence of local politicians over community needs.
Land-use conflicts are used to assess the consensus-building process; in Bangladesh and under the RIIP, land conflicts have not been a large concern. In the cases when private property has had to be converted into road space, there was no major local resistance, implying that the local consultative process has been successful. Mutual Accountability was also strengthened by the capacity building of the local democratically elected structures (Union Parishads).

At the national level, the GOB has developed a Harmonization Action Plan (HAP) as part of its commitment to move forward with aid coordination under government leadership and in alignment with the PRSP. The HAP was approved in August 2006. This is intended to be a working document outlining the direction for future action by both GOB and the DPs. A PRS-HAP cell has been created within the Economic Relations Division who is working closely with GOB departments and the LCG focal points (donors) who were instrumental in launching the Cell. The PRS-HAP cell is also responsible for coordination of the Paris Declaration Evaluation, OECD-DAC survey 2008 (surveys in 2003 and 2006 have been carried out) and participating in the upcoming high-level forum in Accra. A recent report commissioned by JICA, carried out by local consultants and coordinated by the PRS-HAP cell evaluating progress on the Paris Declaration considers this cell has not been provided with the right support to carry out its duties. However, in a speech by the Secretary of the ERD, it is stated that ERD will strengthen the cell for the benefit of both GOB and the DPs. Donors have reported they are currently being asked for data to contribute to PD evaluation. So far it appears there are no monitoring facilities set up within the ministries.

iv. Summary of Implementation of Paris Tenets

<table>
<thead>
<tr>
<th>Country/Project</th>
<th>Ownership</th>
<th>Alignment</th>
<th>Harmonization</th>
<th>Results</th>
<th>Mutual Accountability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh Rural Infrastructure Improvement Program (Markets and Roads—RIIP)</td>
<td>Strong implementing agency (LGED) coordinated and directed donor support. Ministry level played minor role.</td>
<td>Uses GOB LCB, donor ICB as new PPR-08 not yet available. Should be acceptable to donors now that in place. Uses GOB Auditor. PFM weak overall but LGED has acceptable system.</td>
<td>No joint forum for donors active in rural infrastructure. No joint approach for sector-wide development. Planning mostly led by LGED.</td>
<td>M&amp;E unit set up in LGED. Insufficient funds for maintenance; currently subsidized by GOB budget.</td>
<td>Participative stakeholder involvement in selection and planning of investments. ERD Harmonization Action Plan cell established to monitor PD progress. Donors being asked for data.</td>
</tr>
</tbody>
</table>
Bangladesh Meetings

KfW and GTZ
Christoph Isenmann, Director, Dhaka Office
Rainer Kuhnle, Institutional Development and Training Adviser

JBIC
Nobuyuki Kobayashi, Infrastructure Expert, Representative Office in Dhaka
Ahmed Mukammeluddin, Senior Program Officer, Representative Office in Dhaka
Suman Das Gupta, Program Officer, Representative Office in Dhaka

World Bank
Glenn Pearce-Oroz, Senior Water and Sanitation Specialist, Water and Sanitation Program - South Asia World Bank Office

DWASA
Md. Nurul Haque, Chief Engineer
Syed Qumarul Ahsan, Additional Chief Engineer and Project Director, Sector Development Project
Md. Nurul Huda Mian, Commercial Manager and Project Director of “Services to Poor”

BBA
Md. Abdur Rahman Khan, Additional Director (P & M)
Md. Liaquat Ali, Executive Engineer (Roads and Bridge)

LGED
Md. Shahidul Hassan, Chief Engineer
Md. Nurul Islam, Additional Chief Engineer, Planning
Md. Abdus Shaheed, Project Director, Rural Development Project-25 (Rural Infrastructure Improvement Project, Barisal and Khulna Division)
Noor Mohammad, Rural Development Project-24 (Greater Faridpur, RIDP)

Faridpur PIU Office of GFIDP and Kamarkhali UP Office
Nazrul Islam, Executive Engineer, LGED - Faridpur District
Md. Hossain, Local Governance Officer from Project Consultant, PIU Office, Faridpur
Chairman of Kamarkhali Union Parishad, UP Members, Members of Woman Forum and Ward Development Committee

Ministry of Finance
Mahmudul Haque, Joint Secretary, Budget-2 (Development Budget)

MLGDRC
Mizanur Rahman, Joint Secretary (Development), Local Government Division

Ministry of Planning
Dr. Muhammad Golam Sarwar, Joint Chief, General Economic Division (Planning Commission)
Amulya Kumar Debnath, Director General, Central Procurement Technical Unit (CPTU)
Unnayan Onneshan (NGO)
M. Iqbal Ahmed, Research Associate

Dushtha Shasthya Kendra (NGO)
Masudul Quader, Director, Program
Ranjit Das, Senior Project Coordinator, Water and Sanitation Project

Plan International (NGO)
Peter Feldman, Regional Water and Environmental Sanitation Advisor
Ward Commissioner and members
Community Leaders from Dhaka slum areas
Country: Burkina Faso

Program/Project Name: National Potable Water & Sanitation Program

Donor(s): ¹ World Bank, African Development Bank, European Commission, UNICEF, Danish Cooperation (through Danida), French Cooperation (through AFD), German Cooperation (through KfW and GTZ), Japanese Cooperation (through JICA), Swedish Cooperation (through SIDA)

Program Period: 2006-2015

Cost: Rural—406 billion FCFA
       Urban—138 billion FCFA

Sector: Water and Sanitation

a. Case Study

i. Brief Introduction to Case Study

Burkina Faso’s National Potable Water and Sanitation Program to 2015 (PN-AEPA²) was elaborated over a period of several months, and finalized in November 2006. It constitutes the road map of the Government of Burkina Faso to meet its commitment to the Millennium Development Goals in the water and sanitation sector (Objective 7), so that by 2015, the share of the population without access to water and sanitation in 2005 is reduced by half. The strategy is in conformity with the country’s Poverty Reduction Strategy Framework (CSP³), in which access to potable water and sanitation is included as a priority. The CSP is referred to in the PN-AEPA and in the Memorandum of Understanding for Implementation of the PN-AEPA signed between GoBF and the signatory Financial and Technical Partners (henceforth referred to as the AEPA PTF⁴). Further, the PN-AEPA is also a component of the national strategy for the integrated management of water resources (GIRE⁵).

The water and sanitation sector program was elaborated through a participatory process, involving the key GoBF Ministries and agencies; donors; and the NGO community working in the water and sanitation sector. The document was discussed and adopted in the Council of Ministers on December 18, 2006.

The key elements of the PN-AEPA are summarized in the box below:

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¹ Listed here are the Financial and Technical Partners signatories to the Memorandum of Understanding.
³ Cadre Stratégique de Lutte contre la Pauvreté
⁴ Partenaires Techniques et Financières
⁵ Gestion intégrée des ressources en eau
SUMMARY OF THE PN-AEPA

**AEPA in Rural Areas**
Rural water and sanitation coverage goals are:
* Increase access to potable water from 60% to 80% (benefiting 4 million inhabitants)
* Increase access to sanitation from 10% to 54% (benefiting 5.7 million inhabitants)
* Establish the technical, administrative and financial management conditions to ensure the long-term functioning and accessibility of potable water sources
* Create an environment to promote and educate beneficiary populations of the advantages of private sanitation, installation of household and public latrines

The Directorate General of Water Resources (DGRE) is responsible for the implementation of the PN-AEPA in rural areas.

The unified activity framework (CUI) will apply for AEPA activities in the rural sector, which will provide a means to support transfer of capacity to rural communes as decentralization is implemented.

Estimated costs to implement the PN-AEPA in rural areas are:

<table>
<thead>
<tr>
<th>Component</th>
<th>Cost (bn FCFA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potable water infrastructure</td>
<td>280.3</td>
</tr>
<tr>
<td>Sanitation infrastructure</td>
<td>64.4</td>
</tr>
<tr>
<td>CUI</td>
<td>24.3</td>
</tr>
<tr>
<td>Provisions and miscellaneous</td>
<td>36.9</td>
</tr>
<tr>
<td><strong>Total Rural AEPA</strong></td>
<td>406</td>
</tr>
</tbody>
</table>

Of this total, 64.2 billion FCFA represents new financing needs.

For the period 2007-2009, 77-80% of AEPA infrastructure expenditures in rural areas are to be financed by the PTF, 10-14% by the national budget and remaining 10% by beneficiaries and NGOs.

**AEPA in Urban Areas**
Urban water and sanitation coverage goals are:
* Increase access to potable water from 74% to 87% (benefiting 1.8 million inhabitants)
* Increase access to sanitation from 14% to 57% (benefiting 2.1 million inhabitants)

The National Water and Sanitation Company (ONEA) retains the responsibility for developing water and sanitation in urban areas, based on agreements with the respective local governments and according to ONEA’s 2005-2015 development plan, as well as a contractual framework between the GoBF and ONEA.

Estimated costs to implement the PN-AEPA in urban areas are

<table>
<thead>
<tr>
<th>Component</th>
<th>Cost (bn FCFA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potable water infrastructure</td>
<td>86.9</td>
</tr>
<tr>
<td>Sanitation infrastructure</td>
<td>50.9</td>
</tr>
<tr>
<td><strong>Total Urban AEPA</strong></td>
<td>137.8</td>
</tr>
</tbody>
</table>

Of this, 108.2 billion FCFA represents new financing needs.

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6 Based on the PN-AEPA Program Document
7 Cadre Unifié d’Intervention
8 Includes existing and on-going projects
9 Office National de l’Eau et de l’Assainissement
10 Includes existing and on-going projects
**Principles for Implementation and Steering of the PN-AEPA**

- Development of a medium-term expenditure program (CDMT\textsuperscript{11}) for the AEPA sector
- Consultation among stakeholders
- Annual joint review of the implementation of the PN-AEPA

The coordination and the piloting of the PN-AEPA is ensured via the National and Regional Steering Committees (CNP\textsuperscript{12} and CRP\textsuperscript{13}, respectively), whose members include:

- Relevant Ministerial and agency representatives
- Local governments
- Private sector, NGOs, Associations
- Water / sanitation users / beneficiaries
- Technical and financial partners (PTF)

The national steering committee is placed under the Ministry of Agriculture, Hydraulics and Fisheries (MAHRH) and the Ministry of Economy and Finances (MEF).

Since the adoption of the program, the GoBF and the AEPA PTF have demonstrated a clear commitment to ensuring its implementation. A memorandum of understanding for implementation of the PN-AEPA was signed between the GoBF and key AEPA PTF in January 2007. Two joint annual reviews of the implementation of the program have been conducted. The recommendations of the second joint review (April 2008) were integrated into the Ministry of Agriculture, Hydraulics and Fisheries (MAHRH) General report of the Ministerial Administrative Board (CASEM\textsuperscript{14}) and the detailed program of MAHRH activities (mesures opérationnelles) for 2008. This inclusion of the joint review recommendations at this level of the MAHRH is one of the (numerous) examples of strong ownership by and commitment of the GoBF to the PN-AEPA.

Although the main focus of the PN-AEPA is to meet specific targets for access to potable water and sanitation in urban and rural areas of the country, the GoBF, through the Directorate General of Water Resources (DGRE) is aware that merely spending money for infrastructure will not be sufficient. Various donor and community groups have been drilling holes for water around the country for decades. As was recently reported in the sector Public Expenditure Review (PER), 23 percent of water pumps are not functioning, of which 30% were abandoned and the remaining out of order frequently due to lack of or lapsing of maintenance contracts. In order to ensure the sustainable development of access of the population to water and sanitation, a deeper and wider effort of capacity building and implementation of clear systems is required, particularly for the rural areas.

The National Steering Committee adopts an annual action plan (feuille de route) which defines the specific actions and activities to be carried out over the course of the year in implementation of the PN-AEPA. The action plan also indicates the lead person for each activity within the DGRE as well as the expected date of completion.

There are several key challenges which face the GoBF for implementation of the PN-AEPA. We highlight two of these below:

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\textsuperscript{11} Cadre de dépenses à moyen terme
\textsuperscript{12} Comité National de Pilotage
\textsuperscript{13} Comité Régional de Pilotage
\textsuperscript{14} Conseil d’Administration du Secteur Ministériel
Human Resources: Reinforcing the staffing and capacity of the DGRE and the regional offices of the Ministry is essential for success of the PN-AEPA. A draft plan for human resources development of the DGRE and regional offices had been prepared at the time of our discussion and was in the process of final reviews and approval.

Program Budget - Integration of the PN-AEPA into the annual priority action program of the CSLP and the CDMT: The DGRE is presently preparing its anticipated sectoral CDMT. The program budget is allocated from the MEF on a Ministerial, rather than a sector basis, requiring the DGRE to negotiate within the MAHRH. Although water is essential to the success of agriculture, the MAHRH is very highly focused on direct agriculture issues, which represent over 80% of Burkina Faso’s economy. The creation this year of the Thematic and Sectoral Commission for “Water, Sanitation and the Living Environment” within the CSLP monitoring system is an important development. It is expected to facilitate links between macro policies and the development of the AEPA sector, as well as improve the mobilization and allocation of resources to meet the objectives of the PN-AEPA.

An additional challenge is that under the decentralization program presently underway, one of the first sectors to be transferred to communes (in 2009) is water and sanitation. Municipal councils were established in April 2006, following local elections in the 302 rural communes. The implementation of this reform implies a new approach for the Regional and Provincial Offices of the MAHRH, who will have to evolve to units which provide support and advice to local councils and mayors in the development of their water supply and sanitation programs and investments. The decentralization process also implies a new role / relation between the associations of water users established in villages and the commune administration / local council.

One of the keys to building the capacity of local councils and administrations is to work with them to elaborate the potable water and sanitation section of communal development plans; this local framework would become the basis for development of water and sanitation infrastructure at the communal level. The DGRE is requesting that all donor projects incorporate support for the development of these local sector plans. Further, a methodological guide has been developed to assist local officials in this process. It was issued in January 2008.

Strengthening the capacities of the local private sector and of NGOs working in the AEPA sector is also urgently needed. One of the concerns of both the DGRE and the PTF is the lack of information on many of the activities being implemented in the AEPA sector by NGOs as well as by other donors who are not signatories to the PN-AEPA MOU. This complicates the efforts for monitoring and evaluation of implementation of the program, both for measuring water and sanitation access rates, as well as ensuring that the norms, criteria and indicators, (defined in the PN-AEPA program document), as well as the CUI approach, are respected. For this reason, the DGRE organized an information meeting for NGOs in early July 2008 to inform them of the new framework implied by the PN-AEPA and the implications and opportunities for NGOs.

In the urban areas, the National Office for Water and Sanitation (ONEA) is responsible for implementation the PN-AEPA (infrastructure construction, rehabilitation and systems maintenance and service provision). Note that many of the issues which are addressed in this case study refer specifically to the implementation of the PN-AEPA in rural areas; as an autonomous entity with a proven track record, ONEA is in a position to implement the urban part of the program. The key issue will be mobilization of funds; first steps have been taken in the financing roundtable held in November 2007.

The PN-AEPA included in its framework all ongoing donor programs in water and sanitation in urban and rural areas, which had been developed prior to the Paris Declaration.
All future programs in the sector should respect the principles and the framework defined by the national program.

The PN-AEPA notes that several specific strategies will need to be put into place in order to ensure the success of the program:

- New financing mechanisms, within the framework of a program budget approach. These mechanisms will include targeted budget support, common fund for AEPA, and LG own investment funds.
- Improve public procurement procedures, and develop a list of approved companies and consulting firms.
- Harmonize the technical and technological base and develop innovative practices.

Note that part of the support, capacity building and technical assistance required to develop these analyses and implement the priority action plan is being financed through a joint SIDA-Danida-GTZ pooled fund.

As part of the 2007 PN-AEPA activity plan, a Financing Roundtable was held in November 2007 between GoBF and the PTF, in order to present the financing needs of the PN-AEPA and record declarations of intent of the PTF for their future support to implement the program.

It should be noted that the GoBF also adopted a National Plan for Aid Effectiveness (PANEAs15) in September 2007, to operationalize the principles of the Paris Declaration overall for all sectors receiving aid in Burkina Faso. The General Directorate for Cooperation, within the MEF includes a national coordinator for aid effectiveness. The Technical Secretariat for Aid Effectiveness provides a structure for dialog and support to the PTF in the implementation of the Paris Declaration.

ii. Lessons for the Final Report

*Long lead times on general programmatic issues create momentum for further sector development:* Over the past decade, Burkina Faso has adopted a first (2000-2003, preparation commenced in 1998) and second (2004-2006, extended to 2010) version of the CSLP. Public finance management (PFM) reform has been ongoing via successive programs since at least 1998. PFM reforms are also closely linked to Burkina Faso’s status as a Highly Indebted Poor Country (HIPC) initiative completion point country (achieved in 2002). Additional examples include the 10-year Basic Education program and the Health Sector Program. These experiences in strategic planning, development and implementation of detailed action plans, and M&E frameworks provide support on an administrative and conceptual basis to the PN-AEPA. In other words, the PN-AEPA development and implementation benefits from the long acquired experience of the Burkina Faso administration in lessons which could be learned from mistakes or problems which appeared in prior programs.

*Importance of leadership:* The DGRE is the champion for the development and reform of the AEPA sector. The strong leadership, vision and commitment of the Director General is recognized by many of the PTF we interviewed as a key to the success to date of the elaboration and initial implementation of the PN-AEPA.

*Leadership is essential, but not sufficient.* Without strong leadership, the PN-AEPA would not have been developed nor begun to put into place the first tools necessary for its ultimate success. However, the ongoing long patient work, of building the complex web of information, human resource planning, financing commitments, financing mechanisms, support for local governments, consistent technical approaches, etc. will mark the ultimate success of the program. Through iterative processes, the PN-AEPA action plans and joint review recommendation are being, have been or will be incorporated into the CDMT process, the

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15 Plan d’Actions National de l’Efficacité de l’Aide au Développement
annual budget, the CSPL process and the Ministerial plan of activities. Every further step which knits and ties the PN-AEPA and its principles to these strategies and tools is one more step to ensure its sustainability.

**Human resource capacity limits:** In countries which have undergone structural adjustment programs, civil service hiring has often been frozen, staff cut and (often) salaries increased, in order to retain the best qualified staff (and reduce corruption). However, as the many reform processes evolve and are defined and greater ownership and accountability demanded of aid recipient countries, greater attention will have to be paid to developing and hiring additional civil service staff. These positions will require new definitions, changes of focus of activities and new skills. For example, in the case of the PN-AEPA, the need for qualified staff in the regional offices of the MAHRH who will be able to provide support and advice to the rural communes is patent. In provinces and regions, the MAHRH directorates have practically no staff qualified in the water and sanitation sector; their activities are largely focused on agriculture. Given the number of parallel ongoing strategies underway, and likely need for additional qualified staff in other Ministries and agencies, how these demands are prioritized and met through the civil service recruitment system (and financed by the national budget) will determine the success or not of the PN-AEPA. Obviously, the human resource development plan which has been prepared by the DGRE will support its requests for additional staff (and significant new staff hiring is taking place in the next few months). However, this is a long-term HR capacity issue which is relevant throughout the government and not only in the AEPA sector.

**Collection and maintenance of data bases is a key challenge for effective M&E:** Although a national data base of the AEPA sector had been established in 2005, it had not been updated in a thorough manner. Some of the reasons for these weaknesses are also linked to capacity constraints (staff, logistics, and budgets). Collection and integration of data into policy making / program implementation has not yet been fully realized. Due to the difficulties of estimating the current access rates for potable water and sanitation (the latter being particularly difficult to measure), an update of the inventory is presently being carried out. In future years, a viable system of data updating will need to be developed and especially implemented. Templates for annual reporting of project implementation are being developed by the DGRE and will soon be disseminated. However, given the multiplicity of actors (NGOs, associations, as well as PTFs) involved in the rural areas, commitment and cooperation of all of these parties will be necessary in order for Burkina Faso to be able to accurately measure water and sanitation access and compliance with MDGs, as well as the sustainability and efficiency of the operation of the sector.

### iii. Application of Each of the Paris Tenets

#### Ownership

**Country and Sector Development Plans:** As described in the background section, a country development plan, which is the poverty reduction strategy (CSLP) and a sector development plan (PN-AEPA) exist.

Burkina Faso’s Second Strategic Framework for Poverty Reduction (or CSLP) covers the period 2004-200616, and has been extended to 2010 by a decision of the Government; the priority action program will be updated on an annual basis. It is important to note that first CSLP also inspired the first long-term sector programs, such as the 10-year basic education development plan (PDDEB) and the national health development plan (PNDS), both of which underpin CSLP objectives.

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16 The first PRSP was elaborated in 1999 and covered the period 2000-2003.
The preparation of the Second CSLP was developed via a broad participatory process. Of the nine priority areas of the CSLP, two are directly linked to the AEPA sector: drinking water and living environment (which includes desertification, sanitation, and rural electrification).17

Within the Priority Action Program of the CSLP for the potable water and sanitation sector, reforms and investments include:

- Creation of modern water holes and rehabilitation of existing water holes
- Construction of simplified potable water systems (AEPS)
- Participation of the beneficiaries in the infrastructure development process as well as subsequent operation and management, through management boards
- Implication of private operators (or associations) in the management and maintenance of water holes
- Reduction of regional disparities with regard to availability of drinking water
- Supply of drinking water to schools
- Effective implementation of hydraulic works management and maintenance system reform
- Continuation of the construction of latrines in schools, health centers and households

They are to be realized through the implementation of the PN-AEPA and of the National Sanitation Policy and Strategy.

The team review confirmed the strong country ownership of the PN-AEPA, not only within the two entities most responsible for the implementation of the program (DGRE for rural areas and ONEA for urban areas) but also overall within the MAHRH and through other key government Ministries.

It is notable that between the time of the initial evaluation of the PN-AEPA case as applied to the five tenets of the Paris Declaration (March, 2008) and the present review, the DGRE had advanced a number of activities which are included in its priority action plan 2008 for implementation of the program. These include:

- Finalization of Volume 2 of the Monitoring and Evaluation Manual and its adoption by the CNP (April 2008)
- Joint review of the PN-AEPA implementation (22 April 2008)
- Draft report of the Human Resources Development Plan

A further important development in 2008 which also confirms ownership was the creation of the Thematic and Sectoral Commission for “Water, Sanitation and Living Environment”, within the CSLP monitoring system. The creation of this commission is expected to facilitate the links between macro policies and economy and the development of the PN-AEPA sector and should also improve the mobilization and allocation of resources to meet the PN-AEPA objectives.

**MOUs with Donors:** In January 2007 (within one month of the adoption of the PN-AEPA by GoBF) a MoU was signed between the GoBF (MAHRH and MEF) and the Technical and Financial Partners (PTF), that is, the nine key donors working in the AEPA sector - World Bank, African Development Bank, European Commission, UNICEF, Danish Cooperation (through Danida), French Cooperation (through AFD), German Cooperation (through KfW and GTZ), Japanese Cooperation (through JICA), and Swedish Cooperation (through SIDA).

The introduction of the MoU refers to Burkina Faso's commitment to meeting the MDGs, particularly to reduce by half the number of inhabitants who do not have access to adequate potable water and basic sanitation (objective 7); indicates that the PN-AEPA represents the instrument by which the country will meet

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17 CSLP programs are organized around four strategic axes: 1. Accelerating growth with equity; 2. Ensuring access to social services and social protection for the poor; 3. Expanding job creation and income generating opportunities with equity for the poor; 4. Promoting good governance.
MDG 7 for potable water and sanitation and reiterates that GoBF and the PTF are committed to implementing the Paris Declaration.

According to the general principles of the MOU, the Government ensures the leadership for the coordination of support in the water and sanitation sector; while the national and regional steering committees constitute the main framework for dialog and harmonization of support to the PN-AEPA.

In the MoU, the GoBF commits itself to implement the PN-AEPA; to promote management for results, by putting into place a program budget within the framework of the CDMT; to continue ongoing efforts to conform financial and accounting procedures to international standards such that they are acceptable to each PTF; to ensure that the necessary human and material resources will be made available to ensure the implementation of the PN-AEPA; to implement the activities included in the annual program action plan (feuille de route), to develop initiatives to engage other PTFs to adhere to the PN-AEPA; and to organize joint review of implementation of the PN-AEPA.

The signatory PTFs engage themselves to support the GoBF to implement the PN-AEPA; to support the Government in it is initiatives to engage other PTFs, to respect the institutional framework for implementation of the PN-AEPA; to support and reinforce the capacity of existing structures within the state apparatus and confirming the roles of ONEA, local governments, the private sector and civil society; to harmonize their financial and contractual procedures within the limits permitted by their respective rules; and, to ensure that their financial and technical support is provide within the framework of the PN-AEPA. Also and without excluding other forms of assistance, the PTF commit to working together with each other and other partners to provide aid for the rural program in the form joint sector support (panier commun) or as budget support. The PTF will also designate a lead PTF to facilitate the cooperation with the GoBF.

The real challenge for the future will be to engage other donors and NGOs carrying out projects in the AEPA sector so that they take account of and align their approaches with the GoBF’s program.

Prioritization of Projects: In the rural areas, implementation of the PN-AEPA will be based on local water sector development plans, which will form a part of the overall communal development plan. There are elaborated by rural municipalities, in a participatory manner, engaging the local community, via businesses, associations and NGOs.

At the regional level, the Regional Steering Committees will propose to the National Steering committee the regional program of investments, work plans and budgets for implementation of the PN-AEPA in the respective region.

For the urban areas, project will be prioritized on the basis of ONEA’s 2005-2015 development plan and its agreements and discussions with the urban areas where it works.

Role of Parliament / Cabinet: The Public Expenditure Review carried out in 2004-2005 noted that Burkina Faso’s National Assembly has a role in the budget process, but that these discussions are only input-based. The CDMT and the program budgets are not communicated to the Assembly. The Assembly also does not discuss the CSLP or its progress reports. Given that the National Assembly is not involved in the CSLP, has not reviewed the document and does not participate in discussions, its budget priorities may not necessarily be the same as would be indicated by the objectives and goals of the national strategy documents. Based on discussions in late June 2008, it does not appear that much has changed since this evaluation.

Role of Private Sector: The reform of the management of water infrastructure in rural and semi-urban areas encourages recourse to the private sector for the management of potable water services.
There will be a need to support and strengthen the capacity of the private sector to respond to the sector framework. For example, to build the capacity of local private firms to enable them to respond to Requests for Proposals (RFPs). It will be important that small private operators and artisans learn to work with the communes (who will have effective responsibility for the sector from 2009). For example, framework contracts between commune and private enterprise to maintain potable water works in the territory of the commune could be developed.¹⁸

According to the recent sector PER, and based on a census of enterprises and entrepreneurs working in the AEPA sector, in Burkina Faso, there are 76 equipment suppliers, 49 consulting firms, 567 artisan-repairmen, as well as local water committees, association of water users, and NGOs.

In three regions of the country, private operators are involved in the management potable water services: Hauts Bassins, Centre Nord, and Plateau Central.

Role of PIUs and consultants funded by donors: Burkina Faso has adopted regulations on the organization and rules relating to establishment of PIUs, particularly in relation to the salary which may be paid to government officials detached to PIUs. Projects funded by the core AEPA PTF are handled by the DGRE and ONEA for the rural and urban sector respectively. Thus, in the case of the largest donors, separate PIUs in the AEPA sector are rare.

Role of different government agencies: In the urban sector, all projects are implemented and managed by ONEA. In the rural sector, responsibility will be vested with DGRE, with support provided by regional staff.

Information and monitoring of AEPA activities in the regions will be under the aegis of Regional Steering Committees, which were established in late 2006 to early 2007. The membership of these committees include regional agencies and offices, local authorities, NGOs and projects operating in the region.

Role of lower tiers of government: As of 2009 and according the General Code of Local Governments (CGCT¹⁹), urban and rural municipalities will become responsible for all aspects of water and sanitation, expect for regulation. An inter-ministerial commission for the implementation and extension of transfers of competencies to the local governments was established at the end of 2007.

Local government officials are represented on the Regional Steering Committees.

Role of community / NGOs: About 40 NGOs work with communities and in 2004, they created the Consultation Framework for NGOs and associations for potable water, hygiene and sanitation in Burkina Faso. NGOs participated in the development of the PN-AEPA. They are members of the regional steering committees. They also proved support locally to communes in the development of local water development plans.

Alignment

Medium-Term Expenditure Framework: The first phase of Burkina Faso’s CDMT was initiated in 1998. The seven priorities of the CDMT are: 1) deepening the fight against poverty; 2) stimulating productive sectors of the economy; 3) promoting employment; 4) fighting against fraud and corruption; 5) improving security and promoting human rights; 6) continuing governance reforms; and 7) implementing the communal system across the national territory.

¹⁸ Note that in Burkina Faso, communes cover large territories and are almost equivalent to a county, and include several villages within that territory.

¹⁹ Code Général des Collectivités Territoriales
Among the sectors for which program budget have been prepared, the most advanced are in health; basic education; and, secondary and higher education.

Subsequent to the four-year implementation of the Budget Management Strengthening Plan, GoBF is following on with the Strategy to Strengthen Public Finance (SRFP—Stratégie de Renforcement des Finances Publiques). In January 2008, the GoBF created six technical committees to monitor SRFP implementation, with focus on (1) budget management; (2) revenue mobilization and management; (3) public procurement; (4) audit systems; (5) deconcentration and decentralization; and (6) capacity building.

The World Bank's 2005 PER report remarked that the budget process and the CSLP process were unfolding completely separately, as CSLP review process was not connected to the budget timetable. The different PFM programs appear to have begun to close this gap.

Burkina Faso is part of the HIPC initiative and has achieved the completion points for reduction of its debt. Spending financed with resources of the HIPC initiative is tracked via a special account since 2001.

A key challenge for the financing of PN-AEPA and the use of the CDMT is that the MEF prepares the global CDMT by Ministry and not by sector. So the programming is thus allocated within the Ministry and in the case of MAHRH, the DGRE has to complete for its budget with agriculture and fisheries sectors. 20

DGRE prepared a pilot program budget for 2008–2010, in order to test the approach. As a result, the DGRE budget was increased in 2008. DGRE is further elaborating the program budget approach for 2009-2011 with the goal to include regions as well as centrally managed programs. A draft had already been developed by late June 2008, but was not available for consultation.

**Budget support / on-budget aid: Overall for Burkina Faso, there is greater predictability of flow of funds.**

The PN-AEPA acknowledges that support from the PTFs may be provided via different mechanisms, such as common fund or via targeted budget support. The AEPA PTF is taking various approaches to assistance. The European Commission, Denmark and Sweden are tending to promote general budget support and sector budget support mechanisms. For example, the EC is preparing the 10th European Development Fund for the period 2009–2014. Of an expected envelop over the period of €529 million, 60% or €320 million will be provided as general budget support. Approximately 10% or €50 million will be allocated to water / sanitation, of which a portion will be provided as fixed support and another portion as variable support (based on meeting certain criteria).

Although a study on mechanisms for financing the PN-AEPA was carried out with funding from the European Commission, for the moment, no conclusions or decisions have come out of this analysis. Thus, funding sources for the implementation of PN-AEPA beyond 2010-2011 have not yet been fully identified, and it appears that different modalities will be used. Initial commitments were proposed by PTF who participated in the Financing Roundtable of November 2007; these are at presently be reviewed / confirmed / elaborated by the respective PTF.

A key problem, as was confirmed as recently as May 2008 is that significant investments in the AEPA sector remain off-budget and are not accounted for in the “circuit intégré du budget”, although they do appear in the PIP.

**Use of PFM and procurement systems: Subsequent to the Country Procurement Assessment Report, the GoBF has started to implement public procurement reform measures, including a country action plan relying**

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20 Agriculture and rural development are major issues for Burkina Faso, given that the majority of the population lives in rural areas and depends for their survival/livelihood on agricultural and livestock activities.
on four pillars: (i) legislation and regulatory framework; (ii) institutional framework and management capacities; (iii) procurement operations and private sector performance; and (iv) integrity and system transparency. A Directorate-General of Procurement and the procurement regulatory authority have been created.

All Ministries and institutions have been required to adopt procurement plans.

**Predictability of disbursements**: Various reports, including the WB-IMF Joint Staff Assessment Note (JSAN) of the CSLP Progress Report and the recently completed AEPA sector PER have noted the weak absorptive capacity of the budget. According to the JSAN, the execution rate of externally financed projects is 62 percent overall.

The AEPA sector PER notes that the AEPA budget realization from external sources was on average 46 percent from the period 2001-2006, with a lower rate of disbursement for loan funds, compared to grants. Among the reasons for this low rate of implementation are lack of ability of the DGRE to meet loan conditions, long public procurement procedures and time to receive no-objection from the PTF. In comparison, expenditures financed from national sources were realized up to 79.8 percent.

With an average length for public procurement process of 338 days, take-up rates of external assistance are understandably hindered.

One of the key recommendations of the 2008 Joint PN-AEPA review is for the DGRE to negotiate a program authorization procedure with MEF, which would enable unused resources to be carried over to the following budget year. At present all unused credits are cancelled at the end of the year.

**Role of PIUs**: In November 2007, the MEF adopted regulations on development programs and projects (DP&P), consisting of a series of five (5) decrees which include a framework definition decree and specific regulations for the different categories of DP&P. According to Decree No 2007—775/PRES/PM/MEF any DP&P approved by the Government must be included in the database of the Public Investment Program (PIP). DP&P are classified into three categories:

- **Category A**: DP&P under direct control of the public administration
  - The project head is named by the respective sector minister and selected from among Ministry staff
  - Salary is paid by the administration, but monthly compensation (indemnities) is paid; according to the total budget of the project, and funded from the project budget

- **Category B**: DP&P which require the creation of an autonomous implementation structure directly under the authority of the public administration
  - The project head is recruited by a committee headed by the General Secretary of the respective sector Ministry; representatives of the PTF participate in the committee as observers
  - Salary and various compensation are based on the personnel categories and size of the project according to tables included in the decree

- **Category C**: DP&P carried out by an implementation unit, which may include projects carried by local governments, state-owned enterprises and other public entities

The regulations also include provisions on project steering committees, reporting, labor contracts and recruitment issues (for Category B and C), among others.
Existing PIUs will have one year to adjust their statutes and functions in order to align themselves with the provisions of these decrees. Each Ministry will have to classify their projects.

These regulations replace prior existing regulations. According to the DGCOOP, there were 131 PIUs in 2006; at present there are 102. A key question is whether PTFs respect the regulations on establishment of PIUs and the remuneration of their project heads and managers.

Harmonization

MoU between donors and country: As described under the ownership section; above; a MoU for implementation of PN-AEPA was signed in January 2007 between GoBF and nine key PTF most active in the AEPA sector. These key donors are committed to pursue their assistance and funding for the AEPA sector in respect of the GoBF programs and strategies. They are also seeking to ensure that other PTFs as well as NGOs also carry out their projects and programs within the strategies; goals and approaches defined in the PN-AEPA.

SWAp approach or SWAp with pooled funding: As also discussed above, financing mechanisms will vary, and this issue is presently under discussion and review between the AEPA PTF and the PN-AEPA Steering Committee.

As stated in the GoBF 2006 PRSP progress report, “the principle of a common basket fund (panier commun) within the framework of the program budget approach is being considered by the government.”

Joint analyses / missions: Two joint evaluations of the implementation of the PN-AEPA have been carried out.

First Joint Review—2007: The first evaluation was conducted in March 2007, which was shortly after the adoption of the PN-AEPA by the GoBF. The initiative of the joint review was taken by SIDA, AfDB and Danida, with the participation of AFD, German Cooperation, Austrian Cooperation, JICA, European Union and WSP/World Bank

Already within the first few months of the program, the national sanitation strategy had been drafted, the draft manual for implementation of PN-AEPA submitted for comments and the concept for the PN-AEPA M&E system presented. In terms of sanitation, although a Directorate of Sanitation was created within the DGRE, the PTF noted that an operational strategy to expand / develop sanitation in the rural areas required better elaboration, and specific sanitation indicators for the M&E system would need to be developed. Also at issue for the PTF is the need to clarify technical aspects of equipment as well as the level of subsidies for collective as well as family latrines.

Note that PTF do not all agree with proposed rate of subsidy of 90% for family latrines as defined in the national sanitation strategy and Danida is opposed to any subsidy in this domain.

The DGRE has also prepared a common financing convention for a special Treasury account (similar to the account currently used for the 10-Year primary education development plan, is based on the administrative and financial systems of the State and represents a form of targeted budget support). The PTF indicate that this system could be put into place for 2009. The joint review also proposed that a study of financing mechanisms be carried out (this was implemented in late 2007, with EC financing).

Danida and SIDA indicated that they would establish a joint finance mechanism to assist the DGRE to implement the action plan and for capacity building. This fund was created and has been extended for… GTZ has also contributed to the joint finance mechanism.
AfDB announced a contribution of 23 bn FCFA in grant financing for improvement of access to potable water and sanitation in four specific regions, while SIDA proposed 600 million FCFA for the 2007-2008 period.

**Managing for Development Results**

*Use of country audit systems.* An independent audit institution (Autorité Supérieure du Contrôle d'Etat - ASCE) was created in December 2007. This institution merges the State General Inspectorate, the High Authority to Coordinate the Fight Against Corruption and inherits some attributes of the National Anti-Fraud Committee. The agency should start its activities by end-June 2008, and would have the role of an internal audit institution.

**M&E framework tied to country/sector development plan and MTEF.** As concerns the CSLP, the M&E system which as been set up includes three levels:

1. Government (Council of Ministers)
2. National Steering Committee (members include donor reps and civil society)
3. Eight thematic and sectoral commissions to design sector policies and programs

As pointed out in the JSAN, “Burkina Faso has a good track record in preparing Annual Progress Reports early in the year to allow for full integration of the results of the PRSP annual review meeting into the budget cycle.”

The PN-APEA implies achievement of specific goals to meet MDGs in for water and sanitation. The M&E framework will be based on three “blocks”:

- Performance and resource allocation reviews
- Implementation of the PN-AEPA according to the specific objectives
- Monitoring of results and impacts of the PN-AEPA, notably for access rates

An update of the inventory of water and sanitation works in the country will begin on July 1, 2008. The information from this inventory will be fed into the Water Information Management System presently being developed, in order to calculate current water and sanitation access rates, as well as establish the baseline for future monitoring and evaluation.

A concept, approach, methodology and manual with templates for the M&E of the PN-AEPA have been developed and published. The next steps (ongoing) are dissemination, training, and support in its use and implementation.

Five types of indicators are included in the PN-AEPA M&E manual: activity, result, performance of AEPA public service, financial performance of AEPA sector, good governance of the sector. However, the PTF note that the DGRE would need to present a calendar for implementation and a budget in order to make the M&E system functional. Further, there are numerous partners and NGOs who do not provide information on their activities and actions.

Thus, the DGRE is developing a unified template for donors to report / provide information on their projects in the PN-AEPA sector.

*Donor support / government policy for O&M.* There is no donor financial support for O&M; loans and grants are dedicated to investment.
Based on the recent PER for AEPA expenditures in the rural sector, barely 3 percent of total sector expenses are dedicated to O&M. This report also pointed out that a significant proportion of water sources / equipment are unused / abandoned and in some cases, this is due to the non-payment of the maintenance contract by local water user associations or other local community entities who are managing that infrastructure.

**Mutual Accountability:** Also at issue is the consultation / coordination within the national government structures and agencies. This is achieved for the implementation of the PN-AEPA at the national level by the statutory membership of the national steering committee and at the regional level, by the statutory membership of the regional steering committees.

**Consultation between government and donors:** As described in prior sections, a memorandum of understanding was signed in January 2007 between the GoBF (Ministers of MAHRH and MEF) and the signatory financial and technical partners (PTF). The AEPA PTF is represented by a lead donor, on a rotating basis; KfW took over this position as of June 27, 2008. GoBF representatives and the AEPA PTF meet on a monthly basis. There are frequent other contacts between the donors and between individual donors and the GoBF.

There are core donors, usually with an in-country presence who are working the most for alignment and mutual accountability. There are donors, often with permanent representation who do not take account of GOBF procedures or the Paris Declaration tenets. And there are donors with more political objectives (Taiwan, Libya).

**Consultation between central government and lower tiers.** GoBF (DGRE as lead for implementation of PN-AEPA) is seeking to coordinate among the various involved agencies and Ministries. A key element are the National and Regional Steering Committees, which meet on a quarterly basis and which include government, donor, and private sector / NGO stakeholders, as well as PTF.

**Consultation between central government and communities / NGOs:** The dialog to develop the PN-AEPA and the sanitation policy document involved the active participation of 24 NGOs and associations.
iv. Summary of Implementation of Paris Tenets

<table>
<thead>
<tr>
<th>Country/Project</th>
<th>Ownership</th>
<th>Alignment</th>
<th>Harmonization</th>
<th>Results</th>
<th>Mutual Accountability</th>
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</thead>
<tbody>
<tr>
<td>Burkina Faso Water and Sanitation Sector</td>
<td>Strong ownership by GoBF; national program, key steps are being implemented according to the annual priority action plan; stakeholder consultation</td>
<td>GoBF procedures used in some cases and by some donors; there is greater acceptance capacity being upgraded</td>
<td>Core donors in sector (MOU signatories) follow the “unified framework” as defined in the national program; joint annual reviews; national program basis for donors support; joint SIDA-DANIDA-GTW fund to finance TA for implementation of PN-AEPA (studies, etc.)</td>
<td>M&amp;E system planned, basic parameters defined, training and information underway, but not yet implemented; separate donors systems</td>
<td>Multiple MOAs linked to MDG goals and sector action plans</td>
</tr>
</tbody>
</table>
Appendix I: Burkina Faso Meetings, June 23–28, 2008

_Ministère des Finances et du Budget_
Justin Hien, National Coordinator for Aid Effectiveness/Director for Technical Cooperation and Partner Consultations, Direction Générale de la Coopération
Jean-Marie Bonkoungou, General Director, Direction Centrale des Marchés Publics
François M.D. Zoundi, Permanent Secretary, Permanent Secretariat for Financial Policies and Programs Monitoring

_Ministère de l’Agriculture, de l’Hydraulique et des Ressources Halieutiques_
Francis D. Bougaire, General Director for Water Resources
Dr. Fulgence T. Ki, Permanent Secretary for the Action Plan for Integrated Management of Water Resources

.ONEA—Office National de l’Eau de l’Assainissement
Yamba Harouna Ouibiga, General Director

_Aid Effectiveness Technical Secretariat (STELA)_
Baly Ouattara, Economist

_World Bank Water and Sanitation Program_
Seydou Traoré, Water and Sanitation Specialist

_Delegation of the European Commission to Burkina Faso_
Stéphane Meert, Chief of Section, Rural Development and Environment

_KfW Bankengruppe_
André M. Meyer, Director, KfW Office in Ouagadougou

_GTZ (German Technical Cooperation)_
Olivier Stoupy, Coordinator, Water and Sanitation Program for Small and Medium-sized Cities

_Agence Française de Développement_
Jean-Claude Pires, Chargé de Mission, Water and Sanitation, Rural Development

_WaterAid_
Justin Beloum, Head of Finance and Administration
Hamadé Barry, Fundraising Officer
Appendix II: References and Background Documents

1. Related to National Strategies, Policies and Legislation


*Réglementation Générale desProjets et Programmes de Développement* (General Regulations for Development Projects and Programs), Ministry of Economy and Finances, November 2007


2. Related to the PN-AEPA


Aide-Mémoire of the Mission to Review the Implementation of the PN-AEPA – Burkina Faso, 23 March 2007, signed by the Director General of Cooperation for the GoBF and by Danish Ambassador as representative of AEPA Donor Group


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22 Those documents that are available in French are cited first in the original title, and then translated into English.
3. Other Reports


4. World Bank and IMF Reports


Country: Ghana

Program/Project Name: Community Water and Sanitation Project in the Northern Region
Brong Ahafo Rural, Periurban and Small Towns Water & Sanitation Project

Donor(s): AFD

Program Period: Community Water and Sanitation Project in the Northern Region: 2002–2007
Brong Ahafo Rural, Periurban and Small Towns Water & Sanitation Project: Planned to start 2008 (4Q)

Cost: Community Water and Sanitation Project in the Northern Region: 9 million EUR
Brong Ahafo Rural, Periurban and Small Towns Water & Sanitation Project: 18.6 million EUR

Sector: Water and Sanitation

a. Case Study

i. Brief Introduction\(^1\) to the Case Study

Water is an important priority sector in Ghana. The increased access to potable water supply and sanitation are MDG targets in their own rights, and together they underpin the achievement of other MDGs and key development targets of the Ghana Poverty and Reduction Strategy (GPRS), such as the reduction of child and maternal mortality and the increase of school enrolment rate for girls.

International monitoring sources\(^2\) estimate that 75 percent of Ghanaians have access to safe drinking water (84 percent in urban areas and 64 percent in rural). However, local data from sector institutions, which take into account the distance to the source and the quality, estimate coverage as being 53 percent (rural) and 56 percent (urban) at the end of 2006. The MDG target for Ghana is 78 percent access by 2015.

There is no reliable national data for sanitation, and the international data (which is based on national household surveys) is not entirely reliable. The Ghana Living Standards Survey (2007) estimates that 43 percent of Ghanaians have access to at least a pit latrine. The MDG target for sanitation in Ghana is 68 percent access by 2015.

a. Overall Assessment and Key Sector Issues

The sector has achieved a number of major milestones in 2007:

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\(^1\) Subsections a.i and a.i.a are from “Assessment of MDBS PAF 2007, Development Partners (DPs)’ one-pager on the Water and Sanitation Sector”, AFD, 2008.

\(^2\) Meeting the MDG drinking water and sanitation target, WHO and UNICEF Joint Monitoring Programme, 2006.
- Coverage of water supply to rural communities was extended by 2 percent; from 53 to 55 percent (to be confirmed, pending input to Community Water and Sanitation Agency’s (CWSA) Annual Report).

- The National Water Policy was approved by the cabinet and launched in early 2008. This is a major milestone that provides an overall policy and institutional framework both for the management of water resources and for providing access to water supply and sanitation. A draft National Environmental Sanitation Policy has been prepared and submitted to the cabinet for approval.

- The Water Directorate has been formalized as part of the civil service structure, within the Ministry of Water Resources Works and Housing (MWRWH). However, as outlined below, there remain a number of major challenges to ensuring that the directorate is fully functional and able to provide leadership to the sector.

- Progress has been made in strategic investment planning within the sector to identify and quantify the funding gaps. These strategic investment plans (SIPs), if linked to government budget processes and development partner (DP) disbursements, form a good basis for prioritizing investments in the sector. The Strategic Investment Plan for rural water was discussed between the MWRWH and the MoFEP at the ministerial level and then submitted to the cabinet. The process of developing a similar SIP for the urban water sub-sector has commenced. This urban SIP and a subsequent five-year development plan will form the basis for investments in the urban water sector by both the government and DPs.

- The CWSA has developed a Project Implementation Manual (PIM) setting out detailed procedures for implementing rural water and sanitation projects. This manual forms an important step in harmonizing implementation procedures across DP- and government-funded projects in the sub-sector. The PIM was submitted on April 12, 2008, to the CWSA Board for approval.

In spite of these positive developments, the water sector is still generally not on track to reach the MDGs and GPRS II targets, and its performance is constrained by a number of fundamental challenges:

- DP assistance to the rural water sub-sector, which constitutes about 90 percent of investments, operates in project mode. The absence of a programmatic approach limits the ability of the sector to absorb funding and achieve results, despite the existence of competent technical agencies, a dynamic private sector, and models of service delivery that have been shown to work. High transaction costs of project approaches mean that much of the government’s and DP’s staff time is lost in administering parallel planning, monitoring, and reporting systems. As a result, financial resources are less effectively prioritized and thus, have a lesser impact.

- Lack of capacity on the part of the Water Directorate to provide leadership to the sector makes it difficult to improve harmonization and alignment and to move towards a sector-wide program. The Water Directorate contains only three professional staff. Four years after its inception, operational costs are still being born by the DPs. A greater commitment of government resources to the directorate would be an indication of stronger government ownership and would provide the capacity and mandate for addressing the challenges facing the sector. During the MDBS Review Mission of September 2007, the government acknowledged that implementing the policy and sector investment
plans will demand a strengthening of the capacity of the Water Directorate of the MWRWH\(^3\). Even though the directorate has been formally approved as part of the ministry’s structure, the directorate has not been allocated a budget for 2008 as discussed during the September MDBS Review Mission. The government has recently requested that DPs implement a number of harmonization quick-wins as recommended in a sector harmonization study\(^4\). These quick-wins relate to following project implementation guidelines\(^5\), to respecting the mission free period (which is extended for the sector to the first quarter of the year), and to undertaking shared missions\(^6\). Monitoring and regulating DP behavior against these quick-wins and following through on longer-term recommendations would require greater capacity within the Water Directorate.

- The weak linkage between strategic investment planning at sector level and the government budget process results in a mismatch between sector targets and financial allocations. Typically, targets from the Strategic Investment Plans are not linked to annual budget estimates. Consultations between the Ministry of Finance and Economic Planning (MoFEP) and DPs (the main source of investment funding to the sector) take place late in the budget process, making it difficult for sector institutions to factor in and plan for this spending. The Water Directorate, which leads the sector and the dialogue with DPs, does not play a major role in the budget process and is only consulted at a very late stage. Therefore, the budget process remains a mechanical process leaving little opportunity for policy-based allocations, relying instead on sector budget ceilings with little room for variation year on year.\(^7\)

- Access to sanitation in Ghana remains low. A recent report presented by WHO / UNICEF at AfricaSan\(^8\) indicated that Ghana may have the fourth lowest access level in all of Africa. Although we would question these statistics, it is clear that access to sanitation in Ghana, such a key factor in determining child mortality and the retention of girls in schools and a basic necessity for human dignity, remains low and has not kept pace with the country’s economic growth and poverty reduction. Although progress has been made in developing a draft policy, an interim strategy, and in collecting baseline data, sanitation remains a low priority, with low levels of funding and no major national delivery program.

- Monitoring remains very poor in the sector, undermining planning processes and making it difficult to set priorities and learn lessons. In water supply, there are major differences between internationally quoted figures (WHO/UNICEF) and those provided by Ghanaian national service delivery institutions. It is hoped that the recent launch of a program designed to set up a monitoring platform for the global WHO/UNICEF Joint Monitoring Program can help address some of the above issues.

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4 Assessment on aid effectiveness, including alignment and harmonization in the Ghana water sector, January 2007
5 Project Implementation Manual, CWSA, (awaiting approval of CWSA Board)
6 Letter M. A. Aboagye to DPs dated 15/04/2008.
b. Overview of the Project(s)

b.1 Community Water and Sanitation Project in the Northern Region

The Community Water and Sanitation Project in the Northern Region, a project that addressed both environment and gender issues, was designed for rural areas. According to the Paris Declaration, challenges for effective sector management in rural areas include: ownership, alignment, donor harmonization, mutual accountability, and management by results. This project operated from 2002 to 2007.

Ownership: The project was aligned with GPRS I and the National Community Water and Sanitation Program (NCWSP). The project had a PIU headed by a French company, BCEOM, in association with two local firms, FOSAT and UNIHYDRO and was staffed by French and Ghanaian experts.

Alignment: The project was funded by part loan/part loan, but the Project Financial Management System (PFM) was independent of the CWSA. Procurement was implemented using AFD protocols.

Harmonization: There were two other donors in the northern regions (CIDA and EU) during implementation of the project. All three projects had their own approach. Initially, each project had its own steering committee, but near the end there was only one steering committee for the three donors operating in the north.

Managing for Results: Management was likely done using AFD M&E systems.

Mutual Accountability: The system (point sources and a few rural piped systems) was ultimately run by WATSAN Committees that received technical assistance (TA) from the project.

b.2 Brong Ahafo Rural, Periurban, and Small Towns Water & Sanitation Project

AFD's new WSS project is the Brong Ahafo Rural, Periurban, and Small Towns Water & Sanitation Project. The planned start date is the fourth quarter of 2008.

Ownership: This was in line with GPRS2 and National Water Policy and MDGs.

Alignment: The procurement procedures and methods to be adopted shall be aligned with Government of Ghana (GoG) procedures, within the framework of the Public Procurement Act, 2003 (Act 663). The fund flow for the project would be from the MoFEP, to the CWSA, and then ultimately to the District Assemblies (DAs). This flow is consistent with the GoG's decentralization program. Project prioritization will be done by a Regional Approval Committee (RAC), under the chairmanship of the Regional Coordinating Council (either the Regional Minister or the Regional Coordinating Director), based on an allocation key, considering available annual funds.

Harmonization: It is envisaged that the new project will be implemented on the basis of the PIM prepared by CWSA under the auspices of the MWRWH. The PIM is an implementation manual that guides the implementation of all upcoming projects.

Managing for Results: Project management staff is expected to work closely with CWSA to harmonize the project M&E system with the M&E system now in use by all projects in the country.
**Mutual Accountability:** The project has one-year post-project support in line with the PIM.

### ii. Lessons for the Final Report

**Ownership:** Different levels of ownership must be considered, as it is key to incorporate local ownership and involve beneficiaries. Ownership goes with government-led, good-quality strategies, plans, implementation tools, and M&E systems (including MoFEP). It requires detailed mechanisms, especially for dealing with decentralization. Government own financing of the sector is one way of demonstrating ownership.

**Alignment:** This area is key to reducing transaction costs for government. Alignment requires good quality national systems—but how good? Donors continue to show limited and variable willingness to use these systems and view it as a risk. Using government systems, even partially, is the best way to reinforce them, although this can mean slower implementation. Donor procedures can also sometimes bring inefficiencies to this area.

**Harmonization:** Pooled funding is a very efficient harmonization tool for reducing government transaction costs. Other tools are sector working groups, which contribute to capacity strengthening, and a joint project manual. However, alignment is still seen as preferable over harmonization, due to harmonization’s potential risk of donor collusion. Some donors are showing a strong commitment to harmonization, while others are limited by internal procedures from headquarters. Time and high-level persuasion by the government may be needed to improve in this area.

**Managing for Development Results:** There are examples of sector-level M&E systems that also provide project-level data. M&E systems are powerful tools, especially outcome / impact indicators, to help in decision-making, including decisions on resource allocation. However, implementation will require training and statistical capacity building at all levels. Donors appear to be ready to move towards using these systems.

**Mutual Accountability:** Mutual accountability is currently being defined in at least three ways:

1. In-country mutual accountability, which includes feedback meetings among key stakeholders, including community beneficiaries. Ghana provides opportunities for effective community input, but lacked strong multi-stakeholder contractual mechanisms.

2. Donor-country/host country mutual accountability is often improved contractual mechanisms (MOUs); structured reviews at various levels, including peer reviews; and annual reporting conferences. Ghana has numerous annual conferences that are well-attended by donors and host country stakeholders alike.

3. Donor-country mutual accountability is the accountability a donor has to its constituents. Demonstrated transparency of host country systems is often the standard that donor countries seek.

### iii. Application of Each of the Paris Tenets

**Ownership**

Our meetings revealed the following general findings:
• All programs/projects were linked to national and sector policy and plans [e.g., GPRS II and National Water Policy, Community Water and Sanitation Agency (CWSA) Strategic Investment Plan—in draft form to be completed in 2008];
• There is a strong link of project expenditures to national budget, although donors are still contributing 93 percent of funds for rural water investments;
• There is a current trend of project implementation being shifted from the CWSA to District Assemblies (DAs), in line with GoG decentralization policy; and,
• Ownership at the community level is high and DAs have approved tariffs for rural piped systems.

There are no MOUs with donors, but there are AID Memoires between the GoG and donors after each donor mission that describe issues encountered during project implementation and describe any decision(s) made by both parties during the mission. The private sector is well represented during project implementation. Long-term international and local consultants are hired primarily to provide advisory services. For example, DANIDA has had a Management Advisor, as well as four other long-term advisors (i.e., extension services, financial management, engineering and management) posted at CSWA for three years, in addition to one advisor at the Water Directorate (six in total). AFD’s new project in the Brong Ahafo region is also designed to engage the services of international and local advisors to be located at regional CWSA offices. In addition, there are classical PIUs still operating: (a) KfW-funded Rural Water Supply Programme IV in Ashanti region, (b) EU-funded Central and Western Regions Small Towns project; and (c) the upcoming CIDA-funded Northern Regions Small Towns Project.

At the national level, the needs prioritization and the selection/choice of regions/areas of investment are targeted on the basis of the targets in the GPRS II and the existing drinking water coverage rates from the strategic investment plan. However, some donors (e.g. CIDA) prefer specific geographical areas (the Northern, Upper East, and Upper West regions) and therefore concentrate their investments in those areas.

At the project level, the DAs are expected to prepare and implement WSS plans that indicate priority preferences. Communities that show interest are selected for project funding by the DAs, based on an allocation key for the project. The projects must be in-line the predetermined service levels (e.g., hand dug wells with pumps, borehole with pumps, rural piped systems with standpipes), within the framework of available technology choices.

There is no government policy on donors, but the Water Policy and the National Community Water and Sanitation Program provides the broad framework of Donor activities in the sector. The MoFEP is currently developing an aid policy for Ghana (to be completed in 2008).

The National Water Sector Policy was approved by the Cabinet. All loans for investment in the WSS are approved by Parliament, and appropriation to the WSS from the annual budget are presented and discussed at the Parliamentary Select Committee on Water Resources Works and Housing. The ultimate appropriation is approved by Parliament within the framework of the National Budget. During the discussion of the Select Committee, sector officials are required to justify the request for investment funds and other recurrent expenditures. In some cases, the requests are pruned to meet available funds.

CWSA’s instrument of incorporation mandates it to operate as a facilitative agency and DAs are mandated to implement the programs or projects. However, due to the limited capacity of some of the DAs, CWSA regional officials combine facilitation with implementation. Previously, the local contracting process was done by CWSA, but increasingly the shift is towards DAs conducting local procurement within their financial threshold, as defined in the in the Public Procurement Act, 2003 (Act 663). Due to increasing decentralization, more functions will be
performed at the district level. The communities are involved in project implementation. NGOs could be involved in WSS. Donor missions talk to NGOs, particularly within their umbrella organization.

True ownership: The preparation of the GPRS II is an example of true ownership. However, the formulation of the National Water Policy was a requirement of donors as it was a trigger in the Progress Assessment Framework (PAF) for the Multi Donor Budget Support (MDBS). There is virtually no ownership demonstrated with respect to the financial contributions to the sector for investments. This is because the GoG contributes, on average, only 6 percent of the required annual investments. The National Budget and Water Policy is aligned with the targets in the GPRS II.

Alignment

- Primarily project funding: Donor – MoFEP – MoWR -CWSA – DAs
- New model: Donor – MoFEP - DAs
- Since 2003, there has been an increasing number of donors participating in MDBS - AfDB, CIDA, DANIDA, EU, AfD, GTZ, Netherlands, Switzerland, WB, Japan (2008), with some portion to the WSS
- Procurement: There is a mixed use of donor and GoG process. The private sector and donor oversight is preferred due to the perception that it is more transparent.
- Capacity Building for PFM and procurement has existed since 2004 (DANIDA, WB)
- Some examples of parallel PIUs do exist (EU, KfW); DANIDA uses integrated PIUs

There is an increasing practice of general budget support provided within the framework of MDBS. However, there is limited amount for WSS. Officials at MoFEP indicate that it is not possible to track expenditures for different sectors. A new model for funding by donors is via the District Development Fund (DDF), which is a performance-based grant system. DAINIDA and KfW have committed funds to the DDF, and other donors are expected to join. The introduction of the DDF poses challenges to the WSS because funds will be allocated directly to DAs for discretionary spending on investments (including schools, roads etc).

Procurement: The GoG introduced the Public Procurement Act of 2003 (Act 663), which is supposed to guide local and international procurement. However, some donors rely primarily on donor country public procurement systems for the selection of International TAs (KfW, CIDA, DANIDA). The EU relies on the EU system for all forms of procurement. For local procurement, most donors, except the EU, use the GoG system for local procurement.

Capacity Building (PFM, procurement): Some donors have organized capacity building workshops in PFM and procurement. Donors are suspicious of transparency of the PFM and of procurement. AFD uses the GoG procurement system. DANIDA states that GoG procurements lead to an inherent delay.

The PFM is used to assess the effectiveness of PFM reforms and the linkage to meeting the MDGs. PAF is used to monitor sector reforms.

PFM reforms began in 2002 and include:
- Financial Administration Act (2003, Act 654)
- Financial Administration Regulations (2003, Legislative Instrument 1802)
- Public Procurement Act (2003, Act 663)
- Internal Audit Agency Act (203, Act 658)
Incentives for donors to use PFM systems, includes reduced donor and GoG transaction costs.

For procurement, the GoG system tends to take longer because there are more approvals that need to be secured. The Minister of the MWRWH must sign, who has limited availability, and thus contracts cannot be processed. Approval for contracts above $100,000 must be sought from a higher review board—the CWSA Tender Review Board. The Minister of MWRWH is the chairman of the CWSA Entity Tender Committee (which discusses tender evaluation reports for CWSA). However, given the limited time availability of Ministers, meetings are often postponed, resulting in delays in discussing tender evaluation reports.

Donors who recently joined MDBS did so after being observers of the process for a number of years (e.g., Japanese). There is no GoG strategy that encourages donors to use MDBS.

PFM capacity building is primarily funded by DfID and WB, mostly through workshops conducted by international and local consultants, including experts from South Africa.

Harmonization

- Existence of sector working groups with defined a ToR
- Bi-monthly WSS group meetings, with GoG representation, rotating leads, and annual meetings
- Some examples of pooled financing (DANIDA and DfID, KfW and DfID)
- Working towards SWAp (e.g., Rural SWAp Road Map)
- The PIM was developed by MWRWH with donor support for application on projects

Donors are driving the SWAp process, but it is a time consuming process; Rural SWAp has been in development since 2004. The SWAp can undermine the GBS, since attached funding would be sector budget support (SBS) although donors still want to fly their flags. There has been a shift in Ghana towards MDBS and DDF. Since the general shift in Ghana is towards MDBS and DDF, the SWAp in the rural water and sanitation sector would be used primarily as a vehicle for common approaches and practices.

As a manifestation of donor harmonization, the CIDA and AFD jointly provided funds for a study on harmonization and alignment in 2006. The GoG believes harmonized donors have a positive impact on aid delivery.

Managing for Development Results

- M&E systems—Some projects being monitored via MIS developed with donor support (DANIDA, GTZ). Efforts are being made to use the systems on all donor projects.
- Financial audits are generally undertaken by private firms on behalf of the Audit Service
- GoG performance audits not conducted; Donor missions assess project progress
- For rural water, WATSANs and WSDBs are responsible for O&M to ensure sustainability
- Water quality monitoring is the responsibility of all stakeholders, but there is currently some reliance on the private sector
- PIM mandates one-year post implementation support

National Development and Planning Committee (NDPC) has a developed a M&E system for the WSS, but there is no evidence that this national M&E system is being used, nor is it likely tied to the national budget. However,
the MWRWH reports it will begin to use the NDPC M&E to track capacity in the WSS. Historically, Donors have used their own M&E systems on their projects.

The German government (GTZ/KfW) funded project “Improvement of Water Supply in Eastern and Volta Regions” developed an M&E system in 2007 entitled “Monitoring of Operations and Maintenance (MOM).” The tool was originally developed for its own project, but its use is now expanding after having been adopted by CWSA as a model. After further discussion with other stakeholders, it will likely be used on all WSS projects. Some DAs and Water and Sanitation Development Boards (WSDB) outside the GTZ/KfW project are already using the tool. WSDB members and employees of WSDB (who are operating the water system) are trained to use the MOM to assess the functionality of the water systems, using a rating scheme. Based on the rating of the water supply system, the WSDBs prepare an action plan to remedy any problems. CWSA is encouraging other donors to use the M&E system.

MWRWH, in collaboration with UNICEF, is also implementing a program “WSS Monitoring Platform” (funded by EU, implemented via MWRWH /UNICEF), within the framework of the global “Joint Monitoring Platform” program. The objectives of the program are to:

1. Provide data for comparability among countries, within countries regions, and within districts
2. Assess accountability of investments made
3. Provide performance assessment of the sector and track MDGs

The PAF is used to assess the effectiveness of PFM reforms, as well as sector reforms and the relationship of these reforms to meeting the MDGs. The PAF is conducted as part of the monitoring modality for the MDBS funding mechanism. It was probably originally set up by the Donors.

The Audit Service, previously known as the Auditor General’s Department until 1979, was established over 100 years ago, and has more than 1,500 employees. As a constitutional requirement (under the 4th Republican constitution), the Audit service is mandated to conduct financial audits of all public accounts (e.g., finances of central government, including donor loans and grants; parastatal organizations, state owned enterprises (banks, public media organizations etc); municipal, metropolitan and district assemblies). There is a lack of capacity at the Audit Service and to address the situation, the World Bank provided funds for a capacity building project to improve the capacity of the staff in the 1990s. For auditing parastatals (e.g., CWSA), the Audit Service contracts those services to international auditing firms such as KPMG. There are some small Ghanaian auditing firms that could eventually be used for this purpose. The Audit Service contracts private firms directly using GoG procurement procedures. Audit Service staff do not participate in the audits of donor projects.

Donors also conduct financial audits of their headquarter operations, which can include the field projects. Donors may pick specific field products to be audited. All projects are subject to performance audits, with reporting on project specific indicators. Missions undertaken by donors also conduct performance audits on an annual basis, with reports available to the GoG.

Communities use a self-process review to assess water system functionality, water system management, and effectiveness of community residents to utilize the water supply system and conform with required hygiene behavior change. Some of the indicators in the self-review process include:

- condition of water points (e.g., stand pipes)
- effective use of water
- water transportation and storage
• equitable distribution of water facilities (are poor and vulnerable groups served?)
• hand washing practices
• condition of sanitation facilities
• wastewater and solid waste disposal in the community

The self-review process was recently used in three projects funded by (a) KfW (Rural Water Program Ashanti region), (b) IDA (Brong Ahafo Small Towns), and (c) DANIDA/DFID (3 Districts Water Project (piped system) in Volta/Greater Accra regions). The WATSAN committees and WSDBs\(^9\) are trained to conduct the self-process review, with community input. For example, as part of the review process, the WATSAN committee/WSDB members assemble community comments, and as necessary, prepare an action plan that specifies remedial measures.

**Mutual Accountability**

Mutual accountability is high in the sector. A number of conferences are held to review sector progress and challenges:

  a) Annual Donors/GoG Conference,
  b) CWSA Annual Review [representatives from 10 regional CWSA offices, selected DAs, Ministry of Local Government Rural Development and Environment (MLGRDE), MoFEP, MWRWH, NGOs], organized by the Coalition of NGOs in the water and sanitation sector (CONIWAS)
  c) Annual Mole Conference Series (organized by CONIWAS)
  d) Periodic Donor Review Missions, with good GoG feedback

Throughout project implementation, most projects have monthly district-level review meetings with CWSA and consultants. These meetings are not continued after project implementation is complete because of lack of availability of funds at the DA level. This phenomenon is a threat to sustainability of continued interaction among stakeholders.

Even with MoUs for the MDBS, there is no evidence of any structured peer reviews.

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\(^9\) The WSDB consists of WATSAN committee representatives and one DA member.
### iv. Summary of Implementation of Paris Tenets by Country

<table>
<thead>
<tr>
<th>Country/Project</th>
<th>Ownership</th>
<th>Alignment</th>
<th>Harmonization</th>
<th>Results</th>
<th>Mutual Accountability</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ghana Water &amp; Sanitation</strong></td>
<td>Programs/projects linked to national and sector policy and plans, and Donors contribute most of rural water funds. Decentralization is trend for project implementation; in line with GoG decentralization policy. Ownership at community level high; DAs set tariffs.</td>
<td>Little on-budget funding in sector. Mixed use of Donor and GoG procurement processes. Capacity building for PFM and procurement since 2004. Both parallel and integrated PIUs used.</td>
<td>Existence of sector working groups. Bi-monthly and annual WSS group meetings. Examples of pooled financing. Working towards SWAp. PIM developed by MWRWH with Donor support for application on projects.</td>
<td>Some projects using MIS developed with Donor support. Financial audits by private firms for Audit Service. WATSANs and WSDBs responsible for rural water, O&amp;M. Water quality monitoring relies on private sector.</td>
<td>Mutual accountability high in sector—a number of annual conferences; Periodic Donor Review Missions. WATSANs and WSDBs use e self-process review, with community input. PIM mandates 1 year post implementation support by Donors.</td>
</tr>
</tbody>
</table>
List of officials Contacted during the Study in Ghana

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe Lambongang</td>
<td>Head of Programmes</td>
<td>WaterAid (Ghana)</td>
</tr>
<tr>
<td>Patrick Apoya</td>
<td>Executive Secretary</td>
<td>Coalition of NGOs in Water and Sanitation (CONIWAS)</td>
</tr>
<tr>
<td>K. Asumadu</td>
<td>Director (Policy Planning, Monitoring and Evaluation)</td>
<td>Ministry of Transportation</td>
</tr>
<tr>
<td>K Gambrah</td>
<td>Chief Manager</td>
<td>Ghana Water Company Limited</td>
</tr>
<tr>
<td>Peter Kristensen</td>
<td>Sector Leader, Sustainable</td>
<td>World Bank</td>
</tr>
<tr>
<td>Adjei Boateng</td>
<td>Chief Executive</td>
<td>Public Procurement Authority</td>
</tr>
<tr>
<td>Celine Robert</td>
<td>Project Officer</td>
<td>AFD</td>
</tr>
<tr>
<td>Atta Agyepong</td>
<td>Program Manager</td>
<td>KfW</td>
</tr>
<tr>
<td>John Stanley</td>
<td>Program Officer (Water, Sanitation and Environment)</td>
<td>European Union</td>
</tr>
<tr>
<td>E.B. Lamptey</td>
<td>Deputy Auditor General</td>
<td>Audit Service</td>
</tr>
<tr>
<td>Richard Quartey</td>
<td>Deputy Auditor General</td>
<td>Audit Service</td>
</tr>
<tr>
<td>N.K Alomatu</td>
<td>Deputy Auditor General</td>
<td>Audit Service</td>
</tr>
<tr>
<td>Mary V. Briandt-Quao</td>
<td>Deputy Auditor General</td>
<td>Audit Service</td>
</tr>
<tr>
<td>Fred Ohene</td>
<td>Assistant Auditor General</td>
<td>Audit Service</td>
</tr>
<tr>
<td>Dr. I.F Mensah-Bonsu</td>
<td>Director, Plan Coordination</td>
<td>National Development Planning Commission</td>
</tr>
<tr>
<td>Kenneth Owusu</td>
<td>Planning Officer</td>
<td>National Development Planning Commission</td>
</tr>
<tr>
<td>K. Adjei-Fosu</td>
<td>Planning Officer</td>
<td>National Development Planning Commission</td>
</tr>
<tr>
<td>K. Frimpah Yeboah</td>
<td>Rural Water Coordinator</td>
<td>Water Directorate of the Ministry of Water Resources, Works and Housing</td>
</tr>
<tr>
<td>Wilma van Esch</td>
<td>First Secretary, Environment and Water</td>
<td>Netherlands Embassy</td>
</tr>
<tr>
<td>Michiel Bierkens</td>
<td>Deputy Head of Mission</td>
<td>Netherlands Embassy</td>
</tr>
<tr>
<td>Robert van Ess</td>
<td>Director, Technical Services</td>
<td>Community Water and Sanitation Agency</td>
</tr>
<tr>
<td>Veronica Sackey</td>
<td>Principal Economic Planning Officer</td>
<td>Ministry of Finance and Economic Planning</td>
</tr>
<tr>
<td>Fritz Buatsi</td>
<td>Managing Director</td>
<td>Kadacom Limited</td>
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<tr>
<td>Mensah Nunyue</td>
<td>Managing Director</td>
<td>Kingaka Limited</td>
</tr>
<tr>
<td>Archie Book</td>
<td>Director, Development Cooperation</td>
<td>Canadian International Development Agency</td>
</tr>
<tr>
<td>Lars Larsen</td>
<td>Water Sector Adviser</td>
<td>DANIDA</td>
</tr>
<tr>
<td>Kevin Gallagher</td>
<td>Management Adviser</td>
<td>District Based Water and Sanitation Component</td>
</tr>
<tr>
<td>Gabriel Amanfu</td>
<td>General Manager</td>
<td>Vicco Ventures</td>
</tr>
<tr>
<td>Edward Addo</td>
<td>Finance and Administrative Officer</td>
<td>Vicco Ventures</td>
</tr>
</tbody>
</table>
### Ghana

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>J.EA Adzaklo</td>
<td>Chairman</td>
<td>Three Districts Water and Sanitation Development Board</td>
</tr>
<tr>
<td>Emily Amedjoe</td>
<td>Community Development Officer</td>
<td>Dangme East District Water and Sanitation Team</td>
</tr>
</tbody>
</table>
a. Case Study

i. Brief Introduction to Case Studies

IRSDP: The expected outcomes of the IRSDP are increased private sector participation and mobilization of additional public sector resources. The program is financed by the Asian Development Bank and the Government of the Netherlands and includes three components:

(i) A $400 single-tranche policy-based loan comprising of three subprograms (January 2005 to September 2006; October 2006 to June 2008; and July 2008 to March 2010). The policy-based loan aims at removing the constraints to infrastructure development in the country and focuses on eight infrastructure sub-sectors: roads, ports, airports, railways, power, oil and gas, water supply and sanitation, and telecommunications.

(ii) A $26.5 million project loan to establish the Project Development Facility (PDF) and a $7.56 million grant by the Government of Netherlands for the PDF. The PDF is helping the Government prepare feasibility studies for national and local PPP projects, adopt an open and transparent bidding process, and execute project transactions up to the stage of financial closure.

(iii) A $2 million technical assistance grant for enhancing private sector participation in infrastructure provision. This component focused on effective implementation of the new risk management framework, capacity building for establishing and managing the proposed infrastructure fund, effective communication and social marketing of the reform agenda to a wide range of stakeholders, and start-up activities for the PDF. It was completed in March 2008.
RISP: The expected outcome of the RISP was improved access of the poor and near poor in rural areas to basic rural infrastructure. The long-term objective was to improve socioeconomic conditions of rural communities. The project consisted of (i) infrastructure rehabilitation, improvement and (ii) implementation, monitoring and coordination support. The project cost was $61 million. Eighty-two percent of the financing was provided by a soft loan from the Asian Development Fund. Additional funding was provided by the Government of Indonesia (GOI) (10 percent) and in-kind support of the Indonesian villages (8 percent). The project was completed in December 2007. The RISP project financed by the ADB amounted to 8 percent of the government’s Fuel Subsidy Reduction Compensation Program (PKPS-BBM).

WSES WG: The Working Group was created in 1998 in the context of the Water and Sanitation Policy Formulation and Action Planning Project (Waspola), funded by the Government of Australia through AusAID, managed by the World Bank through WSP-EAP, and implemented by the Government of Indonesia. There are currently 62 working groups in 9 provinces of Indonesia.

ii. Lessons for the Final Report:

- Indonesia has taken strides to decrease its aid dependency and move towards clear articulation of country rules and procedure that donors need to align with.
- The WSES WG is a good case of donor harmonization.
- RISP has been both criticized for not instilling sufficient ownership at the local level, and for having the fastest disbursement within the country. The reality is that the program conforms with national ownership and aligns with existing rules and procedures—with some additional financial controls. However, even though it is very targeted in scope it aims at poverty alleviation and specifies indicators to measure this objective. The follow-up program to RISP, the PKPM-Mandiri is also a CDD rural infrastructure project with a narrow focus, but it has become the main thrust of Indonesia’s poverty reduction program.
- Cooperation and harmonization of donors in the infrastructure sectors would be further enhanced if the development partners agreed to adopt a joint reform platform and if none of them assumed that it always has to play the lead role and that others have to follow. In case of the IRSDP, ADB and JBIC supported the Government’s Infrastructure Policy Package from the outset and helped extend it over the medium term. With the benefit of hindsight, the development outcomes under Subprogram 1 of IRSDP could have been greater if all three partners had adopted the same approach and acknowledged the efforts made by the other partners.

iii. Application of Each of the Paris Tenets

Ownership

Indonesia’s Medium-Term Development Plan (the RPJM issued in 2005, covers the period 2004–2009), is guided by the National Strategy for Poverty Reduction (SNPK) and the Millennium Development Goals (MDGs). The Government also develops annual work plans (RKPs) that guide RPJM implementation. The infrastructure sector is a major priority within the RPJM and the annual RKPs. The National Development Planning Agency (Badan Perencanaan Pembangunan Nasional; BAPPENAS) takes the lead and is the primary developer of the RPJM and the RKPs.

There is no Medium Term Expenditure Framework (MTEF) in Indonesia. Thus, the RPJM is not tied to the budget.
The single tranche policy loan under the IRSDP is implemented based on a policy matrix consisting of three subprograms, each to be implemented within approximately 21 months. Even though this project is linked to the RPJM, the policy matrix was first suggested by the donors and then scrutinized with suggestions by BAPPENAS. As part of the policy-based loan for IRSDP, the GOI held an Infrastructure Reform Agenda in January 2005 that focused on 4 components: (i) regulatory reform to increase private sector participation in infrastructure, (ii) the need to deal with the backlog of infrastructure needs in the country after the financial crises of 1997 (as a result 91 infrastructure projects have been slotted for the private sector), (iii) capacity building, and (iv) communication with stakeholders. The National Committee for the Acceleration of Infrastructure Provision (KKPPI) was also established to increase private sector investment in infrastructure. KKPPI is headed by two senior officials from BAPPENAS: one dealing with external coordination and development of the reform agenda, and the second dealing with international coordination and project preparation for the IRSDP.

The RISP project was conceived to fully integrate with an on-going GOI program to replace its fuel subsidy with grants for rural infrastructure. The Program Kompensasi Pengurangan Subsidi Bahan Bakar Minyak (PKPS-BBM)— Fuel Subsidy Reduction Compensation Program was started in September 2005 to provide grants for infrastructure development in approximately 32,000 villages—of these 1,670 were funded by the ADB. The entire project was completed in record time. The program has been criticized for not being a true community driven development (CDD) project, since only one month was spent on community empowerment and ownership, and three to four months on monitory disbursement and implementation. This resulted in limited ownership by some villages. However, future infrastructure and CDD projects in the country will be coordinated by a new program PNPN-Mandiri (Program Nasional Pemberdayaan Masyarakat or the Self-Help National Program for Community Empowerment) that will have pooled financing from the World Bank, IFAD, JBIC, ADB and the Islamic Development Bank.

WSES WG. The Working Group drafted and guided implementation of Indonesia’s Community-Based WSES National Policy. Prior to 2000, the government of Indonesia followed a more supply-oriented approach to water supply and sanitation (WSS). However, it was found that only approximately 26 percent of supply-oriented water projects and 16 percent of supply-oriented sanitation projects were still being used 5 years after initiation (and not at full capacity). Now with a demand-oriented focus—initiated in mid 2007—85 percent of projects are functioning at capacity. The GOI, lead by BAPPENAS has also established a steering committee on water and sanitation. The committee comprises of (i) a sanitation technical team, currently active in 18 cities in Indonesia, and (ii) a water technical team that is yet to be formed and likely to replace the WSES WG in the future.

Two types of policies are currently in place for the WSS sector. One that is community based (rural areas) and involves 11 principles. The second is institutional based (urban areas) and deals with water utilities in the country. Officials stressed the need of coordination between several line ministries since the water sector is so cross cutting, for example the Ministries of Public Works, Health, Home Affairs, Environment, Education, etc. In 2001 the WSS sector was decentralized to the local governments. The WSES working groups (WGs) are now playing a critical role in working with stakeholders and local governments in developing strategic plans for the community.
Alignment

The Indonesia Accountant Association sets accounting standards and conducts accounting training. Procurement training, however, is conducted by BAPPENAS, usually a one- to three-month course for government employees such as program managers and treasury officials. Each line ministry has its own procurement specialist and internal auditor. Two types of audit organizations exist in Indonesia. The BPKP is the internal auditor for the President, while the BPK is the external auditor and responsible to the Parliament. Donors choose one of the above two auditors to audit their program/PMU. All financial reporting and records keeping manuals are provided by BPKP for donor projects, but procurement compliance manuals are provided by each donor since donors follows different rules of procurement.

One year after project initiation and/or procurement, an audit is carried out by either BPKP or BPK. Project auditing examines: (i) project expenses and public expenditure reports, (ii) compliance with procurement rules and procedures, and (iii) compliance with accounting standards. Audits are conducted on an annual basis that also includes a look at performance targets. However, this is mainly focused on costs (inputs) and achievement of physical outputs. Impacts and outcome evaluations are done by each donor/project via special missions, usually bi-annually.

The GOI has standard bidding documents (SBDs) for all national procurement that are usually followed by donors.\(^1\) However, differences continue to exist in the International Competitive Bidding (ICB) requirements of the donors.

**IRSDP.** Since IRSDP has several components, it involves both budget (policy loan) and project (PDF) support. The entire program is managed by an integrated PIU, headed by a BAPPENAS official. PIUs are staffed with both local and international consultants, paid at local and international rates respectively. However, BAPPENAS officials are not paid an additional salary—only their travel and incidental costs are covered.

**RISP.** The project provided procurement guidelines for the village infrastructure development—part of a manual for project implementation. Since the grant amounts were small, usually ranging between $1,000 to $5,000 no competitive bidding was involved, and selection criteria was either developed by the community or the work undertaken by the community members themselves. RISP is project-based funding, since it was part of the PKPS-BBM program of the GOI.

**WSES WG.** The WG model established for WASPOLA has now been replicated by several other donors such as UNICEF, ADB, GTZ, etc. for other WSS projects. There is consensus that the informality of the WG is not a hindrance and in fact enables them to work with various stakeholders such as NGOs, universities, etc. Donors are now encouraged by the Government through the WG to pay close attention to the WSES policy and to follow it wherever possible. The requirement for alignment by donors with the policy remains somewhat informal; however, there have been a number of proposals discussed by the WG for more formal approaches to be put in place.

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\(^1\) For project costs < 50 million Rupiah projects are required to get three bids/proposals. For costs > 50 million, but < 200 million Rupiah a national competitive bidding is required. All procurement costs > 200 million Rupiah require ICB.
Harmonization

From 1967 to 1991, the Inter-Governmental Group on Indonesia, chaired by the Government of the Netherlands, coordinated multilateral and bilateral aid to the country. ADB, Japan and the World Bank provided 80 to 90 percent of the total aid. Australia, Canada, France, Germany, United Kingdom, United States, and United Nations agencies financed the remainder. In 1992, the Inter-Governmental Group was replaced by the Consultative Group on Indonesia (CGI), chaired by different donors at different periods. The CGI sought to harmonize aid efforts in support of the Government’s development agenda through annual meetings, during which pledges of lending and grant commitments were made, and quarterly progress reviews.

The CGI mechanism was basically driven by donors and, in the mind of the general public, was associated with borrowing, with the negative connotations of debt burden and influence exerted by donors. To assert its lead role in aid coordination, the Government discontinued the CGI mechanism in January 2007. This was in line with the RPJM’s goals of reducing external debt from 54 percent of gross domestic product (GDP) in 2004 to 32 percent in 2009 and increasing the effectiveness and efficiency of utilizing external assistance. To achieve the latter goal, the Government fully embraced the principles of the Paris Declaration and set the following goals for its external assistance reforms:

(i) Enhance the effectiveness of external loans and grants to achieve national development goals,
(ii) Incorporate foreign assistance projects into the National State Budget (APBN),
(iii) Enhance transparency of the project planning process,
(iv) Enhance coordination among government agencies in planning and management of projects funded by external loans and grants,
(v) Improve coordination among government agencies in utilization of external loans and grants,
(vi) Improve role and capacity of government agencies in project preparation,
(vii) Strengthen ownership by government agencies of projects funded by external loans and grants, and
(viii) Improve coordination with donors in utilization of external loans and grants.

In 2005-2006, the Government issued three new regulations related to external assistance. The most important was Government Regulation 2/2006 that described the rules and procedure for obtaining external loans and grants and forwarding these to local governments and state-owned enterprises (SOEs). It tasked BAPPENAS and the Ministry of Finance (MOF) with developing the Borrowing Strategy for the RPJM period in terms of the amount of loans needed to help finance the government plan and sector priorities in utilizing these loans. BAPPENAS was assigned the responsibility for coordinating project preparation, and MOF for negotiation (risk management), allocation of export credit facilities and disbursement administration.

Government Regulation 2/2006 further stipulated that based on the Borrowing Strategy, three project-specific documents should be prepared by BAPPENAS. The Blue Book, which covers the period 2006–2009 and is updated annually, contains a list of projects that are suitable for funding by external loans and grants, and is used as the main reference for cooperation with donors. The projects must meet the following requirements:

(i) Be in line with the RPJM and the Borrowing Strategy;
(ii) Be proposed and signed by the sector minister/chairperson of government agency/head of local government/SOE director; and
(iii) Be approved by local parliament for projects proposed by local governments, and Ministry of State-Owned Enterprises for projects proposed by SOEs.
The Blue Book 2006-2009 consists of two volumes, one for project assistance proposals and the other for TA proposals. The ministries, local governments and SOEs submitted proposals totaling $40.8 billion. Bearing in mind the Government’s objective of decreasing the debt burden and reducing the dependence on foreign financing sources, BAPPENAS carried out a thorough screening that was passed by 194 project assistance proposals totaling $13.2 billion and 228 TA proposals totaling $1.7 billion. For each proposal, there is a two-page write-up describing the project’s background, justification, objectives, scope, cost estimate, and financing plan. The latter indicates the type of foreign funding sought (soft loan, grant, export credit, or commercial loan), without specifying its source.

The second document—the Green Book—is prepared annually. It contains projects that already have indicative lending sources and are ready for appraisal by meeting the following readiness criteria:

(i) A detailed implementation schedule has been prepared;
(ii) Performance indicators for monitoring and evaluation (M&E) of project implementation have been specified;
(iii) The concerned local government/SOE has confirmed its willingness to provide the necessary counterpart funds in accordance with the implementation schedule;
(iv) Counterpart funds for the first year of project implementation have been included in the RKP of the sector ministry/government agency/local government/SOE:
(v) A land acquisition and resettlement plan, including the necessary funds, has been prepared;
(vi) A decree on the establishment of the Project Management Unit and Project Implementation Units has been drafted; and
(vii) A project management plan has been prepared.

The third document—the Brown Book—contains further information on M&E of project implementation, as well as on the preparation of APBN allocation. This information should be prepared at the latest 3 months after the Loan Agreement has been signed.

The above measures were introduced a year or two after the beginning of the RPJM period and some of them have not been fully implemented yet.

**IRSDP.** The IRSDP project is a SWAp since it deals with the entire infrastructure sector. The financing modality is co-financing by the ADB, Government of Netherlands, and JBIC (the Government of Japan adopted the IRSDP policy matrix and approved co-financing of $100 million in March 2007) and budget support. The World Bank participated in joint-missions and made suggestions that were incorporated in the IRSDP policy matrix. Since the World Bank’s development policy modality allows only a limited number of triggers, the World Bank has focused on a smaller subset of high-priority reforms in its own Infrastructure Development Policy Loan (IDPL) project with cross-references to the IRSDP policy matrix. The policy matrix is very complex and it was suggested that a more realistic, less comprehensive, and more flexible approach (that can adjust to rising needs and deficiencies) would be more appropriate.

TA support for infrastructure has been provided in a coordinated way. In 2004, the World Bank approved a $16.5 million loan for the Private Provision of Infrastructure Technical Assistance (TA), while ADB provided one year later a TA grant as the precursor to the IRSDP. To avoid any duplication of work, the World Bank’s support has been directed at the Coordinating Ministry of Economic Affairs, Ministry of Public Works, and Ministry of Transportation, while ADB has supported BAPPENAS. The TA grant component of the IRSDP focuses on effective implementation of the new risk management framework, capacity building for establishing and managing the proposed infrastructure fund, effective communication and social marketing of the reform agenda to a wide range of stakeholders, and start-up activities for the PDF.
**RISP**. The RISP case study was a very targeted project-based budget support. The ADB’s RISP and the World Bank’s Kecamatan Development Projects have supported the Government’s CDD programs, utilized its institutional arrangements, and followed similar implementation procedures. However, there have been some significant differences. The World Bank projects have included also other components such as microcredit, allowed construction of new infrastructure, let kecamatans decide about the allocation of the block grants to villages, and in some cases required cash contributions from the latter. By contrast, the RISP has focused on rehabilitation and improvement of existing infrastructure, disbursed the block grants directly to the village CIOs, and has not called for any cash contributions from these.

It would be preferable to fully harmonize these arrangements and requirements for the PNPM Mandiri, which will be built around the second phase of the RISP, three World Bank-financed projects, one project financed by JBIC, and co-financing from the International Fund for Agricultural Development (IFAD). Grants and loans are also sought from other bilateral donors. The grants will be put in the multi-donor trust fund, which was officially launched in December 2007. The fund has already received contributions amounting to $33 million from the governments of Australia, Denmark and Netherlands.

**WSES WG**. The WSES WG structure was established by WSP for the WASPOLA project; however, it is financed by the GOI. The WGs also play a role of disseminating information about the WSES policy, and by avoiding or minimizing overlapping support for WSS development also harmonize across donors.

AusAID has agreed with the Government, WB and ADB to standardize project reporting on all water and health activities. However, common arrangements and simplified procedures remain to be worked out. The WSES WG provides all stakeholders participating in the WSES network with access to knowledge and training related to community-based WSES policy, such as training in the methodology of participatory appraisal/participatory hygiene and sanitation transformation, community-led total sanitation, basic facilitation skills, and communication. Interested parties can participate in such training, or organize their own training with support from WSES WG and WASPOLA.

**Managing for Development Results**

Key government documents such as the National Poverty Reduction Strategy do not present clear goals or targets, thereby making it difficult to objectively confirm progress. Internal or external audits are conducted for projects within one year of initiation but they continue to focus on costs (inputs) and physical outputs. M&E systems are geared toward individual projects and donors, and most government officials cite joint evaluation missions as an example of managing for results.

BAPPENAS, the National Development Planning Agency, has made efforts to address weaknesses in M&E by upgrading its M&E Directorate to a Directorate General headed by a Deputy Minister for Evaluation of Development Performance. For all donor assistance, BAPPENAS holds quarterly meetings to discuss each project with the respective Project Management Unit, identify issues and agree on solutions. The design and monitoring framework jointly developed during project processing serves as a basis for that discussion.

**IRSDP**. The design and monitoring framework for the IRSDP is results-oriented by specifying performance targets and indicators at three levels. The outputs, together with their timing and the responsibility for their
delivery, are listed in the policy matrix. The KKPPI Secretariat monitors the implementation, as it has done for the Infrastructure Policy Package and Inpres 6/2007. The outcome is measured in terms of project transactions. The impact will be assessed in terms of public and private investment as percentage of GDP, and whether the targeted increase of such investments to 6 percent of GDP by 2011 has helped achieve an annual real GDP growth of 7 percent by that year. The monitoring indicators in the World Bank’s IDPL policy matrix follow the same philosophy.

**RISP.** The design and monitoring framework for the RISP has had three levels. Performance targets and indicators at the output level have been expressed in terms of the number of villages where the priority infrastructure needs will be met, the percentage of villages that acquire the capacity to prepare plans for infrastructure development, the number of person-months of employment generated by such development, the percentage of village population participating in the implementation, and the related share of women. The outcome has been measured in terms of reduction in transportation costs and time spent in collecting water, access to improved sanitation facilities, and increase in production levels. The impact will be assessed 30 months after the end of implementation in terms of the percentage of village beneficiaries satisfied with improved infrastructure services, and improvement over the baseline in achieving MDGs related to eradicating poverty and hunger, and providing safe water.

**WSES WG.** It is being considered that WSES development projects should include monitoring and evaluation mechanisms aligned with existing Government M&E systems, and be designed to measure the attainment of well defined WSES results in line with the National Policy. However, the exact status of this is unclear at present.

**Mutual Accountability**

After the financial crisis in the 1990s, Indonesia has made efforts to improve governance and limit the opportunity for corruption. “Decentralization, public administration and financial reform, reallocation of government power, and judicial reform are just a few of the many radical governance reforms.” As the case study underscores, the results of these efforts are unclear. IRSDP and RISP are designed to facilitate increased transparency and accountability in infrastructure. NGOs, civic society, auditors, journalists and other stakeholders play a role in identifying corruption.

Indonesia recently introduced an environmental and social impact assessment process (AMDAL). AMDAL required preparation of three documents for each project: “(i) Environmental and Social Impact Analysis (ANDAL), (ii) Environmental and Social Impact Management Plan (RKL), and (iii) Environmental and Social Impact Monitoring Plan (RPL).” It is unclear what role the donors play in the development or implementation of these documents. According to the case study, this process is well-defined, but lacks a quality enforcement mechanism. The ADB case study recommends capacity building to increase the quality of the AMDAL documents and process at national and local levels.

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2 However, in many cases the performance indicators developed for an activity or objective are not indicative of measuring progress in achieving the objectives.
### iv. Summary of Implementation of Paris Tenets

<table>
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<tr>
<th>Country/Project</th>
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<th>Results</th>
<th>Mutual Accountability</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indonesia Infrastructure</strong></td>
<td>Government national and sectoral plans guide development; Government leads planning</td>
<td>ADB support through budget; TA to improve procurement</td>
<td>Donors work together</td>
<td>Planning agency weak on M&amp;E, with systems geared towards individual projects</td>
<td>No information</td>
</tr>
<tr>
<td><strong>Indonesia Water and Sanitation and Environment Support Group</strong></td>
<td>Working group formed before national policy on WSS, but now helping to achieve objectives</td>
<td>Weak government capacity; no government guidelines for project procurement, check documents from Jakarta</td>
<td>Donors have standardized reporting; their working group facilitates harmonization</td>
<td>Intended but not clear if implemented yet</td>
<td>Need to check this in documents received in Jakarta</td>
</tr>
</tbody>
</table>
List of Persons Met/Interviewed in Indonesia

1. Mr. Nugroho Tri Utomo
   Directorate for Settlements and Housing
   BAPPENAS, Republic of Indonesia
   &
   Secretariat Coordinator of Indonesia Sanitation Sector Development Program (ISSDP)

2. Mr. Oswar Mungkasa
   Directorate for Settlements and Housing
   BAPPENAS, Republic of Indonesia
   &
   Manager WSES WG

3. Mr. Sofyan Iskandar
   National Project Coordinator
   Indonesia Water Supply and Sanitation Policy and Action Planning Project (WASPOLA)

4. Dr. Bambang Susantono, Ph.D.
   Deputy Minister
   Infrastructure and Regional Development
   The Coordinating Ministry of Economic Affairs
   Republic of Indonesia

5. Mr. Jorn Brommelhorster
   Senior Country Economist
   Indonesia Resident Mission
   Asian Development Bank

6. Mr. Bobur Alimov
   Environmental Economist
   Indonesia Resident Mission
   Asian Development Bank

7. Mr. Dewo Broto Joko Putranto
   Director for Multilateral Foreign Financing
   BAPPENAS
   Republic of Indonesia

8. Mr. Budi Hidayat
   Director for Settlements and Housing
   BAPPENAS
   Republic of Indonesia

9. Mr. Bastary Pandji Indra
   Director of Public Private Partnership Development
   BAPPENAS
   Republic of Indonesia
10. Mr. Gary D. Swisher  
   Team Leader, WASPOLA  
   WSP, Indonesia

11. Mr. Wahyu Susilo  
   Head of Advocacy and Networking Division  
   International NGO Forum or Indonesian Development

12. Mr. Anand Chiplunkar  
   Senior Water Supply and Sanitation Specialist/PPP  
   Energy, Transport, and Water Division  
   Regional and Sustainable Development Department  
   Asian Development Bank  
   Manila, Philippines

13. Mr. Ferriyanto, Ak, Dipl Fin Man  
   Ghazali, Sahat Dan Rekan  
   Registered Public Accountants  
   International Association of Practising Accountants  
   Jakarta, Indonesia

14. Ms. Almud Weitz  
   Regional Team Leader  
   WSP, Jakarta, Indonesia

15. Ms. Nguyen Thang Hang  
   Chief of ODA Management Division  
   Ministry of Transport of Vietnam  
   Planning and Investment Department  
   Hanoi, Vietnam

16. Mr. Noor Mohammad  
   Project Director  
   Rural Development Project-24  
   Local Government Engineering Department  
   Dhaka, Bangladesh

17. Dr. Monzur Rahman  
   Deputy Secretary  
   Government of Bangladesh  
   Additional Director (F&A)  
   Bangladesh Bridge Authority, Bridges Division  
   Ministry of Communications  
   Dhaka, Bangladesh

18. Dr. Abul Hossain  
   Assistant Engineer
Bangladesh Bridge Authority
Dhaka, Bangladesh
Country: Senegal

Program/Project Name: The Senegal Urban Development and Decentralization Project

Donor(s): WB, AFD, Nordic Development Fund

Program Period: 2006–2011

Cost: $215,750,000 USD

Sector: Transportation/Roads

a. Case Study

i. Brief Introduction to Case Study

Infrastructure Sector

Senegal has a well organized infrastructure sector compared to most other African countries. There are 14,576 kilometers (9,058 miles) of highway, 4,271 kilometers of which are paved. The railway network, which extends across 906 kilometers, links the major cities to Dakar and provides services between Senegal and Mali. There are ports and harbors in the cities of Dakar, Kaolack, Matam, Podor, Richard Toll, Saint-Louis, and Ziguinchor.

The airport at Dakar is one of the principal international airports in West Africa, handling a variety of aircraft on its 2 runways. The airport serves more than 24 international airlines, handling 1.5 million passengers per year and moving more than 20,000 metric tons of international airfreight. There are other airports in Saint-Louis, Tambacounda, and Ziguinchor.

The parastatal Senelec supplies electricity in Senegal, though the electric power market is open to foreign investment. Senegal produces 1.2 billion kilowatt hours (kWh) of electricity per year, all of which is created domestically by fossil fuel.

ii. Lessons for the Final Report

Ownership

The Senegal Urban Development and Decentralization Project is a paradox in ownership. Whereas the Government shows strong ownership in terms of initiating and planning for the project, the donors headed by World Bank have a greater say in terms of implementation and control of finances.

Senegal is at the early implementation phases of its Document de Stratégie de Réduction de la Pauvreté (DSRP the equivalent of the PRSP), completed in April 2002. It reflects the broad consultative process conducted at the national, regional, and local levels to gather the needs and priorities of the population to reflect country ownership. Over 10,000 people were consulted in the process. Participatory frameworks have been planned to steer implementation, and for monitoring and evaluation to help ensure that country ownership is strengthened throughout implementation.
Harmonization and Alignment

Although the funds for the project are shown in the budget, the funds are channeled directly into a project account. The PIU of the project, known as CETUD (Conseil Executif des Transports Urbains de Dakar), has staff with different and more attractive employment terms than those of the mainstream civil service. This, and the fact that the funds are directed into an account that the Government may not have full control over is a hindrance to harmonization and alignment.

Mutual accountability

iii. Application of Each of the Paris Tenets

Ownership

The Senegal Urban Development and Decentralization Project is a countrywide program that is supported by many donors and is decentralized with each region having its own implementation unit. The management of the project is under the Ministry of Local Government. Each region plans for its activities and implements them using their local PIUs. This further removes ownership from the central government and places more purview under the regional governments. Therefore, the regional governments’ ownership is stronger. The decentralization mentioned above is a strong theme in the DRSP, the formulation of which had very little input from donors.

Alignment

Most respondents said that whereas the disbursements by donors have been predictable, the Senegal Governments share has been unpredictable. Senegal still has separate PIUs and in fact this project is run with one such PIU with the terms of staff being very different from those of the other civil servants. This weakens the case of strong alignment.

There is no centralized procurement authority in Senegal: Each project like this one has its own commission that oversees all procurement but with strong donor guidelines. This does not build sustainable capacity in procurement as the project’s interest is not in building this capacity as such. For them procurement is a means to an end.

Harmonization

The donors use SWAPs and pooled funding mechanisms, joint missions and joint analytical work and play more advisory roles. There are project agreements between the donors and the government stipulating the roles and responsibilities of each partner, the mode of disbursement of funds, etc.

Managing for Development Results

Monitoring and evaluation systems for the project have been put in place jointly by government and donors, but are not being implemented well. The indicators for the project have been derived from the DRSP. Joint M&E missions are held annually between the donors the government and the PIUs.
Mutual Accountability

Fiscal accountability at the project level is strong although this is not reflected elsewhere in the country. Expenditure-tracking surveys found that resources for the project transferred from the center actually meet the intended objectives as budgeted. However, in the regions insufficient feedback on executed expenditures by regions to the central budgeting authorities precludes effective monitoring of expenditures and of the implementation of the DSRP.

iv. Summary of Implementation of Paris Tenets

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<tbody>
<tr>
<td>Senegal Urban Development and Decentralization</td>
<td>Decentralization in PRSP; local ownership strong</td>
<td>Local PFM capacity being strengthened; donor funds not through national budget; PIUs</td>
<td>Single program; donor approach harmonized</td>
<td>Municipal contracts; strong auditing</td>
<td>Govt. municipalities and PIUs held accountable</td>
</tr>
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</table>
List of Meetings in Senegal

<table>
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<th>Name</th>
<th>Date</th>
<th>Agency</th>
<th>Post</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banda Diop</td>
<td>July 24, 2008</td>
<td>Ministry of Local Government</td>
<td>Advisor, Local Government</td>
</tr>
<tr>
<td>Ndiaye Papa Mademba</td>
<td>July 25, 2008</td>
<td>Municipal Development Agency</td>
<td>In charge, Technical Projects</td>
</tr>
<tr>
<td>Boupa Silla</td>
<td>July 27, 2008</td>
<td>CETUD (Conseil Exécutif des Transports Urbains de Dakar)</td>
<td>Project Engineer</td>
</tr>
<tr>
<td>Ndeye Ngoné Sy</td>
<td>July 28, 2008</td>
<td>Municipal Development Agency</td>
<td>Project Accountant</td>
</tr>
<tr>
<td>Pap Niang</td>
<td>July 28, 2008</td>
<td>Ministry of Finance and Economy</td>
<td>Assistant Commissioner, External Support</td>
</tr>
</tbody>
</table>
Country: Uganda

Program/Project Name: The Uganda RWSS (Rural Water Supply and Sanitation) Program

Donor(s): World Bank


Cost: Not available

Sector: Water and Sanitation

a. Case Study

i. Brief Introduction to Case Study

Water Sector

About 88 percent of the population of Uganda live in rural areas, where access to safe water and sanitation facilities is estimated at 57 percent. The country has a high Infant Mortality Rate (IMR), 86 per 1000, with waterborne diseases including malaria, followed by diarrhea, having been identified as the main causes of infant mortality. In 1997, Uganda formulated its Poverty Eradication Action Plan (PEAP) as the core of the government’s strategy for achieving its goals of poverty eradication and poverty-focused growth; improved access and use of safe water and sanitation facilities are identified among the key priority areas.

The Government of Uganda (GOU) has made commendable strides in developing the water and sanitation sector. In 1999, a National Water Policy (NWP) was formulated with a mission of achieving “integrated and sustainable management, development and use of water resources in Uganda for present and future generations.” PEAP has recognized that adequate water supply and improved sanitation are necessary ingredients in promoting economic growth and fighting poverty. In order to operationalize the NWP and to achieve the Millennium Development Goals (MDGs) for water supply and sanitation, GOU carried out a number of water and sanitation sector reform studies, the final outputs of which included the Rural Water Supply and Sanitation (RWSS) program with annualized targets, called the Strategic Investment Plan for 2000–2015 (SIP 15). The RWSS program has been underway since 2000–01 and has improved access to safe water and sanitation in urban and rural areas from 49 percent to 57 percent and 46 percent to 56 percent, respectively. Following the 2004 PEAP review, a consolidated Sector Investment Plan (SIP) for the water sector was developed. The revised SIP aims at 77 percent coverage for rural water supply and sanitation by 2015. To reach this target, an additional 13 million rural people in the country should be provided with sustainable safe water and sanitation services.

The Uganda RWSS Program fits into the Rural Water Supply and Sanitation Initiative (RWSSI) developed by the African Development Bank to address the challenge of providing basic water supply and sanitation services to the bulk of the continent’s population living in rural areas.

Institutional Set-up

The Ministry of Water and Environment (MoWE) has the overall responsibility for initiating national policies and for setting national standards and priorities for water development and management. There are two central institutions in...
the Ministry of Water and Environment that are responsible for interventions in the water and sanitation sector: the National Water and Sewerage Corporation (NWSC) and the Directorate of Water Development (DWD).

- The **National Water and Sewerage Corporation (NWSC)**, an autonomous parastatal entity established in 1972, is responsible for the delivery of water supply and sewerage services in 15 large urban centers including Kampala, Jinja/Njeru, Entebbe, Tororo, Mbale, Masaka, Mbarara, Gulu, Lira, Fort Portal, Kasese, Kabale, Bushenyi/Ishaka, Soroti and Arua.

- The **Directorate of Water Development (DWD)** is the government-sector lead agency responsible for managing water resources, and coordinating and regulating all sector activities. DWD also provides support services to local governments and other service providers.

- **Local governments (districts, towns and lower-level local governments)** together with the communities are responsible for implementing, operating and maintaining water supply and sanitation facilities in their areas of jurisdiction, except in the large urban centers under the jurisdiction of NWSC.

**ii. Lessons for the Final Report:**

**Ownership**

Uganda has reached a high level of ownership, with its local version of the PRSP (Poverty Reduction Strategy Paper) known as the PEAP (Poverty Reduction Action Plan) playing a pivotal role. The PEAP has been developed by consultations from the grassroots up to the national level (a “bottom up” approach), and is an improvement on the previous plans which had mainly been donor driven. There are joint reviews of progress between government and donors. However, coordination between the different sector plans is weak and needs to be developed further.

**Alignment and Harmonization**

Uganda no longer has standalone projects and all donor projects are aligned and harmonized into ministry structures. The PIUs are part of ministries and their staffs are paid like any other civil servants. This has helped harmonization and alignment. However, the lengthy procedures according to which funds are disbursed from the treasury to the ministries are a hindrance to achieving the full benefits of harmonization and alignment.

**Mutual Accountability**

The government-donor-stakeholder dialogue is facilitated by the joint sector working groups, where joint missions, silent partnerships, periodic consultations and joint analytical work and advisory services by development partners take place. Beneficiary (grassroots) accountability is low or nonexistent and needs to be strengthened.

**iii. Application of Each of the Paris Tenets**

**Ownership**

The Uganda RWSS (Rural Water Supply and Sanitation) Program is a countrywide program that is supported by many donors and whose management has been incorporated into the structure of the Ministry of Water and Environment. By virtue of its structure, this program is truly government owned. The local councils engage in planning for their jurisdiction and the plans are then taken to the next layer of authority, i.e. the districts. The plans from the council are reviewed at the district level and a district plan is compiled. This is then taken up to the regional
level and the process repeated until it reaches the national level. The sector plan is in line with the PEAP (Poverty Eradication Action Plan). The PEAP in turn is the main tool that the government has been using as a road map for the elaboration and execution of the budget. The ministry officials facilitate development of the plans.

Donors support the formulation of the sector plan in a consultative manner through Technical Working Groups (TWG) established for this purpose and for review of the implementation of the project.

Coordination forums where the ministry and other stakeholders meet for discussions have guaranteed coherence between the general development plan, the sector development plan and the budget.

The private sector in Uganda has claimed ownership of the program, as the main implementers of the projects are private contractors. Private stakeholders also provide specialized services that the program does not have the capacity to provide, such as consulting engineers, for example.

The study found strong government ownership in this program.

Alignment

Projections for project financing are highly provisional beyond two years of the Medium-term Expenditure Framework (MTEF) period, mainly because most development partners commit funds one year at a time, or at most, for two years.

Uganda has very few PIUs (Project Implementation Units). For example, there are none in the Directorate for Rural Water Development while there are only two in the Department for Urban Water Supply. The Uganda RWSS (Rural Water Supply and Sanitation Programme) does not have a separate PIU and its management has been incorporated into the ministry of Water and Environment with staff being seconded from the Ministry. The staff pay structure is similar to that of the mainstream civil service pay structure.

The Public Procurement and Disposal of Public Assets Authority has put in place guidelines and systems for procurement. The capacity for procurement is still low in terms of human resources and the ability to follow through on all procurements on time. One of the challenges that has been placed on the Public Procurement and Disposal of Public Assets Authority is to build the staff capacity in procurement. Being that it is a new institution, the Authority is still grappling with teething problems and has not been able to carry out this task very well.

There are still considerable delays in disbursing some donor funds to the program, and this causes unpredictability in the availability of funds. The delays are attributable to both donors and Ministry of Finance procedures, including a lack of counterpart funding, weak procurement planning and partner country inability to conform to all donor conditions.

Harmonization

The donors use SWAPs, have pooled-funding mechanisms and engage in budget support programs. Donors and the government have joint missions and conduct analytical work together. Donors play predominantly advisory roles. The annual Poverty Reduction Support Credit (PRSC) process has played an important role in strengthening donor harmonization. The PRSC has been a focus for donors that provide budget support to participate in joint discussions with the government and to link their disbursements to the fulfillment of previously agreed-upon actions that are themselves derived from the Poverty Eradication Action Plan (PEAP). In sum, this analysis found a high degree of harmonization in this program.
Managing for Development Results

Monitoring and evaluation systems have been jointly put in place by government and donors and are strong in some ministries while weak in others. The systems are especially strong in the Ministry of Water and Environment and in the Ministry of Local Government. The Ministry of Water and Environment is the parent ministry of the Uganda RWSS. During several supervisory and monitoring visits, impacts and outcomes have been measured and their results have formed an incentive system to encourage better performance. However, the M&E system in general is new in most ministries and the concept of regularly measuring outputs is still new and not well understood by people at the grassroots level. Further training in the systems and dissemination of lessons learned would be helpful. However, Public Expenditure Reviews (PER) and Public Expenditure Tracking Surveys (PETS) have been used to measure program effectiveness and the quality of service delivery.

The effectiveness of coordination among various stakeholders of the program has affected the outcomes of Monitoring and Evaluation in different ways. The process has resulted in appreciation by various stakeholder groups for the importance of certain issues that otherwise would not have received attention. For example, the Ministry of Finance was interested in ascertaining how much money has been used in a certain activity and the amount of resources remaining, whereas the Ministry of Water and Environment was interested in how many kilometers of pipeline have been constructed and what quality of pipes was used. The management and monitoring systems have been established well, but their actual implementation needs to be strengthened.

Mutual Accountability

The government-donor-stakeholder dialogue is facilitated by the joint sector working groups, where joint missions, silent partnerships, periodic consultations and joint analytical work and advisory services by development partners are executed.

These sector working groups are in all of the major infrastructure ministries. The water sector working group encourages the participation of stakeholders in the planning process, while beneficiaries are consulted from grassroots levels up to the national level. The decisions made at the grassroots level are carried up to the next level. It is this process that yields the content of the national PEAP. The system in theory is good, but projects that are not a priority at the grassroots level have not been approved at the national level simply because of a lack of proper organization and participation at the grassroots level.

Local experts provide advice in the implementation of projects, for example as consulting engineers, architects and so forth. NGOs and civil society have been effective in advocacy when issues have been left out of the formal process. In a bid to improve accountability, partnership and aid effectiveness, Uganda has embarked on the Division of Labor (DOL) exercise. The overall objective of the DOL exercise is to generate a more efficient development partner division of labor that ensures a balanced spread of financial support and a policy dialogue. The division of labor is expected to result in reduced transaction costs in external resources mobilization and management, as well as more accountability.
iv. Summary Table of Implementation of Paris Tenets

<table>
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<tr>
<th>Country/Project</th>
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<th>Alignment</th>
<th>Harmonization</th>
<th>Results</th>
<th>Mutual Accountability</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Uganda RWSS (Rural Water Supply and Sanitation) Program</td>
<td>Government leads working group; project link to national budget; sector plan linked to PRSP.</td>
<td>High level of donor budget support, generally and for sector; almost all support on budget; PFM and procurement capacity building.</td>
<td>Best practice harmonization; joint partnership fund; M&amp;E harmonized.</td>
<td>Annual sector performance reviews but better link of M&amp;E information to decision making needed.</td>
<td>Government-donor-stakeholder dialogue facilitated by joint sector working groups, joint missions, silent partnerships, and periodic consultations.</td>
</tr>
</tbody>
</table>
Uganda Meetings:

*Ministry of Water and Environment*
Eng. Richard Cong, Commissioner, Water for Production—Directorate for Water and Development
Eng. Ian Arebahona, Principal Planning Engineer, Directorate for Water and Development

*European Union*
Dorian Kivumbi, Second Secretary, Head of Section—Infrastructure

*Public Procurement and Disposal of Public Assets Authority*
Edwin Muhumuza, Research Officer

*Committee on Physical Infrastructure*
Hon. Byanyima Nathan, Former Chairperson

*Ministry of Local Government*
Assumpta Tibamwenda, Deputy Project Coordinator, Project Coordination Unit

*Ministry of Education and Sports*
Godfrey Arnold Dhatemwa, Commissioner, Education Planning Department

*Uganda Debt Network*
Imelda Namagga, Program Officer, Budget Advocacy Initiative
Country: Vietnam

Program/Project Name: National Highway No. 1 Bridge Rehabilitation Project

Donor(s): Japan Bank for International Cooperation (JBIC) (improvement of road segments of National Highway No. 1 co-financed by World Bank and the Asian Development Bank)

Program Period: 1994–2005

Cost: ¥42.801 million (loan amount) / ¥37.266 million (disbursed)

Program/Project Name: National Highway No. 5 Improvement Project in Vietnam

Donor(s): Japan Bank for International Cooperation (JBIC) with limited co-funding from Taiwan International Cooperation and Development Fund

Program Period: 1994–2005

Cost: ¥20.961 million (loan amount) / ¥18.047 million disbursed

Sector: Roads/Transport

a. Case Study

i. Brief Introduction to Case Study

This case study concerns two JBIC-funded roads projects, National Highway No. 1 Bridge Rehabilitation Project (NH-1) and National Highway No. 5 Improvement Project (NH-5), which were initiated very soon after international aid began flowing again to Vietnam in the early 1990s. The funding was provided as yen-denominated loans for the two projects. In both cases, JBIC coordinated funding and project implementation with other international development banks. For NH-1, in particular, JBIC worked closely and successfully with the World Bank and the Asian Development Bank (ADB), which were funding rehabilitation of the road segments between the bridges simultaneously with the JBIC-funded bridge work.

The initial scopes for the two projects included:
1. Construction works

<table>
<thead>
<tr>
<th>Project Objectives</th>
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<tbody>
<tr>
<td><strong>NH-1:</strong> Rehabilitation and/or replacement of selected bridges on National Highway No.1, which is the most important artery supporting North-South traffic flow in Vietnam, in order to increase its traffic efficiency and promote economic development.</td>
</tr>
<tr>
<td><strong>NH-5:</strong> Improvement of Highway No.5, which connects Hanoi and Haiphong Port, the largest in northern Vietnam, in order to handle increasing traffic demand and to promote a more efficient traffic flow, thus contributing to the restoration of trade and industry in the region.</td>
</tr>
</tbody>
</table>

* For practical purposes, the two projects conducted in Vietnam can be considered as one as both belong to the same sector, the same executing agency and were implemented almost simultaneously. Thus, both projects were conducted under the same environment and domestic context.
2. Consulting services (including tender design)
3. Land acquisition and resettlement

Over the more than 10 years of project implementation, however, JBIC provided significant capacity-building assistance, both directly connected to these projects and as separate initiatives, in order to assist the Government of Vietnam (GoV) to develop the new systems of public financial management, procurement, and monitoring required to support the GoV’s economic reform policies (doi moi). In particular, cooperation among JBIC, the World Bank, and ADB on NH-1 led to the Five Banks (now Six Banks) imitative. The Six Banks initiative brings together JBIC, the World Bank, ADB, Kreditanstalt Fur Wiederaufbau (KfW), Agence Francaise de Developpement (AFD) and, in 2008, the Korea Eximbank with the GoV to develop joint approaches to issues such as procurement and reporting.

ii. Lessons for the Final Report:

Ownership: Vietnam has developed a variety of mechanisms that strengthen ownership, including a localized version of the Paris Declaration, the Hanoi Core Statement on Aid Effectiveness; sectoral strategies; and explicit policies on Official Development Assistance tied to its national development plan. The lack of an MTEF or other mechanism to link the national and sectoral plans to the budget, however, is a constraint and likely contributes to the underfunding of maintenance (see Managing for Development Results).

Alignment and Harmonization: Vietnam’s relatively strong ownership contributes to alignment, as donors have made significant efforts to ensure that the GoV is included in harmonization discussions, resulting in policies and procedures that are both harmonized and aligned. However, including the government increases the already substantial transaction costs of harmonization. Country systems are still considered too weak to be used for large infrastructure projects with their higher demands on government capacity for procurement and financial management.

Managing for Development Results: Donors in the large roads sector work most closely with the two government institutions responsible for planning capital projects—MPI and the PMUs—and provide limited or no support to the MOF or Road Management Companies for planning, funding, or carrying out operations and maintenance. As a result, project-tied funding in the roads sector may exacerbate the trend toward overinvestment in infrastructure.

iii. Application of Each of the Paris Tenets

Ownership

Planning: Vietnam has well-institutionalized planning processes, led by the Ministry of Planning and Investment (MPI), which is also the lead agency dealing with donors. The most recent five-year plan, the 2006–2010 Socio-Economic Development Plan (SEDP) serves as the country’s PRSP and guides overall development. For the most recent SEDP, consultations were held with donors as well as at various levels of government and with civil society for the first time. Both donors and government officials reported that donors respect the guidelines established by the SEDP. As the SEDP is quite broad and donors were extensively consulted during its development, alignment with the national plan is relatively easy to achieve.

The GoV also develops sector strategies and a Public Investment Program (PIP) that is intended to identify priority capital investment projects. The sector strategies are developed by the line ministries and follow the guidance established by the SEDP. In principle, priority projects should appear in the PIP, but in practice, the
Study on Aid Effectiveness in the Infrastructure Sector: Final Report
Annex A: Case Studies
Vietnam

PIP is not a definitive list of projects. Line agencies submit an “ODA Requesting List” to MPI with supporting documentation including feasibility studies for each project. MPI then prioritizes the requests and submits them to the Prime Minister for approval and then to the donors.

**Budgeting:** MPI is responsible for project planning, while the Ministry of Finance (MOF) develops the budget and plans for recurrent expenses. While the two ministries formally coordinate their planning, there is a resulting gap in alignment between the planning instruments—the SEDP and sector strategies—and the national budget. Donors in particular have identified this split in responsibilities as an important factor in widespread underfunding of maintenance and, possibly, an over-emphasis on capital investment. In addition, the fact that MPI is the main liaison with donors may exacerbate the overall trend toward capital investment without sufficient planning for maintenance and operations to the degree that funding is project tied.

Vietnam has been piloting medium-term expenditure frameworks in four sectors—agriculture, education, health, and transport—and in four provinces, but has not yet introduced the MTEF formally. There is currently no effective mechanism for ensuring that the national plans and budget are aligned.

**Government policy:** The GoV has explicit policies on ODA, including an official Strategic Framework for Official Development Assistance Mobilization and Utilization 2006–2010 (December 2006) and its own, localized version of the Paris Declaration, the Hanoi Core Statement on Aid Effectiveness (July 2005). The Strategic Framework for ODA identifies as its first Guiding Principle, “Ensure National Ownership. ODA projects and programs must be mobilized and utilized according to the five-year national, sector, and local socio-development plans. Ministries, line agencies, localities and beneficiaries should mainstream ODA projects and programs in their own five-year socio-economic plans 2006–2010” and goes on to state that donors must follow the five Pairs Declaration/Hanoi Core Statement tenets, including “[r]espect for country leadership and ownership in the development and implementation of socio-economic development programs.” The Strategic Framework also identifies priority sectors and the percentage of development assistance allocated to each; the infrastructure sector (including transportation/roads) is slated to receive more ODA than any other sector. The Hanoi Core Statement sets out specific indicators for each of the tenets for 2010, as well as commitments for the GoV and for donors.

**NH-1 and NH-5:** While many of these government ownership initiatives were not in place when JBIC began working with the GoV on the highway projects in 1994, the roads sector had already been clearly defined as high priority by the GoV in its 10-year and five-year plans, as it continues to be today.

**Alignment**

As noted above in Ownership, most ODA is considered by the GoV and donor representatives to be aligned with Vietnam’s national development plans. According to the preliminary results of the 2008 OECD-DAC Paris Declaration Survey (available for Vietnam from the Partnership Group on Aid Effectiveness1), 77% of aid was aligned with national priorities.

Staff at all of the government departments contacted agreed that project-tied funding was most appropriate for large-scale infrastructure such as NH-1 and NH-5 because of the procurement demands and opportunities for technology transfer.

> “Funding modality is not the issue, rather harmonization and alignment are important.”
> —Cao Manh Cuong, Deputy Director General, Foreign Economic Relations Department, MPI

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and since large-scale infrastructure must be conceived of in terms of projects regardless of the source of funding. At the MOF, MPI, and MOT, staff preferred budget support for rural or geographically dispersed programs, such as the National Target Programs, because it provides more flexibility in addressing needs. Staff at the PMUs, however, expressed concerns about the ability to monitor and demonstrate results when funding is provided through budget support and the effect this ambiguity might have on the level of donor lending.

**Program-Based Approaches:** There are a variety of donor-funded initiatives that could be considered program-based approaches, ranging from budget-support such as the Poverty Reduction Support Credits (PRSCs) to project-tied funding in support of sectoral plans. In the infrastructure sector, DFID and the World Bank have used targeted budget support for a rural roads initiative, with the money managed directly at the provincial level, rather than through a central government agency. However, in Vietnam, “Large investment projects are not at present classed as PBA, even where they are aligned with sectoral strategies.”

This classification excludes NH-1 and NH-5 from the PBA category.

**Public Financial Management and Procurement:** Vietnam is in the process of reforming its public financial management and procurement systems as it transitions from systems designed to support a planned economy. Support from the donor community includes capacity building in procurement, often as part of larger donor-funded projects such as NH-1 and NH-5, and ongoing support for public financial management reform from the World Bank, including the MTEF pilots, and a multi-donor trust fund. The preliminary results of the 2008 OECD-DAC Survey indicate that 24% of donors providing 49% of aid use country public financial management systems and 48% of donors providing 55% of aid use country procurement systems. These numbers include budget support provided through a variety of mechanisms, including the PRSC and targeted budget support for selected National Target Programs.

Recent reforms have made the national budget more transparent and strengthened the role of the National Assembly. However, information on ODA as presented in the budget is limited to sources and the percentages allocated to various sectors. The more substantive decisions about allocation and prioritization are made primarily by MPI.

NH-1 and NH-5 both included consultancy on procurement for the PMUs in the initial scope of work in recognition of GoV’s limited ability to conduct international competitive bidding in the mid-1990s. The GoV has significantly improved its procurement capacity, although there are still substantial gaps between donor procedures and GoV regulations. As a result, the Ministry of Transport’s Project Management Units (PMUs) No. 5 and No. 18, which were responsible for implementing NH-1 and NH-5, report that even today they follow different procurement regulations for different donors. For example, State-Owned Enterprises (SOEs) such as the Road Management Companies, are not permitted to compete in World Bank procurements above a certain size.

**Project Implementation Units:** The Ministry of Transport has approximately 10 Project Management Units, which implement both donor-funded and GoV-funded projects. These are long-term, fully integrated units within the overall Vietnamese government structure. Staff at PMUs are paid according to state pay scales through the MOT; they receive a project management fee dependent on the value of funds managed. As projects end and the value of funds managed decreases, PMUs tend to lose staff to other government agencies and the private sector.

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Donor-funded consultants are placed at the PMUs on a short-term or long-term basis to assist with the tendering process and engineering specifications for complex projects. Staff at both PMU-5 and PMU-18 reported less need for expatriate consultants over time as “there is now capacity to implement large projects.” However, both PMUs also emphasized that large, donor-funded infrastructure projects are important not only as a source of investment, but also for technology transfer, citing examples in which Vietnamese-funded projects used innovating bridge technology first introduced in donor projects.

PMUs are responsible only for the construction phase of infrastructure projects. Once projects are completed, maintenance and operations are turned over to other government agencies. In the case of national roads, such as NH-1 and NH-5, O&M is the responsibility of Road Management Companies, state-owned enterprises who are responsible for the segments of national roads within their geographic jurisdiction (see Managing for Development Results, below).

Land Acquisition/Relocation of Residents: Large transport projects in Vietnam, such as NH-1 and NH-5 require land acquisition and relocation of residents. While the JBIC-funded projects followed GoV regulations on relocation, many other donors currently require the GoV to follow different procedures, specifically with respect to compensation for residents who were illegally occupying acquired land. Land acquisition generally takes longer than initially planned. Recently, the GoV has moved responsibility for land acquisition to the provincial level from the MOT/PMU and has begun planning the activities as separate projects, rather than as simply a small part of a large infrastructure project.

Disbursements: Disbursement rates in Vietnam are behind other countries in the region. Both government officials and donor representatives attributed delays primarily to legal and bureaucratic issues. Land acquisition/relocation of residents was also identified as a significant factor in delaying work (and therefore disbursements) on NH-1 and NH-5.

Harmonization

Donor mechanisms: Vietnam has a wide range of donor harmonization mechanisms, including the Partnership Group on Aid Effectiveness; the Like-minded Donor Group (LMDG), which brings together 13 bilateral donors; and the Six Banks, which is a grouping of six development banks. Among other activities, the LMDG supports the PRSC and funds the Public Procurement Training Project through a joint Financing Agreement with MPI.

The Six Banks have worked together with the GoV to harmonize reporting requirements and procurement. While the inclusion of the GoV can slow the process down significantly, it also means that when procedures are adopted, they automatically result not only in harmonization, but also in alignment. To date, the Six Banks and the GoV have adopted Common Feasibility Study Guidelines for ODA projects and, with assistance from the Vietnam Australia Monitoring and Evaluation Strengthening Project, developed the Aligned Monitoring Tool (AMT) for project reporting during implementation. In practice, however, the PMUs and other relevant government agencies have been slow in adopting the AMT. Staff at the PMUs did not consider the multiple reporting requirements to be a significant burden, although some reported that using Vietnamese procedures allowed projects to move faster.

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The Six Banks also provide joint technical assistance on strengthening the GoV’s procurement systems, including harmonization of national procurement with international standards. In 2008, the Six Banks are also focusing on harmonization of Environmental and Social Impact Assessments. The Social Impact Assessment Tool will focus on illegal land users, an issue that, as noted above, requires harmonization across donors as well as with the GoV.

**Programmatic Approaches:** Donors jointly fund a number of PBAs through general or targeted budget support, including the World Bank/DFID rural roads project (see Alignment, above), education sector support, water and sanitation sector support, and the National Target Program 135, which is a national poverty reduction program that receives pooled funding from eight donors.

While some donors are increasing their use of budget support, others have either reduced their contributions to budget support in Vietnam or did not have parallel lending. For example, KfW is reducing its use of budget support worldwide in response to domestic concerns in Germany about its efficacy.

**NH-1 and NH-5:** These projects involved multiple donors funding different segments or aspects of the road projects through parallel lending. As noted above, the collaboration of the World Bank, JBIC, and ADB on NH-1 led to the formation of the Six Banks.

**Managing for Development Results**

**Monitoring:** While the GoV’s 2006–2010 SEDP specifies broad performance indicators, including indicators designed to measure progress towards achieving the MDGs and the related Vietnam Development Goals, the absence of an MTEF or other mechanism to tie the budget to the country and sector development plans limits its usefulness in managing for development results. MPI has developed an M&E framework for ODA, issued as a decree in 2007 (the ODA Monitoring and Development Framework 2006–2010). JBIC is supporting the implementation of this decree through a 2007 MOU with MPI to conduct ex-post evaluations of JBIC ODA projects and to provide TA to improve GoV evaluation systems. In June 2008, JBIC and MPI presented the results of a joint evaluation of the NH-1 and NH-5 projects, assessing performance against the original objectives of the project using evaluation methods/tools from both JBIC and GoV practice. Projects in other sectors will be evaluated next year using the same methodology.

Finally, the AMT, if it comes into widespread use, should improve monitoring both within and across projects, providing information that will benefit government and donor decision makers and managers.

**Sustainability:** One issue raised by the JBIC/MPI Joint Evaluation, as well as by other donor-funded assessments such as the World Bank/LMDG/GoV Public Expenditure Review and Integrated Fiduciary Assessment, is the chronic underfunding of maintenance and operations in the roads and broader infrastructure sector. As described above, capital investment planning and budgeting for O&M are split between MPI and MOF and project development/construction and O&M in the roads sector are carried out by the MOT’s PMUs and Road Management Companies, respectively. These divisions between planning and implementation reduce the ability of the GoV to manage infrastructure sustainably. While user charges, including a surcharge on fuel and
road tolls on selected roads, including NH-5, are collected, the funds become part of the general state budget. According to the Road Management Company responsible for NH-5, the road tolls it currently collects and turns over to the MOF will soon be collected by a consortium of banks that are constructing a new NH-5 under a BOT agreement in order to subsidize construction.

Donors in this sector work most closely with the two government institutions responsible for planning capital projects—MPI and the PMUs—and provide limited or no support to the MOF or Road Management Companies for planning, funding, or carrying out operations and maintenance. As a result, project-tied funding in the roads sector may exacerbate the trend toward overinvestment in infrastructure.

Mutual Accountability

Joint Assessments: In Vietnam, there has been a dramatic increase in joint missions and joint analyses, increasing from 10% in 2005 to 26% in 2008 and from 24% to 73%, respectively.4

Consultation: As described above (see Ownership), the GoV held consultations at various levels of government and with civil society for the first time in developing the current national development plan, the 2006–2010 SEDP. While the consultations with civil society organized by the MPI and the World Bank had a very broad agenda and did not focus on specific policy or implementation issues, they were seen as a positive step towards improved accountability. On the donor side, local civil society organizations are also invited to attend Consultative Group meetings as observers.

Recent reforms have made the national budget more transparent and strengthened the role of the National Assembly in budgeting. Members of the National Assembly receive training on budgeting and other issues from government ministries, donors, and local NGOs; nevertheless, their capacity for participation is currently limited.

With respect to infrastructure, government and civil society representatives indicated a need to bring the local authorities—which are responsible for land acquisition/relocation and maintenance of certain categories of infrastructure assets—into the decision making and planning processes earlier.

iv. Summary of Implementation of Paris Tenets

<table>
<thead>
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<th>Country/Project</th>
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<th>Alignment</th>
<th>Harmonization</th>
<th>Results</th>
<th>Mutual Accountability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vietnam Bridge and Highway (NH-1 and NH-5)</td>
<td>Projects reflect national and sectoral plans.</td>
<td>Procurement and PFM improving, but not yet sufficient for large-scale projects.</td>
<td>Six Banks Initiative to harmonize reporting, procurement and environmental and social impact assessment requirements.</td>
<td>JBIC conducts regular joint evaluations with GoV.</td>
<td>Hanoi Core Statement</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>JBIC conducts regular joint evaluations with GoV.</td>
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</tbody>
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Vietnam Meetings:

Ministry of Finance, Socialist Republic of Vietnam
Nguyen Xuan Thao, Deputy Manager, International Financial Institutions Division, External Finance Department
Nguyen Hai Yen, Section Deputy Chief, State Budget Department
Nguyen Bao Ha, Official, External Finance Department

Ministry of Transport, Socialist Republic of Vietnam
Do Duc Chinh, PMU-5, Deputy General Director
Le Van Chien, PMU-18, Director, Technical Department
To Hong Anh, Senior Expert, Investment Department
Nguyen Ngoc Thuyen, Official, International Cooperation Department
Le Van Dung, Director, 240 Road Repairing and Management Company, II Road Management Area, Vietnam Road Authority

Ministry of Construction, Socialist Republic of Vietnam
Bui Xuan Doan, Vice Director, Administration of Technical Infrastructure

Ministry of Planning and Investment, Socialist Republic of Vietnam
Duong Duc Ung, Senior Policy Advisor CCBP
Cao Manh Cuong, Deputy Director General, Foreign Economic Relations Department

Center for Cooperation Human Resources Development
Pham Thuy Anh, Director

KfW Bankengruppe, KfW Office Hanoi
Maike Lerch, Director Special Programs

Japan Bank for International Cooperation, Representative Office in Hanoi
Yasuhisa Ojima, Representative

World Bank/Vietnam
William D.O. Paterson, Lead Infrastructure Specialist, Transport Sector, Sustainable Development Department

Attachment A: Hanoi Core Statement

See Attached.
Hanoi Core Statement on Aid Effectiveness
Ownership, Harmonisation, Alignment, Results

Background Statement

We, the Government of Vietnam and development partners, agree to take far-reaching and monitorable actions to make aid more effective as we look ahead to the achievement of Vietnam’s Development Goals (VDGs) by 2010, and the Millennium Development Goals (MDGs) by 2015. We recognise that while volumes of aid and other development resources are increasing to achieve the VDGs, aid effectiveness must also increase significantly to support Vietnam’s efforts to strengthen governance, to improve development performance, and to enhance development outcomes. We agree at this workshop to localise the conclusions of the High Level Forum on Aid effectiveness held in Paris in March 2005 ("The Paris Declaration") to reflect circumstances in Vietnam. We resolve to increase the impact of aid in reducing poverty and inequality, increasing growth, building the capacity of human resources and institutions, and accelerating achievement of the VDGs.

Partnership Commitments

Developed in a spirit of mutual accountability, these Partnership Commitments reflect the ambitions and structure of the Paris Declaration and build on the on-going efforts and experiences of development in Vietnam.

1. Ownership

Vietnam defines operational development policies

1. The Government of Vietnam exercises leadership in developing and implementing its 5 Year Socio Economic Development Plan (SEDP) through a broad consultative processes which integrates overseas development aid into mainstream planning (Indicator 1).

2. The Government of Vietnam further strengthens its leadership role in co-ordinating aid at all levels.

2. Alignment

Donors align with Vietnam’s strategies and commit to use strengthened country systems

3. Donors base their support on the Government of Vietnam’s SEDP and related national, regional and provincial, and sectoral plans (Indicator 2).

4. Donors base dialogue on the poverty reduction and growth agenda articulated in the SEDP.

5. The Government of Vietnam and donors establish mutually agreed frameworks that provide reliable assessments of country systems, procedures and their performance.

6. Donors use country systems and procedures to the maximum extent possible. Where use of country systems is not feasible, donors establish additional safeguards and measures in ways that strengthen country systems and procedures (Indicator 5, 6 and 8).

7. Donors avoid creating parallel structures (PMUs) for day-to-day management and implementation of aid-financed projects and programmes (Indicator 3).

8. Donors phase out paid incentives for government officials administering aid financed activities and do not establish incentives in future activities.

Vietnam strengthens institutional capacity with support from donors; donors increasingly use government systems

9. The Government of Vietnam integrates capacity building objectives in the SEDP and related national, regional and provincial, and sectoral plans and leads a comprehensive capacity building programme with co-ordinated donor support (Indicator 4).

10. The Government of Vietnam undertakes reforms, such as public administration reforms (PAR), that promote long-term capacity development.

1 Vietnam’s progress in meeting the MDGs will be presented to the UNGA Summit in New York, September 2005.
11. The Government of Vietnam undertakes reforms to ensure that the legal framework, national systems, institutions and procedures for managing aid and other development resources are effective, accountable and transparent.

12. The Government of Vietnam and donors commit sufficient resources to support and sustain reform and capacity building in public procurement and public financial management.

13. Donors progressively rely on the Government of Vietnam’s procurement system once mutually agreed standards have been attained (Indicator 5).

14. Donors progressively rely on the Government of Vietnam’s public financial management system once mutually agreed standards have been attained (Indicator 6).

15. The Government of Vietnam publishes timely, transparent and reliable reports on budget planning and execution (Indicator 6).

16. Donors enhance the predictability of future aid through transparent decision making processes, provide reliable indicative commitments of aid over a multi-year framework (including aid commitments covering multi-year expenditures of projects) and release aid in a timely and predictable fashion in relation to the Government of Vietnam's budget cycle (Indicator 7).

17. The Government of Vietnam, supported by donors, develop specialised technical and policy capacity for social and environmental analysis (SIA and EIA) and enforcement of legislation (Indicator 8).

3. Harmonisation and Simplification

Donors implement common arrangements and simplify procedures

18. The Government of Vietnam and donors jointly conduct and use core diagnostic reviews such as Country Financial Accountability Assessment (CFAA), Public Expenditure Review (PER), Country Procurement Assessment Report (CPAR), etc, and the Government of Vietnam and donors work together to share other reviews and carry out more joint reviews (Indicator 9).

19. Donors rationalise their systems and procedures by implementing common arrangements for planning, design, implementation, M&E and reporting to Government of Vietnam on donor activities and aid flows (Indicator 10).


21. Decentralisation and delegation of authority to the country level is maximised for each donor (Indicator 12).

Complementarity: more effective division of labour

22. The Government of Vietnam provides clear views on donors’ comparative advantage, different aid modalities and on how to achieve donor complementarity at country or sector level.

23. Donors make full use of respective comparative advantage at sector level by aligning support and agreeing, where appropriate, lead donors for co-ordinating programmes, activities and tasks, including delegated cooperation.

Incentives for collaborative behaviour

24. Government and donors devise practical means to encourage harmonisation, alignment, and results based management.

---

2 In this definition programme-based approaches share the following features irrespective of aid modalities: i) Leadership by the host country; ii) Single Comprehensive programme and budget framework; iii) Formalised process for donor co-ordination and harmonisation of procedures; and iv) Efforts to increase use of local systems for the whole project cycle.
4. Managing for Results

Managing resources and improving decision-making for results

25. The Government of Vietnam and donors jointly use results-oriented performance assessment frameworks to maximise aid effectiveness and manage implementation of the SEDP and related national, regional, provincial and sectoral plans (Indicator 13).

26. Donors link country programmes and resources to achieve results that contribute to, and are assessed by, Government of Vietnam performance assessment frameworks, using agreed indicators.

5. Mutual Accountability

Government of Vietnam and donors are accountable for development results

27. The Government of Vietnam and donors jointly assess, and carry out annual independent reviews, on progress in implementing agreed commitments on aid effectiveness and improved development outcomes through existing and increasingly objective country level mechanisms (Indicator 14).

28. Donors provide timely, transparent and comprehensive information on aid flows and programme intentions to enable Government of Vietnam to present comprehensive budget reports to legislatures and citizens, and co-ordinate aid more effectively.

Hanoi Core Statement Indicators and Targets

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Indicative Targets to 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ownership</strong></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>5 Year Socio-Economic Development Plan (SEDP) is finalised, CPRGS principles are integrated; SEDP is effectively implemented.</td>
</tr>
<tr>
<td><strong>Alignment</strong></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Donor assistance strategies are aligned to the SEDP and related national, regional, provincial and sector strategies</td>
</tr>
<tr>
<td>3</td>
<td>Donors strengthen GoV capacity by avoiding parallel PMUs</td>
</tr>
<tr>
<td>4</td>
<td>Capacity building objectives are clearly set out in the SEDP and related national, regional, provincial and sector strategies, and PAR. GOV and partner agencies lead comprehensive capacity building programmes with co-ordinated donor support – Percent of aid for capacity building per se delivered through partner-led and coordinated programmes</td>
</tr>
<tr>
<td>5</td>
<td>Public procurement systems are strengthened to mutually agreed standards taking into account such recommendations as CPAR, PAR – Percent of aid flow and percent of donors using GoV procurement systems.</td>
</tr>
<tr>
<td>6</td>
<td>a) Public financial management systems strengthened and PER / CFAA recommendations are implemented b) GoV publishes timely, transparent and reliable reporting on budget execution, audited by State Audit of Vietnam in accordance with INTOSAI</td>
</tr>
<tr>
<td>7</td>
<td>More predictable aid – Percent of aid disbursed according to agreed schedules in annual or multi-year frameworks</td>
</tr>
<tr>
<td>8</td>
<td>GoV and donors improve environmental and social safeguards – Percent of EIAs and SIAs implemented to international standards and using government systems</td>
</tr>
</tbody>
</table>

Harmonisation and Simplification

9 | Fewer, better, core diagnostic and country analytical reviews of Vietnam’s | Core diagnostic reviews used by all |

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3 Targets may be modified following finalisation of the Indicators of Progress (Part III of the Paris Declaration). Interim targets to be established in the V-HAP.

4 International Organisation of Supreme Audit Institutions (INTOSAI).
<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>development needs. – Percent of country/sector diagnostic reviews and studies used by 2 or more donors.</td>
<td>donors; at least 75% of country analytical reviews used by 2 or more donors</td>
</tr>
<tr>
<td>10</td>
<td>Common project cycle management tools agreed and used throughout the project/programme cycle (planning, design, implementation, management reporting etc.) – Percent of donors using common project/programme cycle tools</td>
<td>At least 50% of donors</td>
</tr>
<tr>
<td>11</td>
<td>Donor interventions are co-ordinated within GoV-led policy and sector frameworks, including general / sector budget support and project modalities. The % use of different aid modalities (by volume) will be monitored each year</td>
<td>At least 75% of aid is national or sector programme based</td>
</tr>
<tr>
<td>12</td>
<td>Donors enhance capacity of country offices and delegate authority to them – Percent of donors and aid interventions that are managed at the country level</td>
<td>At least 75% of aid interventions</td>
</tr>
</tbody>
</table>

**Managing for Results**

<p>| | | |</p>
<table>
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<tr>
<th></th>
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<tbody>
<tr>
<td>13</td>
<td>Results framework developed and used to assess the performance of the SEDP and sector programmes – Composite score based on 4 characteristics of a results-oriented framework (objectives, availability of indicators, M&amp;E capacity and information use in decision making)</td>
<td>Score of 3 based on DAC criteria and continuous monitoring</td>
</tr>
</tbody>
</table>

**Mutual Accountability**

<p>| | |</p>
<table>
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<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>14</td>
<td>Periodic mutual assessment of progress in implementing agreed commitments on aid effectiveness</td>
</tr>
</tbody>
</table>

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5 This is based on the OECD DAC scoring system detailed in their questionnaire “Baseline Survey Paris Declaration on Aid Effectiveness, 2005”.
### DEFINITIONS FOR THE HANOI CORE STATEMENT

#### INDICATOR 1  Ownership

This is the effective exercise of GoV authority over development programmes including when it relies on external resources to implement them. (OECD-DAC)

Achieving this requires a concerted effort by GoV and Donors based on the CPRGS Principles.

**CPRGS Principles**

**Outcome oriented planning.** The Prime Minister’s directive 33 emphasises the achievement of the Vietnam Development Goals. This is indicative of a shift in the planning process, from a target oriented approach to one which is focused on achieving development outcomes.

**Comprehensive approach to planning with pro-poor orientation.** Poverty treated as “cross cutting” approach. Poverty concerns mainstreamed across sectors and provincial plans.

**Broad based participatory approach to planning.** The Prime Minister’s directive recommends wide ranging consultations. Consultation is sequenced to ensure that stakeholders are able to debate the main strategic issues and plan priorities. And relevant stakeholders including the poor consulted at different points of the planning cycle.

**Linking plans to budgets.** The aligning of plan priorities with budget allocations. SEDP priorities to guide and inform public investment decisions through enhanced public participation. Strengthened capacity of provinces to integrate poverty reduction and growth into provincial planning and budgeting.

**Defining the role of the private sector and civil society.** Government considers the potential role of private sector and civil society in delivering plan priorities, and reassess the areas where it has a comparative advantage and others, which could be left to the private sector. Engaging with the civil society to strengthen the participation of the poor in planning and monitoring of plans and in implementing the Grassroots Democracy Decree.

#### INDICATOR 2  Donor assistance strategies are aligned

Alignment is the commitment made by donors to base their development assistance on countries national strategies, institutions and processes (OECD-DAC)

- Donors support the 5-year socio economic plan as the framework of reference for programming their country assistance which is aligned on the needs and priorities identified in the SEDP.
- Donors' budget support is aligned with partners' budget cycles.
- Programme support is delivered using GoV systems and procedures.

Aid should be provided in ways that build, and do not undermine, partner
countries’ sustainable capacity to develop, implement, and account for these policies to their people and legislature.

**INDICATOR 3**

*Parallel PMUs*

Project management units (PMUs) are dedicated structures that are responsible for the day-to-day management and implementation of aid-financed projects and programmes. They vary in size, function, physical location, legal status, and degree of integration with existing structures.

A **fully integrated PMU** is a desirable model from an institutional development perspective: The implementing ministry where the PMU is located takes full responsibility and implements projects using the existing ministry structure, procedures, and staff. In some cases, the ministry may reassign some staff to carry out project activities by releasing them from other ministry functions. Such a PMU may be supported by limited technical assistance for specific areas that require additional skills or expertise.

**Parallel PMUs** are usually created outside the existing structure of the project implementing ministry and often duplicate or recreate ministry functions and capabilities. Parallel PMUs often need substantial technical assistance support for specific areas of expertise or skills. Given that all PMUs in Vietnam are integrated to some extent into their parent agency, there is a need to identify a local definition of the kind of “parallel PMUs” that are to be avoided.

**INDICATOR 4**

**Government-led or Vietnamese Partner led and co-ordinated capacity building**

Coordinated means that the programmes are coordinated by the Partner Agency (here the term coordination does not refer to the coordination between donors).

The United Nations Development Programme defines capacities as comprising the “ability of people, institutions and societies to perform functions, solve problems and set and achieve objectives”

Partner-led and co-ordinated capacity building programmes are capacity building programmes per se which fit in under the capacity development strategy for the partner agency.

**INDICATOR 5**

**CPAR, PAR recommendations implemented**

The public procurement system will be strengthened when the recommendations of the CPAR 2002 and the CPAR updates in 2004 as part of the PAR-IFA are implemented.

A Monitoring and Evaluation system will be established by GoV to track and benchmark the performance of the Public procurement system.

The target refers to a % of donors using the GoV Procurement systems: to be eligible, a donor has to channel at least 50% of its aid through the country systems.
**INDICATOR 6**  
**Public financial management systems strengthened and PER / CFAA recommendations implemented**  
Public Financial Management systems comprise the budgeting, (effective allocation of public funds between sectors), investment planning, public procurement, accounting and auditing systems.  
Using Public Budgeting system means that the ODA funds are reported in the national, provincial and sectoral budget.  
The target refers to both a percentage of aid flow and percentage of donors using the country systems. To qualify as using country systems, a donor has to channel at least 50% of its aid through the country systems.  
Public Expenditure Review (PER) recommendations have been approved by the Prime Minister. The GoV action plan is to be formulated by year end 2005.  

**Government publishes timely, transparent and reliable reporting on budget execution**  
Decree 60 (June 2003) provides the framework covering budget execution. The strengthening of the budget execution, reporting and auditing is guided by the Country Financial Accountability Assessment (CFAA) prepared in 2000 by the World Bank; The update of the report and of its recommendations is currently in progress.  

**Budget audited in accordance with the International Organisation of Supreme Audit Institutions (INTOSAI)**  
The State Audit Board is preparing enactment of a new audit law to move the Board closer to a genuine external audit law (including provision for performance audits) placing greater efficiency on the efficiency of the spending and not only the control of procedures.

**INDICATOR 7**  
**Predictable aid: Aid disbursed according to agreed schedules in annual or multi-year Frameworks**  
Aid is predictable when the GoV can be confident about the amount and the timing of aid disbursements. (OECD /DAC) This issue is related to the extend to which GoV can rely on donor pledges being translated into actual aid flows and to the transparency of the criteria for adjusting disbursements.  
When budget support is provided, it is important that it be delivered in accordance with GoV’s budget procedures and over a time frame that is consistent with GoV’s planning horizon.  
Predictability is best defined by what it is not. Unpredictable delivery of aid is caused by macroeconomic or governance difficulties, administrative bottlenecks, changes in donor priorities and absence of firm multi year commitments from donors.

**INDICATOR 8**  
**EIAs implemented to international standards**  
Environmental Impact Assessment (EIA) is a procedure that ensures that the environmental implications of decisions are taken into account before the
decisions are made. The process involves an analysis of the likely effects on
the environment, recording those effects in a report, undertaking a public
consultation exercise on the report, taking into account the comments and the
report when making the final decision and informing the public about that
decision afterwards.

EIA can be undertaken for individual projects such as a dam, motorway or for
plans, programmes and policies ('Strategic Environmental Assessment').

The International Association for Impact Assessment has published the “EIA
global guidelines for EIA”. Sector EIA guidelines have been produced to deal
with issues of specific sectors : water, industry, etc.

Vietnam’s Framework for co-operation in the environment field is the
National Strategy for Environmental Protection (NSEP) until 2010 and
MONRE is currently preparing the Five-year plan 2006-2010. EIA was
introduced in Vietnam in 1994 under the law on environmental protection.
Decree GD 175/CP states that EIA should be conducted for specific projects
and for overall regional development strategies.

SIAs implemented to international standards

Social Impact Assessment includes the processes of analysing, monitoring
and managing the intended and unintended social consequences (both positive
or negative) of planned interventions (Policies, Programs, projects) and any
social change invoked by those interventions. Its purpose is to bring a more
sustainable and equitable environment.

Social Safeguards relate to issues of resettlement and ethnic minority impacts
as a result of development projects and the need for compliance with
international standards in respect to compensation and associated support
activities of affected persons/households so that they are not adversely
affected by the development projects.

INDICATOR 9 Core diagnostics

The most commonly used core diagnostic reviews in Vietnam are: Public
Expenditure Review which analyses Vietnam’s fiscal position, its
expenditure policies – in particular the extent to which they are pro-poor –
and its public expenditure management systems

Country Procurement Assessment Review which examines public
procurement institutions and practices in Vietnam and

Country Financial Accountability Assessment which enhances the
knowledge of public financial management and accountability arrangements
in Vietnam

Country analytic reports include sector studies and strategies, country/sector
evaluations, and discussion papers

INDICATOR 10 Common project cycle management tools

Project cycle management tools include processes, methodologies, formats to
cconduct:
- appraisal,
- implementation
- reporting
CCBP is coordinating various initiatives (in order to develop a comprehensive, harmonised and streamlined set of Project Management tools.

| INDICATOR 11 | Donors' interventions are co-ordinated within GoV-led policy and sector frameworks, including general/sector budget support and project modalities. Development assistance should be provided in ways that build partners' sustainable capacity to develop, implement and account for these policies to their citizens. Programme-based approaches share the following features irrespective of aid modalities:  
   i) Leadership by the host country;  
   ii) Single Comprehensive programme and budget framework  
   iii) Formalised process for donor co-ordination and harmonisation of procedures;  
   iv) Efforts to increase use of local systems for the whole project cycle.  
   Source: OECD |

| INDICATOR 12 | Donors enhance capacity of country offices and delegate authority to them. Donors transfer responsibility for the management of aid programmes from their headquarters to country offices, increasing the capacity of the country offices to make them equal to their tasks. For the purpose of the indicator, interventions managed at country level would be those where the donor project manager is based in the country and where the local office has full responsibility on project or programme implementation and monitoring. |

| INDICATOR 13 | Results framework  
A results-oriented performance assessment framework is characterised by  
(a) clear definition of objectives in terms of expected results;  
(b) availability of monitorable outcomes and output indicators, baseline data, and time-bound targets;  
(c) monitoring and evaluation arrangements and capacity;  
(d) use of information for decision-making.  
Each criteria is scored using following scale:  
1 - nonexistent  
2 - emerging practice  
3 - established practice  
4 – best practice  
And the weighted average is computed to give the overall rating: |
An overall rating of 3 (three) and above would indicate an existing results-oriented framework.

<table>
<thead>
<tr>
<th>INDICATOR 14</th>
<th>Annual assessment of progress in implementing agreed commitments on aid effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The annual assessment is due to measure the progress of the implementation of the VHAP using the mutually agreed indicators of the HCS.</td>
</tr>
</tbody>
</table>
## Country Data Table

<table>
<thead>
<tr>
<th>Country</th>
<th>Per capita GDP&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Net ODA as a % of GNI&lt;sup&gt;2&lt;/sup&gt;</th>
<th>Total ODA (Gross disbursements from all donors (2006, in $millions))&lt;sup&gt;3&lt;/sup&gt;</th>
<th>Bilateral donor breakdown&lt;sup&gt;4&lt;/sup&gt;</th>
<th>Multilateral donor breakdown&lt;sup&gt;5&lt;/sup&gt;</th>
<th>Breakdown of aid funds by sector&lt;sup&gt;6&lt;/sup&gt;</th>
<th>Governance Structure</th>
<th>Governance Indicators&lt;sup&gt;7&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>$1,374</td>
<td>1.9%</td>
<td>1,950.96</td>
<td>Japan (10.2%); UK (9.9%); US (4.2%); Netherlands (3.3%); Canada (2.8%); Denmark (2.5%)</td>
<td>IDA (24.5%); ADB (13.6%); IMF (6.4%); EC (4.6%)</td>
<td>Education (21%); Economic infrastructure and services (20%); Other social sectors (17%); Action relating to debt (14%); Multisector (7%); Program assistance (5%); Humanitarian aid (5%); Health and population (3%); Production (3%); Other (5%)</td>
<td>Parliamentary republic</td>
<td>FH scores: 4 (PR), 4 (CL); TI score: 2.0 (162)</td>
</tr>
</tbody>
</table>

<sup>1</sup> Per capita GDP

<sup>2</sup> Net ODA as a % of GNI

<sup>3</sup> Total ODA (Gross disbursements from all donors (2006, in $millions))

<sup>4</sup> Bilateral donor breakdown

<sup>5</sup> Multilateral donor breakdown

<sup>6</sup> Breakdown of aid funds by sector

<sup>7</sup> Governance Indicators

- Freedom House (FH) scores on political rights (PR) and civil liberties (CL) where 1=free and 7=not free.
- Transparency International (TI) score on corruption where 10=clean and 0=corrupt (world ranking in parentheses).
<table>
<thead>
<tr>
<th>Country</th>
<th>Per capita GDP</th>
<th>Net ODA as a % of GDP</th>
<th>Total ODA</th>
<th>Bilateral donor breakdown</th>
<th>Multilateral donor breakdown</th>
<th>Breakdown of aid funds by sector</th>
<th>Governance Structure</th>
<th>Governance Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burkina Faso</td>
<td>$1,300</td>
<td>14.0%</td>
<td>$1,988.2</td>
<td>France (6.0%); Netherlands (2.7%); Denmark (2.1%); Germany (1.5%); US (1.0%); Switzerland (1.0%)</td>
<td>IDA (28.3%); AfDB (10.0%); EC (6.0%)</td>
<td>Program assistance (22%); Other social sectors (19%); Education (15.5%); Production (12%); Economic infrastructure and services (10%); Action relating to debt (8%); Multisector (6%); Health and population (5%); Other (2.5%)</td>
<td>Semi-presidential republic</td>
<td>FH scores: 5 (PR), 3 (CL); TI score: 2.9 (105)</td>
</tr>
<tr>
<td>Ghana</td>
<td>$1,516</td>
<td>9.2%</td>
<td>$5,370.23</td>
<td>Germany (3.6%); UK (2.7%); Netherlands (1.6%); France (1.3%); US (1.3%); Denmark (1.1%)</td>
<td>IDA (41.5%); AfDB (4.4%); EC (1.5%)</td>
<td>Financial (22.6%); Manufacturing (18.5%); Services (18.4%); Trade (8.2%); Construction (7.9%); Agriculture (5.4%); Mining/quarrying (3.8%); Electric/energy/water (3.6%); Communications/transportation (3.1%); Other (7.6%)</td>
<td>Constitutional democracy</td>
<td>FH scores: 1 (PR), 2 (CL); TI score: 3.7 (69)</td>
</tr>
<tr>
<td>Country</td>
<td>Per capita GDP</td>
<td>Net ODA as a % of GNI</td>
<td>Total ODA Gross disbursements from all donors (2006, in $millions)</td>
<td>Bilateral donor breakdown</td>
<td>Multilateral donor breakdown</td>
<td>Breakdown of aid funds by sector</td>
<td>Governance Structure</td>
<td>Governance Indicators</td>
</tr>
<tr>
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<tr>
<td></td>
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<td></td>
<td>Japan (38.8%); Australia (8.0%); US (7.2%); Germany (6.9%); Netherlands (5.3%); UK (3.4%); Canada (2.3%)</td>
<td>IDA (6.2%); EC (3.4%); ADB (2.9%)</td>
<td>Economic infrastructure and services (37%); Humanitarian aid (18%); Other social sectors (16%); Action relating to debt (9%); Multisector (7%); Production (6%); Education (5%); Program assistance (5%); Health and population (1%); Other (2%)</td>
<td>Presidential republic</td>
<td>Freedom House (FH) scores: 2 (PR), 3 (CL); Transparency International (TI) score: 2.3 (143)</td>
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<tr>
<td>Indonesia</td>
<td>$3,979</td>
<td>0.4%</td>
<td>3,064.35</td>
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</tr>
<tr>
<td>Senegal</td>
<td>$1,769</td>
<td>9.3%</td>
<td>3,020.94</td>
<td>France (8.2%); Germany (3.4%); Spain (1.9%); US (1.4%); Japan (1.0%); Canada (0.8%)</td>
<td>IDA (34.3%); AfDB (5.3%); EC (1.5%)</td>
<td>Action relating to debt (50%); Education (14%); Multisector (11%); Other social sectors (9%); Production (5%); Economic infrastructure and services (5%); Health and population (3%); Program assistance (1%); Humanitarian aid (0.5%); Other (1.5%)</td>
<td>Semi-presidential republic</td>
<td>Freedom House (FH) scores: 2 (PR), 3 (CL); Transparency International (TI) score: 3.6 (71)</td>
</tr>
<tr>
<td>Country</td>
<td>Per capita GDP(^1)</td>
<td>Net ODA as a % of GNI(^2)</td>
<td>Total ODA Gross disbursements from all donors (2006, in $millions)(^3)</td>
<td>Bilateral donor breakdown(^4) Donor countries’ shares of total gross ODA received in 2006.</td>
<td>Multilateral donor breakdown(^5) Multilateral institutions’ shares of total gross ODA received in 2006.</td>
<td>Breakdown of aid funds by sector(^6)</td>
<td>Governance Structure</td>
<td>Governance Indicators(^7) Freedom House (FH) scores on political rights (PR) and civil liberties (CL) where 1=free and 7=not free. Transparency International (TI) score on corruption where 10=clean and 0=corrupt (world ranking in parentheses).</td>
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</tr>
<tr>
<td>Tanzania</td>
<td>$1,354</td>
<td>14.5%</td>
<td>5,632.2</td>
<td>UK (3.9%); US (1.9%); Netherlands (1.8%); Sweden (1.8%); Denmark (1.6%); Norway (1.2%)</td>
<td>IDA (36.3%); AfDB (6.0%); EC (3.1%)</td>
<td>Other social sectors (26%); Action relating to debt (17%); Program assistance (16%); Economic infrastructure and services (13%); Health and population (10%); Education (6%); Multisector (5%); Humanitarian aid (3%); Production (3%); Other (1%)</td>
<td>Republic</td>
<td>FH scores: 4 (PR), 3 (CL); TI score: 3.2 (94)</td>
</tr>
<tr>
<td>Uganda</td>
<td>$990</td>
<td>16.9%</td>
<td>4,859.37</td>
<td>US (4.9%); UK (2.8%); Netherlands (1.7%); Denmark (1.5%); Sweden (1.1%); Germany (1.1%); Ireland (1.1%)</td>
<td>IDA (36.7%); AfDB (5.1%); EC (2.6%)</td>
<td>Other social sectors (26%); Program assistance (25%); Humanitarian aid (15%); Action relating to debt (9%); Health and population (7%); Production (7%); Education (6%); Economic infrastructure and services (3%); Multisector (1%); Other (1%)</td>
<td>Republic</td>
<td>FH scores: 5 (PR), 4 (CL); TI score: 2.8 (111)</td>
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</tbody>
</table>
## Annex B: Country Data Table

<table>
<thead>
<tr>
<th>Country</th>
<th>Per capita GDP</th>
<th>Net ODA as a % of GNI</th>
<th>Total ODA Gross disbursements from all donors (2006, in $millions)</th>
<th>Bilateral donor breakdown</th>
<th>Multilateral donor breakdown</th>
<th>Breakdown of aid funds by sector</th>
<th>Governance Structure</th>
<th>Governance Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vietnam</td>
<td>$2,792</td>
<td>3.1%</td>
<td>2,099.38</td>
<td>Japan (31.7%); France (7.9%); Germany (5.2%); UK (4.2%); Denmark (3.4%); Netherlands (2.8%); Australia (2.4%); Sweden (2.0%)</td>
<td>IDA (17.6%); ADB (9.7%)</td>
<td>Economic infrastructure and services (47%); Production (11%); Other social sectors (11%); Multisector (9%); Program assistance (9%); Education (6%); Action relating to debt (3%); Health and population (2%); Other (2%)</td>
<td>Socialist republic</td>
<td>FH scores: 7 (PR), 5 (CL); TI score: 2.6 (123)</td>
</tr>
</tbody>
</table>

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Annex B: Country Data Table

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4 These are 2006 figures representing bilateral donors’ shares of the total gross ODA disbursed to each recipient country. Source: Organisation for Economic Co-operation and Development. *Development Co-operation Directorate.* “Aid at a Glance” charts. See Note 2 for links to the charts for each country.

5 These are 2006 figures representing multilateral institutions’ shares of the total gross ODA disbursed to each recipient country. Source: Ibid.


7 “FH scores” refer to country ratings on Freedom House’s 2007 *Freedom in the World* survey. Scores are given for both political rights (PR) and civil liberties (CL), with 7 being the lowest level of freedom and 1 being the highest. The ratings can be found at http://www.freedomhouse.org/template.cfm?page=372&year=2007. “TI score” refers to country ratings on Transparency International’s 2007 Corruption Perceptions Index. The Index ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. The scores fall along a continuum from 0 to 10, with 0 representing extremely high perceptions of corruption and 10 representing low perceptions of corruption. The Index can be found at http://www.transparency.org/policy_research/surveys_indices/cpi/2007.

Study on Aid Effectiveness in the Infrastructure Sector
REVISED FINAL REPORT
ANNEX C – IMPORTANCE OF INFRASTRUCTURE IN MEETING
THE MILLENNIUM DEVELOPMENT GOALS
Annex C: Importance of Infrastructure in Meeting the MDGs

Without sound infrastructure, some of the most fundamental pathways leading to achievement of the Millennium Development Goals (MDGs) would be inaccessible. Infrastructure plays an instrumental role in promoting the kind of robust economic growth that is essential to eradicating poverty. Infrastructure investments are at the center of confronting some of the most pressing public health challenges, as expanding access to medical facilities and to safe water and sanitation services can have a profound impact on the health priorities articulated in the MDGs. Even in less obvious ways, infrastructure is vital in the effort to meet the MDGs. The open trading and financial systems envisioned in the goals as a means by which to promote a global partnership for development require a certain infrastructural and technological framework to operate. In short, infrastructure is a highly important sector with a potentially far-reaching impact on progress toward meeting the MDGs. To further clarify this point, we highlight several particularly important relationships between infrastructure and various goals:

**Goal 1: Eradicate extreme poverty and hunger**

It is clear that sound infrastructure is necessary for the thriving economic activity that leads to more widely shared prosperity. Robust commercial exchange depends upon a sound network of roads and bridges. Functional roadways are essential if rural farmers and traders are to have access to markets for their goods, while urban transport systems may be the only practical means by which some urban workers can reach the workplace. What's more, investments in water and sanitation can lessen the prevalence of diseases of poverty, preventable illnesses that undermine a person's economic productivity and keep families mired in poverty.

**Goal 2: Achieve universal primary education**

A major part of ensuring that all boys and girls complete primary education is ensuring that schools are in good condition and viable methods for reaching the schools are available to all. These conditions directly implicate infrastructure. Without a functional transportation network, it is difficult to envision children from remote rural areas completing primary education. Moreover, if schools are not supported by quality water and sanitation services, it is equally difficult to imagine that education facilities will meet the necessary standard required to achieve this MDG.

**Goal 4: Reduce child mortality**

Investments in infrastructure are instrumental in combating child mortality. Consider Uganda, where the national infant mortality rate is 86 per 1000. In this country context, waterborne diseases have been identified as a principal cause of infant mortality. Expanding access to safe water and sanitation facilities must be a high priority in pursuit of this goal.

**Goal 5: Improve maternal health**

As with goal 4, infrastructure improvements have distinct benefits for maternal and child care. Quality roadways facilitate access to specialized health institutions and clinics that are established to meet the needs of this vulnerable population. More broadly, expanding access to potable water and improving the sanitation sector produces positive health outcomes for all.
Goal 6: Combat HIV/AIDS, malaria and other diseases

The infrastructure sector ties in intimately with goal 6. Infrastructure investments in a country’s transportation network are vital in facing the challenges posed by HIV/AIDS, primarily because health care facilities equipped to provide comprehensive HIV/AIDS services may not exist, or if they do, they may not be in close proximity to all who need them. In either case, many patients will need to travel to multiple locations in order to obtain testing, counseling, treatment, and medication. Equally, it is impossible to separate a country’s water and sanitation infrastructure from concerns for disease.

Goal 7: Ensure environmental sustainability

In regard to the environment, water issues are paramount. Access to safe drinking water depends heavily on infrastructural factors. What’s more, in terms of sustainability, large-scale infrastructure projects that can be used to generate alternative energy are likely to have a positive environmental impact over the long term, relative to fossil fuel-based energy generation.

Goal 8: Develop a global partnership for development

Infrastructure has a leading role to play in terms of integrating developing countries into the world economy. Whether it is building capacity for participation in the international exchange of goods and services, or the construction of high-tech information systems, infrastructure issues have a prominent place in the work toward meeting goal 8.
Key Personnel

Harry Garnett, Team Leader, UI
Gretchen Mikeska, Water Sector, UI
Ritu Nayyar-Stone, Economics and Evaluation, UI
Francine Steininger, Transport and Rural/Community-Based Infrastructure, IRG

Country Teams

Henki Ashadi, Local Consultant, IRD
Mawuena Dotse, Local Consultant, UI
Bui Duong Nghieu, Local Consultant, UI
Ahmed Mia, Local Consultant, UI
Josephine Nandnaba, Local Consultant, UI
Ali Nazim, Local Consultant, UI
Juliana Pigey, Senior Research Associate, UI
Sarah Polen, Research Associate, UI
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Advisors and Research Support

Steven Anlian, Director of Infrastructure, IRD
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Kelly Kohagen, Research Associate, UI
Brooke Linkow, Research Associate, UI
Leigh Thompson, Research Assistant, UI
Study on Aid Effectiveness in the Infrastructure Sector
REVISED FINAL REPORT
ANNEX E – TERMS OF REFERENCE & INITIAL STUDY QUESTIONS
Annex E: Terms of Reference and Initial Study Questions

a. Terms of Reference

i. Background and Objectives of the Study

The Paris Declaration on Aid Effectiveness is today’s most advanced effort by the international community to reform the delivery of aid and improve its effectiveness. Its framework encompasses all types of aid, regardless of aid modalities, types of donors, recipient country context, or sector. Progress in implementing the Paris Declaration and its 56 specific commitments is monitored through an agreed set of 12 indicators which cover the five tenets of the declaration: ownership, alignment, harmonization, managing for results, and mutual accountability. The Paris Declaration has a strong country focus, and development partners acknowledged that when applying the declaration, its commitments and its indicators, they would take into consideration the specificities of the country context. In particular, substantial differences exist between sectors relying on rather large upfront capital investment, like some infrastructure sectors, and other sectors requiring financing of longer term recurrent costs, like health, and these differences could influence the way partners apply the Paris Declaration. However, it is important to differentiate between infrastructure sectors that require large lumpy investments (e.g., energy generation and transmission, ports, and airports) and those where investment programs are an integration of small-scale activities (e.g., rural infrastructure, such as water supply or roads, and small-town municipal infrastructure). The latter are more similar to programs like health and education.

The Accra High Level Forum (HLF) on Aid Effectiveness, planned for September 2008, will review progress, identify good practice, and look at concrete actions to accelerate and deepen implementation. The HLF is expected to be attended by representatives from more than 100 countries, from multilateral and bilateral aid agencies, funds and partnerships, and from the civil society. It will feature a series of thematic roundtables and a high-level segment for Ministers and heads of agencies. This event is being prepared through a number of studies, reviews and other work streams, under the guidance of a multi-stakeholder group hosted by the OECD/DAC. A general progress report will be prepared and presented at Accra. It will offer a global perspective on the progress achieved and the remaining challenges in implementing the Paris Declaration, and propose directions for key actions and commitments to be taken at Accra. A first draft of this report should be ready by March 2008, and the final version is expected by July 2008.

This main objective of this study is to examine how the principles of the Paris Declaration have been applied so far in the infrastructure sector (in both categories of projects – with lumpy large and small investments), with an analysis of the general obstacles and challenges encountered in this process, and to derive from this analysis operational guidance and good practice principles for aid harmonization in the infrastructure sector, that would serve as a tool for both donors and partner countries to scale-up success. To achieve this objective, the study will build on a number of detailed studies of successful cases of application of the Paris Declaration in the infrastructure sector from a diverse set of countries. The objective of these case studies is to analyze how the various challenges were resolved, how these actions are contributing to increasing aid effectiveness in the infrastructure sector, what partnership processes took place, and other lessons learned.

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1 For practical purpose and to facilitate reading, “harmonization” is used in most of this document as referring to “aid effectiveness” along the five tenets of the Paris Declaration. Thus in this sentence, the good practice principles mentioned would cover Ownership, Alignment, Harmonization, Managing for Results and Mutual Accountability.
The outcome of this work will inform the Accra HLF and more broadly will provide evidence-based guidance to donors, partner countries and other stakeholders on good practice for harmonization in the infrastructure sector, an area which has been the subject of relatively little study until now.

ii. Scope of the Study

As described above, the study will focus on two types of infrastructure projects. First, it will focus on large scale infrastructure projects, such as airports, ports, roads, and electricity (especially generation and transmission), and municipal infrastructure projects with the following characteristics: (1) they call for large scale lumpy investments based on strategic planning with a direct positive impact on economic development, (2) individual projects are designed taking into account the larger network, and (3) they rely on mechanisms for the sustainable provision of qualified services. Second, the study will focus on projects, such as rural water supply or decentralized municipal or rural infrastructure, with the following characteristics: (1) they call for small-scale decentralized investments at the community level (although within a national and sub-national strategic planning) and (2) they rely on community level mechanisms for the sustainable provision of the services. Other characteristics of the infrastructure sector might also play a role in the way the Paris Declaration is applied in this sector, like the importance of the private sector (in particular in the case of public-private partnerships), the relevance of international competitive procurement, or the use of environmental and social safeguards.

The study will focus on 14 projects in 7 to 9 countries as detailed in the table below. These countries are in Asia and in Sub Saharan Africa, where infrastructure development has been markedly different over the recent years.

Table 1: List of Case Studies

<table>
<thead>
<tr>
<th>Country</th>
<th>Sector</th>
<th>Description</th>
<th>Lead Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>Water</td>
<td>Dhaka WASA: large urban utility; services to the poor</td>
<td>WB/WSP</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>Transport</td>
<td>Rural markets in Regions- Dhaka, Rajshahi, Chittagong</td>
<td>KfW</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>Transport</td>
<td>Jamuna multi-purpose bridge and Greater Faridpur Rural Infrastructure Development project</td>
<td>JBIC</td>
</tr>
<tr>
<td>Ghana</td>
<td>Water</td>
<td>Rural water supply</td>
<td>AFD</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Infrastructure</td>
<td>Infrastructure Reform Sector Development Program (IRSDP): Sector reforms cover transportation, power, oil and gas, water supply and sanitation, and telecommunications. Donor coordination between ADB, JBIC and WB.</td>
<td>ADB</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Infrastructure</td>
<td>Rural Infrastructure Support Project covering Roads, Irrigation, Water Supply and Sanitation in about 1,800 villages</td>
<td>ADB</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Water</td>
<td>WASPOLA</td>
<td>WB/WSP</td>
</tr>
<tr>
<td>Senegal</td>
<td>Infrastructure</td>
<td>Decentralized urban project</td>
<td>AFD</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>Water</td>
<td>Water Sector Program</td>
<td>WB/WSP</td>
</tr>
<tr>
<td>Tanzania</td>
<td>Water</td>
<td>Hai District Water Supply Project</td>
<td>KfW</td>
</tr>
<tr>
<td>Uganda</td>
<td>Water</td>
<td>Rural water</td>
<td>WB/WSP</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Transport</td>
<td>National roads No.1 and 5</td>
<td>JBIC</td>
</tr>
<tr>
<td>To be</td>
<td>determined</td>
<td></td>
<td>AfDB</td>
</tr>
<tr>
<td>To be</td>
<td></td>
<td></td>
<td>AfDB</td>
</tr>
</tbody>
</table>
The two African countries with projects lead by the African Development Bank will be determined at the start of the assignment.

iii. Key Elements to Be Tested in the Study

The analysis will be organized along the 5 tenets of the Paris Declaration, as detailed below. A number of questions, which are considered to be useful to guide the key messages, are attached as Annex I. The long list of questions is intended to serve as a guide for full analysis of the issues.

Ownership

The availability of good sector strategies is important due to the need for coherent and well prioritized long-term planning before a large scale investment decision can be taken. Particular attention must also be devoted to the coherence of the sector plan with the national development plan and with the budget. The planning and budgeting process can be complicated by the fact that different levels of network are managed by different levels of governments and different technical ministries. Managing this process, while linking the numerous projects on different levels, requires specific skills. In the Asian region, there are examples where this entire process has been managed by the partner country government without substantive support from the donors. In those countries, the partner government generally has the willingness and the capacity to direct donors’ assistance. The study will assess the importance of this strong ownership (and at different levels) in the recent successes achieved, will propose ways to strengthen ownership and capacity in countries in need of such support, and will examine how best to ensure the effectiveness of infrastructure support in those weaker countries.

Alignment

Assistance in the infrastructure sector often relies on project support, where actual disbursements follow the material progress of the project, implying either acceleration or delay compared with the initially forecasted disbursement flow. Both the partner country and the donor have to show flexibility in accommodating these variations. In this sense, the question of resource predictability has to be addressed in a context significantly different than for assistance supporting annual recurrent expenditures. The study will also analyze under what circumstances budget support has been a relevant instrument for harmonized support to infrastructure sectors, and the type of sub-sectors where it has proven to be more effective (i.e., lumpy investment or decentralized investment requirements).

Lumpy and large investments are characteristic of some infrastructure sub-sectors. These investments often require large scale procurement, for which donors expect that the partner country uses international competitive bidding (ICB) standards, to ensure better cost-effectiveness. The MDBs have made strong progress in harmonizing their individual procurement guidelines. The importance of ICB must be taken into account when considering ways to use country systems in the infrastructure sector. Equally important is the flexibility of MDB procurement guidelines to deal with small-scale infrastructure projects under national programs, allowing small-scale contractors and communities to be fully involved in the evaluation, supervision and construction. The study will also look at challenges and progress in aligning on other country systems: financial management, environment and socio-cultural safeguards, project management, or evaluation. The use of country structures and country capacity for project implementation will also be studied, in the context of the Paris Declaration commitment to progressively suppress parallel project implementation units.
Harmonization

Progress in harmonization may be easier to achieve in infrastructure sectors where only a small numbers of donors are contributing, as compared to sectors such as health and education. It is common practice in the infrastructure sector that analytic and advisory studies, in most cases prepared by a leading donor or MDB, are used by all partners. As earlier said, the multilateral financing institutions have also made good progress in harmonizing their procurement procedures. The study will document best practices in harmonization, such as pooled financing, program-based approaches, joint studies, common monitoring and evaluation frameworks, joint missions, agreements on use of common procurement and financial management procedures, and will identify remaining challenges.

Management for Development Results

Developing a sustainable mechanism for securing long term service provision is critical in ensuring project success in the infrastructure sector. When services are to be provided by the private sector, the role of government shifts from service provision to regulation of those privately provided services. This particular role of the government is not explicitly addressed in the Paris Declaration. The study will therefore try to identify measures and monitoring benchmarks that can be used to assess the quality and results of the regulatory framework for service delivery, put in place by the government. A common donor approach regarding technical assistance in this field is a critical issue for study.

Mutual Accountability

In the planning phase as well as for project implementation and monitoring, specific attention needs to be paid to the way central economic, planning and technical ministries deal with regional and municipal governments as well as with the beneficiaries and other stakeholders from the civil society within a partner country. Mechanisms for upward and mutual accountability are often not functioning or absent, partly due to the weak capacity of lower level stakeholders. The study thus needs to examine the way donor projects deal with consultation mechanisms and support the need to institutionalize the mechanisms of consultation to the extent that both donors and partner country officials think appropriate.

iv. Methodology

First Phase Report

The World Bank will provide to the consultant at the beginning of the study a series of internal country case reports for each of the projects described in Table 1 above. Each of these documents will present in no more than 20 pages findings and analysis on each project along the lines of the general guidance given in Section III and Annex 1. The consultant will prepare a short summary of these case studies and synthesize in a short first phase report the preliminary conclusions that can be drawn from this material. The report’s length will be no more than 50 pages and the report will include an executive summary 1 to 2 pages long. This first phase report should therefore be issued in time to inform the preparation of the Accra HLF progress report mentioned earlier.

In-depth Analysis and Consultation

In a second phase, the consultant will conduct an in-depth analysis of 12 of these projects (agreed with the World Bank). The consultant will receive general documentation on the projects from the involved agency. The study will involve interviews with operational staff in the agency (face-to-face, by phone or by VC) and
field visits where the consultant will meet with local agency staff (if available), government officials, private sector representatives and other relevant stakeholders. The consultant is encouraged to use local consultants if necessary for detailed analysis in each country.

Final Report and Conclusions

Drawing on the previous project studies, as well as from the relevant public literature (evaluation reports, academic studies, conference proceedings, etc.), the consultant will prepare a final report. A first draft of this final report will be available in time for the Accra Forum, after which the report will be finalized (see schedule below) and the World Bank will take in due time decisions on how to best ensure its broad dissemination. The final report will be structured along the following lines:

- **Section 1: General characteristics of aid in the infrastructure sector**
  This section presents the basic characteristics of the infrastructure sector as well as the aid to that sector. This section should present a typology and classification of various infrastructure sub-sectors and analyze the different features and approaches to harmonization.

- **Section 2: Case studies**
  This section presents findings from the in-depth case studies, studied along the five principles on the Paris Declaration, but with special focus on outcomes on the ground and their direct traceable relationship to the effective application of these five principles.

- **Section 3: Challenges and good practice**
  Drawing from the case studies above, this section analyses the main factors determining aid effectiveness in the different infrastructure sub-sectors in the context of the Paris Declaration, taking into account the country context (e.g. MIC vs. LIC) and the nature the project (large scale and complex investments vs. multiple smaller scale projects, services provided by the public sector vs. private sector, etc.). Similarities and differences between infrastructure and other sectors such as health should be highlighted.

- **Section 4: Good practice guidelines**
  This section presents the good practice guidelines and policy recommendations that can be developed, learning from the case-study analysis. This chapter can be disseminated as a separate publication, and will be structured along the lines of the OECD/DAC good practice guidelines.²

The total length of the final report should be no more than 100 pages, excluding annexes. The report will include an executive summary no longer than 5 pages. The Good practice guidelines (section 4) should not exceed 15 pages.

The consultant will also prepare material for the presentation of the study’s findings at the Accra High Level Forum (power point presentation, brochure template, etc.).

v. Management of the Study

The consultant in charge of the study will report to Ms Jaehyang So, the Team Leader of the World Bank. Most of the correspondence between the World Bank and the consultant will be by email.

A Steering Committee will provide the overall guidance for this study. The Steering Committee includes representatives from JBIC, the AFD, KfW Entwicklungsbank (KFW), the African Development Bank, the Asian Development Bank, and the World Bank. Members will consider how to expand the Steering Committee to include partner countries representatives. The Steering Committee will conduct its meetings by video-conference and virtually by EM. The consultant will be called to attend some of the meetings of the Steering Committee to present its findings and receive guidance.

vi. Schedule of the Study

As explained above, one of the main objectives of this study is to contribute to the debates at the Accra HLF. Delivery of the first phase report and of the first draft of the final report on time will therefore be key to ensure the success of this study. Table 2 below provides details on the timeline for the study.

<table>
<thead>
<tr>
<th>Date/Deadline</th>
<th>Events</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>End February 2008</td>
<td>Contract Starts</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Consultant meets with the Steering Committee</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consultant receives case study reports from the members of the Steering Committee</td>
<td></td>
</tr>
<tr>
<td>End March 2008</td>
<td>Consultant delivers First Phase Report</td>
<td>40%</td>
</tr>
<tr>
<td>April to June 2008</td>
<td>Interviews and country visits</td>
<td></td>
</tr>
<tr>
<td>End July 2008</td>
<td>Consultant delivers Draft final report</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consultant presents its findings to the Steering Committee</td>
<td></td>
</tr>
<tr>
<td>August 2008</td>
<td>Steering Committee provides comments on the Draft final report to the consultant</td>
<td></td>
</tr>
<tr>
<td>End August 2008</td>
<td>Consultant delivers revised Draft final report (taking into account Steering Committee remarks) and material for presentation at the Accra HLF</td>
<td>30%</td>
</tr>
<tr>
<td>End September 2008</td>
<td>Steering Committee provides additional comments on the Draft final report</td>
<td></td>
</tr>
<tr>
<td>November 2008</td>
<td>Consultant delivers Final report</td>
<td>20%</td>
</tr>
</tbody>
</table>

vii. References

Paris Declaration on Aid Effectiveness, available at http://www.oecd.org/document/18/0,3343,en_2649_15577209_35401554_1_1_1_1,00.html

2006 Survey on Monitoring the Paris Declaration, available at http://www.oecd.org/document/20/0,3343,en_2649_15577209_38521876_1_1_1_1,00.html
b. Initial Study Questions

i. Ownership

Ownership in the process of elaborating a sector development plan

- Does a comprehensive sector development plan or strategy exist and what is the link with the existing country development plans (e.g. PRS)?
- Who exactly draws up the sector and national development plan or strategy, and what is the type of involvement of lower level administrations and of stakeholders?
- In what way donors (which donors), support the formulation of the development plan? How do they provide such support? (e.g. by deploying specialists or drawing up a master plan?) What is the influence of donors on the design of the development plans?
- Is the sector development plan linked to the budget process (elaboration, execution, reporting)? How is this link ensured? Who takes up the role of liaison and coordination with all the stakeholders?
- Does the sector development plan and the related budgetary framework cover all external aid (regardless of its modality)?
- What are the mechanisms to guarantee coherence between general development plan, sector development plan and the budget?
- Which capacities show partner countries where aid in general and in the infrastructure sector is well managed?
- Is the private sector involved in developing infrastructure? If so, how are private infrastructure projects treated in the development plan? Does the private sector take initiative of development activities and what is the role of the government in that context? What are the strengths and weaknesses of the regulatory framework and how are donors supporting this?
- Are the M/P and F/S developed with their own resources (funds, consultants and universities)?

Leadership of the partner country vis-à-vis donors

- Does the partner country negotiate foreign aid in line with their general and sector development plans?
- What role does the partner country play to ensure harmonization and alignment? Does the partner country have any explicit policy for dealing with donors (request of support, preference for instruments, etc.) and is aid management well coordinated between the different ministries?
- How does the partner country incorporate donors’ advice on reforms? How is such advice discussed in the country?
- How are projects prioritized? By whom?

ii. Alignment

- What proportion of the development plan is implemented by foreign aid and by internal resources, respectively?
- What is the share of foreign aid in national budget (%)?
- Does the country receive general or sector budget support? If so, how much does it represent overall national budget (%)? Does the administration of budget support assure the linkage between recurrent and investment budgets?
- What are the aid modalities in the infrastructure sector and what are the advantages and
disadvantages of each modality in the given context of the country?

- How predictable are disbursements from the donors in the sector, and are the external aid resources integrated in the sector budget? What is the impact of disbursement delays?
- Are donors’ disbursement mechanisms using partner government PFM systems? How? Are there specific issues associated with that?
- What kind of mechanism does the country use to receive aid from non-OECD countries and how aligned is aid from these countries?
- How does the partner country deal with the offers made by the donors to support projects which are not a priority in its own sector development plan?
- What kind of effort is undertaken by the partner country to better align aid in the infrastructure sector? Why is the country successful (or not) in this respect?
- Is there any domestic regulation/law providing guidance for ICB? How harmonized are the procedures of the donors in the sector?
- Would further harmonization of those guidelines lead to improvements in aid effectiveness?
- Has the local procurement procedure been assessed by the donors? What are the problems pointed out by the donors for not using it? Are there any donors who provide aid through a local procurement system? And what are the advantages and disadvantages of the local procurement system according to those donors?
- Are donors supporting the strengthening of national systems (financial management, procurement, environmental and social safeguards, monitoring and evaluation)? Are these efforts coordinated? How does the use of donor systems affect national systems?

iii. Harmonization

- What kind of harmonization framework has been implemented?
- Which kind of joint mechanisms are in place in the sector: pooled funding (budget support or not), joint analytic and advisory work, joint implementation mechanism, joint fiduciary and safeguards requirements, joint reporting requirements, joint M&E framework, including joint missions, joint disbursements mechanisms?
- Is there any good example of efforts undertaken by the partner country to improve fiduciary and safeguards oversight and to streamline project implementation? What are the underlying stimulating and hampering factors?
- Is TA defined and provided in a coordinated way?

iv. Managing for Development Results

- What are the strengths and weaknesses of the M&E system in place? Is a result’s framework linked to the sector development plan and what is its quality?
- Are the M&E systems of government and donors aligned?
- How (by which aid modality) is the support for operation and maintenance provided?
- Are instruments like Public Expenditure Reviews (PER) and Public Expenditure Tracking Surveys (PETS) used to measure sector effectiveness (PER) and quality of service delivery (PETS)?
- How does the effectiveness of the coordination between the different competent authorities in charge of different parts of the infrastructure network affect Monitoring and Evaluation?
- What is the government mechanism for assuring infrastructure services to be provided by the private sector? How effective is the regulatory framework?
- How should that mechanism of assuring private provision of infrastructure services be strengthened through donor assistance? How can it be possible to measure or monitor the
progress of such efforts? Do the current indicators and commitments of Paris Declaration provide good guidance on this point?

v. Mutual Accountability

- Is there a framework to facilitate the government-donor-stakeholder dialogue in the sector? Does the framework include other sector ministries and sub-sovereign governments? At what moment in the project cycle, sub-sovereign governments and other stakeholders are consulted and what is their real influence on decision making?
- Does periodic consultation among donors take place? Does consultation between donors and the partner country officials take place? Does such consultation include non-DAC donors? How does such mechanism function and what kind of concrete results has it provided?
- How are the opinions of local experts, civil society and NGOs integrated in the process of elaboration of development plan? Is there an institutional mechanism to incorporate the views of the civil society?
- Upon implementation of development plan, what kind of roles are local experts, civil society and NGOs expected to play? Has an institutional mechanism been introduced to encourage active participation by the civil society?
- Have the environment and social guidelines developed with donor support led to ex-ante explanations to stakeholders and holding consultation in advance of project implementation?
- Are M&E systems properly designed to support mutual accountability? What is the role of sub-sovereign administrations and other stakeholders?
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Glossary

Aid dependence

In this context, aid dependence is expressed as the ratio of net official development assistance (ODA) received to gross national income (GNI). Ratios of aid to gross capital formation, imports, and government spending also provide measures of a recipient country’s dependence on aid.¹

Aid fragmentation

Aid fragmentation refers to a large number of donors combining to account for a small share of the total disbursements of aid to a partner country. This may weaken ownership and burden already limited institutional capacity within a partner country.²

Development Assistance Committee

The Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) is a forum for consultation among 22 donor countries and the European Commission on how to increase the level and effectiveness of aid flows to all aid recipient countries. The member countries are Australia, Austria, Belgium, Canada, Denmark, European Commission, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, and United States.³

Direct budget support

Direct budget support is defined as a method of financing a partner country’s budget through a transfer of resources from a donor to the partner government’s national treasury. The funds thus transferred are managed in accordance with the recipient’s budgetary procedures. Funds transferred to the national treasury for financing programs or projects managed according to different budgetary procedures from those of the partner country, with the intention of earmarking the resources for specific uses, are therefore excluded from this definition of budget support. This definition also includes sector budget support provided and general budget support.⁴

Gestation period

In terms of development projects, the gestation period is the amount of time between the disbursement of funds for a particular project and the point at which that project begins to yield benefits or services.
International competitive bidding

International competitive bidding (ICB) is a procurement process the purpose of which is to provide borrowers from development banks with a wide range of choices in selecting the best bid from competing suppliers/contractors and to give to all prospective bidders from eligible source countries adequate, fair, and equal opportunity to bid on goods and works which are being procured under development bank loans. To achieve this, borrowers are required to observe certain guidelines in preparing bidding and contract documents and to follow certain procedures in advertising bid invitations and in accepting, opening, and evaluating bids. In addition, draft bidding documents, bid evaluation reports, and proposed awards of contract are subject to review and approval by the development bank. It is important to note, however, that the borrower is responsible for selecting the winning bid, while the development bank is responsible for ensuring that proper procedures have been followed in the procurement process.  

Local competitive bidding

Similar to international competitive bidding, local competitive bidding (LCB) is a procurement process that requires the borrower to award contracts for the provision of goods and works that are funded by its loan according to a number of specified conditions. A development bank may allow LCB in cases that meet the following criteria: (i) domestic production or construction facilities are available at reasonable cost, are efficient, and adequate in terms of prompt delivery; (ii) it is considered unlikely that foreign contractors and suppliers would be interested in bidding; (iii) the procedures to be followed are satisfactory to the bank; (iv) the borrower has specifically requested the adoption of local competitive bidding; and (v) local competitive bidding shall not preclude participation by foreign bidders.  

Medium-term expenditure framework

A medium-term expenditure framework (MTEF) is a whole-of-government strategic policy and expenditure framework within which ministers and line ministries are provided with greater responsibility for resource allocation decisions and resource use. The objectives of an MTEF are to: (i) improve macroeconomic balance by developing a consistent and realistic resource framework; (ii) improve the allocation of resources to strategic priorities between and within sectors; (iii) increase commitment to predictability of
both policy and funding so that ministries can plan ahead and programs can be sustained; and (iv) provide line agencies with a hard budget constraint and increased autonomy, thereby increasing incentives for efficient and effective use of funds. An MTEF may also be referred to as a medium-term budgetary framework (MTBF).\(^7\)

**Official development assistance**

Official Development Assistance (ODA) includes all transactions as defined in OECD-DAC Statistical Directives para. 35, including official transactions that: – are administered with the promotion of the economic development and welfare of developing countries as its main objective; and – are concessional in character and convey a grant element of at least 25\(^{\circ}\).\(^8\)

**Operation and maintenance**

In this context, operation and maintenance refer to the full complement of tasks necessary to keep infrastructure projects functioning properly and capable of delivering high quality services. These tasks include, but are not limited to, routine and preventative maintenance, the administration of user payments, and scheduled (as well as unscheduled) repairs.

**Poverty Reduction Strategic Plan**

Poverty Reduction Strategic Plans (PRSPs) are documents prepared by developing country governments that describe a country’s macroeconomic, structural, and social policies and programs to promote growth and reduce poverty, as well as associated external financing needs and major sources of financing.\(^9\)

**Poverty Reduction Support Credit**

A Poverty Reduction Support Credit (PRSC) is a programmatic approach to development policy lending which typically consists of a series of annual single-tranche operations, phased to support the recipient government’s development objective as formulated in a Poverty Reduction Strategy. Development policy lending (DPL) provides rapidly-disbursing financing to help a borrower address actual or anticipated development financing requirements and achieve sustainable poverty reduction through a program of policy and institutional actions. It supports such reforms through non-earmarked general budget financing that is subject to the borrower’s own implementation processes and systems.
Program-based approach

Program-based approaches (PBAs) are a way of engaging in development cooperation based on the principles of coordinated support for a locally owned program of development, such as a national development strategy, a sector program, a thematic program or a program of a specific organization. Program-based approaches share the following features:

– Leadership by the host country or organization;
– A single comprehensive program and budget framework;
– A formalized process for donor coordination and harmonization of donor procedures for reporting, budgeting, financial management and procurement; and
– Efforts to increase the use of local systems for program design and implementation, financial management, monitoring, and evaluation.  

Project implementation unit

When providing development assistance in a country, some donors establish Project Implementation Units (They are also commonly referred to as project management units, project management consultants, project management offices, project coordination offices, etc.). These are dedicated management units designed to support the implementation and administration of projects or programs. PIUs typically share the following key features:

– PIUs are typically required to perform subsidiary (rather than principal) tasks with regard to the implementation of a project or program: monitoring and reporting on technical and/or financial progress; accounting; procurement of works, goods, and services; drawing-up of terms of reference; contract supervision; detailed design; or equipment specification.
– PIUs are often established at the request of a donor following the inception of a project or program.
– The staff of PIUs vary considerably in size and composition. Staff size can vary from one to as many as 200 but most count less than 10 professional staff. Although a significant number of PIUs make use of government staff, most PIUs rely on staff recruited outside the civil service (e.g. long-term local consultants).
– A distinction is made here between a PIU and technical advice provided directly to national administrations.
<table>
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<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>Public expenditure review</td>
<td>Public expenditure reviews (PERs) analyze the allocation and management of public expenditure. They may cover all government expenditure or focus on a few priority sectors (e.g. health, basic education, agriculture, water, roads). They can be used to inform strategic planning and budget preparation and to identify ways in which to improve the efficiency and effectiveness of resource allocations. Increasingly, PERs also review expenditure management systems and institutions, in recognition of the fact that it is the institutional framework, organizational capacity, and everyday expenditure management practice of government which determines the allocation and management of public expenditures.</td>
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<td>Public expenditure tracking</td>
<td>Public expenditure tracking is a process for monitoring and evaluating public spending with the objectives of promoting fiscal discipline, allocating resources in a way that is consistent with policy priorities, and achieving good operational management. Public expenditure tracking can be used to determine the efficiency of public spending, and the degree to which public service delivery reflects spending priorities.</td>
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<td>Public expenditure tracking survey</td>
<td>Public expenditure tracking surveys (PETS) are tracing surveys, ultimately intended to provide local communities with information about the level of resources allocated to particular services in their area; perhaps to the local school or health clinic. They are systematic, tracking the flow of resources through the various layers of government bureaucracy. This is to determine how much of the originally allocated resources reach each level and how long they take to get there. The surveys therefore assess the leakage of public funds and can help to assess the efficiency of public spending and the quality and quantity of services.</td>
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<td>Public financial management</td>
<td>Public Financial Management (PFM) refers to the legal and organizational framework for supervising all phases of the budget cycle, including the preparation of the budget, internal control and audit, procurement, monitoring and reporting arrangements, and external audit. The broad objectives of public financial management are to achieve overall fiscal discipline, allocation of resources to priority needs, and efficient and effective allocation of public services.</td>
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Resource predictability

Resource predictability, in this context, refers to the extent to which donor aid disbursements reflect aid commitments. Aid resources are said to be predictable when donors provide reliable indicative commitments of aid over a multi-year framework and disburse aid in a timely and predictable fashion according to agreed schedules.\(^{15}\)

Sector-wide approach

A sector-wide approach (SWAp) is a process that entails all significant donor funding for a sector supporting a single, comprehensive sector policy and expenditure program, consistent with a sound macro-economic framework, under recipient government leadership. Donor support for a sector-wide approach can take any form—project aid, technical assistance, or budgetary support—although there should be a commitment to progressive reliance on government procedures to disburse and account for all funds as these procedures are strengthened.\(^{16}\) Funding for SWAp may be either pooled or unpooled.
3 DFID. *Glossary and Acronyms*. http://www.dfid.gov.uk/aboutDFID/glossary.asp
9 DFID. *Glossary and Acronyms*.
11 Ibid. p. 149.
16 DFID. *Glossary and Acronyms*. http://www.dfid.gov.uk/aboutDFID/glossary.asp