

Mission Report

Review of UNDP's Project *“Assistance to SICT for Strengthening Planning Division, ERD, IMED through ICT”*

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Disclaimer: The views presented in this report are entirely those of the author and do not necessarily reflect the official position of the Government of Bangladesh or the United Nations Development Programme and should therefore not be associated with their governing bodies or policies.

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² Please refer to Annex 2 for a complete list of interviewees.

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Acronyms

A2I	Access to Information
ADB	Asian Development Bank
ADP	Annual Development Programme
AIMS	Aid Information Management System
DAC	Development Assistance Committee
DFID	UK Department for International Development
DMFAS	Debt Management and Financial Analysis System
DPP	Development Project Pro-forma
ERD	Economic Relations Division
FABA	Foreign Aid Budget and Accounts
FD	Finance Division
FMRP	Financial Management Reform Programme
GED	General Economics Division
GoB	Government of Bangladesh
IBAS	Integrated Budgeting and Accounting System
ICT	Information and Communication Technology
IMED	Implementation, Monitoring and Evaluation Division
IMS	Information Management System
LAN	Local Area Network
MoF	Ministry of Finance
MoP	Ministry of Planning
MTBF	Medium-Term Budgetary Framework
MYFF	Multi-Year Funding Framework
NEX	National Execution
OECD	Organization for Economic Cooperation and Development
PD	Planning Division
PIMS	Project Information Management System
PPS	Project Planning System
PRSP	Poverty Reduction Strategy Paper
RRF	Results and Resource Framework
SICT	Support to ICT Task Force
TA	Technical Assistance
TAPP	Technical Assistance Project Pro-forma
UNDP	United Nations Development Programme
UNRCO	United Nations Resident Coordinator Office
WB	World Bank

Executive Summary

This report presents the findings of a review of the project titled "*Assistance to SICT for Strengthening Planning Division, ERD and IMED through ICT (ASICT)*". The ASICT project is funded by UNDP Bangladesh and executed by the Ministry of Planning, Government of Bangladesh under UNDP's national execution modality (NEX). The project is meant to be completed by June 2010.

UNDP Bangladesh commissioned this project review, in order to assess project progress and potential risks affecting its successful completion, as well as to make recommendations regarding a potential adjustment of the project strategy. The assessment included a review of relevant documents, as well as of Information & Communication Technology (ICT) systems developed and foreseen to be developed under the project, as well as a series of interviews with relevant stakeholders during a two-week in-country mission, lasting from 9-20 August 2009.

The report is divided into 5 Sections as follows: Section 1 outlines the background of the assignment and describes the methodology used for the project review. Section 2 presents the review findings against four criteria, i.e. relevance, effectiveness, efficiency and sustainability. Section 3 makes concrete recommendations regarding the project's way forward, while Section 4 summarizes general lessons learned. Section 5 outlines options for future UNDP interventions that would build on the entry point provided by the ASICT project.

Main Findings

The strategy of the ASICT project is characterized by a rather narrow focus on enhancing ICT systems and capacities, while implicitly assuming that this will result in increased efficiency and transparency of the target institutions. Consequently, the strategy did not foresee a functional analysis to review and potentially rationalize existing business processes before developing the systems and did also not include a wider capacity needs assessment to identify non-ICT capacities and skills that need to be strengthened to ensure that the IT-enabled institutions will in fact perform their functions more efficiently. Further, the project strategy reflects a very narrow focus on three institutions within the Planning Commission Campus, while disregarding other government agencies, in particular the Finance Division, which also play a key role in the wider development planning and resource mobilization, allocation and monitoring process that the ICT systems developed by the ASICT project are meant to support.

The project was relevant to the Government of Bangladesh (GoB) during the design stage of the project and remains relevant during its implementation phase, especially in light of the "Digital Bangladesh" agenda of the newly elected government. However, a shift in UNDP's corporate priorities during the implementation phase questions the continuous suitability of projects with a primary focus on enhancing ICT systems and capacities to UNDP's corporate policies and priorities.

The project implementation has so far not been entirely efficient. While the project is still on budget and seems to be generally cost-efficient, it is not on schedule. The project duration had to be extended twice already, and it is still unlikely that all planned results can be achieved in the remaining timeframe. The project start was delayed due to difficulties in operationalizing it, and the implementation was affected by changes in the political environment and by slow procurement processes.

The ASICT project has been successful in achieving a number of ICT-related outputs, which are generally consistent with the attainment of its two immediate objectives, i.e. (1) *“To establish network-based e-government services across offices; (2) To build capacities of government officials and staff and create an environment of utilization of ICT for regular government business processes”*.

However, shortcomings in the currently applied strategy, especially the narrow focus on enhancing only ICT systems and capacities, as well as a number of risks are likely to affect the actual attainment of the project ultimate objective, i.e. *“To create a more efficient and transparent governance system”*. Among the key risks are staff turnover and a lack of ICT professionals in the target institutions, an unrealistic project timeframe, and the potential that some of the planned ICT applications will actually duplicate information management capacities that are already available through existing GoB systems, such as the Integrated Budgeting and Accounting System (IBAS). Finally, the fact that some of the ICT applications are based on sub-optimal business procedures bears the risk of “computerizing inefficiency”.

The two immediate objectives are likely to be achieved only if the project timeframe is extended by 6-12 months, in order to ensure adequate training and support in relation to the integration of the 3 business applications that have not been developed yet. The ultimate objective, i.e. to create a more efficient and transparent governance system, will only be achieved if the current project strategy is adjusted considerably to include broader, non-ICT capacity development activities and measures to rationalize business procedures.

Another aspect affecting the attainment of the ultimate objective is the project’s staffing structure, which reflects an overly strong ICT focus and lacks specific substantial expertise, e.g. in development planning, public resource management or capacity building. This partially explains why the project currently lacks a wider outcome-orientation, which would require looking beyond improving only ICT capacities and systems. In order to achieve the project’s ultimate objective, UNDP should consider recruiting a capacity development and/or public sector reform specialist. The decision regarding the incumbent’s profile should be taken with regard to the focus of the future support. Possible options outlined in Section 5.

GoB is currently implementing a public financial management reform, which is likely to result in changes in some of the business processes that the ICT applications are meant to support. This would obviously affect the sustainability of some applications, in particular the ADP Management System.

Without immediate decisive actions, it is highly unlikely that the ASICT project will attain its ultimate objective and that already achieved results will be sustainable. Essentially, UNDP has two options to avoid that its investments turn into a sunk cost.

The *first option* is to reduce the project scope by focusing on the rollout and proper integration of the existing systems, while stalling the development of the remaining 3 business applications. This would allow UNDP to handover tested and functioning systems to the government within the remaining project timeframe. However, there are high expectations within the PD, IMED and ERD regarding the benefits of the business applications. Dropping the development might not only undermine UNDP’s credibility, but also negatively affect its strategic opportunity to strengthen the development planning and resource mobilization, allocation and monitoring process as a whole.

The *second option* is go ahead as planned, but to extend the project’s timeframe and scope to facilitate rollout and proper integration of the remaining 3 business applications. This could be achieved through a follow-up project that would complement the current approach with broader capacity development activities and

measures to review and, if required, rationalize core business processes. This would allow UNDP to adequately address the current shortcomings in the project strategy, and thereby to increase the chances that the project results will be sustainable. However, before going ahead with the system development, UNDP should analyze the capacities of the already existing Integrated Budgeting and Accounting System (IBAS) to avoid potential overlaps. Further, UNDP should assess the possible implications of the ongoing PFM reform on existing business processes that the new ICT systems are meant to support.

Main Recommendations

Immediate Actions

In order to avoid further delays in the project implementation, it is recommended that the same IT firm that already developed the first set of ICT applications be selected to develop the remaining 3 business applications. Changing the contractor as result of the ongoing tender, might not only lead to further delays, but might jeopardize the inter-connectivity of the 4 business applications.

It is recommended that the current project strategy be complemented with broader capacity development activities to ensure that the target institutions can perform all functions related to the information management cycle and fully benefit from the ICT applications.

In light of existing problems with internet connectivity and power supply, it is recommended that offline modules be developed for those systems that have to be accessed by government agencies outside of the Planning Commission Campus. It should further be considered to extend the Local Area Network (LAN) beyond the Campus and enable system access via LAN.

It is further recommended that a “request tracker” be established and continuously updated by the ASICT team. All requests for ICT support coming from the three Divisions should be recorded, indicating – among others – date and nature of the request, name and designation of the requester, measures taken by whom, total time spent on the request. Such a request tracker would serve many purposes. It could be used in discussions with the Divisions to highlight the shortage of IT professionals and inform the preparation of IT trainings. Further, it can help the project manager to allocate and use project resources efficiently and effectively.

Further Studies and Assessments

It is recommended that the timeframe and possible implications of the MTBF process, as well as other related PFM reform activities be examined. This exercise should include a *detailed analysis of the IBAS* to avoid duplications.

It is further recommended that a *comprehensive functional analysis* of the wider development planning and resource mobilization, allocation and monitoring process be carried out, with a view towards rationalizing related business procedures, if required. The functional analysis should be complemented by a wider *capacity needs assessment*, resulting in the development of a training curriculum to enhance non-ICT skills. The implementation of a holistic capacity development strategy should ideally be part of a wider programmatic approach, potentially involving other development partners. It is recommended that the future status and role of target institutions such as IMED be clarified before engaging into larger interventions.

Further, it is recommended that a comparative cost-benefit analysis be prepared, which covers different options to enhance ICT support services in the Planning Commission Campus. Options to be considered could include the establishment of a

central ICT unit with pooled staff and the outsourcing of certain user support functions to the private sector.

Finally, UNDP should *explore options to link the ASICT project to a wider programmatic framework*. At the moment, the project seems to be rather isolated. In principle, the ASICT project is very strategically located in the Planning Commission Campus and directly linked to national planning and resource mobilization, allocation and monitoring processes. However, due to the pure ICT focus of this project, UNDP is missing an opportunity to support GoB in a far more strategic, comprehensive and potentially more sustainable way. Possible options in this regard are outlined below.

Future Options

Apart from linking ASICT more closely with other ICT-related projects, such as the Access to Information Programme, UNDP should consider two options for future interventions that would use ASICT as an entry point, but would focus more on the wider development planning and resource mobilization, allocation and monitoring process, as well as on enhancing related non-ICT capacities.

The first option for UNDP is to play a stronger role in aid coordination and to extend its current support to the Economic Relations Division through a multi-donor funded programme to improve aid effectiveness and strengthen GoB's aid management capacities. A related intervention could have three inter-linked components: (1) establishment of an Aid Information Management System (AIMS), (2) Strengthening GoB's aid management capacities and (3) Facilitation of the LCG mechanism and the JCS process. The expertise available in the ASICT project could be used for the development of the AIMS, which would be maintained by ERD, while development partners would be the custodians of the data and responsible for regularly entering and updating information on their technical and financial assistance. The AIMS could also be used to monitor progress of the JCS, for example through the preparation of donor and sector profiles, revealing the degree of aid fragmentation and actual alignment with national development priorities. Further, the AIMS could be used to track certain indicators of Paris Declaration and Accra Agenda for Action.

Based on a comprehensive capacity needs assessment, the second component would include a holistic strategy to enhance aid management capacities within relevant GoB institutions. The related package could consist of on-the job training regarding preparation of aid portfolio reviews, sector profiles, etc. as well as training to enhance analytical, presentation and negotiation skills. In addition to ERD, the Planning Division and the Finance Division could be involved in some training activities to increase GoB's ability to align foreign aid with its development plan and with the domestic budget.

The third component would provide support to GoB to effectively lead and coordinate the LCG mechanism as well as the JCS progress. Under this component, it could be considered to second an international advisor into ERD to facilitate the JCS process and train government officials to gradually take the lead in it. This component would include support to key line ministries that are meant to co-chair LCG Sub-Groups.

The second option for UNDP is to play a stronger role in strengthening GoB's development planning and financial management capacities, potentially as part of the World Bank and DFID-funded programme to "Strengthen Public Expenditure Management" (SPEM). Out of the US\$ 100 million available for this programme, 70% have been allocated to support the Finance Division, while 30% have not been fully programmed yet. The un-programmed funds are meant to finance interventions to support the Office of the Comptroller and Auditor General, the Parliament, in particular Public Accounts Committee, as well as civil society organizations (CSO) to

increase civil oversight of public accounts. In addition, it is foreseen to involve the Ministry of Planning into the SPEM programme. However, against the background of the different views among GoB Institutions and development partners regarding the future role of the Planning Commission in light of the MTBF process, concrete options for involving the Ministry of Planning (MoP) have not been identified yet. As a trusted partner of the MoP, and due to its physical presence in the Planning Commission with different projects, UNDP is in a strategic position to support GoB in strengthening its PFM capacities and system. While partners like ADB, DFID or WB are generally better suited to provide advice on technical issues related to budget preparation and execution, UNDP could play a key role in facilitating the necessary policy dialogue between the relevant stakeholders. Further, UNDP could get involved in interventions to improve Parliamentary control and civil oversight of public accounts, as well as to further strengthen planning and monitoring capacities in the Planning Commission. Until recently, the ADB has provided support to the Implementation, Monitoring and Evaluation Division (IMED) of the Ministry of Planning to strengthen results-based monitoring and evaluation (RBME) capacities. In this context, a five-year strategic plan (2008-2013) was developed, which outlines various activities IMED intends to undertake to improve RBME. The ADB is currently thinking about a second technical assistance project to support IMED in implementing the strategic plan. Given its related work on information management systems, UNDP could explore options for a possible partnership with ADB to strengthen GoB's wider RBME capacities; beyond ICT.

The two options for future support are not mutually exclusive, but could actually be combined, depending on how UNDP would like to position itself in future.

While the ASICT project could serve as entry point and partially as platform for further support along the lines of both options, its staffing structure and management arrangements would need to be revised. In this respect, it is recommended that an international Chief Technical Adviser (CTA) with adequate experience in the specific subject matter, e.g. aid management, or public financial management or public sector reform, be recruited. Ideally, the incumbent should have experience in planning and implementing capacity development programmes in the public sector, as well as in change management. While the CTA would be overall responsible for the implementation of the project and would take the lead in programmatic issues, a national Project Manager would be responsible for operational issues and day-to-day management.

1. Introduction

About the assignment

This report presents the findings of a review of the project titled "*Assistance to SICT for Strengthening Planning Division, ERD and IMED through ICT (ASICT)*". The ASICT project is funded by UNDP Bangladesh and executed by the Ministry of Planning, Government of Bangladesh under UNDP's national execution modality (NEX). The initial project duration was three years, lasting from June 2005 to May 2008. However, the project started later than intended, and its duration was extended twice. The currently expected completion date is 30th June 2010.

In order to strengthen GoB's ICT capacities and systems, the Government has established an ICT Task Force and launched a programme to provide support to the ICT Task Force (SICT). The ASICT project was designed to assist and complement the SICT Programme. Both, SICT and ASICT have their project offices in the Bangladesh Planning Commission Campus.

The ASICT project review was commissioned by UNDP Bangladesh at the beginning of the envisioned last year of the project implementation. The review has the following purposes:

- (1) To review progress of the ASICT project, including an assessment of non-ICT risks to successful project completion in June 2010.
- (2) To recommend potential adjustments of the project's strategy, in order to achieve its defined objectives, including a review of the project's delivery capacity and staffing structure.
- (3) To explore which role the project could play in the context of the JCS or the Digital Bangladesh initiative.

The full terms of reference for this assignment are given in Annex 1.

About the report

This report is divided into five parts. The introduction outlines the background of the assignment and describes the methodology used for the project review. Section 2 presents the actual findings of the project review against the background of four review criteria, i.e. relevance, effectiveness, efficiency and sustainability, and presents two options on how the project could proceed. Against this background, Section 3 makes recommendations regarding project focus and strategy during the last year of its implementation. Section 4 outlines general lessons learned to inform the design and implementation of similar projects in the future. Section 5 looks at possible options for future UNDP interventions that would build on the entry point provided by the ASICT project.

The report was written for UNDP Bangladesh as the primary target audience.

Methodology

The assessment included a review of relevant documents and ICT systems developed and foreseen to be developed under the project, as well as a series of interviews with relevant stakeholders during a two-week in-country mission, lasting from 9-20 August 2009. (Refer to Annex 2 for a list of interviewees).

The project was reviewed against the background of four criteria (*relevance, efficiency, effectiveness, sustainability*) for evaluating development cooperation projects that were developed by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD). (Refer to Figure 1 for details).

Figure 1: DAC Criteria for Evaluating Development Assistance³

<p>Relevance: The extent to which the aid activity is suited to the priorities and policies of the target group and donor.</p> <ul style="list-style-type: none">▪ To what extent are the objectives of the project still valid?▪ Are the activities and outputs of the project consistent with the overall goal and the attainment of its objectives?▪ Are the activities and outputs of the project consistent with the intended impacts and effects? <p>Effectiveness: Measures the extent to which an aid activity attains its objectives.</p> <ul style="list-style-type: none">▪ To what extent were the objectives achieved / are likely to be achieved?▪ What were the major factors influencing the achievement or non-achievement of the objectives? <p>Efficiency: Measures the outputs -- qualitative and quantitative -- in relation to the inputs.</p> <ul style="list-style-type: none">▪ Were activities cost-efficient?▪ Were objectives achieved on time?▪ Was the project implemented in the most efficient way compared to alternatives? <p>Sustainability: Is concerned with measuring whether the benefits of an activity are likely to continue after donor funding has been withdrawn.</p> <ul style="list-style-type: none">▪ To what extent did the benefits of a project continue after donor funding ceased?▪ What were the major factors which influenced the achievement or non-achievement of sustainability of the project?

Although the DAC criteria were primarily developed to evaluate development projects after their completion, they also provide a useful framework for the review of ongoing projects. In the context of this assignment, the above criteria were slightly adjusted to fit the purpose of a mid-term review.

In this regard, the review assesses whether it is likely that the project will attain its objectives and whether project benefits are likely to be sustainable in light of the existing project achievements, as well as the current project strategy and identified project risks.

³ See: http://www.oecd.org/document/22/0,2340,en_2649_34435_2086550_1_1_1_1.00.html.

2. Review of ASICT Project

This section assesses whether the project is likely to be successful in delivering against its objectives in an efficient and sustainable manner. In this regard, the section reviews the project's relevance, effectiveness and efficiency, as well as the likelihood of the project being sustainable.

2.1 Relevance

This section assesses the relevance of the project by reviewing the extent to which the intervention is suited to the priorities and policies of the main stakeholders. Further, this section reviews the project's intervention logic and assesses whether the project strategy is consistent with the overall project objectives.

Review of ASICT's suitability to stakeholder priorities

There are two primary groups of stakeholders whose priorities and policies the project aims to address:

1. GoB Institutions, in particular PD, IMED and ERD
2. UNDP as the funding agency, as well as other development partners

Government of Bangladesh: In September 2002, the Government of Bangladesh (GoB) has formulated a comprehensive National ICT Policy, expressing the government's view that ICT can play a crucial role in fostering social and economic development. Further underlining the emphasis it puts on ICT, the government has formed an ICT Task Force, which is chaired by the Prime Minister. In order to translate the policy into concrete activities, the GoB launched a programme titled "Support to ICT Task Force" (SICT) which is designed to provide support to and implement e-governance initiatives by the government. The SICT programme is located in the Planning Division. As the use of ICT, as well as related expertise in the government was limited at the beginning of the programme, the ASICT project was meant to support and complement the SICT programme, among others by bringing in ICT experts.

Strengthening ICT capacities and systems remained a government priority even after the change of government following the election in December 2008. In fact, the election manifesto of the Bangladesh Awami League, which formed the government after the 2008 election, contains a vision regarding a "Digital Bangladesh by 2021". A corresponding conceptual framework has just been formulated with support from UNDP. Furthermore, the cabinet has recently approved a revised ICT Policy 2009.

In light of the above, it can be concluded that the ASICT project was and is well suited to the priorities and policies of the Government of Bangladesh.

UNDP: It can be assumed that all project objectives are also relevant for UNDP, as it has agreed to provide funding for the achievement of these objectives from its regular resources. This would not have been the case, if the project objectives would not have been in line with UNDP's strategic framework. In fact, UNDP's Multi-Year Funding Framework (MYFF) 2004-2007 contained a specific service line on ICT for development (ICT4D), as well as another one on e-governance (see Figure 2), which confirms that the ASICT project was well suited to UNDP's priorities during the project design phase, as well as during much of its implementation period.

Figure 2: UNDP's Second Multi-Year Funding Framework, 2004-2007⁴**Service line 1.8: Making ICTD work for the poor**

UNDP assists countries in the preparation of policy frameworks and national ICT strategies, and in fostering the integration of ICTs into key national development priorities such as poverty reduction strategies, PRSPs and national development plans. It also supports ICT for development programmes to implement strategic priorities, including the MDGs, and to strengthen capacity for innovation and implementation. A particular focus area is the use of ICT to increase learning, access and equity in education and enhance capacity development opportunities for women, youth and marginalized groups.

Service line 2.5: E-governance and access to information

UNDP helps governments to enhance access to information, complementing information sharing on the part of national and local public authorities by supporting the strengthening of citizen voices and capacities for participatory and broad-based national development strategies – all critical to the achievement of the MDGs.

While UNDP's Strategic Plan 2008-2011 confirms the organization's commitment to support e-governance to foster inclusive participation, it makes no references to ICT at all.⁵ This seems to indicate a shift in UNDP's corporate priorities and questions the continuous relevance of this type of ICT projects for UNDP. The fact that already the Second Multi-Year Funding Framework 2004-2007 stressed that *"ICTD services will be mainstreamed throughout the five MYFF goals"*⁶ indicates that UNDP does not see its role in strengthening national ICT capacities as such, but rather considers ICT as a tool to support wider development objectives. Hence, a project that would only focus on the provision of ICT hardware and software without being linked to a concrete development goal in line with UNDP's strategic objectives would not be suited to the organization's policies and priorities. As the following discussion about the project's intervention logic will show, the ASICT project represents a borderline case. However, as the ASICT project is ultimately meant to strengthen capacities of government institutions that play a crucial role in the planning, mobilization, allocation and monitoring of development resources, both domestic and foreign, it can be concluded that the project was and still is suited to UNDP's priorities.

Other development partners: Furthermore, it can be assumed that the ASICT project is also relevant for other development partners, as it is meant to strengthen capacities of government institutions that act as key counterparts to all development agencies regarding issues related to planning, identification, negotiation and approval of foreign-funded development interventions. Hence, increasing the efficiency of PD, IMED and ERD, which is stated as the ultimate objective of the ASICT project, can be considered as being suited to the priorities of all development partners.

Conclusion

Overall, the project was relevant for all stakeholders during the time of its design. It remained relevant during its implementation, especially for the Government of Bangladesh, which recently re-confirmed strengthening ICT capacities as one of its priorities. In light of the shift in UNDP's corporate priorities expressed in the Strategic Plan 2008-2011, the project would only remain relevant for UNDP if it contributes to strengthening public sector capacities or to achieving other development goals beyond the provision of ICT tools.

⁴ www.undp.org/execbrd/word/dp03-32.doc

⁵ See UNDP, Strategic Plan 2008-2011, at: www.undp.org/execbrd/word/dp07-43_updated.doc

⁶ See UNDP, MYFF 2004-2007, paragraph 35, at: www.undp.org/execbrd/word/dp03-32.doc.

Review of ASICT's intervention logic

Global experiences show that many governments face problems when implementing large ICT projects.⁷ There are a number of reasons why ICT project tend to fail comparably often. Some of the most common reasons are summarized in Figure 3 (below).

Figure 3: Why ICT Projects Fail

- Unclear objectives and/or change of objectives during the project
- Technical complexity of the information system
- Too many project components (coordination problem)
- Unrealistic time or resource estimate
- Too much focus on tools and not enough on people and process(es)
- Lack of (or weak) institutional capacity – not only IT-related!
- Lack of (or weak) government commitment
- Lack of executive support and user involvement
- Lack of communication infrastructure (do all stakeholders clearly understand the system objectives, as well as its terminology and underlying concepts, and their respective roles and responsibilities?)
- Lack of (or weak) legal/ regulatory framework (defining roles and responsibilities regarding data collection, etc)

Many problems of ICT projects are directly related to poor project design and weak project management. Therefore, this sub-section takes a closer look at the design and especially the intervention logic of the ASICT project, as outlined in UNDP's project document and GoB's Technical Assistance Project Pro-forma (TAPP).

The UNDP project document signed in June 2005 states the following "intended outcome", which reflects the project's *ultimate objective*:

"To create a more efficient and transparent governance system through strengthening and inter-connecting key policy making institutions of the country".

The project document outlines four *areas of support* as follows:

1. Strategic inter-connectivity among Government institutions
2. Network-based e-Government applications
3. ICT capacity building/ training of Government officials and staff
4. Re-engineering business processes for more efficient functioning of the government

However, the Results and Resource Framework (RRF) that is part of the UNDP project document only states the following three *immediate objectives*:

1. To establish strategic inter-connectivity among key Government institutions
2. To establish network-based e-government services across offices connected in WAN
3. To build capacity of government officials and staff and create an environment of utilization of ICT for regular government business processes

Hence, although business process re-engineering was identified as one area of support, the RRF does not contain a matching objective and the project strategy

⁷ See for example OECD (2001). The Hidden Threat to E-Government. Avoiding large government IT failures, PUMA Policy Brief no. 8.

does not foresee any related activities, such as a functional review or a wider capacity needs assessment against the background of institutional objectives.

The activities indicated in the RRF and the outputs they were envisioned to produce are generally consistent with the attainment of the three ICT-focused immediate objectives stated in the RRF. However, outlined activities and outputs are not consistent with the attainment of the ultimate objective, as it requires more than just enhancing ICT systems and capacities to increase transparency and efficiency of an institution. (This issue will be further discussed in Section 2.2 Effectiveness).

The Technical Assistance Project Pro-forma (TAPP), which is one of GoB's prescribed project document formats, states that the overall objective of the ASICT project is *"to create a more efficient and transparent governance system through integrated policy-making among key government institutions, particularly in the Sher-e-Bangla Nagar Area and the Secretariat. As part of the overall strategy, the following key areas are considered for improvement:*

1. *Strategic inter-connectivity among Government institutions,*
2. *Develop a strategy for communication,*
3. *Standardization of connectivity,*
4. *network-based e-Government services,*
5. *ICT capacity building/ training of Government officials."*

Narrow ICT focus: The TAPP makes no reference to business process re-engineering or wider capacity development activities that are not ICT-related. Hence, both documents contain a purely ICT-focused intervention strategy and reflect the assumption that strengthening of ICT capacities and systems will ultimately increase the efficiency of the government institutions targeted by the project. Neither of the two documents clearly defines the assumptions that need to hold true, in order to ensure that IT-enabled institutions will ultimately perform more efficiently.

Narrow institutional focus: Both documents reflect a narrow institutional focus on three selected Divisions, which disregards the importance of other institutions, in particular the Finance Division, within the wider development planning, as well as resource mobilization and allocation process. The situation analysis should have started with a comprehensive functional analysis, in order to identify the processes that would need to be streamlined and the capacities that would need to be strengthened, in order to improve efficiency. Instead, the initial situation analysis primarily looked for ICT systems that could be developed and established within the three selected institutions. Consequently, the project document also makes no provisions regarding the outreach to line ministries, which will in fact be necessary in the context of the rollout of the Project Planning System, through which line ministries are supposed to submit their project proposals to the Planning Commission, in future.

Conclusion

Overall, it can be concluded that there are several shortcomings in the project design, starting from an insufficient situation analysis, resulting in a too narrow focus on enhancing only ICT systems and capacities, a too narrow focus on only some of the key government institutions involved in the wider planning and budgeting process, as well as an insufficient documentation of assumptions that would need to hold true to ensure that inputs result in output and outputs contribute to outcomes along the envisioned causal pathway. These shortcomings result in a rather weak intervention logic and further question the project's relevance, especially with regard to UNDP's corporate priorities under the Strategic Plan 2008-2011.

2.2 Effectiveness

This section measures the extent to which the ASICT project is likely to attain its objectives and outlines major factors influencing the potential achievement or non-achievement of the objectives.

The project's effectiveness will basically be assessed on the basis of the objectives and related intended outputs formulated in the Results and Resource Framework (RRF), which is summarized below in Figure 4.

It should be noted that due to changes in the project environment, the actual work programme of the ASICT project is different from what has originally been outlined in the RRF. According to the project document, one of the initial project objectives was "to establish reliable inter-connectivity among key government institutions" located in the Planning Commission Campus, by establishing the necessary physical infrastructure and setting up a local area network (LAN). However, during the implementation, the ASICT project staff was informed that the SICT programme will take care of the deliverables related to this objective. Consequently, related activities were dropped from the ASICT work plan. Instead, the ASICT project was requested to provide other support, which was not foreseen in the initial work plan, such as improving a database for the Agriculture Division of the Planning Commission, as well as providing general IT user support. In light of these changes, the ASICT project should have been reviewed much earlier. The project document should have been revised formally, in order to adequately reflect the actual situation and ensure an efficient and effective re-allocation of project resources.

The following assessment will disregard the original first immediate objective stated in the RRF and will focus on the ultimate objective and the remaining two immediate objectives as presented in Figure 4.

Figure 4: Simplified Results Framework

Ultimate Objective	Immediate Objectives	Intended Outputs
To create a more efficient and transparent governance system through strengthening and inter-connecting key policy making institutions of the country	1. To establish network-based e-government services across offices	1.1 E-Government applications to facilitate strategic information exchange and communication
	2. To build capacities of government officials and staff and create an environment of utilization of ICT for regular government business processes	2.1 Sufficient number of IT-trained government officials to take advantage of IT systems

Source: UNDP Project Document, RRF

The work plan of the ASICT project comprises three components, which are generally consistent with the attainment of the immediate objectives. The three components can be summarized as follows:

1. *Provision of hardware* (computers, printers, scanners, etc.);
2. *Provision of software applications* to computerize back-office business procedures, such as payroll and inventory management, as well as to automate core business processes of PD (project submission/ approval and

ADP preparation), IMED (project monitoring) and ERD (negotiations with development partners).

Following a mapping of business processes and a related information needs assessment, 10 back-office applications, and 4 inter-connected business applications have been suggested. The business applications that are meant to be developed under the ASICT project are:

- *Project Planning System* (online submission and approval of DPPs and TAPPs),
 - *Annual Development Programme Management System*,
 - *Project Information Management System* (online reporting on physical and financial progress to IMED),
 - *Foreign Aid Monitoring System* (online tracking of negotiations between ERD and development partners and storage of related agreements).
3. *Provision of ICT training*, including general computer training for government officials and staff, as well as specialized training in using and maintaining the newly developed software applications.

Output-to-purpose review

This sub-section assesses the extent to which project achievements and planned activities contribute or are likely to contribute to the achievement of the project objectives.

Immediate Objective 1: To establish network-based e-government services across offices

The RFF states only one intended output under Immediate Objective 1, namely: “*E-Government applications to facilitate strategic information exchange and communication*”.

The project has taken steps to improve the ICT infrastructure in the targeted Divisions by delivering a number of computers, printers, scanners, etc. An information needs assessment carried out by a consultancy firm recommended that 10 back-office applications and 4 business applications be developed. Subsequently, the project contracted another private sector company to develop these web-based software applications. At the time of the review, all 10 back-office applications and 1 business application (Project Planning System) were developed. The different systems are being tested by a selected group of end-users. In addition, the project supported the development of web-portals for different Divisions, as well as the enhancement of a database of the Agriculture Division of the Planning Commission.

It is foreseen that all 4 business applications are web-based and will facilitate information sharing among PD, IMED and ERD. These applications will reduce the data entry and reporting effort and are likely to foster standardization and inter-connectivity. At the moment, different Divisions have to re-enter information that they receive as hardcopies into their own, stand-alone databases.

At first glance, the project seems to be successful in delivering against the Immediate Objective 1.

Immediate Objective 2: To build capacities of government officials and staff and create an environment of utilization of ICT for regular government business processes

The RFF states only one intended output under Immediate Objective 2, namely: *“Sufficient number of IT-trained government officials to take advantage of IT systems”*.

The project organized several ICT awareness raising workshops for officers and staff of PD, IMED and ERD, which resulted in the establishment of a discourse on the usefulness and benefits of ICT within the three Divisions. Following an ICT training needs assessment, the project organized a series of ICT training courses, including office productivity training for 90 government officials & staff, as well as Oracle training for 10 GoB IT professionals. Furthermore, 225 government officials obtained the ‘International Computer Driving License’. In addition to further general ICT training, it is planned to provide specialized training in the use of the newly developed software applications, once the development and testing is finalized.

At first glance, the project seems to be successful in delivering against Immediate Objective 2.

A summary of the initial output-to-purpose review is presented in Figure 5 below.

Figure 5: Summary Output-to-Purpose Review

Immediate Objectives	Intended Outputs	Achievements	Comments
1. To establish network-based e-government services across offices	1.1 E-Government applications to facilitate strategic information exchange and communication	<ul style="list-style-type: none"> • Hardware infrastructure improved (numerous computers, printers, servers, etc. provided) • 10 back-office applications and 1 business application (Project Planning System) developed • Web-portals and separate database developed for different Divisions in the Planning Commission Campus 	<ul style="list-style-type: none"> • Outputs and planned activities are generally consistent with the attainment of the immediate objective. • It is foreseen that the 4 business applications are inter-connected and accessible to all relevant agencies through the internet. • While it seems likely that all systems will be developed within the remaining timeframe, it is unlikely that the remaining time is sufficient to facilitate system rollout and integration • Currently, there is no IT link to the FD (IBAS), which should be established.
2. To build capacities of government officials and staff and create an environment of utilization of ICT for regular government business processes	2.1 Sufficient number of IT-trained government officials to take advantage of IT systems	<ul style="list-style-type: none"> • Study tour organized • Discourse on the usefulness and potential benefits of ICT established in ERD, PD, and IMED • General ICT training provided (225 government officials obtained ‘International Computer Driving License’) • Office productivity training provided to 90 government officials & staff • Oracle training provided to 10 GoB IT professionals 	<ul style="list-style-type: none"> • Outputs and planned activities are generally consistent with the attainment of the immediate objective. • High staff turnover constitutes a risk to sustainable institutional capacity development. • The remaining timeframe does not seem to be sufficient for data collection and to provide adequate training and user support with regard to the rollout and integration of the 3 business applications that still need to be developed.

The ASICT project has been successful in achieving a number of ICT-related outputs, which are generally consistent with the attainment of the two immediate objectives. However, there are some weaknesses in the currently applied strategy, which have their origin in the inadequate project design. These weaknesses are likely to affect the achievement of sustainable results, if the project goes ahead as planned and ends in June 2010.

First, the project did not carry out a comprehensive functional analysis of the different institutions involved in the wider development planning and resource mobilization, allocation and monitoring process. While the existing business processes have been mapped during the information needs assessment, they have not been reviewed and rationalized. Consequently, the software applications are built on existing business procedures. Many of the existing business processes have shortcomings, which should have been addressed before computerizing them. For example, the government's inventory system does not register individual items by assigning each item an individual tracking code. Instead, it simply assigns a number of items to individual persons without specifying the exact nature of the item (e.g. 1 laptop, instead of 1 ThinkPad T61, Model 7660A37 with Intel® Core™ 2 Duo T8100 NV (2.10GHz 800MHz), 1GB DDR2 SDRAM 667MHz, 160GB, 14.1" WXGA TFT 1280x800. Inventory Number: PD-3-2009-0121). The current practice is not conducive to proper inventory management.

Another example is the monitoring practice currently followed by IMED, which appears to be rather cumbersome. IMED's monitoring framework consists of a large number of partially overlapping reporting formats. At present, IMED has difficulties to receive information from project implementation agencies in an accurate and timely manner, which indicates problems in the data collection formats and process. An ICT system that basically computerizes the formerly paper-based reporting process without rationalizing formats and process is unlikely to increase efficiency and effectiveness of monitoring and evaluation.

The project strategy lacks a wider outcome-orientation, which makes it questionable if the ultimate objective will be attained. The project is narrowly focused on improving ICT capacities and systems, while neglecting other skills and capacities that should be enhanced simultaneously, in order to ensure that the newly ICT-enabled institutions really benefit from the software applications and can perform their functions more efficiently.

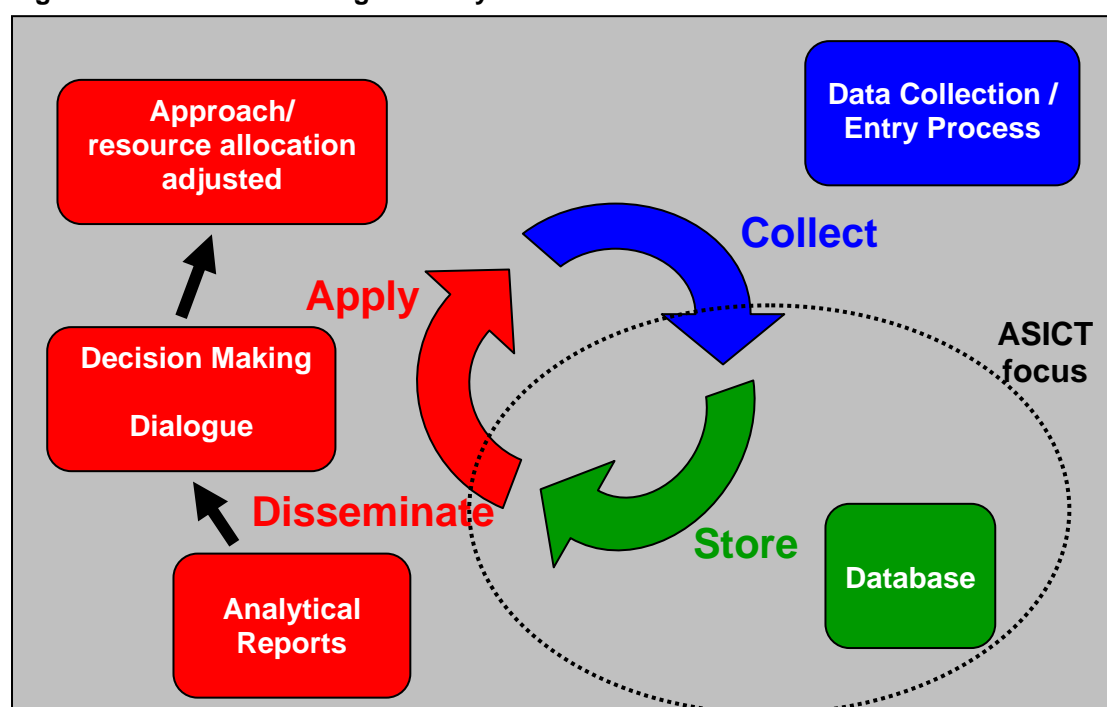
It could be argued that the ASICT project was (is) primarily intended to complement other projects that were (are) meant to address wider capacity development issues, such as SICT, or a UNDP project to strengthen debt management capacities of ERD, as well as an ADB-funded project meant to strengthen IMED's results-based monitoring and evaluation capacities. Further, it could be argued that the ASICT project did (does) not have control over the deliverables of these projects, which to some extent, were meant to provide a basis for further support through ASICT, but did not always deliver according to their objectives. However, this argumentation is not entirely convincing for several reasons: *first*, every development project is implemented within a specific environment. It is critical to assess this environment, which often includes other projects, very carefully while designing a project, in order to determine the likely effect of external factors on the envisioned project outcome. An outcome is by definition a joint product, consisting of the contributions of four agents: (1) the client/target group, (2) delivery agent (in this case UNDP), (3) aid partners and other stakeholders, and (4) the impact of exogenous factors (event of nature, international economic shock, etc.). *Second*, the project strategy outlined in the project document does not clarify how exactly the contributions by other agents, including the projects mentioned above, are supposed to contribute to the ultimate objective of the ASICT project. Although some collaboration between ASICT and

other projects operating in the Planning Commission Campus took place, a formal partnership strategy has not been formulated. *Third*, while there may have been a number of assumptions regarding the contributions of other projects and the potential synergies between them, the ASICT project document does not specify them, and the project failed to monitor them, in order to constantly assess if they hold true. Assumptions that are not specified and not monitored are likely to turn into risks. The failure to formulate and monitor implementation assumptions that link outputs to outcomes underlines the lack of a wider outcome-orientation.

Although an outcome is by definition a joint product, each individual delivery agent is responsible for providing goods and services that have the clear potential to contribute to a higher level result. In the context of an ICT project, this includes taking measures to ensure that the target group can fully benefit from the newly developed systems. In order to be of benefit to an institution and effectively support its objectives, any information management system has to be integral part of an information management cycle, comprising data *collection*, data *storage / processing* and *application* of the information gained through the analysis. (Refer to Figure 6 for an illustration of the information management cycle).

The information management cycle is based on the premise that information is collected, stored and processed, in order to support the preparation of analyses that can inform decision-making, influence behaviour and potentially result in changes in the approach taken by an institution, in order to ensure that a defined objective is achieved. Consequently, an Information Management System (IMS) is just a tool and data collection just a means to an end. Information is collected as a basis for analysis that can inform decision-making.

Figure 6: Information Management Cycle



At the moment, the focus of the ASICT project is primarily on developing software applications and on providing ICT-related training. In the context of the information management cycle, this strategy addresses mainly the aspect of data storage. The systems might facilitate data collection and entry, but these aspects have not yet been specifically addressed by the project, for example by formulating user guides,

which specify how the systems support the related business processes. Further, the project has not yet foreseen measures to facilitate the switch from a paper-based to an online data collection process. While the systems will allow to manipulate the data and to generate all kind of reports, the project has not yet implemented or foreseen specific activities to enhance capacities related to the use of information, such as increasing analytical, packaging and presentation skills.

Analyzing an ICT tool against the background of the specific information management cycle that the system is meant to support, highlights an important fact: effective information management requires two components: system (ICT) and process (guidelines & people). Past experiences show that too much emphasis is often placed on the system, which is sometimes regarded as a 'magical box' that will solve all problems by itself. An ICT tool on its own will add little value, if it is not built on sound business procedures and maintained by dedicated people that manage the process designed to link the tool to organizational objectives.

Any ICT system requires dedicated and well-trained people to operate and maintain it. In addition to related ICT skills, it has to be ensured that the host institution has sufficient capacity to gather the necessary data, as well as analytical, writing, packaging and presentation skills, in order to facilitate the manipulation and actual use of the data, as well as its transfer into information that is helpful for decision-makers. It is critical to avoid a one-dimensional focus on ICT and ICT skills. In case of the ASICT project, this is particularly relevant for the business applications.

Looking at the key elements of the information management cycle, it can be deduced that three core functions have to be fulfilled, in order to ensure that an IMS is functioning effectively as a tool to support decision-making. These functions are:

- (1) *Data collection & entry*
- (2) *System maintenance*
- (3) *Data analysis & dissemination*

Consequently, adequate structures, mechanisms and procedures have to be put in place to ensure that the three functions mentioned above are being performed. These include standard operating procedures, which define the data collection/ entry process, as well as related roles and responsibilities. Further, a data entry user manual, including a glossary that defines critical terms, has to be developed, on which basis data providers have to be adequately trained. Software and hardware have to be compatible and suitable for the existing IT environment. For example, web-based systems are not really useful in areas with limited internet connectivity and frequent power cuts. IT staff need to be trained in using software and hardware effectively, and in fixing potential technical problems. Mechanisms have to be put in place to ensure frequent data quality control, as well as data analysis and preparation of analytical products. This is particularly important in case of the business applications.

Annex 4 contains a matrix outlining the necessary capacities and key questions to be answered in relation to the three functions, especially with regard to the 4 business applications. These aspects should be addressed to increase the chance that the project objectives will be achieved.

Another factor that influences the project's effectiveness in successfully delivering against its objectives is the issue that the business applications primarily reflect the needs and demands of individual Divisions. Hence, the business applications were not really designed against the background of an integrated and streamlined resource planning, allocation and monitoring process. Although it is foreseen that the systems will be linked, statements made by officials during the interviews indicate that each Division is likely to claim individual ownership of its ICT system. It seems

as if each Division stakes a claim to a particular functional territory and is concerned with defending that territory as distinct from exploring cooperative or even whole-of-government perspectives. Every Division is operating under its own rules of business. This results in a silo effect which impedes effective communication and information sharing. It is questionable if the ICT applications will act as a catalyst to overcome the silo effect.

The focus on selected Divisions has also prevented the project from making strategic linkages with other key GoB institutions that play a critical role within the wider planning and budgeting process, such as the Finance Division (FD). The Finance Division is maintaining a web-based Integrated Budget and Accounting System (IBAS), which is used for budget preparation and expenditure tracking and seems to have the potential to capture and process additional management information. In case of ministries that already prepare a medium-term budgetary framework (MTBF), the IBAS is used by agencies and ministries to prepare their recurrent and development budget. In the context of the later, ministries enter information on development projects, including information on domestic and foreign resources, which form the basis of the Annual Development Programme (ADP). The ADP is basically a compilation of development projects of the different ministries. Hence, the IBAS allows generation of an ADP-type report. Consequently, much of the information that is meant to be captured in the ADP Management System and the Project Information Management System, which are planned to be developed by the ASICT project, seem to be already available in IBAS. Until now, the ASICT project did not explore possible linkages with IBAS.

Another aspect affecting the attainment of the ultimate objective is the project's staffing structure, which reflects an overly strong ICT focus and lacks specific substantial expertise, e.g. in development planning, public resource management or capacity building. This partially explains why the project currently lacks a wider outcome-orientation, which would require looking beyond improving ICT capacities and systems towards strengthening underlying business procedures and related capacities. Further, the project currently lacks administrative support staff and will have to extend its outreach capacity, once the Project Planning System (PPS) is rolled out to line ministries. Government officials and staff from the PD should systematically be involved in the PPS rollout.

Risks affecting attainment of project objectives

The project review revealed a number of risks that are likely to affect the attainment of the project objectives.

Change of system developer: UNDP contracted a private sector IT firm to develop the 10 back-office applications, but only 1 business application and framework documents for the remaining 3 business applications. A second tender has just been published concerning the development of the remaining 3 business applications. In general, it would have been better to issue separate contracts for back-office and business applications, instead of splitting the development of the later. There is a serious risk that the project gets further delayed in case a different IT firm is contracted to develop the 3 business applications, as a new firm will require more time to do its own needs assessment and to reach the necessary level of understanding regarding the business procedures to be computerized. In case a new firm uses a different software to develop the applications, the inter-connectivity of the 4 applications might be jeopardized.

Staff turnover: Depending on the civil service cadre they belong to, officers in the 3 Divisions are frequently assigned to new posts in different ministries. In some cases, officers are re-assigned after less than 2 years time. The resulting staff turnover

seriously affects the sustainability of the capacity development efforts of the ASICT project, at least as far as enhancing institutional capacities is concerned. A number of people that received ICT training through the ASICT project have already been transferred to other Divisions. Hence, a sustainable arrangement to provide continuous training to new officers has to be found.

Lack of adequate GoB IT professionals: At the moment, there is only a limited number of ICT posts within the three Divisions. Each Division prefers to have its own ICT staff, instead of creating a central ICT Unit, which would support all Divisions located in the Planning Division Campus and might be more cost-effective. The current number of ICT professionals is not sufficient to ensure adequate maintenance of the new ICT applications, including related user support. Already now, all three Divisions frequently request support from the ASICT project in all kind of ICT-related matters. Hence, project staff is in fact performing line functions, which indicates a serious lack of adequate GoB ICT professionals. This constitutes a serious risk for the sustainability of the ICT applications. UNDP should engage into a constructive dialogue about this issue with GoB as soon as possible, as it will take time for the government to make the necessary provisions in the domestic budget and to actually recruit adequate people. Besides, the government might find it difficult to attract good ICT professionals, due to the comparably low salaries in the public sector.

Unrealistic timeline: As the tender regarding the development of the remaining 3 business applications has just been published, it can be assumed that the systems will actually be available in February or March 2010, at the earliest – potentially later, in case a different IT firm is selected. The remaining project timeframe, i.e. until June 2010, is most likely not sufficient to provide the necessary support and training to ensure that the ICT systems are properly integrated with working procedures of the three Divisions. This constitutes a serious risk for the sustainability of the ICT applications. UNDP should consider either extending the project timeframe or reducing the project scope. These options are discussed in Section 2.5 in more detail.

Lack adequate of non-ICT capacities: As indicated above, improving only ICT-related capacities and systems will not be sufficient to increase the efficiency of the three Divisions, let alone the efficiency and effectiveness of the wider planning and budgeting process. Hence, there is a risk that the systems are developed, but will not be used to their full potential, due to the lack of sufficient non-ICT capacities, e.g. analytical and packaging skills.

Potential Duplication: There seems to be a serious risk that some of the planned business applications, especially the ADP Management System and the Project Information Management System will actually duplicate information management capacities that are already available through existing systems, such as the IBAS maintained by the Finance Division. Further, the Finance Division is apparently in the process of developing its own payroll management systems, which is likely to be part of the IBAS. In order to foster inter-ministerial collaboration and information sharing, the ASICT project should urgently explore and facilitate possible linkages with IBAS and inform other ministries about the available back-office applications.

Internet connectivity: All ICT applications developed under the ASICT project are foreseen to be web-based, in order to allow accessibility from different locations. While this is very useful in theory, two aspects should be considered: *first*, there is only one submarine cable going to Bangladesh. *Second*, there is an acute power shortage in most parts of Bangladesh. Both factors will affect the continuous

accessibility of the systems through the internet.⁸ ICT systems that are slow or often not accessible are unlikely to be used. Hence, it should be considered to develop offline modules where appropriate, e.g. for the Project Planning System, and to extend the LAN connection to all ministries in Dhaka; plans to expand the fibre optic cable network do exist. Further, it should be considered to refrain from building a geographic information system (GIS) directly into the web-based application, as the GIS is likely to seriously affect the overall system performance. Maps showing project locations, etc. can be provided as reports without establishing a web-based GIS.

“Computerizing inefficiency”: The ICT systems are based on existing procedures, which are in many cases sub-optimal. Consequently, there is a risk that the ASICT project contributes to “computerizing inefficiency”, instead of increasing institutional efficiency in line with the ultimate objective.

Conclusion

Overall, it does not currently seem likely that the ASICT project will be able to attain its objectives entirely. The two immediate objectives are likely to be achieved only if the project timeframe is extended by 6-12 months, in order to ensure adequate training and support in relation to the integration of the 3 business applications that are not developed yet. The ultimate objective will only be achieved if the current project strategy is adjusted considerably to include broader, non-ICT capacity development activities and measures to rationalize business procedures.

2.3 Efficiency

This section reviews the efficiency of the project by assessing the outputs in relation to the inputs. It should be noted that a detailed cost-benefit analysis is not part of this assignment.

The project had to be extended twice, as not all outputs have been achieved on time. The project actually started later than planned, and its implementation was affected by changes in the political environment. Originally, the project was supposed to start in June 2005. However, due to uncertainties during the caretaker government, the project actually started in June 2006. Political uncertainties and changes in senior management of some of the target institutions resulted in further delays. The information needs assessment, which formed the basis for the system specifications and terms of reference for the system developer only started in July 2007 and was completed in November 2007. Further, the project implementation was affected by delays in UNDP procurement processes. Although tender documents were prepared soon after the information needs assessment was finalized, the selected vendor only started working in mid 2008. The first tender covered all back-office applications, as well as 1 business application and frameworks for the other 3 business applications. With regard to the second tender, there was a delay of four months between submission of tender documents to UNDP and advertisement of the tender. Consequently, the remaining project deliverables will fall behind the currently foreseen schedule.

Furthermore, the project was and is being requested to provide services beyond the initial scope of the project work plan, such as development of a database for the Agriculture Division of the Planning Commission and provision of general ICT support for PD, IMED, and ERD.

⁸ While there are apparently plans to address the issue of submarine connectivity within the scope of the wider national ICT agenda, power shortages might still affect the actual internet connectivity in different parts of the country.

By the time this review was carried out, roughly 55% of the allocated project funding was spent. As one big expenditure item, i.e. the development of 3 business applications, is still outstanding, the expenditure ratio in June 2010 is estimated to be around 80%. Although it will only be possible to fully assess the cost-benefit relationship once all systems are established in working environment, it can be stated that the developed software applications have been procured at a comparably low cost. In this respect, project inputs have been used efficiently.

Conclusion

Overall, the project has so far been implemented with medium efficiency, as the project is still on budget, but not on schedule.

2.4 Sustainability

This section assesses whether the benefits of the project are likely to continue after project funding will be withdrawn and outlines the major factors influencing the sustainability of project results.

There are a number of factors influencing the sustainability of project results. Most of these factors are outlined in Section 2.2 Effectiveness. In case the identified risks are not addressed by implementing appropriate activities to mitigate them, there is a limited chance that project benefits continue after funding is withdrawn by June 2010.

In addition to the immediate risks outlined above, the sustainability of project results could be affected by changes in GoB's institutional arrangements for planning and budgeting. Some of the planned business applications would become obsolete, if the Government of Bangladesh changes its budgetary process. At the moment, there seems to be a transition from a centralized, dual budgetary process, to a decentralized, single budgetary process. However, the concrete implications of the ongoing reform process, which includes the introduction of a Medium-Term Budgetary Framework (MTBF), cannot be entirely predicted at this point in time. The possible implications of the ongoing reform process are outlined below from a conceptual perspective, in order to highlight potential effects on the planned business applications.

Centralized, dual budgetary process

In principle, the Government of Bangladesh has a dual budgetary process, whereby the Ministry of Finance (MoF) is responsible for the preparation/ approval of the recurrent budget and the Ministry of Planning (MoP) is responsible for the preparation/ approval of the development budget. The process used to be characterized by strong central, ex ante controls, whereby line ministries have very limited budgetary authority, as decisions regarding resource allocation and expenditure are made by central ministries, i.e. MoP and MoF. Line ministries send their draft Annual Development Programmes (ADP) to the Programme Division of the Ministry of Planning, which decides about the actual resource allocation to each ministry based on budget ceilings per sector given by the MoF. This budgetary process can be explained against the background of the heavily centralized development planning process in Bangladesh.

Three of the four business applications (i.e. Project Planning System, ADP Management System, and Project Information Management System) have been designed against the background of this centralized planning and dual budgetary process, in order to support corresponding business procedures.

In recent years, the Government of Bangladesh, under the leadership of the MoF, has introduced multi-year budgeting, whereby an MTBF approach has sequentially been rolled out to different line ministries. At the time of this review, 20 of the 43 ministries already follow an MTBF approach. From a conceptual point of view, the introduction of an MTBF approach indicates a shift towards a more decentralized, single budgetary process. (Refer to Figure 7 for a summary of the MTBF concept).

Figure 7: MTBF Concept

The main purpose of a Medium-Term Budgetary Framework (MTBF) is to extend the budgetary horizon through a systematic approach that includes a strong policy-budget link under a hard budget constraint derived from a sound macroeconomic framework. The MTBF is an approach to budgeting which links the spending plans of government to its policy objectives. The main feature of a MTBF is that annual budget preparation is carried out within a framework which takes into account the resources expected to be available to the government over the medium term. An MTBF can be described as a whole-of-government strategic policy and budgetary framework within which line ministries are provided with greater responsibility for resource allocation decisions and resource use.

The main *objectives* of the MTBF are to:

- Strengthen fiscal discipline, by creating an orderly framework for management of the annual budget over the medium term;
- Strengthen the allocation of resources to the government's strategic priorities;
- Improve operational efficiency, by strengthening the capacity of line ministries to prepare and manage their budgets effectively.

The MTBF has two complementary *components*:

- A strategic, 'top-down', component which sets the overall fiscal framework and provides guidance in the form of indicative budget preparation ceilings to each line ministry.
- A 'bottom-up' component, which consists of a bottom-up estimation of the current and medium-term cost of existing policies and support to line ministries to allocate resources strategically and in accordance with their ceilings.

An MTBF is considered to have the following main *benefits*:

- It supports predictability in the budget process by ensuring the budget is based on a medium term macroeconomic and fiscal forecast;
- It ensures that fiscal policy objectives (levels of revenue, expenditure and fiscal deficit) provide the overall framework for budgetary management;
- It relates budgetary allocations to strategic priorities by focusing the budget more clearly on services (i.e. outputs) and providing budgetary ceilings to line ministries that reflect these priorities;
- It creates a more efficient budget management system based on delegated authority to line ministries.

Decentralized, single budgetary process

In a single budgetary process, recurrent and development budget are not prepared separately by different agencies, but together by the same agency. A single budgetary process is usually associated with greater allocative efficiency, as agencies are better able to estimate and budget for the recurrent cost implications of their capital expenditures. A single budgetary process can still be centralized, whereby ultimate decisions regarding resource allocations are made by the Ministry of Finance. However, in many countries, financial and managerial authority has been devolved to lower tiers of government, providing line ministries and departments with more budgetary discretion.

In Bangladesh, MTBF ministries are given a total budget envelope by the MoF, but decide about the specific allocation of resources to recurrent and development expenditure items independently. Hence, the MTBF process in Bangladesh constitutes, in fact, a shift to a decentralized, single budgetary process. At the moment, even MTBF ministries are still sending their ADP to the Planning Commission, in compliance with the formal (old) process. However, the Planning Commission is apparently not responsible anymore for making decisions about the resource allocations to MTBF ministries. In any case, roles and responsibilities of different government institutions within the budgeting process seem to be changing, while there appear to be different views and even tensions, especially between MoF and MoP, regarding what each other's role should or will be in future.

Further, MTBF ministries use the Integrated Budgeting and Accounting System (IBAS), maintained by the Finance Division of the MoF, to prepare their budgets, both recurrent and development. The later contains information on individual projects, both domestically and foreign funded. Hence, the IBAS can already be used to generate an ADP-type report for MTBF ministries. The MoF plans to bring all remaining line ministries under the MTBF process within the next two years. Consequently, the necessity, and therefore the sustainability, of the planned ADP Management System are questionable. The necessity and sustainability of the Project Planning System (PPS) and the Project Information Management System (PIMS) will depend on the future roles and responsibilities of central ministries and line ministries in the light of the current changes in the national planning and budgeting process. Possible scenarios in this regard are outlined below.

Possible Scenarios

Many different scenarios regarding the future approach to planning and budgeting in Bangladesh are imaginable; not all can be presented here. Therefore, this section will focus on only two possible scenarios that are almost at opposite ends of a continuum. The purpose of this section is to highlight the potential implications of changes in the budgetary process on the ASICT project.

Scenario 1: Move towards a single budgetary process

From a conceptual point of view, the implementation of the MTBF process could ultimately result in changed roles of many central agencies. In the most extreme case, MoP and MoF would be merged, in order to foster the establishment of a single budgetary process, in which line ministries and lower tiers of government have huge managerial flexibility and budgetary discretion. The merged MoFP would be responsible for preparing the macroeconomic framework and the MTBF with annual budget ceilings for line ministries, while line ministries would be responsible for preparing individual sector plans and matching budgetary frameworks. Even if MoF and MoP would not be merged, a full implementation of the MTBF process could ultimately change the role of the Planning Commission and of the Implementation, Monitoring and Evaluation Division (IMED). As line ministries would only be given a total budget envelop, but wider managerial flexibility and budgetary discretion within a single budgetary process, the current ADP process would phase out. The Planning Commission would no longer be responsible for making detailed decisions regarding resource allocation to individual ministries. Consequently, the planned ADP Management System would no longer be required.

Such a development would most likely also affect the current project approval and monitoring process. Empowered line ministries and departments would be responsible for delivering specific results, but have greater flexibility with regard to the means used to achieve them. Potentially, only very large and/or cross-cutting project would be scrutinized by a central oversight body, while line ministries would

primarily be responsible for designing, implementing and monitoring their development projects. Consequently, IMED would no longer be responsible for monitoring financial and physical progress of each individual project.⁹ Instead, one could imagine that an agency at central level would be retained to carry out only evaluations of large or cross-cutting projects, or to provide technical advice on the organization of evaluations, which would be carried out under the supervision of the responsible line ministry. Under this scenario, the roles and responsibilities of Divisions under the Planning Commission would be reduced considerably, whereby the Planning Commission would only be involved in the preparation of the national development plan and potentially the technical review of large development projects, but not in decision related to individual financial allocations. Consequently, the PIMS developed for IMED would no longer be required and the scope of the PPS might have to be adjusted. The PPS could still be useful for submission of project proposals from agencies to line ministries, whose planning and budgeting capacities would need to be enhanced.

Overall, this scenario would considerably affect the sustainability of some of ASICT's envisioned results.

Scenario 2: Move towards an adjusted dual budgetary process

In the past, GoB prepared a Poverty Reduction Strategy Paper (PRSP) titled *Unlocking the Potential - National Strategy for Accelerated Poverty Reduction (NSAPR)* and took concrete steps to align the NSAPR to a MTBF. The recent decision of the Government of Bangladesh to abandon the Poverty Reduction Strategy Paper in favor of a 5-Year Plan can be interpreted in two ways: *first*, GoB has not made a final decision yet regarding which approach to national planning and budgeting it would like to follow, as the decision to abandon the PRSP seems to contradict the (implicit) objectives of the MTBF approach. *Second*, the decision to go back to the preparation of 5-year plans can be interpreted as an expression of GoB's strong commitment to central planning, while the government intends to go a middle way between centralized planning and a more decentralized, multi-year budgeting process. From a pure conceptual point of view, it can be argued that the ongoing MTBF process, which devolves financial and managerial authorities to line ministries and fosters a single budgetary process, is not well served by a centralized 5-year planning process that is based on the legacy of a powerful, central Planning Commission with resource allocation authority. However, central planning and more decentralized budgeting in the context of an MTBF process are not mutually exclusive. Given the long history of the Planning Commission in Bangladesh and the emphasis put on longer-term central planning by the new government, it can be assumed that MoF and MoP will not be merged in the near future. Moving to a 5-Year development plan makes medium-term budgeting even more important, in order to adequately link budget to plan and ensure that long-term strategic priorities can be financed effectively. Apparently, the GoB has already decided to extend the timeframe of the rolling MTBF from 3 to 5 years, in order to match it with the 5-Year Strategic Plan. In this respect, the roles of both MoF and MoP would need to be adjusted around the MTBF process. With regard to the approach followed by other

⁹ It should be noted that the intention of this section is to outline theoretically possible scenarios regarding the future approach to planning and budgeting in light of the currently visible changes, such as the MTBF process. Scenario 1 looks at possible future developments primarily from a conceptual point of view. Apparently, the Prime Minister recently declared that IMED should be strengthened, which could be seen as an indications that certain planning as well as monitoring and/or evaluation functions are meant to remain centralized. Possible implications of such a scenario are outlined in the following section.

countries that introduced an MTBF and whose institutional arrangements were similar to those of Bangladesh, the responsibilities could be assigned as follows:

The role of the Finance Division could be to:

- Provide the macroeconomic and fiscal forecast on which the MTBF is based¹⁰;
- Support the preparation of an annual budget strategy paper, in collaboration with the Planning Commission. The strategy paper would outline expected resources availability, as well as budget pressures arising from ongoing recurrent and development expenditure programmes and emerging priorities, and would make recommendations for budgetary allocation at the strategic level.
- Provide technical advice and support to line ministries to enable them to prepare MTBF estimates for the recurrent budget;
- Issue three-year expenditure ceilings for preparation of the recurrent budget under the MTBF and update these annually in accordance with the approved annual budget and revised forward estimates;
- Review the recurrent budget estimates submitted by line ministries for compliance with MTBF budgeting procedures, linkages with policy objectives and priorities, and value for money;
- Assess any requests for expenditure in excess of the MTBF expenditure ceilings which may be submitted by line ministries;
- Compile and issue MTBF budget estimates as part of the annual budget documentation.

The role of the Planning Commission could be to:

- Support the preparation of an annual budget strategy paper (see above), in collaboration with the Finance Division;
- Provide technical advice and capacity-building to line ministries to enable them to prepare MTBF estimates for the development budget;
- Issue three-year expenditure ceilings for preparation of the development budget in accordance with a forecast of resources available for development expenditure issued by Finance Division;
- Take overall responsibility for ensuring development expenditure priorities are reflected in the MTBF estimates prepared by line ministries;
- Review the development budget estimates submitted by line ministries for compliance with MTBF budgeting procedures, linkages with stated policy objectives and priorities, and value for money;
- Assess any requests for expenditure in excess of the MTBF expenditure ceilings which may be submitted by line ministries from time to time.

Under this scenario, the Planning Commission would keep its responsibilities regarding project approval and resource allocation. However, the current business procedures regarding the preparation of the ADP are likely to change, which would make the sustainability of the planned ADP Management System questionable. Under this scenario, it seems likely that monitoring and evaluation is maintained as a central function, which means that some sort of PIMS would still be required.

¹⁰ While the provision of macroeconomic and fiscal forecasts is typically the role of a Ministry of Finance, other institutions, such as the Central Bank, are sometimes contributing to this task. In Bangladesh, the National Board of Revenue and the Bangladesh Bank are likely to play a role in this regard, as initiatives are apparently ongoing to strengthen the related capacities of these institutions.

Conclusion

Overall, there is currently only a limited chance that project benefits would continue if funding is withdrawn in June 2010. The main reasons for this finding are the short timeframe remaining for system development and rollout, the lack of matching non-ICT capacities in the Divisions hosting the systems, the shortage of adequate IT professionals to maintain the systems, the existence of another IMS that can perform many of the information management functions planned to be addresses by the new systems, the fact that many ICT applications are built on sub-optimal business processes and the high likelihood that the ongoing public financial management reform results in changes in some of the business processes that the new ICT applications are meant to support.

2.5 Project Options

If UNDP does not take appropriate actions immediately it is highly unlikely that the project will achieve its ultimate objective. Without decisive actions, it is furthermore likely that project benefits will not be sustainable and that all or part of the project funding turns into a sunk cost. The main reasons for this are delays in the procurement process and the narrow focus on enhancing only ICT-related systems and capacities of selected institutions, while not paying enough attention to other capacities needs and the wider, inter-linked resource planning, mobilization, allocation and monitoring process that these and other institutions support. Against the background of the assessment presented above, UNDP should consider taking one of two following options:

Option 1: Reduce the project scope

One option is to focus on implementing the 11 applications that have already been developed, but to stall the development and rollout of the other 3 business applications that have not been developed yet. The tender document for the missing 3 business applications has just been published end of August. Hence, it is expected that it will take until February or March 2010 until the systems are developed, which would leave the project only 3-4 months for rollout and training. Given that more than just ICT training will be required to ensure that GoB really benefits from the business applications, the remaining project timeframe is too short. Hence, the project scope could be reduced.

Pro: 11 applications have already been developed and are currently going through the testing stage. In order to ensure that these systems will not be abandoned shortly after the completion of the project, it is crucial to facilitate the rollout and proper integration of these systems into existing business processes of the target institutions. While the back-office application will (initially) only be installed in three Divisions, the rollout of the Project Planning System will require extensive outreach to line ministries and agencies, which are meant to use the system to submit their project proposals in future online. The remaining project timeframe should be sufficient to provide the necessary training and support to ensure rollout and proper integration of the existing systems. This option would allow UNDP to stay within the project timeframe, while avoiding that investments already made turn into a sunk cost.

Another argument for this option is that the ongoing MTBF process might affect the role of the Planning Commission with regard to project approval and especially resource allocation, as well as the role of IMED with regard to monitoring of physical and financial progress of development projects implemented by line ministries and agencies. In this case, the ICT applications that are meant to support related

business process within PD and IMED might no longer be required. Stalling the development of the business applications, while focusing on the rollout of the back-office applications, would allow UNDP to assess the implications of the MTBF process. UNDP could avoid potentially unnecessary investments, while still enhancing ICT systems and capacities of the target institutions.

Contra: At least two arguments can be made against choosing Option 1: *First*, there are considerable expectations within PD, IMED and ERD regarding the benefits of the business applications. While some of these expectations might be unrealistic or would require streamlining of institutional business procedures as well as additional, non-ICT-related training, in order to hold true, failing to deliver the promised business applications is likely to negatively affect UNDP's reputation and credibility as a reliable partner. *Second*, the business applications are directly related to development planning, as well as resource mobilization, allocation and monitoring, i.e. very important areas, in which GoB will require further support beyond the provision of ICT systems. Through the ASICT project, UNDP is in a strategic position to engage in policy dialogue with GoB regarding the core business procedures that the ICT systems are meant to support.

Dropping the development of the business applications might close a unique entry point for UNDP and result in a missed opportunity. However, continuing the development of the business applications without engaging in policy dialogue about the existing planning and budgeting process and without complementing the project's ICT support with broader capacity development activities and business process re-engineering would equally result in a missed opportunity and potentially a sunk cost.

Option 2: Extend the project timeframe and scope

The second option for UNDP is to go ahead with the system development as planned, but to extend the project's timeframe and scope. This would either require an exceptional third extension of the ASICT project or the timely launch of another project, which would build on and complement the ASICT project. The remaining timeframe and unallocated funding of the ASICT project could be used for the design of a follow-up project that would ideally start not later than early January 2010, in order to ensure synergies with the ASICT project, as well as a seamless transition. Essentially, such a follow-up project would facilitate the rollout and integration of the missing 3 business applications, as well as complement the ICT-related training of the ASICT project with a wider capacity development programme to ensure that the target institutions fully benefit from the newly developed systems.

The follow-up project should foresee a comprehensive functional analysis and capacity needs assessment of central divisions involved in development planning and resource, mobilization, allocation and monitoring. The assessment should result in the development of a holistic training curriculum, which might entail trainings to enhance analytical, packaging of information, presentation and negotiation skills, as well as training in results-based management & monitoring, benefit analysis and impact assessment, etc.

Pro: The main argument for choosing this option is that the remaining project timeframe might be sufficient to develop the 3 missing business applications, but not to provide the necessary training and support to ensure adequate rollout and integration of the systems with existing business procedures. Going ahead as planned without extending the project timeframe would result in delivering ICT applications that are not used effectively; if at all.

This option would allow UNDP to explore and make strategic linkages, e.g. between the ADP Management System and the Integrated Budget and Accounting System (IBAS) maintained by the Finance Division.

Another dimension that should be explored and potentially addressed in a follow-up project is enabling the relevant business applications to support results-based monitoring. It should be noted, however, that this would first require broader support to IMED in developing a monitoring framework that could subsequently be integrated into an ICT application. In the past, IMED received technical assistance from ADB that was meant to result in the development of a results-based monitoring and evaluation (RBME) framework. While different RBME matrixes have been developed by ADB consultants, IMED does not consider them to be practical and will most likely not use them. Hence, before any ICT application can be developed or adjusted to facilitate RBME, a feasible M&E framework would need to be developed and related training provided to the relevant officers.

The second option would also allow UNDP to address issues that have been neglected in the past, such as reviewing and streamlining business procedures related to development planning and budgeting more thoroughly. This would require to work more closely with the Finance Division and to facilitate dialogue and inter-ministerial collaboration between Ministry of Planning and Ministry of Finance.

Contra: The second option clearly reveals the dilemma the ASICT project is in: although it has already been extended twice, its scope and timeframe needs to be further enhanced, in order to ensure that it leads to sustainable results. At least two arguments can be made against choosing this option; the first one is an operational argument, while the second argument is a political one.

First, it can be argued that the slow implementation of the ASICT project can partly be explained by delays in UNDP's procurement and recruitment processes. Further, shortcomings in the project design have not been identified, or at least not been addressed earlier, which could be an indication that UNDP's back-office capacities need (or needed) to be strengthened. In order to achieve the ultimate objective of the project with extended scope, UNDP would need to bring in additional expertise in capacity development, functional analysis and public administration reform, as well as monitoring and evaluation. Further, the extended project scope would make additional demands on project management skills.

If the project scope would be extended, the project manager would need to have at least a broad understanding of the wider thematic areas within which the ICT systems operate, such as development planning, public financial management, as well as monitoring and evaluation. It would be helpful if the project manager has previous experience in public sector reform projects, including in change management and capacity development. If UNDP decides to extend the project scope and timeframe or to complement the ASICT project with another one that addresses capacity development issues within a broader programmatic framework (refer to Section 5 for related suggestions), it should be considered to recruit an international Chief Technical Adviser, who would take the lead in programmatic issues, while a national Project Manager would be responsible for operational issues.

Secondly, it can be argued that the full implementation of the MTBF process might change the role of the Planning Commission as well as of IMED. Systems that are currently foreseen to be developed would support business processes that could fundamentally change in future. Fostering the development and rollout of the planned ICT systems might contribute to stabilizing the status quo, while GoB intends to reform its planning and budgeting process. Hence, any extension of the ASICT project or design of a follow-up project would need to be sensitive to the political developments, in order to ensure the project supports, instead of impedes reform processes.

Figure 8: Summary Analysis of Project Options

OPTION	PRO	CONTRA
1. Reduce project scope	<ul style="list-style-type: none"> • Remaining timeframe is too short to develop and rollout the missing 3 business applications • Risk of sunk cost • Ongoing PFM reform might change key processes • IMS in FD already performs some of the IM functions 	<ul style="list-style-type: none"> • High expectations in ERD, PD and IMED • UNDP might lose credibility if it drops development of business applications • UNDP might lose a strategic opportunity to strengthen resource planning, mobilization, allocation and monitoring procedures
2. Extend project timeframe & scope	<ul style="list-style-type: none"> • Limited change that project results are sustainable if project ends in June 2010 • Need to complement project strategy with broader capacity development component • Need to review and rationalize business processes 	<ul style="list-style-type: none"> • UNDP does not seem to have adequate capacities to engage in necessary wider policy dialogue • Uncertainty regarding implications of PFM reform

3. Recommendations

Against the background of the review of the ASICT project presented above, this section makes concrete recommendations regarding the way forward. It should be noted that these recommendations do apply for either of the two options presented above. While it is, in principle, possible to implement the following recommendations within the remaining project timeframe, many would obviously be more effective if the project timeframe would be extended, or if they would be implemented through a follow-up project.

(1) Ensure that GoB can perform three IMS-related functions.

As outlined in Section 2, there are three core functions that need to be fulfilled, in order to ensure that an information management system is well integrated with the business processes of an institution and actively supports its objectives. The three functions are: (1) *data collection & entry*, (2) *system maintenance*, (3) *data analysis & dissemination*. The ASICT project should look at each ICT application against the background of these functions and identify which steps have to be taken to ensure that they can be fulfilled by GoB officials and staff. A matrix that can help with this exercise is given in Annex 4. Some general aspects that should be addressed are outlined below

- *Data Collection & Entry*
 - Prepare user manuals that link the systems to the matching business process, i.e. merge the rules of business with the user manuals.
 - Prepare draft directives regarding the use of each system. Back-office applications would only need written directives from the responsible Secretary, while the directives regarding use of business applications that involve several Divisions would need to be signed by the responsible Minister or even the Prime Minister.
 - Start training of “super users” within the relevant Divisions that can support the system rollout to line ministries and provide general user training to new staff.
- *System Maintenance*
 - Continue with training of IT professionals and explore different options to address the shortage of qualified IT staff in the three Divisions. Prepare a cost analysis comparing potential recurrent costs to the government for three different scenarios: (1) set-up of a central IT unit, (2) set-up of IT units in each Division, (3) out-sourcing of system maintenance and user support functions to a private sector company.
- *Data Analysis & Dissemination*
 - Carry out a capacity needs assessment and prepare a training curriculum to enhance analytical skills and information packaging skills. Ideally, this kind of training should be provided by a local university or institute that could tailor the analytical training to the specific substantive area and data set.
 - Prepare a set of standard reports and enable automatic publishing of these reports to web-sites of relevant ministries, in order to foster information sharing and the use of the systems as communication tools.

(2) Assess timeframe & implications of MTBF process.

As discussed in Section 2, the MTBF process might have considerable implications on the roles and responsibilities of different GoB institutions, which could affect the necessity and sustainability of some of the business applications. Facilitate a political dialogue between MoF and MoP on these implications and their potential timeframe, in order to assess to what extent the applications are still required or should be adjusted.

(3) Carry out IBAS system analysis to avoid duplication.

A superficial review of the Integrated Budgeting and Accounting System (IBAS) maintained by the Finance Division gave the impression that this system is already able to perform many of the information management functions that are meant to be performed by some of the applications that the ASICT project intends to develop. A comprehensive analysis of the IBAS should be carried out on a priority basis, in order to avoid overlaps and foster potential linkages. In case the analysis reveals that the systems planned under ASICT would indeed result in duplication, UNDP should facilitate political dialogue between the Finance Division and relevant Divisions in MoP to explore options for information sharing.

(4) Continue with the same IT firm.

As discussed in Section 2, changing the IT firm is likely to result in further delays and might have negative implications on the planned inter-connectivity of the four business applications. Provided that no serious concerns arise during the review of the proposals submitted in the context of the ongoing tender process, priority should be given to the firm that was contracted to develop the first set of software applications.

(5) Establish a “request tracker”.

The ASICT project team receives numerous requests from different Divisions to provide various kinds of IT support. This highlights the current shortage of qualified GoB IT professionals in these Divisions. The ASICT team should maintain and continuously update a “request tracker”, in which all requests would be recorded, indicating – among others – date and nature of the request, name and designation of the requester, measures taken by whom, total time spent on the request. Such a request tracker would serve many purposes. It could be used in discussions with the Divisions to highlight the shortage of IT professionals and inform the preparation of IT trainings. Further, it can help the project manager to allocate and use project resources efficiently and effectively.

(6) Complement current project strategy with broader capacity development activities.

In addition to enhancing ICT capacities, UNDP should assess which other capacities (individual and institutional) need to be strengthened to ensure that the IT-enabled institutions are more efficient and more effective. Some of the capacities that should be strengthened are closely related to the use of the systems, such as analytical, presentation and negotiation skills. However, a

comprehensive needs assessment is likely to reveal other capacities that should be enhanced, such as project appraisal, results-based management, language skills, etc. Related support could be provided through a separate project, potentially in the context of a wider programmatic approach.

(7) Develop offline modules.

There are two reasons for this recommendation: *first*, there is currently only one submarine cable going to Bangladesh. *Second*, there is an acute power shortage in most parts of Bangladesh. Both factors will affect the continuous accessibility of the systems through the internet. ICT systems that are slow or often not accessible are unlikely to be used. Some systems, e.g. for the Project Planning System, have to be accessed by ministries outside of the Planning Commission Campus. In addition to developing offline modules, it is recommended that the LAN connection be extended to cover all ministries in Dhaka.

(8) Carry out functional analysis.

As outlined in Section 2, all ICT systems developed or planned to be developed under the ASICT project are built on existing business processes, many of which are sub-optimal. In order to contribute to increasing efficiency and to improving overall institutional performance, a functional analysis of existing business processes related to resource planning, mobilization, allocation and monitoring should be carried out, with a view to rationalize procedures, if required.

(9) Link ASICT project to wider programmatic framework.

In principle, the ASICT project is very strategically located in the Planning Commission Campus and directly linked to national planning and resource mobilization, allocation and monitoring processes. However, due to the pure ICT focus of this project, UNDP is missing an opportunity to support GoB in a far more strategic, comprehensive and potentially more sustainable way.

At the moment, the ASICT project seems to be rather isolated. UNDP should explore options for strategic linkages of the project with other UNDP projects, e.g. the MDG project in GED or the A2I project in the Prime Minister's Office, or with projects of other development partners, in order to foster synergies and increase its impact. In light of UNDP's corporate priorities, it seems recommendable that the project be integrated within a wider resource management or public administration reform programme. Potential options are outlined in Section 5.

4. Lessons Learnt

This section summarizes key lessons learned during the implementation of the ASICT project, as well as during this review. They are meant to inform future design and implementation of similar projects.

- ✓ ICT systems are meant to support specific business procedures. In order to be effective and contribute to increasing organizational efficiency, existing business procedures should be analyzed and, if required, rationalized before an ICT system is developed. Otherwise, there is a risk of computerizing inefficiency. Being inefficient faster is not really an improvement.
- ✓ In the context of e-governance, it is crucial to assess the possible implications of an ICT system with regard to the functions of government. Focusing an ICT strategy on a single institution, without analyzing how its functions are related to those of other institutions, might result in strengthening only one part of a much broader process, which could – in the worst case – weaken the process as the whole. Hence, design of ICT systems that are meant to support core business processes should start with a comprehensive functional analysis.
- ✓ ICT projects should be driven by practitioners in the area/ business processes that the ICT system is meant to support. The more complex the institutional arrangements and business processes are that the ICT system is meant to support the more important it is to form an interdisciplinary project team comprising of IT experts and relevant non-IT experts.
- ✓ It is crucial to involve end-users in the design, development and testing of the ICT system. A comprehensive strategy for managing change should be part of project planning. This should include targeted communication, effective and appropriately timed education and training, and user support plans to prepare users and other stakeholders for change.
- ✓ It is essential to secure political support from senior management and to identify 'champions' among the target/ user group that can drive the design and rollout process.
- ✓ As design and development of ICT systems take time and are mainly done by private sector contractors, there are often longer phases during which ICT projects do not seem to make visible progress in the eyes of the institution that requested the system. In order to ensure continuous interest and buy-in of targeted user groups, it is crucial to continuously engage them. A communication strategy should be developed that foresees regular information sharing and awareness rising events. Communicate regularly about progress, even if it is invisible!

- ✓ The intervention logic of ICT projects often includes many implicit assumptions regarding the effect of ICT tools on transparency and efficiency. ICT systems are just tools that will not by themselves increase performance in the absence of sound business procedures and well-trained people. Make sure that all assumptions linking activities to expected outputs and expected outputs to expected outcomes are clearly written down, tested and continuously monitored, in order to avoid that they turn into unmanageable risks. Projects on e-governance often reflect e-dreams that are likely to turn into nightmares.
- ✓ In addition to strengthening ICT capacities, it is crucial to assess other capacities needs, in order to ensure that the ICT-enabled institutions can fully benefit from the new tool and really perform better.
- ✓ Long timescales for a project can lead to systems being delivered for products and services no longer in use by an organization. Hence, project timescales of ICT projects should be short, which means larger systems should be split into separate projects.
- ✓ Scope and feature creep should be avoided. *Scope creep* refers to uncontrolled and unexpected changes in user expectations and requirements as a project progresses, while *feature creep* refers to uncontrolled addition of features to a system with a wrong assumption that one small feature will add nothing to cost and schedule.
- ✓ Time on task does often not equal duration in ICT projects. The time on task is the time the task will take to be completed without interruptions, whereas the duration is the time the task actually takes to be completed including interruptions. Using the time on task to estimate the schedule is one of the common mistakes made by project managers.
- ✓ Avoid linear approximation when estimating time or resources of an ICT project. While doubling the number of cows in a farm will likely result in doubling the milk production, ICT projects are beyond the scope of such approximations. Linear thinking would support the conclusion that increasing the people by 100 percent would decrease the schedule and increase the cost to approximately the same degree. In reality, doubling the staff often produces a non-linear result. Use the duration instead of the time on task to estimate the schedule.

5. Options for Future Support

This section outlines options for future UNDP support that builds on the strategic entry point that the ASICT project provides and contributes to the sustainability of project results.

In principle, GoB's "Digital Bangladesh" agenda seems to provide the perfect anchor point for the provision of further ICT support. UNDP Bangladesh is strategically positioned to promote the use of ICT as a tool to achieve national development priorities. UNDP has a strong presence in the ICT sector in Bangladesh and can build on experiences made during a number of previous and ongoing interventions. Two of its current ICT-related projects (ASICT and A2I) are very strategically located in the Planning Commission and in the Prime Minister's Office. One option is to foster the linkages between the various ICT initiatives by launching a large scale ICT programme, which would incorporate ongoing ICT projects and provide support to the full implementation of GoB's "Digital Bangladesh" agenda. The ADB plans to implement a pilot programme to computerize the Ministry of Establishment and intends to design a broader e-governance programme (formulation is supposed to start in November 2009 with a stock-taking mission), which could provide options for UNDP to engage into a strategic partnership.

However, a number of aspects should be carefully considered: *first*, simply promoting the general use of ICT is not (anymore) among the corporate priorities of UNDP. *Second*, ICT is just a tool that can be an enabler if it is well integrated with other, potentially more important, elements, such as sound business procedures and skilled people. *Third*, past experience seems to indicate that there is a tendency to focus too much on ICT systems, while neglecting necessary activities to strengthen underlying business procedures and non-ICT capacities of the target institutions. *Fourth*, UNDP has a comparative advantage in the area of democratic governance and a long history of enhancing related institutional capacities. Therefore, UNDP should mainstream ICT for development services throughout its core areas of support, instead of implementing ICT-focused projects. The "Digital Bangladesh" agenda could be used as an entry point, but ICT itself should not be the main focus and should not drive the related interventions implemented by UNDP.

Against this background, the following two options for future support that would build on the ASICT project seem to be more recommendable:

Option 1: Engage in multi-donor support programme to improve aid effectiveness and strengthen GoB's aid management capacities

Although foreign aid accounts for only 1.5-2% of Bangladesh's GDP, it is estimated to account for over 50% of the national development budget in the current fiscal year. Hence, the effective management of foreign aid to ensure its alignment with national development priorities is a key concern of the Government of Bangladesh, whose has already taken different initiatives to implement the Paris Declaration on Aid Effectiveness in close collaboration with its development partners. Among these initiatives are the establishment of a local consultative group (LCG) mechanism, the implementation of the Paris Declaration Survey in 2006 and 2008 and the set-up of an Aid Effectiveness Unit in the Economic Relations Division (ERD), GoB's nodal agency for aid mobilization and coordination in the Ministry of Finance. Currently, ERD is co-chairing the LCG Plenary, which serves as a forum for development dialogue and donor coordination. Despite a long history of the LCG process and

other aid coordination mechanisms, there is a feeling among government agencies and development partners alike that more needs to be done to improve aid effectiveness in Bangladesh.

In 2008, 15 donors, including multi- and bilaterals, together with the Government of Bangladesh (GoB) signed a Statement of Intent to develop a Joint Cooperation Strategy (JCS). A GoB – Donor Steering Committee and a JCS Working Group were formally established under the LCG, comprising both development partners and representatives from the GoB (ERD, Planning, Finance Division and the Prime Minister's Office). In order to promote joint approaches to improving aid effectiveness, a Multi-Donor Fund (MDF) was established. The MDF is meant to support activities under the JCS Action Plan, as well as joint studies and other interventions related to improving aid effectiveness (management and policy), governance, sector strategies, organisational analyses in selected sectors, and cross-cutting issues such as gender, environment and human rights. At the moment, the MDF is funding a project to support and strengthen ERD's Aid Effectiveness Unit. The project is implemented by the Office of the UN Resident Coordinator.

UNDP has a generally excepted mandate to foster aid coordination at country level, as well as comprehensive experiences in strengthening national aid management capacities, including through establishing aid information management systems (AIMS) in many countries in the region. UNDP Bangladesh is supporting the General Economics Division in the formulation of MDG-based national development strategies. Further, UNDP is providing support to ERD through two separate projects the "Assistance to SICT for Strengthening Planning Division, ERD and IMED through ICT" (ASICT) project and the "Capacity Building for Management of Foreign Aid in Bangladesh" (CBMFAB) project. Both projects essentially focus on the establishment of information management systems. A Debt Management and Financial Analysis System (DMFAS) was established through the CBMFAB project. DMFAS is an off-the-shelf debt management system developed and promoted by UNCTAD. DMFAS is basically used to track loan disbursements, as well as manage and monitor interest payments as well as repayment of principals. The system has the capacity to track grants, but actually contains very little information on grant funded projects. The data is provided by lending agencies in form of hardcopy reports and entered into the system by a team in Foreign Aid Budget and Accounts (FABA), the unit within ERD that is maintaining DMFAS. Due to ERD's mandate, DMFAS is only used to monitor external debt. The system is not really used for comprehensive analysis, mainly because of the lack of a qualified analyst. Under the ASICT project, it is foreseen to develop a Foreign Aid Monitoring System (FAMS), which would basically be used to monitor ERD's negotiation process with development partners and to record and track related agreements. While there are plans to connect the FAMS with the DMFAS, in order to link project-related disbursements to the corresponding agreements, there is no overarching strategy to strengthen wider aid coordination and management capacities of ERD. It seems as if UNDP misses synergies that could be achieved by linking both projects under a wider programmatic framework.

In principle, UNDP is in a unique position to play a stronger role in aid coordination and in strengthening GoB's aid management capacities. One option to build on the ASICT project is to incorporate it into a broader programme to strengthen GoB's aid coordination capacities and systems. Such a programme would pull together the various ongoing initiatives in this area under one umbrella and could comprise the following components:

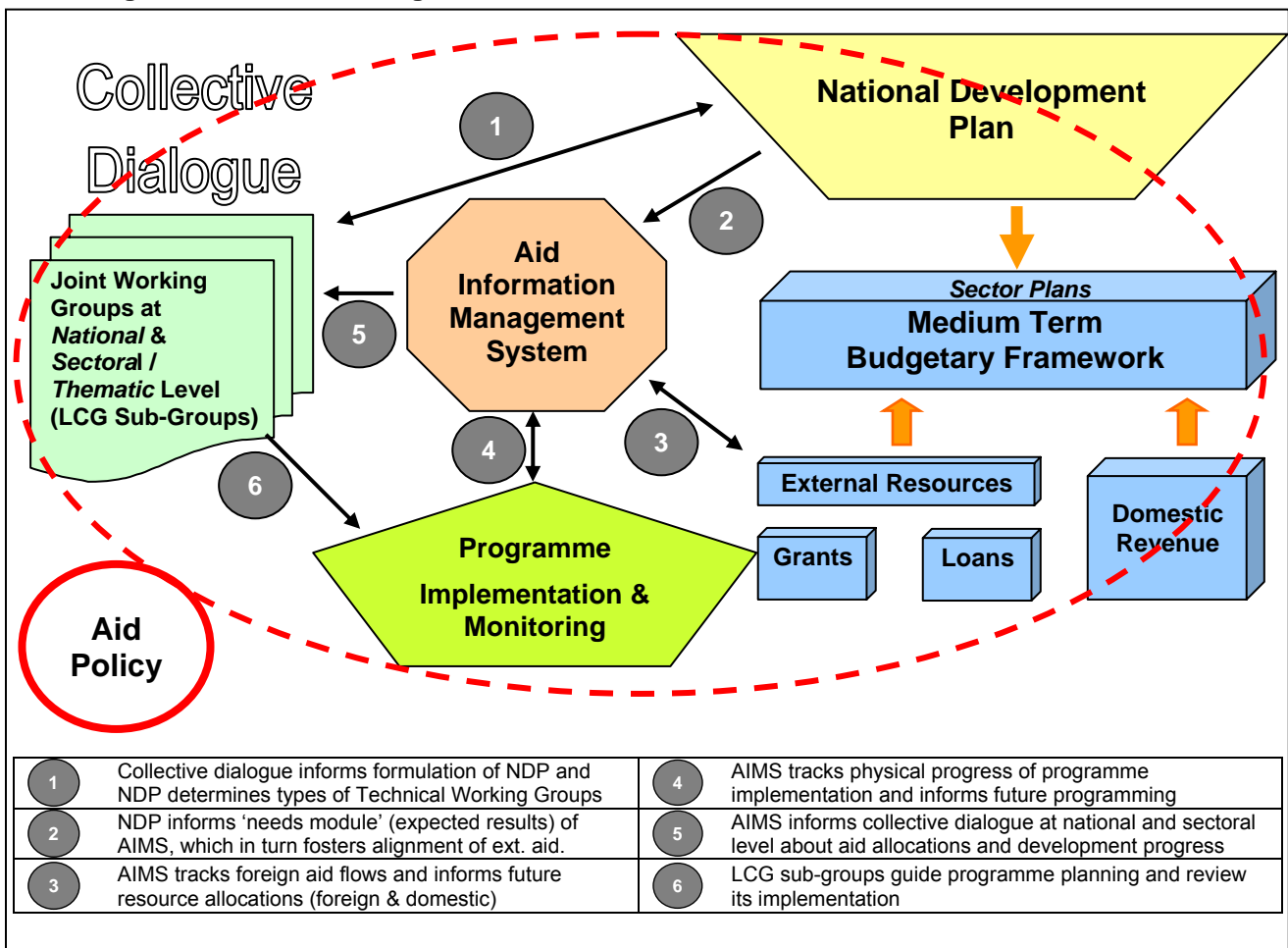
(1) Establishment of an Aid Information Management System

Despite various existing and planned information management systems, the overarching problem to obtain timely and accurate data from development partners

on their assistance in a harmonized format that is in line with GoB’s information needs has not yet been addressed appropriately. Neither of the existing or planned systems contains a suitable interface to allow development partners to enter information on their assistance directly into a central system that is accessible to all stakeholders. Instead, development partners receive requests for the same type of information from different GoB institutions and provide information in diverse formats, which makes it difficult for GoB to compile and analyze the information. The lack of comprehensive information on foreign aid flows makes alignment of foreign assistance with national priorities a real challenge, in particular as a considerable part of foreign aid is not being disbursed to the government sector and not recorded in the national budget.

Against this background, it is suggested that an online Aid Information Management System (AIMS) be established within ERD. The ASICT project is well placed to support the development of such a system, which would play a key role in the broader aid coordination architecture as illustrated in Figure 9 below.

Figure 9: AIMS as an Integral Part of the National Aid Coordination Architecture



The system would allow development partners to enter project level information on funding flows (commitment, disbursement, expenditure) by (sub-)sector and geographic location. (Refer to Annex 5 for rough specifications of such a system). The AIMS would not only foster harmonization and standardization of reporting on aid flows, but would also play a key role in monitoring progress against the JCS. In

some countries, an AIMS is used to track Paris Declaration Indicators. (See Annex 6 for an example).

Provided data of sufficient quality has been entered, the AIMS would allow preparation of sector and location profiles, which help to identify gaps and overlaps in the assistance portfolios. Analytical reports generated through the system would play a key role in informing policy dialogue between GoB and its development partners. The AIMS would be managed and maintained by ERD, while development partners would act as custodians of the data and be responsible for updating information on their assistance regularly. The frequent publication of reports by ERD and their discussion in the LCG Sub-Groups will encourage development partners to update their data timely.

Different aid receiving countries around the world have established various kinds of Aid Information Management Systems in the past. Some countries chose off-the-shelf system that are readily available, but can be customized according to the specific country context. Examples of such off-the-shelf systems are the Development Assistance Database (<http://dad.synisys.com/daddemo/>), developed by a US-based company called Synergy International Systems, and the Aid Management Platform, (<http://amp-demo.developmentgateway.org/showDesktop.do>), developed by the Development Gateway Foundation in collaboration with the OECD and UNDP. In the past, UNDP has entered into Long-Term Agreements (LTAs) with different developers, which allows UNDP country offices to fast-track the procurement process for related systems. UNDP HQ should be contacted to inquire about existing LTAs.

Other countries decided to develop an AIMS from scratch, while using local expertise to ensure that the system adequately addresses country needs, is compatibility with the institutional context and IT infrastructure and can easily be maintained. One example is the Cambodian Database (<http://cdc.khmer.biz/>) that was developed with support by UNDP. Given the existing expertise in the ASICT project, UNDP may consider developing a system from scratch, while getting inspirations from existing systems. Cambodia is willing to share its database with other countries free of charge.

Refer to Annex 7 for a short comparison of existing AIMS.

(2) Strengthening of aid coordination & management capacities

Although ERD has a comprehensive mandate, including regarding assessment, mobilization, negotiation and allocation of all multilateral and bilateral economic aid, it is, at the moment, mainly functioning as a kind of reception desk that receives and forwards proposals and letters from GoB agencies to development partners and vice versa. Individual Wings hardly prepare any analysis of aid flows or terms. It was pointed out by ERD staff during the interviews that due to the staff turnover there is limited collective knowledge regarding priority areas, policies and procedures of individual development partners. This makes it difficult for ERD to pro-actively coordinate development partners on the basis of their comparative advantages. Collaboration and information sharing between ERD and PD at working level seems to be in need of improvement.

UNDP could help ERD to establish a central repository of development partner profiles, containing – among others – information on their priorities and procedures. Further, a comprehensive capacity needs assessment could be carried out and a training curriculum prepared accordingly. (Refer to Annex 8 for a sample TOR). Capacities that are likely to be in need of strengthening include analytical skills, presentation skills, negotiation skills, language skills, etc.

UNDP is also well suited to support ERD in formulating and implementing GoB's national aid effectiveness agenda. As part of this wider effort to improve aid effectiveness, a study on the effectiveness of technical collaboration for capacity development in Bangladesh could be commissioned. The study would identify lessons learnt and make recommendations on how the capacity development practices of development partners could be improved, as well as on how technical cooperation could be better managed by the GoB.

(3) Facilitation of LCG/JCS process

Continuous collective dialogue between GoB and its development partners about development priorities, as well as planned and ongoing interventions is essential to increase mutual understanding and aid effectiveness. Although Bangladesh has a long history of collective dialogue mechanisms, it seems that as if the LCG mechanism could be improved, as some Sub-Groups seem to lack adequate leadership and related results matrixes, websites, etc. have not been updated for some time. In the past, UNDP apparently played a stronger role in facilitating the LCG mechanism, including in maintaining related websites.

Ideally, the Government of Bangladesh should own and take the lead in the LCG mechanism and relevant ministries should chair sub-group meetings. However, it appears as if not all ministries have sufficient capacities to make full use of this mechanism; or do not always see its usefulness. Further, it seems as if different donors have different views regarding the nature of the sub-groups. Some consider them as platforms for GoB-development partner dialogue, while others see them rather as a donor-internal coordination mechanism. The LCG Sub-Group will have to play a key role in the implementation and monitoring of the Joint Cooperation Strategy. UNDP, in collaboration with other development partners, should consider enhancing the capacities of key line ministries to lead collective dialogue and facilitate the LGC Sub-Groups accordingly.

After the Government of Bangladesh together with 15 donors signed a Statement of Intent in 2008 to develop a Joint Cooperation Strategy (JCS), an initial draft framework document has been prepared recently. Experiences from other countries show that formulation of a full-fledged JCS, including all the necessary agreements regarding a division of labour, can be a long and challenging process. (Refer to Annex 9 for a summary of lessons learned from country experiences with joint assistance strategies). Strong government leadership is crucial to avoid that the JCS process is mainly donor-driven and results in a kind of "aid cartel", where donors "gang-up" against the government. Within ERD, a newly established Aid Effectiveness Unit has been assigned to act as key interlocutor from GoB's side regarding issues related to the JCS process. A MDF-funded project that is implemented by the UN RC Office is taking steps to strengthen the capacity of the Aid Effectiveness Unit accordingly. However, broader support that involves other Divisions seems to be required. UNDP is generally well placed to provide such kind of support.

UNDP could play a more prominent role in facilitating the LCG mechanism and the JCS process, while strengthening GoB's capacities to gradually take the lead in both. It should be noted that DFID has recently decided to step into the breach by seconding an international advisor into ERD. It should be considered if UNDP is not better placed to provide such kind of support to GoB.

Figure 10: Summary SWOT Analysis – Aid Effectiveness

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> UNDP has an excepted mandate to foster aid coordination UNDP is already providing support to ERD and has the trust of other key Divisions UNDP Bangladesh can access relevant expertise in the RCB and build on country experience in the region 	<ul style="list-style-type: none"> Currently, CO does not have much expertise in AE and lacks adequate human capacity to lead the process 	<ul style="list-style-type: none"> JCS requires monitoring & reporting mechanism (AIMS) ASICT could be used as entry point for more support to ERD, e.g. by establishing an AIMS to harmonize reporting by development partners 	<ul style="list-style-type: none"> GoB's ownership of ongoing AE initiative in ERD seems limited DFID seems to position itself and extends its support to ERD, among other by seconding an international advisor

Option 2: Engage in multi-donor support programme to strengthen GoB's public (financial) management capacities

As a second option, UNDP may want to consider getting involved in a broader multi-donor programme to strengthen GoB's public financial management capacities, including activities to improve public oversight of the use of public resources, foreign and domestic. The ASICT project is, to some extent, already providing support to the Planning Division (PD) regarding the preparation of the Annual Development Programme (ADP) and the project has a clear, however under-developed, link to strengthening resource mobilization, allocation and monitoring capacities, as well as increasing transparency regarding the use of development resources. Instead of extending its support thematically only to strengthening GoB's aid management capacities, UNDP could play a strategic role in strengthening GoB's public financial management (PFM) capacities. Although PFM is not one of UNDP's core areas of support, different parts of the organization have been involved in various PFM projects and initiatives in the past.¹¹ In Bangladesh, UNDP was involved in different PFM initiatives, including the Country Financial Accountability Assessment in 2005 and a project to strengthen the Office of the Comptroller and Auditor General. Nonetheless, the UNDP Country Office (CO) would have to find an appropriate entry point and programmatic framework for broader support to strengthen GoB's PFM capacities. In this respect, the ASICT project and the CBMFAB project seem to provide suitable entry points. The programmatic framework could be provided by a joint DFID-WB programme, which is about to start.

DFID and the World Bank (WB) will jointly fund a programme to "*Strengthen Public Expenditure Management*" (SPEM). SPEM is a follow-up initiative to the Financial Management Reform Programme (FMRP), which came to an end recently and was, among others, responsible for the development of the Integrated Budgeting and Accounting System (IBAS) in the Finance Division. According to information from DFID, US\$ 100 million have been allocated to the SPEM programme. While roughly 70% have been allocated to interventions to strengthen the Finance Division, 30% have not been fully programmed yet and are meant to fund interventions to support the Office of the Comptroller and Auditor General, the Parliament, in particular Public

¹¹ For example, UNDP has implemented or was involved in PFM projects in Sierra Leone, Somalia, Sudan and Yemen. Further, UNDP has been involved in PFM assessments in the context of PEFA, e.g. in Malawi, Moldova and Zambia.

Accounts Committee, as well as civil society organizations (CSO) to increase civil oversight of public accounts. Other donors that are currently active in these areas are USAID and CIDA. UNDP has a comparative advantage, as well as demonstrated experience in working with Parliaments and CSOs, as well as in public administration reform in general.

Although it is foreseen to involve the Ministry of Planning in the SPEM programme – given its role in preparation and monitoring of the development budget – concrete options for its engagement in SPEM have not been identified yet. The ongoing tensions between the Ministry of Finance and the Ministry of Planning regarding each other's role in the budgeting process were stated as one reason for the lack of collaboration. GoB is currently pursuing two parallel initiatives, which at first glance appear to be contradictory; namely, the strengthening of central planning through introduction of a 5-year master plan, on the one hand, and the move towards a decentralized, single budgetary process in the context of the MTBF, on the other hand. The SPEM programme is a follow-up to the Financial Management Reform Programme, under which the MTBF process was introduced.

UNDP's contribution to a wider programmatic approach to strengthen public (financial) management could comprise the following three components:

(1) Facilitating policy dialogue

It appears as if key questions regarding the future approach to planning and budgeting in Bangladesh have not been entirely answered yet by the new government. Moreover, it seems as if major donors have not been able yet to mediate between the two ministries by presenting a suitable possibility on how planning and budgeting could be better aligned. As a trusted partner of Ministry of Planning, and due to its physical presence in the Planning Commission Campus, while supporting PD and ERD, UNDP is in a strategic position to support GoB in strengthening its PFM capacities and systems. While partners like ADB, DFID or WB are generally better suited to provide advice on technical issues related to budget preparation and execution, UNDP could play a key role in facilitating the necessary policy dialogue between the relevant stakeholders. The key focus of this component would be to clarify the future roles and responsibilities of MoF and MoP in a revised national budget process.

(2) Strengthening of public oversight

UNDP could also get involved in interventions to improve Parliamentary control and civil oversight of public accounts. Bangladesh's score on the Open Budget Index shows that the government provides the public with some, albeit incomplete, information on the central government's budget and financial activities during the course of the budget year.¹² This makes it difficult for citizens to hold government accountable for its management of the public's money. The budget proposal provides some information to the public, meaning citizens have a general, but incomplete, picture of the government's plans for taxing and spending for the upcoming year. Moreover, it is somewhat difficult to track spending, revenue collection and borrowing during the year. Bangladesh publishes monthly in-year reports, but these lack some important details. In addition, a mid-year review is not released. Publishing this document would greatly strengthen public accountability, by providing a more comprehensive update on how the budget is being implemented during the year. It is also difficult to assess budget performance in Bangladesh once the budget year is over. A year-end report is not produced, preventing comparisons

¹² For the 2008 OBI scores and the following section see http://openbudgetindex.org/files/cs_bangladesh.pdf.

between what was budgeted and what was actually spent and collected. Also, Bangladesh does not make its audit report public and does not provide any information on whether the audit report's recommendations are successfully implemented. Access to the highly detailed budget information needed to understand the government's progress in undertaking a specific project or activity remains limited. The Auditor General's Office has the discretion to decide which audits to undertake, though it does not maintain formal mechanisms of communication with the public to receive complaints and suggestions to assist it in determining its audit programme. Further, opportunities for citizen participation in budget debates could be increased. For example, the legislature does not hold hearings on the budget in which the public can participate.

Applying a rights-based approach, UNDP could help strengthening the capacities of relevant GoB institutions at national and local level to provide relevant information on budget allocations, expenditure and related results in a regular and user-friendly manner. In parallel, UNDP could work with parliamentarians, e.g. the Public Accounts Committee, and relevant civil society organizations to strengthen their ability to demand and access, as well as analyze information on allocation and use of public resources, both foreign and domestic. Global experience shows that due to the increasing complexity of national budgets and the information asymmetry between legislature and executive, the legislature often does not have an effective voice in budget policy. Parliaments in different countries have tried to address this issue by strengthening its PFM capacities, among other by establishing its own budget office. UNDP could contribute to strengthen the capacities of the budget committee(s) of the Bangladesh Parliament, among other by providing trainings and by seconding national experts. At local level, UNDP could build on and explore linkages with its project titled: *"Local Governance Support - Learning and Innovation Component"*, to strengthen financial planning, management and reporting capacities of local governments.

A comprehensive situation analysis, including a review of interventions in this area by other development partners, such as CIDA and USAID, would be required to develop an appropriate strategy for this component.

(3) Strengthening Results-based Monitoring & Evaluation

Further, UNDP could play a stronger role in strengthening planning and monitoring capacities in the Planning Commission. In particular IMED seems to require considerable support to strengthen its capacity and implement its Strategic Plan 2008-2013. The past support provided by the ADB to promote results-based monitoring and evaluation (RBME) did not lead to the desired result. Informally, IMED staff indicated during the interviews that the formats developed under ADB's first technical assistance project (TA) will most likely not be used by the Division. Hence, UNDP could offer support in developing a practicable RBME framework, as well as in provision of training in results-based management, monitoring & evaluation, qualitative & quantitative analyses, etc. While waiting for official feedback from IMED regarding the suggested RBME framework and formats developed under its first TA, ADB is apparently considering to formulate a second technical assistance project to strengthen IMED's RBME capacities. UNDP could explore options for a potential partnership.

It should be taken into consideration, however, that the future role of IMED might change, if GoB decides to decentralize planning, budgeting and monitoring to line ministries and departments. This would be a logical consequence of the ongoing MTBF process; at least from a conceptual perspective. In this case, IMED's role could be reduced to conducting external evaluations of large programmes, while monitoring of financial and physical progress would be delegated to line ministries,

who could use the IBAS to periodically report on related progress. Already now, the position of IMED seems to be weak compared to those of other Divisions. This might be due to its limited capacities or because other institutions generally question its necessity. In the latter case, UNDP should refrain from engaging in larger capacity development activities until the final role and status of IMED has been clarified. Apparently, the Prime Minister declared that IMED should be strengthened, which would provide an entry point for UNDP.

Figure 11: Summary SWOT Analysis – Public Financial Management

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> UNDP has expertise in working with Parliaments and CSOs, as well as in public sector reform projects 	<ul style="list-style-type: none"> UNDP has limited corporate expertise in PFM per se UNDP is a small donor in comparison to WB and DFID, which might affect its chance to be accepted as key player in this area 	<ul style="list-style-type: none"> UNDP is a trusted partner of the Ministry of Planning and is well positioned to facilitate policy dialogue UNDP is strategically located in the Planning Commission Campus with project supporting PD and ERD 	<ul style="list-style-type: none"> Uncertainty regarding implications of MTBF process and future roles of PD and IMED

Concluding considerations

Whatever UNDP decides to do, it should provide support in the areas outlined above within a wider programmatic framework, in order to make use of synergies, which can only be generated through a holistic approach. At the moment, UNDP does not capitalize on the possible synergies between its different projects in the Planning Commission Campus. In principle, UNDP could play a strategic role in the area of aid effectiveness, as well as in the wider area of public financial management. While it could offer policy advice and concrete technical support in the first area, UNDP could play the role of a mediator in the second area, while directly supporting public oversight aspects of the ongoing PFM reform.

The ideal choice does not only depend on how UNDP would like to position itself, but also on what kind of capacities would be required and are existing in the CO or could be acquired. Depending on the final choice, UNDP may require dedicated expertise in the area of aid management/ effectiveness, or public administration reform, monitoring & evaluation and capacity development. While it is possible to obtain the necessary expertise through recruitment of project staff, UNDP should also ensure that it has the necessary back-stopping capacity, both regarding operational and programmatic issues.

UNDP should further explore its options for strategic partnerships. For example, would DFID back a stronger aid coordination role by UNDP or provide funding for a UNDP-led intervention to strengthen GoB's aid management capacities. Would WB and DFID be supportive of UNDP's potential role as facilitator in the planning and budgeting reform process? Would such a role be endorsed by GoB, in particular MoF and MoP? How flexible are WB and DFID regarding the end-result, which might deviate considerably from the textbook version of an MTBF approach?

Annex 1: Terms of Reference

1. Purpose

The Purpose of this assignment is to review overall progress of the Assistance to SICT (ASICT) since inception till date, and to make recommendations for strengthening management, coordination, implementation and monitoring in alignment with the Digital Bangladesh concept.

Specifically, this review will:

- Review progress of the project “Assistance to SICT for Strengthening Planning Division, ERD and IMED through ICT” (ASICT), including assessment of non-ICT risks to successful project completion in June 2010, and identification of lessons learned.
- Recommend potential adjustments of the project’s strategy, in order to achieve its defined objectives, including recommendations for strengthening management, implementation and monitoring of the ASICT project, including a review of the project’s deliver capacity and staffing structure.
- Explore which role the ASICT project could play within a JCS and to find if the project should be part of a broader ICT4D strategy, or an e-governance programme, or a wider public sector reform programme

2. The Recipient

The recipient of this report would be all relevant senior management officials of UNDP, the Project Steering Committee (PSC), chaired by the Secretary, Ministry of Planning, Government of Bangladesh.

3. Scope of the Work

This is the first assessment and re-scoping of ASICT, aimed at a complete review of progress made by ASICT towards achieving the outputs and purpose of the project. The team will review quarterly reports, annual work plans, budgets for 2008/2009, financial reports and relevant technical documentation.

Reassess management risks and determine the next course of action with the outset of a Digital Bangladesh by 2021 ensuring a collective effort from all.

4. Reporting and Time bound Deliverables

The following report should be submitted to ASICT in draft by August 29, 2009. ASICT will respond with comments by September 4, 2009. The reports will then be finalized (responding in full to comments) and submitted to UNDP by September 9, 2009. The deliverables will include a PowerPoint presentation on initial findings and recommendations and a report (in electronic format) outlining:

- Project Review report in standard Output-to-Purpose Review Format
- Non-ICT risks that are likely to affect achievement of project objectives
- Lessons learned and recommendations regarding future course of action

- In addition to the above report, the consultants will also produce and present a power point presentation that highlights key findings and recommendations that will be presented during the feedback session at the conclusion of the fieldwork (see Timing, below).

5. Methodology

At the start of the assignment the consultant will read key background documentation on ASICT provided by the Project Team and UNDP. At the beginning of the assignment, the consultant will receive a briefing from UNDP.

The consultant will meet key stakeholders in Bangladesh, including representatives from different government bodies; Planning Division and Commission, ERD & IMED; ASICT project team, different donors and development partners; UNDP management. The consultant will make structured visits to selected agencies and ministries to meet officials from planning cells and others playing key role in the implementation but yet to be reached.

The consultant will report back to UNDP before submitting the final draft reports, in the form of a feedback meeting with a power point presentation.

6. Coordination and Reporting Officer

The consultant will report to management of UNDP Bangladesh. ASICT project personnel as recommended by UNDP will play the coordination role.

7. Timing

The Review will take place between August 10 and September 4, 2009. The maximum number of working days is 20 for a two member team (including preparation, local travel, meetings, field visits, interviews, workshops and report writing).

No.	Activity	Days
	In-Country (10-22 August 2009)	
1	Briefing and document review	1
2	Review of established (and planned) ICT systems	3
3	Review of main working procedures of PD, ERD, IMED	5
4	Additional interviews with other stakeholders	3
5	Preparation for presentation of findings	1
	Home-based	
6	Mission preparation (document review)	1
7	Report writing	5
8	Incorporation of comments	1
	Total	20

This timetable is indicative only and should be negotiated and agreed with the UNDP management at the beginning of the assignment.

8. Mission Expertise

The international consultant will have the following skills and experience:

- At least 10 year's experience working on development issues, poverty and e-Governance implementation, with a good understanding of ICT for aid governance in developing countries.
- Excellent understanding of the importance of ICT, capacity development, change management issues for bringing in transparency in government planning and expenditure in South Asian countries.
- Knowledge of the UN system and Project formulation, and in particular UNDP
- Knowledge of monitoring and reporting requirements for different development partners
- Excellent reporting writing and presentation skills
- Experience in leading a multi-disciplinary team and conducting participatory reviews

Annex 2: List of Interviewees

Name	Designation	Institution
Government of Bangladesh		
Air Vice Marshal (Rtd.) A. K. Khandker	Minister	Ministry of Planning
Md. Rafiqul Islam	Chief, Programming Division	
A.S. Shameem Ahmed	Joint Secretary, Planning Division	
Md. Enayet Hossain	Deputy Chief, Socio-Economic Infrastructure Division	
Md. Delawar Hossain Khan	Deputy Secretary, PD & National Project Director, ASICT	
Md. Anowar Hossain	Chief, IMED	
Rashida Khatun	Director, IMED	
Abul Kalam Azad	Director, IMED	
Naquib Bin Mahbub	Deputy Chief, GED	
Mohammad Mejbahuddin	Additional Secretary, ERD	Ministry of Finance
Md. Mosharraf Hossain Bhuiyan	Additional Secretary, ERD	
Md. Atiqur Rahman	Deputy Secretary, ERD	
Monowar Ahmed	Deputy Secretary, ERD	
Rafique Ahmed Siddique	Senior Assistant Chief, ERD	
Mahmuda Begum	Deputy Secretary, FABA & National Project Director, CBMFAB	
Mohd. Abdus Sobhan	National Project Coordinator, CBMFAB, ERD	
Md. Mahiuddin Khan	Deputy Secretary, Finance Division	
Md. Mizanul Karim	Senior Programmer, Finance Division	
Development Partners		
Stefan Priesner	Country Director	UNDP
Robert Juhkam	Deputy Country Director	UNDP
K.A.M. Morshed	Assistant Country Director	UNDP
Shaheeduddin Ahmad	National Project Coordinator	UNDP – ASICT
Shakib Ahmed	Systems Analyst	UNDP – ASICT
Md. Shah Jahan	System Administrator	UNDP – ASICT
B.A. Wahid Newton	IT Instructor	UNDP – ASICT
Firoz Ahmed	Head, Governance	Asian Development Bank
M.M. Zillur Rahman	Financial Management Officer	Asian Development Bank
Diana Dalton	Deputy Head	DFID
Honor Flanagan	Governance Advisor	DFID
Abul Monsur Muhammad Moniruzzaman	Deputy Programme Manager, Governance	DFID
Others		
Zaheed Hossain Majumder	Country Manager	Domain Technologies
Helal Ahmed	Business Development Manager	Domain Technologies
Saiful Islam	Managing Director	HB Consultants Ltd.
Zainal Abedin	IT Consultant	FMRP
Aminul Mohaimen	IT Consultant	FMRP

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Annex 4: IMS Operationalization Matrix

Functions	Questions	Required Structures, Procedures and Mechanisms	Capacity Requirements
Data Collection & Entry	<ul style="list-style-type: none"> ▪ What kind of data needs to be collected and with which frequency? ▪ Who collects and enters data? ▪ How and by whom is data quality controlled? 	<ul style="list-style-type: none"> ▪ Standard Operating Procedures, which define the data entry process, incl. related roles and responsibilities ▪ Data entry/ user manual, incl. glossary that defines critical terms ▪ User-friendly and easily accessible data entry format, incl. offline module ▪ User training 	<ul style="list-style-type: none"> ▪ Outreach capacity ▪ Communication, presentation and training skills ▪ System knowledge at user level
System Maintenance	<ul style="list-style-type: none"> ▪ Who owns and operates the system? ▪ Where is the system hosted? ▪ What are the system's characteristics? 	<ul style="list-style-type: none"> ▪ System administration and troubleshooting ▪ Management of user rights ▪ Server management ▪ Data back-up strategy ▪ User support (help desk) ▪ System adjustment/ modification 	<ul style="list-style-type: none"> ▪ IT skills (qualified database manager, LAN manager) ▪ Adequate IT environment
Data Analysis/ Dissemination	<ul style="list-style-type: none"> ▪ What kind of information is required? ▪ What types of reports are required? ▪ How easily can reports be generated/ customized and accessed? By whom? ▪ Who analyzes the data? ▪ How is information disseminated? ▪ How is use of information facilitated? 	<ul style="list-style-type: none"> ▪ Frequent data integrity checks ▪ Regular generation and dissemination of standard reports ▪ On-demand analytical reports ▪ Website, CDs, etc. ▪ Communication/ dissemination strategy ▪ Link to national planning & budgeting process, as well as public oversight mechanisms (for business applications) 	<ul style="list-style-type: none"> ▪ Analytical skills ▪ Writing, packaging, presentation and negotiation skills

Annex 5: Draft AIMS Specifications

1. Data Entry

Data Entry Screen 1: General Information				
Data Entry Field	Sub-Field	Definition/ Description	Type of Entry	Options/ Values
Project Reference Number		This reference number is a system generated unique project ID that is assigned to each new project entered into the system. It is automatically generated by the system after the project has been saved for the first time.	Automatic	System generated
Title		This is the official name for the project as given in the project document. If a pre-determined official title does not exist, the user can create a one-line synopsis of the project. The 'Title' is the information users see when displaying the search results.	Textbox	
Description		This field includes a brief description of the project, understandable to the general public. It can be several paragraphs of free text and should include qualitative explanation of why project is needed, the main activities, and explanation of links between needs, activities, outputs and outcomes. A user can copy and paste text from Microsoft Word or Excel. It should not be more than two or three paragraphs.	Textbox	
Type of Assistance		The manner in which foreign assistance is provided.	Drop-down list	Standardized list

	Budget Support / Balance of Payment Support	<p>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. Respective assistance includes transfers to stabilise the balance-of-payments.</p> <p>The funds thus transferred are managed in accordance with the recipient's budgetary procedures.</p> <p>This category includes non-food commodity input assistance in kind and financial grants and loans to pay for commodity inputs. It also includes resources ascribed to public debt relief.</p>	Drop-down list	
	Emergency Aid	<p>Provision of resources aimed at immediately relieving distress and improving the well being of populations affected by natural or human made disasters. Food aid for humanitarian and emergency purposes is included in this category, while food security programmes are not.</p>	Drop-down list	
	Food Aid	<p>Provision of food for human consumption under national or international programmes for developmental purposes, including grants and loans for the purchase of food, cash payments made for food supplies, project food aid, and food aid for market sales. Associated costs such as transport, storage, distribution, etc., are also included in this category, as well as donor supplies, food related items such as animal food, and agricultural inputs related to food growing when these are part of a food aid programme. Emergency food aid is not included in this category</p>	Drop-down list	
	Free-Standing Technical Cooperation	<p>Provision of resources aimed at the transfer of technical and managerial skills or of technology for the purpose of building up general national capacity without reference to the implementation of any specific investment projects.</p> <p>In case the project/programmes provides technical assistance that is specifically required for the implementation of investment-related components of the</p>	Drop-down list	

		project/ programme, the 'Type of Assistance' to be chosen is 'Project/Programme Aid'.		
Start Date		The date on which implementation of the project activities begins or is supposed to begin according to the project document.	Calendar	
End Date		The date by which the implementation of project activities is to be completed or is supposed to be completed according to the project document.	Calendar	
Duration		The time (calculated as number of months and days between the project start and end dates) during which the various project activities will be implemented.	Textbox	Calculated automatically if start and end date have been entered
Project Implementation Status		This is the current status of the project implementation.	Drop-down list	Approved, completed, delayed, ongoing, suspended
	Approved	Project which has officially and formally been given authoritative approval.	Drop-down list	
	Completed	When all the necessary components and steps involved in the project implementation have been concluded.	Drop-down list	
	Delayed	When the project implementation is slower than expected or desired and/or postponed until a later time.	Drop-down list	
	Ongoing	When the project implementation is happening as scheduled.	Drop-down list	

	Suspended	When project implementation has been temporarily stopped or interrupted.	Drop-down list	
Government Responsible Agency		An agency within the Government of Bangladesh which is responsible for the implementation of the project or acts as the main counterpart to the implementing agency.	Drop-down list	Standardized list of all GoB institutions
Contacts		The contact information of person responsible for the project or who can answer questions and enquiries related to the project from within the (1) Funding Agency that is providing funds; (2) Organization that is responsible for the project implementation.	Textboxes	Name, Designation, Agency, Phone Number, e-mail

Data Entry Screen 2: Financial Information				
Data Entry Field	Sub-Field	Definition/ Description	Type of Entry	Options/ Values
Project Cost		The expected total amount required for the implementation of the project.		
Currency		The currency in which the project cost is expressed in the project document.	Drop-down list	
Exchange rate		In case the value entered in the 'Amount' field is expressed in a currency other than US Dollar, it is necessary to indicate the exchange rate to the US Dollar (USD).	Textbox	Automatic entry. User should be able to change automatically entered value
Amount		The expected total amount required for the implementation of the project.	Textbox	
COMMITMENTS		A firm obligation expressed in writing and backed by the necessary funds to provide funding for a particular project, programme, sector, trust fund or to support the domestic budget.		

Funding Agency		<p>A funding agency is the representative of the funding source and actually makes the financial commitments and disbursements on behalf of a funding source. <i>Example:</i> UK Gov. (funding source), DFID (funding agency).</p> <p>A funding agency may be a multi- or bilateral agency, or a private sector firm. UN agencies and (I)NGOs can be funding agencies if they commit their own (core) resources.</p>	Drop-down list	<ul style="list-style-type: none"> Standardized list, Multiple-entry option
Project Reference Number		The internal project reference number of the funding agency.	Textbox	
1st-Level Implementing Agency		The implementing agency receives funds from the funding agency for a specific project and is responsible for its implementation or for supervising its implementation by a contractor. First-level implementing agencies expend funds, either when they pass funds to an executing agency, or when they directly implement activities under the project, i.e. spend the funds to pay for development-related goods and services to the benefit of a target group identified in the project document. Implementing agencies <i>cannot</i> commit or disburse funds according to the terminology used here	Drop-down list	<ul style="list-style-type: none"> Standardized list, Multiple-entry option
Project Reference Number		The internal project reference number of the implementing agency.	Textbox	
Date		Date when a particular commitment took place. Commitments are considered to be made at the date a loan or grant agreement is signed or the obligation is otherwise made known to the recipient officially.	Calendar	
Currency		The currency in which the commitment is expressed in the 'Committed' field.	Drop-down list	<ul style="list-style-type: none"> System could use US\$ and Taka as base currencies System generated

				<p>exchange rate to show amount in Taka and US\$ in case different currency is chosen.</p> <ul style="list-style-type: none"> Exchange rate can be altered manually by the user
Committed Amount		The total amount that the Funding Agency has committed (entered in the currency specified before). A commitment is a firm obligation expressed in writing and backed by the availability of the necessary funds for a particular project, programme, sector, trust fund or to support the domestic budget. A commitment can be made for a multi-year period – i.e. it is foreseen to fund expenditures for several years.	Textbox	Multiple-entry option
Breakdown of Commitment by Years		In case of a multi-year commitment, indicate the amounts allocated for each year of the project implementation period.	Textbox	Automatic generation of table according to the entered start and end date
Funding Type		Nature of assistance received by the project.	Drop-down list	<ul style="list-style-type: none"> Standardized list Multiple-entry option Funding type field appears in each case a commitment is entered
	Loan	An arrangement in which a funding agency gives funds to an implementing agency, and the borrower agrees to repay the amount, usually along with interest, at some future point(s) in time.	Drop-down list	Loan
	Loan details	Option to record more details on the loan, e.g. loan number, grace and maturity period, interest rate, etc.	Text boxes	It could be considered to add some DMFAS fields
	Grant	An unrestricted amount given to the implementing agency in form of financial assistance that is neither required to be paid back nor charged an interest.	Drop-down list	Grant

	GoB Financed	The share of the total committed amount that is being funded by the Government's own resources.	Drop-down list	GoB Financed
DISBURSEMENTS		The placement of resources at the disposal of the government, or a 1st level implementing agency.		
Commitment Record		Combination of funding agency, implementing agency and funding type that uniquely identifies the commitment to which the disbursement corresponds.	Automatic entry	Disbursements are recorded against previously entered commitment records
Date		Date when a particular disbursement took place. Disbursements are considered to be made at the date at which resources are placed by the funding agency at the disposal of a recipient country or 1 st level implementing agency, i.e. the date of transfer of resources from the funding agency or the date when funds are made available.	Calendar	<ul style="list-style-type: none"> Cannot be before the commitment date
Currency		The currency in which the disbursement is expressed in the 'Disbursed' field.	Drop-down list	<ul style="list-style-type: none"> System could use US\$ and Taka as base currencies System generated exchange rate to show amount in Taka and US\$ in case different currency is chosen. Exchange rate can be altered manually by the user
Disbursed Amount		The funds that have been placed at the disposal of the 1st level implementing agency (entered in the currency specified before). This involves the transfer of funds into the 1st level implementer's bank account or the draw down by the 1st level implementer of funds held in an account by the funding agency.	Textbox	System should allow entry of disbursements only up to the committed amount that has been allocated to a specific sector/ location
EXPENDITURES	The actual spending of funds by the 1st level implementing agency to pay for project-related goods and services OR the placement of resources by the 1st level implementing agency at the disposal of a 2nd level implementing agency.			

Disbursement Record		Combination of funding agency and implementing agency that uniquely identifies the commitment and disbursement to which this expenditure corresponds.	Automatic entry	Expenditures are recorded against previously entered disbursements
2nd-Level Implementing Agency		If the 1 st level implementing agency does not directly implement/execute a project, it may assign/contract a 2 nd level implementing agency (or several) for the actual execution of project activities. This is the level where expenditure takes place. 2 nd level implementing agencies are often lower tier government agencies, UN agencies, an international or national NGO or private sector contractors. Once funds are passed to a 2 nd level implementing agency they are recorded as expended, regardless of whether they have been used or not.	Drop-down list	Standardized list Multiple-entry option
Date		The expenditure date is the date at which resources are spent for the purchase of project-related goods and services or at which resources are made available to the 2 nd level implementing agency.	Calendar	Expenditure date cannot be before the disbursement date
Currency		The currency in which the expenditure is expressed in the 'Expended' field.	Drop-down list	<ul style="list-style-type: none"> • System could use US\$ and Taka as base currencies • System generated exchange rate to show amount in Taka and US\$ in case different currency is chosen. • Exchange rate can be altered manually by the user
Expended Amount		The amount actually spent (entered in the currency specified before) by the 1st level implementing agency to pay for project-related goods and services or the placement of resources by the 1 st level implementing agency at the disposal of a 2 nd level implementing agency. This involves the transfer of funds into the bank	Textbox	System should only allow entry of expenditures up to the total disbursed amount

		account of the 2 nd level implementing agency or the draw down by the 2 nd level implementing agency of funds held in an account by the 1 st level implementing agency of funding agency.		
--	--	--	--	--

Data Entry Screen 3: Resource Allocations				
Data Entry Field	Sub-Field	Definition/ Description	Type of Entry	Options/ Values
Sector		Sector that the project supports.	Drop-down list	<ul style="list-style-type: none"> Standardized list of GoB Sectors (mapped to CRS sector list) Multiple-entry option
	Sub-Sector	Sub-Sector that the project supports.	Drop-down list	<ul style="list-style-type: none"> Standardized list of GoB Sub-Sectors Multiple-entry option
Amount		The part of total committed amount allocated to the unique selected combination of sector and sub-sector.	Textbox	Amount is calculated automatically if percentage was entered
Percentage (%)		Percentage of the total committed amount allocated to the unique selected combination of sector and sub-sector.	Textbox	Percentage is calculated automatically if amount was entered
Location		The geographic location that the project supports. Locations are recorded in 3 levels (Division District, Upazilla). Please enter multiple rows to represent the full geographic coverage of your project.	Drop-down list	<ul style="list-style-type: none"> Standardized list of GoB Locations Multiple-entry option
Amount		The part of total committed amount allocated to the unique selected combination of Division, District, Upazilla.	Textbox	Amount is calculated automatically if percentage was entered
Percentage (%)		Percentage of the total committed amount allocated to the unique selected combination of Division, District, Upazilla..	Textbox	Percentage is calculated automatically if amount was entered

Data Entry Screen 4: Results Information*				
Data Entry Field	Sub-Field	Definition/ Description	Type of Entry	Options/ Values
Expected Outputs		Expected Outputs are the concrete deliverables (goods and services) that are expected to be directly produced/ provided through project/programme activities.	Textbox	Multiple-entry option
Progress (%)		Percentage of progress made against the envisioned output	Textbox	
Comments		Description of progress made, i.e. targets achieved or outputs delivered	Textbox	
Key Performance Indicators	Performance indicators used to evaluate and monitor the progress of the project.			
Sector		Combination of sector and sub-sector under which the KPI falls.	Drop-down list	Standardized list
	KPI	Sector-based KPI that is being monitored in the specified location.	Drop-down list	List of KPIs appears automatically depending on sector selected
	Project Target #	Number of items the project is aiming to produce/ distribute etc.	Textbox	Scale appears automatically depending on KPI selected
	Progress (# up to date)	Number of items that the project has managed to produce/ distribute/ etc. up to date.	Textbox	Scale appears automatically depending on KPI selected
	Location	Location where the KPI is monitored.	Drop-down list	
	Comments	Any remarks or explanatory notes related to Key Performance Indicators.	Textbox	
Thematic Markers		Thematic markers are additional features characterizing the project. They correspond to issues or priorities identified in the national development plan that do not appear in the sector and other previous classifications. Individual projects can have more than one thematic marker.	Drop-down list	<ul style="list-style-type: none"> Multiple-entry option These fields could be used to record MDG indicators of JCS targets. A separate field for comments could be added
Factors		Factors that are holding back the implementation of the	Drop-down list	List of typical factor causing

Causing Delays		project.		delay
	Comments	More specific information or explanatory notes on the problem that needs to be resolved for the project implementation to continue as scheduled.	Textbox	

* Note: Free-text-entry of output information provides a maximum of flexibility to the user/ data provider. However, it is not suitable for sector/ analysis. Provided sector plans are prepared and contain concrete indicators, it would be possible to generate reports on aggregated progress against these indicators, as the system would contain a standardized list of KPIs for each sector. Resource allocation could also be linked the the KPIs. The ultimate design of the results tracking module should be done in close collaboration with IMED.

Functionalities

- Bilingual data entry and reporting option
- Provision for standard and customized reports through flexible reporting module
- Automatic publishing of reports to web-portals
- Reports should be exportable into MS Word, Excel and pdf.
- Online and offline data entry facility
- User and security management for enabling authorization to relevant users group for accessing the AIMS, password protected data entry, user log
- Search function
- Filter function (e.g. by sector, location, funding agency, year, etc.)
- Option to upload documents at project level

Suggested Terminology

Definitions and terminology should be based on the standards used by the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD).

Project. A temporary and one-time undertaking (set of activities) designed to deliver specific results (products and services) within a given budget and period of time (6-36 months). Generally, a project works with one major target group, in one or several specific locations.

Funding source. The Government or umbrella organization who provide the funds for a project – e.g. Japan Government, UN, USA Government, UK Government, Oxfam International, Canada Government, etc. Clustered headings, e.g. international NGOs, are also provided in the DAD to provide more efficient grouping of smaller organizations. Pledges and commitments are usually reported or aggregated at the funding source level.

Funding Agency. The funding agency is the representative of the funding source that actually makes the financial commitment. In the case of the USA, for example, this might be USAID. For recording financial flows in the AIMS, a funding agency can make commitments and disbursements. If it is implementing its own project directly (without any other partner), then it can also record expenditures under its own name.

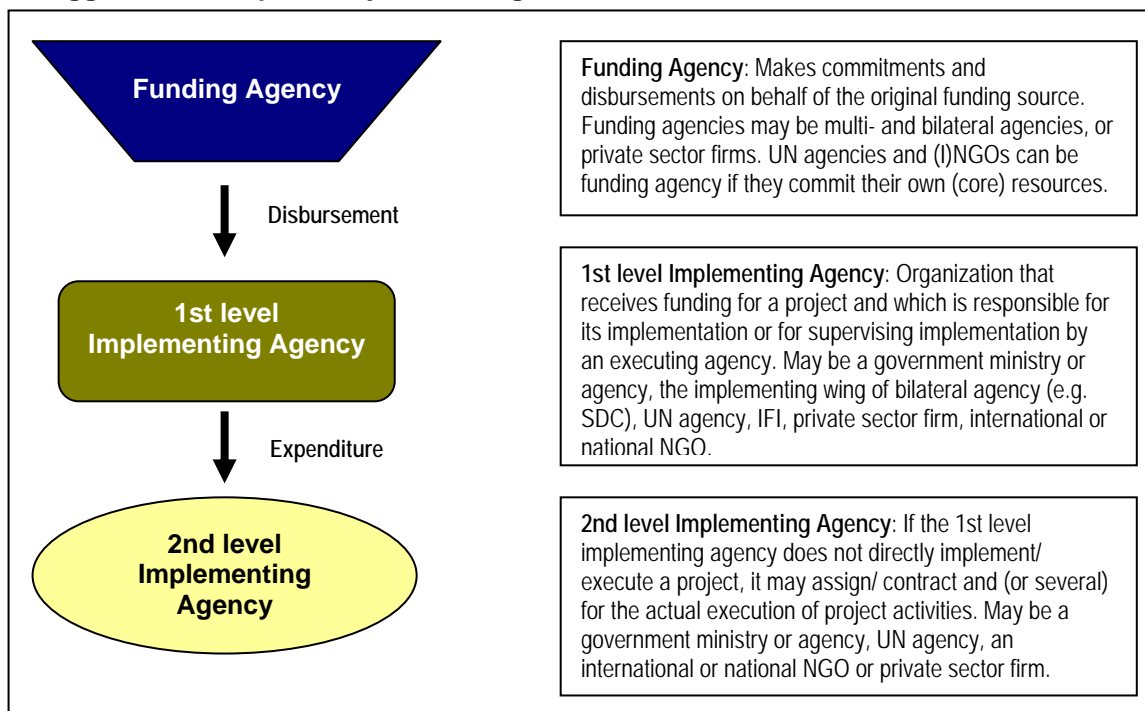
Funding Source	Funding Agency
CARE International	CARE USA, Care UK, etc
Denmark Gov.	Danida
UK Gov.	DFID, FCO
UN	UNICEF, WFP, WHO, UNDP, etc.
ICRC	Turkey Red Crescent, American Red Cross, etc
Canada Gov.	CIDA

1st level Implementing Agency. The 1st level implementing agency receives funds from the funding agency for a specific project and is responsible for its implementation or for supervising its implementation. When the Government of Bangladesh directly implements a project, the 1st level implementing agency will be a government agency, e.g. the (Federal) Ministry of Health. UN agencies (when they mobilise or receive funds outside of their core budgets), or international or national NGO partners may also serve as 1st level implementing agency for a project. Implementing agencies are expending funds, either when they pass funds to a 2nd level implementing agency, or when they directly implement activities under the project, i.e. spend the funds to pay for development-related goods and services to the

benefit of a target group identified in the project document. Implementing agencies *cannot* commit or disburse funds according to the terminology used here.

2nd level Implementing Agency. This is the level where expenditure takes place. Executing agencies are often lower tier government agencies or may be NGOs or private sector contractors. Once funds are passed to an 2nd level implementing agency they are recorded as expended, regardless of whether they have been used or not.

Suggested Concept of Project Funding Flow



Financial Definitions¹³

The following definitions are in line with OECD Development Assistance Committee (DAC) international standard definitions.

Pledge. The grant or loan resources promised by a donor to Bangladesh over one year or a fixed number of years.

Commitment. A firm obligation expressed in writing and backed by the necessary funds to provide funding for a particular project, programme, sector, trust fund or to support the domestic budget. The **Commitment Date** is the date of that written agreement. Commitments are usually multi-year – i.e., they are designed to fund expenditures for several years.

Disbursement. The placement of resources at the disposal of the government or a 1st level implementing agency. The **Disbursement Date** is the date at which those funds were made available – usually this involves the transfer of funds into the implementer's bank account or the draw down by the implementer of funds held in an account by the donor.

¹³ Source: *OECD DAC, Creditor Reporting System*. "A commitment is a firm written obligation by a government or official agency, backed by the appropriation or availability of the necessary funds, to provide resources of a specified amount under specified financial terms and conditions and for specified purposes for the benefit of the recipient country."; "A disbursement is the placement of resources at the disposal of a recipient country or agency, or in the case of internal development-related expenditures, the outlay of funds by the official sector." <http://www.oecd.org/dataoecd/16/53/1948102.pdf>

Expenditure. The actual spending of funds by the 1st level implementing agency to pay for project-related goods and services *OR* the placement of resources by the 1st level implementing agency at the disposal of a 2nd level implementing agency. The **Expenditure Date** is the date at which actual payment was made *OR* those funds were made available to the 2nd level implementing agency – usually this involves the transfer of funds into the bank account of the 2nd level implementing agency or the draw down by the 2nd level implementing agency of funds held in an account by the 1st level implementing agency or funding agency.

Annex 6: Using an AIMS to Track Paris Declaration Indicators

Help Close

Contact Help Desk at [+92 \(0\)51 920 60 46](tel:+920519206046) dadpakistan@ead.gov.pk

PROJECT DETAILS	PROJECT FUNDING	KEY INDICATORS	PARIS DECLARATION INDICATORS	NOTES AND ATTACHMENTS
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Please enter information related to the Paris Declaration on Aid Effectiveness so that the commitments of both the Government and its partners to more effective aid can be monitored in line with the indicators included in the Declaration.

The Paris Declaration can be viewed [here](#) and all 12 indicators can be downloaded [here](#)

PARIS DECLARATIONS INDICATORS

Total Commitment	<input type="text" value="0"/>												
Point of Delivery Donor*	Q1: Who is the "Point Of Delivery Donor" for the purpose of monitoring the Paris Declaration? --- Select --- Q2: What percentage or amount out of the total committed amount was disbursed to the 'Government Sector' as defined for the purpose of monitoring the Paris Declaration? <input type="text"/> % <input type="text"/> USD												
Indicator 4 <i>Technical Cooperation</i>	Q3: What percentage or amount out of the total committed amount was disbursed for technical cooperation? <input type="text"/> % <input type="text"/> USD Q4: What percentage or amount out of the total committed amount was disbursed through coordinated technical cooperation programmes? <input type="text"/> % <input type="text"/> USD												
Indicator 5a <i>Use of National Public Financial Management System</i>	Q5: Does this project use the Government's public financial management system? <input type="radio"/> Yes <input type="radio"/> No												
Indicator 5b <i>Use of National Procurement Procedures</i>	Q10: Does this project use the Government's procurement system? <input type="radio"/> Yes <input type="radio"/> No												
Indicator 6 <i>Use of PIU</i>	Q12: Does this project use a Project Implementation Unit? <input type="radio"/> Yes <input type="radio"/> No												
Indicator 9 <i>Programme-Based Approach</i>	Q14: Is this project part of a programme-based approach? <input type="radio"/> Yes <input type="radio"/> No												
Indicator 10a <i>Please record any mission that was funded by this project</i>	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <th><input type="checkbox"/></th> <th>Mission Title*</th> <th>Start Date</th> <th>End Date</th> <th>Joint Mission</th> <th>Participating Partner</th> </tr> <tr> <td colspan="6">Delete Add</td> </tr> </table>	<input type="checkbox"/>	Mission Title*	Start Date	End Date	Joint Mission	Participating Partner	Delete Add					
<input type="checkbox"/>	Mission Title*	Start Date	End Date	Joint Mission	Participating Partner								
Delete Add													
Indicator 10b <i>Please record any relevant analytical work supported by this project. (If relevant, please attach/upload this</i>	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <th><input type="checkbox"/></th> <th>Title of Analytical Work*</th> <th>Date</th> <th>Joint with other partner?</th> <th>Participating Partner</th> </tr> <tr> <td colspan="5">Delete Add</td> </tr> </table>	<input type="checkbox"/>	Title of Analytical Work*	Date	Joint with other partner?	Participating Partner	Delete Add						
<input type="checkbox"/>	Title of Analytical Work*	Date	Joint with other partner?	Participating Partner									
Delete Add													

Source: www.dadpak.org

Annex 7: Comparison of Aid Information Management Systems

Features & Functionalities	Aid Management Platform (AMP)	Blue Book / ODAmoz	Donor Assistance Database (DAD)	Cambodian ODA Database
Conceptual focus and institutional approach	Management of ODA and publicly funded project and programs. Government managing institution primary users, donor agencies to validate and supplement. Facilitates workflow between institutions.	Presentation of ODA funded projects, managed by donor agencies. Project unit to validate and produce reports.	Presentation of ODA funded projects, managed by donor agencies. Project unit to validate and produce reports.	Presentation of ODA funded projects online.
Countries implemented	Ethiopia, Bolivia, Montenegro, Tanzania, Burundi, D. Rep of Congo, Burkina Faso	Mozambique, Nicaragua	Pakistan, Vietnam, Sri Lanka, Iraq, Zambia, Rwanda, Sierra Leone, Maldives, etc	Cambodia.
Software / operating system, connectivity and hosting environment	Java open source application, MySQL, can be hosted on MS Server or Linux	Oracle 10G, Developer 6i, MS Windows 2003.	Synergy IDM Knowledge Builder (closed source code) MS SQL hosted on MS Server with remote access, or hosted by provider.	MS Access + JSP, MS SQL (available source code)
Provider	Development Gateway (amp.dgfoundation.org)	Developed by the respective project unit.	Synergy International Systems (www.synisys.com)	UNDP / Government of Cambodia
Integration with other systems (budget, IFMS, Statistics)	Budget / Chart of Accounts reference, IFMS integration tested	No	XML schema available	No
Management Workflow features	Facilitates government workflow in configurable workspaces, grouping users of same institution / department. Follows project cycle and approval / validation controls by Workspace Managers. Alerts and messages.	No	No. Alerts with email messages to creators of outdated projects.	No
Financial tracking	Planned and actual Commitments, disbursements and expenditures. Additional optional modules on components financials and disbursements to regional / local government.	Commitments and disbursements.	Commitments, disbursements and expenditures. Hierarchy of funding flows from Funding agency to 3 rd level agency. Disbursements linked to the relevant commitments. Expenditure is simplified as disbursement to 3 rd level agency.	Commitments and disbursements
Results tracking	Tracks planned and actual outputs from projects (advanced), and relates projects to national plans with progress statistical data..	No	Allows qualitative output description per project.	No
Project Planning	Costing module and logframe builder for project planning	No	No	No

	(consistent with EC procedures)			
Navigation interface, speed	<p>Tabs with preset filters and hierarchy, customizable by user and workspace manager. Expanding hierarchy doesn't require loading time. Report generation through step-by-step approach (several individual screens), which is not user-friendly</p>	Simple web site interface navigation with hyperlinks and checkbox selections.	One single set of customizable tabs set to apply for all users, with available filters and sorting. Loading time required for expanding hierarchy/drill-downs and popup for changing filters.	Simple web site interface navigation with hyperlinks and checkbox selections. Report generation through MS Access.
Dashboards, Charts and Maps	<p>Two dashboard (Project M&E w/portfolio avg output indicators, and National Planning Dashboard w/ projects in relation to national planning instruments and progress indicators. Map outline under development in relation to DevInfo integration.</p>	None. Map outlines not yet available.	Configurable Chart. Configurable map outline per region and district level. Simple dashboard allows opening several reports in one window.	No
Planning Calendar	<p>Joint Calendar where users can upload activity time periods, in particular for donor – government coordination.</p>	No	No. Possible as part of Paris Declaration Indicator Module	No
Document Management	<p>Allows document upload to project record. Also contains a separate document management module, where documents can be shared to the workspace team, or to the public user (accessible if public view is switched on). Documents can be revised with newer versions. Version control and roll-back options.</p>	No	Allows document upload to project record.	No
Report generation	<p>Dynamic tabs can be designed by user. Step by step design of reports, with possibility of applying filters also after report is generated allowing multipurpose reports. Export to Excel, CVS, PDF and printer-friendly.</p>	Some preset fields for generating a report. Pre-defined reports based on given templates, actual reporting mainly through excel.	Report generated from a single page with menus of available columns and row data fields. Export to Excel and PDF. If using Synergy Portal Admin tool, live data reports can be rendered on a web site page.	No, but templates for required reports can easily be developed in MS Access
User Management	<p>New users register on site. Workspace Manager can include new user to workspace. Admin tools can assign / un-assign users from workspaces and ban users,</p>	None.	New user register on front page. Admin assigns user to organizations with permissions.	

Permission Management	Advanced permissions configurable per user with regular or manager role, and unlimited regular workspaces with filtered projects for specified organizations, and management workspaces for overall reporting. Public View optional.	Single permission for all users. Admin tools.	User permissions based on organization; edit rights for all projects where user organization is assign with a funding or implementing role.	Single permission for all users. Admin tools.
Adaptability and future customization	Open Source, all AMP projects train technical administrators as far as skills allow.	Code available. Low complexity.	Closed Code. All changes must be requested to software firm Synergy International. Iraq and Pakistan piloting using DAD's IDM Knowledge Builder to make changes in application.	Code available. Low complexity.
Project Implementation, Scope and Costs	All implementation embedded in 3 year capacity development projects (first year implementation at USD 250,000), with training, technical support, and eventually 2 years of sustainability support.	Estimated USD 50,000 for set-up of new deployment. Requires project data management unit.	Range from USD 120,000 and up. 1 year contracts. High consultancy fees for adjustments and extra training.	Available free of charge with minor support from UNDP Cambodia. IT expert / local IT company required for adjustments

Annex 8: Sample ToR for Capacity Needs Assessment

1. The ultimate objective of this consultancy is to enhance the aid management capacities of the Government of Bangladesh (GoB), through streamlining of related business procedures and systematic strengthening of relevant individual and organizational capacities of GoB institutions that play a key role in mobilizing and managing foreign assistance, such as the Economic Relations Division (ERD) and the Programme Division (PD).
2. The immediate task of this consultancy is twofold:
 - a) To review existing business procedures of the Government of Bangladesh regarding the mobilization, allocation and management of foreign assistance and to make recommendations on how these procedures could be rationalized.
 - b) To identify a Capacity Development Strategy that will confirm and/or identify institutional, organisational, and individual capacity needs. The Strategy will propose a comprehensive approach for addressing these needs over a three-year period (**Note: depending on duration of project**), and will take account of the evolving aid coordination environment.
3. The Capacity Development Strategy assignment will comprise the following tasks:
 - a) To facilitate the revision of Terms of Reference for each central Division with regard to its particular role in aid management against the background of streamlined business processes. This will include recommendations on the ideal staffing complement and profile for each Division as far as aid coordination functions are concerned;
 - b) To develop a Capacity Development Strategy that is duly informed by all relevant legislation, analytical and diagnostic work, and which comprehensively addresses all internal and external responsibilities of the relevant Divisions, in particular Programme Division and Economic Relations Division;
 - c) To provide recommendations on organizational strengthening, including, but not limited to: strategic planning processes; leadership and management issues; communications; information-sharing; meetings; work-planning; performance review; management of cross-Wing responsibilities; and the creation of an enabling and supporting working environment;
 - d) To support and inform the drafting of detailed job descriptions for all staff members, including to facilitate an exercise whereby skills are associated with each task, and capacity needs identified;
 - e) To develop criteria for preparing individual training plans for Division staff, including long-term training, workshops, seminars, study tours;
 - f) To identify criteria for providing long-term training, based on need, relevance, previous performance of the individual, longer-term benefits to both the individual and the relevant Division;
 - g) To provide recommendations on the implementation of a Merit-Based Pay Initiative (MBPI) that provides forward-looking incentives to develop skills and ensure that financial reward is linked to performance;

- h) To include in the Strategy appropriate measures for supporting more proactive and evidence-based aid management work, both within and outside ERD, including through project appraisals, portfolio reviews, incorporation of the OECD-DAC Survey indicators, etc;
- i) To identify risks and challenges that may be associated with capacity development work in the identified Divisions, together with mitigation strategies where appropriate;
- j) To recommend a set of indicators for monitoring, evaluating and reviewing progress in implementing the Capacity Development Strategy.

Methodology

- 4. The consultant will employ the following principles and approaches during the assignment:
 - a) Locate the development of the Capacity Development Strategy in the appropriate external setting, in particular the current aid management structure, but also including the overall public service/ public financial management reform agenda;
 - b) Adopt a broad and participatory approach that engages all ERD staff – and other GoB Ministries and agencies, and other stakeholders, as appropriate - so that appropriate needs are identified/confirmed and that relevant approaches to organizational strengthening and individual capacity development can be found;
 - c) Ensure that an appropriate focus is placed on organizational capacity issues, including inter-divisional collaboration and modalities that will ensure that the efforts of individuals and Divisions aggregate up to an effective overall performance of the organization;
 - d) Identify current strengths so that capacity may be developed by using existing foundations and practices to the fullest extent possible. The consultants are to identify where continuity is feasible and where change may be required;
 - e) While recognizing that capacity development is necessarily a long-term process, the consultants are requested to identify quick-win approaches where they are deemed to be feasible;
 - f) The consultants must pay due attention to the sequencing and prioritizing of capacity development activities, recognizing the interdependence of many tasks and functions;
 - g) Both financial and non-financial incentives should be considered as motivating factors;
 - h) Identified capacity development activities should, as far as possible, be associated with measurable indicators that will allow progress to be monitored and evaluated.

Annex 9: Joint Assistance Strategies - Lessons Learned

The experiences with joint assistance strategies (JAS) are mixed. While in Tanzania the Ministry of Finance took the lead, the process in Zambia was mainly donor driven. Although process and content was slightly different from country to country, a main purpose of the JAS is to improve donor coordination, by, among other things, identifying donors' comparative advantage and introducing a single review cycle. A JAS is usually also intended to replace individual country strategies of participating donors. Some lessons learned from Uganda, Tanzania and Zambia are summarized below:¹⁴

- In Tanzania, **the process was seen as highly sensitive from the donor perspective**, since it may lead to very challenging changes in their aid portfolio and modus operandi – provided government leadership in this area is actually accepted.
- **Slow progress on the issues of complementarity and division of labor.** While the issue was covered in all documents to some extent, none went so far as actually defining a concrete structure, which reflects the complications and political sensitivity associated with this topic.
- In Uganda, **development partners insisted on maintaining 'political space' to manoeuvre**, which made it difficult to set ambitious targets and deadlines. The requirement for some donors to involve relevant units at their respective HQs further complicated and prolonged the process.
- **JAS processes have generally been longwinded with relatively little concrete results.** Consequently, there was a constant risk of losing momentum. At the same time, there was a risk of raising uncertainty among stakeholders, e.g. smaller donors feared being squeezed out once a division of labor was agreed (or imposed).
- **JAS processes resulted in an increased understanding of each other's position.** The mapping of donor projects/ programmes, as well as overall strategies and procedures was considered particularly useful.
- **Starting the process as early as possible is helpful, ideally in parallel with PRSP formulation.** Changing the course of a donor agency is a bit like changing the course of a super tanker – there is a long time gap from turning the steering wheel to actual change of course.
- **Allocating sufficient staff capacity is essential**, as preparation of a JAS consumes time and resources.
- Country experiences illustrate that **governments may not necessarily have to drive the JAS process from the very outset.** In all three countries a division of labor between the government and the donors has been established at a very early stage, where the government has taken responsibility for preparing the PRSP and the donors have taken responsibility for preparing the JAS in response to the PRSP.

The first pitfall is to try and implement a JAS when the country's own capacities for planning, aid coordination and negotiation are too weak. The exercise often ends up

¹⁴ Ministry of Foreign Affairs (Danida)/ European Commission, DG Development (2005): Joint Assistance Strategies in Tanzania, Zambia and Uganda, Final Report.
http://www.aidharmonization.org/download/255437/Joint_AssistanceStrategy.pdf.

being mostly (sometimes exclusively) donor-led. Recent experiences indicate that many of the 'donor-donor' components of the Paris Declaration (harmonization, donor-led division of labor) were taking precedence over the national ownership principle. If the process is not nationally-owned and if the country does not have the negotiation and leadership capacities to ensure that it is framed within a nationally-owned development strategy, then the JAS will likely end up being perceived as a means for a group of donors to "gang up" and impose their own development agenda.

The Paris Declaration clearly indicates that *division of labor* is a key issue on the harmonization agenda. However, none of the three countries mentioned above have found a solution to the division of labor issue, which reveals the high degree of political interest and political economy involved. In this regard, it appears obvious that in order to move forward on this issue there are several essential tasks ahead which should be approached in an open and transparent manner. For example, the government needs to clarify its own position, e.g., on who it would like to collaborate with in each sector – Ministry of Finance versus line ministries. Development partners need to clarify their position internally (with their respective HQs), internal technical capacity/ human resources, and together with other development partners regarding the number of sectors to be present in, phasing in and out arrangements, use of joint modalities, definition of 'lead donor', 'silent partnership', etc.

Political buy-in from HQ is essential. Decisions concerning the sectors in which to lead, in which to be 'silent' partner, what 'lead donorship' entails, etc. are so important, given their legal, financial and operational implications, that HQs need to be actively involved early on. Political buy-in is also essential considering the likelihood of less individual visibility of donors as part of a joint assistance strategy.

Political buy-in from line ministries in the recipient country is also important, as they need to gradually adjust and accept a new scenario in which development assistance is moving away from individualized project-based and programme assistance in collaboration with individual line/ sector ministries towards one point-of-entry with the Ministry of Finance as the ministry responsible for the national budget.