

Ex-post Evaluation Report 2012-01

**EDCF COUNTRY EVALUATION**

**FOR**

**THE PEOPLE'S REPUBLIC OF**

**BANGLADESH**

2012

Korea Institute for International Economic Policy

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## **EXECUTIVE SUMMARY**

The total ODA commitment to Bangladesh in 2010 was USD 2,759.4 million and the Korean government provided USD 526 million since 1991. 92 percent of the Korean aid was provided in the form of concessional loans by the Economic Development Cooperation Fund (EDCF) of the Korea Eximbank with a strong focus on transport, power and ICT sectors. The EDCF has implemented 15 projects, which amounts to USD 469.7 million, until July 2012 and Bangladesh is the fourth largest EDCF partner countries after Vietnam, the Philippines, and Indonesia.

EDCF's efforts to enhance its aid effectiveness has been taking shape since 2007 when the EDCF set up the 2008-2011 Country Cooperation Strategy and Program (CCSP) for Bangladesh and Korea-Bangladesh policy dialogue was implemented. The assistance strategy of EDCF to Bangladesh appears to be highly relevant to the Korean government's ODA policy: EDCF increased its ODA to Bangladesh in accordance with the government's guidelines on aid disbursement; its ICT projects contributed to the progress of Millennium Development Goals (MDGs) by reducing digital gaps; and the priority sub-sectors of EDCF in road, railways and power clearly reflected Korea's comparative advantage.

Regarding individual projects, they showed satisfactory outcomes: Power Distribution Projects demonstrated a sound durability and was in full operation; Purchase Projects for locomotives covering the Dhaka-Chittagong line also showed a high operation rate; the Internet Information Network Project through the creation of the IP backbone

network connecting various important cities of Bangladesh is very likely to contribute to the expansion of broadband access nationwide beyond the Dhaka Region.

Nevertheless, the Result-Based Management (RBM) Framework at country level to assess the achievement of country strategy and country level assistance is yet to be prepared. An integrated RBM system should be set up to strengthen effective monitoring and evaluation of the EDCF country-level performance. It is recommended diversifying aid modalities be given consideration to better achieve development goals and improve effectiveness while enhancing the participation of partner country governments and agencies.

The focus of EDCF projects in Bangladesh lie in infrastructure development for the country's economic growth based on the CCSP and EDCF mid-term assistance plans. Particularly, the Framework Arrangement established between Korea and Bangladesh is considered an achievement in terms of enhancing aid predictability and responding to partner country's needs. However, due to the limitation of project-based assistance, an integrative approach to deal with the causal relationship among projects was not sufficiently emphasized. The new 2012-2015 Country Partnership Strategy for Bangladesh for both grants and loans is expected to systematically manage the stream from upper level strategy toward the bottom level policy purposes through strengthened linkage between project implementation stages, which include ex-ante evaluation, preliminary studies and baseline surveys.

In addition, EDCF could consider taking a proactive role in the government-donor network scheme such as the Local Consultative Group and the Bangladesh Development Forum and share the benefits of partnership with other leading donors in the absence of its own local representation and resources. As for the partner country, its capacity to manage and

sustain the project outcome should be strengthened and relevant technical assistance program should be prepared at the same time.

In order to enhance country ownership and alignment it was recommended that EDCF consider taking steps towards untying its aid in Bangladesh through international competitive bidding. It was suggested that EDCF find measures to strengthen its representation and visibility in Bangladesh through establishing an EDCF mission in Dhaka in the mid to long term. In the short term, it was recommended that EDCF use the mission office in Sri Lanka as a liaison office and also a focal point for aid in the South Asia region.

## **1. INTRODUCTION**

### **1.1. Purpose and Scope**

This evaluation was conducted to assess the country assistance of EDCF to Bangladesh, the 4<sup>th</sup> largest partner country of EDCF. Through comprehensive assessment, the evaluation aims to draw lessons from past strategies and performance, and elicit implications for the future assistance to Bangladesh in terms of strategic programming, management and implementation within the framework of the newly introduced 2012-2015 Country Partnership Strategy.

The specific objectives of the evaluation were: to identify key achievements and challenges of the EDCF's past strategic direction as well as assistance projects; to figure out areas for improvements in EDCF assistance; to draw lessons for the EDCF's future assistance in Bangladesh.

The scope of the evaluation covers the EDCF's assistance strategies, assistance performance since 1993 and its operations framework. The report is largely centered on policy and strategies but encompasses evaluation on the key assistance projects completed from 1993 to 2011 with a sectoral focus on transport, telecommunication and power. The performance of past lending projects with ex-post evaluation report was assessed based on the results of the evaluation at the strategic level. The EDCF operations framework was closely examined to measure EDCF's contribution to Bangladesh's development goals by following the strategic guidelines.

## 1.2. Methodology

Unlike project evaluations, a country evaluation requires a Strategic Approach in terms of analysis, and entails proper standards and criteria due to the wide range of subjects being evaluated. This country evaluation used ADB's top-down and bottom-up guidelines as a reference due to absence of its own criteria (see Table 1). The policy evaluation used three main criteria of relevance of planning, efficiency of implementation and effectiveness of outcome for the respective stages of planning-implementation-outcome. The report reviewed the CCSP, mid-term strategies as well as operational guidelines to analyze EDCF's assistance strategy, programming and planning, management and implementation frameworks.

For the core projects in Bangladesh, the evaluation applied the five DAC evaluation criteria of relevance, efficiency, effectiveness, impact and sustainability and also referred to the Korean government's integrated evaluation manual of international development cooperation and EDCF's own evaluation guidelines. As part of the evaluation, desk researches, interviews and mission trips were conducted. The first mission was conducted from June 26<sup>th</sup> to July 5<sup>th</sup>, 2012, to interview key government officials and bilateral and multilateral donors in Bangladesh. The second mission from September 15<sup>th</sup> to 21<sup>st</sup>, 2012 was undertaken to meet other stakeholders in ERD LCG, ICT education training center, CNG bus procurement officials and so on. During the second mission, a joint evaluation workshop was held on the September 17<sup>th</sup>, 2012 in Dhaka in cooperation with the Economic Relations Division (ERD) of the Ministry of Finance of Bangladesh, inviting key stakeholders from the country and donor sides. To strengthen the validity of findings and recommendations in this report, local consultants, sector experts (ICT) and civil society representatives were invited to collaborate on this evaluation.

**Table 1. Policy Evaluation Standards and Criteria**

Evaluation Standards	Evaluation Criteria	Evaluated Contents
Country Strategy: Top-down assessment	Relevance	<p>Alignment with national development strategy, needs and priorities of Bangladesh</p> <p>Consistency with the EDCF's and Korean Government's ODA policy</p> <p>Coherence and Clarity of the goals, outcomes and performance indicators</p>
	Appropriateness	<p>Efficiency of aid modalities</p> <p>Promotion of country ownership and capacity development</p> <p>Use of country system, aid untying</p>
	Outcome	<p>Coherence and use of Results-Based Management system</p> <p>Achievement of intended EDCF's strategic goals and outcomes</p> <p>Soundness of O&amp;M framework and sustainability</p>
Performance by Sector : Bottom-up Assessment	DAC 5 Criteria	Relevance, Efficiency, Effectiveness, Impact and Sustainability
Operations Framework	Efficiency	Appropriateness of country assistance framework



## **2. DEVELOPMENT CONTEXT AND EDCF ASSISTANCE**

### **2.1. Development contexts**

The People's Republic of Bangladesh (hereafter, Bangladesh) has been pursuing vigorous social economic development since its independence in 1973 through 5-year development plans, with a strong focus on poverty reduction. The average GDP growth during 2000s is 5.8 percent and the country sustained favorable economic growth despite the global economic downturn and domestic political instability.

The country has insufficient natural resources and its industrial structure is tilted heavily toward agriculture and textile industries. Its economic growth benefited from its export facilitation led by the textile/garment industry during the 1990s. Despite all this progress, poverty and income inequality remain a major hurdle in the country; more than 70 percent of the population lives under two dollars per day and its Gini coefficient rose steadily to reach 0.46 in 2010, from 0.39 in 1991.

The Government of Bangladesh has recently announced its long-term development plan, 'Make Vision 2021 a Reality (hereafter, Vision 2012)' to achieve GDP per capital USD 2,000 by 2021. Vision 2021 contains various aims in political, economic, and social aspects. The government's effort to achieve this goal is strengthened by its recent 6<sup>th</sup> 5-year development plan (2011-2015) in combination with MDGs. The main expected outcome of the plan include democratic governance, anti-corruption, human resource development, population control, stable macro-economy policy, industrialization and trade facilitation, globalization and regional cooperation, power and energy, food security, social infrastructure, environmental sustainability and ICT development.

Despite the country's advantage in ample labor force and consumer market which attracts the attention of foreign investors, Bangladesh has inadequate infrastructure, high level of poverty, dependence on oil imports and vulnerability to climate change impacts that limit its full potential for growth. According to the Asian Development Bank (ADB) report released in 2012, the core development challenges of Bangladesh include infrastructure (power, transport and ICT) and skilled labor resources (quality of education, job training, and girls' education). In addition, the unstable domestic political situation before the upcoming 2013 election and prevalent governance issues also hinder its economic development

Bangladesh received over 9.6 billion USD from 29 donors during 2006-2010 periods. Total commitment in 2010 was USD 2.76 billion. In terms of sector, the amount of aid to economic infrastructure such as energy, transport and telecommunication sectors has more than doubled during the last couple years. The total bilateral aid to this sector was 583.3 million USD in 2010. In terms of aid type, the country traditionally accepts high level of concessional loans (about 7 percent on annual average) to support the country's need for infrastructure. Due to the country's vulnerability and climate-related impacts, it also received a large amount of humanitarian assistance in 2002 and 2007. The largest donor is IDA and ADB who provide more than 0.3 billion USD respectively. The largest bilateral donors are the UK, the Netherlands, USA and Canada.

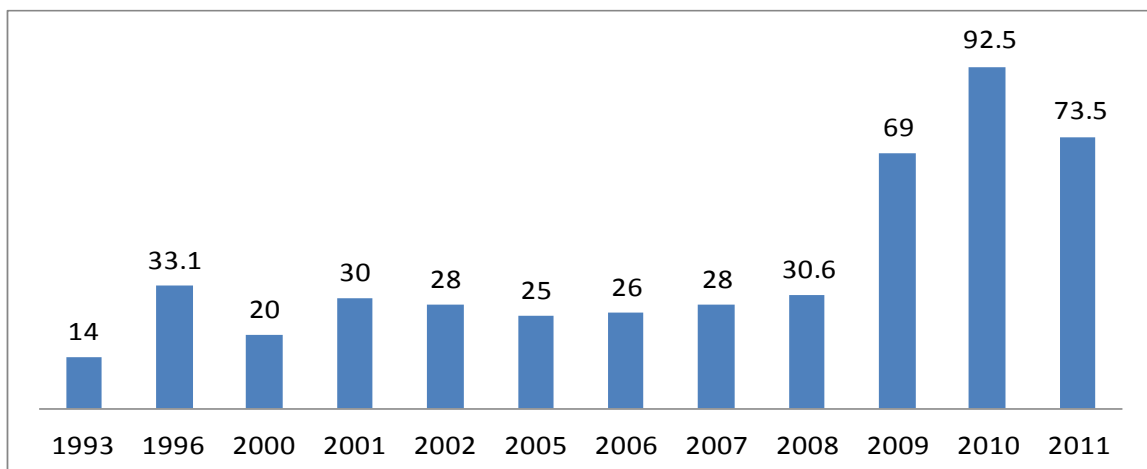
As a part of efforts to promote aid effectiveness, the Bangladesh government formed the Local Consultative Group in collaboration with major donors. In addition, Bangladesh also set up the Joint Cooperation Strategy with 15 donors including Korea, aiming to reduce fragmentation and administration costs, to enhance aid predictability, and to realize aid harmonization.

## 2.2. EDCF's assistance to Bangladesh

Korea provided USD 511.7 million from 1991 to 2011, more than 90 percent which was concessional loans (USD 469.7 million). EDCF assistance to Bangladesh is largely focused on economic infrastructures such as transport, energy and ICT. Transport sector received the largest amount (USD 173.6 million) for seven projects, while 124.6 million USD went to ICT and 126.5 million USD were allocated for energy. The level of assistance has increased by approximately 9-fold from USD 14 million (1993) to USD 92.5 million (2010). Compared to other major partner countries in Asia, Bangladesh is the fourth largest as of 2012 after Vietnam, Philippines, and Indonesia.

**Figure 1. EDCF commitment to Bangladesh: 1993 - 2011**

(USD million)



Source: EDCF Statistics

Since the first EDCF concessional loan for the 1993 Greater Khulna Power Distribution Project, eight projects including the Locomotive Purchase Project (1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> Phase), the Intensification and Expansion of Power Distribution System Project, the Digital Exchange Installation Project, the Internet Information Network Expansion Project and the

Procurement of Single Decker CNG buses project were completed. Seven projects are still on-going.

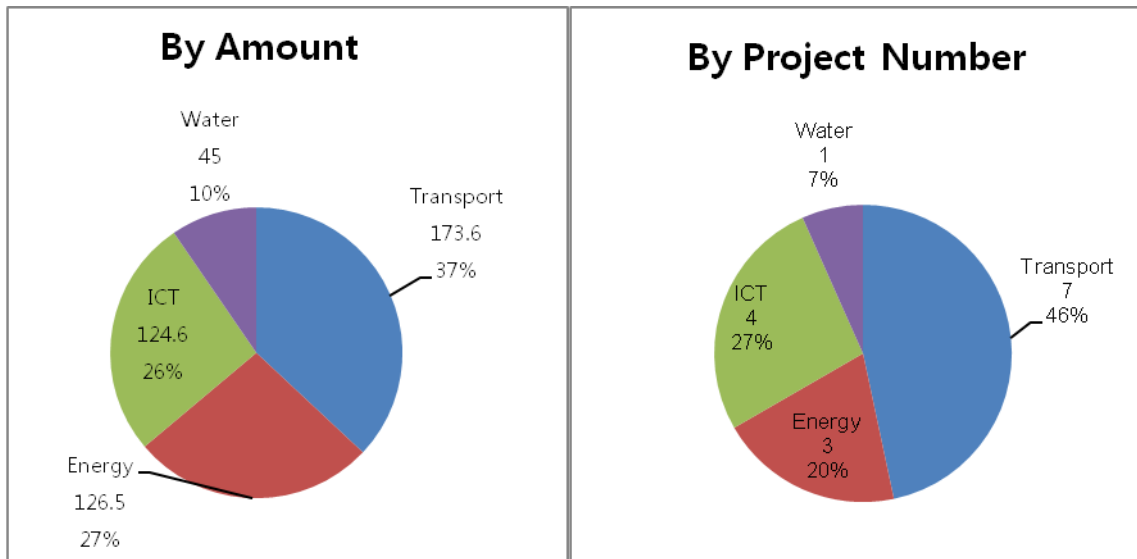
**Table 2. EDCF concessional loan projects in Bangladesh: 1993 - 2012**

	Project name	Sector	Committments	Committed year	Status
1	Greater Khulna Power Distribution Project	Energy	14	1993	Completed
2	Locomotive Purchase Project (1 <sup>st</sup> Phase )	Transport	33.1	1996	Completed
3	Intensification and Expansion of Power Distribution System Project(Phase II )	Energy	20	2000	Completed
4	Digital Exchange Installation Project at Khulna, Chittagong, Sylhet	ICT	30	2001	Completed
5	Locomotive Purchase Project (2 <sup>nd</sup> Phase)	Transport	28	2002	Completed
6	Internet Information Network Expansion Project(Info-Bahan Project)	ICT	25	2005	Completed
7	Salvage Vessel Procurement Project	Transport	26	2006	Ongoing
8	Locomotive Purchase Project (3 <sup>rd</sup> Phase)	Transport	28	2007	Completed
9	Development of National ICT Infra-Network Project	ICT	30.6	2008	Ongoing
10	Procurement of Single Decker CNG buses Project	Transport	30	2009	Completed
11	Establishment of Upazila ICT Training & Resource Centers for Education(UITRCE) project	ICT	39	2009	Ongoing
12	Development of Bibiyana~Kaliakoir Transmission Line Project	Energy	92.5	2010	Ongoing
13	Salvage Vessel Procurement Project (Supplementary Loan)	Transport	6.5	2011	Ongoing
14	Well Field Construction Project at Tetulzhora-Bhakurta Area of Savar Upazilla (Part-1)	Water& Sanitation	45	2011	Ongoing
15	Replacement and Modernization of the Existing Railway Signaling System at 11 Stations of BR	Transport	22	2011	Ongoing

Source: EDCF

By sector, transport received the largest amount of aid with 7 projects (USD 173.6 million) followed by ICT (4 projects, USD 124.6 million), and energy (3 projects, USD 126.5 million).

**Figure 2. EDCF commitment by sector in Bangladesh: 1993 - 2011**



Source: EDCF Statistics

### 3. EDCF COUNTRY ASSISTANCE EVALUATION

#### 3.1. Country Assistance Strategies

**Relevance of Programming** It appears that the EDCF's assistance strategy to Bangladesh is in line with the country's national development priorities and policies, emphasizing priority areas with clearly stated strategies. While EDCF rendered its first assistance to Bangladesh in 1993, a more systematic approach was adopted in the mid-2000s, when EDCF established the first CCSP (Country Cooperation Strategy and Program) for Bangladesh for the 2008-2011 period. The CCSP provides a strategic framework for the two

main goals of building a sustainable foundation for economic development and poverty eradication.

EDCF expanded its ODA to 240 million USD during the 2007-2011 period and focused its assistance in core areas like transport and ICT, both overlap with Bangladesh's sectoral development policy direction. As of September 2012, EDCF allocated 66 percent of the total loans to transport (42 percent) and ICT (24 per cent). During 1993-2007, the transport sector received 56.4 percent of total commitment and ICT had 26.9 percent. Since the establishment of the CCSP, the share allocated to these sectors shrunk while assistance to energy and water/ sanitation increased.

The direction of the EDCF assistance to Bangladesh is also in line with the overall foreign aid policy of the Korean government. The Korean government released its '2008-2010 ODA midterm strategy' to streamline and systemize its assistance to developing countries, with a strong focus on poverty reduction and sustainable development in the area of health, medicine, education, governance, ICT, rural and regional development. In terms of aid allocation, core partner countries of Korea and LDCs will receive more assistance. Particularly, the focus on ICT in the midterm strategy to reduce the digital gap and contribute to achieving MDGs, as well as building up economic infrastructure to expand the possibility of bilateral business opportunities, are aligned with the EDCF's strategy in Bangladesh.

Despite the positives above, clear indicators and measures to assess to what extent the objectives of the EDCF project have been achieved need to be prepared. While it is a good thing that EDCF adopted performance indicators at the project level in 2008, but this system for country evaluation is absent at present. Despite some progress made in the previous CCSP, EDCF still needs to set up a performance assessment system so that it can maintain an

effective link to the sectoral and national assistance framework. It includes but is not limited to building up baseline data at the beginning of the project and final target indicators upon the completion of the intervention. As Bangladesh prepared its ‘Annual Joint Cooperation Strategy Action Plan 2011-2012’ in coordination with other donors as a part of efforts to construct a development results framework, EDCF need to consider developing its own results framework in line with the strategy.

**Efficiency of Implementation** EDCF introduced the Framework Arrangement in January 2006 to improve expediency and efficiency often hindered by delays in signing agreements and arrangement. This initiative can be regarded as a positive example in strengthening aid predictability which is one of the key AAA (Accra Agenda of Action) factors for enhancing effectiveness.

In terms of its efforts to harmonize aid, EDCF still needs to put more effort to participate in local system for division of labor such as LCG and strengthen its network with other donors as well as partner country government.

As the main modality of EDCF’s assistance is based on bilateral project loans, it needs to be changed by combination with other modalities such as grants and technical assistance to improve its efficiency. The EDCF may consider enhancing its partnership with the Korea International Cooperation Agency (KOICA) or strengthening linkage to the Knowledge Sharing Program (KSP) to complement its hardware-building projects with technical assistance and policy advisory components.

To improve ownership of the project, partner country involvement should be assured from the very beginning of project initiation. However, the strong presence of Korean contractors and consultants in the design, planning and purchasing of the project are the main

factors limiting the role of project manager of partner country. The EDCF thus should consider promoting a participatory approach to ensure that the partner country can strengthen its capacity to assume a more active management role throughout the project cycle.

More effort is needed to expand untied aid for LDCs in accordance with the EDCF's untied aid roadmap released in 2010. To achieve the target of 50% by 2015, the EDCF needs to prepare step-by-step plans to manage risks related to the competition in international open competitive bidding and quality control.

**Validity of outcomes** The EDCF recognized the importance of RBM (results-based management) and introduced performance indicators for projects. However, the indicators are not widely adopted through the project cycle but are only limited to the completion and ex-post evaluation with a stronger focus on short-term output. The EDCF needs to strengthen the application of the RBM system through the overall project cycle including ex-ante/midterm evaluation and monitoring process.

The projects contributed to establishing a foundation for growth and reduction of poverty as specified in the CCSP in Bangladesh, particularly in sectors such as railways and power that have great potential to improve the country's economic infrastructure and to promote pro-poor growth.

The measures to ensure post-completion management of the project outcome such as O&M should be strengthened. Most of the EDCF's assistance is provided in the form of infrastructure and equipment, which require a high level of local maintenance after the project is completed. It is necessary to ensure to provide necessary training and opportunities for the partner country to develop its national capacities to assume responsibilities in the post-completion phase to ensure sustainability.



### 3.2. Projects in Key Assistance Sectors

As of the end of 2011, EDCF provided assistance for a total of 15 projects. This evaluation assessed 6 projects completed in three sectors and applied five DAC criteria. The projects include two in the energy & power sector, two in transport (railway) and two in ICT. The total amount of assistance is USD 150 million which account for 31 percent of total aid provided.

**Relevance.** The project in three sectors of energy (establishing power distribution system), transport (supply of locomotive), and ICT (installing digital exchange and building internet information network) were highly appropriate for meeting strong needs in economic infrastructure in the early stage of economic development in Bangladesh.

The projects were also in line with MDGs by establishing economic infrastructure such as power and railway that are crucial not only for economic growth but also the social welfare of local people. ICT and water supply projects were also highly useful in meeting MDGs.

**Efficiency.** Project delays were noticeable in six projects, up to six years depending on the project. Various expected and unexpected factors were accountable for the delay; the Asian financial crisis in 1997, administrative chaos and change of development plans following the transfer of political power in 2001, lack of partner's understanding on the EDCF process, fluctuation of project costs due to changing exchange rates, delays in selecting consultants, and changes in project details. In terms of project costs, five out of six projects were executed within the planned budget. Overall, the some improvement is needed in terms of efficiency and the EDCF is required to provide measures to increase efficiency.

**Effectiveness.** It was found that objectives of most of the six completed projects were scaled down compared to the original plans, which means the achievement in terms of quantitative output will fall short. Two projects in the energy sector and one in transport reduced the scope of its output due to the extension of project period. The project to supply engine locomotives was completed with only half of its output achieved compared to the initial plan.

However, the quality of the final output made the overall effectiveness of the projects generally positive. While the results from the final outputs were also a critical factor in the evaluation, this evaluation only focused on the quantity and quality of output as most of the projects lacked specific, clearly-defined goals from the very beginning. To further improve effectiveness, the project goals and targets should be more specific and quantifiable so that the achievement can be measured relative to the intended goal of the project.

**Impact.** Most of the EDCF's assistance projects completed in Bangladesh appeared to have had a relatively high impact by contributing to infrastructure building and establishing foundations for socio-economic development and industrialization.

The EDCF projects in power and railway contributed to improvement of local business environment and activities. However, ICT projects such as the Digital Exchange Installation had relatively limited spillover effects due to changes in the ICT environment marked by high demand for wireless networks. Despite some positive impacts of the Internet Information Network Expansion project, the actual rate of utilization of the network remained at a low level which limited the potential impact of the project.

**Sustainability.** The majority of EDCF projects in Bangladesh appeared to have room for improvement in terms of sustainability considering the lack of human, financial and managerial capacity of the partner country and agencies. Considering that most of the projects focused on building infrastructure and supplying equipment, the capacity for operation and management needs to be strengthened along with financial and institutional capacity to ensure sustainability.

In case of energy and transport projects, operation and maintenance capacity of partner organization was relatively strong while the ICT sector needs improvement to enhance the level of local capacity and human resource development. For instance, the Bangladesh Telecommunications Company Ltd. (BTCL) which is the implementation agency of the Digital Exchange Installation Project and the Internet Information Network Expansion project, has long been experiencing lack of new skilled engineers and effective allocation of trained staff within the organization to maintain the positive outcome and impact of the project in long term.

### 3.3. **Operation Framework**

**Efficiency** Due to the absence of local representative office or a representative dispatched by the EDCF in Bangladesh, even standard project management activities such as project identification, planning, monitoring and evaluation is performed in a limited manner. In addition, the potential to build partnerships and work with other donors in the partner country is not realized.

Setting up a country office in Bangladesh is important in two ways: it will facilitate mutual understanding and information exchange with the partner country, which will positively affect the overall outcome of the EDCF project; and it will also increase the

visibility of EDCF in the country, which has been low compared to its level of assistance as a leading donor in several sectors such as ICT and transport. However, considering the limited human resources and institutional constraints in establishing a new office in Dhaka, a more feasible option in the short term would be to use the mission office in Sri Lanka as a focal point for the South Asia, region as mentioned earlier.

**Appropriateness** The Economic Development Cooperation Fund Group (EDCFG) operates as a development branch of the Korea Eximbank. Currently, the South Asia region is handled by Latin & Central America/Africa division that has fewer projects compared to the Asia division. This could deter professional and systematic program design, and implementation and management based on the strategic direction illustrated in the CCSP. Despite the practical reasons of project load in the Asia team, EDCF needs to set up an appropriate organization responsible for South Asia region as a primary bilateral partner region in the EDCF portfolio, to manage projects in Bangladesh within the framework of the country strategy outlined in the CCSP and Mid-term EDCF Strategic Management Plan.

Furthermore, the lack of human resources and sector expertise hinders rapid and flexible response to the ever-changing environment in the field. Without an EDCF representative and locally-employed staff based in Dhaka, it is practically impossible to actively take part in thematic or sectoral donor meetings and division of labor framework in Bangladesh. If installing a Dhaka mission office is not viable in the short term, EDCF could consider hiring a local expert who can coordinate the work between the two parties and participate in the division of labor system in the partner country on behalf of EDCF.

## 4. FINDINGS, LESSONS LEARNED AND RECOMMENDATIONS

### 4.1. Key Findings

The Korean government has provided USD 526 million as foreign aid to Bangladesh since 1991 with exceptionally high proportion of concessional loan amounting USD 469.7 million. In accordance to the increase of aid to Bangladesh, EDCF set up a strategic foundation to help the country through the CCSP 2008-2011. The assistance strategy of EDCF to Bangladesh appears to be highly consistent with the Korean government's ODA policy and the allocation of aid in terms of volume and sectoral priority (roads, railways, and power) were in line with the guidelines suggested in 'International Development Cooperation Advancement Plan' adopted by the 7<sup>th</sup> Council for International Development Cooperation in October 2010. With respect to outcomes of individual projects, Power Distribution Projects demonstrated a positive outcome and was in a good operation. The Locomotive Purchase Projects for the Dhaka-Chittagong line also showed a satisfactory rate of operation. The Internet Information Network Expansion Project contributed to the expansion of the limited internet service beyond the Dhaka region to nationwide.

However, performance assessment mechanism such as preparation and application of performance targets and measurement indicators was assessed to be less adequate. EDCF needs to strengthen its RBM system and take a strategic approach on improving its aid effectiveness by integrating monitoring and evaluation.

To achieve the goals specified in the CCSP, various aid modalities such as grants and technical assistance should be combined to increase the impact of development. As the roles and responsibilities of Korean counterparts are dominant during the project cycle, EDCF

should consider ways to ensure the involvement of partner country government and agencies in project management.

Accordingly, it is necessary to encourage active participation of a partner country's counterparts and beneficiary groups from the earliest phases - project identification, planning and implementation - to strengthen country ownership, alignment and mutual accountability.

#### 4.2. **Lessons learned**

**Building the Country Performance Management System** EDCF needs to introduce an effective performance management system at the county level that can enhance the linkage between projects to meet the comprehensive development goals outlined in the country strategy. Currently, the linkage between strategy formation and policy framework is not clear and they are not effectively integrated at both project and program levels, which results in the lack of vigorous performance assessment of the EDCF intervention in partner countries.

It is strongly advisable for the EDCF to set up an assessment plan from the early stage of formulating country strategy. The country level performance management system should be developed based on the new CPS so that the causal relationship between upper level strategy and working level policy/program/project goals are considered before building up detailed monitoring and evaluation plans.

**Improving Harmonization and Division of Labor** EDCF's active engagement with other donors and the Bangladeshi government through LCG is hampered by the lack of local representatives of EDCF in Dhaka. Greater efforts to strengthen its partnership by sharing information and initiating joint projects with other stakeholders are necessary.

Interventions on large-scale infrastructures tend to involve a high level of risk. Therefore, EDCF should consider a more active engagement with Multilateral Development Banks through diversified instruments such as co-financing and technical cooperation trust fund in sectors like transport and climate change. Through the mix of aid instruments, the synergy between bilateral and multilateral cooperation can be created. And as an emerging donor, Korea can more actively participate in international efforts to help Bangladesh to achieve its development goals. Further multilateral engagement will require EDCF to adjust its operation framework in harmonization with the framework of MDBs and strengthen the capacity of the unit within EDCF to manage business opportunities with MDBs.

**Strengthening post-completion maintenance and sustainability** Systematic and efficient measure for post-completion maintenance should be prepared. It should be done by promoting participation of partner country stakeholders from the earliest phases of the project and enhance their capacity to manage the project outcome for the long-term. It is also possible to link technical assistance of KOICA to EDCF projects to support the training program for individuals and organizations responsible for the maintenance of the project.

#### 4.3. **Recommendations**

**Strengthening preliminary study and ex-ante evaluation** Development demands in Bangladesh is high given the embryonic state of its economic development. Therefore, it is crucial to develop a comprehensive Country Strategy to best meet the needs of the country through vigorous ex-ante studies such as prefeasibility studies, sector studies, and ex-ante evaluation. It is necessary to fully adopt policy advisory type of studies; the possibility of joint research with other donors or KOICA should be an option as well.

In particular, ex-ante evaluation will be useful in enhancing the quality of EDCF project outcome and for systematic management of project performance. It needs to structure the causal relationship between project outcome and policy tools, to specify the subjects for evaluation, and to adopt detailed performance measures and indicators to assess policy and program.

For the preliminary survey, to set up a baseline against which to gauge the achievement of project performance is critical. It can be done based on the 2012-2015 CPS for Bangladesh with concrete targets and indicators to be used along each phase of the project cycle.

**Enhancing linkage between Grants and Loans** It is necessary to switch to a comprehensive approach, in order to integrate technical assistance and financial assistance through grants and loans for better project outcome and sustainability. It can be partly done by building joint monitoring/evaluation systems and aligning project identification and implementation procedures with KOICA, who is responsible for grants and technical assistance.

With the completion of the jointly-created CPS for Bangladesh, this coordination system between different modality needs to be adopted throughout the whole project/program management cycle. It can be initially implemented by a pilot project that embrace grant component such as experts training and those of loan projects with stronger focus on post-completion management in Bangladesh.

**Improving project process and operation** Bangladesh, as an LDC, is where international donors have set up and strengthened donor coordination, partnership and division of labor framework to maximize their effort in the country and EDCF should



consider this fact to improve its project/program management process. While governance has been an important issue in the country to hinder the full effectiveness of aid intervention, EDCF still needs to ease untied aid regulation in the country to meet the target of untying 50 percent of its aid by 2015. \*

## ANNEX

### ANNEX 1. External Evaluation Group: Korea Institute for International Economic Policy (KIEP)

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Senior Researcher, South Asia Team, KIEP	Dr. Yoon jung Choi
Economist, Microcredit Regulatory Authority of Bangladesh (Local Consultant)	Dr. Mohammad Masudur Rahman

### ANNEX 2. Evaluation Matrix

*By Korea Institute for International Economic Policy*

Criteria	Checkpoints	Methods
Strategy evaluation (top-down assessment)		
Relevance	- Were the EDCF strategies consistent with the development needs and priorities outlined in the national development strategy of Bangladesh?	- Triangulated interviews: EDCF staff, ERD (Asia desk and aid effectiveness unit), line ministries, partner agencies, donors, civil societies
	- <b>Were the EDCF strategies responsive and adherent to the EDCF's and Korean Government's over all ODA policy?</b>	
	- <b>Were the EDCF's strategic objectives, scope and implementation plans been clear, realistic and</b>	- Documentation review : [Bangladesh] NSAPR, SFYP, vision

	<p><b>coherent?</b></p> <p>- <b>Have the EDCF strategies been in harmony with the priorities of other development partners? (priority sector and region)</b></p> <p>- <b>Did the EDCF's strategies take sufficient consideration of the needs of the poor and the vulnerable group? (in terms of target group , target region)</b></p> <p>- <b>Have the EDCF strategies been consistent with the objectives of the MDGs and aid effectiveness?</b></p>	<p>2021, Joint Cooperation Strategy, Outline Perspective Plan 2010-2021 : [Korea]</p> <p>documents related to policy dialogue, high-level meeting, mission report, EDCF mid-term plan, CCPS, CPS draft, ODA policy</p>
Appropriateness	<p>- Have the EDCF's assistance been efficiently monitored and managed to achieve the objectives of the EDCF's strategies?</p> <p>- <b>How effective was the mix of aid instruments in achieving planned strategic objectives? (linkage btw technical cooperation and financial cooperation, synergy with other Korean aid agencies/ministries, appropriateness for the conditions in Bangladesh)</b></p> <p>- <b>Were there any procedural constraints that caused implementation delay and cost overrun?</b></p> <p>- <b>Did the EDCF foster country ownership and commitment?</b></p> <p>- <b>Have the local procurement and public financial management system been used during implementation?</b></p> <p>- <b>Did the EDCF support capacity development of Bangladesh in program development and implementation?</b></p> <p>- <b>Have the EDCF been responsive and flexible enough to address the problems occurred during</b></p>	<p>- Triangulated interviews: EDCF staff, ERD (Asia desk and aid effectiveness unit), line ministries (MOPT,MOPEMR,MOC),PMUs (BTCL, Bangladesh Power Development Board/ Rural electrification Board, Bangladesh Railway), EDCF contractors/consultants</p> <p>- analysis of other development partner's strategy</p> <p>- Documentation review : [Bangladesh] NSAPR, SFYP, vision</p> <p>2021, Joint Cooperation Strategy, Outline Perspective Plan 2010-2021, public procurement policy, : [Korea]</p> <p>documents related to policy dialogue, high-level meeting, mission report, EDCF mid-term plan, CCPS, CPS draft, project monitoring report, PCR, Project</p>

	<b>the preparation/implementation process?</b>	completion evaluation report, ODA policy, displacement policy, procurement guideline, EIA guideline
Outcome	- <b>Have the clear objectives, target outcomes and performance indicators been set and shared among stakeholders?( communication of development objectives with other stakeholders)</b>	
	- <b>Have the EDCF's strategic objectives and targeted outcome been achieved?</b>	
	- <b>Have the clear and coherent result-based framework been set and used at the policy and implementation level? (feedback, use of the M&amp;E results)</b>	
	- <b>Are there a clear and functional risk management system to achieve the EDCF's strategic objectives and outcome?</b>	
Programme evaluation (bottom-up assessment) by sector		
relevance	<ul style="list-style-type: none"> <li>- Have the actual assistance projects reflected the sector priorities of the EDCF's country strategies?</li> <li>- Have the key projects been relevant to the development needs and priorities of Bangladesh?</li> <li>- Has there been sufficient consideration of the poor and the vulnerable in selecting target groups and regions of key projects?</li> <li>- Are the key projects in harmony with the assistance of other development partners?</li> </ul>	<ul style="list-style-type: none"> <li>- Triangulated interviews: EDCF staff, line ministries (MOPT,MOPEMR,MOC),PMUs (BTCL, Bangladesh Power Development Board/ Rural electrification Board, Bangladesh Railway), donors, EDCF contractors/consultants</li> <li>- Documentation review</li> </ul>
efficiency	<ul style="list-style-type: none"> <li>- Have there been the implementation delays and cost overruns in the key projects? (actual versus projected disbursement or human/financial resource utilization)</li> <li>- Has there been sufficient level of responsiveness and flexibility in addressing the implementation problems? (risk management)</li> </ul>	<ul style="list-style-type: none"> <li>: [Bangladesh] sector strategy papers, LCG working group discussion paper , business plan, O&amp;M plan of PMUs [Korea]</li> <li>project monitoring report, PCR, Project completion evaluation report</li> </ul>

effectiveness	<ul style="list-style-type: none"> <li>- Has there been progress made by ongoing and completed projects in delivering outputs and outcomes in each sector? (sector outputs and outcomes)</li> <li>- What are the key factors that contributed the achievement/non-achievement of intended objectives?</li> </ul>	<ul style="list-style-type: none"> <li>- statistical analysis: project data from PMUs</li> <li>- beneficiary interview</li> <li>- joint workshop</li> </ul>
Impact	<ul style="list-style-type: none"> <li>- Is the outcome of key projects likely to contribute to the achievement of objectives of EDCF country strategies and development goal of Bangladesh?</li> <li>- What are the likely contributions of sector-specific outcomes to the beneficiary groups of key projects?</li> <li>- What are the intended / unintended socio-economic impacts that can be expected from the key projects in each sector?</li> </ul>	
sustainability	<ul style="list-style-type: none"> <li>- To what extent the achievement of the key projects is likely to be sustained in terms of financial, human, institutional capacity of partner country and agencies? (commitment and support plan of line ministries, capacity of local governments/PMUs)</li> <li>- Is there a sufficient level of O&amp;M system?</li> </ul>	
Process evaluation		
relevance	<ul style="list-style-type: none"> <li>- Are there a detailed and feasible country operations business plan?</li> <li>- Does the current EDCF's process support the partner country ownership and participation?</li> </ul>	<ul style="list-style-type: none"> <li>- triangulated interviews: EDCF, ERD, line ministries, PMUs (Dhaka, regional), consultants, contractor, beneficiaries, civil society group, donors</li> <li>- joint workshop</li> <li>- beneficiary interview</li> </ul>
efficiency	<ul style="list-style-type: none"> <li>- Has there been a sufficient level of communication among key stakeholders? (EDCF, ERD, line ministries, PMUs (Dhaka/regional), consultants, contractor, beneficiaries)</li> <li>- Has the implementation process and organizational structure been efficient and adequately designed/managed to achieve the strategic objective of country assistance?</li> </ul>	<ul style="list-style-type: none"> <li>- joint workshop</li> <li>- beneficiary interview</li> </ul>

## **ANNEX 3. Interview Questionnaire Sample**

*For Economic Relations Department, Ministry of Finance*

*June 27, 2012*

### **1. Interviewer:**

Ms. Jisun Jeong, Independent consultant/senior researcher, Development Cooperation Team, KIEP

Ms. Hyewon Jung, Independent consultant/ researcher, India/South Asia Team, KIEP

### **2. Purpose of Evaluation**

- 1) To make an overall evaluation of the EDCF country strategy and program in Bangladesh
- 2) To improve efficiency and effectiveness of EDCF assistance scheme in Bangladesh
- 3) To draw lessons and implications for the new version of EDCF country partnership program for Bangladesh
- 4) To assess impacts & sustainability of the EDCF assistance through the two ICT Projects

### **3. Questions**

A. What are the development priorities and challenges of Bangladesh for the NSAPR FY 2011-15, SFYP, OPP, Joint Cooperation Strategy 2010-2015?

B. To what extent do you think the EDCF's assistance and strategy align with the development needs/priorities outlined in the national development strategy of Bangladesh?

C. How would you assess the EDCF's past assistance and contribution to the socio-economic development of Bangladesh? (Strengths and weakness compared to other donors )

-post-completion sustainability: O&M, capacity development

D. What is your view on the EDCF's aid modality that focuses on project-based concessional loans? Any suggestions for future direction?

E. Has the EDCF assistance been in harmony with other donors and the national programme of the Bangladesh government?

F. Considering the changing development needs of Bangladesh and division of labor among donors, what do you think should be the priority sector and region of the EDCF in the upcoming years?

G. Are there sufficient levels of policy dialogue, discussion and communication between MOF, EDCF and other relevant actors during project preparation and implementation period?

#### **ANNEX 4. Program of the EDCF Joint Evaluation Workshop**

1. Date: 17 September, 2012

2. Venue: Conference Room at Economic Relations Department, Ministry of Finance,  
Dhaka, Bangladesh

2. Participants: Around 15 persons

From Korea(approx. 5) - Korea Export-Import Bank, KIEP

From Bangladesh(approx. 6)- Ministry of Finance, Bangladesh Telecommunication  
Company Ltd, Bangladesh Power Development Board, Rural Electrification Board,

## Bangladesh Railway

Session	Time	Activity	
Opening	13:30~14:00	Opening Remarks	EDCF ERD
Session 1	14:00~15:40	<p><b>EDCF Country Assistance Evaluation</b></p> <p>PT1 : Overview of EDCF Country Assistance Evaluation</p> <p>PT2 : Sector-wise Evaluation of EDCF Operations</p> <p>PT3 : Impact Analysis of EDCF Operations</p> <p>PT4 : EDCF Country Assistance Evaluation: A Bangladesh Perspective</p> <p>Designated Discussant : Bangladesh Railway</p> <p>Q&amp;A</p>	KIEP KIEP Consultant ERD
Tea Break	15:40~16:00	Tea Break	
Session 2	16:00~17:00	<p><b>Ex-Post Evaluation of ICT Projects</b></p> <p>PT1 : Ex-post Evaluation of Digital Telephone Exchanges Project</p> <p>PT2 : Overview of ICT Projects</p> <p>Designated Discussant : Dr. Rashid Mamun (Dhaka University)</p> <p>Q&amp;A</p>	KIEP BTCL
Wrap-up	17:00~17:20	Wrap-up	EDCF ERD



**ANNEX 5. Participant lists of the EDCF Joint Evaluation Workshop**

**EDCF Joint Evaluation Workshop  
12 September 2012, Dhaka  
List of Participants**

No.	Name	Position/Organization	Cont: No	Signature
1.	Mohaminad Asif-uz-Zaman	Joint Secretary, ERD, Ministry of Finance		
2.	Mst. Tajkera Khatun	Deputy Secretary, ERD, Ministry of Finance	017163750 95	
3.	Dr. Yul Kwon	Research Fellow, Korea Institute for International Economic Policy (KIEP)	010-7140 1060	
4.	Dr. Choongje Cho	Associate Research Fellow, KIEP		
5.	Ms. Hye-won Jung	Researcher, KIEP		
6.	Mr. Sung-ki Cho	Evaluation Specialist/Senior Manager, EDCF Operations Services & Evaluation Department, Korea Eximbank	010 9962 1559	
7.	Ms. Jong-ryo Kang	Manager, Evaluation Officer, Korea International Cooperation Agency(KOICA)		
8.	Mr. Mashur Rahman	Project Director, Bangladesh Telecommunications Company Limited(BTCL)	01550151160	
9.	Dr. M. Masudur Rahman	Economist, Micro credit Regulatory Authority(MRA)	01552397302	
10.	Dr. Md. Mamun-Or-Rshid	Associate Professor, Department of Computer Science and Engineering, University of Dhaka	013114752 01	
11.	Dr. Md. Mustafizur Rahman	Associate Professor, Department of Computer Science and Engineering, University of Dhaka	01327- 199-301	
12.	Ms. Bok-hee Kim	Representative, KOICA Dhaka Office	0175559 3831	
13.	Md. Slamuz Zaman Mr. Md. Abu Taher	Bangladesh Railway Joint Director General/ Mech.	0174506119	
14.	Mr. Azm Azad	Rural Electrification Board		
15.	Md. Nazrul Islam	Bangladesh Power Development Board		
16.	Mr. Inki Kim	Director, Korea Telecom Office Dhaka		
17.	Md. Abu Taher Khan	Deputy Project Director, UITRCE, BANBEIS	01552492798	
18.	Dr. AKM Atiqur Rahman	Professor, United International University Dhaka		
19.	Mr. Dal-ho Ham	Third Secretary, Korean Embassy	019-5553 4992	
20.	Dr. AK Enamul Haque	United International University Dhaka Moderator		
21.	Mr. Kim, Moo-Ok	Korean ODA Advisor to ERD, Ministry of Finance	017-6845 4928	
22.	Md. Nazrul Islam	Joint Chief, Power Division Ministry of Power Energy & Mineral Resources	01552314782	
23.	Md. Rahman Kabir	Asst. Chief, ERD, M/o Finance	01722044692	
24.	NESAR AHMED	DEPUTY SECRETARY		
25.	Khadiza Begum	ERD, M/O FINANCE	01720133443	
		Deputy Secretary ERD, 01716479182		