

Government of Bangladesh and Ministry of Foreign Affairs of Denmark

**Human Rights and Good Governance Programme
Phase III, 2011-2016**

Bangladesh

Programme Support Document

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Abbreviations

ACC	Anti-Corruption Commission
ADB	Asian Development Bank
ASK	Ain o Salish Kendra
C&AG	Comptroller & Auditor General
CHT	Chittagong Hills Tracts
CTG	Caretaker Government
DFID	Department for International Development
DKK	Danish Kroner
EOD	Embassy of Denmark
ERD	Economic Relations Division
GoB	Government of Bangladesh
GPM	Guidelines for Programme Management
HRGG	Human Rights and Good Governance
INTOSAI	International Organization of Supreme Audit Institutions
JATI	Judicial Administration Training Institute
JGDC	Joint Government and Donor's Committee
LGSP-LIC	Local Government Support Project – Learning and Innovation Component
MDTF	Multi-Donor Trust Fund
MLAA	Madaripur Legal Aid Association
MLGRD&C	Ministry of Local Government, Rural Development and Cooperatives
MoE	Ministry of Education
MOLJPA	Ministry of Law, Justice and Parliamentary Affairs
MOWCA	Ministry of Women and Children Affairs
MSP-VAW	Multi-Sector Programme on Violence Against Women
NCC	National Coordination Committee
NEX	National Execution
NGO	Non-Governmental Organisation
NHRC	National Human Rights Commission
NIS	National Integrity Strategy
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PIL	Public Interest Litigation
PRS	Poverty Reduction Strategy
SC	Steering Committee
SPEMP	Strengthening Public Expenditure Management Programme
TIB	Transparency International Bangladesh
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UP	Union Parishad
USD	United States Dollars
VAW	Violence Against Women
WB	World Bank
WHO	World Health Organisation

1.0 Introduction

This programme document presents Denmark's support to good governance and human rights in Bangladesh for the period 2011-2016. This is the third phase of the Danida Human Rights and Good Governance (HRGG) programme in Bangladesh.

The programme support document is designed within the frame of the Danida revised Guidelines for Programme Management (GPM) of July 2009¹. As a consequence, this main document provides an overall introduction to the programme, with special emphasis on objectives, management and organisation, and financial management. Context analyses, detailed outputs and activities and the management arrangements of the individual interventions can be found in the individual project documents for each intervention attached to this document.

2.0 Development objective

To ensure a high degree of alignment it is suggested that the development objective of the HRGG III programme be identical to the Government of Bangladesh's (GoB) vision for the governance sector as outlined in the Bangladesh Poverty Reduction Strategy: National Strategy for Accelerated Poverty Reduction II (PRS):

Ensure effective parliamentary process, sound law and order, pro-people public services, an improved legal and judicial system, to strengthen local government and establish a corruption-free society with social justice.

There are no indicators developed at this level in the PRS, but the programme will use the following indicators for measuring progress at development objective level. The indicators are based on indicators from lower levels of the PRS (see table 2.1).

Table 2.1 indicators at development objective level²

Indicator	Target	Means of verification
1. Improving public service management	- New system of performance appraisal developed by 2016	1) Report to Parliament by Minister of Finance 2) MoF website
2. Devolution of power and transfer of resources and	- Delegate more authority and resources to the local government bodies by 2016	1) Annual GoB budget, 2) revised local government

¹ The programme also relates to the Concept Note which was approved in April 2009, prior to the GPM revision.

² All indicators and targets are derived from the Bangladesh PRS: National Strategy for Accelerated Poverty Reduction II.

capacity development to local governments		legislation
3. Reducing all forms of violence against women	- Increased reporting of violence against women cases - Reduced incidence of VAW at least 50 percent	1) MOWCA reports, 2) Court register

3.0 Immediate objectives

There are no objectives at intermediate level in the GoB PRS that can enhance alignment of the HRGG III programme’s immediate objectives. Still, objectives and indicators are in place in the PRS³ at lower levels.

The immediate objectives are aligned with the overall priorities of PRS and Danida. The immediate objectives are:

Immediate objective 1: Public sector management has improved to enhance transparency, accountability and effective service delivery

Immediate objective 2: Rule of law and respect for human rights of vulnerable groups is enhanced

To support these two immediate objectives, the programme will comprise two components focusing on public sector management and human rights respectively.

3.1 Rationale

The programme design is based on the following rationale:

Relevance

This third phase of the programme has been formulated to ensure relevance in the current political context in Bangladesh. Democracy has been restored and key reform initiatives have been taken forward by the new Government of Bangladesh (GoB). At the same time, Bangladesh still suffers from poor governance leading to high levels of corruption, impunity and human rights abuses⁴. It is necessary to support further reform, where feasible, and at the same time hold the government accountable, and advocate for upholding civil liberties in an otherwise fragile environment. Following this line of reasoning, the programme will support: (1) government-backed reform initiatives that strengthen government, enhances accountability and transparency, and democratic institutions, and (2) oversight and accountability institutions and “watchdog-organisations” aimed at promoting further reforms and holding GoB accountable.

³ There is however no baseline or target for the indicators.

⁴ For full overview of the present context in Bangladesh see: (1) first and foremost, context analyses in individual sub-component descriptions attached to this document; (2) Embassy of Denmark Country Assessment Reports 2008 and 2009; (3) latest ICG reports on Bangladesh.

Coherence

Together, the interventions under the two components will address supply- as well as demand-side governance and accountability institutions aimed at, on the one hand, enabling GoB to deliver services as a duty bearer, while, on the other, ensuring that formal as well as informal checks and balances are in place.

Component 1 will focus on improving accountability and transparency in the public sector at local and central level and assist in improving service delivery. Component 2 will focus on promotion and protection of human rights. There are clear synergies between the two components. As an example, effective anti-corruption measures require efforts to combat impunity. And as citizens become aware of their rights through the awareness-raising campaigns of the NGOs, the public sector will be enticed to act in a transparent and accountable manner.

Focus

The programme has seen a reduction of the number of interventions compared to phase I and II, in particular in its support to NGOs (from 50 in phase I, to 30 in phase II, to five strategically selected NGOs in the present phase III). The number still exceeds the recommended number of interventions of the revised GPM (five), and Denmark will seek to further limit the number of partners during to course of the programme. All interventions are aligned with GoB and Danida policies and are assessed by the Embassy to be of importance for the coherence of phase III.

Division of labour between donors has been an objective where relevant and feasible. As an example, Denmark will be one of only two donors to the Anti-Corruption Commission and be only non-UN partner to Local Government Support Project – Learning and Innovation Component (LGSP-LIC) besides the European Commission. In cases where core funding is not an option, pooled funding has been sought.

Making a difference with Danish funding

A criteria for the identification of the interventions supported - and a part of the focusing strategy - has been to ensure that the Danish support will make a difference through: (1) the Embassy of Denmark being able to perform in the sub-sector, through the policy dialogue, and (2) ensuring that the funding and capacity development provided is of a level that will make a difference.

Alignment and ownership

All interventions are designed based on the priorities of GoB or the institutions supported, as outlined in the PRS and/or institutional strategies, as well as from the indications of key stakeholders from government, state institutions and NGOs. Ownership is given priority through core funding or institutional budget support. This is most clear in the case of core support to NGOs. The programme is hoped to be similarly aligned in the proposed Violence Against Women (VAW) programme.

According to the assessments that are available, Bangladesh is still performing poorly in public administration. GoB has declined to partake in Public Expenditure and Financial Accountability (PEFA) assessments in the past, so a clear standardised assessment of Public Financial Management (PFM) is not available. However, assessments⁵ show weaknesses in terms of a high level of corruption, non-compliance and weak control with PFM, audit procedures that are non-compliant with international standards, and while there are decent procedures in place for procurement, transparency and accountability remains rather limited. As a consequence, sector budget support is still not assessed to be feasible in Bangladesh⁶, but movement towards this is sought with the application of shorter or longer-term safeguards.

For each sub-component intervention described below, an alignment and risk assessment has been included to illustrate the degree of alignment feasible and the safeguards that are put in place to help ensure sound PFM.

Harmonisation

Priority has been given to initiatives that are harmonised to ensure coherent donor support and lower transaction costs. Interventions where GoB or the individual institution plays a decisive role in vetting the individual interventions (such as core funding to NGOs; SPEMP; LGSP-LIC; TIB), have also been given priority.

⁵ References include: Interviews in Bangladesh, and studies including: the World Bank Public Sector Accounting and Auditing Assessment 2007; Danida's Procurement Capacity Assessment; TI's annual CPI.

⁶ The World Bank is still not providing sector budget support, and has just withdrawn its support to highway construction due to high incidences of corruption.

3.2 Programme overview

A visual overview of the programme is presented in figure 3.1 below

Fig. 3.1 HRGG phase III overview

HRGG III - Bangladesh

Draft Programme Support Outline

Development Objective:	Ensure effective parliamentary process, sound law and order, pro-people public services, an improved legal and judicial system, to strengthen local government and establish a corruption-free society with social justice*					
Immediate objectives:	IO 1: Public sector management has improved to enhance transparency, accountability and effective service delivery			IO 2: Rule of law and respect for human rights of vulnerable groups enhanced		
Components:	1.0 Public Sector Management			2.0 Human Rights		
Intermediate (sub-component) objectives:	Int. O 1.1 To strengthen and modernize core institutions of budgeting within the government and enhance the demand side and oversight for better budget outcomes	Int. O 1.2 Improved local government capacity for effective, efficient and accountable delivery of pro-poor infrastructure and services	Int. O 1.3 Changes in public policies and practices reduces costs of corruption for the benefit of poor	Int. O 2.1 Civil society and guardian institutions strengthened to advocate, monitor and demand for the respect for human rights of marginalised groups	Int. O 2.2 Improve the promotion and protection of human rights particularly for disadvantaged and vulnerable groups through capacity development of NHRC	Int. O 2.3 Prevention of violence against women in Bangladesh improved through inter-ministerial approach by the Government of Bangladesh
Sub-components:	1.1 Public Financial Management	1.2 Local Government	1.3 Anti-corruption	2.1 Human Rights NGOs	2.2 NHRC	2.3 VAW

3.3 Component 1: Public sector management

The bulk of the funding for component 1 will be channeled through the World Bank implemented Strengthening Public Expenditure Management Programme (SPEMP) and the UNCDF implemented LGSP-LIC. Both interventions are aimed at enhancing transparency, accountability and effectiveness in the public sector. The first is aimed at the national level, while the second is aimed at the local level. While the emphasis of both interventions is on supply-side governance issues, they also include demand-side elements. The SPEMP will supplement support to the MoF budgeting and planning exercise by strengthening oversight institutions such as the Auditor General and Parliament. LGSP-LIC is introducing demand-side related performance measures for grant allocations at local government level. This includes participatory planning and budgeting as a

funding trigger mechanism. To further emphasise the need for checks and balances the programme will assist the Anti Corruption Commission (ACC) and Transparency International Bangladesh (TIB) in addressing corruption in the public sector.

Component 1 comprises three different sub-components: public financial management, local governance, and anti-corruption.

Public financial management

Denmark will continue its support initiated in 2008 to the SPEMP. The SPEMP programme document will serve as sub-component description. Detailed information on context, strategy, programme management, outputs and activities can be found in the programme document.

The rationale for the extensive focus on SPEMP as part of HRGG III is:

- This is a priority for GoB as outlined in PRS and the Danida PSM policy.
- The programme addresses key governance issues in Bangladesh. By supporting PFM reform the Danish assistance is expected to contribute to enhanced transparency and accountability and thus combating misuse of funds, corruption and impunity within the public sector. Furthermore, support to C&AG and Parliament is expected to enhance oversight functions.
- GoB has shown commitment to reform in this area, and has implemented previous reforms in the past.
- SPEMP provides the most comprehensive approach to harmonized support to PFM in Bangladesh, and thus the best option for a coordinated and complementary approach to PFM.

Public Financial Management (PFM) is a key priority of GoB, and SPEMP is fully aligned with the 2006 GoB PFM strategy aimed at improved budget formulation, consistent with the medium-term macro-economic framework, better resource allocation, financial accountability, and improved quality of public audits.

The intermediate objective of the sub-component is:

To strengthen and modernize core institutions of budgeting within the government and enhance the demand side and oversight for better budget outcomes

The SPEMP related indicator is:

Indicator	Target	Means of verification
Long-term development vision and strategy (beyond 3 years) and a process for updating and monitoring it on regular basis are put in place	- Development Plan is updated and gradually extends beyond the three-year perspective.	National Development Plans, such as Five year plan or similar

Aligned with GoB, the objectives of the SPEMP are:

- 1) To strengthen and modernize core institutions of budgeting within the government with particular emphasis on introducing performance orientation in PFM. Through this part of the programme, which is anchored in the newly initiated Medium Term Budget Framework (MTBF), the Government aims to address the supply side reforms for better budget management by strengthening the strategic focus of budgeting and establishing an automated accounting and treasury management system.
- 2) To enhance the demand side for better budget outcomes by improving the effectiveness of formal institutions of financial accountability through strengthening the capacity of the Comptroller & Auditor General (C&AG) for higher quality audits, and strengthening legislative oversight through better functioning of the parliamentary committees that deal with allocation and monitoring of resources.

SPEMP comprises three separate but mutually supportive interventions, proposed and implemented through each of the three institutions targeted through SPEMP:

- 1) *Intervention A* will finance capacity development of the Ministry of Finance (MoF) for improved performance measures, MTBF implementation and budget management,
- 2) *Intervention B* will finance capacity development of C&AG aimed at enhancing budget monitoring and auditing, and
- 3) *Intervention C* will develop the capacity of the committees in Parliament that are responsible for budget monitoring and allocation of resources.

Close coordination will be sought among these interventions and other support initiatives aimed at Parliament and C&AG.

The total budget of the programme is expected to amount to USD 95 million, funded by DFID, CIDA, and Danida. USD 68 million is allocated to intervention A, and the remaining USD 27 million to intervention B and C.

The Danish contribution in the second phase of HRGG amounted to DKK 15 million or 3% of the total input. Upon request of the programme and to ensure substantive input from Denmark this amount will be increased in the third phase of the HRGG to DKK 75 million or roughly 15.5% of the total SPEMP budget..

Table 3.1 Budget for sub-component 1.1⁷

Intervention: SPEMP	Budget (DKK '000)	Estimated USD equivalent*
Total SPEMP budget	478,000	95,000
Danish contribution	75,000	14,890
Total Danish contribution to sub-component 1.1	75,000	14,890

* Exchange rate: 1 USD to 5.036 DKK (13 October 2009)

⁷ The DKK budget is binding, while the USD is indicative for easy reference and may fluctuate as per the adjustments in the exchange rate.

The outputs below are based on those mutually agreed for the SPEMP between GoB and the World Bank. HRGG III will use selected indicators from SPEMP, based on the indicators that are most closely aligned with the PRS.

Table 3.2 Outputs and indicators for component 1.1

Output	Objective verifiable indicator	Baseline	Means of verification
1. Policy statements of key LT development policy objectives become more credible.	- Budget deviation indexes becoming less than 10% by 2014. -Number of line ministries adopt MTBF by 2014	- Budget deviation index in FY09 is 15% - 16 line ministries adopted MTBF in FY09	- SPEMP Progress report -MoF Website
2. C&AG attains enhanced professional capacity and operational practice to produce and disseminate timely quality audit reports to the public meeting international standards that earn enhanced responsiveness of the executives	- C&AG plans, conducts and reports audits to INTOSAI ISSAI standards - Audit reports published on OCAg's website regularly	- Currently plans and audits are non-compliant with INTOSAI - Last published audit report was in 2001	- Progress report of Project B - WB assessment - C&AG website
3. Quality and efficiency of legislative scrutiny on use of public funds and to enhance public access to committee proceedings is improved	- Annual reports of Public Accounts Committee(PAC) presented to the Parliament - No of recommendations implemented by 2014	- No committee reports ever placed before the House - No evidence of committee recommendations implemented -No committee reports ever published	- Progress report of Project C - Parliament website - Committee reports

The World Bank is seeking alignment to the extent feasible in the SPEMP programme. A brief overview of the current situation and safeguards are outlined in table 3.3 below.

Table 3.3 SPEMP alignment and risks

Area	Assessment*	Risk	Safeguard
Strategic plan	Government vision and Medium Term Rolling	Limited risk. While the plans	None needed

	Action Plan in place	were prepared by the CTG, the current GoB is committed to continue PFM reform	
Financial management	Bangladesh has chosen not to complete the PEFA assessment. However other parallel assessments* show: (1) financial accounting procedures and statements are not in accordance with IPSAS standards, (2) there is a weak PFM control environment	Financial management risk is by the World Bank assessed to be substantial	SPEMP aims at improving PFM performance. To ensure temporary control of funds, SPEMP will be pooled in dedicated accounts controlled by the project manager. Financial management procedures will be drafted. Supervision reports will be drafted by programme management for the Steering Committee (SC)
Procurement	Procurement capacity is in place and generally in compliance with overall Bangladeshi requirements. Transparency and accountability in the process is however limited and challenged by weak audit frameworks	Limited transparency and accountability makes for a medium risk procurement	All procurement below USD 200,000 for works and USD 300,000 for goods will follow GoB/institutional procedures. To ensure transparency and compliance, WB will: (1) provide post-reviews, (2) provide procurement consultant to participate in bid evaluations
Capacity	Capacity is challenged by frequent transfer of officers in the institutions supported and lack of human resource development strategies. In addition, there is a need to	Substantial to medium	Project will be implemented through Project Management Coordination Units staffed with government officials supported by

	separate accounting and auditing staff. Finally, there is overlap of functions and insufficient coordination between the reform implementing institutions and related GoB institutions.		consultants. GoB focal points will be appointed in each institution to ensure coordination
Audit and quality assurance	Legal framework is not compliant with INTOSAI standards, while supervision and quality assurance only partially meet international standards. However external audits by CAG are assessed to be of acceptable standards	Substantial risk on internal audits. Limited on external audits	External CAG audits for intervention A and C. For intervention B an independent audit firm will be appointed
Consensus among contributing donors	There is a high degree of consensus among donors on the programme and willingness to let MoF and WB handle programme management	Limited	Joint Gov-Donor Committee

* References include: Interviews in Bangladesh and studies including: the World Bank Public Sector Accounting and Auditing Assessment 2007; Danida's Procurement Capacity Assessment; TI's annual CPI.

Denmark will hold policy dialogue with GoB and World Bank on gradual reduction in the number of component managers and consultants and move towards closer alignment with GoB systems and procedures for financial management, as capacity is enhanced. In addition, Denmark will continue to seek representation (possibly as an observer) in steering committees of all SPMP components. Denmark will furthermore continue its current practice of participation in reviews of this programme in future as well.

Local governance

Denmark will continue the support initiated in 2008 to the Local Governance Support Project – Learning and Innovation Component (LGSP-LIC). The concept note for the new programme provides the basis for a tentative Danish commitment to the programme. The new LGSP-LIC programme document will serve as sub-component description once developed. Denmark will participate in the joint formulation of the programme, which will be subject to an external appraisal by EoD with possible support from the Technical Advisory Service (TAS) of the Ministry of Foreign Affairs of Denmark, if so desired. Detailed information on LGSP-LIC context and strategy can be found in the current programme document as well as in the concept note. While the LGSP-LIC is closely aligned with the GoB, USAID is supporting local governance with GoB

through its Rupantor programme. Synergies between the two interventions will be addressed as part of the formulation.

The rationale for the support to LGSP-LIC as part of HRGG III is:

- The intervention is aligned with GoB PRS and Danida PSM policies.
- The intervention is expected to enhance transparency and accountability of local government and thus public financial management at local level.
- Enhanced focus on demand-side will strengthen democratic development at local level.
- The intervention (together with LGSP) is the only jointly financed local government intervention.
- LGSP-LIC is still favored over direct support to LGSP to enable the enhancement of demand-side local governance and promote this to be scaled up during the course of implementation.

Local governance features prominently in the PRS, with emphasis on increased political and fiscal devolution, the development of performance indicators, and the establishment of a Local Government Commission. While the reform process has witnessed a delay following the election of the new Government in December 2008, local governance is still a GoB priority and a vital element in bringing service delivery, transparency and accountability to the Bangladeshis.

The intermediate objective of the sub-component is:

Improved local government capacity for effective, efficient and accountable delivery of pro-poor infrastructure and services

The PRS related indicator is:

Indicator	Target	Means of verification
Enhanced devolution of resources and capacity to local governments	To be defined during programme formulation	1) LGSP-LIC reports

The LGSP-LIC is part of the overall LGSP programme, which provides additional funds for local governments nationwide, provided they adhere to minimum performance criteria.

The purpose of the LGSP is: More effective/efficient, accountable, and transparent delivery of locally determined priorities and services by local governments' Union Parishads (UPs). The purpose is supported by five outputs that aim at: enhancing financial resources at local level, improving public expenditure systems, enhancing local accountability, capacity development and policy development based on programme lessons learned.

The LIC component will complement LGSP and support the implementation of 3 outputs under the LGSP. The LIC experiments with the introduction of enhanced performance measures with the aim of upscaling these over the implementation period. Emphasis is placed on ensuring stronger accountability links at local level, by introducing open budgeting and planning and enhancing the

transparency of local government operations downwards. Special emphasis is given to providing block grants with earmarked allocations for women (30%) and the introduction of gender related indicators as part of the performance based allocation criteria. Denmark will furthermore continue its current practice of participation in reviews of this programme in future as well. Learning through the LIC will feed into upstream policy development.

The total budget for the LIC component was USD 10.7 million, of which the initial Danish contribution was USD 1.7 million. Upon request of the programme and to ensure substantive input from Denmark this amount will be increased in the third phase of the HRGG. The final budget for the new LGSP-LIC phase is still being costed, but the Danish contribution is expected to account for approx. 15% of the total.

Table 3.4 Budget for sub-component 1.2⁸

Intervention: LGSP-LIC	Budget (DKK '000)	Estimated USD equivalent*
Total LGSP-LIC budget**	-	-
Danish contribution	30,000	5,957
Total Danish contribution to sub-component 1.2	30,000	5,957

* Exchange rate: 1 USD to 5.036 DKK (13 October 2009)

** LGSP-LIC project document is currently under formulation

Preliminary outputs and indicators are first and foremost taken from the PRS. HRGG III will contribute to meeting these through the support to LGSP-LIC. Where useful, further refinement of the PRS indicators has been done by supplementing with specific LGSP-LIC indicators. A refinement of these indicators is expected following the formulation of the new LGSP-LIC during 2010.

Table 3.5 Preliminary outputs and indicators for sub-component 1.2. To be revised during formulation of the next phase

Output	Objective verifiable indicator	Baseline	Means of verification
1. Increased capacity and access to own revenue collection by UPs in equitable and appropriate ways	- Revenue collection by local governments(Union Parishads-UPs) enhanced by 25% by 2014	To be developed during sub-component formulation	- Annual audits of UPs - LGSP-LIC reports
2. Strengthened and efficient relation established at	- Standard training modules on core functions are used by	To be developed during sub-	- LGSP-LIC reports

⁸ The DKK budget is binding. The indicative USD budget is included for easy reference and may fluctuate as per adjustments in the exchange rate.

Upazila level	UPs	component formulation	
3. Improved strategic development planning approach for UPs	- 5-year development plans of UPs linked to budget by 2014 - UPs hold open budget session annually	To be developed during sub-component formulation	- LGSP-LIC reports - UP plans in LIC areas
4. Improved pro-poor service delivery by UPs	- Number of schemes implemented by participating UPs by 2014	To be developed during sub-component formulation	- LGSP-LIC reports

UNCDF is seeking alignment with GoB to the extent feasible in the LGSP-LIC programme. A brief overview of the current situation and safeguards applied by LGSP-LIC are outlined in table 3.6 below.

Table 3.6 alignment and risks related to LGSP-LIC

Area	Assessment*	Risk	Safeguard
Strategic plan	PRS highlights need for increased decentralization. However decentralization is a reform area initiated by CTG that is still neglected by current GoB	Medium to substantial risk	UNCDF as well as Danish dialogue with GoB on need to continue decentralization reform
Financial management	National level: as in table 3.3: (1) financial accounting procedures and statements are not in accordance with IPSAS standards, (2) there is a weak PFM control environment. Local level: (1) transparency and accountability high where minimum conditions apply, (2) system and procedures developed in phase I	Financial management risk is assessed to be substantial at national level and medium at local level	LGSP-LIC is aimed at enhancing Ministry of Local Government capacity and the capacity of local governments to handle funds. At national level funds will be handled by UNCDF. At local level funds will be managed by local government. Minimum conditions for grant transfer will ensure that capacity to manage funds is in place at local level
Procurement	At national level as in	Medium given	Procurement unit

	table 3.3: Procurement capacity is in place and generally in compliance with overall Bangladeshi requirements. Transparency and accountability in processes is however limited and challenged by weak audit frameworks. At local level, procurement procedures established but implementation still weak	the limited transparency and accountability	established in Ministry of Local Government to oversee local government procurement. Procurement compliance part of local government assessment criteria
Capacity	Capacity at local level weak for all public administration related aspects of local government	Substantial to medium	Capacity enhanced through: (1) capacity development plans, (2) incentive mechanisms for enhance performance
Audit and quality assurance	At national level as in table 3.3: Legal framework is not compliant with INTOSAI standards, while supervision and quality assurance only partially meet international standards. At local level audit integrity is weak	Substantial risk on internal audits. Limited on external audits	Overall audit of intervention By UNCDF. External audits for all local projects. Annual allocations to local governments depending on audit opinion
Consensus among contributing donors	High degree of consensus, but need for further alignment between LGSP-LIC and LGSP	Medium	LGSP-LIC and LGSP to enhance coordination and adaptation of LIC lessons learned into LGSP

* References include: Interviews in Bangladesh, and studies including: the World Bank Public Sector Accounting and Auditing Assessment 2007; Danida's Procurement Capacity Assessment; TI's annual CPI.

Consideration for future Danish dialogue with GoB and implementing partners:

- Denmark will participate in the formulation of the new phase of the LGSP-LIC. Furthermore, Denmark will advocate with UNDP/UNCDF for a joint formulation of the next phase of LGSP-LIC with World Bank

- Continued dialogue with GoB and development partners on further inclusion of demand-side governance elements in the LGSP. This could be by including CSOs as strategic partners to the programme. Denmark will argue for the inclusion of accountability and demand-side governance as elements in the formulation of the next phase of the LGSP and the following mid-term review. Further more support, could be provided to CSOs advocating for enhance devolution in Bangladesh.
- Dialogue with GoB on the need to further accelerate local government reform process.
- Discussions with GoB, UNCDF and World Bank on timeframe for upscaling LIC to nationwide intervention.
- Discussions with UNCDF on abolishing programme manager posts and align fully with GoB systems and procedures not least in relation to procurement.
- Discussions with UNCDF and USAID on the coordination and complementarity with the USAID local governance support programme in the future.

Anti-corruption

Denmark plans to continue the support initiated in 2008 to the Anti Corruption Commission (ACC) and to Transparency International Bangladesh (TIB) in 2009. The programme documents for support to the ACC (currently under development) and TIB will serve as programme support guidance.

The rationale for the support to TIB and ACC as part of HRGG III is:

- The intervention is aligned with GoB PRS and Dania PSM priorities.
- Corruption is a major impediment to development in Bangladesh and an effective ACC is a means to combating corruption. Supporting TIB is furthermore hoped to enhance awareness of corruption and enhance the opportunity for ACC to perform.
- The two intervention will together enhance transparency of public spending in Bangladesh.

With a score of 2.4 out of 10, Bangladesh suffers from corruption. This is an improvement since 2005, but still limited since a score below 3.0 indicates substantive corruption. TIB estimates that the per capita household income loss due to corrupt practices is 9.5%. The PRS has emphasis on combating corruption through enhancing legal measures and general awareness creation.

HRGG III wishes to address corruption through two parallel streams: (1) supporting the ACC to enable it to perform its duties in fighting corruption, including enhancing its ability to undertake investigations, and (2) by supporting demand-side through TIB with emphasis on independent monitoring of corruption and enhancing awareness at national and local level.

The intermediate objective of the sub-component is:

Changes in public policies and practices reduces costs of corruption for the benefit of poor

The related PRS indicators is:

Indicator	Target	Means of verification
- Anti-corruption committees formed in all districts - Awareness campaigns undertaken in all districts	Baseline and target with an expected increase of 30% by 2013 will be formulated during ACC programme formulation by ADB	1) ACC report, 2) TIB reports

The work of the ACC, and in part TIB, will be guided by the National Integrity Strategy (NIS) developed during HRGG II. NIS will be the main framework for future anti-corruption activities in Bangladesh. Denmark supported the development of NIS and will continue to support the dissemination of this strategy.

The ACC forms part of the checks and balances structure of the Bangladeshi governance system. After a period of modest activity, the ACC has been reinvigorated. A substantive number of new cases and investigations have been taken forward, including investigations of high profile political leaders. A considerable number of cases have however since been dismissed due to procedural mistakes or the poor quality of the investigations. With the change of government in 2008, a new chairperson was appointed for the ACC⁹, which is now progressing at a slower pace, but with increased emphasis on proper investigation techniques. 400 additional staff members are to be hired during 2010, and they will need training to enable them to perform their duties. In its own words, the ACC receives the funding needed to cover recurrent costs. However, funding for capacity development of the Commission and general awareness raising campaigns cannot currently be covered over the state budget.

There is however still concerns related to the scope of work of the ACC and the lack of political commitment to follow-up on cases identified. Support to the ACC will therefore be dependent on achieving specific benchmarks such as the enactment of a planned clarified legal and institutional framework which aims at enhancing the scope of work of the ACC. Triggers for release of fund should include an independent assessment, preferably jointly by ADB and Denmark, of the revised legal framework. The assessment should show enhanced degree of independence of the ACC from the Executive as well as obligations of the ACC to meet certain performance standards, such as the completion of investigations and submission of cases. The benchmark for continued support following the first two years of implementation will be the achievement of results to be stipulated in the project document.

The proposed amendment to ACC act, endorsed by the Cabinet recently, poses a risk of independent functioning of the Commission. In view of this negative development, the programme would like to keep some flexibility in terms of

⁹ The appointment of the ACC chairperson by GoB illustrates that the ACC is still not a fully independent institutions.

supporting other anti-corruption interventions such as civil society support programme using the proposed funds allocated to ACC.

Once endorsed, Danish support will be channeled to enhance the capacity of ACC to perform its duties. The final design of the assistance will be part of the overall ADB programme support to the governance sector developed jointly by ACC and the Asian Development Bank (ADB) and will be aligned with NIS. The programme support will be subject to a local appraisal by the Embassy of Denmark (EoD).

Denmark will continue to support TIB's multi-donor programme 'Driving Change', which constitutes the bulk of the work of TIB over the next five years. The intervention, which is aligned with the PRS, focuses on: (1) Enhancing awareness and involving people in anti-corruption campaigns, (2) improving transparency and accountability at local and national level, and (3) linked to 2, strengthening the anti-corruption movement in the country by enhancing the capacity and number of Youth Engagement and Support groups, and the Committees of Concerned Citizens. Part of the activities funded under TIB will collaborate with ACC in awareness raising campaigns. Denmark will through its participation in the TIB Steering Committee and liaison with ADB ensure that the support of the two interventions are coordinated and complementary.

Denmark is currently the only donor providing funds to ACC, besides the funding received over the state budget - supplemented by ADB sector budget support. The funding level will be kept at a limited level reflecting lessons learned in the past and the limited absorption capacity of the Commission. Absorption capacity is less of an issue with TIB, and in order to provide support at a level, where the Danish funding is likely to make a substantial difference the support to the TIB programme will be increased from the current 4% to 10% of the projected budget of the programme. The HRGG II and HRGG III installments will thus together account for roughly 14% of the total budget.

Table 3.7 budget of sub-component 1.3¹⁰

Interventions: TIB and ACC	Budget (DKK '000)	Estimated USD equivalent*
Total donor budget for ACC	3,000	595
Danish contribution ACC	3,000	595
Total donor budget for TIB	98,000	19,450
Danish contribution to TIB	10,000	1,986
Total Danish contribution to sub-component 1.3	13,000	2,581

* Exchange rate: 1 USD to 5.036 DKK (13 October 2009)

Outputs and indicators are taken from the programme documents of the two interventions. However given the need for a reformulation of the ACC

¹⁰ The DKK budget is binding, while the USD is indicative for easy reference and may fluctuate as per the adjustments in the exchange rate.

component by ADB the outputs and indicators will be revised once the formulation has been completed.

Table 3.8 Preliminary outputs of sub-component 1.3

Output	Objective verifiable indicator	Baseline	Means of verification
1. Improved anti-corruption policies in public institutions ¹¹	- Number of public institutions have anti-corruption policies by 2016	To be developed during formulation	- ACPs - ACC reports - TIB reports
2. Skills of ACC departments and staff enhanced	- Number of completed enquiries increased by 30% by 2016	To be developed during formulation	- Media reports - ACC reports - TIB reports
3. Improvement in procedures and practices are institutionalized in health, education and local government institutions	- Number of integrity pledged signed with 25% of targeted local institutions by 2014	Baseline to be developed by TIB	1) TIB reports, 2) TIB evaluation
4. More people aware of corruption and demanding action against corrupt practices.	- Number of citizens actively engaged in anti-corruption activities doubled by 2014	- 3,145 (25% women) in 2009 -362,000 in 2009	1) TIB progress reports, 2) TIB evaluation

Bangladeshi legislation prevents donors from providing direct funding to ACC. Consequently, alignment is limited to policies and strategies. The new ACC leadership is in the process of advancing the long term strategic plan for the Commission, which will include non-budget activities, which may require Danish funding. Compliance will be ensured by channeling the funds through ADB, which is monitoring implementation of the state budget in the governance sector.

In the case of TIB, the pooled funds will provide funding to the bulk of TIB's activities in the project period. It will be fully implemented by TIB using TIB procedures, but subject to external auditing. It will thus *de facto* function as core support to TIB.

Consideration for future Danish dialogue with ACC and TIB:

- Need for coordination and complementarity of anti-corruption awareness raising campaigns by ACC and TIB.

¹¹ Outputs, indicators and baseline 1 and 2 to be revised following the ACC support formulation.

- Further dialogue with GoB on full independence of ACC, and introduction of clarified legal and institutional framework which enhances the scope of work of the ACC as a precondition for funding.
- For ADB/ACC: Emphasis on full alignment of intervention with ACC plans.
- For TIB: possibility of amending MoU after mid-term review to move towards genuine core funding of TIB.

3.4 Component 2: Human rights

Component 2 has been designed to promote the protection of vulnerable groups and advocate for the preservation of basic human and democratic rights. A key challenge for Bangladesh is the high level of impunity, the challenges in implementing rule of law, and the human rights violations, in particular the violations targeting vulnerable groups. The focus of the component is to counter this by holding duty bearers to account, enhancing awareness and providing legal assistance to promoting a society that respects the rule of law and human rights.

A key element in component 2 is to provide funding to NGOs for monitoring and advocating for rights in conjunction with support for the work of the National Human Rights Commission (NHRC). In addition, the NGOs will be providing legal aid and facilitating Alternative Dispute Resolution (ADR) to complement the formal justice system at local level. NGOs selected will have special emphasis on vulnerable groups, particularly women and indigenous people. Focus on women's rights will be enhanced through a planned follow-up to the MSP-VAW programme (to be supported jointly with the Dutch). The programme will be reformulated to enhance emphasis on ownership and alignment.

The component is divided into three separate sub-components: (2.1) support to human rights advocating NGOs, (2.2) support to the National Human Rights Commission, and (2.3) support to Violence Against Women.

Human rights NGOs

NGOs in Bangladesh are key actors in the promotion of human rights and establishing the rule of law and access to justice. Five key NGOs have been selected as primary advocates in the field.

The rationale for supporting HR NGOs through HRGG III:

- HR is a priority of GoB as expressed in the PRS.
- The sub-component is aligned with Danida HRGG policies, indigenous peoples policy, gender policy, and the civil society policy.
- Support to a strong and vibrant demand-side civil society is expected to enhance awareness of rights, improve legislation and monitor and address cases of rights violations and impunity.
- The support will specifically target the most poverty-ridden groups in Bangladesh.

The sub-component intermediate objective is:

Civil society and guardian institutions strengthened to advocate, monitor and demand for the respect for human rights of marginalized groups

The related PRS indicator is:

Indicator	Target	Means of verification
Increased awareness among people of their rights, obligations and socially responsible behaviour	Increase of 25% in programme period	1) NGO reports

The NGOs all have a tracked record in fighting for the human rights of the vulnerable, which is critical in a situation where the NHRC is still very weak. In addition to monitoring and advocating for overall human rights, the NGOs will target specific issues pertaining to the rights of the vulnerable in Bangladesh. This includes women's rights, the rights of children, and indigenous rights with a focus on land rights and the Chittagong Hill Tracts.

The role of the NGOs will be to:

- 1) Monitor human rights and report on rights violations
- 2) Advocate for human and democratic rights at local and central level using among others Public Interest Litigation (PIL) and the promotion of improved legislation and policy
- 3) Raise awareness on the rights and obligations of Bangladeshis
- 4) Enhance access to justice for the vulnerable groups in society

Since phase I of the HRGG programme, Denmark has supported NGOs in Bangladesh that work within the realm of the governance sector. In the first phase 50 NGOs were supported. This was reduced to 30 in phase II. In the past the interventions have had a relatively broad focus, and the interventions have built on specific project documents from the NGOs. The rationale for including support to selected NGOs in the third phase is more focused. NGOs will be supported to complement the weak "checks and balances" that exist in Bangladeshi society for upholding human rights. The details are described in the sub-component description in Annex A.

Five NGOs have been selected based on their adherence to three or more of the following criteria:

- 1) Makes a difference in promoting human rights and in providing upstream advocacy work in this field, including through Public Interest Litigation (PIL).
- 2) Undertakes human rights monitoring and defense at local level at a scale where the intervention will have an impact.
- 3) Provides special attention to the rights of vulnerable, with emphasis on women and indigenous people.
- 4) Has a track record of performance.
- 5) Has the capacity and the systems in place to receive core funding (or is in a position to build this capacity within a two-year time-span)

The NGOs supported are fully aligned with the objective of the programme. Provision of core funding to the NGOs will enable these to undertake their work without unnecessary transaction costs. To ensure progress the core funding will be based on a performance based allocation mechanism. The final decision of level of funding will be decided based on the institutional assessment undertaken by the Embassy preferably in partnership with other donors prior to the initiation of HRGG III.

The budget allocation is based on: (a) the need for making sufficient contribution to make a difference, and (b) not overloading the individual NGO with funds, which it will not be in a position to administer. As a guiding principle each organization will receive funding equivalent to not more than 40% of their 2009 budgeted turnover.

Table 3.9 budget for sub-component 2.1¹²

Intervention: Core support to NGOs	Budget (DKK '000)	Estimated USD equivalent*
Total budget	36,000	7,149
Danish contribution	36,000	7,149
Total Danish contribution to sub-component 2.1	36,000	7,149

* Exchange rate: 1 USD to 5.036 DKK (13 October 2009)

The outputs identified are based on the strategic plans of the individual NGOs supported, and selected as per their relevance vis-à-vis the HRGG III programme objectives. The baseline will be defined as part of their strategic planning process.

Table 3.10 outputs for sub-component 2.1

Output	Objective verifiable indicator	Baseline	Means of verification
1. Effective advocacy for improved legislation and policy on human rights related issues.	- Number of laws drafted for improving legislations and policies on the rights of women and indigenous peoples by 2016	Target and legislation to be revised will be part of the NGOs strategic planning process (revised legislation/policy related to Family Law, VAW and land rights will be included)	(1) Revised laws and policies (2) NGO reports (ASK, BLAST, ALRD, BMP) (3) media reports
2. Effective	- Number of Public	Target and	(1) Court

¹² The DKK budget is binding, while the USD is indicative for easy reference and may fluctuate as per the adjustments in the exchange rate.

advocacy for improved implementation of human rights	Interest Litigations filed by 2016	advocacy priorities to be established as part of NGO strategic planning process	register, (2) media reports, (3) NGO reports (BLAST, ASK)
3. Women's increased participation in political decision-making promoted.	- Women's representation in national and local policy making bodies increased by 20% by next elections	No yearly targets. Baseline to be established as part of NGO strategic planning process	(1) Statement by elections commission, (2) reports from Parliament and Ministry of Local Government, (3) NGO reports (BMP)
4. Women's and marginalised peoples access to justice enhanced in rural areas	- Number of people with enhanced access to justice through legal aid/alternative dispute resolution(ADR) by 2016	Target and baseline to be established as part of NGO strategic planning process	(1) NGO reports (BLAST, MLAA, ASK) (2) programme review reports

As the provision for the NGOs will be provided as core support, the support will be fully aligned with the systems and procedures of the NGOs supported. While this carries a risk, the institutional capacity assessments made of each of the five NGOs (attached to the sub-component description in Annex A) show - and previous experience support - that systems are in place to handle core support. In addition, a more in-depth institutional capacity assessment of the NGOs will be undertaken prior to the initiation of the programme as a final safeguard. This assessment will also provide final guidance on the individual funding levels for each of the NGOs supported. As a safeguard all support will be subject to an annual global audit of each NGO. For further information see the alignment and risk matrix in the sub-component description (Annex A).

Denmark will work to ensure that other donors join in the provision of core funding to the NGOs before programme start and during programme implementation. Denmark will build on the positive experiences with joint funding to TIB.

National Human Rights Commission

Denmark will continue the support initiated in 2010 to the National Human Rights Commission. The UNDP NHRC capacity development programme document will serve as sub-component description. Detailed information on context, strategy, programme management, outputs and activities can be found in the programme document.

The rationale for supporting NHRC through HRGG III is:

- The NHRC is a priority of GoB.
- The sub-component is aligned with Danida HRGG policies.
- While the institution does not yet live up to the Paris principles, it is a newly invigorated institution with the prospects of becoming an independent Commission over time, and thus a key factor in addressing rights violations and impunity.

The intermediate objective of the sub-component is:

Improve the promotion and protection of human rights particularly for disadvantaged and vulnerable groups through capacity development of NHRC

The related PRS indicators are:

Indicator	Target	Means of verification
- Putting policy and legal framework in place toward achieving equal rights for women and marginalized groups - Prevention of extra-judicial killings	By end of PRS	1) NHRC reports

The NHRC was established in December 2008. The commission has the potential of becoming a key actor in upholding human rights and ensuring the rule of law. The NHRC is still a very weak institution with limited resources available to uphold its mandate. The NHRC is still not fully independent in accordance with the Paris Principles, as the appointment of its members is heavily influenced by the Executive, and the budget is allocated by GoB. The establishment of a NHRC is however long overdue in a country marred by human rights abuses and extra judicial killings. Support is given on the understanding that this is a new and important reform step in Bangladesh and under the presumption that the NHRC will become more independent over time. By being member of the donor support group to NHRC, Denmark can play a positive role in the policy dialogue for an increasingly strong and independent NHRC.

The support to NHRC is based on a joint UNDP/Danida needs assessment mission undertaken in January 2009. The needs assessment pointed to the need for capacity development in all areas of NHRC's functional responsibilities. Assistance will thus be provided to general institutional development issues such as planning, budgeting and administrative procedures, as well as to implementation of its mandate focusing on ability to monitor and investigate, create public awareness and policy and law reviews.

As with the ACC no external donor can provide direct funding to the NHRC. An intermediary is needed. Denmark will provide funding to a joint donor basket implemented through UNDP. The Danish contribution will be equivalent to the funding level of the other bilateral donors. DKK 5 million will be provided to the current phase of NHRC support, which together with the funding provided in phase II of the HRGG programme adds up to DKK 8 million in total. The

remaining 5 million will be allocated after 2015, when the current project phase ends, depending on the development of an appropriate programme document with enhanced degrees of alignment with NHRC and more independence from the Executive.

Table 3.11 budget for sub-component 2.2¹³

Intervention: NHRC	Budget (DKK '000)	Estimated USD equivalent*
Total donor support to project	479,067	6,943
Danish contribution	10,000	1,500
Total Danish contribution to sub-component 2.2	10,000	1,500

* Exchange rate: 1 USD to 5.036 DKK (13 October 2009)

The outputs identified are taken from the NHRC programme document as agreed with the NHRC.

Table 3.12 outputs for sub-component 2.2

Output	Objective verifiable indicator	Baseline	Means of verification
1. NHRC secretariat is fully equipped and operational with modern administrative systems, rules and procedures	- Comprehensive strategic and operational plans in place and implemented by 2015	NHRC is a new institution, as a consequence the baseline is set to zero	NHRC annual reports
2. NHRC has developed capacity to efficiently and effectively monitor the human rights situation nationally, and handle complaints fairly, independently and in a manner which is responsive to the needs of the NHRC's clients	- Number of complaints received and resolved through adequate handling mechanisms by 2015	NHRC is a new institution, as a consequence the baseline is set to zero. Target to be set by steering committee in 2010	- NHRC annual report - Monitoring reports
3. NHRC has developed capacity to efficiently and effectively undertake human rights education and training to develop a human rights based	- Number of legislation reviewed by NHRC by 2015	Baseline to be developed by project in 2010. Target to be set by steering	- NHRC project progress report (against baseline)

¹³ The DKK budget is binding, while the USD is indicative for easy reference and may fluctuate as per the adjustments in the exchange rate.

culture in Bangladesh		committee in 2010	
4. NHRC is capable of conducting high quality, human rights based analysis of legislative proposals, draft laws, and existing legislation, with regard to Bangladesh's obligations under international conventions, and to provide high quality policy advice to GoB on human rights matters	- Number of human rights research/policy papers produced by 2015	Baseline and target to be developed by project in 2010	- NHRC annual report - NHRC project progress report

UNDP will seek policy alignment with NHRC and use National Execution (NEX). A brief overview of the current situation and safeguards are outlined in table 3.13 below.

Table 3.13 UNDP NHRC intervention Alignment and risks

Area	Assessment*	Risk	Safeguard
Strategic plan	NHRC was established by CTG, and the commitment was carried forward through the current GoB	Limited risk. While the plans were prepared by the CTG, the current GoB remains committed	None needed
Financial management	NHRC is still not fully staffed and has weak capacity on all aspects related to management	Substantial	The programme will be implemented using UNDP NEX modality. A mid-term review will assess the extent to which further alignment is feasible following two years of programme implementation
Procurement	Ibid	Substantial	The programme will be implemented using UNDP NEX modality. A mid-term review will assess the extent to which further alignment is feasible following two years of programme implementation, including procurement
Capacity	Ibid	Substantial	The intervention aims at improving the capacity of the NHRC. The programme will be headed by a National

			Programme Director from NHRC assisted by a UNDP staffed Programme Management Unit. The mid-term review will assess the need for this Unit in the latter part of the programme
Audit and quality assurance	NHRC is subject to audits by the CAG	Limited on external audits	External yearly audits will be undertaken of the programme by CAG
Consensus among contributing donors	Agreement on need for support. Divergent views on possibilities for alignment	Medium	Will be discussed in SC coordination forum with input from the programme mid-term review

* Based on interviews, NHRC project document and NHRC needs assessment.

Consideration for future Danish dialogue with UNDP and NHRC:

- Need for focusing NHRC work on upstream cases and GoB violations, in light of the limited capacity of the institution.
- Discuss further alignment and phasing out of PIU following mid-term review.
- Discuss and revise the TA budget for the project.
- Advocate that mid-term review assesses project management accountabilities, including current SC composition and the extent to which this provides sufficient independence of the NHRC from the Executive.
- Further Danish dialogue with GoB on moving towards full independence of NHRC from the Executive.
- Denmark will furthermore develop benchmarks on NHRC progress and independence to assess progress and guide future policy dialogue during the course of implementation. Some of the initial benchmarks as identified by Denmark include the appointment of its members; the approval of its organigram; a budget that enables the hiring of NHRC independent staff members; and the gradual initiation of its activities as well as the proven capacity of the NHRC to prioritise, plan and carry out its activities in an independent and autonomous manner

Violence Against Women

Denmark has supported assistance to a multi-sectoral programme to address violence against women since 2000 – Multi-Sectoral Programme on violence Against Women (MSP-VAW). Violation of women’s rights, including sexual and reproductive rights, remains a serious issue in Bangladesh.

The rationale for supporting VAW through HRGG III is:

- Addressing VAW is a priority of GoB.
- The sub-component is aligned with Danida HRGG policies and gender policy.
- The support is expected to effectively address MDG3 by improving gender equality in Bangladesh.
- The next phase will be designed to ensure sustainability and thus a higher probability of impact of the Danish intervention.

The intermediate objective of the sub-component is:

Prevention of violence against women in Bangladesh improved through inter-ministerial approach by the Government of Bangladesh

The related PRS indicator is:

Indicator	Target	Means of verification
Institutions for coordination and monitoring women's advancements and rights strengthened	Baseline to be identified during programme formulation	1) MOWCA reports

The current programme will end in 2011. While the programme has been successful in placing VAW on the agenda and in making services available to victims of rape and violence, the design of the programme suffers from inadequate alignment with GoB systems and procedures and limited ownership among several of the institutions involved. At the same time WHO and UNFPA have been initiating parallel programmes in the same sector. There is thus a need for ensuring alignment and harmonization in any future support¹⁴.

Denmark has, together with the Netherlands, started the initial discussion for the formulation of a next phase of the programme. The ToR for the formulation will be shared with other donors who might be interested to participate in a joint formulation.

The formulation will build on the mid-term review of the MSP-VAW findings as well as a lessons learned exercise to be completed during Spring 2010. The joint Dutch-Danish formulation will be headed by the Ministry of Women and Children Affairs (MOWCA) and is expected to be finalized by Summer 2010. The programme will be subject to a local external appraisal at EoD with possible assistance from the TAS at the Ministry of Foreign Affairs of Denmark, if so desired. The capacity needs of the third phase of VAW will be identified during the formulation phase and should be reflected accordingly in the project document.

The planned support is preconditioned on: (1) further alignment with GoB systems and procedures, (2) commitment from the MOWCA to try to avoid

¹⁴ The 2008 review of HRGG II emphasised the need for a joint programme to legitimise any future support to VAW.

duplication of efforts in combating violence against women in the future, (3) it being a joint programme, and (4) that the the next phase of the programme is made sustainable.

Table 3.14 budget for sub-component 2.3¹⁵

Intervention: VAW	Budget (DKK '000)	Estimated USD equivalent*
Overall budget**	-	-
Danish contribution	15,000	2,979
Total Danish contribution to sub-component 2.3	15,000	2,979

* Exchange rate: 1 USD to 5.036 DKK (13 October 2009)

** MSP-VAW programme is currently under formulation

The outputs identified below are preliminary and will need to be revised once the VAW programme has been drafted and approved.

Table 3.15 Preliminary outputs for sub-component 2.3 (final outputs, indicators and baseline to be developed during formulation)

Output	Objective verifiable indicator	Baseline	Means of verification
1. Public awareness on VAW and women's rights enhanced	- Increase in number of victims/survivors receiving assistance through public facilities by 2016	To be developed during formulation	MOWCA reports
2. Capacity of government institutions at national and local level to act on VAW enhanced	- Number of new/amended gender responsive policies, laws and regulations on VAW passed by 2016	To be developed during formulation	MOWCA reports
3. Policies, laws and regulations drafted and amended to take into consideration VAW and gender equality	- Gender Responsive Budget Analysis carried out by relevant ministries annually - Increase in the national budget for furthering Gender Equality and VAW prevention and responses by 2016	To be developed during formulation	MOWCA reports

¹⁵ The DKK budget is binding, while the USD is indicative for easy reference and may fluctuate as per the adjustments in the exchange rate.

Programme formulation will strive to ensure highest possible level of alignment, however taking into consideration the safeguards needed based on the general budget support assessment undertaken by the Embassy of Denmark. The formulation will however need to take into consideration the use of possible safeguards to counter:

1. That financial accounting, procedures and statements are not in accordance with IPSAS standards, and there is a weak PFM control environment.
2. Weak transparency and accountability in the procurement process.
3. Frequent transfer of officers in the institutions supported and lack of human resource development strategy.
4. Legal framework being non-compliant with INTOSAI standards, while supervision and quality assurance only partially meet international standards.

3.5 Further focusing the programme

While extensive focusing has taken place from phase II to phase III of HRGG, the programme still exceeds the recommended 5 partners of Danida's Guidelines for Programme Management. The programme will strive to seek further focusing by the end of the programme phase. To this end EoD will develop a focusing strategy during the inception of the programme. The focusing strategy should be based on the following criteria:

1. Relevance of the intervention mid-way through the programme.
2. Progress and the probability of impact of the intervention.
3. Opportunities for sustainability and phase-out of Danish funding.
4. Compliance with international standards of the institutions supported.

The latter point in particular refers to progress of ACC and NHRC in enhancing the degree of independence of the institutions and the commitment of GoB to respect and adhere to this independence.

Furthermore, sustainability and phase-out strategies will be key elements in the formulation of the VAW and LGSP-LIC sub-components, which may provide opportunities for focusing in the future.

3.6 Synergies with other Danida interventions

Synergies between HRGG III and the Danish support to the sector programmes are found throughout the programme. Major links include:

- Sector programmes, such as roads (RRMAC), hygiene and water (HYSAWA), fisheries (RFLDC), and agriculture (ASSP) use the UP manual developed and implemented through the LGSP-LIC support. Furthermore, LGSP-LIC is including ASSP UPs in its most recent evaluation. The findings from this will feed into both programmes.
- Support to PFM through SPEMP addresses all relevant line agencies supported through Danida sector programmes. Improved PFM is expected to also contribute to improved performance in these sectors.

- Finally, during HRGG II support has been provided to the mainstreaming of human rights and attention to gender and marginalized groups in Danida sector programmes. The lessons learned from this exercise will be build on in the next phase as well.

4.0 Specific measures to address cross-cutting issues and priority themes

Special emphasis is given to human rights and vulnerable groups in Bangladesh, with a focus on women, children and indigenous people. Human rights are a core theme in the programme addressed through direct interventions in component 2, and indirectly through improved governance in component 1.

All three sub-components under component 2 will have specific provision for gender related interventions. All the NGOs provided with core funding have special interventions targeting women, children and/or indigenous people (including activities in CHT). The services provided by these refer to both upstream advocacy and PIL, focused on ensuring the rights of these groups in legislation and policies of GoB, as well as downstream by providing legal services to the same groups (see sub-component description in Annex A). The NHRC, supported in sub-component 2.2, will ensure adherence to human rights and thus safeguard the rights of women in accordance with the laws of Bangladesh. Finally, the VAW project will specifically aim at improving women's rights and provide services for women to counter domestic violence and violence against women.

In addition, in component 1, the LGSP-LIC is likely to enhance the performance of the decentralized structures, where women are ensured representation as vice-chairperson and members in the Upazila Parisads and Union Parishads respectively. The programme will also aim to identify gender specific indicators, including possible gender related trigger mechanisms in core funding arrangements. Finally, earmarked funding will be used for women specific projects at local level.

There will be no direct targets for environmental interventions. However, environmental concerns will be addressed in two ways: (1) All funds channeled through the LGSP-LIC for implementation by local governments will be subject to environmental and disaster-screening mechanisms, and (2) the programme will be supporting NGOs that work for land rights. Past experience shows that enhanced security of land tenure and improved land rights will improve the land use and thus ensure more sustainable agricultural production.

5.0 Budget

The programme has a five year timeframe from 2011 till 2016. The total budget of the programme is DKK 190 million. DKK 123 million are allocated for component 1: Public Sector Management, while DKK 62 million are allocated for component 2: Human Rights.

The yearly distribution of funding has been designed to on the one hand cater for the funding cycles to the joint programmes supported, and on the other to take into consideration the tentative Embassy of Denmark country frame¹⁶.

	2011	2012	2013	2014	2015	2016	Total (DKK '000)
Component 1							
Sub-component 1.1: SPEMP							
- Denmark		18,500	18,500	19,000	19,000		75,000
Sub-component 1.2: LGSP-LIC							
- Denmark		7,500	7,500	7,500	7,500		30,000
Sub-component 1.3: ACC/TIB							
- Denmark		3,250	3,250	3,250	3,250		13,000
Component 2							
Sub-component 2.1: Human Rights NGOs							
- Denmark*	4,000	8,000	8,000	8,000	8,000		36,000
Sub-component 2.2: NHRC							
- Denmark		2,500	2,500	2,500	2,500		10,000
Sub-component 2.3: VAW							
- Denmark	500	2,500	4,000	4,000	4,000		15,000
Subtotal	4,500	42,250	43,750	44,250	44,250		179,000
Other costs (reviews, etc.)		1,000	500	1,000		500	3,000
Unallocated funds (5%)	500	2,000	2,000	1,500	1,500	500	8,000
Grand total	5,000	45,250	46,250	46,750	45,750	1,000	190,000

¹⁶ By the time of formulation the country frame for governance was (in DKK): 2011: 5 mil., 2012: 47 million, 2013: 50 million, 2014: 48 million, 2015: 40 million.

The budget provides for funding for individual reviews of sub-components as well as overall programme review¹⁷.

The 5% unallocated funds are included to cater for unforeseen challenges and opportunity interventions related to the programme. These may be utilized in accordance with the Danida GPM. Efforts should be made to ensure that the unallocated funds do not add unnecessary additional interventions in the programme.

The budget will be reviewed by EoD once the annual operational plans and budgets have been prepared.

See Annex B for budget with external contributions.

6.0 Management and organisation

The overall management responsibility for HRGG III rests with the Embassy of Denmark in Dhaka. The daily management of the individual interventions will vary from sub-component to sub-component.

6.1 The role of the Embassy of Denmark

The Embassy will have overall responsibility for the programme, including policy dialogue, overall monitoring and donor coordination.

The role of the Embassy includes:

- Policy dialogue with GoB and state institutions such as ACC and NHRC
- Dialogue with civil society and implementing partners
- Donor coordination
- Overall programme management
- Participation in steering committee meetings and related management fora

In addition, the Embassy will have full responsibility for the oversight of the implementation of sub-component 2.1, Human Rights NGOs.

6.2 Implementation

The implementation modalities vary between components and sub-components.

Component I: Public sector management

Component I comprises four different interventions in three sub-components.

Sub-component 1.1, SPEMP (Strengthening Public Expenditure Management Programme). Overall guidance of public financial management in Bangladesh is

¹⁷ The DKK budget is binding, while the USD is indicative for easy reference and may fluctuate as per the adjustments in the exchange rate.

undertaken by the National Coordination Committee (NCC), which will be chaired by the ERD, MoE, IMED, the Planning Commission, Parliament Secretariat and C&AG. The projects funded under SPEMP will be guided by the NCC.

SPEMP is funded through the World Bank managed Multi-Donor Trust Fund (MDTF) which is under the auspices of the Joint Government and Donor's Committee (JGDC). The JGDC is co-chaired by the Finance Secretary and the World Bank representative, and holds membership of the funding donors (DFID, CIDA and Danida), the project directors, representatives from project specific SC members, and 6 ministries involved in PFM. The JGDC will hold bi-annual meetings with the objectives of:

- Reviewing and approving new proposals from GoB (intervention B and C)
- Reviewing annual work plans, budgets and procurement of the projects under the MDTF
- Policy dialogue between the members of the JGDC

The three individual projects have their own management setup aligned with GoB. Intervention A is first and foremost guided by the decisions of the NCC. Implementation is overseen by a project specific steering committee, which is chaired by the Finance Secretary and holds representation from main departments involved in the project, representation from the Programme Management and Coordination Units (PMCU) led by project directors and the lead donor (DFID). Denmark will seek representation in all of these in the capacity as an observer.

The PMCUs will be responsible for day to day management and implementation of the project. They will be staffed by GoB officials and will receive technical assistance from a team of management consultants under the programme.

Sub-component 1.2, LGSP-LIC (Local Government Support Project – Learning and Innovation Component). The overall framework of the LGSP-LIC phase II management setup will be developed as part of the programme document. The programme will be implemented using UNDP NEX implementation guidelines. At national level the programme will be implemented by the local government with technical assistance from UNCDF. At national level the programme responsibility will rest with the National Project Director (GoB staff) assisted by a programme manager funded by UNCDF.

As a main donor, Denmark will become a member of the steering committee of LGSP-LIC. The steering committee will be responsible for approving annual workplans, budgets, and audit reports.

The final programme document will be subject to a local appraisal by EoD.

Sub-component 1.3, Anti-corruption. The details of the ACC funding management arrangements will be developed during 2010 in cooperation with ACC and ADB. The setup will build on lessons learned in the past, and it is anticipated that support to ACC will be through delegated cooperation with ADB. ADB is a lead

donor in the governance sector, and provides funding to the entire sector. Triggers for ADB funding include progress on anti-corruption and ACC effectiveness. Denmark will provide annual disbursements to ADB that will manage the funds on behalf of Denmark (Bangladeshi legislation prohibits any direct funding to ACC). ADB will provide half-yearly reporting to Denmark on implementation progress. Meetings between ADB, ACC and Denmark will be held one month after the submission. The final arrangement will be subject to a local appraisal by EoD.

The support to TIB is provided through a basket fund arrangement. The TIB basket fund will be managed by the TIB Support Group comprised of representatives from TIB and donors. The chairpersonship will be rotated between the parties on an annual basis. The TIB Support Group will be responsible for approving workplans, budgets and audit reports. The support will be implemented using TIB's systems and procedures.

Component II: Human rights

Component II comprises three separate types of interventions, one for each sub-component.

Sub-component 2.1, Human rights NGOs. To facilitate policy dialogue between the Embassy and all core funded NGOs, a donor-NGO forum will be established. Here, the Embassy will meet with all the core funded NGOs to discuss developments in the sector and the Danida-civil society partnership. The forum will not have any formal management authority, but the conclusions from the deliberations will serve as input to the members of the forum.

The Embassy should handle planning, reporting and monitoring issues related to the support to NGOs as indicated in the programme support document and subcomponent description, albeit without creating steering committees.

Experience from other countries has shown that the provision of core funds does create enhanced ownership and lowers transaction costs for the NGOs supported. However, the provision of core funding also carries a risk in terms of how the funds are used, i.e. if the NGO is endowed with many different project-funds from other donors, there is a risk that the core funding will go to cover administrative costs. To ensure that funds leads to actual results, a performance-based core funding system will be introduced. Each year the respective NGO will identify 3-5 key performance indicators in their annual work plan, which will serve as allocation triggers. These indicators will be suggested and approved by the Embassy. The NGO will make a self-assessment of the achievements, which will be presented and endorsed by the Embassy. A review will be fielded after two and four years to assess progress and advise the Embassy of Denmark on further disbursements. The Danida mid-term review of the programme will make a random audit of performance assessments.

Provision of core funding to NGOs in Bangladesh is a novel thing and may initially be a challenge for all parties involved. All of the NGOs have previously relied on intervention assistance and own revenue generation. To help prepare

the NGOs supported for core funding and fill any gaps in organizational and financial management systems, the programme will provide institutional and technical assistance to the NGOs for the first one to two years of implementation. A capacity needs assessment will be undertaken of each NGO (where none exist) to inform on the need for technical assistance. The support for capacity assessment will be part of the grants contributed to the NGOs.

See also sub-component 2.1 description in Annex A for more details.

Sub-component 2.2, NHRC (National Human Rights Commission). The management of the NHRC project is supervised by the Project Steering Committee, which is chaired by the NHRC Chairperson and holds membership of NHRC members, representative of GoB, civil society, the UNDP Country Director and a donor representative. Donor membership is rotated on an annual basis. The steering committee is expected to provide policy guidance and approve annual work plans and the budget. Denmark will be a member of the steering committee on a rotating basis.

Daily management will be undertaken by a Programme Implementation Unit (PIU), which is headed by the NHRC Secretary, but staffed with an externally hired manager and staff. The PIU will be guided in its work by a Management Support Board, which is headed by the NHRC Secretary.

Sub-component 2.3, VAW (Violence Against Women). Management of VAW will be decided during the formulation of the intervention. It is expected that VAW will have a steering committee with donor membership. All other management issues will as far as possible build on the existing GoB management structures. The final arrangements will be subject to a desk appraisal by the Technical Advisory Service at the Ministry of Foreign Affairs of Denmark.

See table 8.1 below for full overview of the management and organization of HRGG III.

6.3 Harmonisation, coordination and policy dialogue in Bangladesh

Harmonisation in Bangladesh is generally poor and most interventions are still stand-alone project type interventions. This programme has tried to counter this by enhancing the focus on harmonization and alignment in the interventions. However, in most instances there are competing projects in the areas of support. The limited aid effectiveness is also a consequence of the lack of: (a) a clear aid management policy in line with the Paris Declaration and the Accra Agenda for Action of GoB, and (b) related to this, the lack of a common plan and benchmarks linked to the PRS which donors can align to.

To improve the environment, Denmark has played a lead role in establishing a Joint Cooperation Strategy (JCS) and JCS Action Plan¹⁸. The objective of the JCS is to enhance aid effectiveness in Bangladesh. Key elements of this include the

¹⁸ The JCS is currently in a draft format, but is expected to be finalised and endorsed Spring 2010.

development of aid management policies of GoB and the systematization of donor coordination and harmonization in Bangladesh.

Coordination and policy dialogue will in the future be through: (a) the Bangladesh Development Forum held annually to discuss progress and reform plans, (b) the more regular but still high-level GoB-donor LCG mechanism, and (c) the sectoral LCG Working Groups that focuses more specifically on reforms and interventions in a specific sector.

Denmark will use the four platforms for policy dialogue:

- 1) Participation in the annual Bangladesh Development Forum.
- 2) Participation in the LCG Mechanism.
- 3) Participation in the relevant LCG working groups related to the programme objectives.
- 4) Participation in SCs of the programmes implemented.

Denmark will through the programme period enhance its advocacy for:

- Harmonised policy dialogue among donors.
- Harmonised donor interventions.
- Enhanced alignment in interventions with recipient systems, regulations and procedures, including reporting in accordance with the JCS.

6.4 Transition from phase II to III

During 2011 there will be a clear cut-off point between phase II and III of the programme.

For most of the interventions the transfer from phase II to III of the HRGG programme will have little impact, as several interventions have been identified late in phase II and implementation will be carried forward in phase III. Drafting of new programme documents will be required, which will further the degree of alignment of the interventions with the institutions supported. In most cases this will have limited impact on the Embassy of Denmark.

The modality of support to civil society and human rights NGOs constitutes the biggest management change in the programme. During phase I and II of the programme, NGO-support was managed on a daily basis by a Programme Support Unit (PSU). With the movement away from project support towards core funding of NGOs, the programme is expected to phase out the PSU during phase II. In the next phase core funding to NGOs will be managed directly by the Embassy of Denmark.

Following the 2008 HRGG II review recommendation, the PSU has initiated the phase-out of the PSU with a gradual reduction in number of projects funded, which will enable a closing down of the PSU by mid-2011.

7.0 Financial management and procurement

Each of the interventions in the two components will apply financial management practice as defined by international standards and applied by the

accounting profession in Bangladesh. Each primary and target beneficial will be requested to comply with international accounting standards and keep books and accounts and controls in accordance with the legislation of Bangladesh.

The financial management procedures and systems will be in accordance with Danida's standards, as defined in Danida's Guidelines for Programme Management including the Financial Management Guidelines, Joint Procurement & Procurement Policy Guidelines, and Guidelines on Joint Funding, and General Guidelines for Accounting and Auditing of Funds through Governmental and Parastatal Organisations and NGOs.

In relation to partnerships with both state/government institutions and NGOs, the programme shall align as far as possible with the partners' financial management systems including those related to fiscal year, reporting and auditing, subject to the compliance with the international and national accounting and auditing standards. The funds for the support to GoB and state institutions will be reflected in the Government Budget. For activities implemented with NGOs, funds will be reflected in the global budgets of the organization, to the extent that such a budget exists.

Each of the components and sub-components of the programme will, however, have individualised financial management procedures. These are summarized below.

7.1 Financial management of sub-components

The financial management arrangements for the individual interventions are outlined in the table below:

Table 7.1 overview of financial management arrangements of the individual interventions

Component	1: Public Sector Management				2: Human Rights		
	1.1 SPEMP	1.2 LGSP-LIC	1.3 Anti-Corruption		2.1 HR NGOs	2.2 NHRC	2.3 VAW
Implementer	World Bank/MoF	UNCDF/GoB	ADB/ACC	TIB	NGOs	UNDP/NHRC	GoB
Modality	Basket fund	Basket fund	Delegated co-operation	Basket fund	Core funding	Basket fund	Possibly notional earmarking (to be decided)
Financial management	By PMCU in MoF/C&AG/Parliament	Block grants managed by MLGRDC. All other funds as per UNDP NEX	ADB	TIB's system	NGO's system	UNDP NEX modality	GoB system with appropriate safeguards
Procurement	WB procurement guidelines. Procurement	Block grant usage through GoB. TA	ADB	TIB's system	NGO's system	NEX	GoB system with appropriate safeguards

	nt under USD 200,000 for works and 300,000 for goods using GoB procedures with WB ex-post no objection	through UNDP NEX					
Budgeting	GoB/WB	Block grants: GoB. Other: NEX	ADB	TIB's system	NGO's system	NEX	GoB system with appropriate safeguards
Cash flow mgt.	GoB/WB	Block grant: GoB. Other: NEX	ADB	TIB's system	NGO's system	NEX	GoB system with appropriate safeguards
Disbursement	Denmark will disbursement to the MDTF twice during implementation	Twice to basket fund	Denmark will disburse twice to ADB	Twice to basket fund	Semi-annually	Twice to basket fund	Annual disbursements from Denmark to Treasury
Transfer of funds	To WB managed dedicated MDTF account	To UNCDF managed basket fund	To ADB account	To designated basket fund account managed by TIB	To general account of NGOs	To UNDP managed account	To specific account in Treasury
Bookkeeping	GoB/WB	Block grant: GoB. Other: NEX	ADB	TIB's system	NGO's system	NEX	GOB system
Reporting	Quarterly	Semi-annual	Quarterly	Quarterly	Quarterly	Quarterly	Semi-annual financial reports
Auditing	C&AG. External auditor for C&AG support project	C&AG for block grant. Other: UNDP	Annually by ADB	Annual external audit	Annual external audit	Annually by C&AG and once by UNDP	C&AG

Funds will only be disbursed on the basis of an official disbursement request from the recipient.

7.2 Financial management and procurement capacity

The basket funds through which Danida and other donor support will be channelled to state and government institutions, and each of the strategic partners selected under component I and II, operate independent accounting systems. The review of the recent financial reports, current accounting manuals

and documented procurement procedures show that in general the proposed recipient of funds and partners all possess the required financial management capacity. Specifically, they have the required procurement systems, internal controls over flow of funds and general sound accounting practice necessary to meet Danida financial management and procurement requirements.

An initial capacity assessment of the NGOs selected for core funding has been undertaken. The assessment shows that the NGOs have systems and procedures in place for receiving core funding, but that several will benefit from additional capacity development in management, organization and financial management. A more substantive capacity assessment will be undertaken of all five NGOs (unless one already exists) to assess their needs in this area and to enable the allocation of needed technical assistance from the programme. Final funding level will depend on the findings of this assessment.

If the programme enters into new arrangements during the implementation period, a careful assessment of the financial management capacity of the prospective partner will be carried out.

7.3 Bookkeeping and accounting

All recipients of funds will be required to maintain financial management systems that produce timely, relevant and reliable financial information that allows for the planning and implementation of the programme and for the monitoring of funds and assessment of progress towards the objective.

Expenditures will be supported by vouchers, original invoices and signed original receipts. These will be retained by the beneficiaries and be kept available for inspection by the Embassy or its agents. A register will be maintained to control all assets purchased by grant funds. Acceptable controls will be put in place and an accounting manual will be developed by the recipients (if one is not already in operation) to document their specific systems¹⁹.

It is the responsibility of the respective financial management authorities to ensure that:

- Detailed annual work plans and budgets are prepared;
- Danida funds are accounted for in accordance with International Accounting Standards;
- Suitable internal control procedures are established and utilized to ensure that the funds are used in accordance with the objectives of the grant document;
- Timely, reliable and relevant financial reports are provided;
- Annual accounts are prepared in accordance with International Accounting Standards, and these are ready for audit within 4 months of the end of the financial year.

¹⁹ The Embassy of Denmark may ask an external auditor to assess the quality of the manual if required.

7.4 Financial reporting

Financial reports will contain a breakdown of expenditures in the same detail as the grant budget to enable monitoring of expenditures in relation to outputs as noted in the programme document and component descriptions.

Quarterly (or where relevant half yearly) reports will include, but not be limited to, the following:

- Details of the original grant or budget;
- Funds disbursed up to and including the last financial year;
- Funds disbursed up to the reporting date of the current financial year;
- Funds committed until reporting date;
- Expected additional expenditures until component completion;
- Balance on the current year's budget as per the reporting date;
- Remaining balance on the grant to completion of programme.

Reports will include explanations of material variations between the current year's budget and actual expenditures in relation to planned and achieved activities. Financial implications in relation to the remaining part of the programme/component/project period will be highlighted and possible remedial actions proposed. Denmark will agree to use any other donor or common financial reporting format given that it is in compliance with Danida guidelines.

7.5 Procurement

All procurement in partner organisations will be done via the existing procurement systems in place with the partner. These systems will in-turn comply with the Danida Joint Procurement Policy. The Programme will maintain a close dialogue with partners on procurements policies to ensure transparency and accountability. In case of a lapse in partner procurement systems, the Embassy may temporarily decide to use a procurement agent to assist in this process.

7.6 Auditing

All recipients of Embassy funds will subject these allocations to an annual external audit by a certified public accountants firm of international standard or by the C&AG. Such audits should be conducted in accordance with international auditing standards, Bangladesh auditing standards and also in accordance with any requirements specific to Danida. The programme will as far as possible make use of the audits carried out the partner organisations. To that effect the programme will furnish partners with a list of approved auditors in Bangladesh among which they can chose freely. The Embassy will at any time have the right to conduct its own audit. Annual reports and audited financial accounts should be presented to the Embassy no later than five months after the end of the accounting period.

8.0 Monitoring, reporting, reviews and evaluations

Monitoring will to the extent possible be done using the existing institutional mechanisms of GoB, NGOs and implementing partners. In cases where these are absent, this will be supplemented by reviews and external monitoring mechanisms. Use of existing systems is thus preconditioned by the compliance of these with minimum required standards of Danida as expressed in the Danida GPM and the Danida monitoring guidelines. The Embassy may require recipients to develop adequate monitoring systems where these are assessed to be insufficient.

Monitoring at *development objective* and *immediate objectives* level will be based on:

- 1) State government and institutional reports:
 - a. Reporting on progress against the PRS, such as PRS progress reports or GoB annual reports to Parliament
 - b. Institutional progress reports from NHRC, ACC, and line agencies.
- 2) Programme reviews as outlined below.

At output and activity level, the programme will rely on institutional reporting systems where these exist. Where none exist or where systems are not in compliance with Danida guidelines, the programme will depend on the reporting of the implementing partners.

Indicators at objective level are based on PRS. Indicators at output and result level are based on those agreed for the individual interventions from strategic plans and project documents underpinning the interventions.

Reporting

The type, frequency, and nature of reporting vary from intervention to intervention. Denmark will strive to align as far as possible with the reporting practices and formats of the institutions and organizations supported. However the following general guideline for reports that will be forwarded to the Embassy of Denmark includes:

- 1) Strategic plans for the institutions supported with clear targets, indicators and timeframe for meeting stated objectives (e.g. NGOs, NHRC, ACC, MoF, MOWCA)
- 2) Annual plans/workplans linked to annual budgets with clear outputs, activities and indicators.
- 3) Quarterly or semi-annual progress reports for thematic/substantive, as well as financial progress against budget.
- 4) Annual progress reports reflecting on: (a) delivery against target, (b) substantive progress against annual target and overall objectives, (c) changes in risk scenarios, (d) lessons learned, challenges and opportunities, and (e) for NGOs, reflection on the extent to which triggers have been met.
- 5) Programme completion reports. The last annual progress report will serve as programme completion report.

6) Review reports.

Reviews

The programme will be subject to two Danida reviews. One after two years and one 18 months before end-of programme. Both reviews will assess progress in accordance with the Danida GPM. In addition, the reviews will assist the HRGG III in assessing the extent to which core support organizations have met the agreed performance targets. In addition, the Embassy of Denmark may request TAS to participate in the mid-term review of the core support to NGOs, which will guide the future funding arrangements to these.

The review in year four will serve as input to the decision on the future direction of Danida support to the governance sector after the end of the programme period in 2016.

Individual reviews are planned for several of the interventions. Danida will participate in these joint reviews if requested and deemed relevant. These individual reviews will feed into the overall programme reviews.

Summary

For an overview of monitoring and reporting at output level see table 8.1 below.

Table 8.1 Summary of management, monitoring and reporting in the different HRGG III interventions

Component	1: Public Sector Management				2: Human Rights		
	1.1 SPEMP	1.2 LGSP-LIC	1.3 Anti-Corruption		2.1 HR NGOs	2.2 NHRC	2.3 VAW
Implementer	World Bank/MoF	UNCDF/GoB	ADB/ACC	TIB	NGOs	UNDP/NHRC	GoB
Modality	Basket fund	Basket fund	Delegated cooperation	Basket fund	Core funding	Basket fund	Tbd
Progress reporting	Quarterly	Semi-annually	Tbd	Quarterly	Quarterly	Quarterly	Tbd
Regular monitoring	By Gob/WB	By GoB/UNCDF	By ACC/ADB	By TIB	By NGOs	By NHRC/UNDP	By GoB
Review	Annually	Semi-annual and mid-term reviews	Tbd	Annual, mid-term and final	Local after 2 and 4 years, and an external review in the third year	Annually	Tbd
Embassy role	Participation in JDGC meetings	Participation in SC meeting	Regular meetings with ADB and ACC	Participation in SC meeting	Fielding of reviews	Participation in basket fund meetings and SC meetings when lead	Participation in SC meeting

9.0 Key assumptions and risks

The programme is based on the following assumptions for the period 2011-2016:

- 1) *Democracy*. Despite two years of caretaker regime in 2007-2008, Bangladesh has reinstated its key democratic institutions and held democratic elections in December 2008. This is a key premise for the continued support to governance and human rights. It is assumed that Bangladesh will remain a democratic multi-party state, with basic democratic institutions in place such as the judiciary and the legislative, and with a constitution that upholds basic rights and principles.
- 2) *Reforms*. The CTG initiated an extensive number of reforms, which GoB and this programme will build on. Key reforms include: (a) separation of the judiciary from the executive; (b) establishment of the NHRC; (c) reforms within public financial management; (d) local government reform. It is assumed that commitment to these basic reforms will continue or - as a minimum - that no major setbacks will be encountered during the course of implementation.
- 3) *Aid effectiveness*. Bangladesh has only made minor progress on the aid effectiveness agenda, and donors have in general been reluctant to experiment with alignment to the systems of GoB. Most interventions still rely on parallel structures, systems and PIUs. The limited degree of harmonisation is also a consequence of the previous absence of a joint results-framework linked to the PRS and for a where joint policy dialogue can be effectuated. Furthermore GoB does not have a comprehensive aid management strategy or policy, which can guide donors in the design and implementation of support. There is however some awareness of the need to enhance the aid effectiveness agenda. This has resulted in the draft JCS, which sets out directions and benchmarks for enhanced harmonization and alignment. It is assumed that there will be an increased interest and commitment among donors and GoB to further enhance the aid effectiveness agenda in the country and adopt and implement the JCS.

Specific risks pertaining to alignment are included under the sub-component descriptions. More general risks for each intervention are outlined in table 9.1 below.

The table 9.1 potential risks for each intervention

Risk	Importance	Probability	Mitigating strategy	Responsible
Political risks				
<u>SPEMP</u>				
Current lack of overall policy dialogue forum to establish common platform for dialogue and promote harmonisation	H	L	Continue implementation of the Joint Cooperation Strategy	Donors and GoB
GoB not fully committed to promote complementary reform programmes related to civil service reform, which should pave the way for an effective, accountable and transparent civil service	H	M	Continuous policy dialogue with GoB, and in particular MoF	Funding donors
Independence of the C&AG undermines the PFM work in the institution (financially dependent on MoF, appointment by the Executive, and recruitment of staff)	M	M	Continuous policy dialogue with GoB, and monitoring of situation	WB, other donors and Representation
<u>LGSP-LIC</u>				
The limited availability of human and financial resources (including lack of progress on fiscal decentralization)	M	M	Continuous dialogue with GoB on enhance local governance reform	UNDP, UNCDF, WB and Representation
Limited commitment to local government reform stalls implementation process (including rolling back of Upazilla mandate)	H	M	Continuous policy dialogue with GoB	UNDP, UNCDF, WB and Representation
<u>ACC</u>				
Lack of full independence of ACC questions the legitimacy of the institution	M	H	1) Precondition funding based on degree of independence of ACC, 2) Continuous policy dialogue with GoB and ACC	ADB and Representation
Risk of politicization of the ACC by GoB	H	M	Continuous policy dialogue with GoB and ACC	ADB and Representation
Lack of commitment from ACC to take up high profile cases linked to Government institutions	M	H	Continuous policy dialogue with ACC emphasizing the role of the ACC	ADB and Representation
<u>NHRC</u>				
Steering committee is heavily dominated by the executive, which may impact programme decision-making and question	M	M	Participation in steering committee meetings emphasizing	Donors

Risk	Importance	Probability	Mitigating strategy	Responsible
independence of the programme			independence of NHRC from the executive	
NHRC appoints new members, which are politically affiliated and fail to uphold the impartiality of the institution	H	M	Continuous policy dialogue with NHRC, MOLJPA and political parties	Donors
Lack of commitment from NHRC to take up high profile cases linked to Government institutions	M	H	Continuous policy dialogue with NHRC by the group of supporting donors emphasizing the role of the NHRC	Representation
HR NGOs				
Impunity and inaction. Bangladesh has a poor track record in adherence to human rights. Commitment to combating HR remains low with GoB as evidenced by e.g. the limited resources provided to NHRC	M	H	Continued support to HR advocacy organisations and joint donor dialogue with GoB on addressing impunity	Donors
<u>VAW</u>				
Lack of willingness of courts to sanction cases identified under VAW	M	H	Address issue of impunity vis-à-vis gender based violence in programme formulation	MOWCA
Unwillingness of other (non-MOWCA) GoB ministries to take ownership of VAW	M	H	Ensure GoB (non-MOWCA) ownership in formulation of programme	MOWCA
Impunity and inaction vis-à-vis gender based violence in Bangladesh	M	M	Ensure GoB ownership in formulation of programme	Representation
Programme management, capacity and institutional risks				
<u>SPEMP</u>				
World Bank may not be in a position to initiate intervention B and C as planned	M	M	Continue close dialogue with the World Bank and MoF on progress of implementation	Funding donors
Ability of C&AG to absorb funding and utilize technical assistance provided	H	M	Ensure coordination of capacity development support to C&AG among donors, limiting inputs to demand	Funding donors
Lack of strategic plan of	H	M	Ensure coordination	Funding

Risk	Importance	Probability	Mitigating strategy	Responsible
Parliament provides uncoordinated/unplanned capacity development interventions			of capacity development support to Parliament among donors, limiting inputs to demand	donors
The substantive upscaling of management of the programme may prove to be a capacity challenge for MoF	M	M	Monitor situation closely in component SCs and discuss potential mitigating factors with MoF, WB and other partners	Representation
<u>LGSP-LIC</u>				
PIU management setup may hinder enhanced ownership of pilot programme	M	M	Ensure sustainability and ownership are emphasized in programme formulations	UNDP, UNCDF, WB and Representation
Upscaling of programme to more districts may take longer than planned	M	M	Continuous policy dialogue with GoB and WB. Ensure that upscaling is key element in formulation.	UNDP, UNCDF, WB and Representation
<u>ACC</u>				
Lack of incentive structures and performance based management limits effectiveness and efficiency of ACC	M	M	Ensure performance based management is part of technical assistance support designed to ACC	ADB
Lack of strategic plan limits long-term perspectives and thus sustainability on capacity development	M	M	Enhanced dialogue with ACC on the development of a strategic plan	ADB
<u>TIB</u>				
Inability of TIB to deliver as planned	M	L	Monitoring of implementation and delivery	DFID and the Representation
<u>NGO support</u>				
The NGOs supported fail to meet the identified triggers for release of funds	M	M	The mid-term review of the programme will assess the validity of the triggers identified and make recommendations on future fund release	Mid-term review
Mismanagement of core funds in NGOS	M	M	The financial management consultancy hired for the first two years	FM consultancy

Risk	Importance	Probability	Mitigating strategy	Responsible
			will closely monitor initial core funding and provide recommendations on financial management to NGOs and the Danish Representation	
<u>NHRC</u>				
High administrative programme costs limits sustainability of intervention	M	H	Develop phase-out and sustainability strategy of PIU	UNDP
Limited ownership of capacity development intervention as a result of UNDP-driven formulation and PIU management setup (see also table 3.13)	M	H	Ensure that medium-term review addresses issue of alignment of programme with NHRC priorities and systems and procedures and assesses the potential for lowering transaction costs	Representation
<u>VAW programme</u>				
Opportunity for joint programming veining	H	L	(1) continue close dialogue with Dutch Embassy on joint programming, (2) if joint programming is unlikely – reconsider intervention	Representation
Low commitment to joint programming at MOWCA	M	H	Continue dialogue with MOWCA on need for harmonized and aligned approach in the sector	Representation
Risk of low degree of sustainability given the past substantive inputs into service delivery based on Danida funding	L	H	Ensure enhanced alignment and sustainability as part of formulation ToR	Representation
Risk of duplication and non-coordination with WHO and UNFPA interventions in the sector	M	H	Invite UN organizations onboard as part of formulation. If unsuccessful: work for division of labour between interventions	Representation and UN

Annexes

- Annex A: Human Rights NGOs sub-component document
- Annex B: Programme Budget