

EU+ JOINT ANALYSIS PROCESS IN BANGLADESH WORKSHOP

MATTERS ARISING

20/02/2013

1. A Direction for the EU+ Group

1.1 It was agreed at the workshop that the EU+ Group wishes to:

- Participate jointly and develop EU+ influence in policy-level discussions with the Government of Bangladesh (GoB), especially in its preparation of the next National 5-Year Development Plan (5YP).
- Develop a shared vision and joint objectives for EU+ Cooperation with Bangladesh, based on a joint analysis of the challenges.
- Increase the effectiveness of EU+ aid to Bangladesh by aligning with the next 5YP and developing as far as possible harmonised responses and a monitoring framework coherent with the 5YP Development Result Framework (DRF).

1.2 One major handicap is that EU+ aid to Bangladesh constitutes no more than 0.5% of Gross National Income, and is on a declining path (even though monetary values may be increasing), so the *quantity* of aid is unlikely to encourage GoB to involve the EU+ Group in such discussions. The EU+ Group is recognised as being more important when Political, Trade & Investment issues are considered.

Improvement in the *quality* of aid may be more of an incentive for GoB to include the EU+ Group in policy discussions, particularly since:

- Sector policy advice and technical assistance are important for, and generally well received by, Bangladeshi institutions.
- Aid (of which the EU+ group constitutes 1/3 of all grant aid) represents 50% of the GoB Development Budget.
- EU+ development aid is channelled through grants.

1.3 A problem is that the Gini coefficient for Bangladesh since 1984 has increased, showing *increasing poverty inequality*. Most EU+ aid over that period has focused on poverty reduction. There is therefore a need for EU+ clarity over the expected outcomes of future aid, particularly in the definitions of 'poverty reduction' and 'inclusive growth'. How will such poverty reduction manifest itself, as a desired direction for EU+ aid, to achieve participation and inclusion of the poor in Bangladesh's future growth/development? At the moment, that does not seem to be happening as effectively as it could.

1.4 It was also recognised that the DRF, despite considerable efforts to make it easier to use, is being questioned by DPs and GoB who suggest reviewing or adding indicators to better monitor development trends. In addition, order to monitor contribution of aid to development outcomes and impact, other instruments are required (available tools to be explored further).

1.5 The EU+ Group is acknowledged for four main contributions to Bangladesh, beyond financial support:

- Providing expertise in technical areas;
- Proposing innovative approaches and new ideas;
- Creating opportunities for and/or providing protection to those who may otherwise be left out of growth.
- Supporting Civil Society

1.6 The institutional framework within which the EU+ Group operates was discussed, including the following issues:

- Should EU+ develop further the current opportunities to speak with one voice, through a more strategic **division of labour**, and building on what is currently being achieved in some areas through joint programmes or sector support (lead donors)?
- How to ensure complementarity and coherence between the EU+ coordination and the Local Governance Group (LCG) framework for donor-GoB coordination and dialogue?
- Should EU+ focus more at sub-national level for enhanced visibility and impact?
- How to increase the added value of EU+ policy dialogue and advice (and the appetite for it at policy-making level)? Could a shared vision and joint objectives at EU+ level help in influencing decisions and policies (including Lead donor as interface for the GoB)?

1.7 There are a number of parameters to take into account for the EU+ transition towards joint programming, presently:

- The selection of focal sectors, in line with national plans and needs' assessment, is often constrained by pre-determined focal sector selections by headquarters or changes of political priorities for aid.
- The diversity of emphasis and scale on development cooperation for each Member States and various degree of integration with trade.

- The need to demonstrate continuity in focal sector support.
- Despite a wide range of tools available for programming and prioritising cooperation strategies at Member States level, there has been little use by the EU+ Group (as an entity) of systematic instruments which could contribute to practical joint analysis & response for improving the quality of programming as well as aid effectiveness.

2. Next Steps for EU+ Group

2.1 To move joint programming forward, the following was agreed:

- Lack of synchronisation of programming cycles within EU+ should not delay progress on joint analysis and response. Synchronisation may be addressed at a later stage, but the real value in joint programming was agreed to be first and foremost at the strategic level (vision, objectives, outcomes and impact on policies) as well as in improving aid effectiveness;
- Taking account subsidiarity principles, discussions between EU+ Member States should focus at Policy/Strategy/Programme level, and not at Project level;
- There is a need to focus upon assessing and addressing more systematically the full range of uncertainties and risks in programming;
- At transaction level, it was agreed that there would be value for the EU+ Group to harmonise some implementation policies/rules/guidelines - to be discussed further.

2.2 As a **first step**, it was agreed that the EU+ Group will engage in **Scenario Planning and Development** as a basis for future programming. This would offer the EU+ Group: an opportunity to talk about the future together; an inclusive and consultative process; an important tool for organisational learning; a framework for strategic thinking about the future; a means to identify trigger points for early warning of events; a means to help organisations manage risk; an improved decision-making and flexible& prepared responses to future possibilities.

It can be undertaken at national, sub-national and/or sectoral levels. This would also involve identifying and addressing the dimensions of uncertainty, associated policy issues, and the ranges of policy options for future decision-making in Bangladesh.

Possible tools are:

- A Political Economy Analysis for Bangladesh
- A 'Forces of Change' Analysis for Bangladesh

2.3 In line with scenario development, and as a **second step**, a **Diagnostic Exercise** will be conducted. The EU+ Group will jointly analyse the major current - and future - challenges of Bangladesh and its people; the risks facing more specifically EU+ aid to Bangladesh; their probability and likely impact; and coping strategies.

Possible tools are:

- Problem analysis
- Risk assessment and mitigation plan

2.4 The agreed **third step** was for EU+ to develop a **Shared Vision** on what EU+ aid can realistically be expected to contribute to Bangladesh development, and to agree on common EU+ objectives and responses based upon the vision(s) under each scenario, as the basis for future programming.

2.5 Ideally, the ultimate objective of a joint programming process would be to consolidate the various approaches at EU+ level in a set of coherent objectives and programmes, with the appropriate division of labour. A suggestion was made at the workshop that the consolidation that was achieved with the Blue Book for the current activities could serve as a model for the EU+ group future interventions. This would also allow the EU+ as a group to have more weight during the preparation process of the next (7th) 5YP.

Annex 1: Participants:

DANIDA

DFID

German Embassy

EU Delegation

Netherlands

Sweden

Switzerland